



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 980 464 989
Organisasjonsform: Aksjeselskap
Foretaksnavn: CGG MARINE RESOURCES NORGE AS
Forretningsadresse: Lilleakerveien 6A
0283 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2018 - 31.12.2018

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Jørgen Kristensen
Dato for fastsettelse av årsregnskapet: 27.06.2019

Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 19.11.2020



Resultatregnskap

Beløp i: USD	Note	2018	2017
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	16	23 758 000	
Sum inntekter		23 758 000	
Kostnader			
Varekostnad		16 366 000	
Avskrivning på varige driftsmidler og immaterielle eiendeler	15	6 192 000	
Net loss sale of assets		350 000	
Annen driftskostnad		3 352 000	33 000
Sum kostnader		26 260 000	33 000
Driftsresultat		-2 502 000	-33 000
Finansinntekter og finanskostnader			
Annen renteinntekt	3	1 851 000	3 616 000
Sum finansinntekter		1 851 000	3 616 000
Nedskrivning av finansielle eiendeler	15	7 161 000	
Impairment long term intercompany loan	10	17 229 000	15 000 000
Impairment loss on participating interests	4	13 070 000	83 800 000
loss on sale of shares	4		12 450 000
Annen rentekostnad		1 026 000	1 059 000
Sum finanskostnader		38 486 000	112 309 000
Netto finans		-36 635 000	-108 693 000
Ordinært resultat før skattekostnad		-39 137 000	-108 726 000
Skattekostnad på ordinært resultat	8	119 000	
Ordinært resultat etter skattekostnad		-39 256 000	-108 726 000
Årsresultat		-39 256 000	-108 726 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital	6	-39 256 000	-108 726 000
Sum overføringer og disponeringer		-39 256 000	-108 726 000



Resultatregnskap

Beløp i: USD	Note	2018	2017
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Balanse

Beløp i: USD	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	15	6 928 000	0
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	15	209 000	
Sum varige driftsmidler		7 137 000	0
Finansielle anleggsmidler			
Participating interests in affiliated entities	4	50 000 000	48 945 000
Long term receivables from affiliated entity	10	0	15 761 000
Sum finansielle anleggsmidler		50 000 000	64 706 000
Sum anleggsmidler		57 137 000	64 706 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		2 458 000	1 443 000
Konsernfordringer		0	1 232 000
Sum fordringer		2 458 000	2 675 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	5	22 000	128 000
Sum bankinnskudd, kontanter og lignende		22 000	128 000
Sum omløpsmidler		2 480 000	2 803 000
SUM EIENDELER		59 617 000	67 509 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

Beløp i: USD	Note	2018	2017
Innskutt egenkapital			
Selskapskapital	6	2 502 000	2 502 000
Overkurs	6	29 117 000	64 988 000
Sum innskutt egenkapital		31 619 000	67 490 000
Sum egenkapital		31 619 000	67 490 000
Gjeld			
Langsiktig gjeld			
Onerous contract liability		19 871 000	0
Sum avsetninger for forpliktelser		19 871 000	0
Annen langsiktig gjeld			
Sum langsiktig gjeld		19 871 000	0
Kortsiktig gjeld			
Leverandørgjeld		715 000	19 000
Cash advance from affiliated entity	7	7 412 000	
Sum kortsiktig gjeld		8 127 000	19 000
Sum gjeld		27 998 000	19 000
SUM EGENKAPITAL OG GJELD		59 617 000	67 509 000



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 29.09.2011	Vår dato 14.10.2011
Telefon 22078139	Deres referanse Marianne Lefdal	Vår referanse 2011/951234

CGG VERIT AS SERVICES (NORWAY) AS
Carl Konows gate 34
5162 LAKSEVÅG

Dispensasjon fra kravet om årsregnskap og årsberetning på norsk språk for CGG Veritas

Det vises til deres brev av 29. september 2011 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk. Søknaden gjelder for følgende selskaper;

Wavefield Inseis AS	org. nr. 983 811 310
CGG Marine Resources Norge AS	org. nr. 980 464 989
CGG Veritas Services (Norway) AS	org. nr. 987 264 020
Exploration Vessels Resources AS	org. nr. 953 047 225
Exploration Investment Resources II AS	org. nr. 984 670 303
Exploration Vessel Resources II AS	org. nr. 996 311 341
Multifield Geophysics AS	org. nr. 990 886 482
CGG Veritas International SA (NUF)	org. nr. 985 625 794
CGG Veritas Services Norge (NUF)	org. nr. 985 846 855

