



# CONTENTS

## INTERIM FINANCIAL REPORT THIRD QUARTER 2015

|  |   |
|--|---|
| Main Events and Developments, Third Quarter 2015 | 3 |
| Sevan Marine                                     | 4 |
| Main Figures, Third Quarter 2015                 | 4 |
| Business Segments                                | 5 |
| Outlook  | 5 |

## INTERIM FINANCIAL STATEMENTS

|   |    |
|---|----|
| Condensed Consolidated Income Statement               | 7  |
| Statement of Comprehensive Income                     | 7  |
| Condensed Consolidated Balance Sheet                  | 8  |
| Condensed Consolidated Cash Flow Statement            | 9  |
| Condensed Consolidated Statement of Changes in Equity | 10 |
| Key Figures   | 10 |

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

|        |                                 |    |
|--------|---------------------------------|----|
| Note 1 | General accounting principles   | 11 |
| Note 2 | Related party transactions      | 11 |
| Note 3 | Segment information             | 12 |
| Note 3 | Segment information             | 13 |
| Note 4 | Shareholder structure           | 14 |
| Note 5 | Logitel Offshore transaction    | 15 |
| Note 6 | KANFA Goodwill                  | 15 |
| Note 7 | Events after balance sheet date | 15 |



# INTERIM FINANCIAL REPORT THIRD QUARTER 2015

FOR

## SEVAN MARINE ASA

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

### MAIN EVENTS AND DEVELOPMENTS, THIRD QUARTER 2015

#### Sevan Marine’s FLNG solution continues to attract attention

FLNG remains a key initiative for Sevan Marine. Several meetings were held with oil & gas majors regarding specific FLNG prospects. During the quarter Sevan Marine was awarded a paid feasibility study with an oil major to explore the use of Sevan Marine’s cylindrical hull for a specific FLNG development. This study should be completed by year end and has the potential to lead to further paid study work in 2016.

In the drilling segment, the license granted to the Chinese yard COSCO in Q2 2015 to construct a Sevan Marine designed drilling unit for a new market entrant has expired.

#### Sevan Marine concept selected for UK sector prospect

The selection of the Sevan Marine concept for the UK sector FPSO prospect and continuation of this project into a late FEED and contractor selection phase is a clear positive. Sevan Marine expects to enter into a license agreement with respect to this prospect during Q4 2015. Payments under the license agreement remain subject to the field developers’ final investment decision and start of construction of the unit, which is not expected before the second half of 2016.

During the quarter, Sevan Marine continued to provide engineering and site support services for the Goliat, Dana Western Isles and Logitel Offshore projects. In addition, Sevan Marine worked on several studies and tenders for upcoming FPSO/FSO prospects.

Sevan Marine remains entitled to a variable license fee with respect to the Dana Western Isles project equal to USD 0.5 per barrel produced or USD 0.3 per barrel offloaded but not produced. Dana has announced that the FPSO will not commence production before the second half of 2017.

#### Improved quarter for Topsides and Process Technology

KANFA AS (Ownership: 51% Sevan Marine and 49% Technip) EBITDAFX was positive USD 0.4 million for the quarter driven by high activity on the USD 50 million Yinson OCTP project and a positive final settlement on a project delivered earlier in the year.

KANFA Aragon (Ownership: 50% Sevan Marine and 50% KANFA Aragon management) EBITDAFX was negative USD 0.1 million which was USD 0.4 million better than Q2 2015 driven by improved workload in Q3 2015.

#### Logitel Offshore

Arendal Spirit began operation with Petrobras under a 3 year charter contract in June 2015. Variable compensation associated with this vessel is due 12 months after the start of charter hire, June 2016, and is currently expected to be USD 6 million. This is a reduction of USD 2 million versus Q2 2015. This is driven by a revised assessment based on new information provided by Logitel Offshore and the agreed financial and operational key performance indicators. The total value of expected variable proceeds related to Arendal Spirit and unit number 2 is USD 10.0 million as of September 30, 2015.

The value of the convertible loan to Logitel Offshore was as of September 30, 2015 USD 16 million including accrued interest. The value reflects the discounted value of the two remaining USD 10 million fixed payments expected for units 2 and 3. The first payment of USD 10 million in relation to unit 1 (Arendal Spirit) was received in August 2015.

#### Investigation

As recently announced, the Board received in October 2015 the external investigation report regarding allegations of possible improper conduct related to historical contracts with Petrobras in Brazil from Advokatfirmaet Selmer DA (“Selmer”). Sevan Marine decided to hand the report over to the Norwegian authority for investigation and prosecution of economic and environmental crime (“ØKOKRIM”). Sevan Marine has made no payments and had no interaction with the agent in question or any of his companies since the IPO of drilling activities and restructuring of Sevan Marine ASA in 2011. Sevan Marine is cooperating fully with relevant authorities in the various jurisdictions involved (Norway, Brazil, US and UK). Sevan Marine adheres to the strictest of compliance and ethical standards and continues to take this matter very seriously.

The Board also asked Selmer to look into allegations suggested in Brazilian media that Petrobras executives allegedly provided privileged information to investors regarding signing of contracts

between Petrobras and Sevan Marine. Selmer has completed their report on this topic and concluded that based on the information available that such allegations cannot be verified. This information has also been shared with ØKOKRIM.

While the investigation by Selmer is now completed, Sevan Marine expects to continue its dialogue with authorities in 2016. The expected total cost of the investigation remains in the range of USD 2 - 4 million. As of September 30, 2015, USD 1.4 million of cost has been incurred.

#### Cost Reduction

The cost cutting program launched in Q1 2015 is having a positive impact on the cost level in Q3 2015 of approximately USD 0.8 million. Headcount has been reduced by 21 or over 20 per cent and a number of other measures, including moving offices, have been undertaken. Further cost reduction measures will be implemented.

