ANNUAL REPORT
SEVAN MARINE
2014

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Sevan Marine ASA

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CEO'S LETTER TO SHAREHOLDERS

Dear Shareholders,

2014 ended as a challenging year. It started with a lot of optimism and ended with a lot of uncertainty regarding the future due to the steep drop in oil prices. We have consequently seen many projects being delayed or postponed, as well as increased pressure from the oil companies, our clients, to the entire oil service industry to reduce prices and rates. This pressure has positive effects as well. It forces the industry to become more cost effective, less traditional and opens up for innovative solutions, like the Sevan concept, and new collaborations.

We continue to believe that the inherent advantages of our technology, such as low construction costs, low operational cost and high uptime due to excellent motion characteristics should provide us with a significant competitive advantage.

Our overall vision for the company remains unchanged. We want to be the preferred provider of floating solutions based on our proprietary technology. We shall do so by providing safe, cost effective and high quality solutions to our customers.

In order to succeed we realize that we need to increasingly work with strong partners across the value chain, including engineering partners, project execution partners, construction yards and suppliers.

We believe that in order to realize the vast potential of our technology, and to become a true global solution provider in the new low oil price market, we may need to team up with a strategic partner that will complement Sevan in terms of size and market reach. To this effect the Board has decided to undertake a strategic review during 2015 in order to explore which strategic alternatives exist.

Our core market segments of FPSO, FSO and FLNG are expected to yield stable growth over time, despite the near term challenges caused by the fundamentals of the oil market.

Spread moored floating production solutions continues to be our core market segment and 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.

Sevan is well established within the FPSO market with three units in operation and two units currently under construction. There has been a steady award of 12-15 FPSOs over the last years and the expectation is that this will continue as soon as the oil price stabilizes. We see a great opportunity for our technology in areas where steel catenary risers will be of advantage and also the possible use of dry threes.

We see a number of opportunities in the FSO lease market in co-operation with Teekay. This market is smaller than the FPSO market and represents an interesting niche segment; particularly where a bridge linked connection to the production platform can be used.

FLNG is a key initiative for Sevan Marine and the FLNG market is likely to be favorable in the medium to long term. We believe that the advantages of the cylindrical design for FLNG, such as no turret and improved motion characteristics will make the design very competitive versus other hull solutions. This, in combination with the acquisition of the proprietary HiLoad technology for offshore loading of LNG, should improve safety, uptime and increase flexibility as well as overall project economics.

Mobile offshore units, is another area where the Sevan technology has proven cost effective while providing the client with additional features such as high deck load and storage capacity. This market segment includes the Drilling and Accommodation markets.
The drilling market is expected to remain very challenging for quite some time. The Sevan drilling design is well proven with three units in operation and a fourth is completed and ready for operation. Our strategy for this market will be to continue the co-operation with Sevan Drilling / Seadrill as well as to respond to requests for technology licenses from other drilling contractors on an opportunistic basis. In the longer term, we believe the cost effective Sevan solution combined with its unique suitability for drilling under arctic conditions will provide for new business opportunities.

Sevan's efforts in the offshore accommodation market are through Logitel Offshore, which is now part of the Teekay Group. The first unit is currently in transit to its first contract with Petrobras in Brasil, whilst two more units are under construction at the Cosco Nantong yard in China. The success and future revenue in this market segment will depend on Logitel's ability to secure new contracts and Sevan's ability to negotiate commercially sound agreements with Logitel.

Topsides process systems, is the market segment where KANFA is developing their growth strategy for topside equipment packages and modules. The strategic rationale behind selling 49 percent of the KANFA Group to Technip was to increase KANFA's impact in the home market, the North Sea, as well as to gain access to a larger international market within the topside and process industry. This has so far reflected itself positively in the Letter of Award for delivery of four process modules for the FPSO Yinson Production for the ENI OTCP field in Ghana. I'm confident that this business model will prove successful going forward.

On a final note I want to emphasize that it is our primary focus to create value for our shareholders by delivering products and solutions to the offshore industry, utilizing our core competencies within the areas of design, engineering and project execution.

In times of large uncertainty like today, I pleased with the fact that the company has no long term interest bearing debt and a healthy balance sheet. This provides us with the necessary staying power and flexibility to pursue business opportunities in the best interest of the company and you as its shareholders.

Thank you for your continued support!

BOARD OF DIRECTORS' REPORT 2014

SEVAN MARINE

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

Sevan Marine is a Norwegian public limited liability company, with head offices in Arendal and listed on the Oslo Stock Exchange (ticker SEVAN). The Group has no interest-bearing debt and focuses on securing new projects under a technology license model within the FPSO, FSO and FLNG market, as well as within other offshore markets.

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. Sevan´s strategic relationship with Teekay gives scale and business opportunities within existing markets and positions the Sevan technology for new areas and applications.

Logitel Offshore has currently two floating accommodation units ("FAUs") with Sevan design under construction. A further FAU, Arendal Spirit, was delivered from the yard in February 2015. The license agreement with Logitel is on an exclusive basis. During 2014 Logitel Offshore was purchased by Teekay.

A license arrangement is also in place with Sevan Drilling (an entity controlled by Seadrill) and Seadrill for the use of the Sevan technology for ultra-deepwater drilling purposes. The license agreement with Sevan Drilling is on a non-exclusive basis for general applications and on an exclusive basis for two specific, jointly developed designs.

Sevan Marine´s business segment Topside and Process Technology has developed its business over the past years and contributes with a substantial portion of the Group's total revenue. In 2014, Sevan entered into a strategic partnership with Technip, with an objective to develop its business in the North Sea and provide access to other oil and gas markets. Sevan Marine agreed to sell 49 percent of KANFA AS to Technip Norge AS ("Technip"). Technip has the option to take over the remaining 51 percent of KANFA AS in 2017.

MAIN EVENTS AND DEVELOPMENTS 2014

High activity in the FPSO/FSO market segment during the year

During the year, Sevan Marine provided engineering and site support services for the Goliat, Dana Western Isles and Logitel projects. In addition, Sevan Marine worked on several studies and tenders for upcoming FPSO/FSO prospects, like the potential FPSOs for the Bream and Penguin fields and the potential FSOs for the Bentley and Culzean fields, the later in partnership with Teekay. These prospects have for the most part all been postponed or delayed in 2015 due to the rapid decline in the oil price and the consequent market uncertainty and reduction in investment levels.

In December 2014, Sevan Marine received the final fixed license fee amount on the Dana Western Isles project. The total fixed license fee received was USD 24 million which was paid monthly from December 2012 to December 2014. Sevan Marine remains entitled to a variable license fee element tied to actual production of the unit. The unit is currently being completed at the Cosco yard.

New Logitel agreements reduce risk and strengthen floating accommodation initiative

In July 2014, Sevan finalized an agreement with Teekay that has opened a new line of business within the accommodation market as well as reduced Sevan's risk exposure relative to Logitel Offshore. In accordance with the agreement, Teekay exercised the first out of six accommodation unit options in August, thus expanding the building programme to three units. The first unit, Arendal Spirit, was successfully delivered from the yard in February, 2015 and is contracted to Petrobras.

Strategic partnership with Technip strengthens KANFA

In April 2014, Sevan sold 49 per cent of KANFA AS to Technip Norge AS with an objective to develop its business in the North Sea and provide access to a larger market within the topside and process industry. This has so far reflected itself positively in the Letter of Award for the Engineering, Procurement and Construction ("EPC") contract for four process modules for the FPSO Yinson Production as announced on February 16, 2015.

Sevan's FLNG solution attracts attention

FLNG is a key initiative for Sevan Marine. Sevan Marine acquired during 2014 the technology rights of TORP LNG AS and its affiliates. This acquisition gives Sevan Marine ownership of the proprietary HiLoad technology for offshore loading of LNG (Liquefied Natural Gas). During the year, ABS, leading provider of classification services to the global offshore industry, also granted approval in principle (AIP) for the Sevan cylindrical floating LNG (FLNG) production unit concept for offshore production, storage and transfer of LNG, LPG and condensate. Sevan Marine believes that the advantages of the cylindrical design for FLNG, such as no turret and improved motion characteristics will make the design very competitive versus shipshape solutions. Combined with the HiLoad technology for offloading, the Sevan Marine FLNG solution should also improve safety, uptime and increase flexibility.

Weak 2014 for Topside and Process Technology
The Topside and Process segment was negatively impacted by KANFA AS where project margins were reduced, as well as loss provisions taken on certain projects. KANFA Aragon was negatively impacted by the start-up costs for KANFA Aragon's new subsidiary in Houston, Texas.

Substantial non-cash charges
A goodwill impairment charge of USD 5.9 million was taken with respect to Sevan Marine's 51% holding in KANFA AS. This is a reflection of the weak results in 2014.

Given the negative market outlook, the deferred tax asset in Sevan Marine of USD 8.0 million has also been written down fully in 2014. Sevan Marine has approximately NOK 3.5 billion in total tax losses which are not reflected on the balance sheet. Sevan Marine believes that these losses could generate substantial value in the future.

Sevan Marine also had a USD 3.1 million foreign exchange loss related to its NOK currency holdings in 2014. Sevan Marine has USD as its functional currency yet held NOK 139 million in cash as Sevan Marine has the majority of its costs in NOK. The strong depreciation in the NOK over the period has generated a book loss when converting the NOK holdings to USD.

Operation and financial position
Operating revenue of USD 102.4 million was in line with 2013. EBITDAFX of USD 6.9 million was USD 1.0 million lower than 2013.

Cash of USD 27.3 million at year end was USD 13.9 million lower than 2013.

Dividend policy
The Board has communicated a strategic target of paying an annual dividend.

The ability to pay a dividend is highly dependent upon, amongst other factors, the outcome of several studies and tenders for upcoming FPSO/FSO prospects, most of which have been postponed or delayed in 2015. Sevan Marine has therefore decided to suspend the regular dividend for 2014. The board will, however, consider recommending an extraordinary dividend during the second half of 2015 provided that the financial situation allows for it.

MAIN FIGURES 2014

(Previous year figures in brackets)
Operating revenue for 2014 was USD 102.4 million (USD 102.6 million). EBITDA was positive with USD 5.5 million (positive with USD 7.7 million), and operating loss was USD 0.9 million (profit of USD 7.1 million). Net loss was USD 11.0 million (profit of USD 31.7 million).

The net loss of USD 11.0 million is a result of a partial write-down of Goodwill related to Sevan Marine's 51 percent holding in KANFA AS (USD 5.9 million) as well as the de-recognition of capitalized deferred tax assets of USD 8.0 million. In addition, an unrealized foreign exchange loss of USD 3.1 million related to NOK-nominated cash positions adversely affected the net result. The net profit of USD 31.7 million in 2013 was largely the result of a USD 21.8 million gain on the sale of the FPSO Voyageur Spirit related to the reversal of a financial provision.

At December 31, 2014, total consolidated assets amounted to USD 144.7 million (2013: USD 164.9 million), of which USD 27.3.million (2013: USD 41.2 million) was cash and cash equivalents.

At year end, the equity ratio was 70.9% (2013: 75%).

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

CAPITAL AND FINANCING

As of year-end 2014, cash and cash equivalents amounted to USD 27.3 million (USD 41.2 million). The decrease in cash and cash equivalents of USD 13.9 million is largely attributable to the negative performance of the topside and process segment during the year combined with the net impact of disposals less dividend paid.

