



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 997 713 168
Organisasjonsform: Aksjeselskap
Foretaksnavn: POLAR SHIP INVEST IV AS
Forretningsadresse: Damsgårdsveien 135
5160 LAKSEVÅG

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Hilde Marie Bjerga
Dato for fastsettelse av årsregnskapet: 31.08.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

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, 22.09.2021



Resultatregnskap

Beløp i: USD	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Operating revenue	10, 12	53 520 949	42 604 402
Other operating revenue	3, 10	34 563 442	4 090 407
Sum inntekter		88 084 391	46 694 809
Kostnader			
Depreciation	3	19 572 534	18 151 010
Nedskrivning av varige driftsmidler og immaterielle eiendeler	3	4 408 264	
Cost of sales		35 086 751	29 892 718
Administration expenses	2, 12	23 790	11 933
Loss on sale of fixed assets	3		
Sum kostnader		59 091 339	48 055 661
Driftsresultat		28 993 052	-1 360 853
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		368 424	1 542 520
Annen renteinntekt		153 067	91 928
Sum finansinntekter		521 492	1 634 448
Rentekostnad til foretak i samme konsern	5	1 319 392	2 233 635
Annen rentekostnad	11	3 935 709	3 893 274
Other financial expenses		167 197	138 908
Exchange loss (-) /gain (+)		-54 751	141 256
Sum finanskostnader		5 367 547	6 407 073
Netto finans		-4 846 055	-4 772 626
Ordinært resultat før skattekostnad		24 146 997	-6 133 478
Tax expenses	9		
Ordinært resultat etter skattekostnad		24 146 997	-6 133 478
Årsresultat		24 146 997	-6 133 478
Årsresultat etter minoritetsinteresser		24 146 997	-6 133 478



Resultatregnskap

Beløp i: USD	Note	2019	2018
Totalresultat		24 146 997	-6 133 478
Overføringer og disponeringer			
Konsernbidrag	6		
Udekket tap	6		
To other equity	6	24 146 997	
From other equity	6		-6 133 478
Sum overføringer og disponeringer		24 146 997	-6 133 478



Balanse

Beløp i: USD	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	9		
Varige driftsmidler			
Skip	3	71 872 498	78 738 125
Skipsbyggingskontrakt	3	15 713 979	20 432 902
Sum varige driftsmidler		87 586 477	99 171 028
Finansielle anleggsmidler			
Investering i datterselskap	4	5 310 270	5 310 270
Sum finansielle anleggsmidler		5 310 270	5 310 270
Sum anleggsmidler		92 896 747	104 481 298
Omløpsmidler			
Varer			
Beholdninger		736 003	429 131
Sum varer		736 003	429 131
Fordringer			
Andre kortsiktige fordringer		27 235 137	7 420 789
Konsernmellomværende	5	24 123 847	3 867
Sum fordringer		51 358 984	7 424 657
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	8	8 224 167	19 152 283
Sum bankinnskudd, kontanter og lignende		8 224 167	19 152 283
Sum omløpsmidler		60 319 154	27 006 071
SUM EIENDELER		153 215 902	131 487 369

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: USD	Note	2019	2018
Egenkapital			
Innskutt egenkapital			
Aksjekapital	7	37 313	37 313
Overkurs		271 451	271 451
Sum innskutt egenkapital		308 764	308 764
Opptjent egenkapital			
Opptjent egenkapital		35 175 244	11 028 247
Sum opptjent egenkapital		35 175 244	11 028 247
Sum egenkapital	6	35 484 008	11 337 011
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9		
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	11	60 780 283	74 536 251
Sum annen langsiktig gjeld		60 780 283	74 536 251
Sum langsiktig gjeld		60 780 283	74 536 251
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	11	13 789 000	17 022 153
Leverandørgjeld		551 590	5 616 808
Betalbar skatt	9		
Konsernmellomværende	5	42 594 158	22 958 372
Annen kortsiktig gjeld		16 862	16 774
Sum kortsiktig gjeld		56 951 611	45 614 107
Sum gjeld		117 731 894	120 150 358
SUM EGENKAPITAL OG GJELD		153 215 902	131 487 369



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 05.12.2017	Vår dato 11.12.2017
Telefon 22078139	Deres referanse Kristian Rådal	Vår referanse 2017/1254065

SHEARWATER GEOSERVICES AS
Postboks 1243 , Sentrum
5811 BERGEN

MOTTA

13 DES. 2017

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Polar Ship Invest IV AS, org.nr. 997 713 168

Vi viser til deres brev av 5. desember 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Polar Ship Invest IV AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Polar Ship Invest IV AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Polar Ship Invest IV AS er eid av Shearwater GeoServices Holding AS som har dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk. Shearwater GeoServices Holding AS med datterselskaper tilbyr tjenester innen seismikkvirksomhet internasjonalt. Konsernet operer hvor engelsk klart er det dominerende arbeidsspråket. Konsernets arbeidsspråk er engelsk. Selskapet driver virksomhet i en internasjonal bransje. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

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

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Sentralbord
800 80 000
Telefaks
22 17 08 60



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 av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er eid av et selskap som har dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk. Eierkretsen er begrenset. Selskapet opererer i en internasjonal bransje. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Jeanette Munkvold Skovholt
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



ANNUAL REPORT 2019

Polar Ship Invest IV AS

Damsgårdsveien 135
5160 Laksevåg

Business reg. no 997 713 168 MVA

Content:

Report of the Board of directors
Financial Statement
Auditor's report



Polar Ship Invest IV AS

Annual Report 2019

Polar Ship Invest IV AS was founded by demerger 8. July 2011 and its business is ownership in specialised vessels and investment in similar corporations. The company's corporate office is in Bergen and part of the Shearwater GeoServices group from 22. December 2016.

Future prospects

The company's operation is exposed to the development in the markets for oil and gas exploration and - production. In 2019, there was a significant increase in activity level and market rates as demand for seismic data rebounded after several years depressed E&P activity following the oil price collapse in 2014. The positive trend continued into 2020 until the Covid-19 pandemic started to unfold, and OPEC and Russia failed to agree on oil production quotas. The corresponding negative impact on commodity markets and subsequent reductions in E&P investments is expected to lead to a significant decline in demand for seismic services in the second half of the year.

Longer-term, the Covid-19 pandemic's impact will likely ease and global economic activity will recover and drive increased demand for oil and gas. While the seismic market was improving going into 2020, it was from a historically low-level reflecting years of reduced exploration across the E&P industry. Long-term growth in energy demand and more focus on enhanced oil recovery will require the E&P sector to resume and increase exploration and development investments. This provides a positive outlook for the market for seismic services.

