



Annual report 2017



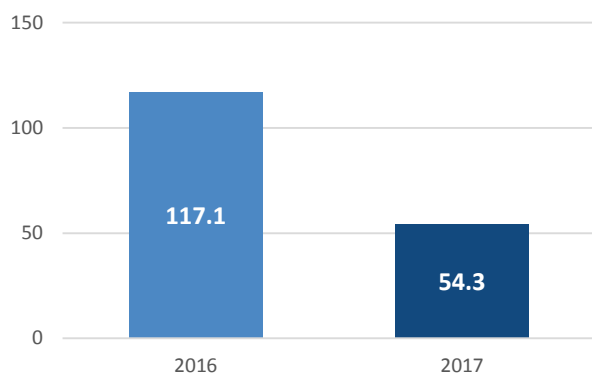
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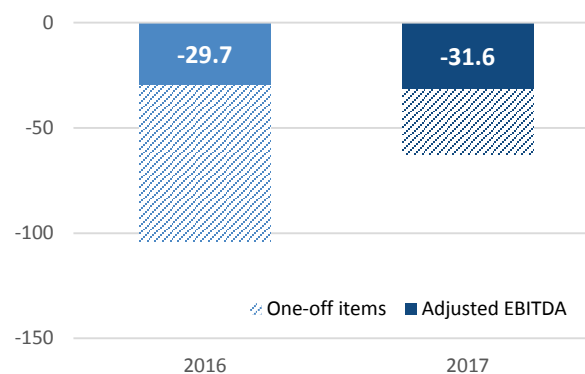
Key figures

NOK million	2017	2016
Revenues	54.3	117.1
EBITDA	-62.4	-104.0
Net Profit	-23.7	-241.4
EPS	-0.64	-4.35
Operating cost, excluding one-off items *	-85.9	-146.8
Adjusted EBITDA *	-31.6	-29.7
Cash and cash eq.	197.5	213.9
Equity ratio (%)	83 %	60 %
No. of shares outstanding	52.6	52.6
Number of employees	32	35

Revenue, NOK million



EBITDA, NOK million



* The European Securities and Markets Authority (ESMA) issued guidelines on Alternative Performance Measures ("APMs") that came into force on 3 July 2016. Sevan Marine has defined and explained the purpose of the following APMs:

- Operating cost, excluding one-off items: Management believes that "Operating cost, excluding one-off items" which excludes cost or cost reductions that arise from circumstances other than operation is a useful measure because it provides an indication of the company's operating cost base for the period without regard to significant historical and non-operational events that are expected to occur less frequently.
- Adjusted EBITDA: Management believes that "Adjusted EBITDA" which excludes "one-off items" is a useful measure because it provides an indication of the profitability of the company's operating activities for the period without regard to significant historical and non-operational events that are expected to occur less frequently.

CEO's letter to shareholders

Dear Shareholders,

Sevan Marine is the world's leading designer and developer of cylindrical hulls for offshore applications. Sevan Marine has designed, engineered, helped construct and installed all 11 cylindrical units built 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 competitive against 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 and maintenance heavy 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 Royal Dutch Shell, ENI and ExxonMobil.

The past years have been challenging for the offshore industry and in particular for those companies, like us, who rely on the development and construction of new offshore rigs and production facilities. We have not been immune to this market, and we have reacted accordingly. We have substantially adjusted our cost base and simplified the organization to fit the new reality. This has been a difficult process, particularly for those employees who have had to leave us. We have also had numerous legacy issues to deal with. I am proud to say that we successfully resolved several of these during 2017 such as the historical FPSO Piranema fine, Norwegian tax claims and Logitel arbitration claims.

In November 2017, the Western Isles FPSO for Dana Petroleum began production. This is a major milestone for both Dana Petroleum and Sevan Marine. The Western Isles FPSO is the first FPSO fully constructed in China and is the third cylindrical FPSO in the UK sector of the North Sea. Financially, a USD 50 cents per barrel license tariff will have a substantial positive impact on Sevan Marine's performance going forward.

There are clear signs of the offshore market recovering. In January 2018, Shell and their partner ExxonMobil announced the decision to construct a Sevan Marine cylindrical hull for the Penguins Redevelopment Project in the UK. This is the first time that the oil majors Shell and ExxonMobil have selected a cylindrical design, and a very strong endorsement of the cost effectiveness and maturity of the Sevan Marine design. The decision also provides critical license income and workload for Sevan Marine in the coming years.

We have also seen increasing interest for early phase studies, for example for gas and FLNG projects in Australia, FPSO projects in the Barents Sea and most recently also FPSO prospects in the UK sector of the North Sea. Given the lack of investment in the offshore industry in the past years and increased oil prices, I strongly believe that we will see increasing activity in these areas in the coming years.

Looking further ahead, I am excited about our work on developing further the cylindrical hull technology and expanding its application. Our FLNG concept delivers substantial cost savings compared to ship-shape alternatives that need an expensive turret. 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. Our unit is also ideally suited for the current drive to greater automation and reduced environmental impact. With no turret, few moving parts, no thrusters and thus lower fuel consumption and required crew, our units are well suited for reduced manning. With easy integration of electric cables, our units are also well suited to support electrification, gas-to-wire and offshore wind power distribution projects.

I also believe that we can play a role in the niche recovery of the offshore drilling rig market. The cylindrical drilling design has proven in the past to be cost effective to build and operate and have favorable features such as high deck load capacity and stable motions versus semi-submersible and ship shaped alternatives. We are continuing our development of a next generation harsh environment drilling rig and remain confident that, together with our partners, we will be able to present a low cost alternative to our clients. I believe the Sevan Marine cylindrical technology will have a clear role to play as we all seek to reduce carbon emissions and develop cleaner energy sources.

Sevan Marine is in its strongest position in many years. We have over NOK 200 million in liquidity and no debt. We have reduced the cost base, re-focused the organization, resolved many legacy issues and most importantly secured work, clients and income for future years.

I am confident that Sevan Marine will have a larger role to play as the market recovers.

I would like to thank our employees for their dedication 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 2017

(Figures for 2016 are presented in brackets)

- Operating revenue for continued operations in 2017 was NOK 54.3 million, down from NOK 117.1 million in 2016. The decline relates largely to the completion of ongoing projects such as Goliat, Dana and Shell Penguins pre-engineering as well as the cancellation of the Logitel accommodation rigs
- EBITDA for 2017 was negative NOK 62.4 million, an improvement from negative NOK 104 million in 2016. The improvement is driven by a reduction in one-off costs in 2017 largely related to Logitel write-downs and restructuring costs in 2016
- The Norwegian tax office reversed their decision in relation to the adjustment of the 2012 tax assessment. In accordance with this decision, Sevan Marine was paid back NOK 32.0 million including interest. A related accrual of NOK 9.2 million for penalty tax was also reversed in 2017
- A settlement agreement with Logitel Offshore Pte Ltd and Teekay Offshore Partners LP was entered into in October 2017. Sevan Marine ASA received payment of USD 4.5 million (NOK 35.7 million) as full and final settlement of the Fourpartite Agreement dispute. The Oslo District Court ruled against Sevan Marine ASA's subsidiary Sevan Holding V AS in relation to the USD 60 million Logitel bond loan dispute. The decision has been appealed and will be heard in September 2019
- Sevan Marine's 51 percent stake in KANFA AS was sold to Technip Norge AS in June 2017
- The Dana Western Isles FPSO was successfully completed and began production in late 2017. Sevan Marine is entitled to USD 0.5 per barrel produced and offloaded. The royalty revenue for 2017 was NOK 3.2 million
- Sevan Marine is in a solid financial position. The company has no interest bearing debt, has a net cash position of NOK 197.5 million and an equity ratio of 83 percent as per year end 2017

Business and strategy

Sevan Marine is a technology, design and engineering company. The company is developing, designing and delivering cost effective offshore solutions based on its unique cylindrical hull design and the HiLoad LNG offloading and regas technologies.

Sevan Marine is focusing its efforts on independently developing, marketing and supporting projects based on its 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 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 inherent advantages are well understood. Amongst these are lower operating costs, favourable motion characteristics, high deck load capacity, large storage space and substantially lower construction cost compared with alternatives where a turret is needed.

The HiLoad LNG offloading and regas technology is an innovative solution allowing direct loading, offloading and regasification of LNG, minimizing major capital investments.

Operations

Work on existing projects

During 2017, Sevan Marine provided engineering support for the Shell Penguins Redevelopment, Dana Western Isles, Goliat, Sevan drilling, ExxonMobil FLNG and HiLoad FRD regas projects.

Sevan Marine also provided engineering and marine operations support to the Teekay Offshore Partners operated units during the year.

Further, Sevan Marine carried out both paid and unpaid studies in relation to future FPSO prospects in the UK sector of the North Sea, Norwegian Barents Sea and floating gas projects in Australia.

Progress on new developments

Sevan Marine's subsidiary 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 during 2017.

A pre-FEED for the FRD regas technology was carried out in Q3 2017 through a cooperation with Fluor Corporation. In the fourth quarter, the potential end client selected an alternative regas concept to take forward.

Sevan Marine has also continued to work on new developments based on the cylindrical hull technology and expertise. This includes work on a new mid-water drilling application, a floating power distribution hub and a new fish farming concept.

Sevan Marine will continue developing new applications for its cylindrical hull technology and related concepts with the objective of delivering cost effective solutions to existing and new offshore markets.

Subsequent developments

The final investment decision regarding the Shell Penguins Redevelopment project was taken in January 2018. Sevan Marine has invoiced and received the first milestone payment of USD 2.625 million under the license agreement in Q1 2018. Further payments remain subject to completion of the unit, start-up and successful production. Sevan Marine is to continue to provide engineering support during construction of the unit. Total revenue from the Shell Penguins Redevelopment project, including license income, is expected to be in the range of USD 19 to 20 million over the coming 3 to 4 years.

On the basis of the approval by the Annual General Meeting of May 24, 2017 to authorize the Board of Sevan Marine to issue new shares to employees under a long-term incentive program, the Board has resolved to issue options to employees of the Company.

A total of 943,505 options for shares of the Company were distributed amongst the management and all employees. Each option, when exercised, will give the right to acquire one share in the Company. The options are granted without consideration. Pursuant to the vesting schedule, 1/3 of the options will vest 12 months after the day of grant (as long as the option holder is still employed). Thereafter, 1/3 of the remaining options will vest each year as long as the option holder is still employed. The exercise price is equal NOK 10 per share. The options that have not been exercised will lapse 5 years after the date of grant.

Financials

(Figures for 2016 are presented in brackets)

Profit and loss

Operating revenue from continued operation for 2017 was NOK 54.3 million, down from NOK 117.1 million in 2016. The decrease of NOK 62.8 million was mainly caused by reduced activity in ongoing projects and the cancellation of the Logitel units. EBITDA was negative NOK 62.4 million (NOK 104.0 million), and was negatively impacted by NOK 30.8 million in one-off items related to legal fees NOK 15.9 million, restructuring NOK 3.8 million and the Logitel arbitration settlement of NOK 11.1 million. Loss before tax was NOK 56.5 million (NOK 247.1 million) and was impacted by a positive effect of NOK 6.5 million related to the settlement of a historical fine on FPSO Piranema. Net loss was NOK 23.7 million (NOK 241.4 million) and was impacted by a positive outcome of the 2012 tax case of NOK 39.3 million offset by the provision for penalty tax of NOK 6.5 million related to the 2014 tax assessment.