A detailed cash flow statement is included in the financial statements.

As announced on December 12, 2014, Sevan received a notice from Skatt Sør (Norwegian tax authorities) that the tax assessment for 2012 may be adjusted.

If a decision were to be rendered by Skatt Sør along the lines indicated in the notice, Sevan would, pending final resolution of the matter, have to pay the relevant tax amount provisionally estimated by Sevan to be in the range of NOK 30 - 40 million. Sevan is optimistic, however, that further factual clarifications will result in a conclusion by Skatt Sør that no adjustment is required.

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 2014 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 2.0% (2013: 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 2014.

There has been no Lost Time Incidents (LTI) during 2014.

The board would like to thank the management and the employees for their dedication and efforts related to HSE during the year.

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. 32 percent of the employees in the Company are women. Four of seven Board members at year end were women. 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. The Company intends to implement such standards in 2015.

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 October 30, 2014. The status of corporate governance is addressed in a separate section of the Annual Report.

The Board of Directors

In 2014 Sevan Marine had its Annual General Meeting on May 23th. Members of the board are listed in Note 17.

Management

Mr. Reese McNeel was appointed CFO on January 01, 2015 replacing Mr. Kjetil Vangsnes.

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

The Board is of the opinion that the increased focus on cost effective solutions in the petroleum industry should be favourable for the Company, as floating units based on Sevan's technology represent inherent advantages. Amongst these are excellent motion characteristics, high deck load capacity, large storage space and lower cost compared with alternatives, particularly when a turret is needed.

Sevan is working on several leads and studies within the FPSO and FSO markets. Further to this, the Company expects that some of these leads will end up as license agreements. The strategic relationship with Teekay has developed well and has materialised in several new prospects and opportunities particularly with respect to the accommodation market. The cooperation is based on non-exclusivity and focuses on joint sales and marketing efforts for FPSO and FSO lease contracts, as well as FEED studies and other projects. An important objective going forward is to further strengthen and take advantage of the opportunities generated.

FLNG is one of the fastest growing markets within LNG globally, and Sevan has positioned itself strategically within this segment by developing a concept based on proprietary technology. It has been well received by several potential clients and it is expected that additional paid studies will be carried out in the near/medium term to develop the concept further.

Teekay's acquisition of Logitel Offshore has generated new opportunities in the new business stream of Floating Accommodation Units (FAUs) based on the Sevan design. In addition to two original units, Teekay in August 2014 called off a third high end accommodation unit with the COSCO yard, thus confirming Teekay's intent to build a fleet of FAUs over the coming years. The successful delivery of the first floating accommodation unit, Arendal Spirit, in February 2015 from the yard is a reflection of the success of Teekay and Sevan's joint efforts in this area.

For the Topside and Process Technology business the strategic relationship and co-ownership with Technip of KANFA AS is expected to open up a larger market as well as generate new leads in the markets where Technip operates. This has so far reflected itself in the Letter of Award for the Engineering, Procurement and Construction ("EPC") contract for four process modules for the FPSO Yinson Production as announced on 16 February 2015. In addition to this, the 50 percent owned company KANFA Aragon is primarily focusing on gas processing and FLNG markets, both of which represent positive prospects.

Due to lower oil prices and reduced activity, the drilling market is expected to be challenging for the next years. Sevan is, however, still engaged in developing next generation drilling units for harsh environments as well as for arctic conditions.

The decrease in oil price and reduced activity in the oil services market also impacts Sevan. Several projects have recently been postponed or delayed and, despite a general optimistic outlook for the FPSO / FSO market, Sevan Marine now believes it is less likely that any new license agreements will be secured in 2015.

In reaction to the revised market outlook Sevan has initiated a comprehensive cost reduction program and strategic review with the objective of establishing a solid foundation for future profitable and sustainable growth.

Important objectives have been achieved in 2014, 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 the following appropriation of the annual profit of USD 2.1 million in the parent company Sevan Marine ASA:

Profit transferred to other equity : USD 2.1 million
Total appropriation: USD 2.1 million

Oslo, April 10, 2015
The Board of Directors of Sevan Marine ASA

Siri Beate Hatlen Chairperson	Jørgen P. Rasmussen Deputy Chairman	Mari Thjømøe Board Member	Hans Olav Sele Employee Representative
Ingvild Sæther Board Member	Peter Lytzen Board Member	Sidsel Skagen 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
Reese McNeel, CFO
Lars Ødeskaug, COO
Fredrik Major, CBDO
Otto Skjåstad, CTO
Morten Martens Breivik, Chief of Staff

Remuneration of Senior Management for the accounting year 2014 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 2014. The Board of Directors has not deviated from these guidelines in relation to the compensation package for Senior Management during the accounting year 2014.

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

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

For advisory vote at the Annual General Meeting in 2015, the Board of Directors presents the following guidelines for determination of remuneration and other compensation to Senior Management for the accounting year 2015 (which, when finally approved and agreed, will be made effective as of January 1, 2015), 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 Company operates both defined benefit and defined contribution plans. The defined benefit plans have 27 participants and have been closed for new participants since 2008. The defined contribution plan has 150 participants.

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.

Given the uncertain outlook for 2015 and as a cost reduction measure, no bonus will be paid under the 2014 bonus scheme despite key objectives being met. In accepting this, the board would like to thank the Management and the employees for their understanding and commitment shown to the Company.

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 continues to believe 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 2015 to adopt necessary formal resolutions to authorise the Board of Directors to issue shares under a share related incentive scheme to be implemented.

Oslo, April 10, 2015
The Board of Directors of Sevan Marine ASA

Siri Beate Hatlen Chairperson	Jørgen P. Rasmussen Deputy Chairman	Mari Thjømøe Board Member	Hans Olav Sele Employee Representative
Ingvild Sæther Board Member	Peter Lytzen Board Member	Sidsel Skagen 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 Universitetssykeshus. 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 ASA, The Norwegian Board of Technology, the Norwegian University of Life Sciences and Ungdoms-OL 2016 and Director of Norske Skog ASA, Kitron ASA and Eksportkreditt AS.

Jørgen P. Rasmussen (1959)
Deputy Chairperson
Jørgen Peter Rasmussen has held various senior positions in companies in the oil service industry, including Schlumberger where he worked for 26 years, inclusive of 4 years as General Manager and President of Scandinavia Oilfield Services 1998-2001. He Served as CEO in Archer Limited from 2010 to 2012 and Executive Chairman in Seawell Limited from 2007 to 2010. Mr. Rasmussen currently serves as CEO & President in Qinterra AS, a global well service company. He serves on various Oil field service company boards in Norway and in Denmark. Mr. Rasmussen holds a Cand.Scient. in Geology and Geophysics from Aarhus University. Mr. Rasmussen is a Danish citizen with residence in Copenhagen, Denmark.

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 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.

Mari Thjømøe (1962)
Board member
Mrs. Thjømøe has 25 years of experience from the oil and energy sector and has served as Senior VP in Statoil ASA. She has been CFO of KLP, and CFO and CEO of Norwegian Property ASA. Mrs. Thjømøe holds a Master of Business and Economics from BI Norwegian Business School and is a Chartered Financial Analyst from the Norwegian School of Economics and Business Administration (NHH) in Bergen, Norway. She runs a consultancy and investment business and is a board member in several private and public companies and has also served as the chairman of the board of directors.

Sidsel Skagen (1955)

Employee representative of the Board and Manager, Procurement & Contract

Sidsel Skagen has held various senior positions in companies in the oil service industry as well as in the shipping industry. Mrs. Skagen currently serves as Manager Procurement and Contract at Sevan Marine ASA where she has been working since 2006 inclusive of 4 years as Procurement Manager. Mrs. Skagen has previous experience from working 6 years with the offshore service company Subsea 7 from 1999 to 2006 and shipping company United European Car Carriers from 1992 to 1998. Mrs. Skagen holds an Economy and Administration degree from University in Agder. Mrs Skagen is Norwegian citizen with residence in Arendal, Norway.

Hans Olav Sele (1977)

Employee representative of the Board and Manager Design and Layout

Hans Olav Sele is currently employed in Sevan Marine as Manager Structure where he has worked since 2010. He is an employee elected member of the board of directors. Mr. Sele has previously worked in Det Norske Veritas AS (now DNVGL) as a maritime technical consultant from 2001-2007 and later as hull approval engineer for floating offshore structures from 2007 to 2010. Mr. Sele holds a Sivilingeniør (M.Sc) in Marine Technology from Norwegian University of Science and Technology. Mr. Sele is a Norwegian Citizen with residence in Oslo, 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 October 30, 2014 (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, 2014, the Group had an equity share ratio of 70.9%. 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 2015 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.

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 23 to the consolidated financial statements included in the 2014 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 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 2014 Annual Report and at the Company's website.

Three 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.

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 and Note 17 of the Consolidated Financial Statements.

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.

During 2014 the board carried out an evaluation of its activities. This evaluation has been submitted to the nomination committee.

The Board of Directors meets minimum six times a year and more frequently if required. The Board of Directors held 13 board meetings in 2014, of which 5 were physical board meetings and 8 were held by telephone conference. The average participation level was 78%.

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 established an Audit Committee in 2010, 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 17 to the Company's consolidated financial statements, included in the 2014 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 9 of the 2014 Annual Report.

Certain members of the Senior Management sit on the board of directors in the Company's subsidiaries and 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. The Board of Directors will consider issuing such guidelines during 2015.

Auditor

Ernst & Young AS was elected the external auditor in 2013. The auditor participates regularly in meetings with the Audit Committee throughout the year. 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.

Oslo, April 10, 2015
The Board of Directors of Sevan Marine ASA

Siri Beate Hatlen Chairperson	Jørgen P. Rasmussen Deputy Chairman	Mari Thjømøe Board Member	Hans Olav Sele Employee Representative
Ingvild Sæther Board Member	Peter Lytzen Board Member	Sidsel Skagen 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 s 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.