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Bakgrunn

Selskapene er direkte eller indirekte eiet 100 % av det franske børsnoterte selskapet CGG Veritas SA med unntak for Multifield Geophysics AS som er eiet med 90,9 % og CGG Veritas International SA og CGG Veritas Services Norge som er norskregistrerte utenlandske foretak. Konsernspiss er det franske selskapet Compagnie Générale de Géophysique -Veritas. Konsernet er en av verdens største leverandører av geofysiske tjenester samt utstyr til bruk i geofysikkindustrien. Konsernet opererer i mange sektorer globalt, der engelsk er det klart dominerende språket og det daglige arbeidsspråket derfor også er engelsk. Morselskapets aksjonærer er i all hovedsak utenlandske personer eller selskaper, og morselskapet henvender seg jevnlig til potensielle investorer som er basert i utlandet. All kommunikasjon med konsernets primære kunder og kreditorer foregår på engelsk. Den norske versjonen av årsregnskapet utarbeides kun for å tilfredsstille regnskapsloven.

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org. nr: 996250318	Telefaks
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60



Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering om det skal gis dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

I denne vurderingen har Skattedirektoratet lagt vekt på at selskapene er eiet av et fransk selskap og aksjonærene forstår ikke norsk språk. Morselskapet henvender seg jevnlig til potensielle investorer som er basert i utlandet. Videre er det vektlagt at selskapets virksomhet er utpreget internasjonal og arbeidsspråket er engelsk.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland



Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of CGG Marine Resources Norge AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CGG Marine Resources Norge AS, which comprise the statement of financial position as at 31 December 2018, statement of comprehensive income and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

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

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 Managing Director (management) are responsible for the other information. Our opinion on the audit of 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 the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (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.

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.



Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

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 concerning the financial statements and the going concern assumption 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, 27 June 2019
ERNST & YOUNG AS

Asbjørn Rødal
State Authorised Public Accountant (Norway)



CGG Marine Resources Norge AS

Org nr. 980 464 989

Oslo (Norway)

Financial Report 2018



Annual report

1 Operations and locations

CGG Marine Resources Norge AS (the "Company") is a limited liability company, registered in Norway. All issued shares of the Company are held by CGG S.A, Paris (France). CGG S.A. together with its subsidiaries and associates forms the CGG Group ("CGG" or "Group"). The Company has its seat in Oslo, Norway.

CGG is a fully integrated Geoscience company providing geological, geophysical and reservoir capabilities to its broad base of customers primarily from the global oil and gas industry. Through its three complementary business segments of Equipment, Contractual Data Acquisition and Geology, Geophysics & Reservoir (GGR), CGG brings value across all aspects of natural resource exploration and exploitation.

CGG is listed on the Euronext (Compartment C) Paris (ISIN Code FR000013181864) and the New York Stock Exchange (NYSE) (in the form of American Depositary Shares) (NYSE: CGG).

The Company is a holding company. In 2018 the company merged with its subsidiary Exploration Investment Ressources II AS, and now holds CGG shares in the Joint Venture Global Seismic Shipping AS.

2 Significant events

The Company is heavily impacted by the global market situation in the Marine seismic acquisition market. This market has proven to be more difficult over the past year as the global oil industry is reducing their spending on Exploration & Production. This leads to postponements and cancellation of projects combined with a strong focus on reducing prices.

3 Going concern assumption

In accordance with the Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. This assumption is based on profit forecasts for the year 2018 and the Group's long-term strategic forecasts, and as of the date of signing these financial statements CGG and the guarantor subsidiaries (including CGG Marine Resources Norge AS) are no longer under Chapter 11 process in the US and *Sauvegarde* proceeding in France.

4 Future development

The assets held by the subsidiaries of the Company are operating in the high end of the exploration market capacity, hence the Board does assess that the Company is well positioned once the market rebounds.

5 Comments related to the financial statements

The net profit decreased from a loss of USD 108.7 million in 2017 to a loss of USD 39.3 million in 2018.

Total cash flow from operating activities was USD 14.2 million in 2018 compared to USD 0.3 million in 2017.