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

Cash Flow

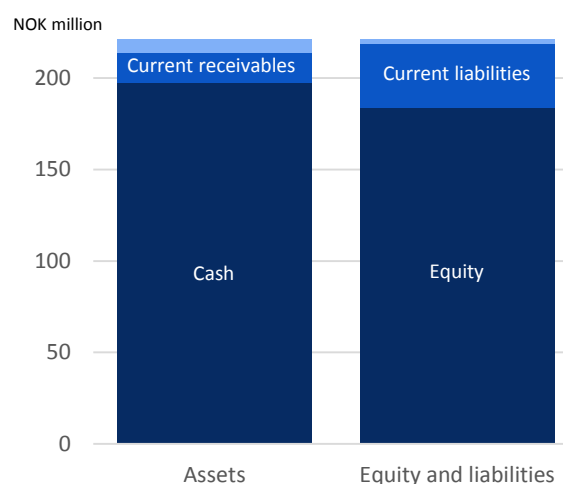
As of December 31, 2017, cash and cash equivalents amounted to NOK 197.5 million for continued operations (NOK 213.9 million). The negative cash flow for the year is largely attributable to operating losses, payment of the historical fine on FPSO Piranema and one-off restructuring and legal costs which are largely offset by the positive settlement of the 2012 tax case and Logitel arbitration.

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

Financing and financial position

The equity ratio was 83 percent as of 31 December 2017.

Balance sheet composition year end 2017:



As of year-end 2017 total assets amounted to NOK 221.2 million (NOK 365.5 million) whereof cash and cash equivalents amounted to NOK 197.5 million (NOK 213.9 million). As of 31 December 2016, assets held for sale related to Topside and Process Technology segment amounted to NOK 75.5 million. There were no assets held for sale as of 31 December 2017.

Total equity as of December 31, 2017 amounted to NOK 184.0 million (NOK 218.9 million), and the equity ratio was 83 percent (60 percent).

The Group had no interest bearing debt in 2017 or 2016.

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 value in the future.

Logitel Offshore

We refer to the earnings release in the second quarter of 2016 and comments made regarding the circumstances surrounding the legality and potential claims in relation to the Logitel Offshore Agreements.

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.

We refer to the press releases of October 9th 2017 and November 8th 2017 related to the Logitel bond loan court case. The Oslo District Court ruled against Sevan Marine ASA's subsidiary Sevan Holding V AS in relation to the USD 60 million loan granted to Logitel Offshore Pte Ltd. The ruling has been appealed. The appeal date has been set for September 2019.

Capital Reduction and Repayment to Shareholders

Given the positive developments in relation to the 2012 tax case, Logitel arbitration, cost reductions, start-up of the Western Isles FPSO and positive investment decision and license income from the Shell Penguins Redevelopment project, the Board has recommended to return NOK 0.50 per share to shareholders.

Given the level of paid in share capital (NOK 4 per share / NOK 210.4 million) and therefore lack of freely distributable reserves, the payment will be in the form of a reduction in share capital, instead of a dividend payment, which will be proposed at the upcoming annual general meeting to be held on May, 24 2018.

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 NOK 6.3 million in the parent company Sevan Marine ASA:

Loss transferred to other equity: NOK 6.3 million
Total appropriation: negative NOK 6.3 million

Risk and uncertainty factors

Sevan Marine is exposed to market risk, credit risk, currency 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.

Sevan Marine'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 Sevan Marine.

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 company is also subject to field development and reservoir risk in situations where the license fee is tied to production.

The outcome of the Logitel bond loan case and the timing or ability to recover any award remains highly uncertain. Despite Sevan Marine's belief that the appeal will be successful, there remains material uncertainty regarding both the amount and timing of any potential payments in relation to this case.

As previously described the Board initiated and received in 2015 an 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.

Sevan Marine ASA was informed during third quarter 2017 that Sembmarine SSP Inc. and Jurong Shipyard Pte Ltd have initiated

patent infringement proceedings against Sevan Marine ASA as well as Sevan Drilling Ltd and Sevan Drilling North America LLC in the Southern District Court of Texas in relation to the U.S. Patent No. 9,266,587. Sevan Marine believes the case is without merit and will vigorously defend it. The plaintiffs have not yet quantified their claim for damages. Sevan Marine does not believe that this will result in any material negative consequences with respect to either existing or future uses of the Sevan technology. Sevan Marine was formally served the lawsuit during the fourth quarter and expects increasing legal costs during coming quarters to defend the case.

Reference is made to note 3 in the Financial Statements for 2017 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 2017 Sevan Marine had its Annual General Meeting on May 24th, and the General Meeting elected the following members to the Board of Directors: Erling Øverland (Chairperson), Peter Lytzen (Director, re-elected), Ingvild Sæther (Director, re-elected), Torstein Sanness (Director, new) and Kathryn M. Baker (Director, re-elected). 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 1.0% (2016: 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 2017.

There have been no Lost Time Incidents (LTI) during 2017.

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. Recertification process to ISO 9001:2015 is ongoing.

The work environment is good. The Board and the management continue to focus on equal opportunities for men and women. 28 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. The Board of Directors has also established an Ethics Committee.

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

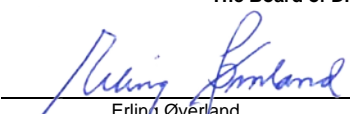
During the fourth quarter 2017 and first quarter 2018, Sevan Marine secured future income on both the Dana Western Isles and Shell Penguins Redevelopment projects. The income from these two projects will have a positive impact on the financial performance for 2018 and beyond.

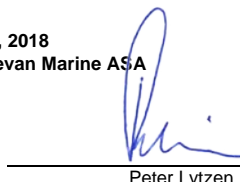
Sevan Marine is optimistic that it can win further early phase study work in 2018 with respect to key prospects in the North Sea, Barents Sea and/or Australia. This is despite many key prospects being delayed and a low workload in the first quarter of 2018. Sevan Marine will also continue to provide engineering support to the Sevan Marine designed units currently in operation.

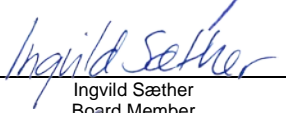
Sevan Marine expects its underlying operating costs to decrease further in 2018. However, one-off legal costs associated with the patent infringement case in the U.S. and the ongoing Logitel dispute will continue to weigh negatively on overall results.

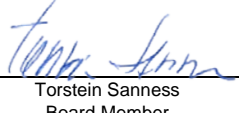
Sevan Marine remains confident that given its unique cost effective solutions, the increased market interest, its solid cash position and strong balance sheet that it has the resources and ability to regain growth and profitability.

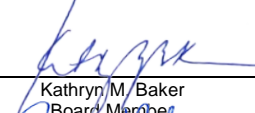
Lysaker, April 23, 2018
The Board of Directors of Sevan Marine ASA



Erling Øverland
Chairman

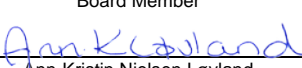

Peter Lytzen
Board Member


Ingvild Sæther
Board Member


Torstein Sanness
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, 2017, the Group had an equity share ratio of 83 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 will aim at paying dividends to its shareholders on a regular basis to the extent prudent in the circumstances and in line with the Company's strategy. In line with this, it will be proposed at the upcoming Annual General Meeting, a return to shareholders of NOK 0.50 per share by a share capital reduction.

At the Annual General Meeting in 2017, 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 2018, but no longer than June 30, 2018. The Board of Directors will propose to continue and amend the authorization at the Annual General Meeting in 2018.

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 five of the Company's shareholder-elected members are Teekay representatives, 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 prevents 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 2017 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 2017, Mimi K. Berdal (chair), Ingvild 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, Ingvild Sæther, Torstein Sanness and Kathryn M. Baker, and Hans Olav Sele and Nils Morten Lindland who are elected by and among the employees. Biographical information on each Director is outlined on page 13 of the 2017 Annual Report and at the Company's website.

Five out of seven Directors elected by the shareholders are deemed to be independent of the Company's main shareholders and material business contacts. Peter Lytzen and Ingvild 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 11 board meetings in 2017, of which 10 were physical board meetings and 1 was held by telephone conference. The average participation level was 96%.

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, 2017 the members of the

compensation committee were Torstein Sanness 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, 2017 the members of the audit committee were Erling Øverland and Kathryn Baker.

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, GDPR directive and data protection compliance. The members of the Ethics Committee receive additional remuneration for duties relating to the committee responsibilities, such remuneration being subject to approval by the Annual General Meeting. At December 31, 2017 the members of the ethics committee were Ingvald Sæther 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, currency 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 2017 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 disclosed on page 57 of the 2017 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.

Auditor


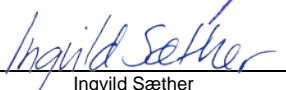

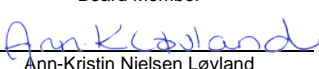

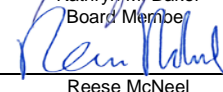
Ernst & Young AS (EY) was elected the external auditor in 2013. The auditor participates regularly in meetings with the Audit Committee throughout the year. In addition, the Board meets with

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.

Lysaker, April 23, 2018
The Board of Directors of Sevan Marine ASA

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

The Board of Directors



Erling Øverland

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 and serves as a Board Member of I.O.S Tubular Management AS (ITM) and Pre Robot Holding AS. Previous board memberships include PCI Biotech Holding ASA (chairman), Sparebank 1 SR-Bank ASA, University of Stavanger, SINTEF, Hafslund, Norges Varemisse, Sparebank 1 Livsforsikring and head of the Control Committee of Det norske Veritas. Erling Øverland is a Norwegian citizen with residence in Bærum, Norway. He is married and has three children.



Kathryn M. Baker

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.



Ingvild Sæther

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, Ingvild 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

Board member

Mr. Lytzen is a senior executive with more than 30 years international experience within the offshore industry. Before his retirement in 2017 Mr. Lytzen was a member of the Executive Board in Teekay Offshore Partners and member of the Leadership Team in Teekay Corporation, General Partner of the Teekay Group. From 1985 to 2007 Mr. Lytzen worked in the A.P Moller Group where he held several leadership positions, latest as Vice President of Floating Production. Besides his leadership roles Mr. Lytzen also held several board positions within the shipping and energy sector. Mr Lytzen holds a BsC in Mechanical Engineering from the Danish Technical University in Copenhagen and graduated in 1984.



Torstein Sanness

Board member

Mr. Sanness, a Norwegian Citizen residing in Norway, with extensive experience and technical expertise in the oil and gas industry. Mr. Sanness served as Managing Director of Lundin Petroleum Norway from 2004 to April 2015, where after he was elected Chairman of the same company until March 2017 when he moved to the board of International Petroleum Corp., another Lundin Group company. Under his leadership Lundin Norway turned into one of the most successful players on the NCS and added net discovered resources of close to a billion boe to its portfolio. Before joining Lundin Norway Mr. Sanness was Managing Director of Det Norske Oljeselskap AS. From 1975 to 2000, Mr. Sanness was at Saga Petroleum until its sale to Norsk Hydro and Statoil, where he held several executive positions in Norway as well as in the US, including being responsible for Saga's international operations and entry into Libya, Angola, Namibia and Indonesia. Mr. Sanness is a graduate of the Norwegian Institute of Technology in Trondheim where he obtained a Master of Engineering (geology, geophysics and mining engineering). Mr. Sanness also serves as a board member for TGS, the world's largest geoscience data company, and for Panoro Energy ASA.



