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Sevan Marine Group

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CEO'S LETTER TO SHAREHOLDERS

Dear Shareholder,

In 2013 we concentrated on developing and refining our business profile as an asset-light, license-based technology and design company. With 11 vessels built upon our technology under construction or already in operation, we believe that our proprietary technology is about to gain wide market acceptance for applications such as FPSOs, Drilling – and Accommodation units. We believe that the inherent advantages of our design, such as excellent motion characteristics, low construction costs, lower operational expenditures, and winterization suitability, provide us with a clear competitive advantage. In a time when the industry is encouraged to look for new and innovative ways to challenge an accelerating cost level for new developments, our concept comes forward as attractive. As a result, we believe that a large part of new rigs will be cylindrical in the future.

Important targets we aimed for at the beginning of the year were met. Our achievements include several studies, eliminating liabilities related to the legacy hulls, securing new license agreements (for the accommodation units) and progress for the growth strategy for the KANFA Group. However, we were disappointed that the prospect of securing an FPSO license agreement with Teekay was not met in 2013. This has on the other hand been an inspiration for us and it has motivated us to work even harder to unleash the obvious potential we see in the joint efforts between superior design concepts and excellence in operation.

Our overall strategy for the company remains unchanged, with a solid base within the following three key elements;

- i) Spread moored floating production solutions, where the Sevan technology has a particular competitive advantage compared to solutions requiring turret and swivel features. This area includes the FPSO, FSO and FLNG markets.
- ii) Mobile offshore units, where the Sevan technology is proven cost effective in addition to providing the client with additional features such as high deck load – and storage capacity etc. This area includes the Drilling and Accommodation markets.
- iii) Continue the growth strategy for the subsidiary KANFA group.

We now expect the general market for FPSO projects in 2014 to be slightly weaker than previously anticipated. At the same time we believe that Sevan is in a good position and that we will be engaged in a number of studies/FEEDs that may end up with license agreements. The cooperation with Teekay within areas of FPSO/FSO lease contracts, based on the Sevan design, is of particular importance as we firmly believe that the synergy between the two companies will add significant value. The recently signed MoU between Xcite and Teekay for the potential use of a Sevan bridge linked FSO unit for the Bentley field is tangible evidence of this. Further, in a longer perspective, we believe FLNG will be an interesting market where our technology may add significant value. We experienced steady progress in the development of our concept in 2013 and we expect some study work to be conducted this year.



Within mobile offshore applications, we expect the excellent co-operation with Sevan Drilling to progress further in developing next generation drilling units as well as developing an ice proof hull for arctic conditions. These innovation projects represent interesting upside potential. In addition, the Sevan concept achieved an important milestone for a new business stream as Logitel Offshore entered a contract with Petrobras for a Floating Accommodation Unit.

In 2013 KANFA Group won a number of contracts for developing process equipment packages. The engineering company delivered upon the strategy as well as demonstrated the viability of its business model. Our strategy is to join forces with an industrial partner with complementary skillset and ambitions to grow. We found this partner in Technip. Since April, they have held a 49 per cent stake of the core KANFA Group. I strongly believe that Technip, being one of the world's leading oil & gas services groups, will provide KANFA with new opportunities. The first objective is to develop business in the North Sea and also provide access to other oil and gas markets. It should be noted that the gas treatment and FLNG specialist company, KANFA Aragon, is not part of the jointly held group and will be operated on a stand-alone basis in Sevan Marine going forward.

The transformation of Sevan Marine into a technology focused concept and design company is something I am very pleased with. Naturally I am also pleased with a healthy financial performance and balance sheet. I remain confident that the path we follow will lead to success and further create significant shareholder value. I want to reiterate our strong commitment to our promises to convey transparent and consistent information to the investor market.

I wish to emphasize my gratitude for being part of our hardworking, dedicated team of experts and finally to thank you as shareholder for your continued support!

A handwritten signature in blue ink, appearing to read "Karl Blomqvist".

BOARD OF DIRECTORS' REPORT 2013

Sevan Marine ASA ("Sevan Marine" or the "Company") and its subsidiaries (together with the Company, "Sevan" or the "Group") provide technology, design and engineering services to customers in the offshore oil and gas markets. The Company offers the characteristic, proprietary cylindrical hull design known as the Sevan design.

Sevan Marine is a Norwegian public limited liability company, with head offices in Arendal and listed on the Oslo Stock Exchange (ticker SEVAN).

Sevan Marine was founded in 2001, and has created and commercialized technological innovation in hull design and successfully developed a cylinder shaped platform type, suitable for applications in most offshore environments. The Sevan design has received market acceptance as a viable alternative to *inter alia* traditional ship shaped - and semi-submersible vessels. Sevan Marine continues to specialize in the design, engineering and project execution of floating units for offshore applications, with a main focus on floating, production, storage and offloading (FPSO) units, as well as (FSO) floating, storage and offloading units and floating, liquefied, natural gas (FLNG) units. In recent years, the business model is based on a license approach. The Company may grant licenses and provide engineering and project management services to owners/operators of units built on the basis of the Sevan design, such as the Sevan 1000 Goliat FPSO and the Sevan 400 Western Isles FPSO, as well as tender for lease FPSO and FSO projects together with its 43.5% shareholder Teekay.

License arrangements are also in place with Sevan Drilling for use of the Sevan technology for ultra-deepwater drilling purposes, as well as with Logitel for floating accommodation (FAU) units. The license agreement with Sevan Drilling is on a non-exclusive basis, whereby the license agreement with Logitel is on an exclusive basis. Two FAU projects were initiated with Logitel during 2013. Due to the versatility of the Sevan design, its use could be further expanded into new areas of application, and additional licensing opportunities are being explored.

During 2013, focus has been given to develop the business segment Topsides and Process Technology through the KANFA Group. Today, KANFA's activity contributes with a substantial portion of the Group's total revenue. KANFA realized a growth in turnover of 14% in 2013, and the Board expects KANFA to continue its positive development during the coming years. In April 2014, Sevan Marine announced the sale of 49% of a portion of the KANFA Group to Technip Norge AS with the purpose of facilitating a further expansion of this business. KANFA Aragon, specializing in gas treatment and FLNG was not a part of the transaction with Technip. KANFA's shareholding in KANFA Aragon (50.0% ownership) has been transferred to Sevan Marine and will be operated on a stand-alone basis going forward.

During 2013, the Company has continued to focus on the adaption of and adjusting the organisation to the new business model. Operationally, the top priority has been to secure quality and efficiency in upfront engineering and project execution. On the financial side, the Company is improving its systems, monitoring and reporting to enhance predictability and control.

The Company had defined a number of ambitious business targets for 2013; including securing concept and front end engineering and design (FEED) studies of strategic importance; eliminating the liabilities related to hulls no. 4 and 5; and continue the implementation of the growth strategy for the KANFA Group. The Board notes that these targets were met during 2013.

Profit and Loss and Financial Position Statements

Consolidated revenue for the year totalled USD 102.6 million (2012: USD 105.8 million). The Group realized an operating profit in 2013 of USD 7.1 million (2012: loss USD 26.1 million). The improvement of USD 33.2 million relates mainly to the write-down of the hulls no 4 and 5 in 2012. Net financial profit was USD 25.9 million (2012: USD 6.1 million). The improvement in 2013 was mainly due to the reversal of a financial provision as the final element of the restructuring was completed in May 2013. Net profit came to USD 32.6 million (2012: loss USD 31.6 million).

At December 31, 2013, total consolidated assets amounted to USD 164.9 million (2012: USD 677.8 million), of which USD 41.2 million (2012: USD 61.1 million) was cash and cash equivalents. At year end, the equity ratio was 75% (2012: 14%).

The Group has prepared the financial statements in accordance with International Financial Reporting Standards (IFRS).

Capital and Financing

Net consolidated cash flow from continued operations for 2013 was minus USD 19.9 million, whereby cash flow from operations was USD 2.6 million and cash flow from investment activities amounted to minus USD 22.5 million. A detailed cash flow statement is included in the financial statements.

During 2013, the Company targeted to continue secure its healthy balance sheet and the general cash position of the Group, while paying pertinent attention to the allocation of funds, investment spending and payment of dividends.

Financial risk

The Group is exposed to market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the uncertainty of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group's major customers are typically oil companies with a strong financial basis, but – as with suppliers and customers in general – there is a risk that unforeseen financial difficulties on the counterparty' side may arise which could have material adverse effects on the financial condition, the cash flows and/or the prospects of the Group.

Reference is made to note 3 in the 2013 Annual Report for further information, as well as to comments made under Going Concern below.

HSE

Developing sound health, safety and environment (HSE) principles is a critical success factor for the Company. The employees are involved in the planning and building of FPSOs, where health and security aspects are given high attention in planning, training and operations of projects. The Group aims at designing units with focus on energy efficient operations and low emissions with best available technology (BAT) evaluations, continually seeking ways to reduce the environmental impacts while maintaining a robust and flexible design, fulfilling the customers' needs and expectations.

Sick leave was 4.1% for the Company for the year. No serious work incidents or accidents resulting in personal injuries or damages to materials or equipment occurred in 2013.

There has been no Lost Time Incidents (LTI) during 2013.

The Company is certified according to ISO 9001:2008 Quality Management System and ISO 14001 Environment Management System with the following Scope: 'Technology and Concept development, Sales and Project Execution and delivery of offshore floating units'.

The work environment is good, and is measured annually through employee satisfaction surveys. The Board and the management continue to focus on equal opportunities for men and women. 33% of the employees in the Company are women. Two of five Board members elected by the shareholders at the General Meeting in January 2013 were women. Since then, one more woman has been elected at the Extraordinary General Meeting in September 2013, when one man resigned from the Board. The Company strives to ensure that there is no discrimination due to gender, ethnicity, national origin, descent, race, religion or functional disability. Currently, the Company has not implemented any specific measures in order to meet the objective of the Discrimination Act and of the Anti-discrimination and Accessibility Act. The need for specific measures in this respect is continuously considered by the Board and the management.

The Company has not implemented formal guidelines, procedures, standards or routines regarding human rights, environment and corruption in its business strategies and its operation.

Corporate Governance

The Company aims at maintaining sound corporate governance routines that provide the basis for long term value creation, to the benefit of shareholders, employees, other interested parties and the society at large.

As a guiding basis for its conduct of corporate governance, the Company uses the national Norwegian Code of Practice for Corporate Governance, of 23 October 2012. The status of corporate governance is addressed in a separate section of the Annual Report.

The Board of Directors

In 2013 Sevan Marine had its Annual General Meeting on May 24th. Members of the board are listed in Note 19.

Management

A new management team was in place by the beginning of 2012. In 2013, Otto Skjåstad became a part of the management team as Chief Technical Officer. There has been no further change in the team during 2013.

In Q3, the founders of Sevan Marine, Arne Smedal and Kåre Syvertsen, left the company and established Cefront Technology AS, a company that aims to develop alternative uses of the Sevan floater technology. Cefront Technology AS, owning 100% of the shares in Logitel Offshore AS, is now a business partner to Sevan. Cefront Technology AS is mainly working with FAUs and potentially other applications.

Going Concern

In accordance with section 3-3(a) of the Norwegian Accounting Act, the Board confirms that the annual accounts have been prepared on a going concern assumption, which the Board believes is appropriate based on the Company's strategic plans and financial prognosis.

Outlook

Overall, the Board is of the opinion that there is a general positive outlook for both the FPSO and the Topsides and Process Technology segments in 2014. However, it is expected that a 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 may be an advantage for the Company, as it has experienced strengthened interest in the Sevan technology. The understanding of its competitive strengths has increased during the year, and the Company is now involved in the conversion of two hulls into accommodation units.

In line with the previously communicated strategy, the work to find a strategic partner for KANFA was successfully concluded with the agreement entered into in April 2014 pursuant to which Technip Norge AS has acquired a 49% stake in KANFA. The strategic relationship with Technip for the process topside segment is expected to open up for a larger market, both in terms of project size as well as geographical expansion.

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 a 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 is positive and demonstrates

that the synergies between the two companies add significant value. An important objective going forward will be to further strengthen and take advantage of the opportunities that these combined forces create.

Important objectives have been achieved in 2013, and the Board would like to thank the Management and the employees for their dedication, efforts and continued support during the year.

Annual Results and Year-End Appropriations

The Board proposes for approval by the Annual General Meeting a cash dividend of NOK 1.20 per share for 2013, amounting to a dividend payout of approximately USD 10.4 million. The board is by this proposing a dividend for the first time since the Company's

inception in 2001. The recommendation is based on a thorough consideration of the Company's liquidity, risk and liability situation and outlook. With the recent sale of 49% of KANFA (excluding KANFA Aragon), the Group's financial, risk and cash positions have been further enhanced.

The Board proposes the following appropriation of the annual profit of USD 6.4 million in the parent company Sevan Marine ASA:

Dividend:	USD	10.4 million
Transferred from other equity:	USD	-4.0 million
Total appropriation:	USD	6.4 million

Arendal, April 10, 2014
The Board of Directors of Sevan Marine ASA



Siri Beate Hatlen
Chairperson



Arne Smedal
Deputy Chairman



Mari Thjømøe
Board Member



Kari Berte Daasvatn Bye
Employee Representative



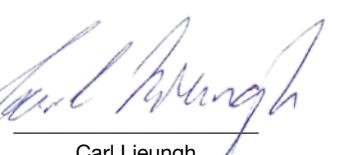
Ingvild Sæther
Board Member



Peter Lytzen
Board Member



Alf Reidar Sandstad
Employee Representative



Carl Lieungh
CEO

STATEMENT REGARDING DETERMINATION OF SALARY AND OTHER BENEFITS FOR SENIOR MANAGEMENT

Pursuant to § 6-16a of the Norwegian Public Limited Liability Companies Act, the Board of Directors shall prepare a statement on the determination of salary and other benefits to Senior Management. It is further stated in § 5-6 (3) of the Norwegian Public Limited Liability Companies Act that an advisory vote shall be held at the Annual General Meeting regarding the Board of Directors' guidelines for determination of remuneration to Senior Management for the next accounting year (ref. (ii) below). To the extent the guidelines are linked to share-based incentive schemes, they will also be subject to approval by the General Meeting (ref. (iii) below).

(i) Remuneration and other Benefits to Senior Management for the Previous Accounting Year

The Company has a remuneration committee which prepares guidelines for the remuneration of the Senior Management.

The Board of Directors adopts the terms and conditions for the remuneration to the CEO in accordance with the guidelines of the remuneration committee, as well as the principal resolutions regarding the Group's remuneration policy and benefit schemes for all employees.

Information Regarding Senior Management

The senior management of the Company (the "Senior Management") includes:

Carl Lieungh, CEO
Kjetil Vangsnes, CFO
Lars Ødeskaug, COO
Fredrik Major, CBDO
Otto Skjåstad, CTO
Morten Martens Breivik, Chief of Staff

Remuneration of Senior Management for the accounting year 2013 is disclosed in Note 19 of the consolidated financial statements.

The CEO will receive 6-24 months' salary upon termination of employment, depending on the circumstances relating to the termination.

The guidelines for determination of remuneration to the Senior Management and any allotment of options were discussed at the Annual General Meeting in May 2013. The Board of Directors has not deviated from these guidelines in relation to the compensation package for Senior Management during the accounting year 2013.

(ii) Remuneration and other Benefits to Senior Management for the Next Accounting Year

For advisory vote at the Annual General Meeting in 2014, the Board of Directors presents the following guidelines for determination of

remuneration and other compensation to Senior Management for the accounting year 2014 (which, when finally approved and agreed, will be made effective as of January 1, 2014), the principles and details of which in all material respect (except where otherwise stated) are in conformity with last year's guidelines.

Salary and Payment-in-Kind

The main objective of the Company's remuneration policy for the Senior Management is to provide a competitive and realistic framework for remuneration, contribute to the recruitment of senior personnel with the required skills and secure development of relevant expertise. In addition to the base salary, Senior Management participates in the Group's bonus [and stock option] schemes along with other key employees. The compensation package for the CEO and other members of the Senior Management may also include a company car arrangement, newspapers, mobile phone and refund of expenses for internet subscription, all in accordance with common market practice. Senior Management further participates in the Group's collective pension and insurance schemes along with all employees in the Group, as well as a pension scheme for Senior Management and certain key employees which covers pension benefits above 12 G.

The Board of Directors may grant loans from the Company to key employees. Satisfactory security arrangements shall be provided and the interest rate shall correspond to the current standard interest rate for loans granted to employees.

The Company's remuneration policy is based on defined roles and responsibilities, clear goals and key performance indicators, combined with evaluation of results and achievements. The total compensation package shall as a guideline be at a level that corresponds to the market median in the different markets and industries in which the Group operates.

The annual wage and base salary adjustment takes place on January 1 each year, and shall be based on the general development of wages in the market and relevant industries, combined with an evaluation of the previous year's achievements and results. Any individual salary adjustment shall be based on the annual performance appraisal.

Bonus Scheme and Performance Incentives

The Group's and the business areas' financial and non-financial results, shall form the basis for the collective bonus scheme. A bonus scheme tied to individual performance and results is also established for key employees, including the Senior Management. The collective and individual bonus schemes may in total constitute up to 50% of the base salary. Bonus may be paid annually, based on a performance appraisal of results and achievement and subject to approval by the Board of Directors.

The purpose of the bonus schemes is to incentivise value creation and performance and to align objectives of the Company. The Board of Directors believe the bonus schemes may increase motivation, enthusiasm and team spirit in the organization, reward strong leadership and help foster and increase cooperation across departments and disciplines.

Consequences for the Company and the Shareholders

The Board of Directors has confidence in the employees and their motivation and ability to contribute to the Company's results. The Board of Directors is of the opinion that the Company's future success to a high degree depends on highly motivated, qualified and competent Senior Management and staff in general. A well-defined compensation program, together with a good and inspiring work environment in an exciting business, enables the Company to recruit and retain good employees at all levels, and thereby remain competitive. Remuneration of employees is considered an essential contributor to the strategy of creating shareholder value.

(iii) Particulars on Share-Related Incentive Schemes

The Board of Directors believes that sensible share related incentive schemes, with due regard to the Corporate Governance guidelines' section 12, should form part of the Company's compensation package for employees and Senior Management. The Annual General Meeting in 2013 gave its support, in principle, to the introduction of a share related programme. In furtherance hereof, the Board of Directors will propose to the Annual General Meeting in 2014 to adopt necessary formal resolutions to authorise the Board of Directors to issue shares under a share related incentive scheme to be implemented.

Arendal, April 10, 2014

The Board of Directors of Sevan Marine ASA



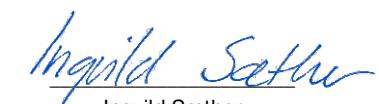
Siri Beate Hatlen
Chairperson



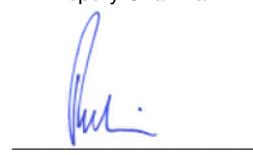
Arne Smedal
Deputy Chairman



Mari Thjørnøe
Board Member



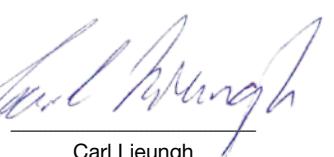
Ingvild Sæther
Board Member



Peter Lytzen
Board Member



Alf Reidar Sandstad
Employee Representative



Carl Lieungh
CEO

THE BOARD OF DIRECTORS

**Siri Beate Hatlen (1957)****Chairperson**

Ms. Hatlen holds a MSc (Master of Science) in process engineering from NTNU/NTH and an MBA from INSEAD. She has a background from various management positions within the offshore sector, mainly from Statoil ASA. Ms. Hatlen was previously EVP of Statkraft and CEO of Oslo Universitetssykehus. Ms. Hatlen has

long experience from various Boards, and has among other served as Chairman AS Vinmonopolet and Helse Øst and as Director of SMEDVIG ASA, PGS ASA, Kongsberggruppen ASA and NTNU. She is at present among other Chair of the Board of Entra AS, The Norwegian Board of Technology, the Norwegian University of Life Sciences and Ungdoms-OL 2016 and Director of Norske Skog ASA, Kitron ASA and Eksportkredit AS.