Aspects of 2019

The company owns two seismic 3D vessels, "Polar Marquis" and "Polar Duke". In addition to these vessels, the company has hired "Polar Empress" on bareboat charter terms during the year from a sister company, as well as "Polar Duchess" on bareboat terms from its subsidiary. Aside from "Polar Duke" which is cold stacked, the active fleet has seen high utilisation during 2019. The vessels have been hired on time charter terms to group companies throughout the year. An incident aboard "Polar Marquis" in November resulted in a loss of seismic equipment and a vessel that will need extensive repair, taking her out of operation for the foreseeable future. Insurance claim is settled for the seismic equipment. At the end of 2019 the two remaining operational vessels were either at work or in transit to commence work.

Profit before tax in 2019 is USD 24,1 mill. compared with USD -6,1 mill. in 2018. Net operating income in 2019 totals to USD 29,0 mill. compared with USD -1,4 mill. in 2018. The positive change in net operating income is mainly due to recognised insurance claim under other operating revenue.

In 2019 financial items are negative by USD -4,8 mill. compared to USD -4,8 mill. previous year.

The company's liquidity is USD 8,2 mill. as at 31.12.2019 (2018: USD 19,2 mill.). Cash flow from operating activities in 2019 was positive USD 37,1 mill. (2018: positive USD 11,9 mill.) in large part due to recognised insurance claim. Cash flow from investment activities was negative USD -12,4 mill. (2018: negative USD -3,6 mill.). Both in 2019 and 2018 the company invested in streamers. Net cash flow from financing activities was negative USD -35,7 mill. (2018: negative USD -5,6 mill.) In 2019 the company has paid instalments of USD 17,0 mill. In addition, the company entered into a group bank agreement with Shearwater GeoServices AS in December 2019, contributing USD 18,6 mill. at year end.

Financial risk

The majority of the company's revenue is in USD. The company's expenses are mainly in USD, GBP and NOK. The company will attempt to minimise risks by implementing hedging arrangements when appropriate, but will not be able to fully avoid these risks. To reduce the currency exposure, the company's long term liabilities are held in USD.

Credit risks: The company's owned and hired vessels have in 2019 been let to four group companies of which Shearwater GeoServices Ltd and Shearwater GeoServices Norway AS had highest exposure. Historically, counterparty risk has been satisfactory.

Interest rate risk is related to the company's long term debt (USD 74,7 mill. as at 31.12.2019). The long term loan is mainly exposed to the development in USD interest rates. The lenders are renowned Norwegian and international shippingbanks.

The company has bank deposits in NOK and USD. The company considers liquidity risk as limited.

The company has not participated in research and development activities in 2019.



Based on the above report of profit and loss for the company, the Board of Directors confirms that the financial statements for 2019 are prepared on the principle of going concern and that there is basis for adopting this principle in accordance with section 3-3 of the Norwegian Accountancy Act.

Employees

The company has no employees. The administration of the company is taken care of by Shearwater GeoServices Norway AS which is a company in the Shearwater GeoServices group.

Environment

Safe behavior in this industry is paramount. Shearwater employees are encouraged to familiarise themselves with the group's safety tools and use of management system for incident reporting. There is a direct correlation between an increase in safety interventions and a decrease in incidents. This motivates our management team to keep 'safe' as our No. 1 priority and to promote it as top of the list of our focus culture.


Together with the maritime ship managers, GC Rieber Shipping, targets are established and monitored in order to minimise the vessel fuel consumption and environmental footprint.

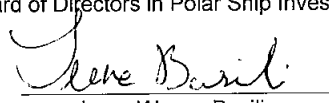
The company has obtained a modern fleet with high technical quality. During 2019 operations were accomplished with limited technical downtime, not including the major incident with "Polar Marquis" in November 2019.

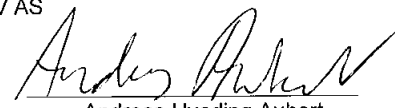
Allocation of net income

The financial statement shows a positive net income of USD 24.146.997,- which is proposed transferred to retained earnings.

Bergen, 31.08.2020
Board of Directors in Polar Ship Invest IV AS


Linda Rudølsen Myklebust
member of the board


Irene Waage Basili
chairman of the board


Andreas Hveding Aubert
member of the board


Peter Hooper
managing director



Polar Ship Invest IV AS
Profit and Loss account (in USD)

OPERATING REVENUE AND EXPENSES	NOTE	2019	2018
Operating revenue	10, 12	53.520.949	42.604.402
Other operating revenue	3, 10	34.563.442	4.090.407
Total operating revenue		88.084.391	46.694.809
Cost of sales		35.086.751	29.892.718
Administration expenses	2, 12	23.790	11.933
Depreciation	3	19.572.534	18.151.010
Write-down	3	4.408.264	0
Total operating expenses		59.091.339	48.055.661
Net operating income		28.993.052	-1.360.853
FINANCIAL ITEMS			
Interest income from group entities		368.424	1.542.520
Other interest income		153.067	91.928
Interest expenses to group entities	5	1.319.392	2.233.635
Interest expenses	11	3.935.709	3.893.274
Other financial expenses		167.197	138.908
Exchange loss (-) /gain (+)		54.751	-141.256
Net financial income and expenses		-4.846.055	-4.772.626
Operating result before tax		24.146.997	-6.133.478
Net income		24.146.997	-6.133.478
ALLOCATION OF NET INCOME			
To other equity	6	24.146.997	0
From other equity	6	0	6.133.478
Total allocation		24.146.997	-6.133.478



Polar Ship Invest IV AS
Statement of Financial position (in USD)

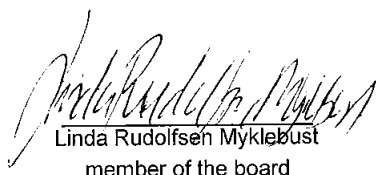
ASSETS	NOTE	2019	2018
FIXED ASSETS			
TANGIBLE ASSETS			
Vessels and marine equipment	3	71.872.498	78.738.125
Seismic equipment	3	15.713.979	20.432.902
Total tangible assets		87.586.477	99.171.028
FINANCIAL FIXED ASSETS			
Investments in subsidiaries	4	5.310.270	5.310.270
Total financial fixed assets		5.310.270	5.310.270
Total fixed assets		92.896.747	104.481.298
CURRENT ASSETS			
Inventories		736.003	429.131
DEBTORS			
Other short-term receivables		27.235.137	7.420.789
Receivables to group companies	5	24.123.847	3.867
Total receivables		51.358.984	7.424.657
Cash and cash equivalents	8	8.224.167	19.152.283
Total current assets		60.319.154	27.006.071
Total assets		153.215.902	131.487.369

