



Annual report 2016



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Key figures

USD million	2016	2015
<i>Continued operations</i>		
Revenues	14.0	28.3
EBITDA	-12.4	-8.4
Net Profit	-27.7	-58.2
EPS (NOK)	-4.4	-8.9
<i>Continued and discontinued operations</i>		
Revenues	46.6	80.0
EBITDA	-9.4	-10.7
Net Profit	-25.4	-62.0
Cash and cash eq. continued operations	24.8	30.6
Cash and cash eq. discontinued operations	1.4	5.9
Equity ratio (%)	60 %	58 %
No. of shares outstanding	52.6	52.6
Number of employees continued operations	35	88
Number of employees discontinued operations	46	83

CEO's letter to shareholders

Dear Shareholders,

Sevan Marine is the world's leading and most successful designer and developer of cylindrical hulls for offshore applications. Sevan Marine has designed, engineered, helped construct and installed all 11 cylindrical units build and operating in the world today. We are the world's round hull experts.

Since the first installation in 2007, the Sevan Marine cylindrical design has proven itself to be very competitive with alternative designs such as semi-submersible rigs and traditional ships. The geo-stationary nature of the round hull means that no turret or swivel is required, a costly piece of equipment for many ship-shaped solutions. The stability of the cylindrical design means that units can operate in weather and ocean conditions challenging to most other units. The design is also easy and flexible to build, especially when compared to complicated semi-submersibles. The advantages of the hull design have been recognized by the world's largest and most successful oil and gas majors, including ENI and ExxonMobil.

The past year has been challenging for the offshore industry and in particular for those companies like us who rely on the development of new offshore production facilities. As an example, there were no new build FPSO awards in 2016. This compares with years when over a dozen awards were made. We have not been immune to this impact and have had to continue to adjust our organization to fit this new environment. We have reduced our total staff by over 50 percent and have cut our overall fixed cost base by over 60 percent. The engineering organization has been adjusted to fit the opportunities we see in 2017 and 2018. In addition, we have simplified the business, disposing of our investment in KANFA Aragon and most recently announcing that TechnipFMC will take over KANFA. During the year, we have also continued to work through various legacy issues, including historical tax claims and claims related to Logitel Offshore. I am confident looking forward that these efforts are worth it and with a lower fixed cost base and simplified organization, results will improve.

There are signs that the market is beginning to recover. We have seen increasing interest in early phase studies, for example for projects in Australia and the Barents Sea. We have also seen increased demand from our clients and partners to use our staff to assist them with their activities.

The organization has worked very hard to complete the Western Isles FPSO for Dana Petroleum. The vessel is expected to begin production in the second half of 2017. Sevan Marine remains entitled to a USD 50 cents per barrel produced license tariff. In addition, another UK Continental Shelf FPSO opportunity is progressing well and could lead to additional license income.

Looking further ahead we are very excited to be continuing our work with ExxonMobil on FLNG and to have entered into a framework agreement with them for the use of our cylindrical technology and engineering resources. Our FLNG concept will deliver substantial cost savings compared to ship-shape alternatives that need an expensive turret. We look forward to continuing our cooperation and taking on new FLNG opportunities.

As a technology and engineering driven company, we continue to work on developing new technologies and applications. Our Steel Catenary Riser (SCR) application has successfully demonstrated that it has the required motion characteristics to handle SCRs even in a hurricane prone environment such as the Gulf of Mexico. We believe this could save hundreds of millions of dollars versus current disconnectable turret solutions installed today. Looking forward, our development plans also include applying our unique knowledge regarding cylindrical hulls to applications for unmanned units, gas-to-power projects, fish farming and offshore wind.

We also continue to develop the HiLoad LNG offloading solution which we believe will be a preferred solution for offloading of LNG both from our cylindrical hull and ship-shape units. In this regard we continue our cooperation with TechnipFMC. We also continue to promote the use of the HiLoad for small regasification projects and have recently announced our cooperation with Fluor to promote the Floating Regas Dock Technology ("FRD").

Given the cost and performance benefits of our cylindrical hull design, I am confident that Sevan Marine will have a larger role to play in a recovering market.

I joined Sevan Marine as CFO in 2015 because I firmly believe that the Sevan Marine cylindrical design is superior in both cost and performance and that the concept's potential has not been fully reached. Very few predicted the challenging market we have faced the past two years. This has brought with it though the opportunity to reduce cost, re-align the organization and to invest in new ideas. It has been an honor to take over the leadership of Sevan Marine from January 2017 and I look forward to making it even better with your support.

On a final note, I would like to thank our employees for their loyal dedication, patience and hard work. I would also like to thank our clients who are our biggest fans and greatest promoters. Finally, I would like to thank you, our shareholders, for your dedication to the company over the past year.



Board of Directors' report

Highlights 2016

(Figures for 2015 are presented in brackets)

- Operating revenue for continued operations in 2016 was USD 14.0 million, down from USD 28.3 million in 2015, where the decline relates largely to the nearing completion of ongoing projects such as Goliat and Dana, the cancellation of the Logitel accommodation rigs and declines in study work due to the depressed oil and gas market
- Sevan Marine substantially reduced its cost base in 2016 with the headcount for continued operations declining from 88 to 35 and operating expenses declining from USD 36.2 million in 2015 to USD 26.1 million in 2016
- Sevan Marine is in a solid financial position. The company has no interest bearing debt, has a net cash position of USD 24.8 million and an equity ratio of 60 percent as per year end 2016
- KANFA Aragon AS was sold to SembCorp Marine Ltd in June 2016 for cash consideration of NOK 20 million
- In January 2017, TechnipFMC formally notified Sevan Marine of its intention to exercise the option to buy Sevan Marine's 51% shareholding in KANFA AS. The transaction is expected to close in the first half of 2017 with no material impact on results. The Topsides and Process Technology segment, including KANFA Aragon AS, is presented as discontinued operations for 2016

Business and strategy

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

Sevan Marine is focusing its efforts on independently developing, marketing and supporting the execution of projects based on its unique designs and engineering competence. In doing such, the Company is seeking to work with industry leading partners to further promote and develop its designs, concepts and engineering services.

The Sevan Marine cylindrical design is widely seen by oil majors around the world as a credible and proven alternative to other floating installation designs. The advantages are well understood. These include lower construction cost versus turret based solutions, excellent motion characteristics, lower operating costs, high deck load capacity and large storage volume.

Operations

Work on existing projects

Sevan Marine provided engineering support for the UK Continental Shelf FPSO project throughout 2016. Payments under the License Agreement remain subject to the field developers' final investment decision and start of construction of the unit.

The FLNG study for a specific FLNG field development with ExxonMobil also provided substantial work during the year. A framework agreement for the use of the Sevan Marine cylindrical technology and further engineering work continued in 2017.

Sevan Marine provided engineering support services for the Dana Western Isles projects. Sevan Marine is entitled to a variable license fee linked to production with respect to the Dana Western

Isles project. Dana has announced that they expect the FPSO will be installed at the field in late 2017.

In the Norwegian Barents Sea, Sevan Marine delivered engineering support for the Goliat project and provided early phase study input for both the Wisting and Alta Gohta field developments.

During the year Sevan Marine provided engineering and site supervision support in relation to the Logitel Offshore accommodation rigs which were being constructed at the COSCO yard in China. The construction contracts for these rigs were cancelled in mid 2016 leading to a decline in activity for Sevan Marine.

The KANFA group saw improved results for the year 2016 driven by the positive outcome of the OCTP project from Yinson Production.

Prospective projects and studies

During the year, Sevan Marine's affiliated company HiLoad LNG continued the marketing and development of both the HiLoad LNG offloading system for FLNG and the Floating Regas Dock ("FRD") for small scale regasification projects.

With respect to the FRD, HiLoad LNG carried out Pre-FEED engineering work for the Vires Energy Corporation regasification project in the Philippines. This work has been completed and HiLoad LNG remains in discussions with Vires Energy Corporation regarding progress and potential further work on the project.

The FRD has also attracted other market interest. The FRD is a cost effective alternative to standard FSRU solutions, particularly for small scale regasification projects.

Progress on new developments

Sevan Marine has continued development work on its ultra-deepwater application using steel catenary risers (SCRs). Sevan Marine hopes to obtain approval to use its unique cylindrical design with steel catenary risers as a non-disconnectable FPSO with the ability to retain cargo during a Hurricane. This would be a first in the US Gulf of Mexico and Sevan Marine believes it will provide a substantially cheaper solution compared to the disconnectable, turret based solutions used today.

In addition, Sevan Marine has initiated further development work to look into new drilling applications for the cylindrical design as well as investigating how the design may be used outside of the core oil and gas industry, for example in gas to power, fish farming or wind applications.

Financials

(Figures for 2015 are presented in brackets)

As of December 31, 2016, Sevan Marine finds it highly probable that its remaining 51% share in KANFA AS will be sold and according to IFRS 5, the KANFA Group assets and liabilities are classified as held for sale and corresponding results are presented as discontinued operations in the financial statements and disclosures.

Profit and loss

Operating revenue for continued operations for 2016 was USD 14.0 million (USD 28.3 million). EBITDA was negative USD 12.4 million (negative USD 8.4 million) and net loss was USD 27.7 million (loss of USD 58.2 million). EBITDA was negatively impacted by an impairment of the Logitel Variable Fee of USD 5.0 million and restructuring costs of USD 3.0 million. Net loss was negatively impacted by an impairment of the Logitel loan of USD 16.0 million.

Discontinued operating revenue for 2016 was USD 32.6 million (USD 51.7 million). EBITDA was positive USD 3.0 million (negative USD 2.3 million) and net profit was USD 2.4 million (loss of USD 3.8 million). EBITDA was positively impacted by margin contribution from the OCTP project.

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

Cash Flow

As of December 31, 2016, cash and cash equivalents amounted to USD 24.8 million for continued operations (USD 30.6 million). The negative cash flow for the year is largely attributable to operating losses, unrealized losses on NOK currency holdings and a payment of USD 3.5 million in relation to the adjustment of the 2012 tax assessment which is being challenged. The sale of KANFA Aragon AS provided positive cash contribution of USD 2.4 million.

For discontinued operations cash and cash equivalents amounted to USD 1.4 million (USD 5.9 million).

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

Financing and financial position

As of year-end 2016 total assets amounted to USD 42.5 million (USD 86.6 million) whereof cash and cash equivalents amounted to USD 24.8 million (USD 30.6 million) and assets held for sale related to Topside and Process Technology segment amounted to USD 8.8 million (No assets held for sale).

Total equity as of December 31, 2016 amounted to USD 25.5 million (USD 49.8 million), and the equity ratio was 60 percent (58 percent).

The Group had no interest bearing debt in 2016 or 2015.

Sevan Marine has approximately NOK 3.5 billion in total Norwegian tax losses which are not reflected on the balance sheet. Sevan Marine believes that these losses could generate substantial value in the future.

Logitel Offshore

We refer to the Q2 2016 earnings release and comments made regarding the circumstances surrounding the legality and potential claims in relation to the Logitel Offshore Agreements. Sevan Marine is dedicated to seeking the best outcome for the Company and its shareholders.

In this regard, Sevan Marine has commenced legal action against Logitel Offshore Pte Ltd claiming payment of approximately USD 60 million in relation to the Logitel loan, and in parallel has commenced arbitration against both Logitel Offshore Pte Ltd and Teekay Offshore Partners LP claiming payment of an amount of approximately USD 10 million in relation to the Fourpartite Agreement. Sevan Marine reserves the right to, at any time, pursue other involved parties. Agreements suspending time-bar limitations have been entered into with such involved parties.

Dividends

Given the uncertain market outlook, the weak financial results and the unresolved situation with regard to Logitel Offshore, the Board has decided not to pay any dividend for 2016.

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.

Annual results and year-end appropriations

The Board proposes the following appropriation of the annual loss of USD 25.5 million in the parent company Sevan Marine ASA:

Loss transferred to other equity: USD 25.5 million
Total appropriation: negative USD 25.5 million

Risk and uncertainty factors

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

The Company'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's side may arise which could have material adverse effects on the financial condition, the cash flows and/or the prospects of the Company.

The exposure to the oil and gas market also means that the Company is subject to the market risk of declining work and price pressure.

The outcome of Logitel situation, any potential recovery of value and the timing of such recover remains uncertain. As such, there remains material uncertainty regarding both the amount and timing of any payments in relation to the Logitel agreements.

The Company continues to challenge the decision by the Norwegian tax authorities (Skatt Sør) regarding the adjustment of the 2012 tax return which led to an additional tax charge of USD 4.6 million and tax payment of USD 3.5 million in 2016. The outcome of this matter together with any potential recovery of tax already paid or payment of any potential penalty tax already accrued for remains uncertain.

As announced, the Board received in October 2015 the external investigation report regarding allegations of possible improper conduct related to historical contracts with Petrobras in Brazil from Advokatfirmaet Selmer DA ("Selmer"). Sevan Marine provided the report to the Norwegian authority for investigation and prosecution of economic and environmental crime ("ØKOKRIM"). Sevan Marine has made no payments and had no interaction with the agent in question or any of his companies since the IPO of drilling activities and restructuring of Sevan Marine ASA in 2011. Sevan Marine is cooperating fully with relevant authorities in the various jurisdictions involved (Norway, Brazil, US and UK). Sevan Marine adheres to the strictest of compliance and ethical standards and continues to take this matter very seriously. Sevan Marine ASA has to date not been charged by any of the authorities involved.

Reference is made to note 3 in the Financial Statements for 2016 for further information, as well as to comments made under Going Concern above.

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 this Annual Report.

The Board of Directors

In 2016 Sevan Marine had its Annual General Meeting on May 25th, and the General Meeting elected the following members to the Board of Directors: Erling Øverland (Chairperson and new board member), Peter Lytzen (Director, re-elected), Ingvald Sæther (Director, re-elected), Kjetil Sjursen (Director, re-elected), Kathryn M. Baker (Director, new) and B. Gisle Grønlie (Deputy Director, new). All shareholder-elected members were elected by the General Meeting for a period of one year. Presentations of the Directors are available in a separate chapter in this Annual Report and on the company's website www.sevanmarine.com.