The Company's liquidity reserve as of 31 December 2018 amounted to USD 23 thousand compared to USD 128 thousand in 2017. The Company has access to cash through the CGG cash pooling and has at year end 2017 a payable of USD 7.4 million to this pool compared to a receivable of USD 1.2 million in 2017.

Total assets at year-end 2018 were USD 59.6 million, compared to USD 67.5 million last year. The equity



ratio was 53 % as of 31 December 2018, compared to 100 % the year before.

The Company has not directly taken part in any activities related to research and development in 2018 or 2017.

6 Risk analysis

General

During the normal course of business, the Company uses various financial instruments that expose the Company to interest rate, liquidity, exchange rate, credit and fair value risks. These relate to financial instruments that are reported on the balance sheet. If the counterparty fails to meet its payment obligations to the Company, the resulting losses are limited to the fair value of the instruments in question. The contract value or principal amount of the financial instruments serve only as an indication of the extent to which such financial instruments are used, and not of the value of the credit or market risks.

Interest rate risk

The Company has no loan and is not exposed to changes in interests.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay its liabilities on time. This risk is mitigated by having immediate access to funds within the Group.

Exchange rate risk

The Company's financing is denominated in USD. Exposure to exchange rates risk can arise in cases where the Company would need to settle a current tax liability, which is denominated in NOK.

Credit risk

As a holding company, the company is not exposed to credit risk.

Fair value risk

The fair value of most of the financial instruments stated on the balance sheet, including current assets as well as current liabilities and ownership in subsidiaries approximates their carrying amounts.

7 The working environment and the employees

There were no employees in the Company at the end of 2018 or 2017.

8 Environmental report

The Company is a holding company, with no operational activity.

However, the Company owns shares in companies which own or operate seismic vessels. These vessels are sophisticated and modern vessels with high technical standards. Operational routines are optimized with the technical concepts to prevent damage and accidents on personnel, environment and equipment. Operation of seismic vessels will always have some emission and the risk of unfortunate incidents cannot be eliminated.

The fuel and lubricants are under the responsibility of the charterer which is operating the vessel.



9 Gender equality

The Group aims to be a workplace with equal opportunities and has included in its policies regulations to prevent gender discrimination regarding salary, promotion and recruiting. The Board consists of one woman and one man. The position as chairman is held by a woman.

10 Events after the balance sheet date

Eidesvik Offshore ASA, CGG Marine Resources Norge AS ("CGGN") and CGG agreed June 4 on a term sheet for a transaction whereby CGG is contemplating to acquire Eidesvik Offshore ASA's 50% ownership share in Global Seismic Shipping AS ("GSS"). CGG has in turn entered into a memorandum of understanding with Shearwater GeoServices Holding AS ("Shearwater") for transactions in which a sale of all shares in GSS from CGGN to Shearwater is a part. For further details on the agreement between CGG and Shearwater, please refer to separate announcements made by CGG and Shearwater on June 4, 2019. Closing is expected before year end 2019.

11 Allocation of profit

The Board proposes that the loss for the year ended 31 December 2018, USD 39.2 million is allocated from other equity.

27 June 2019

Marianne Lefdal
Chairman of the Board/ Managing Director



Statement of comprehensive income

(US Dollar thousand)	Notes	2018	2017
Revenue	16	23 758	-
Total operating revenue		23 758	-
Expenses of services rendered		(16 366)	-
Depreciation of tangible assets	15	(6 192)	-
Net Loss on sale of assets		(350)	-
Other operating expenses, net		(3 352)	(33)
Total operating expenses		(26 260)	(33)
Operating result		(2 502)	33
Interest and other financial income	3	1 851	3 616
Interest costs and similar costs		(1 027)	(1 059)
Impairment equipment	15	(7 161)	-
Impairment long-term intercompany loan	10	(17 229)	(15 000)
Impairment loss on participating interests	4	(13 070)	(83 800)
Loss on sale of shares	4	-	(12 450)
Financial result		(36 635)	(108 693)
Profit before taxation		(39 138)	(108 726)
Income tax expense	8	(119)	-
Income for the year		(39 256)	(108 726)
Other comprehensive income for the year			-
Total comprehensive income for the year		(39 256)	(108 726)
Allocation of total comprehensive income	6		
Transferred from other equity		(39 256)	(108 726)
Total allocations and equity transfers		(39 256)	(108 726)