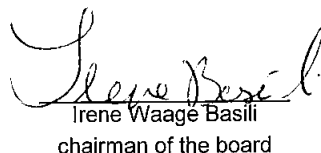


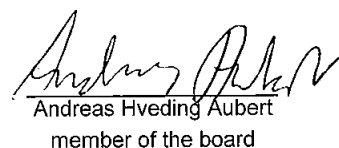
Polar Ship Invest IV AS
Statement of Financial position (in USD)

EQUITY AND LIABILITIES	NOTE	2019	2018
PAID-UP EQUITY			
Share capital	7	37.313	37.313
Share premium reserve		271.451	271.451
Total paid-up equity		308.764	308.764
RETAINED EARNINGS			
Retained earnings		35.175.244	11.028.247
Total retained earnings		35.175.244	11.028.247
Total equity	6	35.484.008	11.337.011
LIABILITIES			
OTHER LONG-TERM LIABILITIES			
Liabilities to financial institutions	11	60.780.283	74.536.251
Total other long term liabilities		60.780.283	74.536.251
CURRENT DEBT			
Liabilities to financial institutions	11	13.789.000	17.022.153
Trade creditors		551.590	5.616.808
Liabilities to group companies	5	42.594.158	22.958.372
Other current debt		16.862	16.774
Total current debt		56.951.611	45.614.107
Total liabilities		117.731.894	120.150.358
Total equity and liabilities		153.215.902	131.487.369

Bergen, 31.08.2020


Linda Rudolfsen Myklebust
member of the board


Irene Waage Basili
chairman of the board


Andreas Hveding Aubert
member of the board


Peter Allan Hooper
managing director



Polar Ship Invest IV AS

Cash Flow Statement

	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/loss(-) before tax	24,146,997	-6,133,478
Depreciation	19,572,534	18,151,010
Write-downs on fixed assets	4,408,264	0
Change in accounts payables	-5,065,218	3,717,136
Change in intercompany receivables and liabilities	14,152,042	2,207,840
Change in stores	-306,872	-248,066
Change in other current assets and other liabilities	-19,781,225	-5,818,963
Net cash flow from operating activities	<u>37,126,522</u>	<u>11,875,479</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Payments for investments in fixed assets	-12,396,247	-3,598,471
Net cash flow from investment activities	<u>-12,396,247</u>	<u>-3,598,471</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Change in group accounts	-18,636,236	0
Repayment of long-term debts	-17,022,153	-5,600,000
Net cash flow from financing activities	<u>-35,658,389</u>	<u>-5,600,000</u>
Net change cash and cash equivalents	-10,928,115	2,677,007
Cash and cash equivalents at 01.01.	19,152,283	16,475,276
Cash and cash equivalents at 31.12.	<u>8,224,168</u>	<u>19,152,283</u>



Note 1

Polar Ship Invest IV AS is a Norwegian registered company with corporate office in Bergen. The company owns modern purpose built seismic vessels.

As of 22. December 2016 the company is part of the Shearwater GeoServices Group. The Group's consolidated financial statement is available at the corporate head office in Damsgårdsveien 135, Bergen.

Accounting principles

The financial statements are prepared in accordance with the Norwegian Generally Accepted Accounting Principles (NGAAP) as set out in the Norwegian Accounting Act of 1998. The accounting principles are described below.

Use of functional currency

The company is presenting its financial statements in USD, as this is defined as the presentation currency. The main activities in the company is predominantly in USD. The functional currency in the Group accounts is also USD.

Policies for revenue recognition

Revenue is recognised when it is probable that transactions will generate future economic benefits that will accrue to the company and the value of such benefits can be estimated reliably. Income and expenses related to the vessels' journeys are accrued based on the number of days the journey lasts before and after the end of the year and such income is classified as charter income.

Classification of assets and liabilities in the financial statement

Assets intended for permanent ownership or use and receivables due later than one year after the balance sheet date are classified as fixed assets. Other assets are classified as current assets. Liabilities due later than one year after the balance sheet date are classified as long-term debt. Other liabilities are classified as short-term debt. The first year's installments on long-term debt are classified as short-term debt.

Transactions in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items are translated at the current exchange rate, non-monetary items that are measured at historical cost are translated at the rate in effect on the original transaction date, and non-monetary items that are measured at fair value are translated at the exchange rate in effect at the time when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies to year-end exchange rates are recognised in the income statement.

Stores on the vessels

Stores on vessels are valued at the lower of cost and net realisable value. Costs incurred are accounted for using the FIFO (first in-first out) method and include costs accrued in acquiring the stores and bringing the stores to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated sales cost.

Receivables and liabilities in foreign currency

Receivables and liabilities in a foreign currency are translated into USD using the exchange rate at the balance sheet date. Realised and unrealised gains and losses are classified as financial items.

Fixed assets

For fixed assets, the straight line method for ordinary depreciation is applied, based on an economic life of 25 years for vessels. Improvements and upgrading are capitalised and depreciated over the remaining economic life of the vessel. The straight line method for ordinary depreciation based on a period of 2.5 to 5 years is applied for periodic maintenance. The straight line method for ordinary depreciation based on a life of 3 to 10 years is applied for other depreciable assets.



Impairment of fixed assets

The depreciation period and method are assessed annually to ensure that the method and period used are in accordance with the financial realities of the fixed asset. The same applies to the scrap value. The scrap value of the vessels is calculated by multiplying the steel weight of the vessel by the prevailing market price for steel 1.1. in the current year.

Fixed assets are valued at acquisition cost less any accumulated depreciation and write-downs. When assets are sold or disposed of, the acquisition cost and accumulated depreciation are reversed in the accounts and any loss or gain on the disposal is recognised in the income statement.

Fixed assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Write-downs recorded in previous periods are reversed when there is information indicating that the recoverable amount is higher than the carrying amount.

Periodical maintenance

The company capitalises expenses incurred at the docking of the vessels and amortises these expenses over the period until the next docking ("the capitalisation method").

Investments in subsidiaries

Investments in subsidiaries are valued in accordance with the cost method. If fair value is lower than cost, and the fall in value is not considered to be temporary, the investment will be valued at fair value.

