



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2017 - 31.12.2017

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: 14.05.2018

Grunnlag for avgivelse

År 2017: Årsregnskapet er elektronisk innlevert
År 2016: Tall er hentet fra elektronisk innlevert årsregnskap fra 2017

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, 31.10.2020



Resultatregnskap

Beløp i: USD	Note	2017	2016
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	11, 13	43 246 362	8 555 493
Annen driftsinntekt	11	33 685	
Sum inntekter		43 280 047	8 555 493
Kostnader			
Avskrivning på varige driftsmidler og immaterielle eiendeler	3	16 440 191	11 951 362
Nedskrivning av varige driftsmidler og immaterielle eiendeler	3		36 536 646
Annen driftskostnad	2, 13, 3	32 837 485	3 244 562
Sum kostnader		49 277 676	51 732 570
Driftsresultat		-5 997 629	-43 177 076
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap			2 727 478
Renteinntekt fra foretak i samme konsern		424 761	258 665
Annen renteinntekt		41 395	
Annen finansinntekt			41 722
Sum finansinntekter		466 156	3 027 865
Nedskrivning av finansielle eiendeler			2 924 850
Rentekostnad til foretak i samme konsern	5	1 124 946	
Annen rentekostnad	12	3 144 658	5 046 474
Annen finanskostnad	10	163 699	2 347 855
Sum finanskostnader		4 433 303	10 319 179
Netto finans		-3 967 148	-7 291 314
Ordinært resultat før skattekostnad		-9 964 776	-50 468 390
Skattekostnad på ordinært resultat	9		5 702
Ordinært resultat etter skattekostnad		-9 964 776	-50 474 092
Årsresultat		-9 964 776	-50 474 092



Resultatregnskap

Beløp i: USD	Note	2017	2016
Årsresultat etter minoritetsinteresser		-9 964 776	-50 474 092
Totalresultat		-9 964 776	-50 474 092
Overføringer og disponeringer			
Konsernbidrag	6		
Udekket tap	6		
Overføringer til/fra annen egenkapital	6, 6	-9 964 776	-50 474 092
Sum overføringer og disponeringer		-9 964 776	-50 474 092



Balanse

Beløp i: USD	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	9		
Varige driftsmidler			
Skip, rigger, fly og lignende	3, 3	113 723 567	118 849 814
Sum varige driftsmidler		113 723 567	118 849 814
Finansielle anleggsmidler			
Investering i datterselskap	4	5 310 270	5 310 270
Andre fordringer			2 561 125
Sum finansielle anleggsmidler		5 310 270	7 871 395
Sum anleggsmidler		119 033 837	126 721 209
Omløpsmidler			
Varer			
Varer		181 065	481 049
Sum varer		181 065	481 049
Fordringer			
Andre fordringer	5	28 559 640	8 170 168
Sum fordringer		28 559 640	8 170 168
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	8	16 475 276	14 387 781
Sum bankinnskudd, kontanter og lignende		16 475 276	14 387 781
Sum omløpsmidler		45 215 981	23 038 998
SUM EIENDELER		164 249 818	149 760 207

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: USD	Note	2017	2016
Egenkapital			
Innskutt egenkapital			
Selskapskapital	7	37 313	37 313
Overkurs		271 451	271 451
Sum innskutt egenkapital		308 764	308 764
Opptjent egenkapital			
Annen egenkapital		17 161 725	27 126 502
Sum opptjent egenkapital		17 161 725	27 126 502
Sum egenkapital	6	17 470 489	27 435 265
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9		
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	12	91 525 372	95 790 532
Sum annen langsiktig gjeld		91 525 372	95 790 532
Sum langsiktig gjeld		91 525 372	95 790 532
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	12	5 600 000	5 600 000
Leverandørgjeld		1 899 672	1 404 475
Betalbar skatt	9		
Annen kortsiktig gjeld	5	47 754 285	19 529 935
Sum kortsiktig gjeld		55 253 957	26 534 410
Sum gjeld		146 779 329	122 324 942
SUM EGENKAPITAL OG GJELD		164 249 818	149 760 207



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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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 2017

Polar Ship Invest IV AS

Solheimsgaten 15
5058 Bergen

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 2017

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. The company was bought by the Shearwater GeoServices Group 22. December 2016.