Statement of financial position as at 31. December

(US Dollar thousand)	Notes	2018	2017
Tangible assets			
Vessels	15	6 928	0
Equipment	15	209	0
Total tangible assets		7 137	0
Financial non-current assets			
Participating interests in affiliated entities	4	50 000	48 945
Total financial non-current assets		50 000	48 945
Total non-current assets		57 137	48 945
Long term receivables from affiliated entity	10	0	15 761
Current assets			
Account receivable from subsidiaries		2 458	1 444
Cash advance to affiliated entity		0	1 232
Cash and cash equivalents	5	22	128
Total current assets		2 481	2 803
Total current assets		2 481	2 803
TOTAL ASSETS		59 617	67 509
SHAREHOLDERS EQUITY AND LIABILITIES			
Shareholders equity			
Share capital (10,0000 shares at NOK 30,000)	6	2 502	2 502
Share premium	6	29 118	64 988
Total paid-in capital		31 619	67 490
Total shareholders equity		31 619	67 490
Liabilities			
Provisions for liabilities and charges			
Onerous contract liability		19 871	0
Total provisions for liabilities and charges		19 871	0
Current liabilities			
Accounts payable		715	19
Cash advance from affiliated entity	7	7 412	0
Total current liabilities		8 126	19
Total liabilities		27 998	19
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		59 617	67 509
		0	0

27 June 2019

Marianne Lefdal
Chairman of the Board / Managing Director



Cash Flow Statement

(US Dollar thousand)	2018	2017
Operating activities		
Income/loss for the year	(39 138)	(108 726)
Loss on sale of shares	-	12 450
Depreciation	6 192	-
Income taxes expense	115	-
Impairment loss	30 299	98 801
Interest income	-	(761)
Loss/gain on sale of assets	350	-
Increase/decrease in accounts receivable	17 098	(1 444)
Increase/decrease in accounts payable	(226)	7
Changes in other receivables and other liabilities	(462)	5
Net cash provided by operating activities	14 228	332
Investing activities		
Proceeds from sale of assets	24 886	-
Purchase of assets	(228)	-
Change in long term receivables	1 466	-
Capital increase in subsidiary	-	(1 250)
Net cash consumed by investing activities	26 125	(1 250)
Financing activities		
Changes in cash advance from affiliated entity	(40 458)	1 010
Cash provided by financing activities	(40 458)	1 010
Net change in cash equivalents	(105)	92
Cash equivalents at 01.01	128	35
Cash equivalents as at 31.12	22	128



CGG Marine Resources Norge AS

Notes to the Financial Statements

Note 1 Description of Company and operations

CGG Marine Resources Norge AS (the "Company") is a limited liability company, registered in Norway. All issued shares of the Company are held by CGG SA, Paris (France). CGG SA together with its subsidiaries and associates forms the CGG Group ("CGG" or "Group"). The Company has its seat at Oslo (Norway).

CGG is a fully integrated Geoscience company providing geological, geophysical and reservoir capabilities to its broad base of customers primarily from the global oil and gas industry. Through its three complementary business segments of Equipment, Contractual Data Acquisition and Geology, Geophysics & Reservoir (GGR), CGG brings value across all aspects of natural resource exploration and exploitation.

CGG is listed on the Euronext (Compartment C) Paris (ISIN Code FR000013181864) and the New York Stock Exchange (NYSE) (in the form of American Depositary Shares) (NYSE: CGG).

In the context of financing CGG, the Company has been designated as a guarantor under various financing agreements.

The Company is a holding company. In the context of financing CGG, the Company has been designated as a guarantor under various financing

Note 2 Summary of significant accounting policies

General

The financial statements have been prepared in accordance with Simplified IFRS. In summary these Simplified IFRS require the application of the (de-) recognition and measurement requirements of IFRS and the application of the presentation and disclosure requirements in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting policies. Simplified IFRS, unlike IFRS (IAS 10 par. 12 and 13), provides the option to treat management's decision after the reporting date regarding tax group contribution as well as the declaration of dividends as adjusting events. This simplification has been used in the preparation of these financial statements.

The financial statements are presented in USD, the Company's functional and reporting currency. The Company's ultimate shareholder CGG SA prepares consolidated financial statements in accordance with International Financial Reporting Standards. These consolidated financial statements are available at www.cgg.com and are deposited at the Chamber of Commerce in Paris (France) and at Lilleakerveien 6 A, 0283 Oslo (Norway). In accordance with the Norwegian Accounting Act the Company can choose not to prepare its own consolidated financial statements, and has chosen not to.