#### Strategic Review Process

Sevan Marine appointed Pareto Securities in April 2015 to explore potential strategic options for the Company. The corporate investigation carried out between June and October, which has now been completed, has resulted in delays to the strategic review. The company will continue the work to explore strategic options for Sevan Marine.

#### Dividend policy

The board has communicated an intention to pay a dividend depending upon developments. The board will consider this further in connection with the Q4 2015 results.

#### SEVAN MARINE

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

The Group has no interest-bearing debt and focuses on securing new projects under a technology license model within the FPSO, FSO and FLNG market, as well as within other offshore markets.

Sevan Marine's business segment Topside and Process Technology contributes with a substantial portion of the Group's total revenue. Within this segment, Sevan Marine has entered into a strategic partnership with Technip. In relation to this, Sevan Marine in 2014 agreed to sell 49 percent of KANFA AS to Technip Norge AS. Technip has the option to take over the remaining 51 percent of KANFA AS in 2017 based on a multiple of 2014, 2015 and 2016 results.

#### MAIN FIGURES, THIRD QUARTER 2015

##### (Previous quarter figures in brackets)

Operating revenue for the third quarter 2015 was USD 21.8 million (USD 15.5 million). EBITDA was negative USD 1.9 million (negative USD 3.0 million), and operating loss was USD 8.0 million (loss of USD 3.1 million). Net loss was USD 10.0 million (loss of USD 39.1 million).

An unrealized foreign exchange loss of USD 1.3 million related to NOK denominated cash positions negatively impacted the net result. A USD 6.0 million non-cash, write down of goodwill related to Sevan Marine's investment in KANFA AS negatively impacted net profit further.

As of Q3 2015, cash and cash equivalents amounted to USD 38.1 million (USD 30.3 million). The change in cash and cash equivalents is largely attributable to changes in working capital and the USD 10 million loan repayment received from Logitel Offshore in August 2015.

As announced on December 12, 2014, Sevan Marine received a notice from Skatt Sør (Norwegian tax authorities) that the tax assessment for 2012 may be adjusted. Sevan Marine has had further correspondence with Skatt Sør and a decision is expected before year end 2015. If a decision were to be rendered by Skatt Sør along the lines indicated in the notice, Sevan Marine would, pending final resolution of the matter, have to pay the relevant tax amount estimated by Sevan Marine to be approximately NOK 40 million, and then challenge the case further either within the tax system or via legal proceedings.

Sevan Marine strongly believes the restructuring and sales of assets in 2011 do not give basis for the tax amendments as contemplated by Skatt Sør and is still optimistic that further factual clarifications will result in Skatt Sør concluding that no adjustments are required.

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

The equity ratio was 59.2 per cent as of September 30, 2015 (64.7 per cent).

## BUSINESS SEGMENTS

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

### Floating Production

The main activities in the Floating Production segment relate to engineering and project management in ongoing projects, for example Goliat, the Dana Petroleum Western Isles project, Logitel Offshore and several engineering studies for potential new FPSO/FSO projects.

The Q3 2015 result in Floating Production is not satisfactory. External revenue in Q3 2015 amounted to USD 4.8 million (USD 7.6 million), and EBITDA was negative USD 2.3 million (negative USD 2.4 million). Q3 2015 EBITDA is driven by the reduction in revenue from projects of USD 0.9 million, costs related to the investigation of USD 1.0 million, a negative adjustment to license revenue of USD 0.7 million related to variable proceeds expected from Logitel Offshore and the positive release of a provision.

The total assets were USD 69.3 million (USD 78.9 million). The floating production segment held USD 34.4 million in cash and cash equivalents on September 30, 2015.

### Topsides and Process Technology

This business segment consists of the activities of the KANFA companies (KANFA AS and KANFA Aragon). External revenue in Q3 2015 was USD 17.0 million (USD 7.9 million) and EBITDA was positive USD 0.4 million (negative USD 0.6 million). Revenue is positively impacted by the Yinson OCTP project in KANFA AS and a positive settlement on a project delivered earlier in the year. The margin is negatively affected by the result in KANFA Aragon.

The activity in the Topsides and Process segment relates primarily to the work on process equipment packages for projects such as Kraken, Catcher, Johan Sverdrup and the OCTP project for Yinson.

The total assets were USD 15.7 million (USD 14.7 million). The increase in total assets was driven by changes in working capital. The Topsides and Process Technology segment held USD 3.8 million in cash and cash equivalents on September 30, 2015. Sevan Marine ASA has issued guarantees to support overdraft, guarantee and foreign exchange facilities for both KANFA AS and KANFA Aragon.

## OUTLOOK

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

FLNG is one of the fastest growing markets within LNG globally, and Sevan Marine has positioned itself strategically within this segment by developing a concept based on proprietary technology. Combined with the HiLoad offloading technology, the Sevan Marine FLNG solution will improve safety, uptime and increase flexibility. It has been well received by several potential clients, and it is expected that additional paid studies will be carried out in the medium term to develop the concept further. In the longer term, Sevan Marine is optimistic that it can also secure license revenue in the FLNG segment.

Sevan Marine is pursuing opportunities to use the HiLoad both as an FLNG offloading solution as well as an LNG regasification unit, utilizing Sevan Marine's right to the HiLoad for all gas applications. The HiLoad has attracted substantial market interest over the last months. Sevan Marine expects to be awarded a paid study to develop the regasification concept further in Q4 2015 and has negotiated a license agreement framework with the same client which could result in license revenue in coming years. Sevan Marine believes that additional paid study work related to the HiLoad will continue into 2016.