Corporate Social Responsibility

Health, Safety and Environment

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 offshore units, where health and security aspects are given high attention in planning, training and operations of projects. The Company 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 impact while maintaining a robust and flexible design, fulfilling the customers' needs and expectations.

Sick leave was 1.9% (2015: 1.9%) for the Company for the year. No serious work incidents or accidents resulting in personal injuries or damages to materials or equipment occurred in 2016.

There has been no Lost Time Incidents (LTI) during 2016.

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 with the following Scope: 'Technology and Concept development, Sales and Project Execution and delivery of offshore floating units.

The work environment is good. The Board and the management continue to focus on equal opportunities for men and women. 23 percent of the employees in the Company are women. Three 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.

Anti-corruption

The company has implemented formal guidelines, procedures, standards and routines in relation to anti-bribery and corruption. This includes annual training for all employees.

Human rights

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

Outlook

Sevan Marine continues to operate in a challenging market where many of its key prospects have been delayed over the past years. There has been an improvement in market sentiment in recent quarters including increased interest from our clients. Despite this, 2017 will likely remain a challenging year with both negative profits and cash flow.

The recent improvements in the oil price and market sentiment have led to increased market interest for Sevan Marine's services and the cylindrical design. This has particularly been the case for harsh environment projects such as those in the Barents Sea and

Australia for both FPSO and FLNG applications. Sevan Marine is optimistic that additional study work can be won in 2017 and early 2018 in this regard. With this improving environment and prospective licenses from both the Western Isles project and UK Continental Shelf FPSO project, 2018 should see better results.

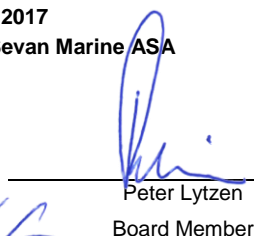
Sevan Marine remains confident that given its competent and dedicated workforce, unique cost effective solutions, the increased market interest, its solid cash position and balance sheet that it has the resources and ability to successfully weather the current slowdown in activity and to regain profitability in years to come.

Oslo, April 27, 2017

The Board of Directors of Sevan Marine ASA



Erling Øverland
Chairman



Peter Lytzen
Board Member



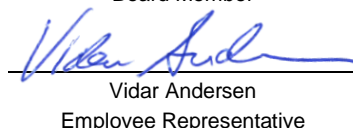
Ingvild Sæther
Board Member



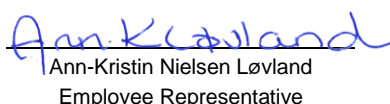
Kjetil Sjursen
Board Member



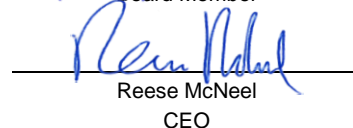
Kathryn M. Baker
Board Member



Vidar Andersen
Employee Representative



Ann-Kristin Nielsen Løvland
Employee Representative



Reese McNeel
CEO

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. At the turn of the year 2016/2017, the Company deviates from the Code of Practice on the following point:

- 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 (Section 14; Takeovers)

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 Marine cylindrical 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, 2016, the Group had an equity share ratio of 60.0 percent. 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. There will not be paid any dividends for 2016.

At the Annual General Meeting in 2016, The Board of Directors was granted an authorization to increase the share capital by up to NOK 4,200,000 in connection with the incentive scheme for management and employees. The authorization is valid up to the Annual General Meeting in 2017, but no longer than June 30, 2017. The Board of Directors will propose to continue the authorization at the Annual General Meeting in 2017.

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 2016 Annual Report.

Freely Negotiable Shares

The Company's shares are listed on Oslo Børs and are freely negotiable. There are no restrictions on transferability of shares pursuant to the Articles of Association.

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 one year. At the Annual General Meeting in 2016, Mimi K. Berdal (chair), Ingild Sæther and Kristoffer Andenæs were elected as members of the nomination committee for a term of one year.

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 are 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): Erling Øverland (Chair), Peter Lytzen, Ingild Sæther, Kjetil Sjursen and Kathryn M. Baker, and Ann-Kristin Nielsen Løvland and Vidar Andersen who are elected by and among the employees. Biographical information on each Director is outlined on page 13 of the 2016 Annual Report and at the Company's website.

Four out of six Directors elected by the shareholders are deemed to be independent of the Company's main shareholders and material business contacts. Peter Lytzen and Ingild Sæther are considered to be non-independent Directors, as they are associated with the largest shareholder 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 is 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 features, among other things, guidelines on responsibilities, authorizations, notification, preparation and convening of board meetings.

The Board of Directors meets minimum six times a year and more frequently if required. The Board of Directors held 13 board meetings in 2016, of which 11 were physical board meetings and 2 were held by telephone conference. The average participation level was 90%.

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. Per December 31, 2016 the members of the compensation committee were Kjetil Sjursen and Peter Lytzen.

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. Per December 31, 2016 the members of the audit committee were Erling Øverland and Ingvild Sæter.

Ethics Committee

The Board of Directors established an Ethics Committee during 2015. The Ethics Committee assists the Board of Directors in matters regarding the internal authority structure, compliance with the Company's Ethics Policy and general risk management in areas such as corporate governance, anti-bribery compliance, competition, export control and data protection compliance. The members of the Ethics Committee have received no additional remuneration for duties relating to the committee in 2016. At December 31, 2016 the members of the ethics committee were Kathryn M. Baker and Erling Øverland.

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 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 are also 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. The company has not granted any share options to board members.

Details of the remuneration to the Board of Directors are disclosed in note 17 to the Company's consolidated financial statements, included in the 2016 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 2016 Annual Report. The guidelines are clear on which aspects that are advisory and which are binding, allowing for separate voting by the Annual General Meeting.

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 CEO 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.

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 authorize 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 2017.

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.

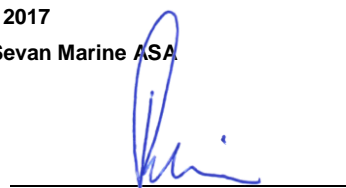
Once a year, the auditor presents a review of the Company's internal control procedures, including identifying weaknesses and proposals for improvement, to the Audit Committee.

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 27, 2017

The Board of Directors of Sevan Marine ASA

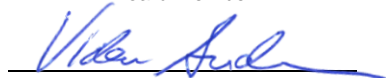

Erling Øverland
Chairman



Peter Lytzen
Board Member


Ingvild Sæther
Board Member


Kjetil Sjørnsen
Board Member


Kathryn M. Baker
Board Member


Vidar Andersen
Employee Representative


Ann-Kristin Nielsen Løvland
Employee Representative


Reese McNeel
CEO

The Board of Directors



Erling Øverland (1952)

Chairman

Mr. Øverland holds a Master Degree from the Norwegian School of Economics and Business Administration (NHH) in Bergen. He has extensive and broad experience from the oil and gas industry. He served Statoil for more than 30 years within the areas of finance,

accounting, trading, retail and marketing, shipping and business development. Mr. Øverland had several corporate leadership positions in Statoil including five years as CFO and a number of years as EVP for downstream operations. He was acting CEO of Statoil ASA in 2004. Erling Øverland was elected president and chairman of the Confederation of Norwegian Enterprise (NHO) from 2004 – 2008. Erling Øverland has wide board experience and is presently chairman of Næringslivets NOx-Fond. Previous board memberships include PCI Biotech Holding ASA (chairman), Sparebank 1 SR-Bank ASA, University of Stavanger, SINTEF, Hafslund, Norges Varemesse, Sparebank 1 Livsforsikring and head of the Control Committee of Det norske Veritas. Erling Øverland is a Norwegian citizen with residence in Stavanger, Norway. He is married and has three children.



Kjetil Sjursen (1973)

Board Member

Mr. Sjursen holds an MSc (Master of Science) in Economics and Business Administration "Siviløkonom" from NHH. Mr. Sjursen currently runs his own investment and advisory business. Mr. Sjursen has worked for nearly two decades in Investment Banking within Pareto Securities AS

in Oslo, both in International Institutional Sales and Corporate Finance, where he has been working on numerous transactions in the oil and oil service industry. Mr. Sjursen is on the Board of several Norwegian private companies. Mr. Sjursen is a Norwegian citizen with residence in Oslo, Norway.



Kathryn M. Baker (1964)

Board member

Ms. Baker holds an MBA from the Amos Tuck School of Business at Dartmouth College and a Bachelor of Arts in Economics from Wellesley College. Ms. Baker was a senior partner for 15 years in Reiten & Co, a leading Nordic private equity firm with focus on the mid-cap sector.

Prior to that, she was a management consultant at McKinsey & Company in Oslo for 6 years and a financial analyst at Morgan

Stanley in the late 1980s. Ms. Baker has significant experience in working through a board position to achieve greater shareholder value and build strong companies. She has served on numerous boards covering a broad range of industries (e.g. oil & gas, ITC, shipping, financial services). Currently, Ms Baker serves on the boards of Norges Bank (the Central Bank of Norway) Akastor ASA and DOF ASA, and is Chairman of Navamedic ASA and Catena Media plc. Previous board positions include Moss Maritime AS, BW Gas ASA and Bertel O. Steen Invest AS. Ms. Baker is an American citizen with residence in Oslo, Norway.



Ingvald Sæther (1968)

Board member

Ms. Sæther has completed an Executive MBA program in Shipping Management and has attended management courses at the London School of Economics, Wharton School of the University of Pennsylvania and Harvard University.

She has more than 25 years of experience in the shipping and offshore industry. Ms. Sæther joined Teekay in 2002 as a result of Teekay's acquisition of Navion AS from Statoil ASA. Since then, she 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 2011, Ms. Sæther was appointed the position of President, Teekay Shuttle and Offshore Services with a responsibility for the global activities within this business area. Today, Ingvald Sæther is President and CEO of Teekay Offshore with the responsibility of Teekay's global offshore business. Ms. Sæther is a part of the management team in the Teekay Group and is also active in several industry boards and associations. Ms. Sæther is a Norwegian citizen with residence in Stavanger, Norway.



Peter Lytzen (1957)

Board member

Mr. Lytzen holds a BsC in Mechanical Engineering from Danish Technical University. Mr. Lytzen is Member of the Senior Leadership Team in Teekay Corporation. He joined Teekay in 2007 and was President and Chief Executive Officer in Teekay Petrojarl for over 8 years.

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.



**Ann-Kristin Nielsen
Løvland (1965)**

**Employee representative of the
Board**

Ms Løvland has a degree in English and business from University of Cambridge; she was employed in Sevan Marine in 2006 and is lead for the document control department. Løvland has experience from the Oil and gas industry for more than 20 years in different areas. She has also experience from computerized business like sale, marketing, developing and as course/education instructor. Ms Løvland is a Norwegian citizen with residence in Grimstad.



Vidar Andersen (1955)

**Employee representative of the
Board**

Mr. Andersen holds an MSc in Mechanical Engineering from University of Trondheim (NTH/NTNU). He has a long experience in the oil & gas and marine industry, worked for Aker Engineering on Gullfaks, Sleipner and Troll projects, was project department manager in Kværner Process Systems, worked in FMC Energy Systems with subsea processing, and was project manager in Hamworthy Gas Systems for equipment to LPG ships. He joined Sevan Marine in 2008. Mr. Andersen is a Norwegian citizen with residence in Bærum, Norway.

Senior Management



Reese McNeel (1977)

CEO/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 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 worked with oil companies and offshore service providers over the past decade. Mr. McNeel is a US citizen with residence in Oslo, Norway.



Alf-Roger Skikstein (1963)

Head of Operation and Projects

Mr. Skikstein holds a BA in Mechanical Engineering from Trondheim College of Engineering. Mr. Skikstein has previous experience as Mechanical Engineer and Project Manager in KANFA from 2000 to 2007; Mechanical Engineer, Project Manager and Department Manager in Kværner Process Systems from 1990 to 2000. Mr. Skikstein is a Norwegian citizen with residence in Asker, Norway.



Otto Skjåstad (1958)

**Head of Engineering and
Technology**

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.



Knut Bredahl (1973)

Head of Sales and Marketing

Mr. Bredahl holds an MSc in Chemical Engineering from NTNU in Trondheim 1996. He has experience within Sevan Marine's engineering department, as Country Manager Malaysia for KANFA Group through 2014 and 2015 and Project Engineer with Aker Floating Production ASA from 2007 to 2012. Mr Bredahl held various positions within Aker Kvaerner Process Systems AS, and Kvaerner Process Systems Asia Pacific Sdn Bhd from 1998 to 2007. Mr Bredahl is a Norwegian citizen with residence in Oslo, Norway.