Basis of preparation

The financial statements have been prepared under the historical cost convention. Unless mentioned otherwise, assets and liabilities are stated at nominal value, income and expenses are determined and reported on an accrual basis.

Classification of assets and liabilities

Assets intended to serve the Company beyond the current period are presented as non-current. All other assets (including the portion of long-term receivables due within one year) are presented as current. Non-current liabilities include amounts due beyond one year.

Foreign currency

Transactions denominated in currencies other than USD are recorded at the closing rate of the preceding month. Monetary assets and liabilities denominated in currencies other than USD are revalued at year-end exchange rates and any resulting unrealised exchange gains and losses are included in income.

Estimates

The preparation of financial statements in accordance with simplified IFRS requires management to make estimates, assumptions and judgment that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. As a holding company the main assets in the company is ownership in subsidiaries. The value of these ownerships are first checked against equity in the subsidiaries and then value in use.

Revenue

Revenues are recognised when they can be measured reliably, and when it is likely that the economic benefits associated with the transaction will flow to the entity, which is at the point that such revenues have been realised or are considered realisable. Implementation of IFRS 15 for the group have no impact on the revenue recognition for the company, as it has no revenue that is covered by this accounting standard.

Tangible assets

Tangible assets are carried at historical cost less accumulated depreciation and impairment charges. Tangible assets include vessels (hull, capitalised dry-dock and rigging expenditures) and equipment (maritime equipment mounted to the vessel). Capitalised dry-dock and rigging expenditures include expenditures that are directly attributable to the project. Depreciation is recorded on a straight-line basis:



Hull and capitalised rigging expenditures	30 years
Capitalised dry-dock rigging expenditures	30 months
Marine equipment	8-15 years

Tangible assets are tested for impairment if there are any indicators and written down to lower recoverable amounts in the event of a non-temporary diminution of value.

Participating interests

Participating interests are recorded at cost or at lower recoverable values. If the equity at yearend defend the recorded value of the participating interest from last year no additional assessment done. If equity is lower a detailed value in use calc is prepared based on future operational activity.

Account receivables

Accounts receivable are stated at nominal value less an allowance for non-recoverable amounts.

Bank deposits

Bank deposits are deposits held at call with banks.

Taxation

Taxes on income are recognised in the same period as the revenue and the expenses to which these relate. Taxes on income are determined in the lawful currency of the jurisdiction the Company is subject to tax (pre-dominantly NOK).

Tax related to equity transactions e.g. group contribution, is recognised directly in equity.

Deferred taxation is provided for using the asset and liability method of accounting for income taxes based on provisions of enacted tax laws.

Recognition is given to deferred tax asset and liability for the expected future consequences of events that have been recognised in either the financial statements or tax returns. Expected future events are taken into consideration in estimating these tax consequences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax asset is reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax asset and deferred tax liability are presented net in the statement of financial position.

Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event for which it is probable that an outflow of resources embodying economic benefits (that can be reliably determined) will be required to settle the obligation.

Contingent liabilities

Contingent liabilities are disclosed in these financial statements unless occurrence is remote.

Cash flow statement

The cash flow statement is prepared using the indirect method.

As a holding-company in Norway the cash related operational activity are limited. Cash related to purchase and financing of ownership of shares in subsidiaries will be the main activity.

Events after the reporting period

Events providing evidence of conditions that existed at the end of the reporting period and occurring after the reporting period and before authorisation of the financial statements through the management board are reflected in the financial statements.

Merger

With effective date January 1, 2018 the Company merged with the affiliated entity Exploration Vessel Resources II AS, org. nr 996 311 341. The merger was accounted under the pooling of interests method since both entities are under common control. The comparative figures are not restated to reflect the merger as of 01.01.2018.