Receivables

Receivables are valued at the lower of the nominal value and fair value.

Cash and bank deposits

Includes bank deposits, cash in hand and short-term bank deposits with an original maturity of three months or less.

Taxes

The company is structured in accordance with the Norwegian tonnage tax system. At entry to the tonnage tax system operational profit is non taxable. Tonnage tax is accounted as operational cost.

A tax percentage of 22% is used on taxable financial income. Temporary differences related to financial assets/debts are offset when estimating deferred tax/- tax assets, which is 22% of net temporary differences. The accounting follow the general rules of valuation for recognition.

Cash flow statement

The company's cash flow statement shows the company's consolidated cash flows distributed between operating activities, investment activities and financing activities. The statement shows the impact of the different activities on the company's cash and cash equivalents. The cash flow statement is presented based on the indirect method.

Contingencies

Contingent losses are recognised as expense if they are probable and can be reliably measured. Contingent gains that are probable and contingent losses that are less probable are not recognised but disclosed in the annual report or in the accompanying notes.

Note 2 - Payroll expenses, number of employees, remunerations

The company has no employees and therefore no legal or constructive obligations to hold a pension scheme as defined in the pension law. There has been no remuneration to general manager or directors of the board. The company has expensed USD 9.473 excl VAT as remuneration for the auditor this financial year. No tax advisory or other services outside the audit scope have been charged from the auditor in 2019.



Polar Ship Invest IV AS

Notes to the financial statement 2019

Note 3 - Tangible fixed assets

	Vessels
Acquisition cost as at 1.1.	170.129.128
+ Additions during the year	0
Acquisition cost as at 31.12.	170.129.128
Accumulated depreciation at 1.1.	61.239.343
Accumulated impairment at 1.1.	30.151.660
+ Depreciation for the year	6.671.199
+ Depreciation of periodical maintenance for the year	194.428
+ Impairment	0
Accumulated depreciation and impairment at 31.12.	98.256.630
Carrying amount as at 31.12.	71.872.498
Depreciation rate periodical maintenance	20 - 40 %
Depreciation rate vessels	4 %

At the end of the year, the company's vessels are "Polar Duke" and "Polar Marquis".

Other equipment:

	Seismic equipment
Acquisition cost as at 1.1.	40.592.102
+ Additions during the year	12.396.247
- Disposals during the year	-18.685.350
= Acquisition costs as at 31.12.	34.302.999
Accumulated depreciation at 1.1.	20.159.200
+ Depreciation for the year	12.706.907
- Disposals during the year	-14.277.087
= Accumulated depreciation at 31.12.	18.589.020
Carrying amount as at 31.12.	15.713.979

Four set of streamers from 2016 and 2017 are depreciated over 3.5 years. At the end of 2019 the company invested another USD 8.3 million in a streamer set which has yet to start depreciation.

An incident aboard Polar Marquis in November 2019 resulted in a loss of seismic equipment with a remaining book value of MUSD 4. The vessel itself will need extensive repair, taking her out of operation for the foreseeable future. Insurance claim is settled for the seismic equipment and booked as other revenue total USD 31.9 million.



Polar Ship Invest IV AS

Notes to the financial statement 2019

Note 4 - Investments in subsidiaries

The company holds 100% of the shares in Armada Seismic Invest II AS. Carrying amount of the investment is USD 5.310.270, after a write-down of USD 2 924 850 in 2016.

Armada Seismic Invest II AS has registered address in Bergen and has a gain in 2019 of USD 741.313 and an equity at 31.12.2019 of USD 6.095.903.

Armada Seismic Invest II AS is not consolidated in the financial statement of Polar Ship Invest IV AS as both of these companies are consolidated under Shearwater GeoServices Holding AS.

Note 5 - Intercompany balances

Short term receivables to group companies totals USD 24,1 mill. while in 2018 the group receivables was USD 0,0 mill. Of short term receivables in 2019 USD 18,6 mill. is related to group bank account system. The remaining amount consists of ordinary trade receivables.

Short term liabilities to group companies totals USD 42,6 mill. (USD 23,0 mill. i 2018). The liabilities in 2019 are ordinary trade payables to companies inside the tonnage tax regime of USD 0,7 mill. (2018: USD 8,4 mill.) and towards companies outside the tonnage tax regime USD 41,8 mill. of which USD 15,3 mill. is towards Shearwater GeoServices Norway AS and USD 18,2 mill. towards Shearwater GeoServices AS.

All intercompany balances are subject to interest calculation. Intercompany balances are due on demand.

Note 6 - Equity

	Share capital	Share premium reserve	Retained earnings	Total equity
Equity as at 01.01.	37.313	271.451	11.028.247	11.337.011
Net income for the year			24.146.997	24.146.997
Equity as at 31.12.	37.313	271.451	35.175.245	35.484.008

Note 7 - Share capital

The share capital consists of 227 000 shares at NOK 1. Carrying amount of the share capital in the financial statement is USD 37 313.

Shearwater GeoServices AS owns 100 % of the shares.

Note 8 - Bank deposits, cash etc.

The company has no restricted tax withholdings.



Polar Ship Invest IV AS

Notes to the financial statement 2019

Note 9 - Taxes

	2019	2018
Tax over profit and loss:		
Change in tax payable previous periods	0	0
Change in deferred taxes	0	0
Tax expense/-income	0	0
Deferred tax/-tax asset:		
Temporary differences long term loan	- 1 989 289	-1 415 189
Interest loss brought forward	-1 220 983	0
Tax loss carried forward	-8 635 441	-8 135 063
Deferred tax assets not recognised in the balance sheet	11 845 713	9 550 252
Basis for calculation of deferred tax 31.12.	0	0
Tax rate	22 %	22 %
Deferred tax/deferred tax asset in the balance sheet (-)	0	0

The company does not recognise net deferred tax assets on currency items in the balance sheet. From a short term perspective there is uncertainty whether or not taxes carried forward can be utilised, as such the company has chosen not to capitalise deferred tax assets related to tax loss carried forward.

Note 10 - Operating revenue

The company owns vessels and the entirety of the operating revenue relates to the seismic segment both in 2019 and 2018.

Operating revenue in 2019 is related to intercompany customers in its entirety. 92% of the revenue is related to two companies, one from Norway (27%, 2018: 43%) and one intercompany customer from Great Britain (66%, 2018: 57%).

Other operating revenue of USD 34,5 mill. (2018: USD 4,1 mill.) is related to insurance claims for streamer incidents in 2018 and 2019 (see note 3).

