SEVAN DRILLING LIMITED

INTERIM FINANCIAL REPORT
THIRD QUARTER 2015

Highlights Second Quarter 2015

- Operating revenue in Q3 2015 was USD 98.4 million (Q3 2014 - USD 69.8 million).
- EBITDA in Q3 2015 was USD 59.5 million (Q3 2014 - USD 19.7 million).
- Net profit in Q3 2015 was USD 26.4 million (Q3 2014 - loss of USD 21.1 million)
- On 29 October 2015 Sevan Drilling and Cosco agreed to exercise the first six-month option of the delivery deferral agreement for Sevan Developer, which extends the deferral period to 15 April 2016.

Unaudited figures in USD million, except where noted	Q3 2015	Q2 2015	Q3 2014	YTD 2015	YTD 2014
Operating revenue	98.4	99.4	69.8	280.9	218.5
EBITDA [1]	59.5	52.1	19.7	149.9	76.2
Operating profit/(loss)	41.7	33.0	(0.8)	94.5	24.3
Net financial items	(17.6)	(17.3)	(19.2)	(52.3)	(45.1)
Net profit/(loss)	26.4	13.7	(21.1)	42.3	(22.3)
EPS - basic and diluted (USD)	0.89	0.46	(0.71)	1.42	(0.75)
Company performance:					
Available days [2]	276	273	276	819	671
Technical Utilization [3]	96.5%	94.6%	63.6%	92.1%	81.4%
Economic Utilization [4]	94.6%	95.1%	56.4%	90.7%	76.6%
Average daily revenue (USD) [5]	$ 383,000	$ 385,000	$ 388,000	$ 383,000	$ 397,000
Average daily operating expense (USD) [6]	$ 124,000	$ 158,000	$ 173,000	$ 144,000	$ 183,000

(1) EBITDA equals net profit/loss adding back net financial items, tax income/expense, depreciation and amortization expense and impairment expense

(2) Available Days are the total number of operating rig calendar days in the period. A rig is operating when accepted by the customer.

(3) Technical Utilization is the actual number of revenue earning days divided by Available Days. A revenue earning day is defined as a day on which a rig earns its dayrate after commencement of operations.

(4) Economic Utilization is operating revenue divided by total potential charter revenue for the period.

(5) The Average Daily Revenue is operating revenue divided by revenue earning days. The Average Daily Revenue will differ from the contract dayrate due to billing adjustments for any non-productive time, bonus and amortized mobilization and demobilization fees.

(6) Average daily operating expense is total operating expense less general and administrative expenses, restructuring costs, depreciation and foreign exchange (loss)/gain related to operations divided by Available Days in the period.

Financial performance summary

For the three months ended September 30, 2015

Operating revenue

Operating revenue was USD 98.4 million compared to USD 69.8 million in Q3 2014. The revenue increase is explained by improved operating performance for the fleet compared to Q3 2014. The Sevan Louisiana achieved a Q3 2015 technical utilization of 97.5% (30.6% in Q3 2014), Sevan Driller technical utilization was 100.0% (76.5% in Q3 2014), and Sevan Brasil technical utilization was 91.2% (83.7% in Q3 2014).

Operating expenses

Total operating expense was USD 56.7 million compared to USD 70.6 million in Q3 2014. The decrease is the result of costs related to the downtime events in Q3 2014 on Sevan Louisiana, offset by reductions in operating expenses realized across the fleet from cost savings initiatives and the impact of the Brazilian Real devaluation in Q3 2015. General and administrative costs reduced to USD 3.3 million compared to USD 4.7 million in Q3 2014, as benefits from cost savings were achieved. Depreciation expense decreased compared to Q3 2014 as a consequence of asset impairment recorded in Q4 2014.

Net financial items

Net financial items amounted to USD 17.6 million in Q3 2015 compared to USD 19.2 million in Q3 2014. Interest and commitment fees on the Revolving Credit Facility with Seadrill ("**RCF**") increased by USD 1.9 million due to draw downs made and a higher outstanding balance on the RCF. Interest expenses on the secured bank loan facility decreased by USD 3.2 million due to a fall in the outstanding balance due to instalments paid, as well as a fall in the floating interest rate.

Net profit for Q3 2015 was USD 26.4 million compared to a net loss of USD 21.1 million in Q3 2014.

For the nine months ended September 30, 2015

Operating revenue

Operating revenue was USD 280.9 million for the nine months ended September 30, 2015 compared to USD 218.5 million for the comparative period in 2014. The revenue increase is due to the Sevan Louisiana commencing operations in May 2014 and operating for the full period in 2015, in addition to improved operating performance in 2015.