In KANFA AS, a high workload is expected on the OCTP project during the remainder of 2015 and early 2016 with margin recognition not expected before Q4 2015 or Q1 2016. KANFA continues to tender for further projects which if successful could provide further backlog for 2016. Cost reduction measures will be implemented in the coming months depending on market development and workload.

KANFA Aragon is primarily focusing on gas processing and FLNG markets. KANFA Aragon has workload through the end of 2015 and is involved in a number of tenders, which if successful, would improve results and provide backlog for 2016. Further cost reduction measures are being taken.

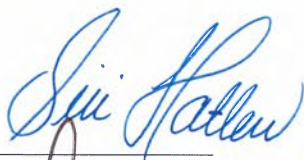
Due to lower oil prices and reduced activity, the drilling market is expected to be challenging for the next years. Sevan Marine expects license opportunities in the long term and believes that the Sevan Marine artic design provides unique cost and safety related benefits such as no requirement for weather-vaning, favourable ice capabilities, high load capacity and favourable motion characteristics.

Sevan Marine works to achieve a good utilization of its staff with ongoing and new FEED / study work during the remainder of 2015 and 2016 and secure further license income by late 2016 or early 2017. The positive selection of the Sevan Marine concept for one of the FPSO prospects and movement of this project into a late FEED and contractor selection phase is a clear positive in this regard. Additional cost reduction measures are also being pursued.

With the investigation complete, Sevan Marine looks forward to dedicating its efforts to improving results and winning new projects.

Sevan Marine believes with its solid cash position and cost reduction plans that it has the resources and ability to successfully weather the current slowdown in activity. Sevan Marine has initiated action to eliminate operating losses.

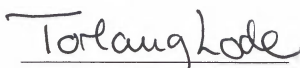
Oslo, November 10, 2015  
The Board of Directors of Sevan Marine ASA



Siri Beate Hatlen  
Chairperson



Peter Lytzen  
Board Member



Torlaug Lode  
Employee Representative




Jørgen P. Rasmussen  
Deputy Chairman



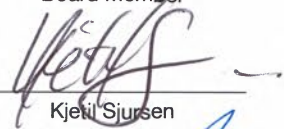
Ingvild Sæther  
Board Member



Hans Olav Sele  
Employee Representative



Mari Thjømøe  
Board Member



Kjetil Sjørus  
Board Member



Carl Lieungh  
CEO

# INTERIM FINANCIAL STATEMENTS

## THIRD QUARTER OF 2015

### CONDENSED CONSOLIDATED INCOME STATEMENT

| Unaudited figures in USD million                   | Note | Q3 15        | Q2 15        | 30.09.15     | Q3 14      | 30.09.14   | 2014         |
|--|------|--------------|--------------|--------------|------------|------------|--------------|
| Operating revenue                                  | 2    | 21.8         | 15.5         | 52.8         | 25.2       | 77.2       | 102.4        |
| Operating expense                                  |      | -23.6        | -17.9        | -60.1        | -23.6      | -72.4      | -95.6        |
| <b>EBITDAFX</b>                                    |      | <b>-1.8</b>  | <b>-2.4</b>  | <b>-7.4</b>  | <b>1.6</b> | <b>4.9</b> | <b>6.9</b>   |
| Foreign exchange gain/(loss) relating to operation |      | -0.1         | -0.6         | -0.3         | -0.1       | -0.5       | -1.3         |
| <b>EBITDA</b>                                      |      | <b>-1.9</b>  | <b>-3.0</b>  | <b>-7.6</b>  | <b>1.5</b> | <b>4.4</b> | <b>5.5</b>   |
| Depreciation, amortization and impairment          |      | -6.1         | -0.1         | -6.3         | -0.1       | -0.4       | -6.4         |
| <b>Operating profit/(loss)</b>                     |      | <b>-8.0</b>  | <b>-3.1</b>  | <b>-13.9</b> | <b>1.4</b> | <b>4.0</b> | <b>-0.9</b>  |
| Financial income/(expense)                         |      | -0.4         | -37.6        | -37.5        | 0.5        | 1.6        | 1.8          |
| Foreign exchange gain/(loss) relating to financing |      | -1.3         | 1.6          | -1.8         | -0.5       | -0.4       | -3.5         |
| <b>Net financial items</b>                         |      | <b>-1.7</b>  | <b>-36.0</b> | <b>-39.3</b> | <b>0.0</b> | <b>1.2</b> | <b>-1.7</b>  |
| <b>Profit/(loss) before tax</b>                    |      | <b>-9.7</b>  | <b>-39.2</b> | <b>-53.2</b> | <b>1.4</b> | <b>5.2</b> | <b>-2.5</b>  |
| Tax income/(expense)                               |      | -0.3         | 0.1          | -0.4         | -0.1       | -0.3       | -8.4         |
| <b>Net profit/(loss)</b>                           |      | <b>-10.0</b> | <b>-39.1</b> | <b>-53.6</b> | <b>1.3</b> | <b>5.0</b> | <b>-11.0</b> |

### STATEMENT OF COMPREHENSIVE INCOME

| Unaudited figures in USD million  | Q3 15       | Q2 15        | 30.09.15     | Q3 14      | 30.09.14   | 2014         |
|-----------------------------------|-------------|--------------|--------------|------------|------------|--------------|
| Net profit/(loss)                 | -10.0       | -39.1        | -53.6        | 1.3        | 5.0        | -11.0        |
| Foreign currency translation      | 0.3         | 0.7          | 0.6          | -0.1       | -0.3       | -1.4         |
| <b>Total comprehensive income</b> | <b>-9.7</b> | <b>-38.4</b> | <b>-52.9</b> | <b>1.2</b> | <b>4.7</b> | <b>-12.4</b> |