**Ingvild Sæther (1968)****Board member**

Ms. Sæther holds an Executive MBA in Shipping Management and has attended management courses at the London School of Economics, Wharton School of the University of Pennsylvania and Harvard University. Ms. Sæther has more than 20 years of experience in the shipping and offshore industry. She joined Teekay in 2002 as a result of Teekay's

acquisition of Navion AS from Statoil ASA. Ms. Sæther held various management positions in Teekay's conventional tanker business until 2007, when she assumed the commercial responsibility for Teekay's shuttle tanker activities in the North Sea. In this role she managed the growth of Teekay's shuttle fleet. In 2011, Ms. Sæther was appointed the position of President, Teekay Shuttle and Offshore Services with a responsibility for the global activity within this business area. Ms. Sæther also serves as Chairman of Electronic Chart Center, a company owned by the Norwegian Government, as a director of Norwegian Oil and Gas Association, and is active in several other industry boards and associations. Ms. Sæther is a Norwegian citizen with residence in Stavanger, Norway.

**Arne Smedal (1947)****Vice Chairperson**

Mr. Smedal holds an MSc in hydrodynamics from the Norwegian Institute of Technology (NTNU) in Trondheim. Mr. Smedal was a founding shareholder of the Company and has served as a member of the Board of Directors since the Company's inception in 2001. Mr. Smedal has since August 2013 served as President and CEO of Cefront

Technology and Logitel Offshore AS. Logitel Offshore AS is currently converting two Sevan hulls into Floating Accommodation Units. Mr. Smedal has previous experience as President and CEO of Navis ASA from 1997 to 2001; Executive Vice President of Hitec ASA from 1996 to 1997; founding shareholder and President of Marine Consulting Group and Advanced Production and Loading (APL) from 1989 to 1996; as well as various positions, incl. Project Manager, VP Marketing and President at Pusnes from 1979 to 1988; and Det Norske Veritas (DNV) from 1974 to 1979. Mr. Smedal has served as Board member of various companies within the shipping and electronic industries. Mr. Smedal is a Norwegian citizen with residence in Arendal, Norway.

**Mari Thjømøe (1962)****Board member**

Mrs. Thjømøe holds a Master's degree in Economy and Business administration (Siviløkonom) from the Norwegian School of Management, is Chartered Financial Analyst (CFA) from the Norwegian School of Economics and Business Administration (NHH) and has completed the Senior Executive Programme at London Business School. Previously Mrs.

Thjømøe has held positions as CFO and acting CEO in Norwegian Property ASA (Real Estate, Hotels), CFO in KLP (Life and Pension), SVP in Statoil and various senior positions in Norsk Hydro ASA (E&P and industries). Mrs. Thjømøe is a business woman and a Non-Executive Director in various companies like Tryg A/S (Insurance), Argentum Fondsinvesteringer AS (Private Equity), AGR ASA (offshore service), and she is Chairman in Onshore Petroleum Company AS (E&P).



Kari Berte Daasvatn Bye (1970)
Employee representative of the Board and Senior Process Engineer

Mrs. Bye holds a Master of Science degree in chemistry from the Norwegian University of Science and Technology (NTNU) in Trondheim from 1997. Mrs. Bye is elected as a member of the Board of Directors for the two-year period 2012-2014. Mrs. Bye has previous experience from the oil and gas industry, working for Kværner Process Systems (2001 – 2004) and Aker Kværner (1997 – 2001). Mrs. Bye has been working for Kamfa since 2004 and for Sevan Marine since 2007. Mrs. Bye is a Norwegian citizen with residence in Oslo, Norway.



Alf Reidar Sandstad (1975)
Employee representative of the Board and Manager Design and Layout

Mr. Sandstad holds a MSc in Naval Architecture from NTNU/NTH (1997-2002). Mr. Sandstad is elected as a member of the Board of Directors for the two-year period 2012-2014. He has been with Sevan Marine in various positions since 2005. His previous experience is from NTNU, where he took part in establishing Marine and maritime research as one of six strategic areas within NTNU. Prior to this he worked several years within the fish farming industry. Mr. Sandstad is a Norwegian citizen with residence in Arendal, Norway.



Peter Lytzen (1957)
Board member

Mr. Lytzen holds a BsC in Mechanical Engineering from Danish Technical University. Mr. Lytzen is CEO Teekay Petrojarl (a part of Teekay Corporation). He joined Teekay Petrojarl as President and Chief Executive Officer in 2007. Mr. Lytzen's experience includes over 30 years in the oil and gas industry and he joined Teekay Petrojarl from Maersk Contractors, where he most recently served as Vice President of Production. In that role, he held overall responsibility for Maersk Contractors' technical tendering, construction and operation of FPSO and other offshore production solutions. He first joined Maersk in 1987 and held progressively responsible positions throughout the organization. His international experience spans positions in the Far East and Europe. Mr. Lytzen is a Danish citizen residing in Copenhagen, Denmark.

BOARD OF DIRECTORS' STATEMENT ON POLICY FOR CORPORATE GOVERNANCE

Corporate Governance in Sevan Marine

As a listed company on the Oslo Stock Exchange (Oslo Børs), the Company aims at conducting its business in accordance with the Norwegian Code of Practice for Corporate Governance of 23 October 2012 (the "Code of Practice"). The Company's principles of corporate governance are in addition to the Code of Practice based on the Continuing Obligations of stock exchange listed companies from the Oslo Børs and the relevant Norwegian background law such as the Norwegian Accounting Act and the Norwegian Public Limited Liability Companies Act. The Code of Practice may be found at www.nues.no and the Continuing Obligations of stock exchange listed companies may be found at www.oslobors.no.

The Company operates on the basis of principles aiming at ensuring openness, integrity and equal treatment of its shareholders. By practicing good corporate governance, appropriate division of roles between shareholders, the Board of Directors and the Senior Management will be secured, thereby contributing to reduced business risk and better shareholder value over time. The Board of Directors and the Senior Management annually evaluate the principles on corporate governance and how they are implemented in the Group.

The Company is committed to high ethical standards in its business dealings to ensure that the integrity of its employees, the organization and the Sevan brand is maintained. Corporate social responsibility for the Company is an extension of the way the Company conducts its business. The Company's ethics policy and social responsibility policy is posted at the Company's website, www.sevanmarine.com.

In accordance with section 3-3 b of the Norwegian Accounting Act, the Company shall in connection with its annual financial statements provide a statement on how the Company has implemented the principles of, and account for any deviations from, the Code of Practice. Below is an outline on the Company's principles for corporate governance, in accordance with the categories listed in the Code of Practice.

Business

The Company's objective, as set out in § 3 of the Company's articles of association (the "Articles"), is "to deliver products and services to the oil industry and activities related to this, and investing in other companies". The Board of Directors is of the opinion that the business objectives laid down in the Articles provide predictability and direction for the Company's business strategy and the activities that it may conduct, acquire or initiate. The Articles are available at the Company's website.

The Company's vision is to be a world-class company in some of the technologically challenging segments of the offshore oil and gas market. The Company focuses on utilizing its competitive advantages within design, engineering, project execution and operations to offer

cost-efficient and innovative products and solutions to its clients, based on the proprietary Sevan design.

Equity and Dividend

The Company seeks to maintain a healthy financial structure which is adjusted to its business and the offshore market fluctuations, as well as the duration of its contract portfolio. As of December, 31, 2013, the Group had an equity share ratio of 75%. The Board of Directors continually reviews the Group's capital situation in light of the Company's targets, strategies and risk profile.

The Company also aims at providing its shareholders with a competitive return on investment over time, and targets that the underlying values shall be reflected in the Company's share price. The Company shall aim at paying dividends to its shareholders on a regular basis to the extent prudent in the circumstances.

The Board of Directors will propose to the Annual General Meeting in 2014 to grant the Board of Directors authorization to increase the share capital in connection with the incentive scheme for employees.

The Company does not hold treasury shares and the Board of Directors has not been granted any further authorizations to issue shares or other financial instruments.

Equal Treatment of Shareholders and Transactions with Close Associates

The Company has one class of shares only and each share entitles the holder to one vote at the Company's General Meetings. Transactions with close associates shall be on arm's-length basis and always in compliance with the Norwegian Public Limited Liability Companies Act.

The Company has one major shareholder, Teekay Corporation ("Teekay"), which currently holds 43.5% of the Company's shares. As two out of the five of the Company's shareholder-elected members are Teekay employees, and the Company may engage in business activities with or in cooperation with Teekay, the Company has established specific guidelines for how to handle matters concerning the commercial relationship between the Company and Teekay. This shall be handled at board level, with a view to securing a foreseeable and consistent practice which caters for potential conflict of interest situations, arm's-length treatment and sound governance. The Board is presently carrying out an evaluation of the agreements between Sevan Marine and its main shareholder. In 2013, the Vice Chairperson, Mr Smedal, left the Company and became CEO in Logitel Offshore AS.

Pursuant to the Company's Rules of Procedure for the Board of Directors, in the event of transactions which are not insignificant between the Company and its shareholders, Directors or Senior

Management, the Board of Directors shall obtain a valuation from an independent third party. Directors, the CEO and members of the Senior Management shall notify the Board of Directors in advance if they have a significant interest in any agreement which may or is to be entered into by the Company.

For more information about transactions with related parties, please refer to Note 25 to the consolidated financial statements included in the 2013 Annual Report.

Freely Negotiable Shares

The Company's shares are listed on Oslo Børs and are freely negotiable.

General Meetings

The General Meeting is the Company's supreme corporate body. The Articles and the Norwegian Public Limited Liability Companies Act set out the authority and mandate of the General Meeting. Among other things, the General Meeting approves the Company's annual financial statements, elects the Directors and the auditor, and also functions as a forum for presentation and discussion of other issues of general interest to shareholders. All shareholders of the Company have the right to attend the General Meetings.

The date of the Annual General Meeting is published in the Company's financial calendar for the year, which is posted at the Company's website. Notice of General Meetings, including documentation relating to the items on the agenda and the recommendation of the Company's nomination committee, is in accordance with the Articles published at the Company's website no later than 21 days before the General Meeting is to be held. Individual shareholders are nonetheless entitled to have the documents sent to them free of charge, upon request to the Company. The General Meetings of the Company may be held in Arendal or Oslo.

Attendance forms for the General Meeting may be sent to the Company up to the day before such General Meeting in order to enable as many shareholders as possible to attend. Shareholders who are unable to attend in person may attend by proxy, and the Company provides the shareholders with proxy forms which enable the relevant shareholder to instruct its representative on each individual item on the agenda. The shareholders may decide between granting proxy to a representative of own choice, or to the Chairperson of the Board. The minutes from the General Meeting are published on the Company's website as soon as possible following the General Meeting.

Nomination Committee

The Company has a three member Nomination Committee elected by the General Meeting for a term of two years.

The Nomination Committee, which works under the mandate and authority of the General Meeting makes preparations and recommends candidates for the General Meeting's election of members of the Board of Directors. It also proposes the remuneration to the Directors. The Nomination Committee is governed by a provision in the Articles and Guidelines for the Nomination Committee adopted by the General Meeting.

The General Meeting determines the remuneration to the members of the Nomination Committee. Information regarding the composition of the Nomination Committee, which members are up for election and how input and proposals can be submitted to the Nomination Committee, are posted on the Company's website.

Corporate Assembly and Board of Directors

As of the date hereof, the Company is not required to and does not have a Corporate Assembly.

The Board of Directors shall pursuant to the Articles consist of five to nine members. Two members shall be elected by and among the employees in the Group, and the remaining members shall be elected by the General Meeting. The Chairperson is elected by the General Meeting. The Board of Directors currently consists of seven members (five elected by the General Meeting and two by and among the employees). Biographical information on each Director is outlined on page 10 of the 2013 Annual Report and at the Company's website.

Two out of five Directors elected by the shareholders are deemed to be independent of the Company's main shareholders and material business contacts. The non-independent Directors in this respect are the two Directors associated with Teekay, and the Vice Chairperson, Mr Smedal, being the CEO of Logitel.

The members of the Board of Directors are encouraged to hold shares in the Company, and several of them do. Information on the Directors' shareholdings in the Company are set out on the Company's website.

The Work of the Board of Directors

The Board of Directors is ultimately responsible for administering the Company's affairs and for ensuring that the Company's operations are organized in a satisfactory manner. Moreover, the Board of Directors is responsible for establishing supervisory systems and for overseeing that the business is run in accordance with the Company's core values and ethical guidelines.

The Board of Directors prepares an annual plan for its work, with emphasis on objectives, strategies and implementation. Furthermore, the Board of Directors approves the budget for the Group.

The Board of Directors has prepared Rules of Procedure for the Board of Directors which feature, among other things, guidelines on responsibilities, authorizations, notification, preparation and convening of board meetings,

The Board of Directors meets minimum six times a year and more frequently if required. The Board of Directors held 22 board meetings in 2013, of which 8 were physical board meetings, 13 were held by telephone conference and 1 was held by circulation of documents. The average participation level was 81%.

Compensation Committee

The Board of Directors has established a Compensation Committee, which acts as a preparatory and advisory working committee and prepares guidelines for the remuneration of the Senior Management, and handles any matters which arise in this respect.

Audit Committee

The Board of Directors has established an Audit Committee, which acts as a preparatory and advisory working committee with regard to the financials of the Company. The Audit Committee further assists the Board of Directors in various matters relating to the Company's financial statements, financial reporting processes and internal controls, and the qualifications, independence and performance of the external auditor. The members of the Audit Committee receive additional remuneration for duties relating to the committee responsibilities, such remuneration being subject to approval by the Annual General Meeting.

Risk Management and Internal Control

The Board of Directors shall ensure that the Company has good internal control functions and appropriate systems for risk management tailored to its operations and in accordance with the Company's core values, ethical guidelines and social responsibility policy. A review of the Company's most important risk areas and its internal control functions is conducted by the Board of Directors on an annual basis. The Company's Rules of Procedure for the Board of Directors and the CEO of the Company sets out among other things, the division of roles between the Board of Directors, the CEO and the Audit Committee, and their respective areas of responsibility, including control functions.

The Group is exposed to a variety of risks, including market risks, financial risks and operational risks. The Group's overall risk management programme seeks to minimize the potential adverse effects on the Group's financial performance likely to be caused by its exposure to such risk factors, including but not limited to the use of derivative financial instruments and development of sound health, safety and environment (HSE) principles as well as prudent monitoring of constructional and operational activities.

The Company prepares and publishes quarterly and annual financial statements. The Group's consolidated financial statements are prepared in accordance with IFRS and IFRIC interpretations as adopted by the EU.

Remuneration of the Board of Directors

The remuneration of the members of the Board of Directors is determined on a yearly basis by the Annual General Meeting. The Directors may also be reimbursed for travelling, hotel and other expenses incurred by them in attending board meetings or in connection with the business of the Company.

Remuneration of the Board of Directors, as proposed by the Nomination Committee and approved by the Annual General Meeting, is not linked to the Company's performance.

Details of the remuneration to the Board of Directors are disclosed in Note 19 to the Company's consolidated financial statements, included in the 2013 Annual Report.

Remuneration of the Senior Management

The Board of Directors has established guidelines for the remuneration of the members of the Senior Management. These guidelines are presented to and approved by the Annual General Meeting and are

described in the "Statement Regarding Determination of Salary and Other Benefits for Senior Management" which is included in "Board of Directors' Statement on Policy for Corporate Governance" on page 8 of the 2013 Annual Report.

Certain members of the Senior Management sit on the board of directors in the Company's subsidiaries, but do not receive any board remuneration for these assignments.

Information and Communication

The Board of Directors has incorporated guidelines for the Company's reporting of financial and other information based on openness, and taking into account the requirements for equal treatment of all participants in the securities market.

In order to ensure equal treatment of its shareholders, an important objective for the Company is to make sure that the securities market is in possession of correct, clear and timely information about the Company's operations and condition at all times. This is essential for an efficient pricing of the Company's shares and for the market's confidence in the Company.

Initiatives taken to meet this equal treatment objective include timely and comprehensive reporting of the Company's interim results and publication of the annual and quarterly financial reports. In addition, information of significance for assessing the Company's underlying value and prospects is reported through Oslo Børs and are made available at the corporate website in addition to being distributed to email-subscribers. Further details, such as contact details and general updates and news about the Company, are available at the Company's website.

The Company also encourages coverage by securities analysts. The Company's CFO is responsible for Investor Relations and the Company seeks to provide relevant and updated information to its shareholders, Oslo Børs, analysts and investors in general. The Company seeks to clearly communicate its long-term potential, including its strategy, value drivers and risk factors.

The Company shall maintain an open and proactive investor relations policy and shall give presentations regularly in connection with interim financial reports. The Company's financial calendar is available at the Company's website. Updated shareholder information is published at the website in addition to being sent directly to email-subscribers.

Takeovers

The Board of Directors will handle any possible takeover in accordance with Norwegian corporate law and its fiduciary duties. Neither the Articles of Association nor any underlying steering document prevent or limit the opportunity for investors to acquire shares in the Company, nor do they impose restrictions relative to takeover attempts or authorise measures to be taken by the Board of Directors to interfere. The Board of Directors will not seek to hinder or obstruct an offer for the Company's activities or shares unless there are particular reasons for this. The Board of Directors has so far chosen not to adopt or publish any explicit guiding principles for how it will act in the event of a takeover bid.

Auditor

The auditor participates in relevant agenda items at meetings with the Audit Committee. In addition, the Board meets with the auditor without any member of the Company being present, at least once a year. The auditor annually reports the main features of the plan for the audit to the Audit Committee.

Once a year, the auditor presents a review of the Company's internal control procedures, including identifying weaknesses and proposals for improvement, to the Audit Committee.

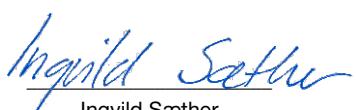
In connection with the issue of the auditor's report, the auditor provides the Board of Directors with a declaration of independence and objectivity, and the auditor participates in the board meeting in which the annual financial statements are approved. The proposal for approval of the remuneration of the auditor provides a breakdown of remuneration relating to statutory audit tasks and other assignments, and is reported to the Annual General Meeting.

Arendal, April 10, 2014
The Board of Directors of Sevan Marine ASA



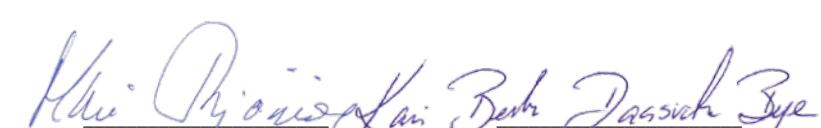
Siri Beate Hatlen
Chairperson

Arne Smedal
Deputy Chairman



Ingvild Sæther
Board Member

Peter Lytzen
Board Member



Mari Thjømøe
Board Member

Kari Berte Daasvatn Bye
Employee Representative



Alf Reidar Sandstad
Employee Representative

Carl Lieungh
CEO

SENIOR MANAGEMENT

**Carl Lieungh (1957)****CEO**

Mr. Lieungh holds a Master of Science from the Norwegian Institute of Technology and a Master of Management from The Norwegian School of Management. Mr. Lieungh has previous experience from the position as CEO for Norse Cutting & Abandonment AS (NCA) from 2008 to 2011 and as Senior Vice President for Business Development Oil,

Gas and Marine Solutions Division in Siemens AG from 2004 to 2007. Mr. Lieungh held key positions as President for Kvaerner Process System Group of companies from 2001 to 2003 and was Managing Director of Hitec Framnes AS from 1998 to 2000. Mr. Lieungh has more than 25 years of experience from the oil and gas industry including management and development of enterprises, project management, marketing and international business development. Mr. Lieungh is a Board member of Randaberg Group. Mr. Lieungh is a Norwegian citizen with residence in Arendal, Norway.