**Ann-Kristin Nielsen
Løvland**

**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

**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

CEO/CFO

Reese McNeel was appointed CEO and CFO of Sevan Marine on January 01, 2017. He joined Sevan Marine as CFO in 2015 and was interim CFO in 2011. Prior to Sevan Marine, Mr. McNeel held various management positions working for the global advisory firm AlixPartners. He started his career with

PricewaterhouseCoopers in Frankfurt and London. Mr. McNeel holds an MBA from IESE Business School, Barcelona, Spain. Mr. McNeel is a U.S. citizen with residence in Oslo, Norway.



Alf-Roger Skikstein

Head of Operation and Projects

Alf-Roger Skikstein was named Head of Operations and Projects in January 01, 2017 after joining Sevan Marine in 2007. Mr Skikstein has extensive experience as a Project Manager from both KANFA and Kværner Process Systems. Mr Skikstein holds a Master Degree in Mechanical Engineering from

Norwegian University of Technology and Science and Subsea Installation form University College of Southeast Norway. Mr. Skikstein is a Norwegian citizen with residence in Asker, Norway.



Otto Skjåstad

**Head of Engineering and
Technology**

Otto Skjåstad has been Head of Engineering and Technology since 2013 after joining Sevan Marine in 2008. Mr Skjåstad has more than 30 years of experience within the oil and gas industry with various positions as Project Manager, Section Manager and Technical Director. Mr Skjåstad

graduated from the Norwegian University of Technology and Science with an MSc in Offshore Structures. Mr. Skjåstad is a Norwegian citizen with residence in Arendal, Norway.



Knut Bredahl

Head of Business Development

Knut Bredahl was appointed Head of Business Development in 2017. Mr Bredahl has broad experiences from Sevan Marine's engineering department and as Country Manager Malaysia for Kanfa Group since joining Sevan Marine in 2012. Prior to Sevan Marine, Mr Bredahl held various

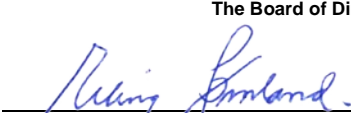
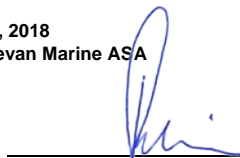



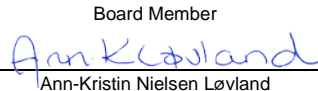

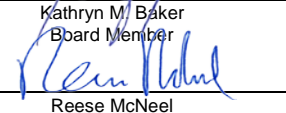
positions within Aker Floating Production ASA, Aker Kværner Process Systems and Kværner Process Systems Asia Pacific Sdn Bhd. Mr Bredahl holds an MSc in Chemical Engineering from Norwegian University of Technology and Science. Mr. Bredahl is a Norwegian citizen with residence in Oslo, Norway.

Consolidated statement of financial position

NOK million	Note	31.12.2017	Restated* 31.12.2016	Restated* 01.01.2016
ASSETS				
Non-current assets				
Other fixed assets		0.1	1.4	3.0
Intangible assets	6	4.3	5.9	8.2
Loan	18,23,27	0.0	0.0	140.9
Other non-current assets	23,26,27	3.3	46.7	47.7
Total non-current assets		7.6	54.0	199.8
Current assets				
Trade and other receivables	7,8,9,23,27	16.1	22.2	235.3
Cash and cash equivalents	7,8,10	197.5	213.9	322.4
Total current assets		213.6	236.1	557.7
Assets held for sale	5	0.0	75.5	0.0
TOTAL ASSETS		221.2	365.5	757.5
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	11	210.4	210.4	210.4
Share premium	11	0.0	122.9	122.9
Other equity		-26.7	-123.6	96.5
Total shareholders' equity		183.7	209.7	429.8
Non-controlling interest		0.3	9.2	6.1
TOTAL EQUITY		184.0	218.9	435.9
LIABILITIES				
Non-current liabilities				
Retirement benefit obligations	15	0.0	6.4	8.1
Deferred income tax liabilities	14	0.0	0.0	2.6
Other non-current liabilities		2.3	0.0	0.0
Total non-current liabilities		2.3	6.4	10.7
Current liabilities				
Debt to credit institutions		0.0	0.0	5.4
Tax payable	14	0.0	9.5	39.6
Trade payables	7	5.3	2.0	34.7
Provisions	16	15.0	0.0	7.9
Other current liabilities	13	14.6	65.6	223.3
Total current liabilities		34.9	77.1	310.9
Total liabilities		37.2	83.4	321.6
Liabilities held for sale	5	0.0	63.2	0.0
TOTAL EQUITY AND LIABILITIES		221.2	365.5	757.5

* Restated due to change of presentation currency from USD to NOK, see Note 2 for further information.

Lysaker, April 23, 2018
The Board of Directors of Sevan Marine ASA

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

Consolidated statement of profit or loss

NOK million	Note	2017	Restated* 2016
Continued operations			
Operating revenue	5	54.3	117.1
Operating expense		-17.8	-43.3
Depreciation, amortization and impairment	6	-2.2	-3.3
Employee benefit expense	17	-48.3	-98.6
Other operating expense	25	-50.5	-79.2
Total operating expense		-118.9	-224.3
Operating profit/(loss)		-64.6	-107.3
Financial income	18	11.6	6.3
Financial expense	18	-0.1	-134.0
Foreign exchange gain/(loss)		-3.4	-12.2
Net financial items		8.1	-139.8
Profit/(loss) before tax		-56.5	-247.1
Tax income/(expense)	14	32.8	5.7
Net profit/(loss) continued operations		-23.7	-241.4
Net profit/(loss) discontinued operations	5	-10.1	25.1
Net profit/(loss)		-33.8	-216.3

* Restated due to change of presentation currency from USD to NOK, see Note 2 for further information.

NOK million	Note	2017	2016
Net profit/(loss) continued operations		-23.4	-241.4
Net profit/(loss) discontinued operations		-1.5	12.5
Net profit/(loss) attributable to equity holders		-24.9	-228.8
Net profit/(loss) continued operations		-0.3	0.0
Net profit/(loss) discontinued operations		-8.6	12.5
Net profit/(loss) attributable to non-controlling interest		-8.9	12.5
Earnings per share for profit/(loss) attributable to the equity holders of the Company during the year (NOK per share):			
- Basic	19	-0.47	-4.35
- Diluted	19	-0.47	-4.35
Continued operations			
- Basic		-0.45	-4.59
- Diluted		-0.45	-4.59
Discontinued operations			
- Basic		-0.03	0.24
- Diluted		-0.03	0.24

Consolidated statement of comprehensive income

NOK million		Restated*	
		2017	2016
Net profit/(loss)		-33.8	-216.3
Actuarial gains/losses pension plan not classified to profit or loss in subsequent period		0.0	-0.7
Foreign currency translation to be classified to profit or loss in subsequent period		-1.0	0.0
Other changes		-0.1	0.0
Comprehensive income		-34.9	-216.9
Comprehensive income attributable to equity holders		-26.0	-229.5
Comprehensive income attributable to non-controlling interest		-8.9	12.5

* Restated due to change of presentation currency from USD to NOK, see Note 2 for further information.

Consolidated statement of changes in equity

NOK million		Attributable to equity holders of the Company						Non-controlling interest	Total equity
		Note	Share capital	Share premium	Other equity	CTA			
January 1, 2017 (Restated)		11	210.4	122.9	-123.6	0.0		9.2	218.9
Net profit/(loss)					-24.9			-8.9	-33.8
Other comprehensive income					-0.1	-1.0			-1.1
Total comprehensive income			0.0	0.0	-25.0	-1.0		-8.9	-34.9
Reclassification				-122.9	122.9				0.0
December 31, 2017		11	210.4	0.0	-25.8	-1.0		0.3	184.0

NOK million		Attributable to equity holders of the Company						Non-controlling interest	Total equity
		Note	Share capital	Share premium	Other equity	CTA			
January 1, 2016 (Restated)		11	210.4	122.9	96.5	0.0		6.1	435.9
Net profit/(loss)					-228.8			12.5	-216.3
Other comprehensive income					-0.7				-0.7
Total comprehensive income			0.0	0.0	-229.5	0.0		12.5	-216.9
Change in non-controlling interest related to sale of KANFA Aragon AS					9.4			-9.4	0.0
December 31, 2016 (Restated)		11	210.4	122.9	-123.6	0.0		9.2	218.9

Consolidated cash flow statement

NOK million	Note	2017	Restated* 2016
Cash flows from operating activities			
Cash from operations	21	-49.7	-44.3
Taxes paid/repaid		31.7	-31.7
Net cash generated from continued operating activities		-18.0	-76.0
Net cash generated from discontinued operating activities		25.1	-40.5
Net cash generated from operating activities		7.1	-116.5
Cash flows from investment activities			
Sale of shares KANFA Aragon AS	5	0.0	20.0
Sale of shares KANFA AS	5	0.9	0.0
Sale of fixed assets		0.7	0.0
Net cash from continued investment activities		1.6	20.0
Net cash from discontinued investment activities		-37.1	0.0
Net cash from investment activities		-35.5	20.0
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	0.0
Net cash from financing activities		0.0	0.0
Net cash flow for the period - continued activities		-16.4	-56.0
Net cash flow for the period - discontinued activities		-12.0	-40.5
Cash balance at the beginning of the year		225.9	322.4
Cash balance at the end of the year		197.5	225.9
Cash balance at the end of the year - continued operations		197.5	213.9
Cash balance at the end of the year - discontinued operations		0.0	12.0

* Restated due to change of presentation currency from USD to NOK, see Note 2 for further information.

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 23, 2018.

Overview of Group structure as of December 31, 2017:

Subsidiaries	Registered office	Share holder	Shareholder interest	Equity	Profit/(loss) 2017
HiLoad LNG AS	Norway	Sevan Marine ASA	95 %	5.8	-5.3
Sevan Holding V AS	Norway	Sevan Marine ASA	100 %	-7.4	-6.6
Sevan Asia Pte Ltd	Singapore	Sevan Marine ASA	100 %	13.4	-3.8
Sevan (Shanghai) Co	China	Sevan Asia Pte Ltd	100 %	4.4	-7.5

Associates	Registered office	Shareholder interest
Arendal Brygge AS	Norway	Sevan Marine ASA 35 %

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

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

KANFA AS was sold in June 2017. The KANFA AS Group is deconsolidated in the 2017 financial statement. See further description in note 5.

KANFA Aragon AS was sold in June 2016 and KANFA Aragon Group was deconsolidated in 2016. See further description in note 5.

Sevan Management Services Pte Ltd was liquidated during 2017.

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 NOK which corresponds to the functional currency of the majority of the entities in the Group. All numbers are in NOK 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, 2017. 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 2.1.2.

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 Change in presentation currency

As a result significant changes in the Group through the restructuring period between 2011 and 2016, the Group has undertaken a reassessment of the functional currencies for all entities in the Group based on the relevant IFRS regulations. Based on the assessment, the functional currency of the majority of the entities in the Group was changed from USD to NOK with effect from 1 January 2017. The Group changed its presentation currency from USD to NOK at the same date. A change of presentation currency is considered a change of accounting policy and is applied retrospectively.

The following main procedures have been applied:

- Assets and liabilities of foreign operations where the functional currency is other than NOK were translated into NOK at the relevant closing rates of exchanges. Non-NOK trading results were translated into NOK at the relevant average exchange rates. Differences arising from the translation of the opening net assets and the results for the year have been recognized in the currency translation reserve.
- The foreign currency translation reserve was set to zero at the date of the change in currency (1 January 2017) based on an assessment of materiality.
- Share capital, share premium and other reserves were translated at the historic rates prevailing at the dates of the transactions.