## CONDENSED CONSOLIDATED BALANCE SHEET

| Unaudited figures in USD million         | Note | 30.09.15    | 30.06.15    | 30.09.14     | 31.12.14     |
|--|------|-------------|-------------|--------------|--------------|
| Fixed assets                             |      | 0.7         | 0.7         | 0.9          | 0.8          |
| Intangible assets                        |      | 0.6         | 6.6         | 12.5         | 6.6          |
| Investments in associates                |      | 0.4         | 0.4         | 0.4          | 0.4          |
| Deferred income tax assets               |      | 0.1         | 0.1         | 8.1          | 0.1          |
| Loan                                     | 5    | 16.0        | 15.0        | 50.0         | 50.0         |
| Other non-current assets                 |      | 10.0        | 11.1        | 7.6          | 8.9          |
| <b>Total non-current assets</b>          |      | <b>27.8</b> | <b>33.9</b> | <b>79.5</b>  | <b>66.8</b>  |
| Trade and other receivables              | 2    | 19.0        | 29.4        | 54.2         | 50.6         |
| Cash and cash equivalents                |      | 38.1        | 30.3        | 30.7         | 27.3         |
| <b>Total current assets</b>              |      | <b>57.1</b> | <b>59.7</b> | <b>84.9</b>  | <b>77.9</b>  |
| <b>Total assets</b>                      |      | <b>84.9</b> | <b>93.6</b> | <b>164.5</b> | <b>144.8</b> |
| Share capital                            | 4    | 34.6        | 34.6        | 34.6         | 34.6         |
| Other equity                             |      | 15.7        | 25.9        | 84.1         | 68.0         |
| <b>Total shareholders' equity</b>        |      | <b>50.3</b> | <b>60.5</b> | <b>118.7</b> | <b>102.6</b> |
| Non-controlling interest                 |      | 7.7         | 7.2         | 9.5          | 8.6          |
| <b>Total equity</b>                      |      | <b>58.0</b> | <b>67.7</b> | <b>128.1</b> | <b>111.1</b> |
| Retirement benefit obligations           |      | 0.9         | 0.8         | 0.8          | 1.1          |
| Other non-current liabilities/provisions |      | 0.3         | 1.1         | 1.8          | 1.3          |
| <b>Total non-current liabilities</b>     |      | <b>1.3</b>  | <b>2.0</b>  | <b>2.6</b>   | <b>2.4</b>   |
| Current liabilities                      | 2    | 25.7        | 23.9        | 33.7         | 31.2         |
| <b>Total current liabilities</b>         |      | <b>25.7</b> | <b>23.9</b> | <b>33.7</b>  | <b>31.2</b>  |
| <b>Total liabilities</b>                 |      | <b>26.9</b> | <b>25.9</b> | <b>36.3</b>  | <b>33.6</b>  |
| <b>Total equity and liabilities</b>      |      | <b>84.9</b> | <b>93.6</b> | <b>164.5</b> | <b>144.8</b> |



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| Unaudited figures in USD million                    | 30.09.15    | Q3 15       | Q2 15       | Q1 15       | 30.09.14     | 2014         |
|---|-------------|-------------|-------------|-------------|--------------|--------------|
| <b>Cash flows from operation activities</b>         |             |             |             |             |              |              |
| Cash from operations                                | 1.7         | -1.7        | 3.3         | 0.1         | -6.9         | -9.2         |
| Taxes paid  | -0.7        | -0.4        | 0.0         | -0.3        | -0.4         | -1.4         |
| <b>Net cash generated from operating activities</b> | <b>1.0</b>  | <b>-2.1</b> | <b>3.3</b>  | <b>-0.2</b> | <b>-7.3</b>  | <b>-10.6</b> |
| <b>Cash flows from investment activities</b>        |             |             |             |             |              |              |
| Purchase of property, plant and equipment (PPE)     | -0.1        | 0.0         | 0.0         | -0.1        | -0.4         | -0.5         |
| Sale of shares in subsidiary                        | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          |
| Investments in associate                            | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          |
| Convertible loan                                    | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          |
| <b>Net cash flow from investment activities</b>     | <b>-0.1</b> | <b>0.0</b>  | <b>0.0</b>  | <b>-0.1</b> | <b>-0.4</b>  | <b>-0.5</b>  |
| <b>Cash flows from financing activities</b>         |             |             |             |             |              |              |
| Sale of shares in KANFA AS                          | 0.0         | 0.0         | 0.0         | 0.0         | 7.7          | 7.7          |
| Repayment of Logitel loan                           | 10.0        | 10.0        | 0.0         | 0.0         | 0.0          | 0.0          |
| Dividends paid                                      | 0.0         | 0.0         | 0.0         | 0.0         | -10.5        | -10.5        |
| <b>Net cash flow from financing activities</b>      | <b>10.0</b> | <b>10.0</b> | <b>0.0</b>  | <b>0.0</b>  | <b>-2.8</b>  | <b>-2.8</b>  |
| <b>Net cash flow for the period</b>                 | <b>10.8</b> | <b>7.8</b>  | <b>3.3</b>  | <b>-0.3</b> | <b>-10.5</b> | <b>-13.9</b> |
| Cash balance at beginning of period                 | 27.3        | 30.3        | 27.0        | 27.3        | 41.2         | 41.2         |
| <b>Cash balance at end of period</b>                | <b>38.1</b> | <b>38.1</b> | <b>30.3</b> | <b>27.0</b> | <b>30.7</b>  | <b>27.3</b>  |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Unaudited figures in USD million          | Share Capital | Share Premium | Retained Earnings | Non-controlling Interest | Total Equity |
|---|---------------|---------------|-------------------|--------------------------|--------------|
| Equity as of December 31, 2014            | 34.6          | 21.0          | 46.8              | 8.6                      | 111.0        |
| Total comprehensive income for the period |               |               | -52.0             | -0.9                     | -52.9        |
| Equity as of September 30, 2015           | 34.6          | 21.0          | -5.2              | 7.7                      | 58.0         |