**Lars Ødeskaug (1953)****COO**

Mr. Ødeskaug holds a Degree in Mechanical Engineering (Sivilingeniør) from Heriot-Watt University, Edinburgh, Scotland. Prior to his position in Sevan Marine, he was Chief Executive Officer of TORP LNG AS from 2005 to 2011, and from 2002 to 2005 President of Remora Technology AS, both companies headquartered in Houston, Texas. Mr.

Ødeskaug was the Managing Director of Hitec Marine from 1994 to 2002, and has more than 25 years of international experience from the oil and gas industry at senior corporate and project management level. His experience also includes financing and public and government relations. He holds several board positions, has given numerous presentations at international energy conferences and has published several articles related to innovation in the oil and gas industry. Mr. Ødeskaug is a Norwegian citizen with residence in Arendal, Norway.

**Kjetil Vangsnes (1956)****CFO**

Mr. Vangsnes holds a Master of Business Administration from INSEAD, France, and a Master of Science (Nw. Sivilkonom) from the Norwegian School of Economics and Business Administration (Nw. Handelshøyskolen), Norway. He has 20 years of experience as CFO in shipping, oil services and industrial enterprises. His professional experience

includes roles as CFO in the ship chartering and operations company Western Bulk, CFO of the marine oil services company Technip Norge and CFO of the medical equipment company GE Vingmed Ultrasound. Mr. Vangsnes is a Norwegian citizen, residing in Horten, Norway.

**Fredrik Major (1950)****CBDO**

Mr. Major holds a BSc in Naval Architecture and an MSc in Computer Science from NTNU in Trondheim 1976. Mr. Major has previous experience as Vice President Business Development in Advanced Production and Loading from 1995 to 2005; Technical Director in Ericsson AS from 1994 to 1995; Founder and Managing Director of Semafor Data, from 1983 to 1994 (later Semafor AS and acquired by Ericsson AS in 1994); Independent Consultant from 1979 to 1983; and Research Engineer at NSFI, The Ship Research Institute of Norway (now Marintek), from 1976 to 1979. Mr. Major is a Norwegian citizen with residence in Arendal, Norway.

**Otto Skjåstad (1958)****CTO**

Mr. Skjåstad holds an MSc in Naval Architecture from NTNU in Trondheim 1983. Mr. Skjåstad has previous experience as Project Manager, Section Manager and Technical Director (APL Inc) in Advanced Production and Loading from 1993 to 2008; Research Engineer at SINTEF Structural Engineering from 1983 to 1993. Mr. Skjåstad is a

Norwegian citizen with residence in Arendal, Norway.

**Morten Martens Breivik (1969)****Chief of Staff**

Mr. Breivik is a Marine and Asset Management Engineer and holds a degree in Business Administration. Mr. Breivik joined Sevan in 2007 and has previous experience as QHSE Manager in APL ASA and Nexus Floating Production Ltd from 2005 to 2007; and as Marine Superintendent in Hydro O&G from 2002 to 2005. From 1996 to 2002, Mr.

Breivik held various management positions in operations in Smedvig Offshore ASA. Mr. Breivik is a Norwegian citizen with residence in Arendal, Norway.

SENIOR MANAGEMENT - SUBSIDIARIES

**Aslak Hjelde (1953)****Director KANFA AS**

Mr Hjelde holds a degree in Mechanical engineering from 1979 and a degree in Economics from 1984. Mr. Hjelde has previous experience from Kongsberg Våpenfabrikk, Consultas Engineering, SB Verksted and Kvaerner Process Systems as designer, technical director, QA responsible, project manager and sales director. Mr. Hjelde is a Norwegian citizen with residence in Hamburgsund, Sweden.

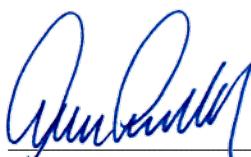
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in USD 1,000,000	Note	2013	2012
ASSETS			
Non-current assets			
Sevan capital assets	6	0.0	41.0
Other fixed assets	6	0.7	1.0
Intangible assets	7	12.6	12.7
Investments in associates	8	0.4	0.0
Deferred income tax assets	15	8.1	8.2
Loan	31	60.0	0.0
Other non-current assets	29	2.9	3.7
Total non-current assets		84.8	66.7
Current assets			
Trade and other receivables	10, 25	38.9	50.6
Cash and cash equivalents	11	41.2	61.1
Total current assets		80.1	111.7
Assets of disposal Group	18	0.0	499.4
Total assets		164.9	677.8
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	12	34.6	34.6
Share premium	12	21.0	21.0
Retained earnings		67.4	36.7
Total shareholders' equity		123.0	92.3
Non-controlling interest		3.2	2.0
Total equity		126.3	94.3
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	16	0.9	1.7
Deferred income tax liabilities	15	0.3	0.3
Other non-current liabilities	32	2.5	0.0
Total non-current liabilities		3.8	2.0
Current liabilities			
Trade payables		5.2	22.1
Provisions	17	7.1	10.4
Other current liabilities	14	22.5	26.8
Total current liabilities		34.8	59.3
Total liabilities		38.6	61.3
Liabilities of disposal Group	18	0.0	522.2
Total equity and liabilities		164.9	677.8

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Figures in USD 1,000,000	Note	2013	2012
Operating revenue	5, 25	102.6	105.8
Operating expense		-27.9	-35.9
Depreciation, amortization and impairment	6, 7	-0.6	-52.1
Employee benefit expense	19	-43.9	-28.5
Other operating expense	28	-23.0	-14.6
Foreign exchange gain/(loss) related to operation	27	-0.2	-0.8
Total operating expense		-95.6	-131.9
Operating profit/(loss)		7.1	-26.1
Income from associated companies	8	0.0	0.0
Financial income	20	27.8	6.6
Financial expense	20	-0.5	-2.2
Foreign exchange gain/(loss) related to financing	27	-1.5	1.7
Net financial items		25.9	6.1
Profit/(loss) before tax		33.0	-20.0
Tax income/(expense)	15	-1.3	6.2
Net profit/(loss) continued operations	18	31.7	-13.8
Net profit/(loss) discontinued operations	18	0.9	-17.7
Net profit/(loss)		32.6	-31.6
<i>Attributable to:</i>			
Equity holders of the Company		31.5	-32.6
Non-controlling interest		1.2	1.0
<i>Earnings per share for profit/(loss) attributable to the equity holders of the Company during the year (USD per share):</i>			
- Basic continued operation	21	0.60	-0.28
- Basic discontinued operation	21	0.02	-0.34
- Diluted continued operation	21	0.60	-0.28
- Diluted discontinued operation	21	0.02	-0.34

Arendal, April 10, 2014
The Board of Directors of Sevan Marine ASA

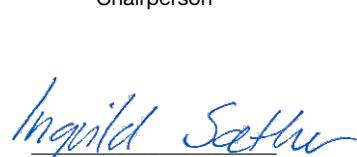
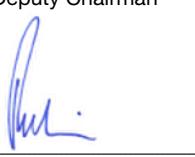
Siri Beate Hatlen
Chairperson

Arne Smedal
Deputy Chairman



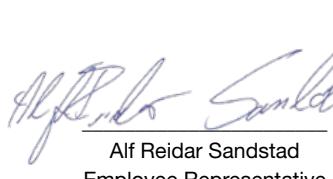
Mari Thjømøe
Board Member

Kari Berte Daasvatn Bye
Employee Representative

Ingvild Sæther
Board Member

Peter Lytzen
Board Member

Alf Reidar Sandstad
Employee Representative

Carl Lieungh
CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in USD 1,000,000	2013	2012
Net profit/(loss)	32.6	-31.6
Actuarial gains/losses pension plan not to be classified to profit or loss in subsequent period	0.9	0.0
Foreign currency translation to be classified to profit or loss in subsequent period	-0.8	2.2
Comprehensive income	32.7	-29.3
Comprehensive income attributable to equity holders	31.5	-30.3
Comprehensive income attributable to non-controlling interest	1.2	1.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in USD 1,000,000	Note	Attributable to equity holders of the Company			Non-controlling interest	Total equity
		Share capital	Share premium	Retained earnings*		
December 31, 2012	12	34.6	21.0	36.7	2.0	94.3
Accumulated actuarial gains/losses pension plan on opening balances				-0.7	0.0	-0.7
January 1, 2013		34.6	21.0	36.0	2.0	93.6
Net profit				31.4	1.2	32.6
Actuarial gains/losses pension plan				0.9		0.9
Foreign currency translation				-0.8	0.0	-0.8
December 31, 2013	12	34.6	21.0	67.5	3.2	126.3

* Accumulated foreign currency translation differences amounts to USD -1.4 million at the end of 2013 (2012: USD -0.6 million).

Figures in USD 1,000,000	Note	Attributable to equity holders of the Company			Non-controlling interest	Total equity
		Share capital	Share premium	Retained earnings*		
January 1, 2012	12	34.6	21.0	66.9	0.8	123.3
New non-controlling interest					0.2	0.2
Net loss				-32.6	1.0	-31.6
Foreign currency translation				2.2	0.0	2.2
December 31, 2012	12	34.6	21.0	36.7	2.0	94.3

* Accumulated foreign currency translation differences amounts to USD -0.6 million at the end of 2012 (2011: USD -2.8 million).

CONSOLIDATED CASH FLOW STATEMENT

Unaudited figures in USD million	Note	2013	2012
Cash flows from operating activities			
Cash from operations	23	3.2	45.2
Interest paid		0.0	-1.4
Taxes paid		-0.6	-1.7
Net cash generated from continued operating activities		2.6	42.1
Net cash generated from discontinued operating activities		-3.7	-6.0
Net cash generated from operating activities		-1.1	36.1
Cash flows from investment activities			
Purchase of property, plant and equipment (PPE)		-0.2	-0.9
Purchase of KANFA Ingenium Process AS		0.0	-0.9
Purchase of shares Arendal Brygge AS		-3.3	0.0
Purchases of intangible assets		0.0	-0.7
Investment in convertible bonds	31	-19.0	0.0
Net cash flow from continued investment activities		-22.5	-2.5
Net cash flow from discontinued investment activities		-5.6	-108.3
Net cash flow from investment activities		-28.1	-110.7
Cash flows from financing activities			
Repayments of interest-bearing debt		0.0	-30.6
Net cash flow from continued financing activities		0.0	-30.6
Net cash flow from discontinued financing activities		-0.5	93.0
Net cash flow from financing activities		-0.5	62.4
Net cash flow for the period - continued activities		-19.9	9.0
Net cash flow for the period - discontinued activities		-9.8	-21.3
Cash balance at the beginning of the year		70.9	83.1
Cash balance at the end of the year		41.2	70.9
Cash balance continued operations at the end of the year	11	41.2	61.1

SEVEN MARINE GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

NOTE 1 CORPORATE INFORMATION

Sevan Marine ASA (the "Company") and its subsidiaries (together with the Company the "Group") have developed a cylinder shaped floater, suitable for all offshore environments. The Company's primary focus is to create value for its shareholders by delivering products and solutions to the offshore industry, utilizing its core competencies within the areas of design, engineering and project execution. The basis for the products and solutions is the Sevan technology.

The Company is a public limited liability company incorporated and domiciled in Norway. The address of its registered office is Kittelsbuktveien 5, 4836 Arendal.

The Company's shares are listed on the Oslo Stock Exchange.

These consolidated financial statements were approved by the Board of Directors on April 10, 2014.

Overview of Group structure as of December 31, 2013:

Subsidiaries	Registered office	Interest held	Equity	Profit/(loss) 2013
KANFA AS	Norway	100 %	8.0	-0.3
KANFA Mator AS	Norway	100 %	0.6	0.1
KANFA Aragon AS	Norway	50 %	5.5	2.7
KANFA Ingenium Process AS	Norway	54 %	0.9	0.6
HiLoad LNG AS	Norway	100 %	0.0	0.0
Sevan Production Pte Ltd	Singapore	100 %	0.0	-0.3
Sevan Marine do Brasil Ltda	Brazil	100 %	0.0	0.0
Sevan Invest AS	Norway	100 %	0.0	-0.4
Sevan Pte Ltd	Singapore	100 %	0.0	7.1
Sevan Holding I AS	Norway	100 %	4.1	-0.2
Sevan Holding V AS	Norway	100 %	-0.7	-0.7
Sevan Holding I Pte Ltd	Singapore	100 %	0.1	4.1
Sevan Asia Pte Ltd	Singapore	100 %	0.8	-0.1
Sevan Management Services Pte Ltd	Singapore	100 %	0.2	-0.5
Sevan Engineering Services Pte Ltd	Singapore	100 %	0.0	0.0
Sevan (Shanghai) Co	China	100 %	0.0	0.0
Sevan 300 Pte Ltd	Singapore	100 %	23.0	33.6

(Amounts in the tables above are prepared in local GAAP and presented in USD 1,000,000)

The Restructuring Process

The last element in the Restructuring of the Group – namely the transaction involving the transfer of title to FPSO "Voyageur Spirit", all of the shares in Sevan Production UK Limited and certain other assets and liabilities of Sevan 300 Pte Ltd to Voyageur LLC (a subsidiary of Teekay) – was completed May 2, 2013.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The presentation currency of the Group is USD which corresponds to the functional currency of the majority of the entities in the Group. All numbers are in USD 1,000,000 unless otherwise stated.

2.1 Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union (EU) and valid as of December 31, 2013. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 Changes in Accounting Policy and Disclosures

New and amended standards and interpretations adopted by the Group

The Group applied, for the first time in 2013, IAS 19 Employee Benefits (Revised 2011) retrospectively in the current period. Comparative figures have been accordingly restated. The key change that impacted the Group are the recognition of all past service costs at the earlier of when the amendment/curtailment occurs or when the related restructuring or termination costs are recognized. As a result, unvested past service costs can no longer be deferred and recognized over the future vesting period. As a result unrecognized service cost was charged to equity with consequential tax impact. Amortisation on past service costs was reversed. The application of this standard has no material impact on the Group's financial position or performance.

The Group applied amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments affect presentation only and have no impact on the Group's financial position or performance.

IFRS 13 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where

its use is already required or permitted by other standards within IFRSs or US GAAP

New and amended standards and interpretations not yet adopted by the Group

A number of new standards and amendments to standards and interpretations are effective from 1 January 2014 (European Union effective date). The applications of these standards are not expected to have a material impact on the Group's annual consolidated financial statements. The nature and the impact of each new standard and amendment is described below:

IFRS 10 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group will adopt this standard for the accounting period beginning on 1 January 2014 and do not expect this to have significant effect on the consolidated financial statements of the Group.

IFRS 11 'Joint arrangements and IAS 28 Investment in Associates and Joint Ventures' classifies joint arrangements into two types – joint operations and joint ventures. A joint arrangement is an arrangement of which two or more parties have joint control. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operator shall recognize its assets, liabilities, revenues and expenses in relation to its interest in a joint operation. A joint venture shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method. The Group will adopt this standard for the accounting period beginning on 1 January 2014 and do not expect this to have significant effect on the consolidated financial statements of the Group.

IFRS 12 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group will adopt this standard for the accounting period beginning on 1 January 2014 and do not expect this to have significant effect on the consolidated financial statements of the Group.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Consolidation

Subsidiaries

Subsidiaries comprise all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another

entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred assumed at the date of exchange. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities incurred in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the income statement immediately.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.3 Associates

Associates comprise all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

The Group's share of associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealized gains on transactions between the Group and associates are eliminated to the extent of the Group's ownership share in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

Operating segments

Starting from January 1, 2013, the Group's segment reporting was divided into two: (i) Floating Production and (ii) Topsides and Process Technology.

The activities within the Floating Production segment relate to the design, engineering and project development of the Sevan platforms (FPSOs). This includes licensing of the Sevan proprietary design for floating units.

The segment Topsides and Process Technology consists of the activities of KANFA AS and subsidiaries which mainly relate to the provision of services and equipment packages to the processing plants of floating units.

Geographic perspective

The Group's operating segments operate in the global offshore market and have common marketing and Senior Management functions. Currently, the Group does not consider the business from a geographic perspective.

2.5 Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates ('the functional currency'). The consolidated financial statements are presented in USD, which is the Group's presentation currency. The functional currency for the parent company is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions (realized items) and from translation at exchange rates prevailing at balance sheet date of monetary assets and liabilities denominated in foreign currencies (unrealized items) are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

Foreign exchange gains and losses relating to interest-bearing debt and cash and cash equivalents are presented (net) as a separate line item in the income statement within financial items. Foreign exchange gains and losses relating to operation are presented (net) as a separate line item in the income statement within operating expenses.

Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency, are translated into the presentation currency as follows:

Assets and liabilities are translated at exchange rates prevailing at balance sheet date.

Income and expenses are translated at average exchange rates.

All resulting exchange differences are recognized in Other Comprehensive Income.

Upon consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.6 Property, Plant and Equipment

Fixed assets are stated at historic cost less accumulated depreciation. The Group has not used, and has no plans of utilizing the revaluation option in IAS 16. Depreciation is calculated using the straight-line method. Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying value of an asset to estimated discounted future cash flows expected to be generated by the asset. If the carrying value of an asset exceeds

its estimated discounted future cash flows, an impairment charge is recognized.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Subsequent cost are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement as incurred.

Borrowing cost is capitalized when the cost is directly attributable to the construction of a qualifying asset.

Each major component of the Sevan Capital Assets is depreciated separately when the units are available for intended use. A major component is defined as a part with a cost that is significant in relation to the total cost of the asset. An estimation of useful lives indicates an average depreciation period of 20-30 years.

Other fixed assets consist of furniture, fixtures and equipment that are depreciated using the straight-line method over their estimated useful lives ranging from three to ten years.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

2.7 Discontinued Operations

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.

2.8 Intangible Assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates'. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Computer software

Acquired computer software is capitalized on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives, ranging from three to five years. Cost associated with developing or maintaining computer software programs are recognized in the income statement as incurred.

Technology rights

Acquired technology rights are capitalized on the basis of the cost incurred to acquire. These costs are amortized over their estimated useful lives.

2.9 Impairment of Non-financial Assets

Assets that have an indefinite useful life are not subject to amortization but are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels at which separate cash flows are identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Trade Receivables and other Financial Assets

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The provision is recognized in the income statement as 'other operating expense'.

Hedge accounting has not been applied in 2013 or 2012.

Loans and receivables are measured at fair value at transaction date, subsequently remeasured at amortized cost. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets are included in current assets, except for those with maturities greater than 12 months after balance sheet date, in which case they are classified as non-current assets.

2.11 Cash and Cash Equivalents

In the consolidated statement of cash flow, cash and cash equivalents includes cash in hand, bank deposits, other short-term highly liquid investments with original maturities of three months or less.

2.12 Share Capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares is shown in equity as a deduction, net of tax, from the proceeds. Where any Group company acquires the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable cost (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable transaction cost and income tax, is included in equity attributable to the Company's equity holders.