Operating expenses

Total operating expense was USD 186.4 million for the nine months ended September 30, 2015 compared to USD 194.2 million for the comparative period in 2014. In the first half 2015, operating expenses increased by USD 6.0 million mainly explained by Sevan Louisiana operating for the full 2015 period, offset through cost savings initiatives across the fleet and impact of the Brazilian Real devaluation in the 2015 period. General and administrative costs were USD 4.9 million lower from conclusion of the integration and restructuring. Depreciation expense increased as a consequence of Sevan Louisiana in service in the full period, offset by the impact of the asset impairment recorded in Q4 2014.

Net financial items

Net financial items amounted to USD 52.3 million for the nine months ended September 30, 2015 compared to USD 45.1 million for the comparative period in 2014. This is explained by increased interest and commitment fees on the RCF of USD 6.9 million.

The net profit was USD 42.3 million for the nine months ended September 30, 2015 compared to a net loss of USD 22.3 million for the comparative period in 2014.

Balance sheet

Cash and cash equivalents amounted to USD 33.9 million as of September 30, 2015 compared to USD 30.2 million as of December 31, 2014. During Q3 2015, interest and principal payments under the debt facility and RCF were USD 15.6 million and USD 35.1 million, respectively. As of September 30, 2015, USD 170.0 million was drawn on the RCF. Proceeds from the deferral agreement for Sevan Developer will be utilized for general corporate purposes and to partially repay the outstanding balance of the RCF.

Sevan Drilling Limited ("**Sevan Drilling**") is preparing its accounts on the assumption that the company is a going concern. Liquidity remains sensitive to performance of the rigs under their contracts, the continued availability of the RCF, and other market conditions.

Operations performance summary

In Q3 2015, the Sevan Drilling rigs achieved technical utilization of 96.5% and economic utilization of 94.6%. Sevan Driller achieved technical utilization of 100.0%, the Sevan Brasil achieved 91.2%, and the Sevan Louisiana achieved 97.5%. Sevan Developer remains ready for delivery (warm stacked) at the Cosco shipyard in China.

In October 2015, the first six-month option period to extend the deferral period to 15 April 2016 was exercised. The final delivery instalment has been amended to $447.1 million, representing 85% of the $526.0 million contract price, and Cosco will repay 5%, or $26.3 million, of the contract value and other associated amounts in the fourth quarter. Sevan Developer will remain in China at the Cosco Shipyard and Sevan Drilling will continue marketing the rig for an acceptable drilling contract where financing can be obtained to allow delivery.

At September 30, 2015, the fleet's backlog revenue is USD 0.7 billion, and as of the date of this report, the fleet is operating at satisfactory technical utilizations.

Other items

During the second quarter, Sevan Drilling initiated an internal investigation regarding activities involving an agent under the Company's drilling contracts with Petrobras in Brazil. These contracts were entered into prior to the separation from the Sevan Marine Group and the subsequent listing in May 2011. The Company continues its investigation into the activities dating back to the separation from Sevan Marine. Reference is made to Note 11 of the Q3 2015 interim financial statements for further details.

Outlook

During the third quarter oil prices remained mainly in the range of $45 and $55 and the challenging market for oilfield service companies continued. The impact of persistent low prices continues to be seen in oil companies' budgeting and spending activity with the year on year decline experienced in 2015 expected to continue in 2016. Forward visibility continues to be challenged and the timing and extent of the recovery remains uncertain.

Fixture activity in the ultra deepwater market continues to be muted as oil companies focus their efforts on cutting costs and driving efficiencies through not only revised vendor pricing but also redesign and standardization of planned development programs. In the long run, the ability to undertake developments at significantly lower hurdle rates than were thought just a few years ago will be positive for the industry as a whole. In the current market, most successful tenders continue to see fixtures at or below cash breakeven levels. For the most part, customer conversations remain focused on extending existing contracted assets or trade-offs between existing assets and newer assets rather than contracting new units for work.

Utilization and pricing across all market segments remains low and in many cases has drifted lower during the third quarter. Sevan Drilling continues to believe that this challenging market will continue through 2016 and continues to focus on operational performance, cost saving initiatives and capitalizing on the close relationship with Seadrill.

Specifically for Sevan Drilling, customer discussions have begun with Petrobras regarding the Sevan Driller and the option available at the end of the firm contract ending in 2016. While these discussions have not been concluded, the Sevan Driller has been marketed to other customers for potential employment in the second half 2016.

In the fourth quarter, Sevan Drilling agreed with Cosco Shipyard to exercise the first option for the delivery deferral of Sevan Developer and amend terms related to instalment payments. Sevan Developer will remain in China at the Cosco Shipyard and Sevan Drilling will continue marketing the rig for an acceptable drilling contract where financing can be obtained to allow delivery. The Board is pleased with this outcome, whereby both parties are able to reach an agreement in this challenging market environment.