| Unaudited figures in USD million           | Share Capital | Share Premium | Retained Earnings | Non-controlling Interest | Total Equity |
|--|---------------|---------------|-------------------|--------------------------|--------------|
| Equity as of December 31, 2013             | 34.6          | 21.0          | 67.4              | 3.2                      | 126.3        |
| Sale of shares to non-controlling interest |               |               | 0.7               | 7.0                      | 7.7          |
| Dividend                                   |               |               | -10.5             |                          | -10.5        |
| Total comprehensive income for the period  |               |               | 5.4               | -0.7                     | 4.7          |
| Equity as of September 30, 2014            | 34.6          | 21.0          | 62.9              | 9.5                      | 128.1        |

## KEY FIGURES

| Unaudited figures in USD million              | Note | Q3 15  | Q2 15  | 30.09.15 | Q3 14  | 30.09.14 | 2014   |
|---|------|--------|--------|----------|--------|----------|--------|
| <b>Basic earnings per share (USD)</b>         |      |        |        |          |        |          |        |
| From continued operations                     | a    | -0.19  | -0.74  | -1.02    | 0.02   | 0.09     | -0.21  |
| <b>Diluted earnings per share (USD)</b>       |      |        |        |          |        |          |        |
| From continued operations                     | b    | -0.19  | -0.74  | -1.02    | 0.02   | 0.09     | -0.21  |
| Equity ratio                                  | c    | 59.2 % | 64.7 % | 59.2 %   | 72.2 % | 72.2 %   | 70.9 % |
| No. of outstanding shares (million)           |      | 52.6   | 52.6   | 52.6     | 52.6   | 52.6     | 52.6   |
| No. of shares fully diluted (million)         |      | 52.6   | 52.6   | 52.6     | 52.6   | 52.6     | 52.6   |
| Average no. of outstanding shares (million)   |      | 52.6   | 52.6   | 52.6     | 52.6   | 52.6     | 52.6   |
| Average no. of shares fully diluted (million) |      | 52.6   | 52.6   | 52.6     | 52.6   | 52.6     | 52.6   |
| Share price (NOK)                             |      | 17.6   | 19.0   | 17.6     | 24.6   | 24.6     | 20.0   |
| Market capitalization (NOK, million)          | d    | 926    | 1,000  | 926      | 1,294  | 1,294    | 1,052  |
| Number of employees                           |      | 177    | 181    | 177      | 182    | 182      | 198    |

## Notes

a) Net profit / average no. of outstanding shares

b) Net profit / average no. of shares fully diluted

c) (Total shareholders' equity / total assets) x 100

d) Latest quoted share price of the reporting period x no. of outstanding shares

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1 GENERAL ACCOUNTING PRINCIPLES

Sevan Marine ASA is a technology, project development and engineering company.

Sevan Marine ASA is a public limited company, incorporated and domiciled in Norway. The condensed consolidated interim financial statements consist of the Group and the Group's interests in associated companies.

The Group prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and these financial statements have been prepared in accordance with the International Accounting Standard for Interim Financial Reporting (IAS 34). As the interim financial statements do not include the full information and disclosures as required in the annual financial statements, it should be read in connection with the Annual Financial Statements for 2014.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Annual Financial Statements for the year ended December 31, 2014.

## NOTE 2 RELATED PARTY TRANSACTIONS

The Group has the following transactions and balances relating to related party companies:

| Unaudited figures in USD million       | Q3 15 | Q2 15 | 30.09.15 | Q3 14 | 30.09.14 | 2014 |
|--|-------|-------|----------|-------|----------|------|
| <b>Sale to related party</b>           |       |       |          |       |          |      |
| Sale to Teekay                         | 0.4   | 0.1   | 0.7      | 2.7   | 11.5     | 4.2  |
| Sale to Logitel Offshore               | 1.2   | 2.8   | 5.5      | 3.4   | 3.4      | 8.4  |
| Financial income from Logitel Offshore | 0.0   | 0.0   | 0.5      | 0.5   | 0.5      | 1.0  |
| <b>Purchase from related party</b>     |       |       |          |       |          |      |
| Purchase from Arendal Brygge           | 0.1   | 0.2   | 0.3      | 0.2   | 0.4      | 0.6  |
| <b>Receivable from related party</b>   |       |       |          |       |          |      |
| Receivable from Teekay                 | 0.3   | 0.4   | 0.3      | 3.8   | 3.8      | 2.7  |
| Receivable from Arendal Brygge         | 0.0   | 0.2   | 0.0      | 0.0   | 0.0      | 0.2  |
| Receivable from Logitel Offshore       | 11.2  | 11.9  | 11.2     | 10.9  | 10.9     | 9.1  |
| <b>Loan to related party</b>           |       |       |          |       |          |      |
| Logitel Offshore                       | 16.0  | 25.0  | 16.0     | 60.0  | 60.0     | 60.0 |