Reese McNeel (1977)
CFO
Mr. McNeel holds an MBA from IESE Business School, Barcelona, Spain and is a Chartered Financial Analyst (CFA). Mr. McNeel has previous experience as a Director at AlixPartners, a global advisory firm, where he held numerous interim finance management positions, including being the interim CFO at Sevan Marine during 2011. Prior to AlixPartners, Mr. McNeel was a Senior Manager at PricewaterhouseCoopers based in London. Mr. McNeel has extensive finance experience including audit, controlling, cash management, capital markets and M&A. He has also worked with oil companies and offshore service providers. Mr. McNeel is a US citizen with residence in Oslo, 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)
Managing Director KANFA
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	2014	2013
ASSETS			
Non-current assets			
Other fixed assets		0.8	0.7
Intangible assets	6	6.6	12.6
Investments in associates	7	0.4	0.4
Deferred income tax assets	14	0.1	8.1
Loan	8a, 23, 29	50.0	60.0
Other non-current assets	27	8.9	2.9
Total non-current assets		**66.8**	**84.8**
Current assets			
Trade and other receivables	8a, 8b, 9, 23	50.6	38.9
Cash and cash equivalents	8a, 8b, 10	27.3	41.2
Total current assets		**77.9**	**80.1**
Total assets		**144.8**	**164.9**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	34.6	34.6
Share premium	11	21.0	21.0
Other equity		47.0	67.4
Total shareholders' equity		**102.6**	**123.0**
Non-controlling interest		8.6	3.2
Total equity		**111.1**	**126.3**
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	15	1.1	0.9
Deferred income tax liabilities	14	0.2	0.3
Other non-current liabilities	30	1.1	2.5
Total non-current liabilities		**2.4**	**3.8**
Current liabilities			
Trade payables	8a, 23	6.0	5.2
Provisions	16	4.6	7.1
Other current liabilities	13	20.6	22.5
Total current liabilities		**31.2**	**34.8**
Total liabilities		**33.6**	**38.6**
Total equity and liabilities		**144.8**	**164.9**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Figures in USD 1,000,000	Note	2014	2013
Operating revenue	5	**102.4**	**102.6**
Operating expense		-44.8	-27.9
Depreciation, amortization and impairment	5, 6	-6.4	-0.6
Employee benefit expense	17	-36.0	-43.9
Other operating expense	26	-14.8	-23.0
Foreign exchange gain/(loss) related to operation	25	-1.3	-0.2
Total operating expense		**-103.3**	**-95.6**
Operating profit/(loss)		**-0.9**	**7.1**
Income from associated companies	7	0.0	0.0
Financial income	18	2.4	27.8
Financial expense	18	-0.6	-0.5
Foreign exchange gain/(loss) related to financing	25	-3.5	-1.5
Net financial items		**-1.7**	**25.9**
Profit/(loss) before tax		**-2.5**	**33.0**
Tax income/(expense)	14	-8.4	-1.3
Net profit/(loss) continued operations		**-11.0**	**31.7**
Net profit/(loss) discontinued operations		0.0	0.9
Net profit/(loss)		**-11.0**	**32.6**
Attributable to:			
Equity holders of the Company		-9.4	31.5
Non-controlling interest		-1.6	1.2
Earnings per share for profit/(loss) attributable to the equity holders of the Company during the year (USD per share):			
- Basic continued operation	19	-0.21	0.60
- Basic discontinued operation	19	0.00	0.02
- Diluted continued operation	19	-0.21	0.60
- Diluted discontinued operation	19	0.00	0.02

Arendal, April 10, 2015
The Board of Directors of Sevan Marine ASA

Siri Beate Hatlen Chairperson	Jørgen P. Rasmussen Deputy Chairman	Mari Thjømøe Board Member	Hans Olav Sele Employee Representative
Ingvild Sæther Board Member	Peter Lytzen Board Member	Sidsel Skagen Employee Representative	Carl Lieungh CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in USD 1,000,000	2014	2013
Net profit/(loss)	-11.0	32.6
Actuarial gains/losses pension plan not to be classified to profit or loss in subsequent period	0.0	0.9
Foreign currency translation to be classified to profit or loss in subsequent period	-1.4	-0.8
Comprehensive income	**-12.4**	**32.7**
Comprehensive income attributable to equity holders	-10.8	31.5
Comprehensive income attributable to non-controlling interest	-1.6	1.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in USD 1,000,000		Attributable to equity holders of the Company				
	Note	Share capital	Share premium	Retained earnings*	Non-controlling interest	Total equity
December 31, 2013	11	**34.6**	**21.0**	**67.5**	**3.2**	**126.3**
Sale of shares to non-controlling interest				0.7	7.0	7.7
Dividend				-10.5		-10.5
Net loss				-9.4	-1.6	-11.0
Foreign currency translation				-1.4		-1.4
December 31, 2014	11	**34.6**	**21.0**	**46.9**	**8.6**	**111.1**

* *Accumulated foreign currency translation differences amounts to USD -2.8 million at the end of 2014 (2013: USD -1.4 million).*

Figures in USD 1,000,000		Attributable to equity holders of the Company				
	Note	Share capital	Share premium	Retained earnings*	Non-controlling interest	Total equity
December 31, 2012	11	**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	11	**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).*

CONSOLIDATED CASH FLOW STATEMENT

Unaudited figures in USD million	Note	2014	2013
Cash flows from operating activities			
Cash from operations	21	-9.2	3.2
Taxes paid		-1.4	-0.6
Net cash generated from continued operating activities		**-10.6**	**2.6**
Net cash generated from continued operating activities		0.0	-3.7
Net cash generated from operating activities		**-10.6**	**-1.1**
Cash flows from investment activities			
Purchase of property, plant and equipment (PPE)		-0.5	-0.2
Purchase of shares Arendal Brygge AS		0.0	-3.3
Investments in convertible bonds		0.0	-19.0
Net cash flow from continued investment activities		**-0.5**	**-22.5**
Net cash flow from discontinued investment activities		0.0	-5.6
Net cash flow from investment activities		**-0.5**	**-28.1**
Cash flows from financing activities			
Sale of shares in KANFA AS		7.7	0.0
Dividend		-10.5	0.0
Net cash flow from continued financing activities		**-2.8**	**0.0**
Net cash flow from discontinued financing activities		0.0	-0.5
Net cash flow from financing activities		**-2.8**	**-0.5**
Net cash flow for the period - continued activities		**-13.9**	**-19.9**
Net cash flow for the period - discontinued activities		**0.0**	**-9.8**
Cash balance at the beginning of the year		41.2	70.9
Cash balance at the end of the year		**27.3**	**41.2**
Cash balance continued operations at the end of the year	10	**27.3**	**41.2**

SEVAN 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 Kystveien 2D, 4811 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, 2015.

Overview of Group structure as of December 31, 2014:

Subsidiaries	Registered office	Interest held	Equity	Profit/(loss) 2014
KANFA AS	Norway	51 %	4.4	-3.6
KANFA Mator AS	Norway	51 %	0.4	-0.1
KANFA Aragon AS	Norway	50 %	4.8	0.4
KANFA Aragon Americas Inc	USA	25 %	0.2	-1.1
KANFA Ingenium Process AS	Norway	28 %	0.9	0.1
HiLoad LNG AS	Norway	95 %	-0.3	-0.3
Sevan Marine do Brasil Ltda	Brazil	100 %	-0.1	0.0
Sevan Invest AS	Norway	100 %	0.0	-2.9
Sevan Holding I AS	Norway	100 %	9.3	5.3
Sevan Holding V AS	Norway	100 %	-1.8	-1.2
Sevan Asia Pte Ltd	Singapore	100 %	3.2	-0.3
Sevan Management Services Pte Ltd	Singapore	100 %	0.7	0.0
Sevan Engineering Services Pte Ltd	Singapore	100 %	0.0	0.0
Sevan (Shanghai) Co	China	100 %	2.2	0.2
Sevan 300 Pte Ltd	Singapore	100 %	0.0	0.0

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

The interest percentage held in KANFA Mator AS and KANFA Ingenium Process AS reflects Sevan Marine ASA's indirect holdings after it sold 49% of its shareholding in KANFA AS to Technip Norway in 2014.
Accordingly, the interest held in KANFA Aragon Americas INC also reflects Sevan Marine ASA's indirect holding in the said company.
All companies listed above are included in Sevan Marine ASA's consolidated financial statements, as the control criteria in IFRS 10 is met.

The ownership in KANFA companies (see table above) shows the ownership interest Sevan Marine ASA has in the different companies. Sevan has evaluated the consolidation requirements in IFRS 10 with respect to continued control and thus continued consolidation. Sevan is of the opinion that the control requirements are fulfilled, and thus the KANFA companies are consolidated on a 100% basis.

Sale of 49% of shares in KANFA AS to Technip in 2014:	
Cash proceeds received	7.7
Allocated to non-controlling interest	7.0
Allocated to controlling interest	0.7

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, 2014. 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

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 Impairment of Assets

These amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014. These amendments have been considered while making disclosures for impairment of non-financial assets.

The Group does not include disclosures of any new and amended standards and interpretations that do not have any impact on its financial statements.

2.2 Consolidation

Subsidiaries

Subsidiaries comprise all entities (including special purpose entities) over which the Group has the power to control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee
- Exposure , or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting rights of an investee, the Group consider all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary.

A change in ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

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

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

The segment Topside 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 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 cost are amortized over their estimated useful lives.

2.7 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 has suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 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 2014 or 2013.

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.

2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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 and recognized as revenue as hours are performed.
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 2014 and 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 2.15 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.

2.15 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.

2.16 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.

2.17 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.

2.18 Operating lease

The Group has entered into several office lease agreements. These office lease agreements fall 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 has implemented routines to continuously update its cash flow forecast when changes to main assumptions relating to repayment schedules, milestone payments in relation to construction contracts 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
2014:
The Sevan Group was not exposed to any covenants in 2014.

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

3.1.5 Capital and Cash Management
The Group has exercised a conservative capital and cash management during 2014. 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 recognized goodwill is related to Topside & Process Technology segment. In 2014, Sevan Marine ASA sold 49% of its shareholding in KANFA AS to Technip Norway. In addition, Technip Norway has an option in 2017 to purchase Sevan Marine ASA's remaining shareholding (51%) at the following formula:

- Average EBITDA for 2014, 2015 and 2016 multiplied with 8 multiplied with 51%

Based on this option agreement, the goodwill impairment test in 2014 is based on the following criteria:

- Actual EBITDA for 2014 for relevant KANFA companies
- Estimated EBITDA for 2015 and 2016 for relevant KANFA companies

Based on the impairment test performed, Sevan has in the 2014 financial statement written down USD 5.9 million of formerly USD 11.9 million capitalized as goodwill.

Should the estimated EBITDA for 2015 and 2016 be 10% lower, the impairment test would result in an additional impairment of goodwill of approximately USD 0.9 million.

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 is not met, thus a write-down of USD 8 million of previously capitalized deferred tax asset is performed in 2014.

Provisions

The Group uses estimates in calculating provisions.

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. No new material information has been received during this provision in 2014, thus the provision is unchanged at December 31, 2014.

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. Reference is made to Note 29.

NOTE 5 SEGMENT INFORMATION

Operating segments considered from a business perspective

The Group's segment reporting is divided into two: (i) Floating Production and (ii) Topside 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 15.4% of total external customer revenues. Income related to the Western Isles customer, Dana Petroleum constitute 21.2% of total external customer revenues.