In connection with the Migration, the former parent (Sevan Drilling ASA) shareholders approved dissolution under the provisions of the Company's Act. Sevan Drilling ASA continues to have no business activities and is expected to conclude this process in the first half of 2016.

23 November 2015
The Board of Directors
Sevan Drilling Limited
Hamilton, Bermuda

Questions should be directed to Sevan Drilling Management AS represented by:
Scott McReaken, Chief Executive Officer

Interim financial statements

Consolidated Income Statement

Unaudited figures in USD million	Note	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Operating revenue		**98.4**	**69.8**	**280.9**	**218.5**
Operating expense		(34.1)	(47.8)	(118.1)	(124.1)
General & administrative expense		(3.3)	(4.7)	(11.3)	(16.2)
Restructuring expense		—	—	—	(2.3)
Depreciation, amortization and impairment	4	(17.8)	(20.5)	(55.4)	(51.9)
Foreign exchange gain/(loss) related to operations		(1.5)	2.4	(1.6)	0.3
Total operating expense		**(56.7)**	**(70.6)**	**(186.4)**	**(194.2)**
Operating profit		**41.7**	**(0.8)**	**94.5**	**24.3**
Financial expense	5	(17.6)	(19.2)	(52.3)	(45.1)
Net financial items		**(17.6)**	**(19.2)**	**(52.3)**	**(45.1)**
Profit/(loss) before tax		**24.1**	**(20.0)**	**42.2**	**(20.8)**
Tax expense		2.3	(1.1)	0.1	(1.5)
Net profit/(loss)		**26.4**	**(21.1)**	**42.3**	**(22.3)**
Attributable to:					
Equity holders of the Company		26.4	(21.1)	42.3	(22.3)
Earnings per share for profit/(loss) attributable to the equity holders of the Company during the period (USD per share):					
Basic and diluted	10	0.89	(0.71)	1.42	(0.75)

Consolidated Statement of Comprehensive Income

Unaudited figures in USD million	Note	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Net profit/(loss)		26.4	(21.1)	42.3	(22.3)
Foreign currency translation		0.2	(1.4)	0.1	(1.0)
Comprehensive income/(loss)		**26.6**	**(22.5)**	**42.4**	**(23.3)**
Attributable to:					
Equity holders of the Company		26.6	(22.5)	42.4	(23.3)

Interim financial statements (continued)

Consolidated Balance Sheet

Unaudited figures in USD million	Note	As at 30 September 2015	As at 31 December 2014
ASSETS			
Drilling rigs	4	1,805.2	1,833.8
Other fixed assets	4	0.7	1.1
Other non-current assets	6	17.0	24.9
Total non-current assets		**1,822.9**	**1,859.8**
Inventories		52.3	46.5
Trade and other receivables	7	56.7	55.1
Cash and cash equivalents		33.9	30.2
Total current assets		**142.9**	**131.8**
Total assets		**1,965.8**	**1,991.6**
EQUITY			
Share capital (100,000,000 shares authorized, 31,000,000 issued, and 29,731,457 outstanding as at 30 September 2015 par value USD 0.10 per share; and 594,623,436 authorized, issued and outstanding as at 31 December 2014, par value of NOK 1 per share)	1, 10	3.0	108.6
Share premium		713.5	666.0
Other equity		(116.4)	(216.9)
Total equity		**600.1**	**557.7**
LIABILITIES			
Non-current portion of bank borrowings	5	971.5	1,073.0
Non-current loan from related party	5	170.0	115.0
Other non-current liabilities		1.4	0.4
Total non-current liabilities		**1,142.9**	**1,188.4**
Trade and other payables		35.8	41.0
Current portion of bank borrowings	5	134.4	133.0
Other current liabilities	8,9	52.6	71.5
Total current liabilities		**222.8**	**245.5**
Total liabilities		**1,365.7**	**1,433.9**
Total equity and liabilities		**1,965.8**	**1,991.6**

Interim financial statements (continued)

Consolidated Statement of Changes in Equity

Unaudited figures in USD million	Share Capital	Share Premium	General Reserve	Equity Settled Employee Benefits Reserve	Retained Earnings	Total Equity
Equity as at 1 January 2014	**108.6**	**666.0**	**280.0**	**2.4**	**(373.3)**	**683.7**
Net profit/(loss)	—	—	—	—	(22.3)	**(22.3)**
Translation differences	—	—	—	—	(1.0)	**(1.0)**
Equity as at 30 September 2014	**108.6**	**666.0**	**280.0**	**2.4**	**(396.6)**	**660.4**
Equity as at 1 January 2015 of Sevan Drilling ASA	**108.6**	**666.0**	**280.0**	**2.4**	**(499.3)**	**557.7**
Net profit/(loss)	—	—	—	—	42.3	**42.3**
Translation differences	—	—	—	—	0.1	**0.1**
Capital decrease of Sevan Drill ASA	(108.5)	—	—	—	108.5	**—**
Parent Migration	2.9	47.5	(280.0)	—	229.6	**—**
Equity as at 30 September 2015 of Sevan Drilling Limited	**3.0**	**713.5**	**—**	**2.4**	**(118.8)**	**600.1**