2.13 Current and Deferred Income Tax

The tax expense for the period comprises current and change in deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred income tax is determined using tax rates (and legislation) that have been enacted or substantially enacted by balance sheet date and are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. The tax base included in the calculation of deferred income tax is calculated in local currency and translated into USD at foreign exchange rates prevailing at balance sheet date. Deferred income tax asset and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred

income taxes assets and liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14 Employee Benefits

Pension obligations

Group companies operate both defined benefit and defined contribution plans. The schemes are funded through payments to insurance companies. For defined contribution plans, the group pays contribution to privately administrated pension insurance plans. The group has no further payment obligation once the contribution has been paid. The contribution are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset in the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefits plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on government bonds in the currency which the benefit will be paid, and that have terms to maturity approximating to the terms of the related obligation.

Starting from January 1, 2013 there has been a change in the pension accounting policy, resulting in that actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged directly against equity through the statement of comprehensive income. The pension liability opening balance of January 1, 2013 has been restated accordingly.

Share-based compensation

The Group operates a share-based compensation plan. The cost represented by the fair value at award date is expensed over the vesting period. The fair value at the date of the award is supported by a third party calculation using the Black & Scholes' option-pricing model.

Cost represented by employer's contribution tax of the excess of fair value of the share relative to the strike prices (intrinsic value) is expensed over the vesting period in line with the changing market price of the Company's shares.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Profit-sharing and bonus plans

The Group recognizes a provision where contractually obliged or where there is a constructive obligation. The provision takes into account the incurred portion of the measurement period and shall be based on a 'best estimate' of the expected achievements of the key performance indicators as set out in the actual bonus program.

2.15 Provisions

A provision is recognized in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated.

Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured as the present value of the expected expenditures required to settle the obligation using a pre-tax discount rate that accounts for time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.16 Revenue Recognition

Revenue comprises the fair value of the consideration receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts and after eliminated sales within the Group.

The group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognized as follows:

- Sale of services: The group sells design and engineering services to other oil service companies and oil companies. These services are provided on a time basis, with contract terms generally ranging from less than one year to three years interest income is recognized on a time-proportion basis using the effective interest method.
- Design fee/license revenue is recognized in accordance with the substance of the relevant agreements. For 2013, license revenue has been recognised in line with the construction project of the units the license is related to.
- Revenue recognised from construction contract (reference to 2.17 below).

- Other operating revenues are recognized in line with the development of the underlying projects.
- Dividend income is recognized when the right to receive payment is established.

2.17 Construction Contracts

Cost regarding construction contracts is expensed when incurred. When the outcome of a construction contract cannot be estimated reliably, the contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract is recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period.

When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The stage of completion method is used for calculating the revenue for a certain measurement period.

2.18 Dividend Distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividend is approved by the Company's shareholders.

2.19 Trade Payables

Trade Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.20 Operating lease

The Group has entered into several office lease agreements. These office lease agreements falls in under the operating lease definition and are thus not capitalized.

NOTE 3 FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

3.1.1 Market Risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the NOK, EURO and GBP. Foreign exchange risk arises from future commercial transactions, recognized assets or liabilities, and net investments in foreign operations.

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not an entity's functional currency. The Group aims at achieving a natural hedge between cash inflows and cash outflows.

The Group has certain investments in foreign operations, who's net assets are exposed to foreign currency translation risk.

Based on the balance sheet clean-up resulting from the restructuring the Group assess the foreign exchange risk to be immaterial at the time of this report.

Price risk

The Group is exposed to commodity price risk at two main levels; The demand for Sevan units is sensitive to oil price developments, fluctuations in production levels, exploration results and general activity within the oil industry.

3.1.2 Credit Risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as loans and credit exposures to customers. With the exception of the USD 60 million loan to Logitel Offshore, the Group has no significant concentration of credit risk towards single financial institutions and has policies that limit the amount of credit exposure to any single financial institution.

3.1.3 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Group aims to maintain flexibility in its liquidity by keeping committed credit lines available.

The Group has implemented routines to continuously update its cash flow forecast when changes to main assumptions relating to repayment schedules, interest rates changes etc to be able to foresee the necessary actions to taken to rectify any potential adverse effects on its future liquidity position.

3.1.4 Covenant

2013:

After the completion of the FPSO Voyageur Spirit transaction in May 2013, the Group is debt free and no covenants are relevant.

2012:

The bridge loan from Teekay is payable upon completion of the sale of the FPSO Voyageur Spirit and is to be repaid by way of set off of the loan (fixed at USD 108 million, irrespective of amount actually drawn) against the purchase price applicable to the sale of the FPSO Voyageur Spirit. The loan is secured by the Sevan 300 hulls no. 4 and 5 and a second ranking mortgage against the FPSO Voyageur Spirit. Under existing agreements, Teekay has taken over the financial responsibility and is providing Sevan Marine with required funding for completing the upgrade of the FPSO Voyageur Spirit. Teekay has confirmed that the bridge loan is extended beyond to June 30, 2013, and remains committed to assuming ownership as soon as practically possible, and in any event upon first oil being achieved.

On April 16, 2012, agreements were entered into between the bank facility syndicate led by ING Bank N.V. ("ING"), Teekay and E.ON regarding the Voyageur project and the amendment of agreements required to effectuate the sale of the FPSO Voyageur Spirit to Teekay. In exchange for certain guarantees and undertakings provided by Teekay, ING and E.ON have agreed to defer their step-in rights and amend financial covenants such that the Company is no longer in breach. 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 Voyageur Spirit.

The covenant breach described above had no accounting effect.

3.1.5 Capital and Cash Management

The Group has exercised a conservative capital and cash management during 2013. A sound financial position, with no interest-bearing debt and an asset light balance sheet reduces the capital and cash management risks.

3.2 Fair Value Estimation

Financial assets and liabilities which are measured at fair value or for which fair value are disclosed apply the following measurement hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 - Inputs that are not based on observable market data (that is, unobservable inputs)

At balance sheet date the Group does not have any financial instruments at fair value.

NOTE 4 ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are assumed to be reasonable under current circumstances.

4.1 Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Estimated impairment of goodwill

The Group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

The assumption used in the 2013 impairment test was the following:

- WACC of 10%
- Estimated growth of 3%
- Approved 2014 budgets for the cash-generating units
- Time horizon of 5 years

The impairment test implies that the WACC must have been approximately 25% to indicate an impairment need of the capitalized goodwill at December 31, 2013.

Taxes

The Group is subject to income taxes in various jurisdictions. Judgment is required in determining the provision for income taxes. During the ordinary course of business, transactions and calculations occur for which the ultimate tax effect is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The accounting for deferred income tax asset relies upon management's judgment of the Group's ability to generate future positive taxable income in each respective jurisdiction.

The companies within the Sevan Marine Group have in sum material deductible temporary differences (reference is made to note 15) which, dependent on meeting the recognition requirements according to IAS 12, could result in recognition of deferred tax assets in the balance sheet. The Company is of the opinion that at present the recognition requirements justify a capitalization of deferred tax asset of USD 8.1 million at December 31, 2013.

The opinion is based on estimated future taxable income derived from contracts entered into. The future taxable income which justify the capitalized deferred tax assets as at December 31, 2013 is

partly fixed and partly dependent on future production levels, more specifically; fixed license fees of USD 11.5 million, estimated royalty income of USD 22.5 million, less estimated overhead not covered by engineering activities of USD 3 million. The opinion is also based on the fact that Group will liquidate relevant Singaporean subsidiaries to realise the tax losses.

Provisions

The Group uses estimates in calculating provisions.

ONGC receivable

The Company is involved in a dispute with ONGC in India following the inability of the Company to raise financing at the time of the financial crisis for the construction of a unit which had been contracted to ONGC. At the time of contracting with ONGC, the Company was required to post a bank guarantee/performance bond, backed by a corresponding cash deposit in the amount of USD 15.9 million. ONGC subsequently called on the guarantee, the basis for which is disputed by the Company. The Company filed a petition to the courts of India to prevent ONGC from calling the bank guarantee. This application for interim relief was ultimately unsuccessful, and in March 2011, USD 15.9 million was paid to ONGC plus USD 156,864 for overdue payment. Arbitration proceedings have been instigated. There is currently uncertainty as to if and when an arbitration award can be expected. Due to a lack of progress in the arbitration process, the Company booked a provision of USD 8.0 million (50% of the total receivable) during the second quarter of 2011. During 2013, a settlement was reached with ONGC, resulting in a further write-down of USD 4.8 million. The settlement entitles that ONGC will pay Sevan USD 3.2 million during first half 2014.

Provision regarding previously owned FPSO, 'Piranema Spirit'

The Company has a provision of USD 4.4 million in connection with expected claims under certain indemnities given to Teekay in relation to the sale of the FPSO Piranema Spirit. The provision was initially recognised in 2011 with the amount of USD 5.4 million and was reduced during 2013 with USD 1.0 million to reflect an updated assessment at December 31, 2013.

4.2 Critical Judgments in Applying the Group's Policies

Loan to Logitel Offshore

The Convertible bond loan to Logitel Offshore Pte Ltd of USD 60 million is classified as loan. Management has used judgements when assessing the reality behind the several agreements entered into in connection with the Logitel Offshore transactions and is of the opinion that this classification is in accordance with the underlying facts.

Investment in Arendal Brygge AS

The investment in Arendal Brygge AS of USD 0.4 million is classified as an investment in associate as the ownership is 35%. The difference between the purchase price of the shares and the carrying value of the investment USD 2.9 million is expensed as an operational expense, as the amount is regarded as settlement of a potential future office lease obligation.

NOTE 5 SEGMENT INFORMATION

Operating segments considered from a business perspective

Starting from January 1, 2013, the Group's segment reporting was divided into two: (i) Floating Production and (ii) Topsides and Process Technology.

Determination of the operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

Revenue in the Floating Production segment consists of the activities relating to the Goliat project, the Western Isles project and several studies. Income related to the Goliat customer, ENI constitute 17.4% of total external customer revenues. Income related to the Western Isles customer, Dana Petroleum constitute 27.1% of total external customer revenues.

The semi-completed hull for FPSO Sevan 300 no. 4 and no. 5 was sold in 2013.

The Topsides and Process Technology segment consists of the activities of KANFA AS, KANFA Aragon AS, KANFA Ingenium Process AS and KANFA Mator AS whose primary business activities relate to the provision of services and equipment to processing plants for FPSOs.

Segment results:

Year ended December 31, 2013	Floating Production	Topsides and Process Technology	Eliminations	Group
Revenue from external customers	59.1	43.5	0.0	102.6
Intragroup revenue	1.3	0.6	-1.9	0.0
Total operating revenue	60.4	44.1	-1.9	102.6
EBITDA	4.6	3.5	-0.4	7.7
Operating profit/(loss)	4.0	3.4	-0.4	7.1
Net financial profit/(loss)				25.9
Share of profit/(loss) from associates				0.0
Profit/(loss) before tax				33.0
Tax income/(expense)				-1.3
Net profit continued operation				31.7
Net profit discontinued operation				0.9
Net profit				32.6

Year ended December 31, 2012	Floating Production	Topsides and Process Technology	Eliminations	Group
Revenue from external customers	67.7	38.1	0.0	105.8
Intragroup revenue	11.0	1.0	-12.0	0.0
Total operating revenue	78.7	39.1	-12.0	105.8
EBITDA	25.4	3.1	-2.6	26.0
Operating profit/(loss)	-26.6	3.0	-2.6	-26.1
Net financial profit/(loss)				6.1
Share of profit/(loss) from associates				0.0
Profit/(loss) before tax				-20.0
Tax income/(expense)				6.2
Net loss continued operation				-13.8
Net loss discontinued operation				-17.7
Net loss				-31.6

Specification of certain segment items included in the income statement:

Year ended December 31, 2013	Floating Production	Topside and Process Technology	Eliminations	Group
Depreciation	0.2	0.2	0.0	0.4
Amortization	0.2	0.0	0.0	0.2
Impairment charge	0.0	0.0	0.0	0.0
Total	0.4	0.2	0.0	0.6

Year ended December 31, 2012	Floating Production	Topside and Process Technology	Eliminations	Group
Depreciation	0.8	0.1	0.0	0.9
Amortization	0.2	0.0	0.0	0.2
Impairment charge	51.0	0.0	0.0	51.0
Total	52.0	0.1	0.0	52.1

Segment assets and liabilities, and yearly capital expenditure were as follows:

December 31, 2013	Floating Production	Topside and Process Technology	Eliminations	Group
Assets continued operation	123.3	41.6	0.0	164.9
Assets discontinued operation	0.0	0.0	0.0	0.0
Investment in associates	0.0	0.0	0.0	0.0
Total assets	123.3	41.6	0.0	164.9
Liabilities continued operation	21.6	17.0	0.0	38.6
Liabilities discontinued operation	0.0	0.0	0.0	0.0
Total Liabilities	21.6	17.0	0.0	38.6
Capital expenditures	4.4	0.0	0.0	4.4

December 31, 2012	Floating Production	Topside and Process Technology	Eliminations	Group
Assets continued operation	1,062.0	40.7	-924.3	178.4
Assets discontinued operation	499.4	0.0	0.0	499.4
Investment in associates	0.0	0.0	0.0	0.0
Total assets	1,561.4	40.7	-924.3	677.8
Liabilities continued operation	260.5	27.5	-226.7	61.3
Liabilities discontinued operation	522.2	0.0	0.0	522.2
Total Liabilities	782.7	27.5	-226.7	583.5
Capital expenditures	105.2	0.0	0.0	105.2

Segment assets consist primarily of property, plant and equipment, intangible assets (including goodwill and software) and cash and cash equivalents. Segment liabilities comprise operating liabilities and non-current liabilities. Capital expenditures comprise additions to property, plant and equipment and intangible assets.

Operating segments considered from a geographic perspective

The Group's operating segments operate in the global offshore market and have common marketing and Senior Management functions. The revenue split on geographic perspective is as follows: Norway: USD 69.1 million UK: USD 29.3 million Singapore: USD 4.2 million. Accounting principles applied for segmentation are outlined in Note 2.

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

	Sevan Capital Assets	Other Fixed Assets	Discontinued Drilling operations	Discontinued FPSO operations	Total Fixed Assets
Year ended December 31, 2013					
Book value January 1	41.0	1.0	0.0	452.5	494.5
Additions	0.0	0.0	0.0	9.8	10.7
Disposals	-41.0	0.0	0.0	-462.3	-503.4
Impairment	0.0	0.0	0.0	0.0	0.0
Depreciation	0.0	-0.3	0.0	0.0	-0.3
Book value December 31	0.0	0.7	0.0	0.0	0.7
At December 31, 2013					
Cost or valuation	173.0	64.5	1,051.4	1,362.0	2,650.9
Asset reclas. from 'Other Fixed Assets' to 'discontinued FPSO'	0.0	-31.4	0.0	31.4	0.0
Accumulated impairment	-132.0	-4.9	0.0	-413.4	-550.3
Accumulated depreciation	0.0	-21.3	-55.7	-173.8	-250.8
Accumulated disposals	-41.0	-6.2	-995.7	-806.3	-1,849.2
Book value December 31	0.0	0.7	0.0	0.0	0.7
Year ended December 31, 2012					
Book value January 1	92.0	0.9	0.0	347.3	440.2
Additions	0.0	0.9	0.0	105.2	106.1
Disposals	0.0	-0.1	0.0	0.0	-0.1
Impairment	-51.0	-0.3	0.0	0.0	-51.3
Depreciation	0.0	-0.5	0.0	0.0	-0.5
Book value December 31	41.0	1.0	0.0	452.5	494.5
At December 31, 2012					
Cost or valuation	173.0	63.6	1 051.4	1 352.3	2 640.3
Asset reclas. from 'Other Fixed Assets' to 'discontinued FPSO'	0.0	-31.4	0.0	31.4	0.0
Accumulated impairment	-132.0	-4.6	0.0	-413.4	-550.1
Accumulated depreciation	0.0	-20.6	-55.7	-173.8	-250.1
Accumulated disposals	0.0	-6.1	-995.7	-344.0	-1 345.8
Book value December 31	41.0	1.0	0.0	452.5	494.5

The remaining Sevan Capital Assets were in 2013 sold to Logitel Offshore at carrying values of USD 20.5 million each.

The impairment charge for Sevan Capital Assets of 51.0 in 2012 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. Reference is made to Note 4.2 in Annual Report 2012 for further information.

NOTE 7 INTANGIBLE ASSETS

	Goodwill	Software	Technology Rights	Total
Year ended December 31, 2013				
Book value January 1	11.9	0.7	0.0	12.7
Additions	0.0	0.1	0.2	0.3
Disposals	0.0	-0.1	0.0	-0.1
Impairment charge	0.0	0.0	0.0	0.0
Amortization	0.0	-0.3	0.0	-0.3
Book value December 31	11.9	0.5	0.2	12.6
At December 31, 2013				
Cost or valuation	11.9	8.1	0.2	20.2
Accumulated amortization and impairment	0.0	-7.6	0.0	-7.6
Book value December 31	11.9	0.5	0.2	12.6

	Goodwill	Software	Total
Year ended December 31, 2012			
Book value January 1	11.1	0.4	11.5
Additions	0.8	0.5	1.3
Impairment charge	0.0	0.0	0.0
Amortization	0.0	-0.2	-0.2
Book value December 31	11.9	0.7	12.7
At December 31, 2012			
Cost or valuation	11.9	8.2	23.0
Accumulated amortization and impairment	0.0	-7.5	-10.4
Book value December 31	11.9	0.7	12.7

Impairment tests for goodwill

Goodwill of 11.9 (2012: 11.9) is allocated to the segment Topsides & Process Technology which is one of the Group's cash-generating units (CGU) as identified according to operating segment. The recoverable amount of the CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets.

Reference is made to Note 4.1 regarding the assumption used in the impairment test of goodwill.

NOTE 8 INVESTMENT IN ASSOCIATES

	2013	2012
Book value January 1,	0.0	0.0
Income/(loss) from associated companies	0.0	0.0
Purchase of 35% of Arendal Brygge AS	0.4	0.0
Book value December 31,	0.4	0.0

The addition of USD 0.4 million relates to a 35% shareholding in Arendal Brygge AS. Reference is made to Note 4.2.

NOTE 9A FINANCIAL INSTRUMENTS BY CATEGORY

Accounting principles for financial instruments were applied to the line items below as indicated:

	Loans and receivables
December 31, 2013	
Financial assets	
Loan	60.0
Trade receivables	15.3
Cash and cash equivalents	41.2
Total financial assets	116.5

	Loans and receivables
December 31, 2012	
Financial assets	
Trade receivables	31.6
Cash and cash equivalents	61.1
Total financial assets	92.7

	Other financial liabilities
December 31, 2013	
Financial liabilities	
Trade payables	5.2
Total financial liabilities	5.2

	Other financial liabilities
December 31, 2012	
Financial liabilities	
Interest-bearing debt	0.0
Trade payables	22.1
Total financial liabilities	22.1

NOTE 9B CREDIT QUALITY OF TRADE RECEIVABLES AND CASH

The credit quality of trade receivables and cash that were neither past due nor impaired was assessed by reference to external credit ratings (where available) and by analysis of historical information about counterparty default rates:

Trade receivables - Counterparty with external credit rating	2013	2012
A	0.0	1.9
A1	1.8	0.0
A3	1.7	0.0
A+	0.8	0.0
AA-	0.0	17.9
BBB+	0.6	0.0
B+	0.4	0.0
B1	0.0	3.1
Total	5.3	23.0

Trade receivables - Counterparty without external credit rating	2013	2012
Group 1	9.9	5.6
Group 2	0.0	2.9
Group 3	0.0	0.0
Total	9.9	8.6
Total trade receivables	15.3	31.6

Group 1 - New customers (less than 6 months)

Group 2 - Existing customers (more than 6 months) with no defaults in the past

Group 3 - Existing customers (more than 6 months) with some defaults in the past

Cash at bank and short-term bank deposits	2013	2012
A1	0.0	20.0
A2	13.4	0.2
A3	0.0	32.4
A-	0.0	0.6
Aa3	7.3	8.0
BBB+	20.1	0.0
Baa1	0.3	0.0
Total cash and cash equivalents	41.2	61.1

NOTE 10 TRADE AND OTHER RECEIVABLES

	2013	2012
Trade receivables	15.5	31.7
Provision for impairment of receivables	-0.2	-0.1
Trade receivables – net	15.3	31.6
Prepayments	2.5	1.6
Other receivables	3.3	1.3
ONGC receivable*	3.2	8.0
Accrued income	14.6	8.1
Trade and other receivables	38.9	50.6

* The ONGC receivable was written down with 4.8 from 8.0 to 3.2 during 2013. Reference is made to Note 4.1

The Group has not made any actual losses on receivables during 2013 or 2012.