Consolidated statement of financial position

USD million	Note	31.12.2016	31.12.2015
ASSETS			
Non-current assets			
Other fixed assets		0.2	0.6
Intangible assets	6	0.7	1.3
Loan	8a,18,23,29	0.0	16.0
Other non-current assets	27,29	5.4	5.4
Total non-current assets		6.3	23.3
Current assets			
Trade and other receivables	8a,8b,9,23,29	2.6	26.7
Cash and cash equivalents	8a,8b,10	24.8	36.6
Total current assets		27.4	63.3
Assets held for sale	5	8.8	
TOTAL ASSETS		42.5	86.6
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		-31.2	-12.6
Total shareholders' equity		24.5	43.0
Non-controlling interest		1.0	6.8
TOTAL EQUITY		25.5	49.8
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	15	0.7	0.9
Deferred income tax liabilities	14	0.0	0.3
Total non-current liabilities		0.7	1.2
Current liabilities			
Debt to credit institutions	10	0.0	0.6
Tax payable	14	1.1	4.5
Trade payables	8a,23	0.2	3.9
Provisions	16	0.0	0.9
Other current liabilities	13	7.6	25.7
Total current liabilities		8.9	35.6
Total liabilities		9.7	36.8
Liabilities held for sale	5	7.4	
TOTAL EQUITY AND LIABILITIES		42.5	86.6

Consolidated statement of profit or loss

USD million	Note	2016	2015
Continued operations			
Operating revenue	5	14.0	28.3
Operating expense		-5.0	-10.9
Depreciation, amortization and impairment	6	-0.9	-6.3
Employee benefit expense	17	-11.7	-16.8
Other operating expense	26	-9.4	-8.6
Foreign exchange gain/(loss) related to operation	25	-0.2	-0.4
Total operating expense		-27.3	-43.0
Operating profit/(loss)		-13.3	-14.7
Financial income	18	0.5	1.2
Financial expense	18	-16.0	-37.6
Foreign exchange gain/(loss) related to financing	25	0.4	-2.3
Net financial items		-15.1	-38.7
Profit/(loss) before tax		-28.4	-53.4
Tax income/(expense)	14	0.7	-4.8
Net profit/(loss) continued operations		-27.7	-58.2
Net profit/(loss) discontinued operations	5	2.4	-3.8
Net profit/(loss)		-25.4	-62.0
Earnings per share for profit/(loss) attributable to the equity holders of the Company during the year (USD per share):			
- Basic	19	-0.48	-1.18
- Diluted	19	-0.48	-1.18
Net profit/(loss) continued operations		-27.7	-58.2
Net profit/(loss) discontinued operations		1.2	-1.9
Net profit/(loss) attributable to equity holders		-26.5	-60.1
Net profit/(loss) continued operations		0.0	0.0
Net profit/(loss) discontinued operations		1.2	-1.8
Net profit/(loss) attributable to non-controlling interest		1.2	-1.8

Oslo, April 27, 2017

The Board of Directors of Sevan Marine ASA

 Erling Øverland Chairman	 Peter Lytzen Board Member
 Ingild Sæther Board Member	 Kjetil Sjursen Board Member
 Vidar Andersen Employee Representative	 Ann-Kristin Nielsen Løvland Employee Representative
	 Kathryn M. Baker Board Member
	 Reese McNeel CEO

Consolidated statement of comprehensive income

USD million	2016	2015
Net profit/(loss)	-25.4	-62.0
Actuarial gains/losses pension plan not classified to profit or loss in subsequent period	-0.1	0.1
Foreign currency translation to be classified to profit or loss in subsequent period	0.0	0.7
Recycling of currency translation sale of Aragon Group	1.0	0.0
Comprehensive income	-24.5	-61.2
Comprehensive income attributable to equity holders	-25.6	-59.4
Comprehensive income attributable to non-controlling interest	1.2	-1.8

Consolidated statement of changes in equity

USD million		Attributable to equity holders of the Company					
	Note	Share capital	Share premium	Other equity	CTA	Non-controlling interest	Total equity
December 31, 2015	11	34.6	21.0	-10.5	-2.1	6.8	49.8
Net profit/(loss)				-26.5		1.2	-25.4
Other comprehensive income				-0.1	1.0		0.9
Total comprehensive income		0.0	0.0	-26.6	1.0	1.2	-24.5
Change in non-controlling interest				7.0		-7.0	0.0
December 31, 2016	11	34.6	21.0	-30.2	-1.1	1.0	25.5

USD million		Attributable to equity holders of the Company					
	Note	Share capital	Share premium	Other equity	CTA	Non-controlling interest	Total equity
December 31, 2014	11	34.6	21.0	49.6	-2.8	8.6	111.0
Net profit/(loss)				-60.2		-1.8	-62.0
Other comprehensive income				0.1	0.7		0.8
Total comprehensive income		0.0	0.0	-60.1	0.7	-1.8	-61.2
December 31, 2015	11	34.6	21.0	-10.5	-2.1	6.8	49.8

Consolidated cash flow statement

USD million	Note	2016	2015
Cash flows from operating activities			
Cash from operations	21	-4.7	-4.9
Taxes paid		-3.5	-0.9
Net cash generated from continued operating activities		-8.2	-5.8
Net cash generated from discontinued operating activities		-4.5	5.3
Net cash generated from operating activities		-12.7	-0.5
Cash flows from investment activities			
Purchase of property, plant and equipment (PPE)		0.0	-0.1
Purchase of intangible assets		0.0	-0.8
Sale of shares KANFA Aragon		2.4	0.0
Repayment of Logitel loan		0.0	10.0
Net cash from continued investment activities		2.4	9.1
Net cash from discontinued investment activities		0.0	0.0
Net cash from investment activities		2.4	9.1
Cash flows from financing activities			
Dividends paid		0.0	0.0
Net cash from continued financing activities		0.0	0.0
Net cash from discontinued financing activities		0.0	0.6
Net cash from financing activities		0.0	0.6
Net cash flow for the period - continued activities		-5.8	3.4
Net cash flow for the period - discontinued activities		-4.5	5.9
Cash balance at the beginning of the year		36.6	27.3
Cash balance at the end of the year		26.2	36.6
Cash balance at the end of the year - continued operations		24.8	30.6
Cash balance at the end of the year - discontinued operations		1.4	5.9

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 and the HiLoad LNG technology.

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

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

These consolidated financial statements were approved by the Board of Directors on April 27th, 2017.

Overview of Group structure as of December 31, 2016:

Subsidiaries	Registered office	Indirect interest held	Share holder	Shareholder interest	Equity	Profit/(loss) 2016
KANFA AS	Norway	51 %	Sevan Marine ASA	51 %	1.1	1.8
KANFA Ingenium Process AS	Norway	28 %	KANFA AS	54 %	1.6	0.0
KANFA South East Asia	Malaysia	51 %	KANFA AS	51 %	0.1	0.0
HiLoad LNG AS	Norway	95 %	Sevan Marine ASA	95 %	1.0	-0.9
Sevan Holding V AS	Norway	100 %	Sevan Marine ASA	100 %	-0.1	-16.0
Sevan Asia Pte Ltd	Singapore	100 %	Sevan Marine ASA	100 %	2.5	-0.1
Sevan Management Services Pte Ltd	Singapore	100 %	Sevan Asia Pte Ltd	100 %	2.4	-0.4
Sevan (Shanghai) Co	China	100 %	Sevan Asia Pte Ltd	100 %	0.1	0.0
Sevan Marine do Brasil Ltda	Brazil	100 %	Sevan Marine ASA	100 %	0.0	0.0

Associates	Registered office	Interest held	Interest held
Arendal Brygge AS	Norway	35 %	Sevan Marine ASA 35 %

Amounts in the tables above are prepared in local GAAP and presented in USD million.

Subsidiaries listed above are included in Sevan Marine ASA’s consolidated financial statements, as the control criteria in IFRS 10 are met.

The ownership in KANFA companies 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. As of 31 December 2016, Sevan Marine finds it highly probable that its remaining 51% share in KANFA AS will be sold and according to IFRS 5, the KANFA Group assets and liabilities are classified as held for sale and corresponding results are presented as discontinued operations. Reference is made to note 2.18, 4.2 and 5.

The interest percentage held in 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.

KANFA Aragon AS was sold on June 28, 2016 and KANFA Aragon Group is deconsolidated in the 2016 financial statement. KANFA Mator AS was merged with KANFA AS in December 2016.

Sevan Marine do Brasil Ltda is in process of being liquidated as of 31 December, 2016.

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 million 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, 2016. The consolidated financial statements have been prepared under the historical cost convention. No changes have been made in IFRS framework conditions that have a material effect on this year's financial statements. For information regarding future changes in financial standards, see Note 2.1.1.

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 Future changes in standards

The consolidated financial statements could be affected by future changes in IFRS. The IASB has both published and is working on projects that might affect Sevan Marine Group's financial statements. The most important standards that could entail changes are the new IFRS 15 Revenue from Contracts with Customers (published in May 2014), IFRS 9 Financial Instruments (published in July 2014) and IFRS 16 Leases (published in January 2016). Work is also in progress on changes in the IFRS Conceptual Framework and a new standard for Insurance Contracts. We have evaluated the possible impact of the adoption of these future new standards for the continued operations:

IFRS 9 Financial Instruments (effective from 1 January 2018). The standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. We expect the adoption of IFRS 9 will have a minor or no impact on the classification and measurement of the Group's financial assets. The Group does not apply hedge accounting.

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018). IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Based on the current customer contracts in continued operations, we do not expect the adoption of IFRS 15 will have any significant impact on the Group's revenue recognition.

IFRS 16 Leases (effective from 1 January 2019, but not approved by the EU). IFRS 16 establishes significant new accounting policies for lessees. IFRS 16 eliminates the current distinction between operating and finance leases as is required by IAS 17 Leases and, instead, introduces a single lessee accounting

model. When applying the new model, a lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value, and recognise depreciation of lease assets separately from interest on lease liabilities in the income statement. For the Group this implies that current operating leases satisfying the criteria will be recognised with assets and liabilities. However, based on the Group's current leasing contracts the change is not expected to have any significant positive impact on EBITDA in the Group's consolidated income statement and is not expected to increase total assets and net debt.

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 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) Topsides 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 Topsides and Process Technology consists of the activities of KANFA AS and KANFA Aragon AS with 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.

2.4 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.

2.5 Intangible assets

Computer software

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

Technology rights

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

2.6 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. Recoverable amounts for the assets or CGUs for which impairment loss has been recognized or reversed during the period have been disclosed.

2.7 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 and other financial assets 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 and other financial assets 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 for impairment of trade receivables is recognized in the income statement as 'other operating expense'. The provision for impairment of other financial assets is recognized in the income statement as 'financial expense'.

Hedge accounting has not been applied in 2016 or 2015.

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.

2.8 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.

2.9 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.

2.10 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.

2.11 Employee Benefits

Pension obligations

As of year-end 2016 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged directly against equity through the statement of comprehensive income.

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.

2.12 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.

2.13 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 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 revenue recognised from construction contract reference is made to Note 2.15 below.
- Dividend income is recognized when the right to receive payment is established.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sales transaction, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that

significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations

- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 5. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

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 Marine service 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. 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

2016 and 2015:

Sevan Marine has provided security to Nordea for guarantees, overdraft facilities and derivative transactions for KANFA Aragon AS and the KANFA AS Group. In the security arrangements the Company is committed to keep a minimum of NOK 20 million in cash in the accounts. The security arrangements for KANFA Aragon AS were terminated in 2016 when the 50% share was sold.

The security arrangements are described further in note 22.

3.1.5 Capital Management

For the purpose of the Group's capital management, capital means total equity and cash balance. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manage the capital through budget tracking and cost monitoring.

The Group has exercised a conservative capital and cash management during 2016 and 2015. 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.

3.3 Investigation

As announced, the Board received in October 2015 the external investigation report regarding allegations of possible improper conduct related to historical contracts with Petrobras in Brazil from Advokatfirmaet Selmer DA ("Selmer"). Sevan Marine decided to hand the report over to the Norwegian authority for investigation and prosecution of economic and environmental crime ("ØKOKRIM"). Sevan Marine has made no payments and had no interaction with the agent in question or any of his companies since the IPO of drilling activities and restructuring of Sevan Marine ASA in 2011. Sevan Marine is cooperating fully with relevant authorities in the various jurisdictions involved (Norway, Brazil, US and UK). Sevan Marine adheres to the strictest of compliance and ethical standards and continues to take this matter very seriously. Sevan Marine ASA has to date not been charged by any of the authorities involved.

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.

Construction contracts

The recognition of revenue and the estimation of the outcome of construction contracts require significant management judgment, in particular with respect to estimating the stage of completion and the expected time to completion. In addition, significant management judgment is required to assess the expected loss when it is expected that the total project costs will exceed the project revenues in respect of construction contracts.

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 are not met and no deferred tax assets have been recognized in 2016.

Provisions

The Group uses estimates in calculating provisions. Reference is made to Note 16.

4.2 Critical Judgments in Applying the Group's Policies

Loan and variable fee Logitel

The remaining Convertible bond loan to Logitel Offshore Pte Ltd of USD 50 million is classified as loan. Management has used judgements when assessing the impact of the 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. Management has estimated a full impairment of the loan to Logitel Offshore.

Management has also used judgement when assessing the recovery value of USD 5 million of variable fee related to unit #1 and the impairment of USD 5 million of impairment related to unit #2.

Reference is made to Note 29.

Discontinued operations

The Company received formal notification in January 2017 of TechnipFMC's intention to exercise the option to buy Sevan Marine's 51% shareholding in KANFA AS. Sevan Marine expects a closing of the transaction within the second quarter of 2017. The Topsides and Process Technology segment is a major line of business and presented as discontinued operations. The investment in KANFA Aragon AS was disposed during 2016.

KANFA AS - Control issue

TechnipFMC has an option to buy the Sevan Marine's 51% shareholding in KANFA AS. Based on factual circumstances regarding finance arrangements and ongoing processes, we have evaluated that the option does not contain any substantive right at December 31, 2016 that gives TechnipFMC the current ability to direct the relevant activities before the contract is settled. The investment in KANFA AS does meet the control criteria in IFRS 10 at December 31, 2016 and is consolidated as Sevan Group Company.

Note 5 Segment information and discontinued operations

Operating segments considered from a business perspective

The Group's segment reporting is divided into two: (i) Floating Production and (ii) Topsides and Process Technology. Determination of the operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

Revenue in the Floating Production segment consists of the activities relating to the Goliat project, the Western Isles project and several studies. Income related to the Goliat customer, ENI constitutes 19% (26%) of total external customer revenues. Income related to the Western Isles customer, Dana Petroleum, constitute 18% (14%) of total external customer revenues.

The Topsides and Process Technology segment consists of the activities of **KANFA Group** (KANFA AS, KANFA Ingenium Process AS and KANFA South East Asia) and **KANFA Aragon** (KANFA Aragon AS and KANFA Aragon Americas) whose primary business activities relate to the provision of services and equipment to processing plants for FPSOs. Income related to the OCTP customer, Yinson Production constitutes 63% (67%) of total external customer revenues.

Topsides and Process Technology segment - discontinued operations

Sevan Marine's 50% share in **KANFA Aragon** was sold June 28, 2016 and was deconsolidated from Sevan Marine Group at the transaction date. The sales price was NOK 20 million (USD 2.4 million), see cash flow statement. Group gain from the sale was USD 0.6 million booked as gain in discontinued operations.