Note 11 - Debt to credit institutions

The company has the following long-term liabilities in USD:

	USD
Total interest bearing debt	74.569.283

Net amortised transaction cost related to the facility of USD 99.096 is included in the loan amount above.

The company's interest bearing debt including first year's instalments totals to USD 74,6 mill. Carrying amount of pledged assets (vessels and streamers) totals to USD 87,6 mill.

First year installment is USD 13,8 mill. and is presented as short term liabilities to financial institutions. USD 60,9 mill. is due within five years after the end of 2019.

Loan from credit institutions for vessels is part of a joint loan facility with the subsidiary Armada Seismic Invest II AS (ASI) for the sister vessel "Polar Duchess" and sister company Shearwater GeoServices Assets II AS (Assets II) for the vessel "Polar Empress". ASI's and Assets II's debt related to this facility totals USD 41,1 mill. and USD 67,4 mill. respectively. The vessels are posed as security for the facility.



Note 12 - Transactions with related parties

The company hired "Polar Duchess" and "Polar Empress" on a bareboat charter throughout 2019 and 2018 from its daughter company Armada Seismic Invest II AS and its sister company Shearwater GeoServices Assets II AS respectively.

The company timechartered the vessels "Polar Marquis", "Polar Duchess" and "Polar Empress" to the two sistercompanies Shearwater GeoServices Norway AS and Shearwater GeoServices Ltd in 2019 and 2018. In addition, "Polar Empress" was timechartered to Shearwater GeoServices Assets V AS and "Polar Duchess" to Shearwater GeoServices Singapore Pte Ltd for a short period in 2019. "Polar Duke" has been cold stacked throughout 2019.

Intercompany timecharter hire this year totals USD 53,5 mill. (2018: USD 42,5 mill.) The transactions are part of the ordinary business.

Accounting and other administrative services is purchased from Shearwater GeoServices Norway AS, a total of USD 100.575 in 2019 (2018; USD 37.563).

Note 13 - Financial risks

The majority of the company's revenue is in USD. The company's expenses are mainly in USD, GBP and NOK. The company will attempt to minimise risks by implementing hedging arrangements when appropriate, but will not be able to fully avoid these risks. To reduce the currency exposure, the company's long term liabilities are held in USD.

Credit risks: The company's owned and hired vessels have in 2019 been let to the group companies Shearwater GeoServices Ltd and Shearwater GeoServices Norway AS. Historically, counterparty risk has been satisfactory.

Interest rate risk is related to the company's long term debt (USD 74,7 mill. pr. 31.12.2019). The long term loan is mainly exposed to the development in USD interest rates. The lenders are renowned Norwegian and international shippingbanks.

The company has bank deposits in NOK and USD. The company considers liquidity risk as limited.

Note 14 - Subsequent events

Activity levels and market rates continued the positive trend into 2020, however the Covid-19 pandemic and the severe negative development on the oil price impacts the markets for Shearwater's services. Shearwater has seen two contracts cancelled by clients in Q2 2020, and continued uncertainty will increase the risk of further negative effects on Shearwater's business. The pandemic has a negative effect on Shearwaters client's financial position and could increase counterparty risk. Shearwater's market position, low cost base and limited capex requirement in the short- to medium term along with the significant backlog secured through long term capacity agreements, gives the Board confidence that the company will be able to manoeuvre through a challenging market and also to further position the company for a recovering market.



To the General Meeting of Polar Ship Invest IV AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Polar Ship Invest IV AS, which comprise the Statement of Financial Position as at 31 December 2019, the Profit and Loss Account and Cash Flow Statement for the year then ended, and notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities 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

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Independent Auditor's Report - Polar Ship Invest IV AS

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

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, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

(2)



Independent Auditor's Report - Polar Ship Invest IV AS

Bergen, 31 August 2020
PricewaterhouseCoopers AS

Jon Haugervåg
State Authorised Public Accountant
(This document is signed electronically)

(3)



ANNUAL REPORT 2019

Polar Ship Invest IV AS

Damsgårdsveien 135
5160 Laksevåg

Business reg. no 997 713 168 MVA

Content:

Report of the Board of directors
Financial Statement
Auditor's report



Polar Ship Invest IV AS

Annual Report 2019

Polar Ship Invest IV AS was founded by demerger 8. July 2011 and its business is ownership in specialised vessels and investment in similar corporations. The company's corporate office is in Bergen and part of the Shearwater GeoServices group from 22. December 2016.

Future prospects

The company's operation is exposed to the development in the markets for oil and gas exploration and - production. In 2019, there was a significant increase in activity level and market rates as demand for seismic data rebounded after several years depressed E&P activity following the oil price collapse in 2014. The positive trend continued into 2020 until the Covid-19 pandemic started to unfold, and OPEC and Russia failed to agree on oil production quotas. The corresponding negative impact on commodity markets and subsequent reductions in E&P investments is expected to lead to a significant decline in demand for seismic services in the second half of the year.

Longer-term, the Covid-19 pandemic's impact will likely ease and global economic activity will recover and drive increased demand for oil and gas. While the seismic market was improving going into 2020, it was from a historically low-level reflecting years of reduced exploration across the E&P industry. Long-term growth in energy demand and more focus on enhanced oil recovery will require the E&P sector to resume and increase exploration and development investments. This provides a positive outlook for the market for seismic services.

Aspects of 2019

The company owns two seismic 3D vessels, "Polar Marquis" and "Polar Duke". In addition to these vessels, the company has hired "Polar Empress" on bareboat charter terms during the year from a sister company, as well as "Polar Duchess" on bareboat terms from its subsidiary. Aside from "Polar Duke" which is cold stacked, the active fleet has seen high utilisation during 2019. The vessels have been hired on time charter terms to group companies throughout the year. An incident aboard "Polar Marquis" in November resulted in a loss of seismic equipment and a vessel that will need extensive repair, taking her out of operation for the foreseeable future. Insurance claim is settled for the seismic equipment. At the end of 2019 the two remaining operational vessels were either at work or in transit to commence work.

Profit before tax in 2019 is USD 24,1 mill. compared with USD -6,1 mill. in 2018. Net operating income in 2019 totals to USD 29,0 mill. compared with USD -1,4 mill. in 2018. The positive change in net operating income is mainly due to recognised insurance claim under other operating revenue.

In 2019 financial items are negative by USD -4,8 mill. compared to USD -4,8 mill. previous year.