2.1.2 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. The Group do not expect the adoption of IFRS 15 to have any significant impact on the Group's equity as of 1 January 2018. Based on the current customer contracts the Group do not expect any significant changes to the revenue recognition.

IFRS 16 Leases (effective from 1 January 2019).

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. Based on an assessment of the group's leasing contracts, two leases are now subject to recognition under IFRS 16. This means that both the right-of-use-asset and the lease liability should be recognized in the statement of financial position on the commencement date. For the Group this implies that current operating leases satisfying the criteria will be recognised with assets and liabilities. Sevan Marine intends to implement the IFRS 16 at the commencement date and the Group has estimated that both Assets and Liabilities will increase by approximately NOK 15 million at implementation. Estimated equity ratio will decrease by approximately 5%. The adoption of IFRS 16 will also have an impact on the consolidated statement of profit or loss. For 2019 the Group estimates a reclassification of approximately NOK 3.2 million from Other operating expense to Depreciations as well as a reclassification of approximately NOK 0.3 million from Other operating expense to Financial expense, increasing EBITDA with approximately NOK 3.5 million. The Group has currently no covenants that will be affected by the adoption of IFRS 16.

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

In June 2017 Sevan Marine ASA sold the remaining shares in KANFA AS to Technip Norge AS. The KANFA AS Group was the remaining part of Sevan Marine's Topside and Process Technology segment presented as discontinued operations. Sevan Marine is now left with one operating segment. See further description in Note 5.

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 NOK, which is the Group's presentation currency. The functional currency for the parent company is NOK. Reference is made to 2.1.1 Change in functional and presentation currency.

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.

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 2017 or 2016.

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 NOK 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 2017 the Group companies operate a defined contribution plan. The plan is funded through payments to insurance companies. Contribution is paid 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.

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 USD, 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, whose 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.

Sevan Marine is in a solid liquidity position with a cash balance of NOK 197.5 million at balance sheet date.

3.1.4 Covenant

Sevan Marine has provided security to Nordea for guarantees, overdraft facilities and derivative transactions for KANFA Aragon AS and the KANFA AS Group. These security arrangements were terminated when the sales transactions were completed.

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 2017 and 2016. 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 initiated and 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.

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 14) 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 2017.

Provisions

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

4.2 Critical Judgments in Applying the Group's Policies

Logitel Loan

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.

Reference is made to Note 27.

Note 5 Segment information and discontinued operations

Operating segments considered from a business perspective

Topside and Process Technology segment - discontinued operations

Sevan Marines 50% share in **KANFA Aragon AS** was sold June 28, 2016 to SembCorp Marine and KANFA Aragon Group was deconsolidated from Sevan Marine Group at the transaction date. The sales price was NOK 20 million. Group gain from the sale was NOK 3.5 million after deconsolidation, booked as gain in discontinued operations in 2016.

Sevan Marines remaining 51% share in **KANFA AS** was sold June 13, 2017 to Technip Norge AS and KANFA AS Group was deconsolidated from Sevan Marine Group at the transaction date. The sales price was NOK 2 million. Group loss from the sale was NOK 9.2 million after deconsolidation, booked as loss in discontinued operations in 2017.

The Topside 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.

After the sale of remaining shares in KANFA AS in 2017, Sevan Marine Group is left with one operating segment, Floating Production, 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, the Penguins project and several studies. Income related to the Goliat customer, ENI constitutes 25% (20%) of total external customer revenues. Income related to the Western Isles customer, Dana Petroleum, constitute 24% (18%) of total external customer revenues. Income related to the Penguins customer, Shell, constitute 11% (20%) of total external customer revenues.

Specification of discontinued results and assets and liabilities held for sale are presented in the tables below:

Segment results NOK million	Floating Production		Topside and Process Technology		Eliminations		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Continued operations								
External revenue	54.3	117.1	51.6	278.8	-51.6	-278.8	54.3	117.1
Total revenue	54.3	117.1	51.6	278.8	-51.6	-278.8	54.3	117.1
Operating expense	-116.7	-221.1	-51.5	-255.2	51.5	255.2	-116.7	-221.1
EBITDA	-62.4	-104.0	0.2	23.6	-0.2	-23.6	-62.4	-104.0
Depreciation, amortization & impairment	-2.2	-3.3	-0.1	-0.3	0.1	0.3	-2.2	-3.3
Operating profit/(loss)	-64.6	-107.3	0.1	23.3	-0.1	-23.3	-64.6	-107.3
Financial income/(expense)	11.5	-127.7	-0.2	-0.8	0.2	0.8	11.5	-127.7
Foreign exchange gain/(loss) finance	-3.4	-12.2	-0.8	-0.2	0.8	0.2	-3.4	-12.2
Net financial items	8.1	-139.8	-1.0	-1.0	1.0	1.0	8.1	-139.8
Profit/(loss) before tax	-56.5	-247.1	-0.9	22.3	0.9	-22.3	-56.5	-247.1
Tax income/(expense)	32.8	5.7	0.0	-0.7	0.0	0.7	32.8	5.7
Net profit/(loss) cont. operations	-23.7	-241.4	-0.9	21.6	0.9	-21.6	-23.7	-241.4
Discontinued operations								
Profit/(loss) discontinued operations	0.0	0.0	0.0	0.0	-0.9	21.6	-0.9	21.6
Gain/(loss) sale of disposed group	0.0	0.0	-9.2	3.5	0.0	0.0	-9.2	3.5
Net profit/(loss) discont. operations	0.0	0.0	-9.2	3.5	-0.9	21.6	-10.1	25.1
Net profit/(loss)	-23.7	-241.4	-10.1	25.1	0.0	0.0	-33.8	-216.3

<i>Segment assets and liabilities</i>		Floating Production		Topside and Process Technology		Eliminations		Total	
<i>NOK million</i>		31.12.17	31.12.16	31.12.17	31.12.16	31.12.17	31.12.16	31.12.17	31.12.16
Segment assets									
Fixed assets		0.1	1.4	0.0	0.3	0.0	-0.3	0.1	1.4
Intangible assets		4.3	5.9	0.0	0.0	0.0	0.0	4.3	5.9
Other non-current assets		3.3	46.7	0.0	0.0	0.0	0.0	3.3	46.7
Total non-current assets		7.6	54.0	0.0	0.3	0.0	-0.3	7.6	54.0
Trade and other receivables		16.1	22.2	0.0	63.2	0.0	-63.2	16.1	22.2
Cash and cash equivalents		197.5	213.9	0.0	12.0	0.0	-12.0	197.5	213.9
Total current assets		213.6	236.1	0.0	75.2	0.0	-75.2	213.6	236.1
Assets held for sale							75.5		75.5
Total segment assets		221.2	290.1	0.0	75.5	0.0	0.0	221.2	365.6
Segment liabilities									
Retirement benefit obligations		0.0	6.4	0.0	0.7	0.0	-0.7	0.0	6.4
Other non-current liabilities/provisions		2.3	0.0	0.0	0.0	0.0	0.0	2.3	0.0
Total non current liabilities		2.3	6.4	0.0	0.7	0.0	-0.7	2.3	6.4
Tax payable		0.0	9.5	0.0	0.0	0.0	0.0	0.0	9.5
Trade payables		5.3	2.0	0.0	18.4	0.0	-18.4	5.3	2.0
Provisions		15.0	0.0	0.0	0.0	0.0	0.0	15.0	0.0
Other current liabilities		14.6	65.6	0.0	44.1	0.0	-44.1	14.6	65.6
Total current liabilities		34.9	77.1	0.0	62.5	0.0	-62.5	34.9	77.1
Liabilities held for sale							63.2		63.2
Total segment liabilities		37.2	83.4	0.0	63.2	0.0	0.0	37.2	146.6

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>NOK million</i>	2017	2016
Norway	21.9	38.6
UK	18.6	44.8
Australia	9.1	12.0
Singapore	0.0	21.7
Other	4.7	0.0
Total revenue	54.3	117.1

Accounting principles applied for segmentation are outlined in Note 2.

Note 6 Intangible assets

<i>NOK million</i>	Software	Technology rights	Total
Year ended December 31, 2017			
Book value January 1	0.0	5.9	5.9
Additions	0.0	0.0	0.0
Impairment charge	0.0	0.0	0.0
Amortization	0.0	-1.6	-1.6
Book value December 31	0.0	4.3	4.3
At December 31, 2017			
Cost or valuation	35.5	8.2	43.7
Accumulated amortization and impairment	-35.5	-3.9	-39.4
Book value December 31	0.0	4.3	4.3

<i>NOK million</i>	Software	Technology rights	Total
Year ended December 31, 2016			
Book value January 1	0.5	7.7	8.2
Additions	0.0	0.0	0.0
Impairment charge	0.0	0.0	0.0
Amortization	-0.5	-1.7	-2.2
Book value December 31	0.0	5.9	5.9
At December 31, 2016			
Cost or valuation	35.5	8.2	43.7
Accumulated amortization and impairment	-35.5	-2.2	-37.7
Book value December 31	0.0	5.9	5.9

The technology rights are related to the HiLoad technology and are amortized over 60 months and will be fully amortized during 2020.

Note 7 Financial instruments by category

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

Financial assets

<i>NOK million</i>	2017	2016
Trade receivables	6.7	17.3
Cash and cash equivalents	197.5	213.9
Total financial assets	204.2	231.3

Financial liabilities

<i>NOK million</i>	2017	2016
Trade payables	5.3	2.0
Total financial liabilities	5.3	2.0

Note 8 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

NOK million	2017	2016
<i>Counterparty with external credit rating:</i>		
AAA	0.0	2.5
A+	0.0	2.1
A-	0.0	1.2
Aa3	1.9	0.0
Baa1	1.3	1.0
BBB	0.8	0.0
B+	0.0	7.7
B3	0.2	0.0
<i>Counterparty without external credit rating:</i>		
Group 1 - New customers (less than 6 months)	1.6	2.7
Group 2 - Existing customers (more than 6 months) with no defaults in the past	0.9	0.2
Group 3 - Existing customers (more than 6 months) with some defaults in the past	0.0	0.0
Total trade receivables	6.7	17.3

Cash and cash equivalents

NOK million	2017	2016
a2	0.1	0.0
a3	197.4	203.4
baa1	0.0	8.6
Not rated	0.0	1.9
Total cash and cash equivalents	197.5	213.9

Note 9 Trade and other receivables

Specification of trade and other receivables

NOK million	2017	2016
Trade receivables	8.1	19.1
Provision for impairment of receivables	-1.4	-1.7
Trade receivables – net	6.7	17.3
Prepayments	3.0	4.3
Other receivables	1.8	0.5
Accrued income	4.6	0.0
Trade and other receivables	16.1	22.2

In relation to the Logitel settlement described further in note 27 the Group booked a realized loss of NOK 7.1 on trade receivables in 2017. Fair value of trade and other receivables were equal to booked values listed in table above.