TechnipFMC has an option to purchase the remaining 51% share in **KANFA Group**. The period for exercising the option is from January 1st to May 31st 2017. At the balance sheet date, management has assessed the likelihood of TechnipFMC exercising the option to be highly probable. Reference is made to Note 30 events after balance sheet date.

The Topsides and Process Technology segment represents a separate major line of business and is presented as discontinued operations after IFRS 5 in the statement of profit or loss. Segment assets and liabilities are classified as held for sale in the statement of financial position.

Segment results	Floating Production		Topsides and Process Technology		Eliminations		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
USD million								
Continued operations								
External revenue	14.0	28.3	32.6	51.7	-32.6	-51.7	14.0	28.3
Internal revenue	0.3	0.4	0.0	0.0	-0.3	-0.4	0.0	0.0
Total revenue	14.3	28.7	32.6	51.7	-32.9	-52.1	14.0	28.3
Operating expense	-26.4	-36.6	-29.6	-53.7	29.9	54.1	-26.1	-36.2
Foreign exchange gain/(loss) operation	-0.2	-0.4	0.0	-0.3	0.0	0.3	-0.2	-0.4
EBITDA	-12.4	-8.4	3.0	-2.3	-3.0	2.3	-12.4	-8.4
Depreciation, amortization & impairment	-0.9	-6.3	0.0	-0.1	0.0	0.1	-0.9	-6.3
Operating profit/(loss)	-13.3	-14.7	3.0	-2.4	-3.0	2.4	-13.3	-14.7
Financial income/(expense)	-15.5	-36.4	-0.1	-1.1	0.1	1.1	-15.5	-36.4
Foreign exchange gain/(loss) finance	0.4	-2.3	-1.0	-0.4	1.0	0.4	0.4	-2.3
Net financial items	-15.1	-38.7	-1.1	-1.5	1.1	1.5	-15.1	-38.7
Profit/(loss) before tax	-28.4	-53.4	1.8	-3.8	-1.8	3.8	-28.4	-53.4
Tax income/(expense)	0.7	-4.8	-0.1	0.0	0.1	0.0	0.7	-4.8
Net profit/(loss) cont. operations	-27.7	-58.2	1.7	-3.8	-1.7	3.8	-27.7	-58.2
Discontinued operations								
Net profit/(loss) disposed group	0.0	0.0	0.0	0.0	0.0	-2.9	0.0	-2.9
Gain sale of disposed group	0.0	0.0	0.6	0.0	0.0	0.0	0.6	0.0
Net profit/(loss) held for sale	0.0	0.0	0.0	0.0	1.8	-1.0	1.8	-1.0
Net profit/(loss) discount. operations	0.0	0.0	0.6	0.0	1.7	-3.8	2.4	-3.8
Net profit/(loss)	-27.7	-58.2	2.4	-3.8	0.0	0.0	-25.4	-62.0

<i>Segment assets and liabilities</i>		Floating Production		Topside and Process Technology		Eliminations		Total	
<i>USD million</i>		31.12.16	31.12.15	31.12.16	31.12.15	31.12.16	31.12.15	31.12.16	31.12.15
Segment assets									
Fixed assets		0.2	0.6	0.0	0.1	0.0	0.0	0.2	0.6
Intangible assets		0.7	1.3	0.0	0.0	0.0	0.0	0.7	1.3
Loan		0.0	16.0	0.0	0.0	0.0	0.0	0.0	16.0
Other non-current assets		5.4	5.4	0.0	0.0	0.0	0.0	5.4	5.4
Total non-current assets		6.3	23.2	0.0	0.1	0.0	0.0	6.3	23.3
Trade and other receivables		2.6	10.5	7.4	16.2	-7.4	0.0	2.6	26.7
Cash and cash equivalents		24.8	30.6	1.4	5.9	-1.4	0.0	24.8	36.6
Total current assets		27.4	41.2	8.7	22.1	-8.7	0.0	27.4	63.3
Assets held for sale		0.0	0.0	0.0	0.0	8.8	0.0	8.8	0.0
Total segment assets		33.7	64.4	8.8	22.2	0.0	0.0	42.5	86.6
Segment liabilities									
Retirement benefit obligations		0.7	0.5	0.1	0.4	-0.1	0.0	0.7	0.9
Other non-current liabilities/provisions		0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.3
Total non current liabilities		0.7	0.5	0.1	0.6	-0.1	0.0	0.7	1.2
Debt to credit institutions		0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.6
Tax payable		1.1	4.5	0.4	0.0	-0.4	0.0	1.1	4.5
Trade payables		0.2	0.7	2.1	3.2	-2.1	0.0	0.2	3.9
Provisions		0.0	0.6	0.1	0.3	-0.1	0.0	0.0	0.9
Other current liabilities		7.6	9.2	4.7	16.5	-4.7	0.0	7.6	25.7
Total current liabilities		8.9	15.0	7.3	20.6	-7.3	0.0	8.9	35.6
Liabilities held for sale		0.0	0.0	0.0	0.0	7.4	0.0	7.4	0.0
Total segment liabilities		9.7	15.5	7.4	21.2	0.0	0.0	17.0	36.8

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

** Topside and Process Technology segment assets and liabilities are classified as held for sale in the Statement of financial position.

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, based on customer location, is as follows:

<i>USD million</i>	2016	2015
Norway	6.3	11.3
UK	5.3	8.4
Singapore	2.4	8.6
Revenue continued operation	14.0	28.3
Norway	12.0	13.6
Singapore	20.6	34.8
Malaysia	0.0	3.3
Revenue discontinued operation	32.6	51.7

Accounting principles applied for segmentation are outlined in Note 2.

Note 6 Intangible assets

USD million	Goodwill	Software	Technology rights	Total
Year ended December 31, 2016				
Book value January 1	0.0	0.3	0.9	1.3
Additions	0.0	0.0	0.0	0.0
Impairment charge	0.0	0.0	0.0	0.0
Amortization	0.0	-0.3	-0.2	-0.5
Book value December 31	0.0	0.0	0.7	0.7
At December 31, 2016				
Cost or valuation	11.9	8.1	1.0	21.0
Accumulated amortization and impairment	-11.9	-8.1	-0.3	-20.3
Book value December 31	0.0	0.0	0.7	0.7

USD million	Goodwill	Software	Technology rights	Total
Year ended December 31, 2015				
Book value January 1	6.0	0.4	0.2	6.6
Additions	0.0	0.0	0.8	0.8
Impairment charge	-6.0	0.0	0.0	-6.0
Amortization	0.0	-0.1	-0.1	-0.1
Book value December 31	0.0	0.3	0.9	1.3
At December 31, 2015				
Cost or valuation	11.9	8.1	1.0	21.0
Accumulated amortization and impairment	-11.9	-7.8	-0.1	-19.8
Book value December 31	0.0	0.3	0.9	1.3

Impairment tests for goodwill

Goodwill is related to the segment Topside & Process Technology which is one of the Group's cash-generating units (CGU) as identified according to the operating segment. The recoverable amount of the CGU was determined based on the option agreement with Technip and future outlook. Based on the impairment test performed, Sevan Marine wrote down the remaining goodwill of USD 6 million in 2015.

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

Note 7 Investment in associates

USD million	2016	2015
Book value January 1	0.0	* 0.4
Income/(loss) from associated companies	0.0	0.0
Write-down	0.0	-0.4
Book value December 31	0.0	0.0

* 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.

Financial assets

USD million	2016	2015
Loan	0.0	16.0
Trade receivables	2.0	8.1
Cash and cash equivalents	24.8	36.6
Total financial assets	26.8	60.7

Financial liabilities

USD million	2016	2015
Trade payables	0.2	3.9
Debt to credit institution	0.0	0.6
Derivatives used for hedging	0.0	0.5
Total financial liabilities	0.2	5.0

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

USD million	2016	2015
<i>Counterparty with external credit rating:</i>		
A+	0.2	1.9
BBB	0.0	1.5
A-	0.1	1.4
AAA	0.3	0.4
B+	0.9	0.3
AA+	0.0	0.1
Baa1	0.1	0.0
<i>Counterparty without external credit rating:</i>		
Group 1 - New customers (less than 6 months)	0.3	0.6
Group 2 - Existing customers (more than 6 months) with no defaults in the past	0.0	1.9
Group 3 - Existing customers (more than 6 months) with some defaults in the past	0.0	0.0
Total trade receivables	2.0	8.1

Cash and cash equivalents

USD million	2016	2015
Aa2	2.0	18.2
Aa3	21.6	5.5
A1	1.0	12.2
Not rated	0.2	0.7
Total cash and cash equivalents	24.8	36.6

Note 9 Trade and other receivables

Specification of trade and other receivables

USD million	2016	2015
Trade receivables	2.2	9.4
Provision for impairment of receivables	-0.2	-1.3
Trade receivables – net	2.0	8.1
Prepayments	0.5	1.2
Variable Logitel - current part	0.0	5.0
Other receivables	0.1	0.5
Accrued income	0.0	11.8
Trade and other receivables	2.6	26.7

The Group has not made any actual losses on receivables during 2016 or 2015.

Fair value of trade and other receivables were equal to booked values listed in table above.

Ageing of trade receivables

USD million	2016	2015
Before due date	0.9	4.2
Up to 3 months after due date	0.3	2.1
Between 3 and 6 months after due date	0.8	0.6
More than 6 months after due date	0.0	1.2
Total trade receivables	2.0	8.1

Trade receivables that are less than three months past due are generally not considered for impairment. At balance sheet date, trade receivables of USD 1.1 million (2015: 3.9) were past due but not impaired except for the provision of USD 0.2 million. These overdue receivables relate to several independent customers with whom the Group has no history of default.

Currency denomination of trade receivables, carrying amounts

USD million	2016	2015
USD	0.9	1.4
NOK	1.1	5.1
EUR	0.0	1.5
Total trade receivables	2.0	8.1

Note 10 Cash and cash equivalents

USD million	2016	2015
Cash at bank and in hand	23.5	35.4
Restricted employees' tax deduction fund	0.3	0.6
Restricted short-term bank deposits	1.0	0.5
Total cash and cash equivalents	24.8	36.6
Debt to credit institutions	0.0	-0.6
Net cash and cash equivalents	24.8	36.0

Note 11 Share capital

The total authorized number of ordinary shares was 52.6 million (2015: 52.6 million) with a par value of NOK 4.00 per share. All issued shares were fully paid at balance sheet date.

USD million	Number of shares	Share capital	Share premium	Total
January 1, 2016	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, 2016	52,606,999	34.6	21.0	55.6

USD million	Number of shares	Share capital	Share premium	Total
January 1, 2015	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, 2015	52,606,999	34.6	21.0	55.6

20 largest shareholder accounts at December 31, 2016:

Shareholder accounts	Number of shares	Ownership-share (%)
TEEKAY SERVICE HOLDINGS COÖPER. UA	22,893,631	43.5
HOME CAPITAL AS	2,435,448	4.6
F2 FUNDS AS	1,722,883	3.3
MATHIAS HOLDING AS	1,600,000	3.0
DEUTSCHE BANK AG	1,275,997	2.4
SUNDT AS	1,257,486	2.4
KING KONG INVEST AS	1,250,000	2.4
GOLDMAN SACHS INTERNATIONAL	1,249,976	2.4
MP PENSJON PK	837,584	1.6
ANDENERGY AS	804,326	1.5
INVESCO PERP EURAN SMLER COMPS FD	765,804	1.5
BAKLIEN	700,000	1.3
HORTULAN AS	648,909	1.2
APOLLO ASSET LTD.	600,000	1.1
SVENSKA HANDELSBANKEN AB	598,581	1.1
BEKKESTUA EIENDOM AS	542,066	1.0
PARETO BANK ASA	500,000	1.0
DNB NOR MARKETS, AKSJEHAND/ANALYSE	499,628	0.9
ALDEN AS	428,000	0.8
GRANLUND HOLDING AS	427,201	0.8
Total, 20 largest shareholder accounts	41,037,520	78.0
Remaining shareholders	11,569,479	22.0
Total shareholders	52,606,999	100.0

20 largest shareholder accounts at December 31, 2015:

Shareholder accounts	Number of shares	Ownership-share (%)
TEEKAY SERVICE HOLDINGS COÖPER. UA	21,091,847	40.1
HOME CAPITAL AS	2,435,448	4.6
GOLDMAN SACHS INTERN	2,217,852	4.2
ILIAD INTERNATIONAL*	1,801,784	3.4
F2 FUNDS AS	1,767,095	3.4
SUNDT AS	1,257,486	2.4
MATHIAS HOLDING AS	1,200,000	2.3
DNB NOR MARKETS, AKS	1,085,718	2.1
PREDATOR CAPITAL MAN	908,000	1.7
MP PENSJON PK	837,584	1.6
ANDENERGY AS	804,326	1.5
INVESCO PERP EUR SMA	765,804	1.5
KING KONG INVEST AS	700,000	1.3
BAKLIEN ÅSMUND	700,000	1.3
MSCO EQUITY FIRM ACC	681,266	1.3
CARE HOLDING AS	555,463	1.1
BEKKESTUA EIENDOM AS	534,000	1.0
DEUTSCHE BANK AG	500,000	1.0
CITIBANK, N.A.	493,241	0.9
PERESTROIKA AS	492,857	0.9
Total, 20 largest shareholder accounts	40,829,771	77.6
Remaining shareholders	11,777,228	22.4
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:

	2016 Average exercise price after reverse share split (NOK per share)	No. of options	2015 Average exercise price after reverse share split (NOK per share)	No. of options
January 1	0	0	881	33,000
Granted	0	0	0	0
Exercised	0	0	0	0
Lapsed/forfeited	0	0	-881	-33,000
December 31	0	0	0	0

At balance sheet date 2016 and 2015 there are no remaining options, all options remaining expired in 2015 and no options were exercised during 2016 and 2015.

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

Year of expiration	Exercise price after reverse share split (NOK per share)	Share options remaining at the end of year	
		2016	2015
2011	3,840	0	0
2011	3,880	0	0
2011	3,790	0	0
2011	3,520	0	0
2011	3,350	0	0
2012	3,760	0	0
2012	5,300	0	0
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	0	0
2016	0	0	0
Total		0	0

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 2016 and 2015.