The company's liquidity is USD 8,2 mill. as at 31.12.2019 (2018: USD 19,2 mill.). Cash flow from operating activities in 2019 was positive USD 37,1 mill. (2018: positive USD 11,9 mill.) in large part due to recognised insurance claim. Cash flow from investment activities was negative USD -12,4 mill. (2018: negative USD -3,6 mill.). Both in 2019 and 2018 the company invested in streamers. Net cash flow from financing activities was negative USD -35,7 mill. (2018: negative USD -5,6 mill.) In 2019 the company has paid instalments of USD 17,0 mill. In addition, the company entered into a group bank agreement with Shearwater GeoServices AS in December 2019, contributing USD 18,6 mill. at year end.

Financial risk

The majority of the company's revenue is in USD. The company's expenses are mainly in USD, GBP and NOK. The company will attempt to minimise risks by implementing hedging arrangements when appropriate, but will not be able to fully avoid these risks. To reduce the currency exposure, the company's long term liabilities are held in USD.

Credit risks: The company's owned and hired vessels have in 2019 been let to four group companies of which Shearwater GeoServices Ltd and Shearwater GeoServices Norway AS had highest exposure. Historically, counterparty risk has been satisfactory.

Interest rate risk is related to the company's long term debt (USD 74,7 mill. as at 31.12.2019). The long term loan is mainly exposed to the development in USD interest rates. The lenders are renowned Norwegian and international shippingbanks.

The company has bank deposits in NOK and USD. The company considers liquidity risk as limited.

The company has not participated in research and development activities in 2019.



Based on the above report of profit and loss for the company, the Board of Directors confirms that the financial statements for 2019 are prepared on the principle of going concern and that there is basis for adopting this principle in accordance with section 3-3 of the Norwegian Accountancy Act.

Employees

The company has no employees. The administration of the company is taken care of by Shearwater GeoServices Norway AS which is a company in the Shearwater GeoServices group.

Environment

Safe behavior in this industry is paramount. Shearwater employees are encouraged to familiarise themselves with the group's safety tools and use of management system for incident reporting. There is a direct correlation between an increase in safety interventions and a decrease in incidents. This motivates our management team to keep 'safe' as our No. 1 priority and to promote it as top of the list of our focus culture.

Together with the maritime ship managers, GC Rieber Shipping, targets are established and monitored in order to minimise the vessel fuel consumption and environmental footprint.

The company has obtained a modern fleet with high technical quality. During 2019 operations were accomplished with limited technical downtime, not including the major incident with "Polar Marquis" in November 2019.

Allocation of net income

The financial statement shows a positive net income of USD 24.146.997,- which is proposed transferred to retained earnings.

Bergen, 31.08.2020
Board of Directors in Polar Ship Invest IV AS

Linda Rudolfsen Myklebust
member of the board

Irene Waage Basili
chairman of the board

Andreas Hveding Aubert
member of the board

Peter Hooper
managing director



Polar Ship Invest IV AS
Profit and Loss account (in USD)

OPERATING REVENUE AND EXPENSES	NOTE	2019	2018
Operating revenue	10, 12	53.520.949	42.604.402
Other operating revenue	3, 10	34.563.442	4.090.407
Total operating revenue		88.084.391	46.694.809
Cost of sales		35.086.751	29.892.718
Administration expenses	2, 12	23.790	11.933
Depreciation	3	19.572.534	18.151.010
Write-down	3	4.408.264	0
Total operating expenses		59.091.339	48.055.661
Net operating income		28.993.052	-1.360.853
FINANCIAL ITEMS			
Interest income from group entities		368.424	1.542.520
Other interest income		153.067	91.928
Interest expenses to group entities	5	1.319.392	2.233.635
Interest expenses	11	3.935.709	3.893.274
Other financial expenses		167.197	138.908
Exchange loss (-) /gain (+)		54.751	-141.256
Net financial income and expenses		-4.846.055	-4.772.626
Operating result before tax		24.146.997	-6.133.478
Net income		24.146.997	-6.133.478
ALLOCATION OF NET INCOME			
To other equity	6	24.146.997	0
From other equity	6	0	6.133.478
Total allocation		24.146.997	-6.133.478



Polar Ship Invest IV AS
Statement of Financial position (in USD)

ASSETS	NOTE	2019	2018
FIXED ASSETS			
TANGIBLE ASSETS			
Vessels and marine equipment	3	71.872.498	78.738.125
Seismic equipment	3	15.713.979	20.432.902
Total tangible assets		87.586.477	99.171.028
FINANCIAL FIXED ASSETS			
Investments in subsidiaries	4	5.310.270	5.310.270
Total financial fixed assets		5.310.270	5.310.270
Total fixed assets		92.896.747	104.481.298
CURRENT ASSETS			
Inventories		736.003	429.131
DEBTORS			
Other short-term receivables		27.235.137	7.420.789
Receivables to group companies	5	24.123.847	3.867
Total receivables		51.358.984	7.424.657
Cash and cash equivalents	8	8.224.167	19.152.283
Total current assets		60.319.154	27.006.071
Total assets		153.215.902	131.487.369



Polar Ship Invest IV AS
Statement of Financial position (in USD)

EQUITY AND LIABILITIES	NOTE	2019	2018
PAID-UP EQUITY			
Share capital	7	37.313	37.313
Share premium reserve		271.451	271.451
Total paid-up equity		308.764	308.764
RETAINED EARNINGS			
Retained earnings		35.175.244	11.028.247
Total retained earnings		35.175.244	11.028.247
Total equity	6	35.484.008	11.337.011
LIABILITIES			
OTHER LONG-TERM LIABILITIES			
Liabilities to financial institutions	11	60.780.283	74.536.251
Total other long term liabilities		60.780.283	74.536.251
CURRENT DEBT			
Liabilities to financial institutions	11	13.789.000	17.022.153
Trade creditors		551.590	5.616.808
Liabilities to group companies	5	42.594.158	22.958.372
Other current debt		16.862	16.774
Total current debt		56.951.611	45.614.107
Total liabilities		117.731.894	120.150.358
Total equity and liabilities		153.215.902	131.487.369

Bergen, 31.08.2020

Linda Rudolfson Myklebust
member of the board

Irene Waage Basili
chairman of the board

Andreas Hveding Aubert
member of the board

Peter Allan Hooper
managing director



Note 1

Polar Ship Invest IV AS is a Norwegian registered company with corporate office in Bergen. The company owns modern purpose built seismic vessels.