Ageing of trade receivables

NOK million	2017	2016
Not due	4.7	7.8
Up to 3 months after due date	2.1	2.6
Between 3 and 6 months after due date	-0.1	6.9
More than 6 months after due date	0.0	0.0
Total trade receivables	6.7	17.3

Trade receivables that are less than three months past due are generally not considered for impairment. At balance sheet date, trade receivables of NOK 2.0 million (2016: 9.5) were past due but not impaired except for the provision of NOK 1.4 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

NOK million	2017	2016
USD	1.0	7.8
NOK	5.3	9.5
EUR	0.5	0.0
Total trade receivables	6.7	17.3

Note 10 Cash and cash equivalents

NOK million	2017	2016
Cash at bank and in hand	190.8	202.7
Restricted employees' tax deduction fund	4.3	2.6
Restricted short-term bank deposits	2.3	8.6
Total cash and cash equivalents	197.5	213.9

Note 11 Share capital

The total authorized number of ordinary shares was 52.6 million (2016: 52.6 million) with a par value of NOK 4.00 per share. All issued shares were fully paid at balance sheet date.

NOK million	Number of shares	Share capital	Share premium	Total
January 1, 2017	52,606,999	210.4	122.9	333.3
Reclassified to other equity	0	0.0	-122.9	-122.9
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, 2017	52,606,999	210.4	0.0	210.4

NOK million	Number of shares	Share capital	Share premium	Total
January 1, 2016	52,606,999	210.4	122.9	333.3
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	210.4	122.9	333.3

20 largest shareholder accounts at December 31, 2017:

Shareholder accounts	Number of shares	Ownership-share (%)
TEEKAY SERVICE HOLDINGS COÖPER. UA	22,893,631	43.5
DNB NOR MARKETS, AKS	5,109,784	9.7
SKANDINAVISKA ENSKIL	3,213,975	6.1
MATHIAS HOLDING AS	1,700,000	3.2
KING KONG INVEST AS	1,250,000	2.4
SUNDT AS	1,142,486	2.2
MP PENSJON PK	837,584	1.6
ANDENERGY AS	804,326	1.5
INVESCO PERP EURAN S	765,804	1.5
CITIBANK, N.A.	750,480	1.4
BAKLIEN ÅSMUND	700,000	1.3
HORTULAN AS	685,000	1.3
BEKKESTUA EIENDOM AS	560,000	1.1
ALTEA PROPERTY DEVEL	500,828	1.0
SVENSKA HANDELSBANKE	493,000	0.9
GRANLUND HOLDING AS	427,201	0.8
INVESCO FUNDS	419,109	0.8
SIX SIS AG	413,936	0.8
TIGERSTADEN AS	330,000	0.6
PREDATOR CAPITAL MAN	315,072	0.6
Total, 20 largest shareholder accounts	43,312,216	82.3
Remaining shareholders	9,294,783	17.7
Total shareholders	(4,224 shareholder accounts)	52,606,999
		100.0

20 largest shareholder accounts at December 31, 2016:

	Number of shares	Ownership-share (%)	
Shareholder accounts			
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	(4,592 shareholder accounts)	52,606,999	100.0

Note 12 Share-based payments

At balance sheet date 2017 and 2016 there are no remaining options, all options remaining expired in 2015 and no options were exercised during 2017 and 2016. See also note 28.

Note 13 Other current liabilities

<i>NOK million</i>	2017	2016
Employer's contribution tax and other taxes	2.9	4.3
Employee related payables	8.5	23.3
Accrual Piranema ANP environmental fine	0.0	32.2
Other current liabilities	3.2	5.8
Total other current liabilities	14.6	65.6

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)

NOK million	2017	2016
Specification net deferred tax assets/(liabilities):		
– Deferred tax asset to be reversed after more than 12 months	3,958.9	4,029.9
– Deferred tax asset/(liability) to be reversed after more than 12 months	0.0	-12.7
Net deferred tax assets/(liabilities)	3,958.9	4,017.3
Deferred tax assets not recognized in the balance sheet	-3,958.9	-4,017.3
Net deferred tax assets/(liabilities) recognized in the balance sheet	0.0	0.0
Reconciliation of deferred tax assets/(liabilities), net:		
Book value January 1	0.0	-2.6
Income statement charge relating to deferred tax assets	0.0	0.0
Income statement charge relating to deferred tax liabilities	0.0	2.6
Book value December 31	0.0	0.0

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

NOK million	2017	2016
Deferred tax assets:		
Pension liabilities	2.0	6.3
Investments and receivables	304.6	302.7
Fixed assets	9.4	9.3
Accounting provisions	1.2	1.2
Losses carried forward	3,762.0	3,710.5
Adjustment to losses carried forward from 2014	-120.3	0.0
Deferred tax assets continued operations	3,958.9	4,029.9
Deferred tax liabilities:		
Unrealized currency gain/(loss)	0.0	-12.7
Construction contracts	0.0	0.0
Accounting revenue accruals	0.0	0.0
Deferred tax liabilities continued operations	0.0	-12.7

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

NOK million	2017	2016
Book value January 1	-9.5	-39.6
Reversal accrual disputed tax and interest, tax claim 2012	9.5	0.0
Payment of disputed tax and interest, tax claim 2012	0.0	30.1
Book value December 31	0.0	-9.5

Specification of tax income/(expense)

NOK million	2017	2016
Current tax	0.0	-0.7
Reversal, disputed tax claim 2012	39.3	0.0
Provision for additional tax 2014	-6.5	0.0
Reversal group tax accrual	0.0	6.5
Net tax income/(expense)	32.8	5.7

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

NOK million	2017	2016
Profit/(loss) before tax	-56.5	-247.1
Tax calculated at domestic tax rates applicable to profits in each respective countries	13.6	61.8
Income not subject to tax	2.6	6.2
Expenses not deductible	-0.9	-20.6
Change temporary differences	-1.7	-25.5
Tax losses for which no deferred income tax asset was recognized	-13.7	-21.8
Tax income/(expense)	0.0	0.0
Gross revenue tax	0.0	-0.7
Reversal, disputed tax claim 2012 *	39.3	0.0
Provision for additional tax 2012/2014 **	-6.5	0.0
Reversal tax accrual	0.0	6.5
Net tax income/(expense)	32.8	5.7

* In 2016 Sevan Marine received a decision from Skatt Sør (Norwegian tax authorities) that the tax assessment for 2012 was adjusted for certain deductions related to losses on intra-group receivables following the sale of FPSO Hummingbird during the 2011-2012 restructuring. Sevan Marine accrued for the full amount of the potential additional tax, interest and penalty tax in December 2015 of NOK 40.9 million. The additional tax and interest of NOK 31.7 million was paid in February 2016.

Sevan Marine disputed the tax office's assessment and in June 2017 the tax office reversed their decision and readjusted the 2012 tax assessment. In accordance with this decision, Sevan Marine was paid back NOK 31.7 million plus interest, and the remaining accrual in the accounts of NOK 9.2 million was reversed.

** Sevan Marine has made a NOK 6.5 million provision to cover an additional tax. There is an ongoing correspondence with Skatt Sør related to the additional tax and the additional tax decision will be disputed by Sevan Marine.

Note 15 Retirement benefit obligations

The company operates a defined contribution plan. The defined benefit plan and the additional pension assurance plan were terminated in 2016. The net effect to the income statement of this termination was a revenue of NOK 0.6 million. Net pension obligation is NOK 0.0 million (2016: NOK 6.4 million).

Pension cost charged to the income statement is NOK 1.5 million (2016: NOK 5.5 million) whereof NOK -0.6 million (2016: NOK 1.3 million) is related to defined benefit pension plans and NOK 2.1 million (2016: NOK 3.2 million) is related to defined contribution plans. The defined contribution plan has 33 participants per 31.12.2017 (2016: 39 participants). The Company's pension schemes satisfy the requirements in the Norwegian legislation regarding mandatory occupational pension.

Note 16 Provisions

<i>NOK million</i>	Warranties	Bonus	Legal fees	Additional tax	Total
January 1, 2017	0.0	0.0	0.0	0.0	0.0
Arising during the year	0.0	4.4	4.1	6.5	15.0
December 31, 2017	0.0	4.4	4.1	6.5	15.0

<i>NOK million</i>	Warranties	Bonus	Legal fees	Additional tax	Total
January 1, 2016	1.6	6.3	0.0	0.0	7.9
Reversed during the year	0.0	-6.3	0.0	0.0	-6.3
Classified as held for sale	-1.6	0.0	0.0	0.0	-1.6
December 31, 2016	0.0	0.0	0.0	0.0	0.0

All provisions in 2017 and 2016 are current in nature.

Warranties

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

Bonus

Provision for corporate and stay-on bonuses to employees.

Legal fees

The Oslo District Court has ruled against Sevan Marine ASA's subsidiary Sevan Holding V AS in relation to the USD 60 million loan granted to Logitel Offshore Pte Ltd. Sevan Marine was also sentenced to pay Logitel's legal fees of NOK 4.1 million. See Note 27.

Additional tax

Provision for potential additional tax on adjustment to the 2014 tax assessment. See Note 14.

Note 17 Employee benefit expense

Specification of employee expense

<i>NOK million</i>	2017	2016
Wages and salaries	32.8	84.2
Employer's contribution tax	7.5	9.3
Pension cost	1.5	5.5
Bonus accrual	4.4	-5.3
Other employee benefit expense	2.2	4.9
Total employee expense	48.3	98.6

No. of man-years	32	35
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2017 remuneration of Senior Management, as expensed:

<i>NOK thousand</i>		Salaries	Retirement benefits	Other benefits
Reese McNeel	CEO/CFO	2,442	71	57
Alf-Roger Skikstein	Head of Operation and Projects	1,843	69	23
Otto Skjåstad	Head of Engineering and Technology	1,665	75	35
Knut Bredahl	Head of Business Development	1,162	72	30
Total remuneration paid		7,112	287	145

2016 remuneration of Senior Management, as expensed:

<i>NOK thousand</i>		Salaries	Retirement benefits	Other benefits
Carl Lieungh	CEO	2,757	417	177
Reese McNeel	CFO	2,088	176	61
Lars Ødeskaug	COO	2,979	181	33
Alf-Roger Skikstein	Head of Operation and Projects	1,610	375	34
Fredrik Major	CBDO	1,756	389	156
Morten Martens Breivik	CoS	811	6	3
Otto Skjåstad	Head of Engineering and Technology	1,525	128	24
Knut Bredahl	Head of Business Development	1,053	73	28
Total remuneration paid		14,579	1,747	515

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 2017 or 2016.

At the balance sheet date there is no remaining options held by Senior Management (2016: no remaining options). No options were exercised during 2017 and 2016.

Remuneration of the Board of Directors, as expensed:

NOK thousand	Member from:	Member to:	2017	2016
Erling Øverland, Chairperson	25 May 2016		460	225
Siri Hatlen		25 May 2016	0	255
Jørgen Rasmussen, Deputy Chairman		25 May 2016	0	175
Kathryn Moore Baker	25 May 2016		265	125
Mari Thjømøe		25 May 2016	0	170
Peter Lytzen *			178	0
Ingvild Sæther *			0	0
Kjetil Sjursen		24 May 2017	150	275
Totrstein Sanness	24 May 2017		135	0
Ann-Kristin Nielsen Løvland	25 May 2016		88	63
Vidar Andersen	25 May 2016		88	63
Hans Olav Sele		25 May 2016	0	125
Torlaug Lode		25 May 2016	0	125
Total remuneration paid			1,364	1,601

* The remuneration were paid to the Companies the Board members are employed.

Remuneration of the Board of Directors was for the period from November 24, 2016 to November 24, 2017.