The Topside 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, 2014	Floating Production	Topside and Process Technology	Eliminations	Group
Revenue from external customers	63.1	39.3	0.0	102.4
Intragroup revenue	0.5	1.9	-2.4	0.0
Total operating revenue	**63.6**	**41.3**	**-2.4**	**102.4**
EBITDA	**8.9**	**-3.4**	**0.0**	**5.5**
Operating profit/(loss)	**2.6**	**-3.5**	**0.0**	**-0.9**
Net financial profit/(loss)				-1.7
Share of profit/(loss) from associates				0.0
Profit/(loss) before tax				**-2.5**
Tax income/(expense)				-8.4
Net loss continued operation				**-11.0**
Net loss discontinued operation				**0.0**
Net loss				**-11.0**

Year ended December 31, 2013	Floating Production	Topside 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 loss continued operation				**31.7**
Net loss discontinued operation				**0.9**
Net loss				**32.6**

Specification of certain segment items included in the income statement:

Year ended December 31, 2014	Floating Production	Topside and Process Technology	Eliminations	Group
Depreciation	-0.4	-0.1	0.0	-0.5
Amortization	0.0	0.0	0.0	0.0
Impairment charge	-5.9	0.0	0.0	-5.9
Total	**-6.3**	**-0.1**	**0.0**	**-6.4**

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**

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

December 31, 2014	Floating Production	Topside and Process Technology	Eliminations	Group
Assets continued operation	118.4	26.0	0.0	144.4
Investment in associates	0.4	0.0	0.0	0.4
Total assets	**118.8**	**26.0**	**0.0**	**144.8**
Liabilities continued operation	**18.8**	**14.8**	**0.0**	**33.6**
Total Liabilities	**18.8**	**14.8**	**0.0**	**33.6**
Capital expenditures	**0.0**	**0.0**	**0.0**	**0.0**

December 31, 2013	Floating Production	Topside and Process Technology	Eliminations	Group
Assets continued operation	122.9	41.6	0.0	164.5
Investment in associates	0.4	0.0	0.0	0.4
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**

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 64.8 million UK: USD 24.8 million Singapore: USD 12.8 million. Accounting principles applied for segmentation are outlined in Note 2.

NOTE 6 INTANGIBLE ASSETS

	Goodwill	Software	Technology Rights	Total
Year ended December 31, 2014				
Book value January 1	**11.9**	**0.5**	**0.2**	**12.6**
Currency translation adjustments	0.0	0.0	0.0	0.0
Additions	0.0	0.0	0.0	0.0
Impairment charge	-5.9	0.0	0.0	-5.9
Amortization	0.0	-0.1	0.0	-0.1
Book value December 31	**6.0**	**0.4**	**0.2**	**6.6**
At December 31, 2014				
Cost or valuation	11.9	8.1	0.2	20.2
Accumulated amortization and impairment	-5.9	-7.7	0.0	-13.6
Book value December 31	**6.0**	**0.4**	**0.2**	**6.6**

	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**

Impairment tests for goodwill

Goodwill of 6.0 (2013: 11.9) is allocated to the segment Topside & 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 the option agreement with Technip.

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

NOTE 7 INVESTMENT IN ASSOCIATES

	2014	2013
Book value January 1,	**0.4**	**0.0**
Income/(loss) from associated companies	0.0	0.0
Purchase of 35% of Arendal Brygge AS	0.0	0.4
Book value December 31,	**0.4**	**0.4**

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

NOTE 8A FINANCIAL INSTRUMENTS BY CATEGORY

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

December 31, 2014	**Loans and receivables**
Financial assets	
Loan	60.0
Trade and other receivables	16.6
Cash and cash equivalents	27.3
Total financial assets	**103.9**

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

December 31, 2014	**Other financial liabilities**
Financial liabilities	
Trade payables	5.7
Total financial liabilities	**5.7**

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

NOTE 8B 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	2014	2013
AA	2.6	0.0
AA-	0.5	0.0
A1	0.0	1.8
A3	1.8	1.7
A+	0.0	0.8
B+	5.9	0.4
BBB+	1.1	0.6
Total	**11.9**	**5.3**

Trade receivables - Counterparty without external credit rating	2014	2013
Group 1	4.8	9.9
Group 2	0.0	0.0
Group 3	0.0	0.0
Total	**4.8**	**9.9**
Total trade receivables	**16.6**	**15.3**

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	2014	2013
A2	18.5	13.4
Aa3	0.4	7.3
BBB+	7.9	20.1
Not rated	0.5	0.3
Total cash and cash equivalents	**27.3**	**41.2**

NOTE 9 TRADE AND OTHER RECEIVABLES

	2014	2013
Trade receivables	16.6	15.3
Prepayments	3.0	2.5
Loan - current part	**10.0**	**0.0**
Other receivables	4.2	3.3
ONGC receivable*	0.0	3.2
Accrued income	16.8	14.6
Total trade and other receivables	50.6	38.9
Loan (non-current)	**50.0**	**60.0**

* *The ONGC receivable was written down with 4.8 from 8.0 to 3.2 during 2013. The receivable was repaid in full in 2014*

The Group has not made any actual losses on receivables during 2014 or 2013.

Fair value of trade and other receivables were as follows:

	2014	2013
Trade receivables	16.6	15.3
Prepayments	3.0	2.5
Loan - current part	10.0	0.0
Other receivables	4.2	3.3
ONGC receivable*	0.0	3.2
Accrued income	16.8	14.6
Total trade and other receivables	**50.6**	**38.9**
Loan (non-current)	**50.0**	**60.0**

Trade receivables that are less than three months past due are generally not considered for impairment. At balance sheet date, trade receivables of 4.5m (2013: 4.5) were past due but not impaired except for the provision of 0.8. These overdue receivables relate to several independent customers with whom the Group has no history of default.

Ageing of trade receivables was as follows:

	2014	2013
Before due date	12.1	10.8
Up to 3 months after due date	3.4	4.5
Between 3 and 6 months after due date	1.1	0.0
More than 6 months after due date	0.1	0.0
Total trade receivables	**16.6**	**15.3**

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

	2014	2013
USD	3.7	2.5
GBP	0.3	0.4
NOK	10.2	10.6
EUR	2.4	1.8
Total trade receivables	**16.6**	**15.3**

NOTE 10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	2014	2013
Cash at bank and in hand	23.7	39.7
Restricted employees' tax deduction fund	1.3	1.1
Restricted short-term bank deposits 1)	2.4	0.4
Total cash and cash equivalents	**27.3**	**41.2**

1) MNOK 15.0 relates to deposit for bank guarantees in KANFA. The deposit is released in March 2015.

NOTE 11 SHARE CAPITAL

The total authorized number of ordinary shares was 52.6 million (2013: 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 1,2014	**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, 2014	**52,606,999**	**34.6**	**21.0**	**55.6**

	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**

20 largest shareholder accounts at December 31, 2014: Name	Number of shares	Ownership-share (%)
TEEKAY SERVICE HOLDING	21,091,847	40.1
ILIAD INTERNATIONAL *	1,801,784	3.4
VPF NORDEA KAPITAL	1,752,019	3.3
F2 FUNDS AS	1,735,066	3.3
THE BANK OF NEW YORK	1,569,005	3.0
DEUTSCHE BANK AG	1,200,000	2.3
SKANDINAVISKA ENSKILDA	1,135,448	2.2
MORGAN STANLEY & CO.	1,095,879	2.1
PREDATOR CAPITAL MANAGEMENT	965,000	1.8
MP PENSJON PK	837,584	1.6
SUNDT AS	832,486	1.6
ANDENERGY AS	801,326	1.5
INVESCO PERP EUR SMA	765,804	1.5
VPF NORDEA AVKASTNING	736,553	1.4
BAKLIEN ÅSMUND	700,000	1.3
CITIBANK, N.A.	531,955	1.0
DNB NOR MARKETS, AKS	531,514	1.0
BEKKESTUA EIENDOM AS	512,000	1.0
MATHIAS HOLDING AS	500,000	1.0
PERESTROIKA AS	495,830	0.9
20 largest shareholder accounts	39,591,100	75.3 %
Remaining shareholders	13,015,899	24.7 %
Total shareholders	**52,606,999**	**100**

** Controlled by Teekay*

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*

NOTE 12 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:

	2014		2013	
	Average exercise price after reverse share split (NOK per share)	No. of options	Average exercise price after reverse share split (NOK per share)	No. of options
January 1	**881**	**33,000**	**1,033**	**73,835**
Granted	0	0	0	0
Exercised	0	0	0	0
Lapsed/forfeited	0	0	1,156	-40,478
December 31	**881**	**33,000**	**881**	**33,000**

Of the 33 thousand remaining options (2012: 74 thousand), all options were exercisable (2012: 74 thousand). No options were exercised during 2014 and 2013.

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 2014	2013
2012	5,825	0	0
2012	5,725	0	0
2012	5,875	0	0
2012	3,790	0	0
2013	6,275	0	0
2013	7,800	0	0
2015	881	33,000	33,000
Total		**33,000**	**33,000**

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 2014 and 2013.

As of December 31, 2014, 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 13 OTHER CURRENT LIABILITIES

	2014	2013
Income tax payable	1.0	2.0
Employer's contribution tax and other taxes	2.4	2.8
Deferred revenue	0.0	0.5
Employee related payables	0.8	2.4
Other current liabilities	16.4	14.7
Total other current liabilities	**20.6**	**22.5**

NOTE 14 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)	**2014**	**2013**
– Deferred tax asset to be reversed after more than 12 months	136.2	160.0
– Deferred tax asset/(liability) to be reversed after more than 12 months	-6.7	-2.2
Net deferred tax assets/(liabilities)	**129.5**	**157.7**
Deferred tax assets not recognized in the balance sheet	-129.6	-149.9
Net deferred tax assets/(liabilities) recognized in the balance sheet	**-0.1**	**7.8**
hereof capitalized as deferred tax assets	**0.1**	*8.1*
hereof capitalized as deferred tax liabilities	**-0.2**	*-0.3*

Gross movement on the deferred income tax account was as follows:		
Book value January 1,	**8.1**	**8.2**
Exchange differences	0.0	0.0
Deferred tax assets purchased company	0.0	0.0
Income statement charge relating to deferred tax assets	-8.0	-0.1
Book value December 31,	**0.1**	**8.1**

	2014	**2013**
Unrealized currency gain/(loss)	-3.0	-0.4
Construction contracts	-1.6	-0.9
Fixed assets	-0.2	-0.4
Accounting provisions	-2.0	-0.6
Total deferred tax liabilities	**-6.7**	**-2.2**
Pension liabilities	0.2	0.2
Unrealized currency gain/(loss)	0.0	0.3
Investments and receivables	45.6	156.0
Fixed assets	0.4	0.6
Inventory	0.1	0.1
Accounting provisions	0.2	0.1
Losses carry forward	89.8	2.7
Total deferred tax assets	**136.2**	**160.0**

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 IAS 12 was not met in regards to the previously recognized USD 8.0 million. Reference is made to Note 4.1 for further information.

	2014	**2013**
Current tax	-0.4	-1.2
Deferred tax	-8.0	-0.1
Net tax income/(expense)	**-8.4**	**-1.3**

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

	2014	2013
Profit/(loss) before tax	**-2.5**	**33.0**
Tax calculated at domestic tax rates applicable to profits in each respective countries	0.5	-6.6
Income not subject to tax	2.3	12.8
Temporary deductible differences not capitalised in 2011	0.0	0.0
Currency translation adjustment	0.0	-0.1
Expenses not deductible	-4.2	-8.7
Write down of previously capitalized deferred tax assets	-8.0	0.0
Tax losses for which no deferred income tax asset was recognized	1.4	1.5
Tax income/(expense)	**-8.0**	**-1.1**
Gross revenue tax	-0.1	0.0
Tax charge relating to previous years	0.0	0.0
Tax permanent establishment	0.0	0.0
Withholding tax	-0.3	-0.1
Net tax income/(expense) continued operations	**-8.4**	**-1.3**
Net tax income/(expense) discontinued operations	0.0	0.0
Net tax income/(expense)	**-8.4**	**-1.3**

The company has received a notice from Skatt Sør (the Norwegian tax authorities), where they challenge a tax deduction made in 2012 of approximately NOK 109 million. The company has responded to the tax authorities with explanations of why the tax deduction made in 2012 is correct, but no final decision has been issued by the tax authorities at the time of this Report. Should the tax authorities uphold its decision, the company may face a payable tax in the region of MOK 30-40 million.