Note 13 Other current liabilities

USD million	Note	2016	2015
Income tax payable		0.0	0.1
Employer's contribution tax and other taxes		0.5	1.9
Project accruals		0.0	14.7
Employee related payables		2.7	3.8
Accrual Piranema ANP environmental fine	30	3.7	3.8
Other current liabilities		0.6	1.4
Total other current liabilities		7.6	25.7

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.

Specification of booked deferred tax assets/(liabilities)

USD million	2016	2015
Specification net deferred tax assets/(liabilities):		
– Deferred tax asset to be reversed after more than 12 months	113.6	100.7
– Deferred tax asset/(liability) to be reversed after more than 12 months	-1.4	-2.0
Net deferred tax assets/(liabilities)	112.2	98.8
Deferred tax assets not recognized in the balance sheet	-112.2	-99.1
Net deferred tax assets/(liabilities) recognized in the balance sheet	0.0	-0.3
Reconciliation of deferred tax assets/(liabilities), net:		
Book value January 1	-0.3	-0.1
Income statement charge relating to deferred tax assets	0.0	0.1
Income statement charge relating to deferred tax liabilities	0.3	-0.3
Book value December 31	0.0	-0.3

Specification of deferred tax assets/(liabilities) booked and not booked

USD million	2016	2015
Deferred tax assets:		
Pension liabilities	0.2	0.1
Investments and receivables	8.4	4.6
Fixed assets	0.3	0.3
Accounting provisions	0.0	0.2
Losses carry forward	102.8	93.7
Deferred tax assets continued operations	111.7	98.8
Deferred tax assets discontinued operations	1.8	2.0
Total deferred tax assets	113.6	100.7
Deferred tax liabilities:		
Unrealized currency gain/(loss)	-0.4	-0.5
Construction contracts	0.0	0.0
Accounting revenue accruals	0.0	-0.6
Deferred tax liabilities continued operations	-0.4	-1.1
Deferred tax liabilities discontinued operations	-1.0	-0.9
Total deferred tax liabilities	-1.4	-2.0

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 were not met. Reference is made to Note 4.1 for further information.

Reconciliation of tax payable

USD million	2016	2015
Book value January 1	-4.5	0.0
Accrual disputed tax and interest, tax claim 2012	0.0	-3.4
Accrual disputed penalty tax, tax claim 2012	0.0	-1.1
Payment of disputed tax and interest, tax claim 2012	3.4	0.0
Book value December 31	-1.1	-4.5

Specification of tax income/(expense)

USD million	2016	2015
Current tax	-0.1	-0.2
Adjustment tax return 2014	0.0	-0.1
Change deferred tax	0.0	0.0
Reversal tax accrual	0.8	0.0
Disputed tax claim 2012	0.0	-4.5
Net tax income/(expense)	0.7	-4.8

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

USD million	2016	2015
Profit/(loss) before tax	-28.4	-53.4
Tax calculated at domestic tax rates applicable to profits in each respective countries	7.1	14.4
Income not subject to tax	0.2	0.2
Currency translation adjustment	0.0	-2.3
Expenses not deductible	-2.4	-1.2
Realized tax losses investments	0.0	37.2
Change temporary differences	-1.3	-6.8
Tax losses for which no deferred income tax asset was recognized	-3.7	-41.5
Tax income/(expense)	0.0	0.0
Gross revenue tax	-0.1	-0.1
Tax charge relating to previous years	0.0	-4.6
Reversal tax accrual	0.8	0.0
Tax permanent establishment	0.0	0.0
Withholding tax	0.0	-0.1
Net tax income/(expense)	0.7	-4.8

On January 19, 2016, Sevan Marine received a notice from Skatt Sør (Norwegian tax authorities) that the tax assessment for 2012 will be adjusted. Sevan Marine therefore recorded a conservatively USD 4.6 million (NOK 40.9 million) provision for the full amount of the potential additional tax (USD 3.4 million), interest (USD 0.1 million) and penalty tax (USD 1.1 million). The potential tax together with interest of USD 3.5 million was paid in 2016. Sevan Marine strongly disagrees with the tax authorities' view with respect to the factual as well as legal issues. The tax issue is still not resolved and Sevan Marine continues to challenge the decision by the Norwegian tax authorities. The outcome of this matter together with any potential recovery of tax already paid or payment of any potential penalty tax already accrued for remains uncertain.

Note 15 Retirement benefit obligations

The company operates 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 2016 is based on mortality table K2013 (2015: K2013). The principal actuarial assumptions are based on guidelines from the Norwegian Accounting Standards Board.

The defined benefit plans have 12 participants (2015: 15 participants) and these plans have been closed for new participants since 2008. Net pension obligation is 0.7 (2015: 0.5) consisting of gross obligation of 3.8 (2015: 3.9) and pension plan assets of 3.1 (2015: 3.4). The gross obligation includes additional pension assurance plan obligations of 0.5 (2015: 0.4).

Pension cost charged to the income statement is 0.7 (2015: 0.9) whereof 0.2 (2015: 0.2) is related to defined benefit pension plans and 0.4 (2015: 0.6) is related to defined contribution plans and 0.1 (2015: 0.1) is related to an additional pension assurance plan. The defined contribution plan has 39 participants per 31.12.2016 (2015: 67 participants). The Company's pension schemes satisfy the requirements in the Norwegian legislation regarding mandatory occupational pension.

Note 16 Provisions

USD million	Warranties	Bonus	Restructuring	Total
January 1, 2016	0.3	0.6	0.0	0.9
Reversed during the year	0.0	-0.6	0.0	-0.6
Classified as held for sale	-0.3	0.0	0.0	-0.3
December 31, 2016	0.0	0.0	0.0	0.0

USD million	Warranties	Bonus	Restructuring	Total
January 1, 2015	0.2	0.0	4.4	4.6
Arising during the year	0.1	0.6	0.0	0.7
Reversed during the year	0.0	0.0	-0.6	-0.6
Classified as accrual	0.0	0.0	-3.8	-3.8
December 31, 2015	0.3	0.6	0.0	0.9

All provisions in 2016 and 2015 are current in nature.

Warranties

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

Bonus

For 2015 the Company accrued USD 0.6 million for bonuses to employees, the provision was reversed in 2016 and no bonus was paid.

Note 17 Employee benefit expense

Specification of employee expense

USD million	2016	2015
Wages and salaries	9.9	11.8
Employer's contribution tax	1.1	2.0
Pension cost	0.7	0.9
Bonus accrual	-0.6	0.6
Other employee benefit expense	0.6	1.5
Total employee expense	11.7	16.8
No. of man-years continued operation	35	88

2016 remuneration of Senior Management, as expensed:

USD thousand		Salaries	Retirement benefits	Other benefits
Carl Lieungh	CEO	328	50	21
Reese McNeel	CFO	249	21	7
Lars Ødeskaug	COO	355	22	4
Alf-Roger Skikstein	Managing Director Sevan Marine	192	45	4
Fredrik Major	CBDO	209	46	19
Morten Martens Breivik	COS	97	1	0
Otto Skjåstad	CTO	182	15	3
Knut Bredahl	Head of sales and marketing	125	9	3
Aslak Hjelde	Managing Director KANFA AS	253	22	25
Total remuneration paid		1,989	230	86

2015 remuneration of Senior Management, as expensed:

USD thousand		Salaries*	Retirement benefits	Other benefits
Carl Lieungh	CEO	494	51	33
Reese McNeel	CFO	481	22	25
Lars Ødeskaug	COO	332	28	4
Alf-Roger Skikstein	Managing Director Sevan Marine	212	52	5
Fredrik Major	CBDO	233	52	20
Morten Martens Breivik	CoS	197	15	4
Otto Skjåstad	CTO	200	11	3
Aslak Hjelde	Managing Director KANFA AS	263	23	26
Total remuneration paid		2,413	254	120

* Salaries includes bonus and sign-on fees

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 2016 or 2015. Carl Lieungh will receive 0-24 months' salary upon termination of employment dependent on certain conditions.

At the balance sheet date there is no remaining options held by Senior Management (2015: no remaining options). No options were exercised during 2016 and 2015.

Remuneration of the Board of Directors, as expensed:

USD thousand	2016	2015
Erling Øverland, Chairman *	27	0
Siri Hatlen *****	30	63
Jørgen Rasmussen, Deputy Chairman *****	21	43
Kathryn Moore Baker *	15	0
Mari Thjømøe *****	20	42
Peter Lytzen ****	0	0
Ingvild Sæther ****	0	0
Kjetil Sjursen *****	33	15
Ann-Kristin Nielsen Løvland **	7	0
Vidar Andersen **	7	0
Sidsel Skagen **	0	15
Hans Olav Sele ***	15	31
Torlaug Lode ***	15	15
Total remuneration paid	191	226

* Erling Øverland and Kathryn Moore Baker entered the Board May 25th, 2016

** Ann-Kristin Nielsen Løvland and Vidar Andersen entered the Board May 25th, 2016 as Employee representatives

*** Torlaug Lode and Hans Olav Sele resigned from the Board May 25th, 2016. Sidsel Skagen resigned from the Board May 21th, 2015

**** The remuneration was paid to the Companies the Board members are employed

***** Siri Hatlen, Mari Thjømøe and Jørgen Rasmussen resigned from the board May 25th, 2016

***** Kjetil Sjursen entered the Board May 25th, 2015

Remuneration of the Board of Directors was for the period from November 24, 2015 to November 24, 2016.

2016 Salaries and other benefits to Directors as employees:

USD thousand	Salaries	Retirement benefits	Other benefits
Hans Olav Sele	118	8	2
Torlaug Lode	108	7	2
Ann-Kristin Nielsen Løvland	78	4	2
Vidar Andersen	112	7	2

2015 Salaries and other benefits to Directors as employees:

USD thousand	Salaries	Retirement benefits	Other benefits
Hans Olav Sele	133	8	2
Torlaug Lode	112	7	2

* Ann-Kristin Nielsen Løvland and Vidar Andersen entered the Board May 25th, 2016 as Employee representatives. Hans Olav Sele and Torlaug Lode resigned from the Board may 25th, 2016

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

As of December 31, 2016, the following Board members and Senior Management owned or controlled shares in the Company:

Board of Directors

Kjetil Sjursen, Board Member, owns 50,000 shares through Securus AS

Kathryn Moore Baker, Board Member, owns 10,000 shares through Lakeside AS

Vidar Andersen, Employee Representative, owns 1,464 shares

Senior Management

Carl Lieungh, CEO, owns 266,000 shares through Florian AS

Reese McNeel, CFO, owns 22,300 shares

Fredrik Major, CBDO, owns 6,400 shares

Aslak Hjelde, Managing Director KANFA, owns 2,283 shares

Knut Bredahl, Head of sales and marketing, owns 1,184 shares

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 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 a financial income/ (expense) in the Income Statement and are specified in Note 25.

Financial income

USD million	Note	2016	2015
Interest income		0.1	0.2
Partial reversal provision Piranema		0.2	0.6
Other financial income		0.2	0.3
Total financial income		0.5	1.2

Financial expense

USD million	Note	2016	2015
Interest expense		0.0	0.2
Impairment Logitel Loan	29	16.0	37.0
Write down investment in associate		0.0	0.4
Other financial expenses		0.0	0.0
Total financial expense		16.0	37.6

Note 19 Earnings per share

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.

	2016	2015
Profit/(loss) attributable to equity holders of the Company (USD million)	-26.5	-60.1
Weighted average number of ordinary shares on issue (thousands)	52,607	52,607
Basic earnings per share (USD per share)	-0.50	-1.14

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.

	2016	2015
Profit/(loss) attributable to equity holders of the Company (USD million)	-26.5	-60.1
Profit/(loss) used to determine diluted earnings per share (USD million)	-26.5	-60.1
Weighted average number of ordinary shares on issue (thousands)	52,607	52,607
Total remaining share options at balance date (thousands)	0	0
Weighted average number of shares for diluted earnings per share (thousands)	52,607	52,607
Diluted earnings per share (USD per share)	-0.50	-1.14

Note 20 Dividend per share

No dividend was paid by the Company in 2016 or 2015. The Board of Directors will not propose an ordinary dividend to the Annual General Meeting on May 24, 2017. Given the uncertain market outlook, and the unresolved situation with regard to Logitel, no extraordinary dividend is planned for in 2017.

Note 21 Cash generated from operations

USD million	2016	2015
Profit/(loss) before tax continued operations	-28.4	-53.4
<i>Adjustments for:</i>		
– Depreciation and impairment	0.9	6.3
– Unrealized disagio	-0.2	2.4
– Loss provision T&P segment	0.0	0.0
– Impairment Logitel Loan	16.0	37.0
– Impairment Logitel Variable Fee	5.0	0.0
– Write down investment in associate	0.0	0.4
Profit/(loss) from operations before changes in working capital	-6.7	-7.3
<i>Changes in working capital:</i>		
– Trade and other receivables	2.9	17.6
– Trade and other payables	-0.5	-2.6
– Other current liabilities, provisions and charges	-0.4	-12.6
Cash generated from continued operations	-4.7	-4.9

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 0.1 million at balance sheet date (2015: USD 0.3) relating to deliveries to third parties by companies within the KANFA Group classified as discontinued business.

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 liability with Sevan Drilling as intervening party (guarantor) under the charter and service agreements pertaining to “Sevan Brasil”.

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. Reference is made to Note 30 Events after balance sheet date.

Sevan Marine is guarantor for 51% of a NOK 190 million facility in Nordea bank. The facility includes guarantees, overdraft facility and use of derivatives for KANFA AS.