Interim financial statements (continued)

Consolidated Cash Flow Statement

Unaudited figures in USD million	Note	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Cash flows from operating activities			
Cash from operations		109.2	37.5
Interest paid	5	(38.5)	(41.1)
Net cash generated from/(used in) operating activities		**70.7**	**(3.6)**
Cash flows from investment activities			
Purchases of property, plant and equipment and other non-current assets		(16.9)	(27.2)
Net cash flow used in investment activities		**(16.9)**	**(27.2)**
Cash flows from financing activities			
Proceeds from interest-bearing debt	5	55.0	75.0
Repayment of interest-bearing debt	5	(105.1)	(140.0)
Net cash flow generated from/(used in) financing activities		**(50.1)**	**(65.0)**
Net cash flow for the period		**3.7**	**(95.8)**
Cash balance at beginning of period		30.2	128.7
Cash balance at end of period *		**33.9**	**32.9**

* Contains restricted cash of nil for employees' tax deduction fund. The cash balance as at September 30, 2014 contained restricted cash of USD 0.1 million for employees' tax deduction fund.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and basis of preparation

General information - Sevan Drilling ASA and Sevan Drilling Limited

Sevan Drilling Limited (the "**Company**") and its subsidiaries (the Company and the subsidiaries collectively referred to as the "**Group**") is an international offshore drilling contractor specializing in the ultra-deepwater segment. The Group has three ultra-deepwater drilling rigs (Sevan Driller, Sevan Brasil, and Sevan Louisiana) in operation and a fourth (Sevan Developer) waiting delivery. Sevan Driller and Sevan Brasil are operating under six-year, fixed term contracts with Petrobras in Brazil expiring in June 2016 and July 2018, respectively. Sevan Louisiana is contracted through 2018 with LLOG in the US Gulf of Mexico. The delivery date of Sevan Developer has been deferred until 15 April 2016, following agreements concluded in Q4 2014 and the exercise of the first six-month option on 29 October 2015. The delivery can be extended for up to three additional periods of six months at the Group's option up to October 2017.

Sevan Drilling Limited was incorporated in Bermuda under the Companies Act on 20 December 2013 as an exempted company limited by shares. Its shares of common stock have been listed under the symbol "SEVDR" on the Oslo Stock Exchange (Oslo Børs).

On 15 May 2015 the shareholders of Sevan Drilling ASA, the previous parent company incorporated and domiciled in Norway, resolved to move the holding level of the group from Norway to Bermuda (the "Migration"). Further, the shareholders resolved that the Migration would be completed by means of a capital decrease in Sevan Drilling ASA where the reduction amount would be distributed among the shareholders of the Company in the form of shares in its wholly owned subsidiary Sevan Drilling Limited. The shareholders of Sevan Drilling ASA, as of 29 June 2015, received 1 Share in Sevan Drilling Limited for every 20 shares each shareholder held in Sevan Drilling ASA (rounded up to the nearest whole share). The Company completed the listing and simultaneous Migration on 30 June 2015.

Upon completion of the Migration, Sevan Drilling Limited is the new parent of the Group listed on Oslo Børs. Sevan Drilling ASA has been delisted. In October, Sevan Drilling ASA shareholders approved dissolution under the provisions of the Company's Act. Sevan Drilling ASA continues to have no business activities and is expected to conclude the dissolution process in 2016.

Basis of preparation

The consolidated financial statements include the assets and liabilities of the Company, its majority owned and controlled subsidiaries. All intercompany balances and transactions have been eliminated on consolidation. Sevan Drilling ASA, the previous parent company of the group, remains consolidated as the Migration is deemed to be transaction under common control and post migration the net assets and operations are a continuation of the existing group.

These consolidated financial statements as at and for the three and nine months ended September 30, 2015 (the "**Interim Financial Statements**") have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. They do not include all disclosures that would be required in a complete set of financial statements and should be read in conjunction with the 2014 annual report.

The Interim Financial Statements have been prepared on a historical cost basis. The Group's financial instruments consist of cash, trade receivables, trade payables, and bank borrowings measured at amortized cost with variable interest rates. Management believes that the carrying value, excluding financing fees, approximates fair value for all the Group's financial instruments.