NOTE 15 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 2014 is based on mortality table K2013 (2013: K2013) 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 27 participants (2013: 25 participants) and these plans have been closed for new participants since 2008. Net pension obligation in the balance sheet is 1.1 (2013: 0.9) consisting of gross obligation of 6.2 (2013: 5.4) and pension plan assets of 5.1 (2013: 4.5). Pension cost charged to the income statement is 2.3 (2013: 2.3) whereof 0.7 is related to defined benefit pension plans and 1.6 (2013: 1.6) is related to defined contribution plans. The defined contribution plan has 150 participants (2013: 149 participants). The Group's pension schemes satisfy the requirements in the Norwegian legislation regarding mandatory occupational pension.

NOTE 16 PROVISIONS

	Warranties	Bonus	ONGC legal provision	Provision FPSO Piranema Spirit	Total
January 1, 2014	**0.2**	**2.5**	**0.0**	**4.4**	**7.1**
Currency translation adjustments	0.0	0.0	0.0	0.0	0.0
Arising during the year	0.0	1.6	0.0	0.0	1.6
Reversed during the year	0.0	-1.6	0.0	0.0	-1.6
Used during year	0.0	-2.5	0.0	0.0	-2.5
December 31, 2014	**0.2**	**0.0**	**0.0**	**4.4**	**4.6**

	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**

All provisions in 2014 and 2013 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 was paid out in March 2014. During 2014, bonus provision based on 2014 KPI’s was accrued. This provision was reversed in December 2014 as due to the poor market outlook and need to reduce cost, it was agreed with the Board of Directors that no 2014 bonus shall be paid despite certain objectives having been reached.

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 adjusted the provision of USD 5.4 million downwards to USD 4.4 million in 2013, and remain unchanged at year-end 2014. Cash outflow is expected to occur during 2015 and onwards.

NOTE 17 EMPLOYEE BENEFIT EXPENSE

	2014	2013
Wages and salaries	28.2	34.7
Employer's contribution tax	4.0	5.2
Expensed portion of value of share options	0.0	0.0
Pension cost	2.3	2.3
Other employee benefit expense	1.4	1.7
Total employee expense	**36.0**	**43.9**
Allocated to construction in progress	0.0	0.0
Net employee benefit expense	**36.0**	**43.9**
No. of man-years	198	176

Remuneration of Senior Management, as paid:

Figures in USD 1,000		Salaries*	2014 Retirement benefits	Other benefits
Carl Lieungh	CEO	851	68	42
Kjetil Vangsnes	CFO	401	26	5
Lars Ødeskaug	COO	540	26	6
Fredrik Major	CBDO	352	61	25
Morten Martens Breivik	CoS	296	20	5
Otto Skjåstad	CTO	299	14	4
Aslak Hjelde	Managing Director KANFA	500	33	27
Total remuneration paid		**3,237**	**248**	**114**

* *Salaries includes bonus*

Figures in USD 1,000		Salaries*	2013 Retirement benefits	Other benefits
Carl Lieungh	CEO	896	70	44
Kjetil Vangsnes	CFO	416	26	5
Lars Ødeskaug	COO	553	31	5
Fredrik Major	CBDO	366	59	26
Morten Martens Breivik	CoS	302	21	5
Otto Skjåstad	CTO	277	21	4
Aslak Hjelde	Managing Director KANFA	391	36	28
Total remuneration paid		**3,201**	**264**	**117**

* *Salaries includes bonus*

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 2014 or 2013. The CEO will receive 0-24 months' salary upon termination of employment dependent on 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	**2014**	**2013**
Siri Hatlen, Chairperson	81	125
Jørgen Rasmussen, Deputy Chairperson ****	28	0
Arne Smedal, Deputy Chairperson ****	22	70
Mari Thjømøe	54	87
Peter Lytzen ***	0	0
Ingvild Sæther **, ***	0	0
Kari Berte Daasvatn Bye *	20	64
Alf Reidar Sandstad *	20	64
Lars Ola Tan Almås **	0	63
Sidsel Skagen, Employee representative *	20	0
Hans Olav Sele, Employee representative *	20	0
Total	**265**	**473**

* *Sidsel Skagen and Hans Olav Sele entered the Board May 23, 2014 as Employee representatives. Kari Berte Daasvatn Bye and Alf Reidar Sandstad resigned from the Board May 23, 2014 as Employee representatives.*

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

*** *The remuneration was paid to the Companies the Board members are employeed.*

**** *Jørgen Rasmussen entered the Board May 23, 2014 as Deputy Chairperson. Arne Smedal resigned from the Board May 23, 2014.*

Remuneration of the Board of Directors was for the period from November 24, 2013 to November 24, 2014.

Salaries and other benefits paid to Directors as employees:

	2014			**2013**		
Figures in USD 1,000	**Salaries**	**Retirement benefits**	**Other benefits**	**Salaries**	**Retirement benefits**	**Other benefits**
Arne Smedal, Chairman **	811	0	0	1,866	58	24
Kari Berte Daasvatn Bye *	145	9	2	162	9	3
Alf Reidar Sandstad *	516	10	2	360	11	7
Sidsel Skagen *	158	9	3			
Hans Olav Sele *	170	9	2			

* *Sidsel Skagen and Hans Olav Sele entered the Board May 23, 2014 as Employee representatives. Kari Berte Daasvatn Bye and Alf Reidar Sandstad resigned from the Board May 23, 2014 as Employee representatives.*

** *Arne Smedal resigned from Sevan Marine July 31, 2013. Paid salary is severance pay.*

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

As of December 31, 2014, the following Board members and Senior Management owned or controlled shares in the Company:

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

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, 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 18 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 25.

Financial income:	**2014**	**2013**
Interest income	2.1	1.5
Partial reversal provision Piranema	0.0	1.0
Gain on sale of FPSO Voyageur Spirit *	0.0	21.8
Other financial income	0.3	3.5
Total financial income	**2.4**	**27.8**

Financial expense:	**2014**	**2013**
Interest expense	0.2	0.3
Amortization of fee related to interest-bearing debt	0.0	0.0
Write down of investments	0.0	0.0
Other financial expenses	0.4	0.2
Total financial expense	**0.6**	**0.5**

* *A financial provision arising in 2011 in connection with the restructuring was reversed in 2013 in connection with the last part of the restructuring being completed.*

NOTE 19 EARNINGS PER SHARE

	2014	2013
Profit/(loss) continued operations attributable to equity holders of the Company (1,000,000 USD)	-11.0	31.7
Weighted average number of ordinary shares on issue (thousands)	52,607	52,607
Basic earnings per share (USD per share) continued operations	-0.21	0.60
Basic earnings per share (USD per share) discontinued operations	0.00	0.02

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.

	2014	2013
Profit/(loss) continued operations attributable to equity holders of the Company (1,000,000 USD)	-11.0	31.7
Profit/(loss) continued operations used to determine diluted earnings per share (1,000,000 USD)	-11.0	31.7
Weighted average number of ordinary shares on issue (thousands)	52,607	52,607
Total remaining share options at balance date (thousands)	33	33
Weighted average number of shares for diluted earnings per share (thousands)	52,607	52,607
Diluted earnings per share continued operations (USD per share)	-0.21	0.60
Diluted earnings per share discontinued operations (USD per share)	0.00	0.02

NOTE 20 DIVIDEND PER SHARE

The Company paid out an ordinary dividend in 2014 of NOK 1.20 per share. The Board of Directors will not propose an ordinary dividend to the Annual General Meeting on May 21, 2015. A proposal of an extraordinary dividend may be given later in 2015, if circumstances allow for it.

NOTE 21 CASH GENERATED FROM OPERATIONS

	2014	2013
Profit/(loss) before tax	**-2.5**	**33.0**
Adjustments for:		
– Depreciation and impairment	6.4	0.6
– Unrealized disagio	4.5	1.3
– Loss provision T&P segment	0.8	0.0
– Gain on completion sale FPSO Voyageur Spirit	0.0	-21.8
– Write down investment Kittelsbukt	0.0	2.9
– Expensed portion of value of options at the time of the award	0.0	0.0
Profit/(loss) from operations before changes in working capital	**9.2**	**16.0**
Changes in working capital:		
– Inventories	0.0	0.0
– Trade and other receivables	-11.7	11.7
– Trade and other payables	0.8	-16.9
– Other current liabilities, provisions and charges	-7.4	-7.6
Cash generated from operations	**-9.2**	**3.2**

NOTE 22 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 (2013: USD 0.2) 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 Drilling is now part of the Seadrill group, yet Sevan Marine has not yet been formally released by Petrobras from its joint liablility with Sevan Drilling as intervening party (guarantor) under the charter and service agreements pertaining to "Sevan Brasil". Sevan Marine is still working towards receiving a formal release.

In connection with the sale of 49% of shares in KANFA AS to Technip, Sevan and Technip entered into a shareholders agreement where Technip has a put option regarding the initial sale. The put option, meaning that Sevan will be obliged to purchase back the initial 49% shares for the same price as Technip purchased them, will be an exit opportunity for Technip if KANFA AS does not conduct its business as per the agreed business plan in 2014, 2015 and 2016. At the time of this report, no indications exist that the put option will come into effect.

NOTE 23 RELATED PARTY TRANSACTIONS

Sales to related parties	**2014**	**2013**
Sale to Teekay	4.2	16.1
Sale to Logitel Offshore	8.4	0.0
Financial income from Logitel Offshore	1.0	0.0

Purchases from related parties	**2014**	**2013**
Teekay	0.0	0.3
Purchase from Arendal Brygge AS	0.6	0.0

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

Receivable from related parties	**2014**	**2013**
Teekay	2.7	2.9
Arendal Brygge AS	0.2	0.1
Logitel Offshore	9.1	0.0

Loan to related parties	**2014**	**2013**
Logitel Offshore	60.0	0.0

Payable to related parties	**2014**	**2013**
Teekay	0.0	0.0
Arendal Brygge AS	0.0	0.0

Logitel Offshore became related party to Sevan Marine in Q3 2014, when Teekay acquired all the shares in Logitel Offshore. The sale figures towards Logitel Offshore reflects sale of engineering and site supervision services in addition to accrued license revenue.

NOTE 24 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 terms.