2017 Salaries and other benefits to Directors as employees:

NOK thousand	Salaries	Retirement benefits	Other benefits
Ann-Kristin Nielsen Løvland	682	36	14
Vidar Andersen	894	60	14

2016 Salaries and other benefits to Directors as employees:

NOK thousand	Salaries	Retirement benefits	Other benefits
Hans Olav Sele	994	63	15
Torlaug Lode	908	61	21
Ann-Kristin Nielsen Løvland	654	36	15
Vidar Andersen	944	62	15

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

As of December 31, 2017, the following Board members and Senior Management owned or controlled shares in the Company:

Board of Directors

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

Vidar Andersen, Employee Representative, owns 1,464 shares

Senior Management

Reese McNeel, CEO/CFO, owns 22,300 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

Financial income

NOK million	2017	2016
Interest income	1.4	0.6
Partial reversal provision Piranema	6.5	3.3
Reversal interest cost tax case 2012	1.7	0.0
Guarantee income	1.9	2.4
Other financial income	0.1	0.0
Total financial income	11.6	6.3

Financial expense

NOK million	Note	2017	2016
Interest expense		0.1	0.0
Impairment Logitel Loan	27	0.0	133.9
Other financial expenses		0.0	0.1
Total financial expense		0.1	134.0

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.

	2017	2016
Profit/(loss) attributable to equity holders of the Company (NOK million)	-33.5	-228.8
Weighted average number of ordinary shares on issue (thousands)	52,607	52,607
Basic earnings per share (NOK per share)	-0.64	-4.35

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.

	2017	2016
Profit/(loss) attributable to equity holders of the Company (NOK million)	-33.5	-228.8
Profit/(loss) used to determine diluted earnings per share (NOK million)	-33.5	-228.8
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 (NOK per share)	-0.64	-4.35

Note 20 Dividend and repayment of capital

No dividend was paid by the Company in 2017 or 2016. The Board of Directors has decided to propose a capital reduction including a repayment of capital to the shareholders of NOK 0.5 per share to the Annual General Meeting on May 24, 2018.

Note 21 Cash generated from operations

NOK million	2017	2016
Profit/(loss) before tax continued operations	-56.5	-247.1
<i>Adjustments for non-cash items:</i>		
– Depreciation and amortization	2.2	3.3
– Impairment Logitel Loan	0.0	133.9
– Impairment current receivables	11.1	38.2
Profit/(loss) from operations before changes in working capital	-43.2	-71.7
<i>Changes in working capital:</i>		
– Trade and other receivables	-0.7	31.2
– Trade and other payables	3.3	-4.0
– Other current liabilities, provisions and charges	-9.2	0.3
Cash generated from continued operations	-49.7	-44.3

Note 22 Contingencies and debt securities

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

Sevan Drilling

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”. The charter and service agreement between Petrobras and Sevan Drilling expires in June 2018.

Note 23 Related party transactions

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

NOK million	2017	2016
Sales to related parties		
Teekay	3.5	2.4
Logitel Offshore	0.0	21.0
Purchases from related parties		
Arendal Brygge AS	4.8	4.7

Year-end balances arising from related parties transactions

NOK million	2017	2016
Receivable from related parties		
Teekay	0.2	0.0
Logitel Offshore	0.0	51.6
Arendal Brygge	5.0	4.8
Loan to related parties		
Logitel Offshore	0.0	0.0

Teekay is the Sevan Marine’s largest shareholder, see Note 11.

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 in 2016 reflect engineering and site supervision services.

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:

NOK million	2017	2016
No later than 1 year	5.5	8.5
Between 1-5 years	13.6	13.4
Later than 5 years	2.7	5.8
Total lease and rental-obligations	21.8	27.7

The Group expensed NOK 5.7 million in lease and rental cost for 2017.

Note 25 Other operating expense

Specification of other operating expense

NOK million	2017	2016
Office cost (IT, rental, etc.)	13.3	20.6
Consultancy (audit, tax and legal)	21.3	15.3
Marketing	1.4	2.0
Travel expenses	0.9	1.1
Write down receivables	11.1	38.2
Other (patents, stock exchange, etc.)	2.5	2.0
Total other operating expense	50.5	79.2

Specification of auditor's fee (excl. VAT)

NOK million	2017	2016
Statutory audit	0.6	0.8
Audit related services	0.3	0.5
Tax related service	0.0	0.0
Other services	0.0	0.0
Total auditor's fee	1.0	1.3

Note 26 Other non-current assets

NOK million	Note	2017	2016
Logitel variable fee	27	0.0	43.2
Rental deposit		3.3	3.5
Total other non-current assets		3.3	46.7

Note 27 Loan and variable fee Logitel

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

NOK million			Variable fee non-current portion	Variable fee current portion	Accounts receivable	Total
	Note	Loan				
January 1, 2017		0.0	43.1	0.0	7.6	50.7
Revaluation		0.0	-3.2	0.0	-0.5	-3.7
Settlement		0.0	-35.9	0.0	0.0	-35.9
Impairment charge, operational cost	25	0.0	-4.0	0.0	-7.1	-11.1
December 31, 2017		0.0	0.0	0.0	0.0	0.0

NOK million			Variable fee non-current portion	Variable fee current portion	Accounts receivable	Total
	Note	Loan				
January 1, 2016		140.9	44.1	44.1	7.8	236.8
Revaluation		-7.0	-3.4	0.0	-0.2	-10.6
Impairment charge, operational cost		0.0	-41.6	0.0	0.0	-41.6
Impairment charge, finance cost	18	-133.9	0.0	0.0	0.0	-133.9
Reclassification		0.0	44.1	-44.1	0.0	0.0
December 31, 2016		0.0	43.1	0.0	7.6	50.7

Logitel bond loan court case

Sevan Marine has commenced legal action against Logitel Offshore Pte Ltd claiming payment of approximately USD 60 million in relation to the Logitel loan.

The Oslo District Court ruled against Sevan Marine ASA's subsidiary Sevan Holding V AS in relation to the USD 60 million loan granted to Logitel Offshore Pte Ltd. Sevan Marine was also sentenced to pay Logitel's legal fees of NOK 4.2 million. The ruling has been appealed. The appeal date has been set for September 2019.

Logitel arbitration

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 ASA entered into a settlement agreement with Logitel Offshore Pte Ltd and Teekay Offshore Partners in October 2017. Sevan Marine ASA has received USD 4.5 million (NOK 35.9 million) as full and final settlement of the arbitration dispute. The settlement led to an impairment charge for the Group of NOK 11.1 million in 2017.

Note 28 Events after balance sheet date

Share option program

On the basis of the approval by the Annual General Meeting of May 24, 2017, to authorize the Board of Sevan Marine to issue new shares to employees under a long-term incentive program, the Board has resolved to issue options to employees of the Company.

In March 2018 a total of 943,505 options for shares of the Company were distributed amongst the management and all employees. Each option, when exercised, will give the right to acquire one share in the Company. The options are granted without consideration. Pursuant to the vesting schedule, 1/3 of the options will vest 12 months after the day of grant (as long as the option holder is still employed). Thereafter, 1/3 of the remaining options will vest each year as long as the option holder is still employed. The exercise price is equal NOK 10 per share. The options that have not been exercised will lapse 5 years after the date of grant.

Sevan Marine ASA – Balance sheet

NOK million	Note	31.12.2017	Restated* 31.12.2016
ASSETS			
Non-current assets			
Fixed assets	3	0.1	1.4
Investment in subsidiaries	4	37.8	38.4
Other non-current assets from related parties	23	0.0	43.1
Other non-current assets	5, 23	3.2	3.5
Total non-current assets		41.1	86.3
Current assets			
Trade and other receivables	22	12.8	12.8
Receivables from companies in the Group	4	2.5	3.5
Receivables from related parties	23	2.1	1.6
Cash and cash equivalents	6	182.2	195.3
Total current assets		199.5	213.1
Total assets		240.6	299.4
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	1,8	210.4	210.4
Share premium reserve	1	0.0	122.9
Other equity	1	-0.4	-116.9
Total equity		210.0	216.4
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	10	0.0	6.4
Other non-current liabilities		2.3	0.0
Total non-current liabilities		2.3	6.4
Current liabilities			
Trade payables		5.3	1.5
Payables to related parties		0.0	0.3
Provisions	20	8.5	0.0
Payable tax	2	0.0	9.2
Other current liabilities	14	14.5	65.5
Total current liabilities		28.3	76.6
Total liabilities		30.6	83.0
Total equity and liabilities		240.6	299.4

* Restated due to change of presentation currency from USD to NOK, see Notes to the financial statements for further information.

Lysaker, April 23, 2018
The Board of Directors of Sevan Marine ASA

Erling Øverland
Chairman

Peter Lytzen
Board Member

Ingvald Sæther
Board Member

Torstein Sanness
Board Member

Kathryn M. Baker
Board Member

Vidar Andersen
Employee Representative

Ann-Kristin Nielsen Løvland
Employee Representative

Reese McNeel
CEO

Sevan Marine ASA – Income Statement

NOK million	Note	Restated*	
		2017	2016
Operating revenue	16,19	56.6	98.8
Operating expense		17.5	31.9
Depreciation, amortization and impairment	3	0.6	1.5
Employee benefit expense	9	49.5	88.4
Other operating expense	11	41.3	73.9
Foreign exchange (gain)/ loss related to operation		0.0	3.1
Total operating expense		108.8	198.8
Operating profit/(loss)		-52.3	-100.0
Financial income	21	13.6	26.2
Financial expense	21	-3.4	-83.7
Foreign exchange gain/ (loss) related to financing		-3.5	-5.0
Net financial profit/(loss)		6.7	-62.5
Profit/(loss) before tax		-45.6	-162.5
Tax income/(expense)	2	39.3	0.0
Annual net profit/(loss)		-6.3	-162.5
<i>Attributable to:</i>			
Equity holders of the Company		-6.3	-162.5
<i>Distribution of dividend:</i>			
Transfer to/from equity		-6.3	-162.5
Annual net profit/(loss)		-6.3	-162.5
<i>Earnings per share for profit/(loss) attributable to the equity holders of the Company during the year (USD per share):</i>			
- Basic	13	-0.12	-3.09
- Diluted	13	-0.12	-3.09

* Restated due to change of presentation currency from USD to NOK, see Notes to the financial statements for further information.

Sevan Marine ASA - Cash flow statement

NOK million	Restated*	
	2017	2016
Cash flows from operating activities		
Profit/(loss) before tax	-45.6	-162.5
<i>Adjustment for:</i>		
Depreciation/amortization	0.6	1.5
Write down of investment and receivables in subsidiaries	3.3	82.4
Sale of shares in KANFA Aragon AS	0.0	-17.0
Write down non-current assets related parties	4.3	45.0
<i>Change in working capital:</i>		
Receivable and payables relating to companies in the Group	-1.8	13.0
Conversion of intercompany receivable to investment	0.0	-16.3
Trade and other receivable	0.6	25.3
Other receivables related parties	34.8	0.0
Trade payables	3.4	-4.0
Other liabilities, provision and charges	-45.5	0.5
Cash generated from operations	-45.9	-32.2
Cash flows from operating activities		
Cash from operations	-45.9	-32.2
Tax repaid during the period	30.1	-30.1
Net cash flow from operating activities	-15.8	-62.3
Cash flows from investment activities		
Sale of shares in KANFA AS	2.0	0.0
Investment in subsidiaries	0.0	-5.7
Sale of shares in KANFA Aragon AS	0.0	20.0
Sale of tangible assets	0.7	0.0
Net cash flow from investment activities	2.7	14.3
Net cash flows for the period	-13.1	-48.0
Cash balance at the beginning of the year	195.3	243.3
Cash balance at the end of the year	182.2	195.3

* Restated due to change of presentation currency from USD to NOK, see Notes to the financial statements for further information.

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').