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the 2014 annual report. The Interim Financial Statements are unaudited and were approved by the Board of Directors on 23 November 2015.

Note 2 - Results of the interim period

During the three months ending on September 30, 2015, the Group earned USD 98.4 million of revenue (YTD - USD 280.9 million) from the operation of Sevan Driller and Sevan Brasil in Brazil and Sevan Louisiana in the US.

Total operating expenses for Q3 2015 were USD 56.7 million (YTD - USD 186.4 million). Operating expenses in Q3 2015 amounted to USD 34.1 million (YTD - USD 118.1 million), which result from rigs operating under contracts and non-capital expenses related to pre-commencement and construction of the rig under construction. General and administrative costs were USD 3.3 million (YTD - USD 11.3 million) and depreciation and amortization were USD 17.8 million (YTD - USD 55.4 million).

As the Group's revenue and operating expenses are based on contractual day rates, the Group is not exposed to significant fluctuations in revenue and expense as a result of seasonality or cyclicality.

Net financial items in Q3 2015 amounted to USD 17.6 million (YTD - USD 52.3 million) and included amortization of deferred financing costs, interest expense, and commitment and guarantee fees. The Group performed its obligations under its bank facility and the RCF in Q3.

The Group drew USD 10.0 million (YTD - USD 55.0 million) under the RCF in Q3 2015. Sevan repaid USD 35.1 million (YTD - USD 105.1 million) of principal on the current bank facility during the period, bringing cash and cash equivalents to USD 33.9 million at September 30, 2015.

Note 3 - Segment information

Basis of segmentation

The Board of Directors of the Company, which is identified as the chief operating decision maker in the Group ("**CODM**"), aggregates the rigs into a single reporting unit representing the fleet as a whole.

The CODM evaluates the operating results of each rig but is primarily focused on the results of the overall fleet with a focus on several key metrics at the Group level, including revenue, operating profit, EBITDA and utilization rates.

Note 4 - Property, plant and equipment

The rigs are aggregated for reporting purposes as they all provide the same service, have the same production process, are marketed to the same customer base, are based on the same design/ use the same methods to provide their services and operate in the same regulatory environment. The rigs form a single global fleet and each rig can be redeployed to other locations based on demand.

Property, Plant and Equipment

Unaudited figures in USD million	Construction in process (CIP)	Units in operation (UIO)	Drilling rigs	Other fixed assets	Total fixed assets
As at 31 December 2014					
Cost	124.4	1,904.7	2,029.1	9.7	2,038.8
Accumulated depreciation	—	(195.3)	(195.3)	(8.6)	(203.9)
Net book value	**124.4**	**1,709.4**	**1,833.8**	**1.1**	**1,834.9**
As at 30 September 2015					
Cost	124.2	1,931.3	2,055.5	9.7	2,065.2
Accumulated depreciation	—	(250.3)	(250.3)	(9.0)	(259.3)
Net book value	**124.2**	**1,681.0**	**1,805.2**	**0.7**	**1,805.9**
Three months ended September 30, 2015					
Beginning net book value	**124.2**	**1,690.2**	**1,814.4**	**0.8**	**1,815.2**
Additions	—	8.5	8.5	—	8.5
Depreciation charge	—	(17.7)	(17.7)	(0.1)	(17.8)
Ending net book value	**124.2**	**1,681.0**	**1,805.2**	**0.7**	**1,805.9**
Nine months ended September 30, 2015					
Beginning net book value	**124.4**	**1,709.4**	**1,833.8**	**1.1**	**1,834.9**
Additions	—	26.6	26.6	—	26.6
Disposals	(0.2)	—	(0.2)	—	(0.2)
Depreciation charge	—	(55.0)	(55.0)	(0.4)	(55.4)
Ending net book value	**124.2**	**1,681.0**	**1,805.2**	**0.7**	**1,805.9**

The closing net book values of the Company's drilling units were as follows:

Unaudited figures in USD million	As at 30 September 2015	As at 31 December 2014
Rig net book value		
Sevan Driller	563.6	583.7
Sevan Brasil	562.0	568.1
Sevan Louisiana	555.4	557.6
Sevan Developer	124.2	124.4
Total	**1,805.2**	**1,833.8**

No capitalization of borrowing costs were included in the additions to CIP during Q3 2015. The contract with Cosco for the construction of Sevan Developer is payable in instalments as construction milestones are completed. No payments were made during the Q3 2015.