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

Lease- and rental obligations	2014	2013
No later than 1 year	2.4	1.7
Between 1-5 years	5.1	5.5
Later than 5 years	1.9	2.3
Total lease and rental-obligations	**9.4**	**9.5**

NOTE 25 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:	2014	2013
Realized gain/(loss)	0.0	-0.4
Unrealized gain/(loss)	-3.5	-1.1
Total foreign exchange gain/(loss) related to financing	**-3.5**	**-1.5**

Foreign exchange gain/(loss) related to operation:	2014	2013
Realized gain/(loss)	-0.3	0.1
Unrealized gain/(loss)	-1.0	-0.2
Total foreign exchange gain/(loss) related to operation	**-1.3**	**-0.2**

NOTE 26 OTHER OPERATING EXPENSE

Other operating expense	2014	2013
Cost of hired personnel	0.1	0.2
Office cost (IT, rental etc)	4.9	5.2
Consultancy (audit, tax and legal) * / **	4.1	5.6
Marketing	0.6	0.2
Travel expenses	2.0	1.7
Write down ONGC receivable	0.0	4.8
Settlement future potential office lease obligation	0.0	2.9
Other	3.1	2.4
Total other operating expense continued operations	**14.8**	**23.0**

** Specification of auditor's fee (excl. VAT)	2014	2013
Statutory audit	0.2	0.3
Audit related services	0.1	0.1
Tax related service	0.0	0.0
Other services	0.0	0.1
Total auditor's fee	**0.4**	**0.5**

NOTE 27 OTHER NON-CURRENT ASSETS

	2014	2013
Long term receivables	8.4	2.3
Other	0.5	0.6
Total other non-current assets	**8.9**	**2.9**

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

NOTE 28 CONSTRUCTION CONTRACTS

Construction contracts	2014	2013
Revenue from ongoing projects	18.9	12.0
Costs related to earned revenue	19.7	11.2
Allocated to operating result on ongoing projects	**-0.8**	**0.8**
Earned revenue, not invoiced, from ongoing projects included as other receivables	7.1	4.5
Accrued costs related to ongoing projects, included in other current liabilities	5.1	3.5

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

NOTE 29 LOAN

The current carrying value of the Logitel transaction is reflected as follows in Sevan Marine's financial statements:

- A USD 60 million convertible loan of which USD 50 million is non-current and USD 10 million is a current asset and expected to be repaid by no later than 16 August 2015;
- USD 2.8 million in accrued interest; and
- USD 8.4 million in license revenue receivable.

As of December 31, 2014, three units were under construction. USD 10 million is payable for each unit no later than 6 months after delivery of each unit from the yard. These payments will be accounted for as repayment of the loan.

The first unit was delivered on 16 February 2015 and is expected to go on charter with Petrobras in Q2 2015. The second unit is currently under construction at the Cosco yard in Nantong, China and is expected to be delivered in late Q4 2015 or Q1 2016 subject to contract. The third unit is also under construction at Cosco, Nantong and is scheduled to be completed in 2017.

With respect to the first unit approximately USD 8-10 million is expected in additional variable compensation 12 months after acceptance of the unit by the charter party and subject to performance KPIs. This variable compensation is accounted for as repayment of interest and license revenue accrued during the construction period.

Variable compensation for units 2 and 3 combined is expected to be in the range of USD 10-12 million and also payable 12 months after start of charter hire for each rig and subject to KPIs.

Sevan also receives annually approximately USD 3-4 million in engineering and site support revenue at agreed rates for supporting the construction of units 1, 2 and 3.

Further payments are subject to Logitel Offshore exercising options with Cosco to construct further units:

- Option 2 expires on 30 May 2015. This option originally expired on 30 November 2014 but was extended. It is currently not expected to be exercised
- Option 3 expires on 30 November 2015
- Option 4 expires on 30 November 2016
- Option 5 expires on 30 November 2017
- Option 6 expires on 30 November 2018

Sevan shall have the right to exercise its conversion right on the convertible loan and become the sole owner of Logitel Offshore and thereby receive the remaining options from Cosco if Teekay has not by 30 November 2016 (or such later date if option #4 is extended) exercised the option for Rig #4 or the convertible loan has not been paid in full.

NOTE 30 OTHER NON-CURRENT LIABILITIES

Accrued severance pay including employer's contribution tax for payment for the period 01.01.2016 -31.07.2018 is USD 1.1 million (2013: USD 2.5 million).

NOTE 31 EVENTS AFTER BALANCE SHEET DATE

KANFA AS, a subsidiary of Sevan Marine ASA, was on February 16, 2015 awarded a LOA for the EPC contract for four process modules for the FPSO Yinson Production. The contract is expected to have a duration of 15 months with a contract value of approximately USD 50 million.

In February 2015 the accommodation unit Arendal Spirit was delivered from the Cosco, Nantong yard to Teekay Offshore Partners LP in accordance with the agreement between Sevan Marine ASA, Teekay Offshore Partners LP, Cefront Technology AS and Logitel Offshore Holdings AS announced on 12 July 2014. The delivery triggers the payment of USD 10 million to Sevan Marine no later than 6 months from the date of delivery.


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SEVAN MARINE ASA
BALANCE SHEET

Figures in USD 1,000,000	Note	2014	2013
ASSETS			
Non-current assets			
Fixed assets	3	0.7	0.5
Intangible assets	3	0.4	0.5
Investment in subsidiaries	4	19.4	38.6
Investment in associates	23	0.4	0.4
Deferred income tax assets	2	0.0	8.0
Receivables from companies in the Group	4	20.3	19.4
Other non-current assets from related parties	24	8.4	0.0
Other non-current assets	5	0.5	2.9
Total non-current assets		**50.1**	**70.3**
Current assets			
Trade and other receivables	22	8.6	17.4
Receivables from companies in the Group	4	24.2	23.1
Receivables from related parties	24	1.7	0.5
Cash and cash equivalents	6	25.6	33.2
Total current assets		**60.1**	**74.2**
Total assets		**110.2**	**144.5**
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	27.4	25.3
Total equity		**82.9**	**80.9**
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	10	0.6	0.3
Other non-current liabilities	25	1.1	2.5
Total non-current liabilities		**1.6**	**2.9**
Current liabilities			
Trade payables		3.0	3.0
Payables to companies in the Group	4	11.9	33.5
Provisions	20	4.4	6.4
Dividende		0.0	10.4
Other current liabilities	14	6.3	7.4
Total current liabilities		**25.6**	**60.7**
Total liabilities		**27.3**	**63.6**
Total equity and liabilities		**110.2**	**144.5**

SEVAN MARINE ASA
INCOME STATEMENT

Figures in USD 1,000,000	Note	2014	2013
Operating revenue	16, 19	**59.3**	**58.4**
Operating expense	16	19.8	16.5
Depreciation, amortization and impairment	3	0.4	0.4
Employee benefit expense	9, 10	20.7	31.3
Other operating expense	11	8.2	18.4
Foreign exchange (gain)/ loss related to operation		0.7	-0.1
Total operating expense		**49.8**	**66.6**
Operating profit/(loss)		**9.5**	**-8.1**
Financial income	16, 21	6.4	33.7
Financial expense	21	-0.4	-17.9
Foreign exchange gain/ (loss) related to financing		-2.6	-1.2
Net financial profit/(loss)		**3.4**	**14.6**
Profit/(loss) before tax		**12.9**	**6.5**
Tax income/(expense)	2	-10.8	-0.1
Annual net profit/(loss)		**2.1**	**6.4**
Attributable to:			
Equity holders of the Company		2.1	6.4
Distribution:			
Dividend		0.0	10.4
Transfer to/from equity		2.1	-4.0
Annual ner profit/(loss)		**2.1**	**6.4**

Earnings per share for profit/(loss) attributable to the equity holders of the Company during the year (USD per share):

- Basic	13	0.04	0.12
- Diluted	13	0.04	0.12

Sevan Marine ASA has made a contribution in kind of USD 10.5 million to its subsidiary Sevan Invest AS in 2014.

Oslo, April 10, 2015
The Board of Directors of Sevan Marine ASA

Siri Beate Hatlen
Chairperson

Jørgen P. Rasmussen
Deputy Chairman

Mari Thjømøe
Board Member

Hans Olav Sele
Employee Representative

Ingvild Sæther
Board Member

Peter Lytzen
Board Member

Sidsel Skagen
Employee Representative

Carl Lieungh
CEO

SEVAN MARINE ASA
CASH FLOW STATEMENT

Figures in USD 1,000,000	**2014**	**2013**
Cash flows from operating activities		
Profit/(loss) before tax	**12.9**	**6.5**
Adjustment for:		
Depreciation/amortization	0.4	0.4
Loss provision on loan to third party	0.3	0.0
Write-down of investment and receivables in subsidiaries	0.0	-6.1
Write down investment in Arendal Brygge AS	0.0	2.9
Unrealized forex loss/(gain)	2.6	0.0
Profit/(loss) before tax adjusted for non cash items	**16.1**	**3.7**
Change in working capital:		
Inventory	0.0	0.0
Receivable and payables to related parties/Group	-13.6	-3.9
Trade and other receivable	8.8	4.7
Trade payables	-0.1	0.2
Other liabilities, provision and charges	-6.0	-0.2
Cash generated from operations	**5.3**	**4.5**
Cash flows from operating activities		
Cash from operations	5.3	4.5
Tax paid during the period	0.0	-0.5
Net cash flow from operating activities	**5.3**	**4.0**
Cash flows from investment activities		
Investment in subsidiaries	-2.7	-1.0
Sale of 49% of shares in KANFA AS	7.7	0.0
Purchase of shares in Arendal Bryge AS	0.0	-3.3
Investment in convertible bonds	0.0	-19.0
Purchases of intangible assets	0.0	-0.1
Purchases of tangible assets	-0.4	0.0
Net cash flow from investment activities	**4.6**	**-23.4**
Loan to subsidiaries	-8.6	0.0
Repayment of loan from subsidiaries	1.5	0.0
Paid dividend	-10.4	0.0
Net cash flow from financing activities	**-17.5**	**0.0**
Net cash flows for the period	**-7.6**	**-19.4**
Cash balance at the beginning of the year	33.2	52.6
Cash balance at the end of the year	**25.6**	**33.2**

SEVAN MARINE ASA
NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

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

Sevan Marine ASA is the parent company of the Sevan 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.

NOTE 1 EQUITY

	Share capital	Share premium	Other equity	Total equity
December 31, 2013	**34.6**	**21.0**	**25.3**	**80.9**
Actuarial gains/losses pension plan			0.0	0.0
Annual net profit/(loss)			2.1	2.1
December 31, 2014	**34.6**	**21.0**	**27.4**	**82.9**

	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**

The total authorized number of ordinary shares was 52.6 million (2013: 52.6 million) with a par value of NOK 4.00 per share (2013: NOK 4.00 per share). All issued shares were fully paid at balance sheet date.