Change in presentation currency

As a result significant changes in the Group through the restructuring period between 2011 - 2016, the Group has undertaken a reassessment of the functional currencies for all entities in the Group based on the relevant IFRS regulations. Based on the assessment, the functional and presentation currency for Sevan Marine ASA was changed from USD to NOK with effect from 1 January 2017. A change of presentation currency is considered a change of accounting policy and is applied retrospectively.

The following main procedures have been applied:

- Assets and liabilities were translated into NOK at the relevant closing rates of exchanges.
- Share capital, share premium and other reserves were translated at the historic rates prevailing at the dates of the transactions.

All numbers in the financial statements are in NOK 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 items in the income statement.

Pension Plans

As of year-end 2017 the Company operate the 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.

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.

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

<i>NOK million</i>	Share capital	Share premium	Other equity	Total equity
January 1, 2017	210.4	122.9	-116.9	216.4
Reclassification		-122.9	122.9	0.0
Annual net profit/(loss)			-6.3	-6.3
December 31, 2017	210.4	0.0	-0.4	210.0

<i>NOK million</i>	Share capital	Share premium	Other equity	Total equity
January 1, 2016	210.4	122.9	46.2	379.5
Actuarial gains/losses pension plan			-0.6	-0.6
Annual net profit/(loss)			-162.5	-162.5
December 31, 2016	210.4	122.9	-116.9	216.4

The total authorized number of ordinary shares was 52.6 million (2016: 52.6 million) with a par value of NOK 4.00 per share (2016: 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)

<i>NOK million</i>	2017	2016
Specification net deferred tax assets/(liabilities):		
– Deferred tax asset to be reversed after more than 12 months	330.4	319.9
– Deferred tax asset/(liability) to be reversed after more than 12 months	0.0	-3.0
Net deferred tax assets/(liabilities)	330.4	316.9
Deferred tax assets not recognized in the balance sheet	-330.4	-316.9
Net deferred tax assets/(liabilities) recognized in the balance sheet	0.0	0.0

Specification of deferred tax assets/ (liabilities) not booked

<i>NOK million</i>	2017	2016
Deferred tax assets:		
Pension liabilities	0.5	1.5
Investments and receivables	2.9	2.1
Fixed assets	1.3	1.7
Accounting provisions	0.3	0.3
Losses carry forward	325.4	314.3
Deferred tax assets	330.4	319.9
Deferred tax liabilities:		
Unrealized currency gain/(loss)	0.0	-3.0
Accounting revenue accruals	0.0	0.0
Deferred tax liabilities	0.0	-3.0

Reconciliation of tax payable

<i>NOK million</i>	2017	2016
Book value January 1	-9.2	-39.3
Reversal accrual disputed penalty tax, tax claim 2012	9.2	0.0
Payment of disputed tax and interest, tax claim 2012	0.0	30.1
Book value December 31	0.0	-9.2

Specification of tax income/ (expense)

<i>NOK million</i>	2017	2016
Current tax	0.0	0.0
Change deferred tax	0.0	0.0
Repayment disputed tax claim 2012	39.3	0.0
Net tax income/(expense)	39.3	0.0

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

<i>NOK million</i>	2017	2016
Profit/(loss) before tax	-45.6	-162.5
Tax calculated (24%)	10.9	40.6
Income not subject to tax	2.6	6.1
Currency translation adjustment	0.0	-0.5
Expenses not deductible	-0.8	-20.6
Change temporary differences	-1.7	-5.8
Tax losses for which no deferred income tax asset was recognized	-11.1	-19.7
Tax income/(expense)	0.0	0.0
Gross revenue tax	0.0	0.0
Tax charge relating to previous years	39.3	0.0
Net tax income/(expense)	39.3	0.0

On January 19, 2016, Sevan Marine received a notice from Skatt Sør (Norwegian tax authorities) that the tax assessment for 2012 was adjusted for certain deductions related to losses on intra-group receivables following the sale of FPSO Hummingbird during the 2011-2012 restructuring. Sevan Marine therefore recorded a conservatively NOK 40.9 million provision for the full amount of the potential additional tax (NOK 30.1 million), interest (NOK 1.6 million) and penalty tax (NOK 9.2 million) in the 2015 accounts. The potential tax together with interest of NOK 31.7 million was paid in 2016. Sevan Marine disputed the tax office's assessment, and in June 2017 Sevan Marine received a new notice from Skatt Sør (Norwegian tax authorities), where they reversed their decision and readjusted the 2012 tax assessment. In accordance with this decision, Sevan Marine was paid back NOK 31.7 million plus interest. The remaining accrual of NOK 9.2 million was reversed.

Note 3 Fixed and Intangible assets

NOK million			
	Software	Machinery, fixtures	Total
Year ended December 31, 2017			
Book value January 1	0.0	1.4	1.4
Additions	0.0	0.0	0.0
Disposals	0.0	-0.7	-0.7
Depreciation	0.0	-0.6	-0.6
Book value December 31	0.0	0.1	0.1
At December 31, 2017			
Cost or valuation	30.1	6.2	36.3
Accumulated depreciation and impairment	-30.1	-6.1	-36.2
Book value December 31	0.0	0.1	0.1

NOK million			
	Software	Machinery, fixtures	Total
Year ended December 31, 2016			
Book value January 1	0.5	2.4	2.9
Additions	0.0	0.0	0.0
Disposals	0.0	0.0	0.0
Depreciation	-0.5	-1.0	-1.5
Book value December 31	0.0	1.4	1.4
At December 31, 2016			
Cost or valuation	30.1	8.5	38.7
Accumulated depreciation and impairment	-30.1	-7.2	-37.3
Book value December 31	0.0	1.4	1.4

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

Investment in subsidiaries as of 31 December, 2017:

Subsidiaries	Registered office	Cost price	No of shares	Equity	Write-downs	Capital Increase	Book value	Profit/ (loss)	Shareholder interest
Sevan Holding V AS	Norway	2099.8	10,000	-7.4			0.0	-6.6	100 %
Hiload LNG AS	Norway	24.8	24,797,341	5.8		2.8	24.8	-5.3	95 %
Sevan Asia Ptd Ltd	Singapore	25.1	5,100,998	13.4	3.3		13.0	-3.8	100 %
Total book value		2149.8			3.3	2.8	37.8		

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	44.7	1,275	9.6			0.0	15.2	51 %
Sevan Holding V AS	Norway	2099.8	10,000	-0.8	80.4		0.0	-140.8	100 %
Hiload LNG AS	Norway	22.0	22,000,000	8.3		22.0	22.0	-5.6	95 %
Sevan Asia Ptd Ltd	Singapore	25.1	5,100,998	21.8			16.3	-0.8	100 %
Total book value		2191.7			80.4	22.0	38.4		

Current receivables from companies in the Group:

<i>NOK million</i>	2017	2016
KANFA AS	0.0	1.1
Sevan Holding V AS	1.4	1.4
Hiload LNG AS	1.0	0.7
Current receivables from companies in the Group	2.5	3.5

Note 5 Other non-current assets

<i>NOK million</i>	2017	2016
Deposit	3.2	3.5
Total other non-current assets	3.2	3.5

Note 6 Cash and cash equivalents

<i>NOK million</i>	2017	2016
Cash at bank and in hand	175.5	184.3
Restricted employees' tax deduction fund	4.3	2.7
Restricted bank deposits	2.3	8.3
Total cash and cash equivalents	182.2	195.3

As of December 31, 2017, the total restricted cash of 2.3 million (2016: 8.3) relates to deposit for rental of offices of 0.5 million and pension funds of 1.8 million.

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

As of December 31, 2017, the following Board members and Senior Management owned or controlled shares in the Company:

Board of Directors

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

Vidar Andersen, Employee Representative, owns 1,464 shares

Senior Management

Reese McNeel, CEO/CFO, owns 22,300 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, 2017:

Shareholder accounts	Number of shares	Ownership-share (%)	
TEEKAY SERVICE HOLDINGS COÖPER. UA	22,893,631	43.5	
DNB NOR MARKETS, AKS	5,109,784	9.7	
SKANDINAVISKA ENSKIL	3,213,975	6.1	
MATHIAS HOLDING AS	1,700,000	3.2	
KING KONG INVEST AS	1,250,000	2.4	
SUNDT AS	1,142,486	2.2	
MP PENSJON PK	837,584	1.6	
ANDENERGY AS	804,326	1.5	
INVESCO PERP EURAN S	765,804	1.5	
CITIBANK, N.A.	750,480	1.4	
BAKLIEN ÅSMUND	700,000	1.3	
HORTULAN AS	685,000	1.3	
BEKKESTUA EIENDOM AS	560,000	1.1	
ALTEA PROPERTY DEVEL	500,828	1.0	
SVENSKA HANDELSBANKE	493,000	0.9	
GRANLUND HOLDING AS	427,201	0.8	
INVESCO FUNDS	419,109	0.8	
SIX SIS AG	413,936	0.8	
TIGERSTADEN AS	330,000	0.6	
PREDATOR CAPITAL MAN	315,072	0.6	
Total, 20 largest shareholder accounts	43,312,216	82.3	
Remaining shareholders	9,294,783	17.7	
Total shareholders	(4,224 shareholder accounts)	52,606,999	100.0

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	(4,592 shareholder accounts)	52,606,999	100.0

Note 9 Employee benefit expense

Specification of employee expense:

<i>NOK million</i>	2017	2016
Salaries and vacation pay	38.3	70.1
Employer's contribution tax	7.5	9.3
Pension costs	1.5	5.5
Other employee benefit expense	2.2	3.5
Total employee benefit expense	49.5	88.4
Average number of man-years	33	56

2017 remuneration of Senior Management, as expensed:

<i>NOK thousand</i>	Salaries	Retirement benefits	Other benefits
Reese McNeel CEO/CFO	2,442	71	57
Alf-Roger Skikstein, Head of Operation and Projects	1,843	69	23
Otto Skjåstad, CTO	1,665	75	35
Knut Bredahl, Head of Sales and Marketing	1,162	72	30
Total remuneration paid	7,112	287	145

2016 remuneration of Senior Management, as expensed:

<i>NOK thousand</i>	Salaries	Retirement benefits	Other benefits
Carl Lieungh, CEO	2,757	417	177
Reese McNeel CFO	2,088	176	61
Lars Ødeskaug, COO	2,979	181	33
Alf-Roger Skikstein, Managing Director Sevan Marine	1,610	375	34
Fredrik Major, CBDO	1,756	389	156
Morten Martens Breivik, CoS	811	6	3
Otto Skjåstad, CTO	1,525	128	24
Knut Bredahl, Head of Sales and Marketing	1,053	73	28
Total remuneration paid	14,579	1,747	515

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 2017 and 2016.

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:

NOK thousand	Member from:	Member to:	2017	2016
Erling Øverland, Chairperson	25 May 2016		460	225
Siri Hatlen		25 May 2016	0	255
Jørgen Rasmussen, Deputy Chairman		25 May 2016	0	175
Kathryn Moore Baker	25 May 2016		265	125
Mari Thjømøe		25 May 2016	0	170
Peter Lytzen *			178	0
Ingvild Sæther *			0	0
Kjetil Sjursen		24 May 2017	150	275
Torstein Sanness	24 May 2017		135	0
Ann-Kristin Nielsen Løvland	25 May 2016		88	63
Vidar Andersen	25 May 2016		88	63
Hans Olav Sele		25 May 2016	0	125
Torlaug Lode		25 May 2016	0	125
Total remuneration paid			1,364	1,601

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

Remuneration of the Board of Directors was for the period of November 24th, 2016 to November 24th, 2017

Salaries and other benefits to Directors as employees:

NOK thousand	2017			2016		
	Salaries	Retirement benefits	Other benefits	Salaries	Retirement benefits	Other benefits
Hans Olav Sele	-	-	-	994	63	15
Torlaug Lode	-	-	-	908	61	21
Ann-Kristin Nielsen Løvland	682	36	14	654	36	15
Vidar Andersen	894	60	14	944	62	15

* 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 a defined contribution plan. The defined benefit plan and the additional pension assurance plan were terminated in 2016. The net effect to the income statement of this termination was a revenue of NOK 0.6 million. Net pension obligation is NOK 0.0 million (2016: NOK 6.4 million).