Note 23 Related party transactions

Specification of sale to and purchases from related parties in the period

USD million	2016	2015
Sales to related parties		
Teekay	0.2	1.9
Logitel Offshore	2.5	8.7
Purchases from related parties		
Teekay	0.0	0.2
Arendal Brygge AS	0.5	0.4

Year-end balances arising from related parties transactions

<i>USD million</i>	2016	2015
Receivable from related parties		
Teekay	0.0	0.2
Arendal Brygge AS	0.0	0.1
Logitel Offshore	5.9	10.7
Payable to related parties		
Teekay	0.0	0.0
Arendal Brygge AS	0.0	0.0
Loan to related parties		
Logitel Offshore	0.0	16.0

Logitel Offshore became related party to Sevan Marine in Q3 2014, when Teekay acquired all of the shares in Logitel Offshore. The sales to Logitel Offshore reflect engineering and site supervision services in addition to accrued license revenue in 2015.

Note 24 Operating leases
Operating leases: Group Company as lessee

The Group has entered into several lease- and rental agreements for rental of offices.

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

<i>USD million</i>	2016	2015
No later than 1 year	1.0	1.4
Between 1-5 years	1.6	2.0
Later than 5 years	0.7	1.0
Total lease and rental-obligations	3.3	4.4

The Group expensed USD 1.3 million in lease and rental cost related to continued operations for 2016.

Note 25 Foreign exchange gain/(loss)
Foreign exchange gain/(loss) related to operation:

<i>USD million</i>	2016	2015
Realized gain/(loss)	0.1	-0.3
Unrealized gain/(loss)	-0.3	-0.1
Total foreign exchange gain/(loss) related to operation	-0.2	-0.4

Foreign exchange gain/(loss) related to financing:

<i>USD million</i>	2016	2015
Realized gain/(loss)	-0.1	0.0
Unrealized gain/(loss)	0.5	-2.3
Total foreign exchange gain/(loss) related to financing	0.4	-2.3

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

Note 26 Other operating expense

Specification of other operating expense

USD million	2016	2015
Office cost (IT, rental etc.)	2.3	2.9
Consultancy (audit, tax and legal)	1.8	4.4
Marketing	0.2	0.2
Travel expenses	0.1	0.5
Write down Logitel Variable Fee	5.0	0.0
Other	0.0	0.6
Total other operating expense	9.4	8.6

Specification of auditor's fee (excl. VAT)

USD million	2016	2015
Statutory audit	0.2	0.2
Audit related services	0.1	0.1
Tax related service	0.0	0.0
Other services	0.0	0.0
Total auditor's fee	0.3	0.3

Note 27 Other non-current assets

USD million	Note	2016	2015
Logitel variable fee	29	5.0	5.0
Rental deposit		0.4	0.4
Total other non-current assets		5.4	5.4

Note 28 Construction contracts

The construction contracts are executed only within the T&P segment classified as discontinued operations.

USD million	2016	2015
Revenue from ongoing projects	25.5	46.7
Costs related to earned revenue	20.9	46.2
Allocated to discontinued result on ongoing projects	4.6	0.4
Earned revenue, not invoiced, from ongoing projects included as assets held for sale	4.0	11.3
Accrued costs related to ongoing projects, included in liabilities held for sale	3.6	14.2

Note 29 Loan and variable fee Logitel

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

USD million		Loan non-current portion	Loan current portion	Variable fee non-current portion	Variable fee current portion	Total
	Note					
January 1, 2016		16.0	0.0	5.0	5.0	26.0
Impairment charge, operational cost		0.0	0.0	-5.0	0.0	-5.0
Impairment charge, finance cost	18	-16.0	0.0	0.0	0.0	-16.0
Reclassification		0.0	0.0	5.0	-5.0	0.0
December 31, 2016		0.0	0.0	5.0	0.0	5.0

USD million		Loan non-current portion	Loan current portion	Variable fee non-current portion	Variable fee current portion	Total
	Note					
January 1, 2015		50.0	12.8	8.4	0.0	71.2
Repaid by Logitel		0.0	-10.0	0.0	0.0	-10.0
Impairment charge, finance cost	18	-37.0	0.0	0.0	0.0	-37.0
Income Variable fee		0.0	0.0	1.6	0.0	1.6
Interest income		0.2	0.0	0.0	0.0	0.2
Reclassification		2.8	-2.8	-5.0	5.0	0.0
December 31, 2015		16.0	0.0	5.0	5.0	26.0

On August 04, 2016, Teekay Offshore Partners ("Teekay") announced the cancellation of the shipyard contracts for the two remaining Logitel Offshore units #2 and #3. The outcome of this situation and any potential recovery of value remain uncertain. As such, there remains material uncertainty regarding both the amount and timing of any payments in relation to the Logitel agreements. Sevan Marine has recorded an impairment of USD 16 million in relation to the Logitel loan and USD 5 million impairment related to Variable Fee on unit #2. Sevan Marine will do its utmost to realize the underlying merits and outperform the impairments taken.

Sevan Marine has commenced legal action against Logitel Offshore Pte Ltd claiming payment of approximately USD 60 million in relation to the Logitel loan, and in parallel has commenced arbitration against both Logitel Offshore Pte Ltd and Teekay Offshore Partners LP claiming payment of an amount of approximately USD 10 million in relation to the Fourpartite Agreement. Initial court and arbitration hearings related to these matters have been scheduled for the autumn of 2017. Sevan Marine reserves the right to, at any time, pursue other involved parties. Agreements suspending time-bar limitations have been entered into with such involved parties.

Note 30 Events after balance sheet date

In January 2017, Sevan Marine received a formal notification of TechnipFMC's intention to exercise their option to buy Sevan Marine's remaining 51% shareholding in KANFA AS. The transaction is expected to close in the second quarter of 2017 with no material impact on results.

In March 2017 Sevan Marine ASA reached an agreement with Piranema LLC in relation to the Piranema ANP environmental fines incurred to date. As previously communicated Sevan Marine provided Piranema LLC with an indemnity against such fines in conjunction with the 2011 restructuring and sale of the FPSO Piranema. Sevan Marine will pay Piranema LLC an amount of USD 3 million for fines and related expenses incurred. Sevan Marine will remain liable for any future claims. Neither Sevan Marine nor Piranema LLC is aware of any pending or future claims at this time. Sevan Marine has accounted for and accrued for such costs in other current liabilities with USD 3.7 million. The agreement will lead to a USD 3 million reduction in Sevan Marine's cash balance per the end of Q1 2017 and an accounting financial gain in the range of USD 0.7 million in the quarter.

Sevan Marine ASA – Balance sheet

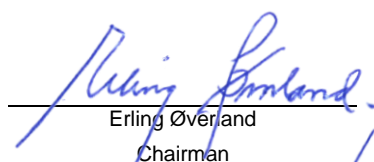
USD million	Note	31.12.2016	31.12.2015
ASSETS			
Non-current assets			
Fixed assets	3	0.2	0.5
Intangible assets	3	0.0	0.3
Investment in subsidiaries	4	5.7	19.8
Other non-current assets from related parties	24	5.0	10.0
Other non-current assets	5	0.4	0.4
Total non-current assets		11.3	31.1
Current assets			
Trade and other receivables	22	1.5	4.1
Receivables from companies in the Group	4	0.4	2.6
Receivables from related parties	24	0.2	0.5
Cash and cash equivalents	6	22.7	27.6
Total current assets		24.7	34.9
Total assets		36.0	66.0
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	-29.2	-3.6
Total equity		26.4	52.0
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	10	0.7	0.5
Total non-current liabilities		0.7	0.5
Current liabilities			
Trade payables		0.2	0.6
Payables to companies in the Group	4	0.0	0.8
Provisions	20	0.0	0.6
Payable tax	2	1.1	4.5
Other current liabilities	14	7.6	7.0
Total current liabilities		8.9	13.5
Total liabilities		9.6	14.0
Total equity and liabilities		36.0	66.0

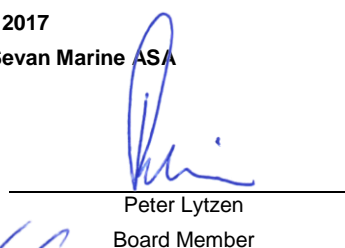
Sevan Marine ASA – Income Statement

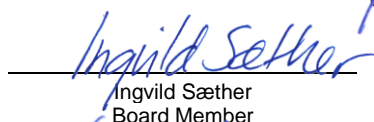
USD million	Note	2016	2015
Operating revenue	16,19	11.8	23.7
Operating expense		3.8	8.3
Depreciation, amortization and impairment	3	0.7	0.3
Employee benefit expense	9	10.5	15.2
Other operating expense	11	8.8	7.8
Foreign exchange (gain)/ loss related to operation		0.2	-0.2
Total operating expense		24.0	31.5
Operating profit/(loss)		-12.2	-7.8
Financial income	21	2.8	2.4
Financial expense	21	-16.5	-18.8
Foreign exchange gain/ (loss) related to financing		0.4	-2.3
Net financial profit/(loss)		-13.3	-18.7
Profit/(loss) before tax		-25.5	-26.5
Tax income/(expense)	2	0.0	-4.5
Annual net profit/(loss)		-25.5	-31.0
<i>Attributable to:</i>			
Equity holders of the Company		-25.5	-31.0
<i>Distribution of dividend:</i>			
Dividend		0.0	0.0
Transfer to/from equity		-25.5	-31.0
Annual net profit/(loss)		-25.5	-31.0
<i>Earnings per share for profit/(loss) attributable to the equity holders of the Company during the year (USD per share):</i>			
- Basic	13	-0.49	-0.59
- Diluted	13	-0.49	-0.59

Oslo, April 27, 2017

The Board of Directors of Sevan Marine ASA


Erling Øverland
Chairman

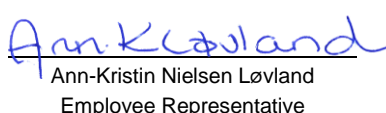

Peter Lytzen
Board Member


Ingvild Sæther
Board Member


Kjetil Stursen
Board Member


Kathryn M. Baker
Board Member


Vidar Andersen
Employee Representative


Ann-Kristin Nielsen Løvland
Employee Representative


Reese McNeel
CEO

Sevan Marine ASA - Cash flow statement

USD million	2016	2015
Cash flows from operating activities		
Profit/(loss) before tax	-25.5	-26.5
<i>Adjustment for:</i>		
Depreciation/amortization	0.7	0.3
Loss provision on loan to third party	0.0	0.0
Write down of investment and receivables in subsidiaries	16.3	18.2
Write down investment in Arendal Brygge AS	0.0	0.4
Sale of shares in KANFA Aragon AS	-1.9	0.0
Unrealized forex loss/(gain)	-0.4	2.3
Write down non-current assets related parties	5.0	0.0
<i>Change in working capital:</i>		
Receivable and payables relating to companies in the Group	1.5	9.3
Conversion of intercompany receivable to investment	-2.0	0.0
Trade and other receivable	2.6	4.5
Trade payables	-0.4	-2.4
Other liabilities, provision and charges	-2.5	-6.9
Cash generated from operations	-6.6	-0.8
Cash flows from operating activities		
Cash from operations	-6.6	-0.8
Net cash flow from operating activities	-6.6	-0.8
Cash flows from investment activities		
Investment in subsidiaries	-0.7	-0.4
Sale of shares in KANFA Aragon AS	2.4	0.0
Purchases of tangible assets	0.0	-0.1
Net cash flow from investment activities	1.7	-0.5
Repayment of loan from subsidiaries	0.0	3.3
Net cash flow from financing activities	0.0	3.3
Net cash flows for the period	-5.0	2.0
Cash balance at the beginning of the year	27.6	25.6
Cash balance at the end of the year	22.7	27.6

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 assets 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

As of year-end 2016 the Company operate 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.

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

USD million	Share capital	Share premium	Other equity	Total equity
December 31, 2015	34.6	21.0	-3.6	52.0
Actuarial gains/losses pension plan			-0.1	-0.1
Annual net profit/(loss)			-25.5	-25.5
December 31, 2016	34.6	21.0	-29.2	26.4

USD million	Share capital	Share premium	Other equity	Total equity
December 31, 2014	34.6	21.0	27.4	82.9
Actuarial gains/losses pension plan			0.0	0.0
Annual net profit/(loss)			-31.0	-31.0
December 31, 2015	34.6	21.0	-3.6	52.0

The total authorized number of ordinary shares was 52.6 million (2015: 52.6 million) with a par value of NOK 4.00 per share (2015: NOK 4.00 per share). All issued shares were fully paid at balance sheet date.

Note 2 Taxes

Specification of booked deferred tax assets/ (liabilities)

USD million	2016	2015
Specification net deferred tax assets/(liabilities):		
– Deferred tax asset to be reversed after more than 12 months	36.6	35.7
– Deferred tax asset/(liability) to be reversed after more than 12 months	-0.4	-1.1
Net deferred tax assets/(liabilities)	36.3	34.6
Deferred tax assets not recognized in the balance sheet	-36.3	-34.6
Net deferred tax assets/(liabilities) recognized in the balance sheet	0.0	0.0

Specification of deferred tax assets/ (liabilities) not booked

USD million	2016	2015
Deferred tax assets:		
Pension liabilities	0.2	0.1
Investments and receivables	0.2	0.3
Fixed assets	0.2	0.2
Accounting provisions	0.0	0.2
Losses carry forward	36.0	35.0
Deferred tax assets	36.6	35.7
Deferred tax liabilities:		
Unrealized currency gain/(loss)	-0.4	-0.5
Accounting revenue accruals	0.0	-0.6
Deferred tax liabilities	-0.4	-1.1

Reconciliation of tax payable

USD million	2016	2015
Book value January 1	-4.5	0.0
Accrual disputed tax and interest, tax claim 2012	0.0	-3.4
Accrual disputed penalty tax, tax claim 2012	0.0	-1.1
Payment of disputed tax and interest, tax claim 2012	3.4	0.0
Book value December 31	-1.1	-4.5

Specification of tax income/ (expense)

USD million	2016	2015
Current tax	0.0	0.0
Change deferred tax	0.0	0.0
Disputed tax claim 2012	0.0	-4.5
Net tax income/(expense)	0.0	-4.5

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

USD million	2016	2015
Profit/(loss) before tax	-25.5	-26.5
Tax calculated (25%)	6.4	7.2
Income not subject to tax	0.2	0.2
Currency translation adjustment	-0.1	-2.3
Expenses not deductible	-2.4	-4.4
Realized tax losses investments	0.0	37.2
Change temporary differences	-0.7	0.0
Tax losses for which no deferred income tax asset was recognized	-3.5	-37.8
Tax income/(expense)	0.0	0.0
Gross revenue tax	0.0	0.0
Tax charge relating to previous years	0.0	-4.5
Net tax income/(expense)	0.0	-4.5

On January 19, 2016, Sevan Marine received a notice from Skatt Sør (Norwegian tax authorities) that the tax assessment for 2012 will be adjusted. Sevan Marine therefore recorded a conservatively USD 4.6 million (NOK 40.9 million) provision for the full amount of the potential additional tax (USD 3.4 million), interest (USD 0.1 million) and penalty tax (USD 1.1 million). The potential tax together with interest of USD 3.5 million was paid in 2016. Sevan Marine strongly disagrees with the tax authorities' view with respect to the factual as well as legal issues. The tax issue is still not resolved and Sevan Marine continues to challenge the decision by the Norwegian tax authorities. The outcome of this matter together with any potential recovery of tax already paid or payment of any potential penalty tax already accrued for remains uncertain.