NOTE 2 TAXES

	2014	2013
Profit/(loss) before tax	12.9	6.5
Permanent differences	0.0	-4.0
Currency translation adjustment	13.0	3.8
Changes in temporary differences	-12.3	-11.5
Tax basis	**13.7**	**-5.2**
Loss to be brought forward	-3.2	5.2
Basis for taxes payable	**10.5**	**0.0**
Taxes payable	-2.8	0.0
Withholding tax payable	0.0	-0.1
Change in deferred tax assets from income statement	-8.0	0.0
Tax income/(expense)	**-10.8**	**-0.1**

Temporary differences:

	2014	2013
Unrealised forex	5.2	0.7
Fixed assets	-0.7	-1.1
Goodwill	-0.6	-1.0
Inventory	-0.2	-0.2
Pension liabilities	-0.2	-0.3
Receivable	-5.3	-7.1
Other Temporary differences	7.2	2.3
Net temporary differences	**5.4**	**-6.8**
Investment	-163.1	-199.4
Losses carried forward relating to income statement	0.0	-5.2
Basis for deferred tax assets from the income statement	**-157.7**	**-211.4**
Losses carried forward relating to items posted directly in the balance sheet	0.0	0.0
Basis for deferred tax assets	**-157.7**	**-211.4**
Deferred tax assets	**-42.6**	**57.1**
Not recognised	**42.6**	**-49.1**
Recognised in balance sheet	**0.0**	**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 not met in regards to previously capitalized 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 27% and actual tax charge:

	2014	2013
Profit before tax	12.9	6.5
Expected tax charge	3.5	1.7
Tax charge in the income statement	10.8	0.1
Difference	**-7.4**	**1.7**
Tax effect not booked deferred tax	42.6	49.1
Tax effect not recogniced temporary differences	5.4	3.1
Tax effect other permanent differences	0.0	-1.1
Tax effect investments	-44.0	-53.8
Withholding tax	0.0	0.1
Permanent currency difference	3.5	1.0
Explained difference	**7.4**	**-1.7**

NOTE 3 FIXED AND INTANGIBLE ASSETS

Fixed Assets	**Machinery, fixtures**
Year ended December 31, 2014	
Book value January 1	**0.5**
Additions	0.4
Disposals	0.0
Depreciation	-0.2
Book value December 31	**0.7**
At December 31, 2014	
Cost or valuation	2.9
Accumulated depreciation and impairment	-2.2
Book value December 31	**0.7**

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**

	Software
Year ended December 31, 2014	
Book value January 1	**0.5**
Additions	0.1
Disposals	0.0
Impairment charge	0.0
Amortization charge	-0.2
Book value December 31	**0.4**
At December 31, 2014	
Cost or valuation	5.9
Accumulated amortization and impairment	-5.4
Book value December 31	**0.4**

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

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.

2014

Company name	Office location	Cost price	No of shares	Equity	Write-downs	Book value	Profit/ (loss)	Ownership-share
KANFA AS	Norway	7.3	1,275	4.4	0.0	7.3	-3.6	51 %
KANFA Aragon AS	Norway	0.5	108,900	4.8	0.0	0.5	0,4	50 %
Sevan Marine do Brasil Ltda	Brazil	24.2	48,216,535	-0.1	0.0	0.3	0.0	100 %
Sevan 300 Pte Ltd	Singapore	230.6	230,556,039	0.0	0.0	0.0	0.0	100 %
Sevan Invest AS	Norway	266.6	100	0.0	0.0	7.6	-2.9	100 %
Sevan Holding I AS	Norway	49.6	100	9.3	0.0	0.0	5.3	100 %
Sevan Holding V AS	Norway	0.0	10,000	-1.8	0.0	0.0	-1.2	100 %
Hiload LNG AS	Norway	0.0	30	-0.3	0.0	0.0	-0.3	95 %
Sevan Asia Ptd ltd	Singapore	3.6	1,105,057	3.2	0.0	3.6	-0.3	100 %
Total book value		**582.4**			**0.0**	**19.4**		

Accumulated write-downs at December 31, 2014 are USD 547,6 (2013-USD 547.6 million).

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 Ptd 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*

Non-current receivables from companies within the Group:

	2014	2013
Sevan Holding V AS	20.3	19.4
Total non-current receivables from companies within the Group	**20.3**	**19.4**

Current receivables from companies in the Group:

	Book value end Des. 2014	Write-down 2014	Book value end Des. 2013	Write-down 2013
KANFA AS	3.7	0.0	0.0	0.0
Sevan Holding I AS	13.5	0.0	21.9	0.3
Sevan Marine do Brasil Ltda	0.3	0.0	0.3	0.0
Sevan Production Pte Ltd	0.0	0.0	0.0	0.0
Sevan Invest AS	4.4	0.0	1.0	16.4
Sevan Asia Ptd ltd	1.9	0.0	0.0	0.0
Hiload LNG AS	0.5	0.0	0.0	0.0
Total current recivables from companies in the Group	**24.2**	**0.0**	**23.1**	**16.8**

Accumulated write-downs at December 31, 2014 are USD 93.3 million (2013-USD 93.3 million).

Current payables to companies in the Group:

	2014	2013
Sevan 300 Pte Ltd	0.0	23.0
Sevan Invest AS	11.3	0.9
Sevan Holding I Pte Ltd	0.0	9.0
Sevan Marine do Brasil Ltda	0.6	0.6
Current payables to companies in the Group	**11.9**	**33.5**

NOTE 5 OTHER NON-CURRENT ASSETS

	2014	2013
Deposit	0.5	0.6
Accrued revenue long term	0.0	2.3
Other receivables	0.0	0.0
Total other non-current assets	**0.5**	**2.9**

NOTE 6 CASH AND CASH EQUIVALENTS

	2014	2013
Cash at bank and in hand	24.4	32.1
Restricted employees' tax deduction fund	0.8	0.6
Restricted bank deposits	0.4	0.5
Total cash and cash equivalents	**25.6**	**33.2**

As of December 31, 2014, the total restricted cash of 0.4 million (2013: 0.5) 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
Mari Thjømøe, Board member, owns 7,050 shares through ThjømøeKranen AS.

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.

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

20 largest shareholder accounts at December 31, 2014:

Name	Number of shares	Ownership-share (%)
TEEKAY SERVICE HOLDING	21,091,847	40.1
ILIAD INTERNATIONAL *	1,801,784	3.4
VPF NORDEA KAPITAL	1,752,019	3.3
F2 FUNDS AS	1,735,066	3.3
THE BANK OF NEW YORK	1,569,005	3.0
DEUTSCHE BANK AG	1,200,000	2.3
SKANDINAVISKA ENSKILDA	1,135,448	2.2
MORGAN STANLEY & CO.	1,095,879	2.1
PREDATOR CAPITAL MANAGEMENT	965,000	1.8
MP PENSJON PK	837,584	1.6
SUNDT AS	832,486	1.6
ANDENERGY AS	801,326	1.5
INVESCO PERP EUR SMA	765,804	1.5
VPF NORDEA AVKASTNING	736,553	1.4
BAKLIEN ÅSMUND	700,000	1.3
CITIBANK, N.A.	531,955	1.0
DNB NOR MARKETS, AKS	531,514	1.0
BEKKESTUA EIENDOM AS	512,000	1.0
MATHIAS HOLDING AS	500,000	1.0
PERESTROIKA AS	495,830	0.9
20 largest shareholder accounts	39,591,100	75.3 %
Remaining shareholders	13,015,899	24.7 %
Total shareholders	**52,606,999**	**100**

** Controlled by Teekay*

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*

NOTE 9 EMPLOYEE BENEFIT EXPENSE

	2014	2013
Salaries and vacation pay	15.5	24.3
Employer`s contribution tax	2.5	3.8
Pension costs	1.5	1.6
Expensed portion of value of share options	0.0	0.0
Other employee benefit expense	1.2	1.6
Total employee benefit expense	**20.7**	**31.3**
Number of man-years	98	100

Remuneration of Senior Management, as paid:

		2014	
Figures in USD 1,000	**Salaries**	**Retirement benefits**	**Other benefits**
Carl Lieungh, CEO	851	68	42
Kjetil Vangsnes CFO	401	26	5
Lars Ødeskaug, COO	540	26	6
Fredrik Major, CBDO	352	61	25
Morten Martens Breivik, CoS	296	20	5
Otto Skjåstad, CTO	299	14	4
Total remuneration paid	**2737**	**215**	**87**

			2013	
Figures in USD 1,000		**Fixed Salaries**	**Retirement benefits**	**Other benefits**
Carl Lieungh,	CEO	897	70	44
Kjetil Vangsnes	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**

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 2014 and 2013. 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	**2014**	**2013**
Siri Hatlen, Chairperson	81	125
Jørgen Rasmussen, Deputy Chairperson ****	28	0
Arne Smedal, Deputy Chairperson ****	22	70
Mari Thjømøe	54	87
Peter Lytzen ***	0	0
Ingvild Sæther **, ***	0	0
Kari Berte Daasvatn Bye *	20	64
Alf Reidar Sandstad *	20	64
Lars Ola Tan Almås **	0	63
Sidsel Skagen *	20	0
Hans Olav Sele *	20	0
Total remuneration paid	**264**	**473**

* *Sidsel Skagen and Hans Olav Sele entered the Board May 23, 2014 as Employee representatives. Kari Berte Daasvatn Bye and Alf Reidar Sandstad resigned from the Board May 23, 2014 as Employee representatives.*

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

*** *The remuneration was paid to the Companies the Board members are employeed.*

**** *Jørgen Rasmussen entered the Board May 23, 2014 as Deputy Chairperson. Arne Smedal resigned from the Board May 23, 2014.*

Remuneration of the Board of Directors was for the period from November 24, 2013 to November 24, 2014.

Salaries and other benefits paid to Directors as employees:

	2014			**2013**		
Figures in USD 1,000	**Salaries**	**Retirement benefits**	**Other benefits**	**Salaries**	**Retirement benefits**	**Other benefits**
Arne Smedal, Chairman **	811	0	0	1866	58	24
Kari Berte Daasvatn Bye *	145	9	2	162	9	3
Alf Reidar Sandstad *	516	10	2	360	11	7
Sidsel Skagen *	158	9	3			
Hans Olav Sele *	170	9	2			

* *Sidsel Skagen and Hans Olav Sele entered the Board May 23, 2014 as Employee representatives. Kari Berte Daasvatn Bye and Alf Reidar Sandstad resigned from the Board May 23, 2014 as Employee representatives.*

** *Arne Smedal resigned from Sevan Marine July 31, 2013. Paid salary is severance pay.*

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 2014 is based on mortality table K2013 (2013: K2013) 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 15 participants (2013: 14 participants) and these plans have been closed for new participants since 2008. Net pension obligation in the balance sheet is 0.2 (2013: 0.3) consisting of gross obligation of 3.8 (2013: 3.3) and pension plan assets of 3.5 (2013: 3.0). Pension cost charged to the income statement is 1.5 (2013: 1.6) whereof 0.3 is related to defined benefit pension plans and 1.2 (2013: 1.2) is related to defined contribution plans. The defined contribution plan has 91 participants (2013: 90 participants). The Company's pension schemes satisfy the requirements in the Norwegian legislation regarding mandatory occupational pension.

NOTE 11 OTHER OPERATING EXPENSE

	2014	2013
Cost of hired personnel	0.1	0.1
Office cost (rental etc)	3.3	3.9
Consultancy (audit, tax and legal) *	2.8	4.1
Marketing	0.5	0.1
Travel expenses	0.9	1.7
Write-down receivable ONGC	0.0	4.8
Write-down investment in assosiated	0.0	2.9
Other	0.6	1.0
Total other operating expense	**8.2**	**18.4**

*** Specification of auditor's fee (excl. VAT):**	2014	2013
Statutory audit	0.1	0.2
Audit related services	0.1	0.1
Tax related services	0.0	0.0
Other services	0.0	0.1
Total auditor's fees	**0.2**	**0.4**

NOTE 12 LEASE AGREEMENTS

The Company has entered into several agreements for rent of offices. Lease expense for offices amounted to 1.7 million for the year (2013: 1.6).