Fair value of trade and other receivables were as follows:

	2013	2012
Trade receivables	15.3	31.6
Prepayments	2.5	1.6
Other receivables	3.3	1.3
ONGC receivable*	3.2	8.0
Accrued income	14.6	8.1
Total trade and other receivables	38.9	50.6
Loan (non-current)	60.0	0.0

Trade receivables that are less than three months past due are generally not considered for impairment. At balance sheet date, trade receivables of 4.5 (2012: 7.7) were past due but not impaired except for the provision of 0.2. These overdue receivables relate to several independent customers with whom the Group has no history of default.

Ageing of trade receivables was as follows:

	2013	2012
Before due date	10.8	23.9
Up to 3 months after due date	4.5	3.6
Between 3 and 6 months after due date	0.0	1.2
More than 6 months after due date	0.0	2.9
Total trade receivables	15.3	31.6

Carrying amounts of trade receivables were denominated in the following currencies:

	2013	2012
USD	2.5	22.1
GBP	0.4	0.1
NOK	10.6	9.4
EUR	1.8	0.0
Total trade receivables	15.3	31.6

NOTE 11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	2013	2012
Cash at bank and in hand	39.7	59.2
Restricted employees' tax deduction fund	1.1	1.5
Restricted short-term bank deposits	0.4	0.4
Total cash and cash equivalents	41.2	61.1

NOTE 12 SHARE CAPITAL

The total authorized number of ordinary shares was 52.6 million (2011: 52.6 million) with a par value of NOK 4.00 per share. All issued shares were fully paid at balance sheet date.

	Number of shares	Share capital	Share premium	Total
January 1, 2013	52,606,999	34.6	21.0	55.6
Proceeds from shares issued	0	0.0	0.0	0.0
Cost of share issues, net of tax	0	0.0	0.0	0.0
December 31, 2013	52,606,999	34.6	21.0	55.6

	Number of shares	Share capital	Share premium	Total
January 1, 2012	52,606,999	34.6	21.0	55.6
Proceeds from shares issued	0	0.0	0.0	0.0
Cost of share issues, net of tax	0	0.0	0.0	0.0
December 31, 2012	52,606,999	34.6	21.0	55.6

20 largest shareholder accounts at December 31, 2013:

Name	Number of shares	Ownership-share (%)
TEEKAY SERVICE HOLDI	21,091,847	40.1
THE BANK OF NEW YORK	2,766,659	5.3
F2 FUNDS AS	2,231,000	4.2
ILIAD INTERNATIONAL *	1,801,784	3.4
VPF NORDEA KAPITAL	1,364,613	2.6
PREDATOR CAPITAL MAN	860,000	1.6
MP PENSJON PK	837,584	1.6
ANDENERGY AS	801,326	1.5
BAKLIEN ÅSMUND	700,000	1.3
VPF NORDEA AVKASTNIN	680,553	1.3
HOME CAPITAL AS	575,809	1.1
INVESCO PERP EUR SMA	553,818	1.1
CITIBANK, N.A.	526,943	1.0
THE BANK OF NEW YORK	466,519	0.9
VERDIPAPIRFONDET NOR	462,757	0.9
SUNDT AS	440,000	0.8
JPMORGAN CHASE BANK	400,012	0.8
VERDIPAPIRFONDET DNB	400,000	0.8
PARETO BANK ASA	400,000	0.8
SKANDINAViska ENSKIL	382,000	0.7
Total, 20 largest shareholder accounts	37,743,224	71.7
Remaining shareholders	14,863,775	28.3
Total shareholders	52,606,999	100.0

* Controlled by Teekay

20 largest shareholder accounts at December 31, 2012:

Name	Number of shares	Ownership-share (%)
TEEKAY SERVICE HOLDI	21,091,847	40.09
GOLDMAN SACHS INT. -	2,713,198	5.16
F2 FUNDS AS	1,945,000	3.70
ILIAD INTERNATIONAL *	1,801,784	3.42
MP PENSJON PK	837,584	1.59
GOLDMAN SACHS & CO -	777,284	1.48
THE BANK OF NEW YORK	631,734	1.20
VERDIPAPIRFONDET DNB	591,944	1.13
CITIBANK NA NEW YORK	589,018	1.12
PREDATOR CAPITAL MAN	552,444	1.05
DELPHI NORGE	525,551	1.00
ANDENERGY AS	513,557	0.98
BAKLIEN ÅSMUND	500,000	0.95
JPMCB RE SHB SWEDISH	400,000	0.76
TVETERAAS EIENDOMSSE	400,000	0.76
SKANDINAViska ENSKIL	340,000	0.65
TANJA A/S	338,663	0.64
CONMAR AS	336,405	0.64
MIDTCO INVEST AS	325,000	0.62
JPMORGAN CHASE	300,012	0.57
Total, 20 largest shareholder accounts	35,511,025	67.50
Remaining shareholders	17,095,974	32.50
Total shareholders	52,606,999	100.00

* Controlled by Teekay

NOTE 13 SHARE-BASED PAYMENTS

The exercise prices of share options awarded to employees was at minimum equal to the market price of the share at the time of the award. All of the remaining options may be exercised with 1/3 each year, first time one year following the award and expire five years following the award. Upon the occurrence of a "change of control" all outstanding options may be exercised. A "change of control" shall be deemed to have occurred if more than 1/3 of the Company's shares are owned by a shareholder or group of shareholders. In November 30, 2011 Teekay Corporation subscribed and paid for new shares, obtaining an ownership of more than 1/3 of the Company's shares. As a result of this, these share options are now exercisable and the related remaining share option cost was accounted for in full in 2011. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Remaining share options and weighted average exercise prices were as follows:

	2013	2012
	Average exercise price after reverse share split (NOK per share)	Average exercise price after reverse share split (NOK per share)
	No. of options	No. of options
January 1	1,033	78,835
Granted	0	0
Exercised	0	0
Lapsed/forfeited	1,156	-40,478
December 31	881	33,000

Of the 33 thousand remaining options (2012: 74 thousand), all options were exercisable (2012: 74 thousand). No options were exercised during 2013 and 2012.

Expiration dates and average exercise prices for the remaining share options:

Year of expiration	Exercise price after reverse share split 1:100 (NOK per share)	Share options remaining at the end of year	
		2013	2012
2013	6,275	0	2,085
2015	881	33,000	71,750
Total		33,000	73,835

The average fair value of options awarded during 2010, determined using the Black-Scholes' option-pricing model, was NOK 209 after adjustment for the reverse share split. The significant inputs into the model were share price at the award dates, exercise prices as shown above, standard deviation of expected share price returns of 30%, dividend yield of 0%, estimated option life, and annual risk-free interest rate of 3.0%. No options were awarded during 2013 and 2012.

As of December 31, 2013, none of the remaining share options were 'in-the-money'. The remaining share option expires in 2015, and the share price has to exceed NOK 881 per share to be exercised.

NOTE 14 OTHER CURRENT LIABILITIES

	2013	2012
Income tax payable	2.0	1.5
Employer's contribution tax and other taxes	2.8	3.6
Deferred revenue	0.5	0.0
Employee related payables	2.4	7.0
Other accrued cost	14.7	14.6
Total other current liabilities	22.5	26.8

NOTE 15 TAXES

Deferred income tax assets and liabilities are offset when a legally enforceable right to offset current tax assets against current tax liabilities exists.

Net deferred tax assets/(liabilities)	2013	2012
- Deferred tax asset to be reversed after more than 12 months	160.0	189.8
- Deferred tax asset/(liability) to be reversed after more than 12 months	-2.2	-2.2
Net deferred tax assets/(liabilities)	157.7	187.6
Deferred tax assets not recognized in the balance sheet	-149.9	-179.7
Net deferred tax assets/(liabilities) recognized in the balance sheet	7.8	7.9
hereof capitalized as deferred tax assets	8.1	8.2
hereof capitalized as deferred tax liabilities	-0.3	-0.3

Gross movement on the deferred income tax account was as follows:

	2013	2012
Book value January 1,	8.2	-0.5
Exchange differences	0.0	0.8
Deferred tax assets purchased company	0.0	0.1
Income statement charge relating to deferred tax assets	-0.1	7.8
Book value December 31,	8.1	8.2

	2013	2012
Unrealized currency gain/(loss)	-0.4	-1.1
Construction contracts	-0.9	0.0
Fixed assets	-0.4	-1.1
Accounting provisions	-0.6	0.0
Total deferred tax liabilities	-2.2	-2.2

Pension liabilities	0.2	0.5
Unrealized currency gain/(loss)	0.3	0.0
Investments and receivables	156.0	187.6
Fixed assets	0.6	0.9
Inventory	0.1	0.1
Accounting provisions	0.1	0.5
Losses carry forward	2.7	0.3
Total deferred tax assets	160.0	189.8

Deferred income tax assets are recognized for tax loss carry-forwards and deductible temporary differences to the extent that the realization of the tax benefit through the future taxable profits is probable. At balance sheet date, the recognition criteria in IAS 12 was met in regards to USD 8.1 million. Reference is made to Note 4.1 for further information.

	2013	2012
Current tax	-1.2	-2.5
Deferred tax	-0.1	8.7
Net tax income/(expense)	-1.3	6.2

Reconciliation between tax charge based on the nominal statutory tax rate and actual tax charge:

	2013	2012
Profit/(loss) before tax	33.0	-20.0
Tax calculated at domestic tax rates applicable to profits in each respective countries	-6.6	4.0
Income not subject to tax	12.8	17.0
Temporary deductible differences not capitalised in 2011	0.0	10.8
Currency translation adjustment	-0.1	1.4
Expenses not deductible	-8.7	-25.7
Tax losses for which no deferred income tax asset was recognized	1.5	-0.4
Tax income/(expense)	-1.1	7.1
 Tax permanent establishment	 0.0	 -0.4
Withholding tax	-0.1	-0.5
Net tax income/(expense)	-1.3	6.2

NOTE 16 RETIREMENT BENEFIT OBLIGATIONS

Companies in the Group operate both defined benefit and defined contribution plans. The actuarial calculations for the Group's defined benefit plans were carried out by an independent actuary. Calculated pension obligation for 2013 is based on mortality table K2013 (2012: K2005) and disability table K1963 adjusted for observed developments. The principal actuarial assumptions are based on guidelines from the Norwegian Accounting Standards Board. The defined benefit plans have 25 participants (2012: 30 participants) and these plans have been closed for new participants since 2008. Net pension obligation in the balance sheet is 0.9 (2012: 1.7) consisting of gross obligation of 5.4 (2012: 7.0) and pension plan assets of 4.5 (2012: 5.3). Pension cost charged to the income statement is 2.3 (2012: 1.7) whereof 0.7 is related to defined benefit pension plans and 1.6 (2012: 0.9) is related to defined contribution plans. The defined contribution plan has 149 participants (2012: 132 participants). The Group's pension schemes satisfy the requirements in the Norwegian legislation regarding mandatory occupational pension.

NOTE 17 PROVISIONS

	Warranties	Bonus	ONGC legal provision	Provision FPSO Piranema Spirit	Total
January 1, 2013	1.6	2.3	1.0	5.4	10.3
Currency translation adjustments	0.0	0.0	0.0	0.0	0.0
Arising during the year	0.0	2.6	0.0	0.0	2.6
Reversed during the year	-1.4	0.0	-1.0	-1.0	-3.4
Used during year	0.0	-2.4	0.0	0.0	-2.4
December 31, 2013	0.2	2.5	0.0	4.4	7.1

	Warranties	Bonus	ONGC legal provision	Provision FPSO Piranema Spirit	Total
January 1, 2012	2.0	1.9	1.0	5.4	10.3
Currency translation adjustments	0.1	0.0	0.0	0.0	0.1
Arising during the year	0.1	2.3	0.0	0.0	2.4
Reversed during the year	0.0	-1.8	0.0	0.0	-1.8
Used during year	-0.5	-0.1	0.0	0.0	-0.6
December 31, 2012	1.6	2.3	1.0	5.4	10.4

All provisions in 2013 and 2012 are current in nature.

Warranties

Provision for warranties is based on historical experience as well as estimates for legal claims.

Bonus

Provision for bonus for 2013 was based on a defined bonus program for employees in the Sevan Group for the measurement period January 1, 2013, to December 31, 2013. The provision is based on a 'best estimate' of the expected achievements of the key performance indicators as set out in the bonus program and takes into account the incurred portion of the measurement period at balance sheet date. The bonus will be payable to employees with employment (undenounced position) within the Group for the full measurement period. At balance sheet date the bonus award was still subject to approval by the Board of Directors.

At the date of this Annual Report the Board of Directors has approved the bonus for 2013.

ONGC Legal Provision

The ONGC legal provision is reversed in 2013, due to the settlement entered into with ONGC.

Provision FPSO Piranema Spirit

The remaining provision regarding the restructuring relates to expected claims under certain indemnities given to Teekay in relation to the sale of the FPSO Piranema Spirit in 2011. The Company has adjusted the provision of USD 5.4 million downwards to USD 4.4 million as a result of an updated assessment. Cash outflow is expected to occur during 2014.

NOTE 18 DISCONTINUED OPERATIONS

In November 2011, the Company, as part of the restructuring, sold the businesses relating to FPSO Piranema Spirit and FPSO Hummingbird Spirit, including associated contracts and employees to Teekay, and granted Teekay certain rights to use intellectual property relating to each of these FPSOs. The Company settled, and was released from all obligations under the Sevan Piranema Bond Loan and the Sevan Hummingbird Bond Loan by payment of proceeds from the sale of the respective businesses relating to FPSO Piranema Spirit and FPSO Hummingbird Spirit to the bondholders in those bond loans;

In November 2012, Teekay (on behalf of the Company) settled, and was released from all obligation under the Sevan Voyageur Bond Loan.

The last element in the Restructuring of the Group – namely the transaction involving the transfer of title to FPSO “Voyageur Spirit”, all of the shares in Sevan Production UK Limited and certain other assets and liabilities of Sevan 300 Pte Ltd to Voyageur LLC (a subsidiary of Teekay) – was completed May 2, 2013.

2013	Discontinued Operations*	Continued Operations	Total
Operating income	4.3	102.6	106.9
Operating expense	-2.8	-94.8	-97.6
EBITDAFX	1.5	7.8	9.3
Foreign exchange gain/(loss) relating to operation	1.4	-0.2	1.2
EBITDA	2.9	7.6	10.5
Depreciation, amortization and impairment	0.0	-0.6	-0.6
Operating profit/(loss)	2.9	7.1	9.9
Income from associated companies	0.0	0.0	0.0
Financial income/(expense)	-2.0	27.3	25.3
Foreign exchange gain/(loss) relating to financing	-0.1	-1.5	-1.6
Net financial items	-2.1	25.9	23.7
Profit/(loss) before tax	0.9	33.0	33.9
Tax income/(expense)	0.0	-1.3	-1.3
Net profit/(loss) discontinued operations	0.9	31.7	32.6

* From the period January 1 until May 2, 2013

2012	Discontinued Operations	Continued Operations	Total
Operating income	39.4	105.8	145.2
Operating expense	-39.0	-79.0	-118.0
EBITDAFX	0.4	26.8	27.2
Foreign exchange gain/(loss) relating to operation	-2.5	-0.8	-3.3
EBITDA	-2.1	26.0	23.9
Depreciation, amortization and impairment	0.0	-52.1	-52.1
Operating profit/(loss)	-2.1	-26.1	-28.2
Income from associated companies	0.0	0.0	0.0
Financial income/(expense)	-15.2	4.4	-10.8
Foreign exchange gain/(loss) relating to financing	-0.4	1.7	1.3
Net financial items	-15.6	6.1	-9.5
Profit/(loss) before tax	-17.7	-20.0	-37.7
Tax income/(expense)	0.0	6.2	6.2
Net profit/(loss) discontinued operations	-17.7	-13.8	-31.6

Discontinued assets and liabilities at balance sheet date (related to the FPSO Voyageur):

Assets	2013	2012
Non-current assets		
Sevan Capital Assets	0.0	452.5
Other fixed assets	0.0	0.4
Other non-current assets	0.0	14.6
Total non-current assets	0.0	467.5
Current assets		
Trade and other receivables	0.0	22.2
Cash and cash equivalents	0.0	9.8
Total current assets	0.0	32.0
Total assets classified as held for sale	0.0	499.4
Liabilities		
Non-current liabilities		
Other non-current liabilities/provisions	0.0	6.1
Total non-current liabilities	0.0	6.1
Current liabilities		
Interest-bearing debt	0.0	368.0
Current liabilities	0.0	148.2
Total current liabilities	0.0	516.2
Total liabilities directly associated with assets classified as held for sale	0.0	522.2

NOTE 19 EMPLOYEE BENEFIT EXPENSE

	2013	2012
Wages and salaries	34.7	26.9
Employer's contribution tax	5.2	4.1
Expensed portion of value of share options	0.0	0.0
Pension cost	2.3	1.7
Other employee benefit expense	1.7	2.3
Total employee expense	43.9	35.0
Allocated to construction in progress	0.0	-6.6
Net employee benefit expense	43.9	28.5

No. of man-years	176	177
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Remuneration of Senior Management, as paid:

Figures in USD 1,000		2013		
		Salaries	Retirement benefits	Other benefits
Carl Lieungh	CEO	897	70	44
Kjetil Vangsnæs	CFO	417	26	5
Lars Ødeskaug	COO	553	31	5
Fredrik Major	CBDO	367	59	26
Morten Martens Breivik	CoS	302	21	5
Otto Skjåstad	CTO	277	21	4
Aslak Hjelde	Managing Director KANFA AS	391	36	28
Total remuneration paid		3,201	264	117

Figures in USD 1,000		2012		
		Salaries	Retirement benefits	Other benefits
Carl Lieungh	CEO	685	16	32
Kjetil Vangsnæs	CFO	294	16	4
Lars Ødeskaug	COO	409	15	1
Fredrik Major	CBDO	324	41	22
Morten Martens Breivik	CoS	261	16	1
Aslak Hjelde	Managing Director KANFA AS	362	29	37
Total remuneration paid		2,335	133	97

Salaries and other benefits included above were based on actual period of employment and translated at average exchange rates for each year.

Senior Management is included in the Group's collective retirement benefit plans. No loans were granted to current Senior Management or any member of the Board of Directors in 2013 or 2012. The CEO will receive 0-24 months' salary upon termination of employment dependent on fulfilment of certain conditions.