Note 3 Financial items, net

US Dollar thousand	2018	2017
Guarantee fee charged to affiliated entity (see note 14)	-	2 855
Group interest income	1 851	761
Foreign currency gains	-	-
Total interest and similar income	1 851	3 616
Interest expense to affiliated entity (see note 10 and 11)	-	-
Interest costs	(1 027)	(1 059)
Impairment equipment	(7 161)	-
Impairment long-term intercompany loan	(17 228)	(15 000)
Loss on sale of shares	-	(12 450)
Impairment loss on participating interests	(13 070)	(83 800)
Financial items, net	(36 636)	(108 693)



Note 4 Participating interest in joint ventures

The historic cost and key financial figures for the joint venture are as follows as follows (50%):

(USD Dollar thousand)	Historical cost	Ownership share	Net Book Value	Income	Equity
31.Dec.2018					
Global Seismic Shipping AS	63 070	50 %	50 000	0	126 073
Total	<u>63 070</u>				<u>126 073</u>

As of 31.12.2018 the company recognized an impairment of its shares in Global Seismic Shipping AS of MUSD 13.

In 2018 the company Merged with its subsidiary Exploration Investment Ressources AS

CGG S.A. (CGG) today signed a binding term-sheet with Shearwater GeoServices Holding AS (Shearwater) for a strategic partnership for marine seismic acquisition services and creation of a new streamer technology company. The term-sheet covers the purchase of five high-end streamer vessels jointly owned by CGG Marine Resources Norge AS and Eidesvik Offshore ASA ("Eidesvik Offshore") by Shearwater, with mutual commitments of securing CGG access to strategic vessel capacity for future multi-client projects. It is the intention of both companies to execute final transaction agreements before the end of June with closing planned before year-end. The final transaction agreements are subject to approval by lenders of Global Seismic Shipping AS (GSS), the ship-owning company jointly held by CGG and Eidesvik Offshore ASA. As of signing of the financial statements the parties have not agreed on a final price for the shares that the company own in Global Seismic Shipping AS (GSS). The shares that the company own in GSS is valued as of 31.12.2018, at the value of the owned booked equity in the company. Due to the nature of the transaction and not agreed price as of date of signature there migh be an uncertainty related to the valuation of the shares.

Note 5 Bank deposits

The Company has no restrictions on its bank deposits.

Note 6 Shareholders' equity

The share capital of the Company as at 31 December 2018 is NOK 20,000,000 (USD 2,501,618) and consists of 100 shares with a nominal value of NOK 200,000 per share. All shares have equal rights.

(US Dollar thousand)	Share capital	Share premium	Other paid-in capital	Other equity	Total equity
Balance at 1 January 2017	1 341	88 870		(38 995)	51 216
Group contribution recieved					-
Dividend					-
Capital increase	1 161	123 839			125 000
Result for the year				(108 726)	(108 726)
Reclassification					-
Balance at 31 December 2017	2 502	212 709	0	-147 721	67 490
Group contribution received					-
Dividend					-
Capital increase					-
Result for the year				(39 256)	(39 256)
Equity effect from merger				3 386	3 386
Balance at 31 December 2018	2 502	212 709	-	(183 591)	31 620



Note 7 Cash advance payable to affiliated entity

Prior to the second quarter of 2017, the Company was part to a cash advance agreement with CGG Holding B.V., the Hague (the Netherlands) allowing the Company to invest or to draw from this facility. Interest is settled quarterly at LIBOR+ 3% for amounts drawn and LIBOR for amounts invested.

As from the second quarter of 2017, a new cash advance agreement was entered into with CGG Services (NL) B.V., the Hague (the Netherlands). The set up and terms are the same as under prior agreement with CGG Holding B.V.

Note 8 Taxation

(US Dollar in thousands)	2018	2017		
Current income tax :				
Income/(loss) before taxation	(39 256)	(108 726)		
Permanent differences - Loss on sale of shares		12 450		
Permanent differences - Investment impairment	13 070	83 800		
Change in losses carried forward	4 480	-		
Change in temporary differences	12 810	16 111		
Translation differences	8 898	(3 635)		
Taxable profit/(loss)	-	-		
Income tax payable for current period 23% (24%)	-	-		
Income Tax expense	-	-		
Current income tax payable	-	-		
Change in deferred tax	-	-		
Income tax expense	-	-		
Reconciliation from nominal to effective income tax rate				
Profit/(loss) before tax	(39 256)	(108 726)		
Expected income tax expense at 23% (24%)	(9 029)	(26 094)		
Deviation	9 029	26 094		
Explanation of deviations:				
Permanent difference - Investment impairment	3 006	(872)		
Permanent differences - Loss on sale of shares	-	2 988		
Translation differences	2 046	20 112		
Valuation allowance	3 977	3 867		
Total	9 029	26 094		
Specification of temporary differences				
	2018	2017		
	Benefit	Liability	Benefit	Liability
Tangible assets	4 052		6 926	
Gain/loss account	2 194		2 904	
Discount on loan	30 024		15 948	
Restructuring provision	17 526			
Losses	40 918		22 993	
Interest	8 031		8 504	
Total	102 745		57 275	
Valuation allowance	(102 745)		(57 275)	
Net deferred benefit/liability in the balance sheet 22% (2017: 23%)	-		-	

Note 9 Audit fees

Remuneration to Ernst & Young AS and their associates is USD 34,100 (2017: USD 24,375). All amounts are exclusive VAT.