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

	2014	2013
No later than 1 year	1.8	1.7
Between 1-5 years	3.6	5.4
Later than 5 years	1.5	2.3
Total lease and rental obligations	**6.9**	**9.4**

NOTE 13 EARNINGS PER SHARE

	2014	2013
Net profit/(loss) (USD 1,000,000)	2.1	6.4
Earnings per share (USD)	0.04	0.12
Earnings per share diluted (USD)	0.04	0.12
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

	2014	2013
Payroll liabilities	1.9	2.4
Deferred income	0.0	0.5
Employer`s contribution tax and other taxes	1.8	2.4
Accrued severance pay	1.1	1.2
Rental charged as an expense	0.3	0.0
Other payables	1.2	0.9
Total other current liabilities	**6.3**	**7.4**

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:

	2014		2013	
	Average exercise price after reverse share split (NOK per share)	No. of options	Average exercise price after reverse share split (NOK per share)	No. of options
January 1	**881**	**29,000**	**1,027**	**69,635**
Granted	0	0	0	0
Exercised	0	0	0	0
Lapsed/forfeited	0	0	1,131	-40,365
December 31	**881**	**29,000**	**881**	**29,000**

Of the 29 thousand remaining options (2013: 29 thousand), all options were exercisable (2013: all). No options were exercised during 2014 and 2013.

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	
		2014	2013
2013	6,275	0	0
2015	881	29,000	29,000
Total		**29,000**	**29,000**

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 2014.

As of December 31, 2014, 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

2014

The operating revenue includes revenue from Group companies amounting to 0.5 million. The Company charged companies within the Group 0.4 million for services relating to management, engineering and site supervision, and 0.1 million for management fees. The Company was charged 0.1 million for services relating to management and engineering.

The Company charged companies within the Group 4.9 million for interest relating to loans during 2014.

The operating revenue includes revenue from Teekay amounting to 2.3 million for services relating to management and engineering. The Company was charged 0.3 million from Teekay for services relating to management.

The operating revenue includes revenue from Logitel Offshore amounting to 4.1 million for services relating to license, management and engineering. Logitel Offshore became related party when Teekay acquired the company in August 2014.

The Company was charged 0.6 million from Arendal Brygge and St. Ybes for lease of office.

2013

The operating revenue includes revenue from Group companies amounting to -0.4 million. The Company charged companies within the Group 0.6 million for services relating to management, engineering and site supervision, and 0.1 million for management fees. The accrued design fee of 1.1 million towards Sevan Holding I Pte Ltd was reversed in 2013.The Company was charged 0.7 million for services relating to management and engineering.

The Company charged companies within the Group 5.1 million for interest relating to loans during 2013, and was charged 0.9 million for interest relating to borrowings from companies within the Group during the year.

The Company charged companies within the Group 0.6 million relating to guarantees during the year.

The operating revenue includes revenue from Teekay amounting to 3.8 million for services relating to management and engineering. The Company was charged 0.3 million from Teekay 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 2014.

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 taken to rectify any potential adverse effects on its future liquidity position.

NOTE 18 CONTINGENCIES

Sevan Drilling is now part of the Seadrill group, yet Sevan Marine has not yet been formally released by Petrobras from its joint liablility with Sevan Drilling as intervening party (guarantor) under the charter and service agreements pertaining to “Sevan Brasil”. Sevan Marine is still working towards receiving a formal release

In connection with the sale of 49% of shares in KANFA AS to Technip, Sevan and Technip entered into a shareholders agreement where Technip has a put option regarding the initial sale. The put option, meaning that Sevan will be obliged to purchase back the initial 49% shares for the same price as Technip purchased them, will be an exit opportunity for Technip if KANFA AS does not conduct its business as per the agreed business plan in 2014, 2015 and 2016. At the time of this report, no indications exist that the put option will come into effect.

NOTE 19 OPERATING REVENUE

	2014	2013
License and design fee other	11.5	10.9
License and design fee Logitel	6.1	2.3
Revenue Teekay	2.3	3.8
Revenue Logitel	2.3	1.9
Other revenue	37.1	39.5
Total operating revenue	**59.3**	**58.4**

NOTE 20 PROVISIONS

	Bonus	Restructuring	Total
January 1, 2014	**2.0**	**4.4**	**6.4**
Currency translation adjustments	0.0	0.0	0.0
Arising during the year	1.6	0.0	1.6
Reversed during the year	-1.6	0.0	-1.6
Used during year	-2.0	0.0	-2.0
December 31, 2014	**0.0**	**4.4**	**4.4**

	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**

All provisions in 2014 and 2013 were current in nature.

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 was paid out in March 2014. During 2014, bonus provision based on 2014 KPI’s was accrued. This provision was reversed in December 2014 as due to the poor market outlook and need to reduce cost, it was agreed with the Board of Directors that no 2014 bonus shall be paid despite certain objectives having been reached.

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:	**2014**	**2013**
Interest income	0.3	0.5
Other financial income	1.2	3.5
Reversed accruals penality	0.0	1.0
Reversed write down investment in subsidaries	0.0	23.0
Financial income from companies within the Group	4.9	5.7
Total financial income	**6.4**	**33.7**

Financial expense:	**2014**	**2013**
Write-down investment in subsidiary	0.0	0.2
Write-down receivable subsidiary	0.0	16.8
Loss provision on loan to third party	0.3	0.0
Other financial expense	0.1	0.1
Financial expense from companies within the Group	0.0	0.9
Total financial expense	**0.4**	**17.9**

NOTE 22 TRADE AND OTHER RECEIVABLES

	2014	**2013**
ONGC gross receivable	0.0	15.9
Accounting provision ONGC receivable	0.0	-12.7
Trade receivables	3.2	8.0
Accrued income, not invoiced	2.5	3.1
Prepayment	2.8	2.2
VAT receivables	0.0	0.9
Other current receivables	0.0	0.0
Total trade and other current receivables	**8.6**	**17.4**

NOTE 23 INVESTMENT IN ASSOCIATES

	2014	**2013**
Investment in Arendal Brygge	0.4	0.4
Investments in associates	**0.4**	**0.4**

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

NOTE 24 RECEIVABLE FROM RELATED PARTIES

	2014	2013
Receivable Teekay	0.8	0.4
Receivable Logitel	0.7	0.0
Receivable Arendal Brygge	0.2	0.1
Current receivables from related parties	**1.7**	**0.5**

	2014	2013
Receivable Logitel	8.4	0.0
Other non-current assets from related parties	**8.4**	**0.0**

NOTE 25 OTHER NON CURRENT LIABILITIES

Accrued serverance pay including employer's contribution tax for payment for the period 01.01.2016 -31.07.2018 is USD 1.1 million

NOTE 26 EVENTS AFTER BALANCE SHEET DATE

In February 2015 the accommodation unit Arendal Spirit was delivered from the Cosco, Nantong yard to Teekay Offshore Partners LP in accordance with the agreement between Sevan Marine ASA, Teekay Offshore Partners LP, Cefront Technology AS and Logitel Offshore Holdings AS announced on 12 July 2014. The delivery triggers the payment of USD 10 million to Sevan Marine no later than 6 months from the date of delivery.

AUDITOR'S REPORT

Building a better working world

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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 2014, 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 2014, 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.

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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 2014 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 2014 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 2015
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Johan Bringsverd
State Authorised Public Accountant (Norway)

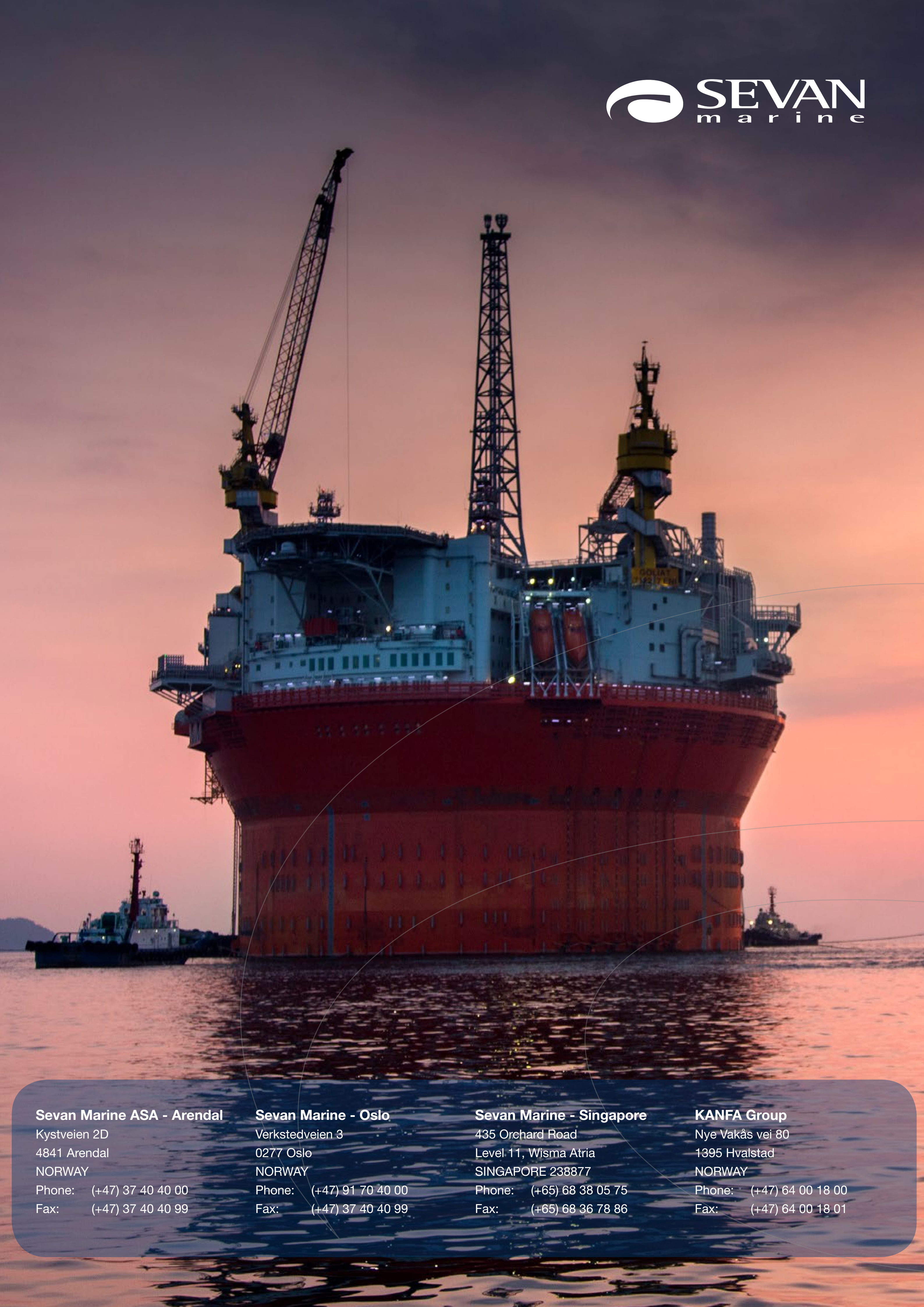
RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the period January 1 to December 31, 2014, 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.

Oslo, April 10, 2015
The Board of Directors of Sevan Marine ASA

Siri Beate Hatlen Chairperson	Jørgen P. Rasmussen Deputy Chairman	Mari Thjømøe Board Member	Hans Olav Sele Employee Representative
Ingvild Sæther Board Member	Peter Lytzen Board Member	Sidsel Skagen Employee Representative	Carl Lieungh CEO



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