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

**NOTE 3 SEGMENT INFORMATION**

| Quarterly data                               | Segments            |              |                                  |             |              |             |              |              |
|--|---------------------|--------------|----------------------------------|-------------|--------------|-------------|--------------|--------------|
|  | Floating Production |              | Topside and Process Technology** |             | Eliminations |             | Total        |              |
|  | Q3 15               | Q3 14        | Q3 15                            | Q3 14       | Q3 15        | Q3 14       | Q3 15        | Q3 14        |
| External revenue                             | 4.8                 | 16.6         | 17.0                             | 8.6         | 0.0          | 0.0         | 21.8         | 25.2         |
| Internal revenue                             | 0.2                 | 0.1          | 0.0                              | 0.3         | -0.2         | -0.4        | 0.0          | 0.0          |
| <b>Total revenue</b>                         | <b>5.0</b>          | <b>16.7</b>  | <b>17.0</b>                      | <b>8.9</b>  | <b>-0.2</b>  | <b>-0.4</b> | <b>21.8</b>  | <b>25.2</b>  |
| Operating expense                            | -7.1                | -13.5        | -16.7                            | -10.5       | 0.2          | 0.4         | -23.6        | -23.6        |
| <b>EBITDAFX</b>                              | <b>-2.1</b>         | <b>3.2</b>   | <b>0.3</b>                       | <b>-1.6</b> | <b>0.0</b>   | <b>0.0</b>  | <b>-1.8</b>  | <b>1.6</b>   |
| Foreign exch. gain/(loss), operation         | -0.2                | -0.1         | 0.1                              | 0.1         | 0.0          | 0.0         | -0.1         | -0.1         |
| <b>EBITDA</b>                                | <b>-2.3</b>         | <b>3.1</b>   | <b>0.4</b>                       | <b>-1.6</b> | <b>0.0</b>   | <b>0.0</b>  | <b>-1.9</b>  | <b>1.5</b>   |
| Depreciation, amortization and impairment    | -6.1                | -0.1         | 0.0                              | 0.0         | 0.0          | 0.0         | -6.1         | -0.1         |
| <b>Operating profit/(loss)</b>               | <b>-8.4</b>         | <b>3.0</b>   | <b>0.4</b>                       | <b>-1.6</b> | <b>0.0</b>   | <b>0.0</b>  | <b>-8.0</b>  | <b>1.4</b>   |
| Income from associates                       |                     |              |                                  |             |              |             | 0.0          | 0.0          |
| Financial income/(expense)                   |                     |              |                                  |             |              |             | -0.4         | 0.5          |
| Foreign exch. gain/(loss), financing         |                     |              |                                  |             |              |             | -1.3         | -0.5         |
| <b>Net financial items</b>                   |                     |              |                                  |             |              |             | <b>-1.7</b>  | <b>0.0</b>   |
| <b>Profit/(loss) before tax</b>              |                     |              |                                  |             |              |             | <b>-9.7</b>  | <b>1.4</b>   |
| Tax income/(expense)                         |                     |              |                                  |             |              |             | -0.3         | -0.1         |
| <b>Net profit/(loss) continued operation</b> |                     |              |                                  |             |              |             | <b>-10.0</b> | <b>1.3</b>   |
| Segment assets                               | 68.8                | 131.9        | 15.7                             | 32.2        | 0.0          | 0.0         | 84.5         | 164.1        |
| Inv.m. in assoc. (equity method)             | 0.4                 | 0.4          | 0.0                              | 0.0         | 0.0          | 0.0         | 0.4          | 0.4          |
| <b>Total assets*</b>                         | <b>69.3</b>         | <b>132.3</b> | <b>15.7</b>                      | <b>32.2</b> | <b>0.0</b>   | <b>0.0</b>  | <b>84.9</b>  | <b>164.5</b> |
| Segment liabilities                          | 12.0                | 20.6         | 14.9                             | 15.7        | 0.0          | 0.0         | 26.9         | 36.3         |
| <b>Total liabilities*</b>                    | <b>12.0</b>         | <b>20.6</b>  | <b>14.9</b>                      | <b>15.7</b> | <b>0.0</b>   | <b>0.0</b>  | <b>26.9</b>  | <b>36.3</b>  |
| Capital expenditure                          | 0.0                 | 0.0          | 0.0                              | 0.0         | 0.0          | 0.0         | 0.0          | 0.0          |
| Non-cash exp. other than depr.               | 0.0                 | 0.0          | 0.0                              | 0.0         | 0.0          | 0.0         | 0.0          | 0.0          |

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

\*\* Topside and Process Technology segment consist of KANFA AS Group and KANFA Aragon Group on a 100% consolidated basis. Sevan Marine's ownership is 51% and 50% respectively. Sevan Marine ASA has issued guarantees to support overdraft, guarantee and foreign exchange facilities for both KANFA AS and KANFA Aragon.