As at September 30, 2015, our subsidiary, Sevan Drilling Rig VI Pte Ltd, had an estimated commitment of USD 425.0 million payable upon delivery of Sevan Developer. Following the conclusion of the agreement with Cosco in Q4 2014, the delivery period has been extended to 15 October 2014 with an option, exercisable at six months' intervals to extend the delivery period for a further 24 months. The maximum deferral of the delivery date as per the agreement is thus 36 months. In Q4 2015, the first six-month option was exercised and the deferral period is extended to 15 April 2016, and USD 451.3 million is payable should delivery occur in this period.

Sevan Drilling Rig VI Pte Ltd has the option to cancel the construction contract on each of the deferred delivery dates. Cosco will, in such case, refund the instalments paid under the construction contract. Cosco provided Sevan Drilling Rig VI Pte Ltd security through bank refund guarantees, effective for the 36 month potential deferral period.

The Company reviews the carrying amounts of its tangible assets at the end of each reporting period to determine whether there is any indication that those assets may be impaired. The net asset value of the Group exceeded its market capitalization as at September 30, 2015. This is identified as an indicator of a need for impairment of major assets. As a result, each of the Group's rigs was, as of September 30, 2015, identified as a cash-generating unit and tested for impairment.

The key assumptions applied for the purpose of impairment testing of rigs in operation include a discount rate and expected future cash flows. To discount the future cash flows, management used a post-tax weighted average cost of capital (WACC) of 9.5%. Estimated future cash flows are based on the Group's five-year forecast and utilize several assumptions including forecasted operational expense, operational taxes, utilization and day rates. Day rates are based on current contract amounts for the remaining contract term and expected market rates in the rigs' re-contract years for forecasts beyond the contracted periods. The Company has assumed long-term day rates based on cyclical averages, but no growth above these expected market rates has been assumed for the remainder of the rig lives beyond the forecast period. Based on sensitivity analyses performed, the Company believes that reasonable movements in the key assumptions could result in an impairment loss to be recognized. Thus there is a possibility the Group may recognize impairment in the fourth quarter if the facts underlying the key assumptions change during the fourth quarter. An increase in the WACC of 100 basis points to 10.5% would result in impairment of approximately USD 49.8 million, and a reduction of expected market rates in the re-contract years of 10% would result in impairment of approximately USD 169.5 million.

Note 5 - Financing activities

In October 2013, the Group entered into a USD 1,750 million secured bank loan facility with ING as agent for a syndicate of lenders. The facility was composed of a USD 350 million export credit facility provided by GIEK and a USD 1,400 million commercial facility provided by a syndicate of several commercial banks. The commercial facility had two tranches. Tranche A in the amount of USD 1,400 million (USD 200 million GIEK and USD 1,200 million commercial) and Tranche B in the amount of USD 350 million (USD 150 million GIEK and USD 200 million commercial).

Tranche A was drawn in October 2013 and used to, inter alia, refinance existing debt at the time. Tranche B was intended to be used to finance the delivery instalment for Sevan Developer, and was cancelled in Q4 2014 as a consequence of the agreement made with Cosco to defer delivery of Sevan Developer. Upon delivery, new financing will have to be secured to cover the final instalment. The availability of such financing is expected to depend on a satisfactory drilling contract having been secured for Sevan Developer.

The GIEK tranche matures in September 2023 and incurs interest on the amounts outstanding at a rate of LIBOR + 2.5%, payable quarterly in arrears.

The commercial tranche matures in September 2018 and incurs interest on the amounts outstanding at a rate of LIBOR + 2.9%, payable quarterly in arrears.

The Company's bank facility is guaranteed by Seadrill at a cost of 1.0% per annum on amounts drawn.

Effective 29 December 2014, the Revolving Credit Facility ("**RCF**") was increased to USD 300 million. The RCF matures in December 2016, is secured with second priority in the Group's assets and incurs interest on drawn amounts at a rate of LIBOR + 6.0% (+5.5% previously), payable quarterly in arrears. There is a commitment fee of 2.4% (2.2% previously) per annum on the undrawn balance of the RCF.