In addition, current Senior Management was awarded the following stock options:

	No. of options	Year of award	Strike/NOK	Remaining no. of options at balance sheet date
Fredrik Major	5,000	2010	881	5,000
Morten Martens Breivik	3,000	2010	881	3,000
Otto Skjåstad	1,000	2010	881	1,000
Aslak Hjelde	3,000	2010	881	3,000
Total options/average exercise price	12,000		881	12,000

Remuneration of the Board of Directors, as paid:

Figures in USD 1,000	2013	2012
Siri Hatlen, Chairperson	125	37
Arne Smedal, Deputy Chairman	70	92
Mari Thjørnøe	87	33
Peter Lytzen ***	0	0
Ingvild Sæther **, ***	0	0
Kari Berte Daasvatn Bye, Employee representative *	64	0
Alf Reidar Sandstad, Employee representative *	64	0
Lars Ola Tan Almås **, ***	63	0
Jorunn Haugen, Employee representative *	0	21
Jørgen Skotnes, Employee representative *	0	21
Åse Koll Lunde (28.04.2011-22.06.2011)	0	1
Kåre Syvertsen (31.05.2010-28.04.2011)	0	43
Total remuneration paid	473	248

* Kari Berte Daasvatn Bye and Alf Reidar Sandstad entered the Board May 25th, 2012 as Employee representatives. Jorunn Haugen and Jørgen Skotnes resigned from the Board May 25th, 2012.

** Ingvild Sæther entered the Board September 29th, 2013. Lars Ola Tan Almås resigned from the Board September 26th, 2013

*** The remuneration was paid to the Companies the Board members are employed. Fee for Ingvild Sæther was paid to Teekay Shipping Norway AS by KUSD 7 and the fee for Peter Lytzen was paid to Teekay Petrojarl Production AS by KUSD 46 (2012 KUSD 22). Fee for Lars Ola Tan Almås was paid to Teekay Shipping Norway AS by 0 (2012 KUSD 25)

Remuneration of the Board of Directors was for the period of May 25th, 2012 to November 24th, 2013

Salaries and other benefits paid to Directors as employees:

Figures in USD 1,000	2013			2012		
	Salaries	Retirement benefits	Other benefits	Salaries	Retirement benefits	Other benefits
Arne Smedal, Chairman **	1,866	58	24	818	56	40
Kari Berte Daasvatn Bye *	162	9	3	145	14	1
Alf Reidar Sandstad *	360	11	7	173	14	1
Jorunn Haugen *				108	8	1
Jørgen Skotnes *				115	0	1

* Kari Berte Daasvatn Bye and Alf Reidar Sandstad entered the Board May 25th, 2012 as Employee representatives. Jorunn Haugen and Jørgen Skotnes resigned from the Board May 25th, 2012.

** Arne Smedal resigned from Sevan Marine July 31st, 2013

Shares and options owned or controlled by the Board of Directors and Senior Management

As of December 31, 2013, the following Board members and Senior Management owned or controlled shares in the Company:

Board of Directors

Arne Smedal, owns 225,000 shares directly, 257,634 shares through Elvheim AS, where he holds a controlling ownership interest.

Mari Thjømøe, Board member, owns 7,050 shares through ThjømøeKranen AS.

Kari Berte Daasvatn Bye, Employee representative of the Board and Senior Engineer Dynamic Simulations, owns 680 shares and holds 1,000 share options with a strike price of NOK 881,-.

Alf-Reidar Sandstad, Employee representative of the Board and Manager Layout/Architectural, holds 750 share options with a strike price of NOK 881,-.

Senior Management

Carl Lieungh, CEO, owns 256,000 shares through Florian AS.

Lars Ødeskaug, COO owns 174,000 shares directly and 50,000 shares through BLMF Holding AS.

Fredrik Major, Vice President Business Development/R&D, owns 6,400 shares and holds 5,000 share options with a strike price of NOK 881,-.

Morten Martens Breivik, Chief of Staff, owns 7,020 shares and holds 3,000 share options with a strike price of NOK 881,-.

Otto Skjåstad, CTO, owns 0 shares and holds 1,000 share options with a strike price of NOK 881,-.

Aslak Hjelde, Managing Director KANFA AS, owns 2,283 shares and holds 3,000 share options with a strike price of NOK 881,-.

Reference is made to the 'Statement regarding determination of salary and other benefits for Senior Management' for further details of remuneration of Senior Management.

NOTE 20 FINANCIAL INCOME AND FINANCIAL EXPENSE

Currency gains and losses relating to operational activities were classified as a separate line item as an operational expense in the Income Statement and are not included in the tables below. Currency gains and losses relating to financing activities were presented as separate line item as a financial income/ (expense) in the Income Statement and are specified in Note 29.

Financial income:	2013	2012
Interest income	1.5	0.8
Partial reversal provision Piranema	1.0	0.0
Reversal of financial provision *	21.8	0.0
Other financial income	3.5	5.8
Total financial income	27.8	6.6

Financial expense:	2013	2012
Interest expense	0.3	1.1
Amortization of fee related to interest-bearing debt	0.0	0.2
Write down of investments	0.0	0.0
Other financial expenses	0.2	1.0
Total financial expense	0.5	2.2

* A financial provision arising in 2011 in connection with the restructuring was reversed in connection with the last part of the restructuring being completed.

NOTE 21 EARNINGS PER SHARE

	2013	2012
Profit/(loss) continued operations attributable to equity holders of the Company (1,000,000 USD)	31.7	-14.8
Weighted average number of ordinary shares on issue (thousands)	52,607	52,607
Basic earnings per share (USD per share) continued operations	0.60	-0.28
Basic earnings per share (USD per share) discontinued operations	0.02	-0.34

Basic earnings per share

Basic earnings per share were calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year.

Diluted earnings per share

Due to net losses for the periods reported, and according to the principle of no negative dilution (positive effects on earnings per share resulting from an increase in number of shares issued, are not to be included), diluted earnings per share was calculated as earnings per share.

	2013	2012
Profit/(loss) continued operations attributable to equity holders of the Company (1,000,000 USD)	31.7	-14.8
Profit/(loss) continued operations used to determine diluted earnings per share (1,000,000 USD)	31.7	-14.8
Weighted average number of ordinary shares on issue (thousands)	52,607	52,607
Total remaining share options at balance date (thousands)	33	74
Weighted average number of shares for diluted earnings per share (thousands)	52,607	52,607
Diluted earnings per share continued operations (USD per share)	0.60	-0.28
Diluted earnings per share discontinued operations (USD per share)	0.02	-0.34

NOTE 22 DIVIDEND PER SHARE

The Board of Directors propose a dividend of NOK 1.20 per share to the Annual General Meeting on May 23, 2014. No dividend was paid in 2013 or 2012.

NOTE 23 CASH GENERATED FROM OPERATIONS

	2013	2012
Profit/(loss) before tax	33.0	-20.0
<i>Adjustments for:</i>		
- Depreciation and impairment	0.6	52.1
- Interest expense	0.0	1.1
- Gain on completion sale FPSO Voyageur Spirit	-21.8	0.0
- Write down investment Kittelsbukt	2.9	0.0
- Expensed portion of value of options at the time of the award	0.0	0.0
<i>Changes in working capital:</i>		
- Inventories	0.0	0.0
- Trade and other receivables	11.7	-6.2
- Trade and other payables	-16.9	18.2
- Other current liabilities, provisions and charges	-6.3	0.0
Cash generated from operations	3.2	45.2

NOTE 24 CONTINGENCIES AND DEBT SECURITIES

Members of the Group have contingent liabilities in respect of bank and other guarantees. Members of the Group have made a provision for guarantees/warranties amounting to USD 0.2 million at balance sheet date (2012: USD 1.6) relating to deliveries to third parties by companies within the KANFA Group.

At balance sheet date, the Group is party to the following security arrangements:

Sevan Marine is jointly liable with Logitel Offshore as intervening party (guarantor) under the charter and service agreements pertaining to the first floating accommodation unit to be delivered by Logitel Offshore.

Sevan Marine is jointly liable with Sevan Drilling as intervening party (guarantor) under the charter and service agreements pertaining to "Sevan Brasil". Sevan Marine is working towards being released from these obligations.

NOTE 25 RELATED PARTY TRANSACTIONS

Related-party transactions:

Figures in USD million

	2013	2012
Sale to Teekay	16.1	12.3
Purchase from Teekay	0.3	0.0

Sale to Teekay in 2013 and 2012 relates to sale of services/man-hours.

Year-end balances arising from sales/purchases of goods/services:

	2013	2012
Receivable		
Teekay	2.9	2.5
St.Ybes AS, through Arendal Brygge AS	0.1	0.0
Payable		
Teekay	0.0	0.0

Receivables from Teekay in 2013 and 2012 relates to sale of services/man-hours.

St.Ybes AS, through Arendal Brygge AS became related party in the end of December 2013.

NOTE 26 OPERATING LEASES

Operating leases: Group company as lessee

The Group has entered into several lease- and rental-agreements for rental of offices. The agreements were entered into on ordinary operation terms.

At balance sheet date, the Group has entered into lease- and rental-obligations as follows:

Lease- and rental obligations	2013	2012
No later than 1 year	1.7	2.1
Between 1-5 years	5.5	9.7
Later than 5 years	2.3	24.2
Total lease and rental-obligations	9.5	36.1

NOTE 27 FOREIGN EXCHANGE GAIN/(LOSS)

Foreign exchange gain/(loss) related to financing is mainly due to cash and cash equivalents nominated in foreign currency.

Foreign exchange gain/(loss) related to financing:	2013	2012
Realized gain/(loss)	-0.4	0.0
Unrealized gain/(loss)	-1.1	1.7
Total foreign exchange gain/(loss) related to financing	-1.5	1.7

Foreign exchange gain/(loss) related to operation:	2013	2012
Realized gain/(loss)	0.1	0.1
Unrealized gain/(loss)	-0.2	-0.9
Total foreign exchange gain/(loss) related to operation	-0.2	-0.8

NOTE 28 OTHER OPERATING EXPENSE

Other operating expense	2013	2012
Cost of hired personnel	0.2	0.1
Office cost (IT, rental etc)	5.2	5.4
Consultancy (audit, tax and legal) *	5.6	5.3
Marketing	0.2	0.4
Travel expenses	1.7	0.0
Write down ONGC receivable	4.8	0.0
Settlement potential future office lease obligation	2.9	0.0
Other	2.4	3.4
Total other operating expense continued operations	23.0	14.6

* Specification of auditor's fee (excl. VAT)	2013	2012
Statutory audit	0.3	0.3
Audit related services	0.1	0.1
Tax related service	0.0	0.0
Other services	0.1	0.1
Total auditor's fee	0.5	0.6

NOTE 29 OTHER NON-CURRENT ASSETS

	2013	2012
Long term receivables	2.3	3.0
Other	0.6	0.7
Total other non-current assets	2.9	3.7

At balance sheet date other non-current assets consist mainly of a receivable against Logitel Offshore and rental deposits.

NOTE 30 CONSTRUCTION CONTRACTS

	2013	2012
Revenue from ongoing projects	12.0	2.3
Costs related to earned revenue	11.2	2.0
Allocated to operating result on ongoing projects	0.8	0.2
 Earned revenue, not invoiced, from ongoing projects included as other receivables	 4.5	 2.1
Accrued costs related to ongoing projects, included in other current liabilities	3.5	2.2

The construction contracts are executed within the T&P segment only.

NOTE 31 LOAN

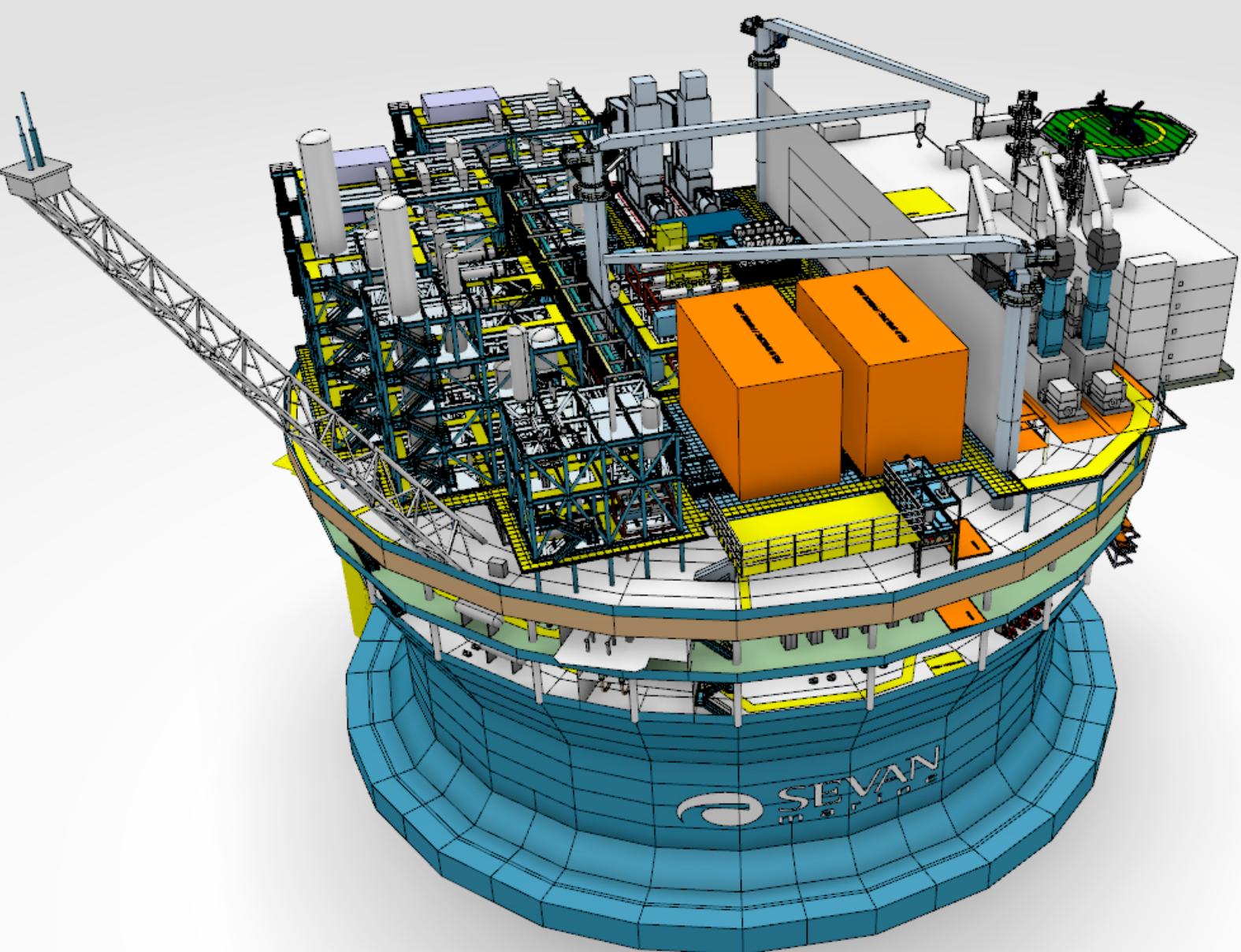
In connection with the sale of the Hulls to Logitel Offshore in Q2 2013, Sevan granted the buyer a seller's credit of USD 41 million. In addition, Sevan granted a loan of USD 10 million to Logitel Offshore. In Q3 2013 Sevan granted Logitel Offshore an additional loan of USD 9 million to enable Logitel 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 32 OTHER NON-CURRENT LIABILITIES

Accrued severance pay including employer's contribution tax for payment for the period 01.01.2015 -31.07.2018 is USD 2.5 million.

NOTE 33 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. Upon completion of the transaction, Sevan Marine will own 51.0% of KANFA AS and Technip will own 49.0%. The parties intend to further enhance KANFA's development opportunities and expand the business. KANFA's shareholding in KANFA Aragon (50.0% ownership) has been transferred to Sevan and will not be part of the transaction with Technip.



SEVEN MARINE ASA

BALANCE SHEET

Figures in USD 1,000,000

Note

2013

2012

ASSETS**Non-current assets**

Fixed assets	3	0.5	0.7
Intangible assets	3	0.5	0.7
Investment in subsidiaries	4	38.6	14.7
Investment in associates	23	0.4	0.0
Deferred income tax assets	2	8.0	8.0
Receivables from companies in the Group	4	19.4	0.0
Other non-current assets	5	2.9	3.7

Total non-current assets**70.3****27.8****Current assets**

Trade and other receivables	22	17.4	22.0
Receivables from companies in the Group	4	23.1	145.1
Receivables from related parties	24	0.5	0.8
Cash and cash equivalents	6	33.2	52.6

Total current assets**74.2****220.5****Total assets****144.5****248.3****EQUITY**

Capital and reserves attributable to equity holders of the Company

Share capital	1, 8	34.6	34.6
Share premium reserve	1	21.0	21.0
Other equity	1	25.3	29.4
Total equity		80.9	85.0

LIABILITIES**Non-current liabilities**

Retirement benefit obligations	10	0.3	0.5
Other non-current liabilities	25	2.5	0.0
Total non-current liabilities		2.9	0.5

Current liabilities

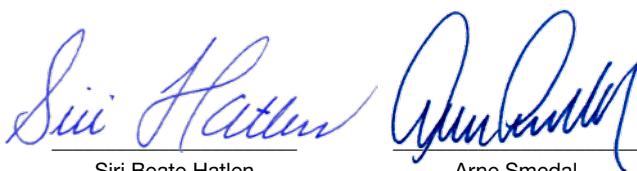
Interest-bearing debt		0.0	138.0
Trade payables		3.0	2.8
Payables to companies in the Group	4	33.5	4.3
Provisions	20	6.4	7.2
Dividend		10.4	0.0
Other current liabilities	14	7.4	10.5
Total current liabilities		60.7	162.8
Total liabilities		63.6	163.3
Total equity and liabilities		144.5	248.3

SEVEN MARINE ASA

INCOME STATEMENT

Figures in USD 1,000,000	Note	2013	2012
Operating revenue	16, 19	58.4	77.6
Operating expense		16.5	8.8
Depreciation, amortization and impairment	3	0.4	1.9
Employee benefit expense	9	31.3	25.1
Other operating expense	11	18.4	11.6
Foreign exchange (gain)/ loss related to operation		-0.1	0.9
Total operating expense		66.6	48.4
Operating profit/(loss)		-8.1	29.2
Financial income	21	33.7	31.3
Financial expense	21	-17.9	-38.7
Foreign exchange gain/ (loss) related to financing		-1.2	1.8
Net financial profit/(loss)		14.6	-5.6
Profit/(loss) before tax		6.5	23.6
Tax income/(expense)	2	-0.1	6.1
Annual net profit/(loss)		6.4	29.7
<i>Attributable to:</i>			
Equity holders of the Company		6.4	29.7
<i>Distribution of dividend:</i>			
Dividend		10.4	0.0
Transferred to/from other equity		-4.0	29.7
Annual net profit/(loss)		6.4	29.7
<i>Earnings per share for profit/(loss) attributable to the equity holders of the Company during the year (USD per share):</i>			
- Basic	13	0.12	0.57
- Diluted	13	0.12	0.57

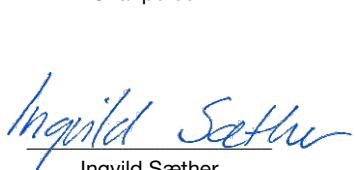
Arendal, April 10, 2014
The Board of Directors of Sevan Marine ASA


Siri Beate Hatlen
Chairperson

Arne Smedal
Deputy Chairman

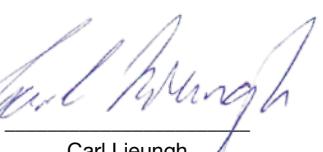

Mari Thjømøe
Board Member

Kari Berte Daasvatn Bye
Employee Representative


Ingvild Sæther
Board Member


Peter Lytzen
Board Member


Alf Reidar Sandstad
Employee Representative


Carl Lieungh
CEO

SEVEN MARINE ASA

CASH FLOW STATEMENT

Figures in USD 1,000,000	Note	2013	2012
Cash flows from operating activities			
Profit/(loss) before tax		6.5	23.6
<i>Adjustment for:</i>			
Depreciation/amortization	3	0.4	1.9
Write-down of investment and receivables in subsidiaries	21	-6.1	22.8
Write-down investment in Arendal Brygge AS	11	2.9	0.0
Financial income (Debt and interest remission and overallotment)	21	0.0	-1.7
Interest expense	21	0.0	6.3
<i>Change in working capital:</i>			
Inventory		0.0	0.0
Receivable and payables relating to companies in the Group		-3.9	60.1
Trade and other receivable		4.7	4.7
Trade payables		0.2	0.1
Other liabilities, provision and charges		-0.3	-2.5
Cash generated from operations		4.5	115.3
<i>Cash flows from operating activities</i>			
Cash from operations		4.5	115.3
Tax paid during the period		-0.5	-1.2
Interest paid		0.0	-1.4
Net cash flow from operating activities		4.0	112.7
<i>Cash flows from investment activities</i>			
Investment in subsidiaries		-1.0	-68.1
Purchase of shares Arendal Brygge AS		-3.3	0.0
Investment in convertible bonds		-19.0	0.0
Purchases of intangible assets	3	-0.1	-0.3
Sale of tangible assets	3	0.0	0.1
Purchases of tangible assets	3	0.0	-0.7
Net cash flow from investment activities		-23.4	-69.0
Net proceeds from interest-bearing dept		0.0	83.0
Repayment of interest-bearing dept		0.0	-122.9
Net cash flow from financing activities		0.0	-39.9
Net cash flows for the period		-19.4	3.8
Cash balance at the beginning of the year		52.6	48.8
Cash balance at the end of the year		33.2	52.6

SEVEN MARINE ASA

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Seven Marine ASA's ('the Company') financial statements have been prepared in accordance with the Accounting Act and generally accepted accounting principles in Norway.