Note 10 Related party transactions

Other companies in the Group are classified as related parties. In the ordinary course of business the Company enters into transactions with affiliated and associated companies (see notes 3 and 7). These transactions are at arms' lengths terms.

The Company is included in the VAT group registration of CGG Services (Norway) AS, in Oslo (Norway).

On April 20, 2017 the company entered into a USD 30 million term loan agreement with affiliated entity CGG Services (Norway) AS.

Interest rate is 1 % per annum and the loan fully matures 1. May 2027.

The loan has been revalued to reflect the estimated fair value of the loan, this resulted in an reduction in present value of the loan by USD 15M

The present value of the loan is after this adjustment set to 0



Note 11 Staff

As at 31 December 2017 and 2018, the Company had no employees. The Company is not required to have an occupational pension plan.

Note 12 Board remuneration

No member of the Board of Directors of the Company received any remuneration in the capacity as a member of the Board of Director.

Note 13 Financial risk

General

During the normal course of business, the Company uses various financial instruments that expose the Company to interest rate, liquidity, exchange rate, credit and fair value risks. These relate to financial instruments that are reported in the balance sheet. If the counterparty fails to meet its payment obligations to the Company, the resulting losses are limited to the fair value of the instruments in question. The contract value or principal amount of the financial instruments serve only as an indication of the extent to which such financial instruments are used, and not of the value of the credit or market risks.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay its liabilities on time. This risk is mitigated by having immediate access to funds within the Group.

Exchange rate risk

The Company's financing as well as revenues are denominated in USD. Exposure to exchange rates risk can arise in cases where the Company would need to settle a current tax liability, which is denominated in NOK.

Credit risk

The Company has very limited exposure to credit risk as under the terms of the rental agreements with affiliated entities, monthly rental fees are due within 30 days.

Fair value risk

The fair value of most of the financial instruments stated on the balance sheet, including current assets as well as current liabilities and ownership

Note 14 Exchange rates

Rates of exchange ("RoE") are as follows:

NOK / US dollar	01 Jan. 2017	Average 2017	01 Jan. 2018	Average 2018	31 Dec. 2018
	8,6200	8,2630	8,2050	8,1338	8,6885

Note 15 Tangible assets

(US Dollar thousand)	Vessels	Equipment	Total
Historical cost			
Balance at 31 Dec. 2017	-	-	-
Merger	105 913	41 734	147 647
Capital expenditures	211	17	228
Retirements and sales	(55 585)	(40 626)	(96 211)
Balance at 31 Dec. 2018	50 539	1 125	51 664
Accumulated depreciation			
Balance at 31 Dec. 2017	-	-	-
Merger	80 033	26 065	106 098
Disposal	-	-	-
Depreciation	6 022	170	6 192
Retirements and sales	(42 444)	(25 319)	(67 763)
Balance at 31 Dec. 2018	43 611	916	44 527
Carrying amount 31 Dec.			
2017	0	0	0
2018	6 928	209	7 137



Note 16

Revenue was generated in the following countries and business segments:

(US\$ million thousand)	2018	2017
Norway	23 758	-
Total	23 758	-

(US\$ million thousand)	2018	2017
Equipment rental	23 758	-
Total	23 759	1

Note 17 Events after the end of the reporting period

As of Q1 2019 CGG Marine Ressources Norge AS has negotiated terms with the owners of Geowave Champion regarding full redelivery of the boat and termination of the bare boat contract. The termination has released a total payment of 12MUSD at the time of delivery and future installments of 2.4MUSD. As a result of the agreed redelivery the company has accrued for an impairment of all onboard equipment as this equipment has been transferred to the owner as part of the termination agreement. Total accrual for the equipment as of 31.12.2018 is 7 161 TUSD