Financing Activities

Unaudited figures in USD million	GIEK Tranche	Commercial Tranche	Total bank facility	RCF with Seadrill	Total
As at 31 December 2014					
Principal outstanding	172.9	1,052.1	1,225.0	115.0	1,340.0
Unamortized deferred financing costs[1]	—	—	(19.1)	—	(19.1)
Total borrowings	**172.9**	**1,052.1**	**1,205.9**	**115.0**	**1,320.9**
Current portion	21.7	118.3	133.0	—	133.0
Non-current portion	151.2	933.8	1,073.0	115.0	1,188.0
Undrawn facility (available for utilization)	—	—	—	185.0	185.0
Three months ended September 30, 2015					
Additional drawdowns	—	—	—	10.0	10.0
Amortization of deferred financing costs [1]			1.5		1.5
Principal repayments	5.4	29.7	35.1	—	35.1
Interest payments	1.1	8.1	9.2	6.4	15.6
Nine months ended September 30, 2015					
Additional drawdowns	—	—	—	55.0	55.0
Amortization of deferred financing costs[1]			5.0	—	5.0
Principal repayments	16.2	88.9	105.1	—	105.1
Interest payments	3.0	25.1	28.1	10.4	38.5
As at 30 September 2015					
Principal outstanding	156.7	963.2	1,119.9	170.0	1,289.9
Unamortized deferred financing costs[1]	—	—	(14.0)	—	(14.0)
Total borrowings	**156.7**	**963.2**	**1,105.9**	**170.0**	**1,275.9**
Current portion	21.7	118.3	134.4	—	134.4
Non-current portion	135.0	844.9	971.5	170.0	1,141.5
Undrawn facility (available for utilization)	—	—	—	130.0	130.0

1 Deferred financing costs were recognized on the bank facility as a whole and not allocated to the individual tranches

Unaudited figures in USD million	Three months ended September 30, 2015	2014	Nine months ended September 30, 2015	2014
Financial expense				
Interest expense	9.9	13.1	29.0	29.3
Amortization of finance fees	1.5	1.8	5.0	4.4
Interest on RCF, commitment and guarantee fees to Seadrill	6.2	4.3	18.3	11.4
Total	**17.6**	**19.2**	**52.3**	**45.1**

Note 6 - Other non-current assets

Unaudited figures in USD million	As at 30 September 2015	As at 31 December 2014
Net late delivery penalties	1.8	2.7
Net mobilization expense	14.6	21.7
Other non-current assets	0.6	0.5
Total	**17.0**	**24.9**

Note 7 - Trade and other receivables

Unaudited figures in USD million	As at 30 September 2015	As at 31 December 2014
Trade receivables	47.6	47.8
Other receivables	9.1	7.3
Total	**56.7**	**55.1**

Note 8 - Other current liabilities

Unaudited figures in USD million	As at 30 September 2015	As at 31 December 2014
Income and gross revenue tax payable	2.1	6.1
Other taxes payable	8.7	6.3
Related party payable (Note 9)	28.9	47.8
Other current liabilities	12.9	11.3
Total	**52.6**	**71.5**

Note 9 - Related party activities

Balances and transactions between the entities within the Group have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Seadrill has guaranteed the bank facility referred to in Note 5. Seadrill is also providing the RCF (in the amount of USD 300 million) of which USD 170 million was outstanding as of September 30, 2015. Seadrill charged the Group interest on the RCF and guarantee and commitment fees in a total amount of USD 6.2 million and USD 18.3 million during the three and nine months ended September 30, 2015 respectively.

Seadrill also provides management support and administrative services to the Group for which a fee of USD 1.9 million and USD 5.9 million the three and nine months ended September 30, 2015 respectively.

As a consequence of being responsible for the day-to-day operation of the Group's rigs, Seadrill entities incur direct costs on behalf of the Group. The Group had a total current liability (including the commitment, guarantee and management fees mentioned above) of USD 28.9 million to Seadrill as at September 30, 2015 (compared to USD 47.8 million as at December 31, 2014).

Note 10 - Parent Company Migration, Share Capital and Earnings per Share

Parent Company Migration

In May 2015, shareholders of Sevan Drilling ASA resolved the migrating of the parent company in the Sevan Drilling Group from Norway to Bermuda, under a new parent company, Sevan Drilling Limited.

On May 26, 2015, the Board of Directors of Oslo Børs resolved to admit the shares of the new parent Sevan Drilling Limited to listing on Oslo Børs.

The Migration of the parent company of the Sevan Drilling group from Norway to Bermuda was completed through a capital decrease in Sevan Drilling ASA, where the shares of the Sevan Drilling ASA are distributed to the shareholders of Sevan Drilling ASA as repayment of paid in capital, simultaneously with the listing of Sevan Drilling Limited and delisting of Sevan Drilling ASA.

Sevan Drilling ASA's share capital consisted of 594,623,436 shares authorized and issued, of NOK 1.00 per share. As part of the Migration, Sevan Drilling ASA's share capital was reduced from NOK 594,623,436 by NOK 593,623,436 to a share capital of NOK 1,000,000 through a reduction of the nominal value of the Company's shares from NOK 1 to NOK 0.001681737.

Sevan Drilling Limited's authorized share capital consists of 10,000,000,000 common Shares of USD 0.10 each, of which 31,000,000 common shares were issued prior to the Migration.