Seven Marine ASA is the parent company of the Seven Marine Group ('the Group').

The Company's functional currency is US dollar (USD). All numbers in the financial statements are in USD 1,000,000 unless otherwise stated.

Principal Rule for Evaluation and Classification of Assets and Liabilities

Assets intended for long term ownership or use, are classified as fixed assets. Assets relating to the operating cycle are classified as current assets. Receivables are classified as current assets if they are to be repaid within one year after balance sheet date. Equivalent criteria apply to liabilities.

Current assets are valued at the lower of purchase cost and net realizable value. Current liabilities are reflected in the balance sheet at nominal value at establishment date.

Fixed assets are valued at purchase cost. Fixed assets whose value will decline are depreciated on a straight-line basis over the asset's estimated useful life. Fixed assets are written down to net realizable value if a value reduction occurs that is expected to be permanent. Long-term liabilities are reflected in the balance sheet at nominal value on establishment date.

Trade Receivables and Other Receivables

Trade receivables and other receivables are reflected in the balance sheet at nominal value less provision for estimated losses. Estimated losses are provided for on the basis of an individual assessment of each debtor.

Trade payables

Trade Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Provisions

A provision is recognized in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated.

Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured as the present value of the expected expenditures required to settle the obligation using a pre-tax discount rate that accounts for time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Tangible Fixed Assets

Fixed assets are reflected in the balance sheet and depreciated over the asset's expected useful life on a straight-line basis. Maintenance cost is expensed as incurred. Additions or improvements are added to the asset's cost price and depreciated with the asset. When changes in circumstances indicate that the carrying value of an asset may not be recoverable, an impairment charge is recognized and the asset is written down to recoverable amount (being the highest of net sales value and value in use). Value in use is the net present value of the expected future cash flows generated from the asset.

Intangible Assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investment in associates'. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Computer software

Acquired computer software is capitalized on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives, ranging from three to five years. Cost associated with developing or maintaining computer software programs are recognized in the income statement as incurred.

Shares in Subsidiaries and Associated Companies

In the parent company's accounts, investments in subsidiaries and associated companies are recorded under the cost method. Investments are written down to fair value when a reduction in value is expected to be permanent.

Dividend is recognized as income in the year the provision is made in the subsidiary. If the dividend exceeds retained earnings, the excess represents repayment of invested capital, and dividend is deducted from the book value of the investment in the balance sheet.

Cash and Bank Deposits

Cash and bank deposits include cash in hand, bank deposits and other short-term highly liquid investments with original maturities of three months or less.

Currency

Cash and bank deposits, current assets, and current liabilities nominated in foreign currencies are converted to exchange rates prevailing at balance sheet date. Realized and unrealized exchange gains and losses on assets and liabilities in foreign currencies are

included as financial or operational items in the income statement depending on the characteristics of the underlying asset or liability.

Pension Plans

The Company operates both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Cost associated with the defined contribution plans are expensed as incurred.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefits plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The pension expense and pension commitments are calculated on a straight-line earning profile basis, based on assumptions relating to discount rates, projected salaries, the amount of benefits from the National Insurance Scheme, future return on pension assets, and actuarial calculations relating to mortality rate, voluntary retirement, etc. Pension funds are valued at net realizable value and deducted from the net pension obligation in the balance sheet.

Taxes

Deferred income taxes is provided using the liability method on temporary difference at balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purpose. Tax-reducing temporary differences and losses carry forward are offset against tax-increasing temporary differences that are reversed in the same time intervals. Taxes consist of taxes payable (taxes on current year taxable income) and change in net deferred taxes. Tax base included in the calculation of deferred income tax is calculated in local currency and translated to USD at currency rates prevailing at balance sheet date.

Earnings per Share

Earnings per share are calculated by dividing net profit/loss by the weighted average of number of outstanding shares. Shares issued during the year are weighted in relation to the period they have been outstanding.

Share Based Incentive Plans

The Company operates a share-based compensation plan. In line with generally accepted accounting principles in Norway, the cost represented by the fair value at the date of the award is expensed over the vesting period. The fair value at the date of the award is confirmed by a third party calculation using the Black & Scholes' option-pricing model.

Cost represented by employer's contribution tax of the excess of fair value of the share relative to the strike prices (intrinsic value) is expensed over the vesting period in line with the changing market price of the stock.

Cash Flow Statement

The cash flow statement is prepared in accordance with the indirect method.

Revenue Recognition

Revenue comprises the fair value of the consideration receivable for the sale of goods and services in the ordinary course of business. Revenue is shown net of value-added tax and discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured and in accordance with the underlying contracts.

Design fee/license revenue

Design fee/license revenue is recognized on in accordance with the underlying contracts.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Sales of services

Service income is recognized in line with the underlying contracts and the amount of work executed.

Leases

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. All lease agreements entered into by the Company at balance sheet date are considered to be operational leases.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to use estimates and assumptions that impact the value of assets and liabilities as well as disclosure notes. Such estimates and assumptions may have significant impact on reported revenue and cost for a specific reporting period. Actual amounts may therefore deviate from the estimates.

Contingent losses, which are likely to occur as well as quantifiable, are expensed when incurred.

The Restructuring Process

The last element in the Restructuring of the Group – namely the transaction involving the transfer of title to FPSO "Voyageur Spirit", all of the shares in Sevan Production UK Limited and certain other assets and liabilities of Sevan 300 Pte Ltd to Voyageur LLC (a subsidiary of Teekay) – was completed May 2, 2013.

NOTE 1 EQUITY

	Share capital	Share premium	Other equity	Total equity
December 31, 2012	34.6	21.0	29.4	85.0
Accumulated actuarial gains/losses pension plan on opening balances			-0.3	-0.3
January 1, 2013	34.6	21.0	29.1	84.7
Actuarial gains/losses pension plan			0.2	0.2
Dividend			-10.4	-10.4
Annual net profit/(loss)			6.4	6.4
December 31, 2013	34.6	21.0	25.3	80.9

	Share capital	Share premium	Other equity	Total equity
January 1, 2012	34.6	21.0	-0.3	55.3
Annual net profit/(loss)			29.7	29.7
December 31, 2012	34.6	21.0	29.4	85.0

The total authorized number of ordinary shares was 52.6 million (2012: 52.6 million) with a par value of NOK 4.00 per share (2012: NOK 4.00 per share). All issued shares were fully paid at balance sheet date.

NOTE 2 TAXES

	2013	2012
Profit/(loss) before tax	6.5	23.6
Permanent differences	-4.0	0.2
Dept remission	0.0	-1.7
Currency translation adjustment	3.8	1.1
Changes in temporary differences	-11.5	-18.0
Tax basis	-5.2	5.3
Loss to be brought forward	5.2	0.0
Basis for taxes payable	0.0	5.3
 Taxes payable	 0.0	 -1.5
Withholding tax payable	-0.1	-0.4
Change in deferred tax assets from income statement	0.0	8.0
Tax income/(expense)	-0.1	6.1

Temporary differences:

	2013	2012
Unrealised forex	0.7	0.0
Fixed assets	-1.1	-1.6
Goodwill	-1.0	-1.3
Inventory	-0.2	-0.3
Pension liabilities	-0.3	-0.5
Receivable	-7.1	-14.2
Other Temporary differences	2.3	0.0
Net temporary differences	-6.8	-17.9
 Investment	 -199.4	 -243.0
Losses carried forward relating to income statement	-5.2	0.0
Deducted losses to be carried forward due to remission of dept	0.0	0.0
Basis for deferred tax assets from the income statement	-211.4	-260.9
Losses carried forward relating to items posted directly in the balance sheet	0.0	0.0
Deducted losses to be carried forward due to remission of dept	0.0	0.0
Basis for deferred tax assets	-211.4	-260.9
 Deferred tax assets	 57.1	 73.1
Not recognised	-49.1	-65.1
Recognised in balance sheet	8.0	8.0

Deferred income tax assets are recognized for tax loss carry-forwards and deductible temporary differences to the extent that the realization of the tax benefit through the future taxable profits is probable. At balance sheet date, the recognition criteria in NGAAP was met in regards to USD 8.0 million. Reference is made to Note 4.1 in the Consolidated Statement for further information.

Reconciliation between tax charge based on the nominal Norwegian statutory tax rate of 28% and actual tax charge:

	2013	2012
Profit before tax	6.5	23.6
Expected tax charge	1.7	6.6
Tax charge in the income statement	0.1	-6.1
Difference	1.7	12.7
 Tax effect not booked deferred tax	 49.1	 65.1
Tax effect deducted losses to be carried forward due to remission of dept	0.0	-0.5
Tax effect from group relief received	0.0	4.9
Tax effect not recognised temporary differences 1.1.	3.1	-10.0
Tax effect other permanent differences	-1.1	-4.9
Tax effect investments	-53.8	-68.1
Withholding tax	0.1	0.4
Permanent currency difference	1.0	0.4
Explained difference	-1.7	-12.7

NOTE 3 FIXED AND INTANGIBLE ASSETS

Fixed Assets	Machinery, fixtures
Year ended December 31, 2013	
Book value January 1	0.7
Additions	0.0
Disposals	0.0
Depreciation	-0.2
Book value December 31	0.5
 At December 31, 2013	
Cost or valuation	3.1
Accumulated depreciation and impairment	-2.6
Book value December 31	0.5
Fixed Assets	Machinery, fixtures
Year ended December 31, 2012	
Book value January 1	0.4
Additions	0.7
Disposals	-0.1
Depreciation	-0.3
Book value December 31	0.7
 At December 31, 2012	
Cost or valuation	3.2
Accumulated depreciation and impairment	-2.5
Book value December 31	0.7
Economic life	3-5 years

Intangible Assets	Goodwill	Software	Total
Year ended December 31, 2013			
Book value January 1	0.0	0.7	0.7
Additions	0.0	0.1	0.1
Disposals	0.0	-0.1	-0.1
Impairment charge	0.0	0.0	0.0
Amortization charge	0.0	-0.2	-0.2
Book value December 31	0.0	0.5	0.5
At December 31, 2013			
Cost or valuation	0.0	5.8	5.8
Accumulated amortization and impairment	0.0	-5.2	-5.2
Book value December 31	0.0	0.5	0.5

Intangible Assets	Goodwill	Software	Total
Year ended December 31, 2012			
Book value January 1	1.5	0.6	2.1
Additions	0.0	0.3	0.3
Disposals	0.0	0.0	0.0
Impairment charge	0.0	0.0	0.0
Amortization charge	-1.5	-0.2	-1.6
Book value December 31	0.0	0.7	0.7

At December 31, 2012			
Cost or valuation	5.6	7.4	13.0
Accumulated amortization and impairment	-5.6	-6.7	-12.3
Book value December 31	0.0	0.7	0.7

Economic life 5 years 3 years

Goodwill relates to the acquisition of KANFA AS.

NOTE 4 INVESTMENT IN SUBSIDIARIES AND RECEIVABLES AND LIABILITIES TO COMPANIES IN THE GROUP

Figures in the tables below were prepared in local GAAP and presented in USD 1,000,000 with exception of number of shares.

2013

Company name	Office location	Cost price	No of shares	Equity	Write-downs	Book value	Profit/ (loss)	Ownership-share
KANFA AS	Norway	14.3	2,500	8.0	0.0	14.3	-0.3	100 %
Sevan Marine do Brasil Ltda	Brazil	24.2	48,216,535	0.0	0.2	0.3	0.0	100 %
Sevan 300 Pte Ltd **	Singapore	230.6	230,556,039	23.0	-23.0	23.0	33.6	100 %
Sevan Invest AS	Norway	266.6	100	0.0	0.0	0.0	-0.4	100 %
Sevan Holding I AS*	Norway	49.6	100	4.1	0.0	0.0	-0.2	100 %
Sevan Holding V AS		0.0	10,000	-0.7	0.0	0.0	-0.7	100 %
Hiload LNG AS		0.0	30	0.0	0.0	0.0	0.0	100 %
Sevan Asia Pte Ltd		0.9	1,105,057	0.8	0.0	0.9	-0.1	100 %
Total book value		586.2			-22.9	38.6		

* Sevan Services AS was merged into Sevan Holding I AS during 2013.

** In 2013 a partial reversal of the write-down performed in 2011 of the amount of MUSD 23,0 was done

Accumulated write-downs at December 31, 2013 are USD 547,6 (2012-USD 570.5 million).

2012

Company name	Office location	Cost price	No of shares	Equity	Write-downs	Book value	Profit/ (loss)	Ownership-share
KANFA AS	Norway	14.3	2,500	7.9	0.0	14.3	0.0	100 %
Sevan Marine do Brasil Ltda	Brazil	24.1	48,216,535	0.6	1.3	0.4	-0.8	100 %
Sevan 300 Pte Ltd **	Singapore	230.6	373,556,070	10.6	-3.0	0.0	-1.2	100 %
Sevan Invest AS	Norway	266.6	100	-51.9	3.8	0.0	-18.6	100 %
Sevan Holding I AS*	Norway	49.6	100	3.4	3.7	0.0	-12.6	100 %
Sevan Services AS	Norway	0.0	100	0.0	0.0	0.0	0.0	100 %
Total book value		585.2			5.7	14.7		

* During 2012 Sevan Holding II AS, Sevan Holding III AS and Sevan Holding IV AS were merged into Sevan Holding I AS

** Capital reduction in Sevan 300 Pte Ltd MUSD 211. In 2012 a partial reversal of the write-down performed in 2011 of the amount of MUSD 3.0 was done

Non-current receivables from companies within the Group:

	2013	2012
Sevan Holding V AS	19.4	0.0
Total non-current receivables from companies within the Group	19.4	0.0

Current receivables from companies in the Group:

	Book value end Des. 2013	Write-down 2013	Book value end Des. 2012	Write-down
KANFA AS	0.0	0.0	0.4	0.0
Sevan Drilling Rig Pte Ltd *	0.0	0.0	0.0	1.7
Sevan Holding I Pte Ltd	0.0	0.0	1.6	0.0
Sevan Holding I AS	21.9	0.3	12.1	0.0
Sevan 300 Pte Ltd	0.0	0.0	118.1	0.0
Sevan Production UK Limited **	0.0	0.0	0.2	0.0
Sevan Marine do Brasil Ltda	0.3	0.0	0.3	0.0
Sevan Production Pte Ltd	0.0	0.0	0.2	2.3
Sevan Invest AS	1.0	16.4	12.2	12.9
Other companies within the Group	0.0	0.0	0.2	0.1
Total current receivables from companies in the Group	23.1	16.8	145.1	17.0

* The company has been struck off during 2013

** The company was sold to Teekay during 2013

Accumulated write-downs at December 31, 2013 are USD 93.3 million (2012-USD 91.6 million).

Current payables to companies in the Group:

	2013	2012
Sevan 300 Pte Ltd	23.0	1.8
Sevan Invest AS	0.9	0.9
KANFA AS	0.0	0.0
Sevan Holding I Pte Ltd	9.0	0.5
KANFA Mator AS	0.0	0.3
Sevan Marine do Brasil Ltda	0.6	0.6
Sevan Production Pte Ltd	0.0	0.2
Other companies within the Group	0.0	0.0
Current payables to companies in the Group	33.5	4.3

NOTE 5 OTHER NON-CURRENT ASSETS

	2013	2012
Deposit	0.6	0.7
Accrued revenue long term	2.3	0.0
Other receivables	0.0	3.0
Total other non-current assets	2.9	3.7

NOTE 6 CASH AND CASH EQUIVALENTS

	2013	2012
Cash at bank and in hand	32.1	51.2
Restricted employees' tax deduction fund	0.6	1.0
Restricted bank deposits	0.5	0.4
Total cash and cash equivalents	33.2	52.6

As of December 31, 2012, the total restricted cash of 0.4 (2012:0.4) relates to deposit for rental of offices.

NOTE 7 SHARES AND SHARE OPTIONS OWNED OR CONTROLLED BY THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Arne Smedal, owns 225,000 shares directly, 257,634 shares through Elvheim AS, where he holds a controlling ownership interest.

Mari Thjømøe, Board member, owns 7,050 shares through ThjømøeKranen AS.

Kari Berte Daasvatn Bye, Employee representative of the Board and Senior Engineer Dynamic Simulations, owns 680 shares and holds 1000 share options with a strike price of NOK 881,-.

Alf-Reidar Sandstad, Employee representative of the Board and Manager Layout/Architectural, holds 750 share options with a strike price of NOK 881,-.

Senior Management

Carl Lieungh, CEO, owns 256,000 shares through Florian AS.

Lars Ødeskaug, COO owns 174,000 shares directly and 50,000 shares through BLMF Holding AS.

Fredrik Major, CBDO, owns 6,400 shares and holds 5,000 share options with a strike price of NOK 881,-.

Morten Martens Breivik, CoS, owns 7,020 shares and holds 3,000 share options with a strike price of NOK 881,-.

Otto Skjåstad, CTO, owns 0 shares and holds 1,000 share options with a strike price of NOK 881,-.

Reference is made to the 'Statement regarding determination of salary and other benefits for Senior Management' for further details of remuneration of Senior Management.

NOTE 8 SHAREHOLDER INFORMATION

At December 31, 2013, the Company had 6,639 shareholders (2012: 8,301 shareholders). 54% of the share capital was owned by shareholders residing outside of Norway (2012: 57%).