Note 3 Fixed and Intangible assets

USD million	Software	Machinery, fixtures	Total
Year ended December 31, 2016			
Book value January 1	0.3	0.5	0.8
Additions	0.0	0.0	0.0
Disposals	0.0	0.0	0.0
Depreciation	-0.3	-0.4	-0.7
Book value December 31	0.0	0.2	0.2
At December 31, 2016			
Cost or valuation	5.9	2.9	8.8
Accumulated depreciation and impairment	-5.9	-2.8	-8.7
Book value December 31	0.0	0.2	0.2

USD million	Software	Machinery, fixtures	Total
Year ended December 31, 2015			
Book value January 1	0.4	0.7	1.1
Additions	0.1	0.0	0.1
Disposals	0.0	0.0	0.0
Depreciation	-0.1	-0.2	-0.3
Book value December 31	0.3	0.5	0.8
At December 31, 2015			
Cost or valuation	5.9	2.9	8.8
Accumulated depreciation and impairment	-5.6	-2.4	-8.0
Book value December 31	0.3	0.5	0.8

Note 4 Investment in subsidiaries and receivables and liabilities to companies in the Group

Investment in subsidiaries as of 31 December, 2016:

Subsidiaries	Registered office	Cost price	No of shares	Equity	Write-downs	Capital Increase	Book value	Profit/ (loss)	Shareholder interest
KANFA AS	Norway	7.3	1,275	1.1	0.0		0.0	1.8	51 %
Sevan Marine do Brazil Ltda*	Brazil	24.2	48,216,535	0.0	0.3		0.0	0.0	100 %
Sevan Holding V AS	Norway	316.2	10,000	-0.1	16.0		0.0	-16.0	100 %
Hiload LNG AS	Norway	0.0	28,500	1.0	0.0	2.7	2.7	-0.9	95 %
Sevan Asia Ptd Ltd	Singapore	4.0	1,105,057	2.5	0.0		3.0	-0.1	100 %
Total book value		351.8			16.3	2.7	5.7		

* Sevan Marine do Brazil Ltda is in process of being liquidated as of 31 December, 2016.

Investment in subsidiaries as of 31 December, 2015:

Subsidiaries	Registered office	Cost price	No of shares	Equity	Write-downs	Capital Increase	Book value	Profit/ (loss)	Shareholder interest
KANFA AS	Norway	7.3	1,275	0.4	7.3		0.0	-1.1	51 %
KANFA Aragon AS	Norway	0.5	108,900	1.4	0.0		0.5	-2.5	50 %
Sevan Marine do Brazil Ltda	Brazil	24.2	48,216,535	0.0	0.0		0.3	0.0	100 %
Sevan Holding V AS	Norway	316.2	10,000	15.9	9.9		16.0	-38.6	100 %
Hiload LNG AS	Norway	0.0	28,500	-0.8	0.0		0.0	-0.5	95 %
Sevan Asia Ptd Ltd	Singapore	4.0	1,105,057	3.3	1.0		3.0	-0.3	100 %
Total book value		352.3			18.2		19.8		

* Sevan Invest AS and Sevan Holding I AS were merged into Sevan Holding V AS. Total debt to Sevan Marine ASA of MUS\$ 85, 3 was converted to equity before the merger.

** Sevan 300 Pte Ltd was stroke off during 2015

*** The carrying value of Sevan Holding V AS reflects the estimated carrying value of the convertible loan granted to Logitel Offshore Pte Ltd.

Current receivables from companies in the Group:

USD million	2016	2015
KANFA AS	0.1	0.3
Sevan Holding V AS	0.2	0.1
Sevan Marine do Brazil Ltda	0.0	0.3
Hiload LNG AS	0.1	1.9
Current receivables from companies in the Group	0.4	2.6

Current payables to companies in the Group:

USD million	2016	2015
Sevan Invest AS	0.0	0.0
Sevan Holding V AS	0.0	0.0
Sevan Marine do Brazil Ltda	0.0	0.6
KANFA Aragon AS	0.0	0.2
Current payables to companies in the Group	0.0	0.8

Note 5 Other non-current assets

USD million	2016	2015
Deposit	0.4	0.4
Total other non-current assets	0.4	0.4

Note 6 Cash and cash equivalents

USD million	2016	2015
Cash at bank and in hand	21.4	26.8
Restricted employees' tax deduction fund	0.3	0.2
Restricted bank deposits	1.0	0.5
Total cash and cash equivalents	22.7	27.6

As of December 31, 2016, the total restricted cash of 1.0 million (2015: 0.5) relates to deposit for rental of offices of 0.2 million, pension funds of 0.3 million and severance pay of 0.5 million.

Note 7 Shares and share options owned or controlled by the Board of directors and senior management

As of December 31, 2016, the following Board members and Senior Management owned or controlled shares in the Company:

Board of Directors

Kjetil Sjursen, Board Member, owns 50,000 shares through Securus AS
Kathryn Moore Baker, Board Member, owns 10,000 shares through Lakeside AS
Vidar Andersen, Employee Representative, owns 1,464 shares

Senior Management

Carl Lieungh, CEO, owns 266,000 shares through Florian AS
Reese McNeel, CFO, owns 22,300 shares
Fredrik Major, CBDO, owns 6,400 shares
Knut Bredahl, Head of sales and marketing, owns 1,184 shares

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, 2016:

Shareholder accounts	Number of shares	Ownership-share (%)
TEEKAY SERVICE HOLDINGS COÖPER. UA	22,893,631	43.5
HOME CAPITAL AS	2,435,448	4.6
F2 FUNDS AS	1,722,883	3.3
MATHIAS HOLDING AS	1,600,000	3.0
DEUTSCHE BANK AG	1,275,997	2.4
SUNDT AS	1,257,486	2.4
KING KONG INVEST AS	1,250,000	2.4
GOLDMAN SACHS INTERNATIONAL	1,249,976	2.4
MP PENSJON PK	837,584	1.6
ANDENERGY AS	804,326	1.5
INVESCO PERP EURAN SMLER COMPS FD	765,804	1.5
BAKLIEN	700,000	1.3
HORTULAN AS	648,909	1.2
APOLLO ASSET LTD.	600,000	1.1
SVENSKA HANDELSBANKEN AB	598,581	1.1
BEKKESTUA EIENDOM AS	542,066	1.0
PARETO BANK ASA	500,000	1.0
DNB NOR MARKETS, AKSJEHAND/ANALYSE	499,628	0.9
ALDEN AS	428,000	0.8
GRANLUND HOLDING AS	427,201	0.8
Total, 20 largest shareholder accounts	41,037,520	78.0
Remaining shareholders	11,569,479	22.0
Total shareholders	52,606,999	100.0

20 largest shareholder accounts at December 31, 2015:

Shareholder accounts	Number of shares	Ownership-share (%)
TEEKAY SERVICE HOLDINGS COÖPER. UA	21,091,847	40.1
HOME CAPITAL AS	2,435,448	4.6
GOLDMAN SACHS INTERN	2,217,852	4.2
ILIAD INTERNATIONAL*	1,801,784	3.4
F2 FUNDS AS	1,767,095	3.4
SUNDT AS	1,257,486	2.4
MATHIAS HOLDING AS	1,200,000	2.3
DNB NOR MARKETS, AKS	1,085,718	2.1
PREDATOR CAPITAL MAN	908,000	1.7
MP PENSJON PK	837,584	1.6
ANDENERGY AS	804,326	1.5
INVESCO PERP EUR SMA	765,804	1.5
KING KONG INVEST AS	700,000	1.3
BAKLIEN ÅSMUND	700,000	1.3
MSCO EQUITY FIRM ACC	681,266	1.3
CARE HOLDING AS	555,463	1.1
BEKKESTUA EIENDOM AS	534,000	1.0
DEUTSCHE BANK AG	500,000	1.0
CITIBANK, N.A.	493,241	0.9
PERESTROIKA AS	492,857	0.9
Total, 20 largest shareholder accounts	40,829,771	77.6
Remaining shareholders	11,777,228	22.4
Total shareholders	52,606,999	100.0

* Controlled by Teekay

Note 9 Employee benefit expense

Specification of employee expense:

USD million	2016	2015
Salaries and vacation pay	8.3	11.6
Employer's contribution tax	1.1	2.0
Pension costs	0.7	0.9
Other employee benefit expense	0.4	0.7
Total employee benefit expense	10.5	15.2
Average number of man-years	56	87

2016 remuneration of Senior Management, as expensed:

USD thousand	Salaries	Retirement benefits	Other benefits
Carl Lieungh, CEO	328	50	21
Reese McNeel CFO	249	21	7
Lars Ødeskaug, COO	355	22	4
Alf-Roger Skikstein, Managing Director Sevan Marine	192	45	4
Fredrik Major, CBDO	209	46	19
Morten Martens Breivik, CoS	97	1	0
Otto Skjåstad, CTO	182	15	3
Knut Bredahl, Head of Sales and Marketing	125	9	3
Total remuneration paid	1,736	208	61

2015 remuneration of Senior Management, as expensed:

USD thousand	Salaries	Retirement benefits	Other benefits
Carl Lieungh, CEO	494	51	33
Reese McNeel CFO	481	22	25
Lars Ødeskaug, COO	332	28	4
Alf-Roger Skikstein, Managing Director Sevan Marine	212	52	5
Fredrik Major, CBDO	233	52	20
Morten Martens Breivik, CoS	197	15	4
Otto Skjåstad, CTO	200	11	3
Total remuneration paid	2,150	231	94

* Salaries includes bonus and sign-on fees

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 2016 and 2015. Carl Lieungh 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 expensed:

USD thousand	2016	2015
Erling Øverland, Chairman *	27	0
Siri Hatlen *****	30	63
Jørgen Rasmussen, Deputy Chairman *****	21	43
Kathryn Moore Baker *	15	0
Mari Thjømøe *****	20	42
Peter Lytzen ****	0	0
Ingvild Sæther ****	0	0
Kjetil Sjursen *****	33	15
Ann-Kristin Nielsen Løvland **	7	0
Vidar Andersen **	7	0
Sidsel Skagen **	0	15
Hans Olav Sele ***	15	31
Torlaug Lode ***	15	15
Total remuneration paid	191	226

* Erling Øverland and Kathryn Moore Baker entered the Board May 25th, 2016

** Ann-Kristin Nielsen Løvland and Vidar Andersen entered the Board May 25th, 2016 as Employee representatives

*** Torlaug Lode and Hans Olav Sele resigned from the Board May 25th, 2016. Sidsel Skagen resigned from the Board May 21th, 2015

**** The remuneration was paid to the Companies the Board members are employed

***** Siri Hatlen, Mari Thjømøe and Jørgen Rasmussen resigned from the board May 25th, 2016

***** Kjetil Sjursen entered the Board May 25th, 2015

Remuneration of the Board of Directors was for the period of November 24th, 2015 to November 24th, 2016

Salaries and other benefits to Directors as employees:

	2016			2015		
USD thousand	Salaries	Retirement benefits	Other benefits	Salaries	Retirement benefits	Other benefits
Hans Olav Sele	118	8	2	133	8	2
Torlaug Lode	108	7	2	112	7	2
Ann-Kristin Nielsen Løvland	78	4	2			
Vidar Andersen	112	7	2			

* Ann-Kristin Nielsen Løvland and Vidar Andersen entered the Board May 25th, 2016 as Employee representatives. Hans Olav Sele and Torlaug Lode resigned from the Board May 25th, 2016.

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

Note 10 Retirement benefit obligations

The company operates 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 2016 is based on mortality table K2013 (2015: K2013). The principal actuarial assumptions are based on guidelines from the Norwegian Accounting Standards Board. The defined benefit plans have 12 participants (2015: 15 participants) and these plans have been closed for new participants since 2008. Net pension obligation is 0.7 (2015: 0.5) consisting of gross obligation of 3.8 (2015: 3.9) and pension plan assets of 3.1 (2015: 3.4). Gross obligation includes additional pension assurance plans obligation of 0.5 (2015: 0.4).

Pension cost charged to the income statement is 0.7 (2015: 0.9) whereof 0.2 (2015: 0.2) is related to defined benefit pension plans and 0.4 (2015: 0.6) is related to defined contribution plans and 0.1 (2015: 0.1) is related to additional pension assurance plan. The defined contribution plan has 39 participants per 31.12.2016 (2015: 67 participants). The Company's pension schemes satisfy the requirements in the Norwegian legislation regarding mandatory occupational pension.

Note 11 Other operating expense

USD million	2016	2015
Cost of hired personnel	0.2	0.3
Office cost (rental etc)	2.1	2.7
Consultancy (audit, tax and legal) *	1.4	3.6
Marketing	0.2	0.2
Travel expenses	0.1	0.4
Other	4.8	0.6
Total other operating expense	8.8	7.8

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

USD million	2016	2015
Statutory audit	0.1	0.1
Audit related services	0.1	0.1
Tax related services	0.0	0.0
Other services	0.0	0.0
Total auditor's fees	0.1	0.2

Note 12 Lease agreements

The Company has entered into several agreements for rent of offices. Lease expense for offices amounted to 1.0 million for the year (2015: 1.1).