As of 22. December 2016 the company is part of the Shearwater GeoServices Group. The Group's consolidated financial statement is available at the corporate head office in Damsgårdsveien 135, Bergen.

Accounting principles

The financial statements are prepared in accordance with the Norwegian Generally Accepted Accounting Principles (NGAAP) as set out in the Norwegian Accounting Act of 1998. The accounting principles are described below.

Use of functional currency

The company is presenting its financial statements in USD, as this is defined as the presentation currency. The main activities in the company is predominantly in USD. The functional currency in the Group accounts is also USD.

Policies for revenue recognition

Revenue is recognised when it is probable that transactions will generate future economic benefits that will accrue to the company and the value of such benefits can be estimated reliably. Income and expenses related to the vessels' journeys are accrued based on the number of days the journey lasts before and after the end of the year and such income is classified as charter income.

Classification of assets and liabilities in the financial statement

Assets intended for permanent ownership or use and receivables due later than one year after the balance sheet date are classified as fixed assets. Other assets are classified as current assets. Liabilities due later than one year after the balance sheet date are classified as long-term debt. Other liabilities are classified as short-term debt. The first year's installments on long-term debt are classified as short-term debt.

Transactions in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items are translated at the current exchange rate, non-monetary items that are measured at historical cost are translated at the rate in effect on the original transaction date, and non-monetary items that are measured at fair value are translated at the exchange rate in effect at the time when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies to year-end exchange rates are recognised in the income statement.

Stores on the vessels

Stores on vessels are valued at the lower of cost and net realisable value. Costs incurred are accounted for using the FIFO (first in-first out) method and include costs accrued in acquiring the stores and bringing the stores to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated sales cost.

Receivables and liabilities in foreign currency

Receivables and liabilities in a foreign currency are translated into USD using the exchange rate at the balance sheet date. Realised and unrealised gains and losses are classified as financial items.

Fixed assets

For fixed assets, the straight line method for ordinary depreciation is applied, based on an economic life of 25 years for vessels. Improvements and upgrading are capitalised and depreciated over the remaining economic life of the vessel. The straight line method for ordinary depreciation based on a period of 2.5 to 5 years is applied for periodic maintenance. The straight line method for ordinary depreciation based on a life of 3 to 10 years is applied for other depreciable assets.



Impairment of fixed assets

The depreciation period and method are assessed annually to ensure that the method and period used are in accordance with the financial realities of the fixed asset. The same applies to the scrap value. The scrap value of the vessels is calculated by multiplying the steel weight of the vessel by the prevailing market price for steel 1.1. in the current year.

Fixed assets are valued at acquisition cost less any accumulated depreciation and write-downs. When assets are sold or disposed of, the acquisition cost and accumulated depreciation are reversed in the accounts and any loss or gain on the disposal is recognised in the income statement.

Fixed assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Write-downs recorded in previous periods are reversed when there is information indicating that the recoverable amount is higher than the carrying amount.

Periodical maintenance

The company capitalises expenses incurred at the docking of the vessels and amortises these expenses over the period until the next docking ("the capitalisation method").

Investments in subsidiaries

Investments in subsidiaries are valued in accordance with the cost method. If fair value is lower than cost, and the fall in value is not considered to be temporary, the investment will be valued at fair value.

Receivables

Receivables are valued at the lower of the nominal value and fair value.

Cash and bank deposits

Includes bank deposits, cash in hand and short-term bank deposits with an original maturity of three months or less.

Taxes

The company is structured in accordance with the Norwegian tonnage tax system. At entry to the tonnage tax system operational profit is non taxable. Tonnage tax is accounted as operational cost.

A tax percentage of 22% is used on taxable financial income. Temporary differences related to financial assets/debts are offset when estimating deferred tax/- tax assets, which is 22% of net temporary differences. The accounting follow the general rules of valuation for recognition.

Cash flow statement

The company's cash flow statement shows the company's consolidated cash flows distributed between operating activities, investment activities and financing activities. The statement shows the impact of the different activities on the company's cash and cash equivalents. The cash flow statement is presented based on the indirect method.

Contingencies

Contingent losses are recognised as expense if they are probable and can be reliably measured. Contingent gains that are probable and contingent losses that are less probable are not recognised but disclosed in the annual report or in the accompanying notes.

Note 2 - Payroll expenses, number of employees, remunerations

The company has no employees and therefore no legal or constructive obligations to hold a pension scheme as defined in the pension law. There has been no remuneration to general manager or directors of the board. The company has expensed USD 9.473 excl VAT as remuneration for the auditor this financial year. No tax advisory or other services outside the audit scope have been charged from the auditor in 2019.



Polar Ship Invest IV AS

Notes to the financial statement 2019

Note 3 - Tangible fixed assets

	Vessels
Acquisition cost as at 1.1.	170.129.128
+ Additions during the year	0
Acquisition cost as at 31.12.	170.129.128
Accumulated depreciation at 1.1.	61.239.343
Accumulated impairment at 1.1.	30.151.660
+ Depreciation for the year	6.671.199
+ Depreciation of periodical maintenance for the year	194.428
+ Impairment	0
Accumulated depreciation and impairment at 31.12.	98.256.630
Carrying amount as at 31.12.	71.872.498
Depreciation rate periodical maintenance	20 - 40 %
Depreciation rate vessels	4 %

At the end of the year, the company's vessels are "Polar Duke" and "Polar Marquis".

Other equipment:

	Seismic equipment
Acquisition cost as at 1.1.	40.592.102
+ Additions during the year	12 396 247
- Disposals during the year	-18 685 350
= Acquisition costs as at 31.12.	34.302.999
Accumulated depreciation at 1.1.	20.159.200
+ Depreciation for the year	12.706.907
- Disposals during the year	-14 277 087
= Accumulated depreciation at 31.12.	18.589.020
Carrying amount as at 31.12.	15.713.979

Four set of streamers from 2016 and 2017 are depreciated over 3.5 years. At the end of 2019 the company invested another USD 8.3 million in a streamer set which has yet to start depreciation.

An incident aboard Polar Marquis in November 2019 resulted in a loss of seismic equipment with a remaining book value of MUSD 4. The vessel itself will need extensive repair, taking her out of operation for the foreseeable future. Insurance claim is settled for the seismic equipment and booked as other revenue total USD 31.9 million.



Note 4 - Investments in subsidiaries

The company holds 100% of the shares in Armada Seismic Invest II AS. Carrying amount of the investment is USD 5.310.270, after a write-down of USD 2 924 850 in 2016.