Future prospects

The company's operation is exposed to the development in the markets for oil and gas exploration and -production. This market has been depressed for several years, and although the oil price has improved during 2017, the demand for geophysical data and services remains relatively low.

In a continued challenging market, Shearwater group has been successful in booking most of the capacity for its active fleet during the first three quarters of 2018. The group has a competitive cost base, which will be important both to get through the current market conditions as well as positioning the company for an anticipated market recovery.

Current tendering activity provides hope that the activity level in the industry could be higher in the coming winter compared to the previous winter. However, the market, both in terms of utilisation and project profitability overall, is expected to be challenging throughout 2018. The Shearwater group is continuously monitoring the market in order to evaluate if the "Polar Duke" should be reintroduced to the market.

Aspects of 2017

The company owns two seismic 3D vessels, "Polar Marquis" and "Polar Duke". In addition to these vessels, the company has hired "Polar Empress" on both bareboat and time 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 utilisation, in operation or in transit, of 84 % during 2017. The vessels have been hired on time charter and bareboat terms to group companies and have been working on projects in India, Egypt, Norway and Ireland, and at the end of 2017 all three vessels were in transit to commence work in Asia.

Profit before tax in 2017 is USD -10,0 mill. compared with USD -50,5 mill. in 2016. Net operating income in 2017 totals to USD -6,0 mill. compared with USD -43,2 mill. in 2016.

By eliminating the write-down in 2016, there is a positive change in net operating income of USD 0,6 mill. In 2017 financial items are negative by USD -4,0 mill. compared to USD -7,3 mill. previous year.

The company's liquidity is USD 16,5 mill. as at 31.12.2017 (2016: USD 14,4 mill.). Cash flow from operating activities in 2017 was positive USD 14,9 mill. (2016: positive USD 5,8 mill.). Cash flow from investment activities was negative USD -11,3 mill. (2016: positive USD 52,7 mill.). In 2017 the company invested in streamers. Last year the company sold the vessel "Polar Empress" in December and invested in streamers. Net cash flow from financing activities was negative USD -1,5 mill. (2016: negative USD -44,0 mill.) In 2017 the company has paid installments of USD 5,6 mill. and increased long term loan by USD 1,5 mill.

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 2017 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 97,3 mill. as at 31.12.2017). 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 2017.

Based on the above report of profit and loss for the company, the Board of Directors confirms that the financial statements for 2017 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

Shearwater group's and therein the company's 'Focus on Zero' initiative of 2016 was further developed in 2017 with the broader "Focus" campaign. The "safe" component of the new campaign remains the same: to "focus our intentions and behaviours on consistently striving towards Zero Harm, Zero Loss and Zero Rework." This includes, but is not limited to, focus on zero uncontrolled release of harmful substances to the natural environment.

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.

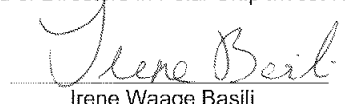
The company has obtained a modern fleet with high technical quality. During 2017 operations were accomplished with limited technical downtime.


Allocation of net income

The financial statement shows a negative net income of USD -9 964 776,- which is proposed covered by retained earnings.