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

USD million	2016	2015
No later than 1 year	1.0	1.4
Between 1-5 years	1.6	2.0
Later than 5 years	0.7	1.0
Total lease and rental obligations	3.2	4.4

Note 13 Earnings per share

	2016	2015
Net profit/(loss) (USD million)	-25.5	-31.0
Earnings per share (USD)	-0.49	-0.59
Earnings per share diluted (USD)	-0.49	-0.59
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

USD million	Note	2016	2015
Payroll liabilities		0.8	1.3
Employer's contribution tax and other taxes		0.9	1.1
Accrued interest, tax claim		0.0	0.1
Accrued severance pay		1.5	0.1
Accrual Piranema ANP environmental fine	25	3.7	3.8
Other payables		0.6	0.6
Total other current liabilities		7.6	7.0

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:

	2016		2015	
	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	0	0	881	29,000
Granted	0	0	0	0
Exercised	0	0	0	0
Lapsed/forfeited	0	0	-881	-29,000
December 31	0	0	0	0

At balance sheet date there is no remaining options (2015: 0).

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 2016 and 2015.

Note 16 Related party transactions

2016

The operating revenue includes revenue from Group companies amounting to 1.2 million. The Company charged companies within the Group 1.1 million for services relating to management, engineering and site supervision, and 0.1 million for management fees.

The Company charged companies within the Group 0.2 million for interest relating to loans during 2016.

The operating revenue includes revenue from Teekay amounting to 0.2 million for services relating to management and engineering.

The operating revenue includes revenue from Logitel Offshore amounting to 0.1 million for services relating to 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. Yves for lease of offices in Arendal.

2015

The operating revenue includes revenue from Group companies amounting to 1.1 million. The Company charged companies within the Group 1.0 million for services relating to management, engineering and site supervision, and 0.1 million for management fees. The Company was charged 0.3 million for services relating to management and engineering.

The Company charged companies within the Group 1.3 million for interest relating to loans during 2015.

The operating revenue includes revenue from Teekay amounting to 1.4 million for services relating to management and engineering. The Company was charged 0.2 million from Teekay for services relating to management.

The operating revenue includes revenue from Logitel Offshore amounting to 3.7 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. Yves for lease of offices in Arendal.

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, 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 2016.

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, 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.

Covenant

2016 and 2015

Sevan Marine has provided security to Nordea for guarantees, overdraft facilities and derivative transactions within the Topside and Process Technology segment. In the security

arrangements the Company is committed to keep a minimum of NOK 20 million in cash in the accounts.

The security arrangements are described further in note 18.

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 liability with Sevan Drilling as intervening party (guarantor) under the charter and service agreements pertaining to "Sevan Brazil".

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. Reference is made to Note 30 Events after balance sheet date.

In addition Sevan Marine is guarantor for 51% of a NOK 190 million facility in Nordea bank. The facility includes guarantees, overdraft facility and use of derivatives for KANFA AS.

Note 19 Operating revenue

USD million	2016	2015
License and design fee Logitel	0.0	1.6
Revenue Teekay	0.2	1.4
Revenue Logitel	0.1	2.1
Other revenue	11.5	18.6
Total operating revenue	11.8	23.7

Note 20 Provisions

USD million	Bonus	Restructuring	Total
January 1, 2016	0.6	0.0	0.6
Arising during the year	0.0	0.0	0.0
Reversed during the year	-0.6	0.0	-0.6
December 31, 2016	0.0	0.0	0.0

USD million	Bonus	Restructuring	Total
January 1, 2015	0.0	4.4	4.4
Arising during the year	0.6	0.0	0.6
Reversed during the year	0.0	-0.6	-0.6
Classified as accrual	0.0	-3.8	-3.8
December 31, 2015	0.6	0.0	0.6

All provisions in 2016 and 2015 are current in nature.

Bonus

In 2015, bonus provision based on 2015 KPI's was accrued. This provision was reversed in September 2016 as due to the poor market outlook and need to reduce cost, it was agreed with the Board of Directors that no 2015 bonus shall be paid despite certain objectives having been reached. For 2016 the Company has not accrued for any bonuses to employees.

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:

USD million	2016	2015
Interest income	0.1	0.2
Other financial income	0.3	0.3
Reversed accruals penalty	0.3	0.6
Sale of KANFA Aragon AS	1.9	0.0
Financial income from companies within the Group	0.2	1.4
Total financial income	2.8	2.4

Financial expense:

USD million	2016	2015
Interest cost	0.2	0.2
Write-down investment in subsidiary	16.3	18.2
Write-down investment in related parties	0.0	0.4
Other financial expense	0.0	0.1
Total financial expense	16.5	18.8

Note 22 Trade and other receivables

USD million	2016	2015
Trade receivables	1.1	2.5
Accrued income, not invoiced	0.0	0.4
Prepayment	0.4	1.2
Total trade and other current receivables	1.5	4.1

Note 23 Investment in associates

USD million	2016	2015
Book value January 1,	0.0	* 0.4
Write-down	0.0	-0.4
Book value December 31,	0.0	0.0

* The investment relates to a 35% shareholding in Arendal Brygge AS.

Note 24 Related party transactions

USD million	2016	2015
Receivable Teekay	0.0	0.2
Receivable Logitel	0.0	0.2
Receivable Arendal Brygge	0.1	0.1
Receivables from related parties	0.2	0.5
Receivable Logitel	5.0	10.0
Other non-current assets from related parties	5.0	10.0

On August 04, 2016, Teekay Offshore Partners (“Teekay”) announced the cancellation of the shipyard contracts for the two remaining Logitel Offshore units #2 and #3. The outcome of this situation and any potential recovery of value remain uncertain. As such, there remains material uncertainty regarding both the amount and timing of any payments in relation to the Logitel agreements. Sevan Marine has recorded an impairment of USD 5 million related to Variable Fee on unit #2. Sevan Marine will do its utmost to realize the underlying merits and outperform the impairment taken.

Sevan Marine has commenced arbitration against both Logitel Offshore Pte Ltd and Teekay Offshore Partners LP claiming payment of an amount of approximately USD 10 million in relation to the Fourpartite Agreement. Sevan Marine reserves the right to, at any time, pursue other involved parties. Agreements suspending time-bar limitations have been entered into with such involved parties.

Note 25 Events after balance sheet date

In January 2017, Sevan Marine received a formal notification of Technip FMC's intention to exercise their option to buy Sevan Marine's remaining 51% shareholding in KANFA AS. The transaction is expected to close in the second quarter of 2017 with no material impact on results.

In March 2017 Sevan Marine ASA reached an agreement with Piranema LLC in relation to the Piranema ANP environmental fines incurred to date. As previously communicated Sevan Marine provided Piranema LLC with an indemnity against such fines in conjunction with the 2011 restructuring and sale of the FPSO Piranema. Sevan Marine will pay Piranema LLC an amount of USD 3 million for fines and related expenses incurred. Sevan Marine will remain liable for any future claims. Neither Sevan Marine nor Piranema LLC is aware of any pending or future claims at this time. Sevan Marine has accounted for and accrued for such costs in other current liabilities with USD 3.7 million. The agreement will lead to a USD 3 million reduction in Sevan Marine's cash balance per the end of Q1 2017 and an accounting financial gain in the range of USD 0.7 million in the quarter.

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

Reese McNeel, CEO / CFO
 Alf-Roger Skikstein, Head of Operations and Projects
 Otto Skjåstad, Head of Engineering and Technology
 Knut Bredahl, Head of Sales and Marketing

Remuneration of Senior Management for the accounting year 2016 is disclosed in note 17 of the consolidated financial statements.

The CEO will receive 9-12 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 2016. The Board of Directors has not deviated from these guidelines in relation to the compensation package for Senior Management during the accounting year 2016.

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 2017, the Board of Directors presents the following guidelines for determination of remuneration and other compensation to Senior Management for the accounting year 2017 (which, when finally approved and agreed, will be made effective as of January 1, 2017), 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 scheme 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. The Company operates both defined benefit and defined contribution plans. The defined benefit plans were closed at year end 2016 and the affected employees were transferred to the defined contribution plan. The defined contribution plan has 12 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 40% of the base salary. Bonus may be paid annually, based on a performance appraisal of results and achievements 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 2017 and poor financial results in 2016 no bonus was paid in 2016.

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

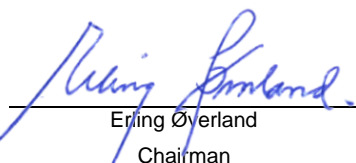
and competent Senior Management and staff in general. A well-defined compensation program, together with a good and inspiring work environment in an exciting business, enables the Company to recruit and retain good employees at all levels, and thereby remain competitive. Remuneration of employees is considered an essential contributor to the strategy of creating shareholder value.

(iii) Particulars on Share-Related Incentive Schemes

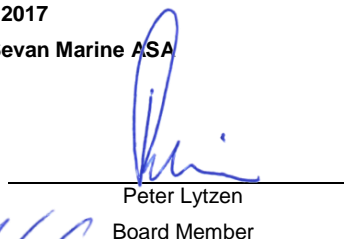
The Board of Directors continues to believe that sensible share related incentive schemes, with due regard to the Corporate Governance guidelines' section 12, should form part of the Company's compensation package for employees and Senior Management. The Board of Directors will propose to the Annual General Meeting in 2017 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 27, 2017

The Board of Directors of Sevan Marine ASA



Erling Øverland
Chairman



Peter Lytzen
Board Member



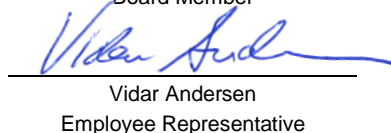
Ingvild Sæther
Board Member



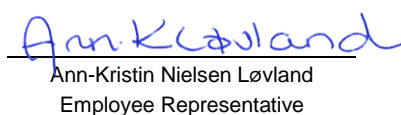
Kjetil Sjursen
Board Member



Kathryn M. Baker
Board Member



Vidar Andersen
Employee Representative



Ann-Kristin Nielsen Løvland
Employee Representative



Reese McNeel
CEO



Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Sevan Marine ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sevan Marine ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2016 the income statement and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2016, the statement of profit or loss, statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations;
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2016, and of its financial performance and its cash flows for the year ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway;
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.



Claims, impairment of loan and variable fee to Logitel Offshore (Logitel)

As the result of previous transactions the Group had recognized a non-current loan to Logitel and the Group and Sevan Marine ASA had recognized variable fees from services rendered to Logitel. Due to disagreement between the Group and Logitel about interpretation of contractual terms and amounts owned, the Group has taken legal actions against Logitel. The Group has recognized an impairment of USD 16 million on the loan and the Group and the parent company have recognized an impairment of USD 5 million on the variable fee and reclassified from short term to long term. Per year-end and after recognizing impairments the financial statement of both the Group and the parent company show a long-term variable fee receivable on Logitel of USD 5 million. Due to the significance of loans and variable fee on Logitel, and the need for management to exercise judgement when estimating future outcome in the matter the impairment evaluations have been a key audit matter.

We have evaluated the recoverable amount of the loan and the recognition of variable fees based on the underlying contract and services rendered. Further, we have reviewed correspondence between the Sevan Group and Logitel and obtained a legal opinion from the company's legal advisor.

We refer to note 2.7 Accounting principles for trade receivables and other financial assets, note 4.2 Critical judgments in applying the Group's policies and note 29 Loan and variable fee Logitel.

Construction contracts

The Group has construction contracts that are significant to the financial statements. The construction contracts are in a business segment classified as discontinued operations. Revenues from construction contracts and related expenses are recognized and accrued for based on the percentage of completion of each contract. The construction contracts normally last for more than one accounting year and measurement of percentage of completion is subject to estimates that require management judgment. When the estimated expected outcome of a construction contract is a loss, the total expected loss is recognized in full irrespective of the stage of completion. The recognition of construction contracts is a key audit matter due to the significance of revenues and expenses generated from the contracts and the need for management to estimate future cash flows based on estimates.

We have evaluated the Group's accounting principles and obtained an understanding of managements process for recognizing revenues and expenses from construction contracts. Further, we have tested management's controls, including management's review of internal project reporting. Our audit procedures included, among others, comparing recognized revenue for construction contracts to contracts and milestones defined, and agreeing recognized contract expense to underlying invoices and project hours. Further, we have compared recognized contract expense with total estimated expense to complete the construction contract. We have also performed a retrospective review of similar management judgments and estimates applied in prior periods to provide insight about the reasonableness of judgments and assumptions supporting management estimates.

We refer to note 2.14 Accounting principles for construction contracts, note 4.1 Critical accounting estimates and assumptions and note 28 Construction contracts.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of management for the financial statements

Management is 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 International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other



matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Board of Directors' report and in the statements on corporate governance and corporate social responsibility] concerning the financial statements, the going concern assumption and 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 management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Arendal, 27 April 2017
ERNST & YOUNG AS



Johan Bringsverd
State Authorised Public Accountant (Norway)

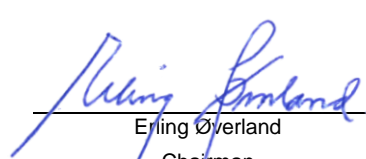
Responsibility Statement


We confirm, to the best of our knowledge, that the financial statements for the period January 1 to December 31, 2016, 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.

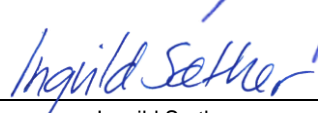
We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties facing the Company and the Group.


Oslo, April 27, 2017


The Board of Directors of Sevan Marine ASA



Erling Øverland
Chairman

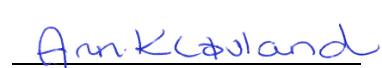

Peter Lytzen
Board Member

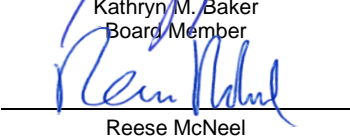

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