Armada Seismic Invest II AS has registered address in Bergen and has a gain in 2019 of USD 741.313 and an equity at 31.12.2019 of USD 6.095.903.

Armada Seismic Invest II AS is not consolidated in the financial statement of Polar Ship Invest IV AS as both of these companies are consolidated under Shearwater GeoServices Holding AS.

Note 5 - Intercompany balances

Short term receivables to group companies totals USD 24,1 mill. while in 2018 the group receivables was USD 0,0 mill. Of short term receivables in 2019 USD 18,6 mill. is related to group bank account system. The remaining amount consists of ordinary trade receivables.

Short term liabilities to group companies totals USD 42,6 mill. (USD 23,0 mill. i 2018). The liabilities in 2019 are ordinary trade payables to companies inside the tonnage tax regime of USD 0,7 mill. (2018: USD 8,4 mill.) and towards companies outside the tonnage tax regime USD 41,8 mill. of which USD 15,3 mill. is towards Shearwater GeoServices Norway AS and USD 18,2 mill. towards Shearwater GeoServices AS.

All intercompany balances are subject to interest calculation. Intercompany balances are due on demand.

Note 6 - Equity

	Share capital	Share premium reserve	Retained earnings	Total equity
Equity as at 01.01.	37.313	271.451	11.028.247	11.337.011
Net income for the year			24.146.997	24.146.997
Equity as at 31.12.	37.313	271.451	35.175.245	35.484.008

Note 7 - Share capital

The share capital consists of 227 000 shares at NOK 1. Carrying amount of the share capital in the financial statement is USD 37 313.

Shearwater GeoServices AS owns 100 % of the shares.

Note 8 - Bank deposits, cash etc.

The company has no restricted tax withholdings.



Polar Ship Invest IV AS

Notes to the financial statement 2019

Note 9 - Taxes

	2019	2018
Tax over profit and loss:		
Change in tax payable previous periods	0	0
Change in deferred taxes	0	0
Tax expense/-income	0	0
Deferred tax/-tax asset:		
Temporary differences long term loan	- 1 989 289	-1 415 189
Interest loss brought forward	-1 220 983	0
Tax loss carried forward	-8 635 441	-8 135 063
Deferred tax assets not recognised in the balance sheet	11 845 713	9 550 252
Basis for calculation of deferred tax 31.12.	0	0
Tax rate	22 %	22 %
Deferred tax/deferred tax asset in the balance sheet (-)	0	0

The company does not recognise net deferred tax assets on currency items in the balance sheet. From a short term perspective there is uncertainty whether or not taxes carried forward can be utilised, as such the company has chosen not to capitalise deferred tax assets related to tax loss carried forward.

Note 10 - Operating revenue

The company owns vessels and the entirety of the operating revenue relates to the seismic segment both in 2019 and 2018.

Operating revenue in 2019 is related to intercompany customers in its entirety. 92% of the revenue is related to two companies, one from Norway (27%, 2018: 43%) and one intercompany customer from Great Britain (66%, 2018: 57%).

Other operating revenue of USD 34,5 mill. (2018: USD 4,1 mill.) is related to insurance claims for streamer incidents in 2018 and 2019 (see note 3).

Note 11 - Debt to credit institutions

The company has the following long-term liabilities in USD:

	USD
Total interest bearing debt	74.569.283

Net amortised transaction cost related to the facility of USD 99.096 is included in the loan amount above.

The company's interest bearing debt including first year's instalments totals to USD 74,6 mill. Carrying amount of pledged assets (vessels and streamers) totals to USD 87,6 mill.

First year installment is USD 13,8 mill. and is presented as short term liabilities to financial institutions. USD 60,9 mill. is due within five years after the end of 2019.

Loan from credit institutions for vessels is part of a joint loan facility with the subsidiary Armada Seismic Invest II AS (ASI) for the sister vessel "Polar Duchess" and sister company Shearwater GeoServices Assets II AS (Assets II) for the vessel "Polar Empress". ASI's and Assets II's debt related to this facility totals USD 41,1 mill. and USD 67,4 mill. respectively. The vessels are posed as security for the facility.



Note 12 - Transactions with related parties

The company hired "Polar Duchess" and "Polar Empress" on a bareboat charter throughout 2019 and 2018 from its daughter company Armada Seismic Invest II AS and its sister company Shearwater GeoServices Assets II AS respectively.

The company timechartered the vessels "Polar Marquis", "Polar Duchess" and "Polar Empress" to the two sistercompanies Shearwater GeoServices Norway AS and Shearwater GeoServices Ltd in 2019 and 2018. In addition, "Polar Empress" was timechartered to Shearwater GeoServices Assets V AS and "Polar Duchess" to Shearwater GeoServices Singapore Pte Ltd for a short period in 2019. "Polar Duke" has been cold stacked throughout 2019.

Intercompany timecharter hire this year totals USD 53,5 mill. (2018: USD 42,5 mill.) The transactions are part of the ordinary business.

Accounting and other administrative services is purchased from Shearwater GeoServices Norway AS, a total of USD 100.575 in 2019 (2018; USD 37.563).

Note 13 - Financial risks

The majority of the company's revenue is in USD. The company's expenses are mainly in USD, GBP and NOK. The company will attempt to minimise risks by implementing hedging arrangements when appropriate, but will not be able to fully avoid these risks. To reduce the currency exposure, the company's long term liabilities are held in USD.

Credit risks: The company's owned and hired vessels have in 2019 been let to the group companies Shearwater GeoServices Ltd and Shearwater GeoServices Norway AS. Historically, counterparty risk has been satisfactory.

Interest rate risk is related to the company's long term debt (USD 74,7 mill. pr. 31.12.2019). The long term loan is mainly exposed to the development in USD interest rates. The lenders are renowned Norwegian and international shippingbanks.

The company has bank deposits in NOK and USD. The company considers liquidity risk as limited.

Note 14 - Subsequent events

Activity levels and market rates continued the positive trend into 2020, however the Covid-19 pandemic and the severe negative development on the oil price impacts the markets for Shearwater's services. Shearwater has seen two contracts cancelled by clients in Q2 2020, and continued uncertainty will increase the risk of further negative effects on Shearwater's business. The pandemic has a negative effect on Shearwater's client's financial position and could increase counterparty risk. Shearwater's market position, low cost base and limited capex requirement in the short- to medium term along with the significant backlog secured through long term capacity agreements, gives the Board confidence that the company will be able to manoeuvre through a challenging market and also to further position the company for a recovering market.