**NOTE 3 SEGMENT INFORMATION**

| YTD data                                     | Segments            |              |                                  |             |              |             |              |              |
|--|---------------------|--------------|----------------------------------|-------------|--------------|-------------|--------------|--------------|
|  | Floating Production |              | Topside and Process Technology** |             | Eliminations |             | Total        |              |
|  | 30.09.15            | 30.09.14     | 30.09.15                         | 30.09.14    | 30.09.15     | 30.09.14    | 30.09.15     | 30.09.14     |
| External revenue                             | 22.5                | 47.0         | 30.3                             | 30.3        | 0.0          | 0.0         | 52.8         | 77.3         |
| Internal revenue                             | 0.4                 | 0.4          | 0.0                              | 1.7         | -0.4         | -2.2        | 0.0          | 0.0          |
| <b>Total revenue</b>                         | <b>22.9</b>         | <b>47.4</b>  | <b>30.3</b>                      | <b>32.0</b> | <b>-0.4</b>  | <b>-2.2</b> | <b>52.8</b>  | <b>77.2</b>  |
| Operating expense                            | -28.1               | -40.3        | -32.4                            | -34.2       | 0.4          | 2.2         | -60.1        | -72.4        |
| <b>EBITDAFX</b>                              | <b>-5.2</b>         | <b>7.1</b>   | <b>-2.1</b>                      | <b>-2.2</b> | <b>0.0</b>   | <b>0.0</b>  | <b>-7.4</b>  | <b>4.9</b>   |
| Foreign exch. gain/(loss), operation         | -0.4                | -0.5         | 0.1                              | 0.0         | 0.0          | 0.0         | -0.3         | -0.5         |
| <b>EBITDA</b>                                | <b>-5.6</b>         | <b>6.6</b>   | <b>-2.0</b>                      | <b>-2.2</b> | <b>0.0</b>   | <b>0.0</b>  | <b>-7.6</b>  | <b>4.4</b>   |
| Depreciation, amortization and impairment    | -6.3                | -0.3         | -0.1                             | -0.1        | 0.0          | 0.0         | -6.3         | -0.4         |
| <b>Operating profit/(loss)</b>               | <b>-11.9</b>        | <b>6.2</b>   | <b>-2.1</b>                      | <b>-2.3</b> | <b>0.0</b>   | <b>0.0</b>  | <b>-13.9</b> | <b>4.0</b>   |
| Income from associates                       |                     |              |                                  |             |              |             | 0.0          | 0.0          |
| Financial income/(expense)                   |                     |              |                                  |             |              |             | -37.5        | 1.6          |
| Foreign exch. gain/(loss), financing         |                     |              |                                  |             |              |             | -1.8         | -0.4         |
| <b>Net financial items</b>                   |                     |              |                                  |             |              |             | <b>-39.3</b> | <b>1.2</b>   |
| <b>Profit/(loss) before tax</b>              |                     |              |                                  |             |              |             | <b>-53.2</b> | <b>5.2</b>   |
| Tax income/(expense)                         |                     |              |                                  |             |              |             | -0.4         | -0.3         |
| <b>Net profit/(loss) continued operation</b> |                     |              |                                  |             |              |             | <b>-53.6</b> | <b>5.0</b>   |
| Segment assets                               | 68.8                | 131.9        | 15.7                             | 32.2        | 0.0          | 0.0         | 84.5         | 164.1        |
| Inv.m. in assoc. (equity method)             | 0.4                 | 0.4          | 0.0                              | 0.0         | 0.0          | 0.0         | 0.4          | 0.4          |
| <b>Total assets*</b>                         | <b>69.3</b>         | <b>132.3</b> | <b>15.7</b>                      | <b>32.2</b> | <b>0.0</b>   | <b>0.0</b>  | <b>84.9</b>  | <b>164.5</b> |
| Segment liabilities                          | 12.0                | 20.6         | 14.9                             | 15.7        | 0.0          | 0.0         | 26.9         | 36.3         |
| <b>Total liabilities*</b>                    | <b>12.0</b>         | <b>20.6</b>  | <b>14.9</b>                      | <b>15.7</b> | <b>0.0</b>   | <b>0.0</b>  | <b>26.9</b>  | <b>36.3</b>  |
| Capital expenditure                          | 0.0                 | 0.0          | 0.0                              | 0.0         | 0.0          | 0.0         | 0.0          | 0.0          |
| Non-cash exp. other than depr.               | 0.0                 | 0.0          | 0.0                              | 0.0         | 0.0          | 0.0         | 0.0          | 0.0          |

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

\*\* Topside and Process Technology segment consist of KANFA AS Group and KANFA Aragon Group on a 100% consolidated basis. Sevan Marine's ownership is 51% and 50% respectively. Sevan Marine ASA has issued guarantees to support overdraft, guarantee and foreign exchange facilities for both KANFA AS and KANFA Aragon.

#### NOTE 4 SHAREHOLDER STRUCTURE

##### The 20 largest shareholder accounts as at November 05, 2015

| Shareholder accounts                          | No. of shares     | %-share      |
|---|-------------------|--------------|
| TEEKAY SERVICE HOLDI                          | 21,091,847        | 40.09        |
| F2 FUNDS AS                                   | 1,819,029         | 3.46         |
| ILIAD INTERNATIONAL *                         | 1,801,784         | 3.42         |
| THE BANK OF NEW YORK                          | 1,465,838         | 2.79         |
| HOME CAPITAL AS                               | 1,300,000         | 2.47         |
| SUNDT AS                                      | 1,257,486         | 2.39         |
| SKANDINAVISKA ENSKIL                          | 1,135,448         | 2.16         |
| DNB NOR MARKETS, AKS                          | 1,085,718         | 2.06         |
| MATHIAS HOLDING AS                            | 1,000,000         | 1.90         |
| PREDATOR CAPITAL MAN                          | 908,000           | 1.73         |
| MP PENSJON PK                                 | 837,584           | 1.59         |
| GOLDMAN SACHS INTERN                          | 818,000           | 1.55         |
| ANDENERGY AS                                  | 804,326           | 1.53         |
| INVESCO PERP EUR SMA                          | 765,804           | 1.46         |
| APOLLO ASSET LIMITED                          | 700,000           | 1.33         |
| BAKLIEN ÅSMUND                                | 700,000           | 1.33         |
| MSCO EQUITY FIRM ACC                          | 544,898           | 1.04         |
| BEKKESTUA EIENDOM AS                          | 534,000           | 1.02         |
| CITIBANK, N.A.                                | 503,608           | 0.96         |
| MORGAN STANLEY & CO.                          | 500,012           | 0.95         |
| <b>Total, 20 largest shareholder accounts</b> | <b>39,573,382</b> | <b>75.22</b> |
| Total no. of shares                           | 52,606,999        |              |
| Foreign ownership                             | 30,100,126        | 57.22        |

(\*) Controlled by Teekay

#### NOTE 5 LOGITEL OFFSHORE TRANSACTION

Arendal Spirit began operation with Petrobras under a 3 year charter contract in June 2015. Variable compensation associated with this vessel is due 12 months after the start of charter hire, June 2016, and is currently expected to be USD 6 million. This is a reduction of USD 2 million versus Q2 2015. This is driven by a revised assessment based on new information provided by Logitel Offshore and the agreed financial and operational key performance indicators. The final variable compensation amount remains subject to agreed key performance indicators and will be revisited each quarter. The total value of expected variable proceeds related to Arendal Spirit and units number 2 is USD 10.0 million as of September 30, 2015.