Effective on the market closing 29 June 2015, shareholders of Sevan Drilling ASA received 1 share in the Sevan Drilling Limited for every 20 shares each shareholder held in Sevan Drilling ASA (rounded up to the nearest whole share).As a result of the repayment of paid in capital, Sevan Drilling ASA owned 1,268,543 shares in Sevan Drilling Limited.

On July 2, 2015, Sevan Drilling Limited completed a buyback acquiring 1,268,543 of its shares from Sevan Drilling ASA at a price of NOK 10.20 per share, and the shares were subsequently cancelled. After completion of these transactions the share capital of Sevan Drilling Limited consists of 29,731,457 shares each having a nominal value of USD 0.10. Sevan Drilling ASA no longer holds any shares in Sevan Drilling Limited.

After the Migration steps above, the shareholders in Sevan Drilling ASA were shareholders in Sevan Drilling Limited, with the same ownership percentages prior to the Migration.

The transactions above have been concluded as common control transactions under IFRS reporting standards, as the result of the transactions is a continuation of the existing group.

The share capital of the group reflects the share capital of the new parent, Sevan Drilling Limited, whereas the total equity of the group remains unchanged. The resulting difference is recognised in Retained Earnings.

The table below summarizes the share capital of the Group and the changes resulting from the Migration:

	Sevan Drilling Limited		**Sevan Drilling ASA**	
	As at 30 September 2015		**As at 31 December 2014**	
	Common shares of par value USD 0.10		*Common shares of par value NOK 1.00*	
	Number of shares	USD millions	Number of shares	USD millions
Authorised share capital	100,000,000	10.0	594,623,436	108.6
Issued and fully called	31,000,000	3.1	594,623,436	108.6
Shares owned by Sevan Drilling ASA, and subsequently cancelled on 2 July 2015	(1,268,543)	(0.1)	—	—
Outstanding shares in issue and Share Capital	29,731,457	3.0	594,623,436	108.6
Share premium		713.5		666.0
Other equity		(116.4)		(216.9)
Total equity		600.1		557.7

Earnings per share

As a result of the Migration and the changes in share capital, the earnings per share has been retrospectively adjusted as follows:

	Three months ended September 30,		**Nine months ended September 30,**	
	2015	**2014**	**2015**	**2014**
		(restated)		*(restated)*
Net Profit/(loss) attributable to equity holders - *USD million*	26.4	(21.1)	42.3	(22.3)
Number of shares outstanding	29,731,457	29,731,457	29,731,457	29,731,457
Basic and diluted earnings per share (USD per share)	**0.89**	**(0.71)**	**1.42**	**(0.75)**

Note 11 - Contingencies

In 2011, Sevan Drilling was separated out from the 100% ownership of Sevan Marine ASA and listed separately on the Oslo Stock Exchange. On October 16, 2015, Sevan Marine ASA issued an Oslo Stock Exchange notice advising that its Board had received a report from external counsel it had engaged to investigate allegations of improper conduct related to historical contracts with Petrobras. Sevan Marine handed over the report to the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime ("ØKOKRIM"). The report concluded that it was more likely than not that illegal conduct had occurred, in the form of improper payments to obtain business, when Petrobras awarded contracts to Sevan Marine ASA between 2005-2008.

Against this background, the Company reports that Sevan Drilling ASA has been accused of breaches of Sections 276 a and 276 b of the Norwegian Criminal Code in respect of payments made in connection with the performance during 2012 to 2015 of drilling contracts originally awarded by Petrobras to Sevan Marine ASA in the period between 2005-2008. In connection with the accusation, ØKOKRIM has performed a search and seizure in the Company's offices. The Company is co-operating with the authorities in identifying and making available all documents, which the authorities consider relevant.

The Company has also voluntarily approached the Brazilian authorities with regard to these matters. The Company's own investigation into these matters in ongoing but to date has uncovered no evidence of improper conduct by the Company.

We cannot predict the scope or ultimate outcome of the ØKOKRIM investigation. We also cannot predict whether any other governmental authority will seek to investigate this matter, or if a proceeding were opened, the scope or ultimate outcome of any such investigation. As a result no loss contingency has been recognized in the Company's consolidated financial statements.

Note 12 - Events after balance sheet date

The Group has evaluated subsequent events after the balance sheet date through the date the accompanying consolidated financial statements became available to be issued.

On 29 October 2015, Sevan Drilling and Cosco agreed to exercise the first six-month option to extend the deferral agreement to 15 April 2016. Further, it has been agreed that Cosco will repay US$26.3 million, or 5% of the contract price, plus associated amounts to Sevan Drilling by 1 December 2015. The final delivery instalment has been amended to US$447.1 million, representing 85% of the US$526.0 million contract price and can be amended further upon the expiration of the option period. Other terms and conditions under the deferral agreement dated 15 October 2014, including termination rights, remain unchanged.