Pension cost charged to the income statement is NOK 1.5 million (2016: NOK 5.5 million) whereof NOK -0.6 million (2016: NOK 1.3 million) is related to defined benefit pension plans and NOK 2.1 million (2016: NOK 3.2 million) is related to defined contribution plans. The defined contribution plan has 33 participants per 31.12.2017 (2016: 39 participants). The Company's pension schemes satisfy the requirements in the Norwegian legislation regarding mandatory occupational pension.

Note 11 Other operating expense

NOK million	2017	2016
Cost of hired personnel	0.2	1.7
Office cost (rental etc)	13.2	18.6
Consultancy (audit, tax and legal) *	19.7	11.7
Marketing	1.3	1.7
Travel expenses	0.8	1.2
Other	6.1	39.0
Total other operating expense	41.3	73.9

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

NOK million	2017	2016
Statutory audit	0.4	0.6
Audit related services	0.3	0.4
Total auditor's fees	0.8	1.0

Note 12 Lease agreements

The Company has entered into several agreements for rent of offices. Lease expense for offices amounted to 5.6 million for the year (2016: 8.9).

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

NOK million	2017	2016
No later than 1 year	5.4	8.4
Between 1-5 years	13.6	13.4
Later than 5 years	2.7	5.8
Total lease and rental obligations	21.7	27.6

Note 13 Earnings per share

	2017	2016
Net profit/(loss) (NOK million)	-6.3	-162.5
Earnings per share (NOK)	-0.12	-3.09
Earnings per share diluted (NOK)	-0.12	-3.09
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

NOK million	Note	2017	2016
Payroll liabilities		6.5	6.7
Employer's contribution tax and other taxes		2.9	8.1
Accrued severance pay		2.1	13.1
Accrual Piranema ANP environmental fine		0.0	31.5
Other payables		3.0	6.2
Total other current liabilities		14.5	65.5

Note 15 Share-based payments

At balance sheet date there is no remaining options (2016: 0).

Note 16 Related party transactions

2017

The operating revenue includes revenue from Group companies amounting to 5.9 million. The Company charged companies within the Group 5.3 million for services relating to management, engineering and site supervision, and 0.6 million for management fees.

The Company charged companies within the Group 0.1 million for interest relating to loans during 2017.

The operating revenue includes revenue from Teekay amounting to 3.5 million for services relating to management and engineering.

The Company was charged 4.8 million from Arendal Brygge and St. Ybes for lease of offices in Arendal.

2016

The operating revenue includes revenue from Group companies amounting to 10.9 million. The Company charged companies within the Group 10.1 million for services relating to management, engineering and site supervision, and 0.8 million for management fees.

The Company charged companies within the Group 1.6 million for interest relating to loans during 2016.

The operating revenue includes revenue from Teekay amounting to 1.5 million for services relating to management and engineering.

The operating revenue includes revenue from Logitel Offshore amounting to 0.9 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 4.7 million from Arendal Brygge and St. Ybes 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 USD, 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 2017.

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.

Sevan Marine ASA is in a solid liquidity position with a cash balance of NOK 182.2 million at balance sheet date.

Covenant

Sevan Marine has provided security to Nordea for guarantees, overdraft facilities and derivative transactions within the Topside and Process Technology segment. These security arrangements were terminated in 2017 and 2016 when the sales transactions were completed.

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”. The charter and service agreement between Petrobras and Sevan Drilling expires in June 2018.

Note 19 Operating revenue

NOK million	2017	2016
License fee	3.2	0.0
Revenue Teekay	3.5	1.5
Revenue Logitel	0.0	0.9
Other revenue	49.9	96.4
Total operating revenue	56.6	98.8

Note 20 Provisions

NOK million	Bonus	Legal fee	Total
January 1, 2017	0.0	0.0	0.0
Arising during the year	4.4	4.1	8.5
Reversed during the year	0.0	0.0	0.0
December 31, 2017	4.4	4.1	8.5

NOK million	Bonus	Legal fee	Total
January 1, 2016	5.3	0.0	5.3
Arising during the year	0.0	0.0	0.0
Reversed during the year	-5.3	0.0	-5.3
December 31, 2016	0.0	0.0	0.0

All provisions in 2017 and 2016 are current in nature.

Bonus

Accrual of NOK 4.4 for corporate and stay-on bonuses to employees.

Legal fees

The Oslo District Court has ruled against Sevan Marine in relation to the USD 60 million loan granted to Logitel Offshore Pte Ltd. Sevan Marine was also sentenced to pay Logitel's legal fees of NOK 4.1 million.

Note 21 Financial income and financial expense

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:

NOK million	2017	2016
Interest income	3.1	0.6
Other financial income	1.9	2.2
Reversed accruals penalty	6.5	4.6
Sale of KANFA AS	2.0	0.0
Sale of KANFA Aragon AS	0.0	17.0
Financial income from companies within the Group	0.1	1.7
Total financial income	13.6	26.2

Financial expense:

NOK million	2017	2016
Interest cost	0.1	1.3
Write-down investment in subsidiary	3.3	82.4
Total financial expense	3.4	83.7

Note 22 Trade and other receivables

NOK million	2017	2016
Trade receivables	5.3	8.9
Accrued income, not invoiced	4.6	0.1
Prepayment	2.9	3.8
Total trade and other current receivables	12.8	12.8

Note 23 Related party transactions

NOK million	2017	2016
Receivable Teekay	0.2	0.0
Receivable Logitel	0.0	0.3
Receivable Arendal Brygge	5.0	4.8
Receivables from related parties	5.3	5.1
Receivable Logitel	0.0	43.1
Other non-current assets from related parties	0.0	43.1

Sevan Marine 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 ASA entered into a settlement agreement with Logitel Offshore Pte Ltd and Teekay Offshore Partners in October 2017. Sevan Marine ASA has received USD 4.5 million (NOK 35.9 million) as full and final settlement of the arbitration dispute. The settlement led to an impairment charge for Sevan Marine ASA of NOK 5 million in 2017.

Note 24 Dividend and repayment of capital

No dividend was paid by the Company in 2017 or 2016. The Board of Directors has decided to propose a capital reduction including a repayment of capital to the shareholders of NOK 0.5 per share to the Annual General Meeting on May 24, 2018.

Note 25 Events after balance sheet date

Share option program

On the basis of the approval by the Annual General Meeting of May 24, 2017, to authorize the Board of Sevan Marine to issue new shares to employees under a long-term incentive program, the Board has resolved to issue options to employees of the Company.

In March 2018 a total of 943,505 options for shares of the Company were distributed amongst the management and all employees. Each option, when exercised, will give the right to acquire one share in the Company. The options are granted without consideration. Pursuant to the vesting schedule, 1/3 of the options will vest 12 months after the day of grant (as long as the option holder is still employed). Thereafter, 1/3 of the remaining options will vest each year as long as the option holder is still employed. The exercise price is equal NOK 10 per share. The options that have not been exercised will lapse 5 years after the date of grant.

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 2017 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 2017. The Board of Directors has not deviated from these guidelines in relation to the compensation package for Senior Management during the accounting year 2017.

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 2018, the Board of Directors presents the following guidelines for

determination of remuneration and other compensation to Senior Management for the accounting year 2018 (which, when finally approved and agreed, will be made effective as of January 1, 2018), 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 a defined contribution plan. The defined contribution plan has 33 participants.

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 July 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 financial and non-financial results shall form the basis for the collective bonus scheme tied to specific KPI's including individual performance. The collective bonus scheme may in total constitute up to 10% 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.

Consequences for the Company and the Shareholders

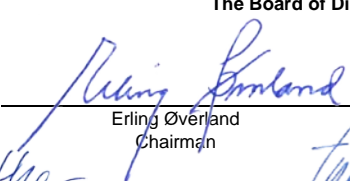
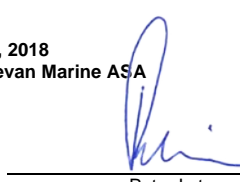

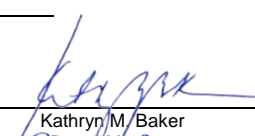

The Board of Directors has confidence in the employees and their motivation and ability to contribute to the Company's results. The Board of Directors is of the opinion that the Company's future success to a high degree depends on highly motivated, qualified and competent Senior Management and staff 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

On the basis of the approval by the Annual General Meeting in 2017, a share option program for all employees of the company has been launched. Details of the share option program are disclosed in note 28 of the consolidated financial statements.

Lysaker, April 23, 2018
The Board of Directors of Sevan Marine ASA

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



Statsautoriserte revisorer
Ernst & Young AS

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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 2017, the income statement and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the balance sheet as at 31 December 2017, the statements of profit or loss, statements of other 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 2017, and of its financial performance and its cash flows for the year then 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 2017 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 and the Group 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 2017. 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.



Impairment of loan to Logitel Offshore Pte Ltd (Logitel)

The Board of Sevan Marine initiated in January 2016 a review of the circumstances surrounding and the legality of the Logitel Offshore agreements, including the USD 50m bond loan granted by Sevan Holding V AS to Logitel in 2013. As a result, Sevan Marine commenced legal action against Logitel Offshore Pte Ltd claiming payment of an amount exceeding USD 50 million in relation to the Logitel loan. In October 2017, the Oslo District Court ruled against Sevan Marine in relation to the USD 50 million loan granted to Logitel. Sevan Marine has decided to appeal the Oslo District Court decision, but the appeal is not expected to be heard until 2019.

The Group has recognized a full impairment of the loan. Due to the significance of the loan to Logitel, and the need for management to exercise judgement about the outcome of the appeal, the impairment evaluation was a key audit matter.

Our audit procedures related to the Group's impairment evaluation included reading the Oslo District Court ruling, the correspondence between Sevan Marine and Logitel and the minutes from the Board of Directors' meetings. We also obtained a legal opinion from the Group's legal advisor, assessing the recoverability of the impaired amount. We refer to note 4.2 Critical judgments in applying the Group's policies and note 27 Loan and variable fee Logitel.

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

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 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.

Oslo, 23 April 2018
ERNST & YOUNG AS





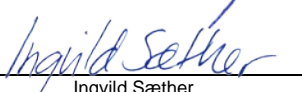

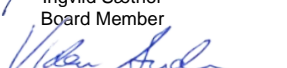
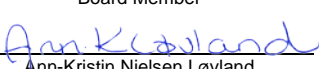
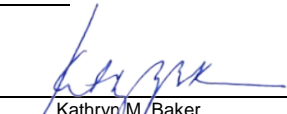

Asbjørn Rødal
State Authorised Public Accountant (Norway)

Responsibility Statement

We confirm, to the best of our knowledge, that the financial statements for the period January 1 to December 31, 2017, 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.

Lysaker, April 23, 2018
The Board of Directors of Sevan Marine ASA

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