20 largest shareholder accounts at December 31, 2013:

Name	Number of shares	Ownership-share (%)
TEEKAY SERVICE HOLDI	21,091,847	40.1
THE BANK OF NEW YORK	2,766,659	5.3
F2 FUNDS AS	2,231,000	4.2
ILIAD INTERNATIONAL *	1,801,784	3.4
VPF NORDEA KAPITAL	1,364,613	2.6
PREDATOR CAPITAL MAN	860,000	1.6
MP PENSON PK	837,584	1.6
ANDENERGY AS	801,326	1.5
BAKLIEN ÅSMUND	700,000	1.3
VPF NORDEA AVKASTNIN	680,553	1.3
HOME CAPITAL AS	575,809	1.1
INVESCO PERP EUR SMA	553,818	1.1
CITIBANK, N.A.	526,943	1.0
THE BANK OF NEW YORK	466,519	0.9
VERDIPAPIRFONDET NOR	462,757	0.9
SUNDT AS	440,000	0.8
JPMORGAN CHASE BANK	400,012	0.8
VERDIPAPIRFONDET DNB	400,000	0.8
PARETO BANK ASA	400,000	0.8
SKANDINAViska ENSKIL	382,000	0.7
Total, 20 largest shareholder accounts	37,743,224	71.7
Remaining shareholders	14,863,775	28.3
Total shareholders	52,606,999	100.0

* Controlled by Teekay

20 largest shareholder accounts at December 31, 2012:

Name	Number of shares	Ownership-share (%)
TEEKAY SERVICE HOLDI	21,091,847	40.09
GOLDMAN SACHS INT. -	2,713,198	5.16
F2 FUNDS AS	1,945,000	3.70
ILIAD INTERNATIONAL *	1,801,784	3.42
MP PENSON PK	837,584	1.59
GOLDMAN SACHS & CO -	777,284	1.48
THE BANK OF NEW YORK	631,734	1.20
VERDIPAPIRFONDET DNB	591,944	1.13
CITIBANK NA NEW YORK	589,018	1.12
PREDATOR CAPITAL MAN	552,444	1.05
DELPHI NORGE	525,551	1.00
ANDENERGY AS	513,557	0.98
BAKLIEN ÅSMUND	500,000	0.95
JPMCB RE SHB SWEDISH	400,000	0.76
TVETERAAS EIENDOMSSE	400,000	0.76
SKANDINAViska ENSKIL	340,000	0.65
TANJA A/S	338,663	0.64
CONMAR AS	336,405	0.64
MIDTCO INVEST AS	325,000	0.62
JPMORGAN CHASE	300,012	0.57
Total, 20 largest shareholder accounts	35,511,025	67.50
Remaining shareholders	17,095,974	32.50
Total shareholders	52,606,999	100.00

* Controlled by Teekay

NOTE 9 EMPLOYEE BENEFIT EXPENSE

	2013	2012
Salaries and vacation pay	24.3	19.1
Employer's contribution tax	3.8	3.0
Pension costs	1.6	1.4
Other employee benefit expense	1.6	1.6
Total employee benefit expense	31.3	25.1

Number of man-years	100	108
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Remuneration of Senior Management, as paid:

Figures in USD 1,000		2013		
		Salaries	Retirement benefits	Other benefits
Carl Lieungh,	CEO	897	70	44
Kjetil Vangsnæs	CFO	417	26	5
Lars Ødeskaug,	COO	553	31	5
Fredrik Major,	CBDO	367	59	26
Morten Martens Breivik,	CoS	302	21	5
Otto Skjåstad,	CTO	277	21	4
Total remuneration paid		2,812	227	89

Figures in USD 1,000		2012		
		Fixed Salaries	Retirement benefits	Other benefits
Carl Lieungh	CEO	685	16	32
Kjetil Vangsnæs	CFO	294	16	4
Lars Ødeskaug	COO	409	15	1
Fredrik Major	CBDO	324	41	22
Morten Martens Breivik	CoS	261	16	1
Total remuneration paid		1,973	104	60

Salaries and other benefits included above were translated at average exchange rates for each year.

Senior Management is included in the Group's collective retirement benefit plans. No loans, prepayments or security were granted to current Senior Management or any member of the Board of Directors in 2013 and 2012. The CEO, will receive 0-24 months' salary upon termination of employment dependent on fulfilment of certain conditions.

Reference is made to the 'Statement regarding establishment of salary and other benefits for Senior Management' for further details of remuneration of Senior Management.

Remuneration of the Board of Directors, as paid:

Figures in USD 1,000

	2013	2012
Siri Hatlen, Chairperson	125	37
Arne Smedal, Deputy Chairman	70	92
Mari Thjørnøe	87	33
Peter Lytzen ***	0	0
Ingvild Sæther **, ***	0	0
Kari Berte Daasvatn Bye, Employee representative *	64	0
Alf Reidar Sandstad, Employee representative *	64	0
Lars Ola Tan Almås **, ***	63	0
Jorunn Haugen, Employee representative *	0	21
Jørgen Skotnes, Employee representative *	0	21
Åse Koll Lunde (28.04.2011-22.06.2011)	0	1
Kåre Syvertsen (31.05.2010-28.04.2011)	0	43
Total remuneration paid	473	248

* Kari Berte Daasvatn Bye and Alf Reidar Sandstad entered the Board May 25th, 2012 as Employee representatives. Jorunn Haugen and Jørgen Skotnes resigned from the Board May 25th, 2012.

** Ingvild Sæther entered the Board September 29th, 2013. Lars Ola Tan Almås resigned from the Board September 26th, 2013

*** The remuneration was paid to the Companies the Board members are employed. Fee for Ingvild Sæther was paid to Teekay Shipping Norway AS by KUSD 7 and the fee for Peter Lytzen was paid to Teekay Petrojarl Production AS by KUSD 46 (2012 KUSD 22). Fee for Lars Ola Tan Almås was paid to Teekay Shipping Norway AS by 0 (2012 KUSD 25)

Remuneration of the Board of Directors was for the period of May 25th, 2012 to November 24th, 2013

Salaries and other benefits paid to Directors as employees:

Figures in USD 1,000	2013			2012		
	Salaries	Retirement benefits	Other benefits	Salaries	Retirement benefits	Other benefits
Arne Smedal, Chairman **	1866	58	24	818	56	40
Kari Berte Daasvatn Bye *	162	9	3	145	14	1
Alf Reidar Sandstad *	360	11	7	173	14	1
Jorunn Haugen *				108	8	1
Jørgen Skotnes *				115	0	1

* Kari Berte Daasvatn Bye and Alf Reidar Sandstad entered the Board May 25th, 2012 as Employee representatives. Jorunn Haugen and Jørgen Skotnes resigned from the Board May 25th, 2012.

** Arne Smedal resigned from Sevan Marine July 31st, 2013

Reference is made to Note 7 for further information about options and shares owned or controlled by the Board of Directors and Senior Management.

NOTE 10 RETIREMENT BENEFIT OBLIGATIONS

The company operate both defined benefit and defined contribution plans. The actuarial calculations for the Company's defined benefit plans were carried out by an independent actuary. Calculated pension obligation for 2013 is based on mortality table K2013 (2012: K2005) and disability table K1963 adjusted for observed developments. The principal actuarial assumptions are based on guidelines from the Norwegian Accounting Standards Board. The defined benefit plans have 14 participants (2012: 19 participants) and these plans have been closed for new participants since 2008. Net pension obligation in the balance sheet is 0.3 (2012: 0.5) consisting of gross obligation of 3.3 (2012: 4.6) and pension plan assets of 3.0 (2012: 3.9). Pension cost charged to the income statement is 1.6 (2012: 1.4) whereof 0.4 is related to defined benefit pension plans and 1.2 (2012: 0.9) is related to defined contribution plans. The defined contribution plan has 90 participants (2012: 91 participants). The Company's pension schemes satisfy the requirements in the Norwegian legislation regarding mandatory occupational pension.

NOTE 11 OTHER OPERATING EXPENSE

	2013	2012
Cost of hired personnel	0.1	0.1
Office cost (rental etc)	3.9	3.8
Consultancy (audit, tax and legal) *	4.1	4.6
Marketing	0.1	0.3
Travel expenses	1.7	0.0
Write-down receivable ONGC	4.8	0.0
Write-down investment in associates	2.9	0.0
Other	1.0	2.8
Total other operating expense	18.4	11.6

* Specification of auditor's fee (excl. VAT):

	2013	2012
Statutory audit	0.2	0.2
Audit related services	0.1	0.1
Tax related services	0.0	0.0
Other services	0.1	0.1
Total auditor's fees	0.4	0.4

NOTE 12 LEASE AGREEMENTS

The Company has entered into several agreements for rent of offices. Lease expense for offices amounted to 1,6 for the year (2012: 1,5).

At balance sheet date the Company has entered into the following lease obligations:

	2013	2012
No later than 1 year	1.7	2.0
Between 1-5 years	5.4	9.7
Later than 5 years	2.3	24.2
Total lease and rental obligations	9.4	35.9

NOTE 13 EARNINGS PER SHARE

	2013	2012
Net profit/(loss) (USD 1,000,000)	6.4	29.7
Earnings per share (USD)	0.12	0.57
Earnings per share diluted (USD)	0.12	0.57
Average no. of outstanding shares (thousands)	52,607	52,607
Weighted avg. no. of ordinary shares for diluted earnings per share (thousands)	52,607	52,607

Basic earnings per share

Basic earnings per share were calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year.

Diluted earnings per share

Due to net losses for the periods reported, and according to the principle of no negative dilution (positive effects on earnings per share resulting from an increase in number of shares issued, are not to be included), diluted earnings per share was calculated as earnings per share.

NOTE 14 OTHER CURRENT LIABILITIES

	2013	2012
Payroll liabilities	2.4	1.9
Deferred income	0.5	0.0
Taxes payable	0.0	0.4
Employer's contribution tax and other taxes	2.4	2.4
Accrued severance pay	1.2	0.5
Agency fee	0.0	3.0
Other payables	0.9	2.2
Total other current liabilities	7.4	10.5

NOTE 15 SHARE-BASED PAYMENTS

The exercise prices of share options awarded to employees was at minimum equal to the market price of the share at the time of the award. All of the remaining options may be exercised with 1/3 each year, first time one year following the award and expire five years following the award. Upon the occurrence of a "change of control" all outstanding options may be exercised. A "change of control" shall be deemed to have occurred if more than 1/3 of the Company's shares are owned by a shareholder or group of shareholders. In November 30, 2011 Teekay Corporation subscribed and paid for new shares, obtaining an ownership of more than 1/3 of the Company's shares. As a result of this, these share options are now exercisable and the related remaining share option cost was accounted for in full in 2011. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

Remaining share options and weighted average exercise prices were as follows:

	2013	2012
	Average exercise price after reverse share split (NOK per share)	Average exercise price after reverse share split (NOK per share)
	No. of options	No. of options
January 1	1,027	1,946
Granted	0	0
Exercised	0	0
Lapsed/forfeited	1,131	-40,635
December 31	881	29,000

Of the 29 thousand remaining options (2012: 70 thousand), all options were exercisable (2012: all). No options were exercised during 2013 and 2012.

Expirations dates and average exercise prices for the remaining share options:

Year of expiration	Exercise price after reverse share split (NOK per share)	Share options remaining at the end of the year	
		2013	2012
2013	6,275	0	1,885
2015	881	29,000	67,750
Total		29,000	69,635

The average fair value of options awarded during 2010, determined using the Black-Scholes' option-pricing model, was NOK 212 after adjustment for the reverse share split. The significant inputs into the model were share price at the award dates, exercise prices as shown above, standard deviation of expected share price returns of 30%, dividend yield of 0%, estimated option life, and annual risk-free interest rate of 3.0%. No options were awarded during 2013.

As of December 31, 2013, none of the outstanding share options were in-the-money. The remaining share option expires in 2015, and the share price has to exceed NOK 881 per share to be exercised.

NOTE 16 RELATED PARTY TRANSACTIONS

2013

The operating revenue includes revenue from Group companies amounting to -0,4. The Company charged companies within the Group 0,6 for services relating to management, engineering and site supervision, and 0,1 for management fees. The accrued design fee of 1,1 towards Sevan Holding I Pte Ltd was reversed in 2013. The Company was charged 0,7 for services relating to management and engineering.

The Company charged companies within the Group 5,1 for interest relating to loans during 2013, and was charged 0,9 for interest relating to borrowings from companies within the Group during the year.

The Company charged companies within the Group 0,6 relating to guarantees during the year.

The operating revenue includes revenue from Teekay amounting to 3,8 for services relating to management and engineering. The Company was charged 0,3 from Teekay for services relating to management and engineering.

2012

The operating revenue includes revenue from Group companies amounting to 10,1. The Company charged companies within the Group 9,9 for services relating to management, engineering and site supervision, and 0,2 for management fees. The Company was charged 0,7 for services relating to management and engineering.

The Company charged companies within the Group 4,6 for interest relating to loans during 2012, and was charged 1,4 for interest relating to borrowings from companies within the Group during the year.

The Company charged companies within the Group 1,7 relating to guarantees during the year.

The Company received dividend of 17,4 during 2012. The Company paid Group contribution of 5,2 during 2012.

The operating revenue includes revenue from Teekay amounting to 2,0 for services relating to management and engineering.

NOTE 17 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Market risk

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to NOK, EURO and GBP. Foreign exchange risk arises from future commercial transactions, recognized assets or liabilities, and net investments in foreign operations.

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company aims at achieving a natural hedge between cash inflows and cash outflows.

The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

Based on the balance sheet clean-up resulting from the restructuring the Company assess the foreign exchange risk to be immaterial at the time of this report.

Price risk

The Company is exposed to commodity price risk at two main levels: The demand for Sevan units is sensitive to oil price developments,

fluctuations in production levels, exploration results and general activity within the oil industry.

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers. The Company has no significant concentration of credit risk towards single financial institutions and has policies that limit the amount of credit exposure to any single financial institution.

The Company has exercised a conservative capital and cash management during 2013.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Company aims to maintain flexibility in its liquidity by keeping committed credit lines available.

The Company has implemented routines to continuously update its cash flow forecast when changes to main assumptions relating to repayment schedules, interest rates changes etc. to be able to foresee the necessary actions to be taken to rectify any potential adverse effects on its future liquidity position.

NOTE 18 CONTINGENCIES

Sevan Marine is jointly liable with Logitel Offshore as intervening party (guarantor) under the charter and service agreements pertaining to the first floating accommodation unit to be delivered by Logitel Offshore.

Sevan Marine is jointly liable with Sevan Drilling as intervening party (guarantor) under the charter and service agreements pertaining to "Sevan Brasil". Sevan Marine is working towards being released from these obligations.

NOTE 19 OPERATING REVENUE

	2013	2012
License and design fee	13.2	33.0
Revenue Teekay	3.8	2.0
Other revenue	41.4	42.6
Total operating revenue	58.4	77.6

NOTE 20 PROVISIONS

	Bonus	Restructuring	Total
January 1, 2013	1.8	5.4	7.2
Currency translation adjustments	0.0	0.0	0.0
Arising during the year	2.1	0.0	2.1
Reversed during the year	0.0	-1.0	-1.0
Used during year	-1.9	0.0	-1.9
December 31, 2013	2.0	4.4	6.4
January 1, 2012	1.3	5.4	6.7
Currency translation adjustments	0.0	0.0	0.0
Arising during the year	1.8	0.0	1.8
Reversed during the year	-1.3	0.0	-1.3
Used during year	0.0	0.0	0.0
December 31, 2012	1.8	5.4	7.2

All provisions in 2013 and 2012 were current in nature.

Bonus

Provision for bonus for 2013 was based on a defined bonus program for employees in the Company for the measurement period January 1, 2013, to December 31, 2013. The provision is based on a 'best estimate' of the expected achievements of the key performance indicators as set out in the bonus program and takes into account the incurred portion of the measurement period at balance sheet date. The bonus will be payable to employees with employment (undenounced position) within the Company for the full measurement period. At balance sheet date the bonus award was still subject to approval by the Board of Directors.

At the date of this Annual Report the Board of Directors has approved the bonus for 2013. The bonus provision for 2011 was reversed in 2012.

Restructuring

The Company has made a provision of USD 4.4 million in connection with expected claims under certain indemnities given to Teekay in relation to the sale of the FPSO Piranema Spirit.

NOTE 21 FINANCIAL INCOME AND FINANCIAL EXPENSE

Currency gains and losses relating to operational activities were classified as a separate line item as an operational expense in the Income Statement and are not included in the tables below. Currency gains and losses relating to financing activities were presented as separate line item as a financial income/ (expense) in the Income Statement.

Financial income:	2013	2012
Interest income	0.5	0.6
Dept remission loan	0.0	1.7
Other financial income	3.5	5.3
Reversed accruals penalty	1.0	0.0
Reversed write down investment in subsidiaries	23.0	0.0
Received group contribution	0.0	17.4
Financial income from companies within the Group	5.7	6.3
Total financial income	33.7	31.3
Financial expense:	2013	2012
Interest expense	0.0	6.3
Amortization of fee related to interest-bearing debt	0.0	8.0
Write-down investment in subsidiary	0.2	5.7
Write-down receivable subsidiary	16.8	17.0
Other financial expense	0.1	0.2
Financial expense from companies within the Group	0.9	1.4
Total financial expense	17.9	38.7

NOTE 22 TRADE AND OTHER RECEIVABLES

	2013	2012
ONGC gross receivable	15.9	15.9
Accounting provision ONGC receivable	-12.7	-7.9
Trade receivables*	8.0	10.3
Accrued income, not invoiced	3.1	2.4
Prepayment	2.2	1.3
VAT receivables	0.9	0.0
Other current receivables	0.0	0.0
Total trade and other current receivables	17.4	22.0

* Reference is made to Note 11 for provision for loss.

NOTE 23 INVESTMENT IN ASSOCIATES

	2013	2012
Investment in Arendal Brygge	0.4	0.0
Investments in associates	0.4	0.0

* The addition of USD 0.4 million relates to a 35% shareholding in Arendal Brygge AS.

NOTE 24 RECEIVABLE FROM RELATED PARTIES

	2013	2012
Receivable Teekay	0.4	0.8
Receivable St. Ybes	0.1	0.0
Receivables from related parties	0.5	0.8

NOTE 25 OTHER NON CURRENT LIABILITIES

Accrued severance pay including employer's contribution tax for payment for the period 01.01.2015 -31.07.2018 is USD 2.5 million

NOTE 26 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. Upon completion of the transaction, Sevan Marine will own 51.0% of KANFA AS and Technip will own 49.0%. The parties intend to further enhance KANFA's development opportunities and expand the business. KANFA's shareholding in KANFA Aragon (50.0% ownership) has been transferred to Sevan and will not be part of the transaction with Technip.

AUDITOR'S REPORT



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To the Annual Shareholders' Meeting of
Sevan Marine ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Sevan Marine ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2013, the statements of income, cash flows and changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2013, the statements of income, comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Sevan Marine ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Arendal, 10 April 2014
ERNST & YOUNG AS


Johan Bringsverd
State Authorised Public Accountant (Norway)

RESPONSIBILITY STATEMENT

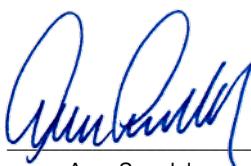
We confirm, to the best of our knowledge, that the financial statements for the period January 1 to December 31, 2013, have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit and loss of Sevan Marine ASA as well as the consolidated group.

We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties facing the Company and the Group.

Arendal, April 10, 2014
The Board of Directors of Sevan Marine ASA



Siri Beate Hatlen
Chairperson



Arne Smedal
Deputy Chairman



Mari Thjømøe
Board Member

Kari Berte Daasvatn Bye
Employee Representative



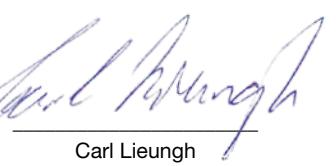
Ingvild Sæther
Board Member



Peter Lytzen
Board Member



Alf Reidar Sandstad
Employee Representative



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