The value of the convertible loan to Logitel Offshore was as of September 30, 2015 USD 16 million including accrued interest. The value reflects the discounted value of the two remaining USD 10 million fixed payments expected for accommodation unit number 2 and 3. The first payment of USD 10 million in relation to unit 1 (Arendal Spirit) was received in August 2015.

#### NOTE 6 KANFA GOODWILL

The Group tests whether goodwill has suffered any impairment in accordance with the International Financial Reporting Standards (IFRS). The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates. The goodwill is related to KANFA AS. In 2014, Sevan Marine ASA sold 49% of its shareholding in KANFA AS to Technip. In addition, Technip Norway has an option in 2017 to purchase Sevan Marine ASA's remaining shareholding (51%) at the following formula:

- Average EBITDA for 2014, 2015 and 2016 multiplied with 8 multiplied with 51% (Sevan Marine's ownership stake)

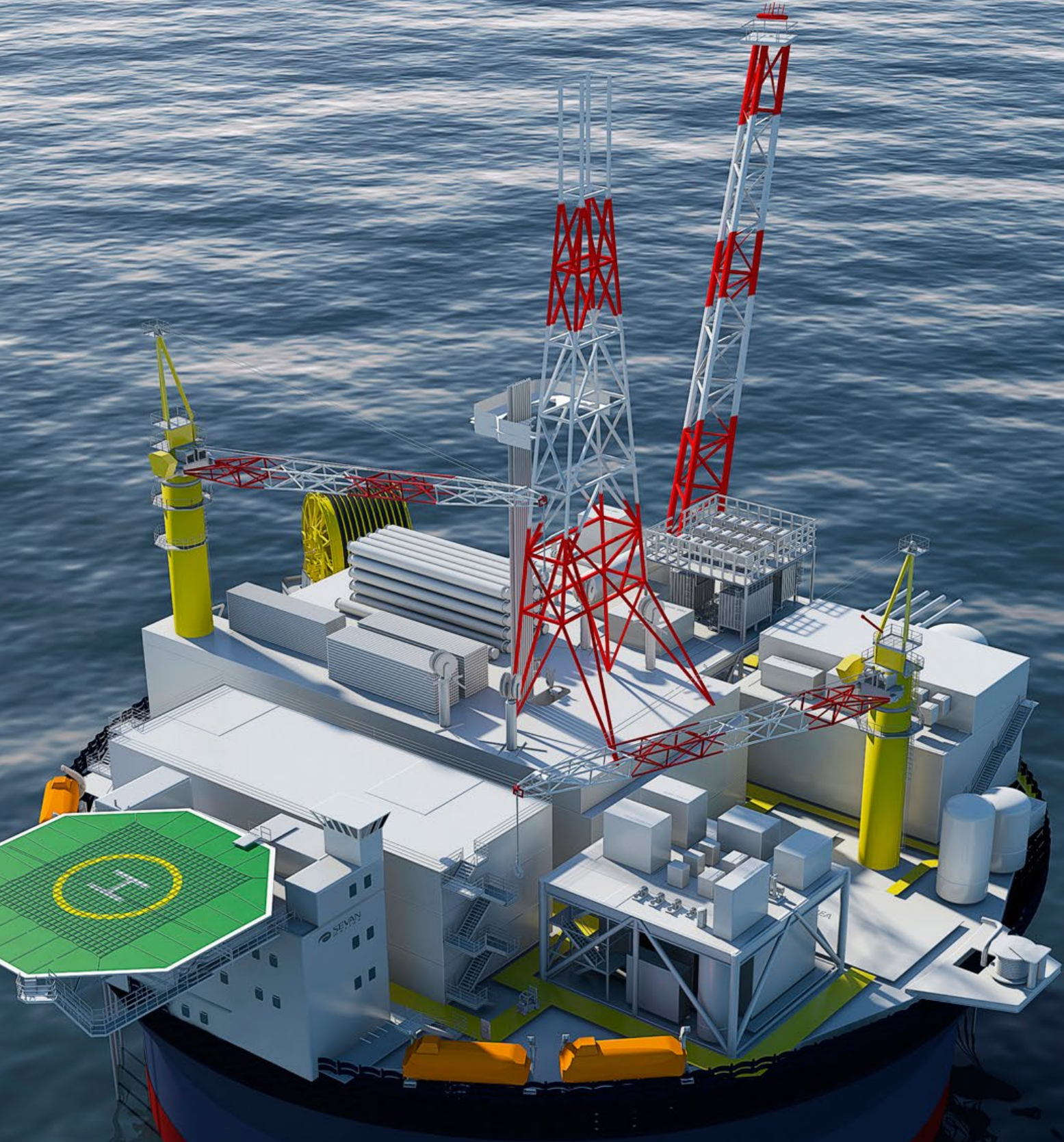
Based on this option agreement, the goodwill impairment test in Q3 2015 is based on the following criteria:

- Actual EBITDA for 2014 for relevant KANFA companies
- Estimated EBITDA for 2015, based on Q3 2015 YTD actuals and Q4 2015 forecast and estimated 2016 EBITDA for relevant KANFA companies

Based on the impairment test performed, Sevan Marine has written down the remaining goodwill of USD 6 million in Q3 2015.

#### NOTE 7 EVENTS AFTER BALANCE SHEET DATE

The Board received in October 2015 the 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 the drilling activities and restructuring of Sevan Marine 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.



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