Bergen, 30.04.2018
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	2017	2016
Operating revenue	11, 13	43 246 362	8 555 493
Other operating revenue	11	33 685	0
		43 280 047	8 555 493
Cost of sales		32 798 052	2 870 337
Administration expenses	2, 13	39 432	374 225
Depreciation	3	16 440 191	11 951 362
Write-down	3	0	36 536 646
Total operating expenses		49 277 676	51 732 570
Net operating income		-5 997 629	-43 177 076
FINANCIAL ITEMS			
Income from other group entities		0	2 727 478
Interest income from group entities		424 761	258 665
Other interest income		41 395	0
Financial income		0	41 722
Write down of investment in subsidiary		0	2 924 850
Interest expenses to group entities	5	1 124 946	0
Interest expenses	12	3 144 658	5 046 474
Other financial expenses		133 491	3 078 939
Exchange loss (-) /gain (+)	10	-30 208	731 084
Net financial income and expenses		-3 967 148	-7 291 314
Operating result before tax		-9 964 776	-50 468 390
Tax expenses	9	0	5 702
Net income		-9 964 776	-50 474 092
ALLOCATION OF NET INCOME			
From other equity	6	9 964 776	50 474 092
Total allocation		-9 964 776	-50 474 092



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

ASSETS	NOTE	2017	2016
FIXED ASSETS			
TANGIBLE FIXED ASSETS			
Vessels and marine equipment	3	85 500 881	92 349 814
Seismic equipment	3	28 222 685	26 500 000
Total tangible fixed assets		113 723 567	118 849 814
FINANCIAL FIXED ASSETS			
Investments in subsidiaries	4	5 310 270	5 310 270
Other long term receivables		0	2 561 125
Total financial fixed assets		5 310 270	7 871 395
Total fixed assets		119 033 837	126 721 209
CURRENT ASSETS			
Inventories		181 065	481 049
DEBTORS			
Other receivables		1 811 214	2 556 269
Receivables to group companies	5	26 748 427	5 613 899
Total debtors		28 559 640	8 170 168
Cash and cash equivalents	8	16 475 276	14 387 781
Total current assets		45 215 981	23 038 998
Total assets		164 249 818	149 760 207

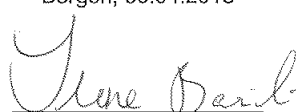


Polar Ship Invest IV AS
Statement of Financial position (in USD)

EQUITY AND LIABILITIES	NOTE	2017	2016
RESTRICTED EQUITY			
Share capital	7	37 313	37 313
Share premium reserve		271 451	271 451
Total restricted equity		308 764	308 764
RETAINED EARNINGS			
Retained earnings		17 161 725	27 126 502
Total retained earnings		17 161 725	27 126 502
Total equity	6	17 470 489	27 435 265
LIABILITIES			
OTHER LONG-TERM LIABILITIES			
Liabilities to financial institutions	12	91 525 372	95 790 532
Total other long term liabilities		91 525 372	95 790 532
CURRENT LIABILITIES			
Liabilities to financial institutions	12	5 600 000	5 600 000
Trade creditors		1 899 672	1 404 475
Liabilities to group companies	5	47 495 092	18 298 774
Other short term liabilities		259 193	1 231 161
Total short term liabilities		55 253 957	26 534 410
Total liabilities		146 779 329	122 324 942
Total equity and liabilities		164 249 818	149 760 207

Bergen, 30.04.2018


Linda Rüdolfson 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

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/loss(-) before tax	-9 964 776	-50 468 390
Tax paid	0	-5 702
Depreciation	16 440 191	11 951 362
Write-downs on fixed assets	0	36 536 646
Change in accounts payables	495 197	1 348 580
Change in intercompany receivables and liabilities	8 061 790	8 756 479
Change in stores	299 984	-258 538
Change in other current assets and other liabilities	-392 071	-2 099 507
Net cash flow from operating activities	14 940 315	5 760 930
CASH FLOW FROM INVESTING ACTIVITIES:		
Payments for investments in fixed assets	-11 313 944	-26 803 242
Payments from sale of fixed assets	0	79 454 909
Net cash flow from investment activities	-11 313 944	52 651 667
CASH FLOW FROM FINANCING ACTIVITIES		
Change in group accounts	0	27 152 504
Change long term receivables	2 561 125	-2 561 125
Repayment of long-term debts	-5 600 000	-84 532 234
Cash from new long-term debts	1 500 000	34 439 091
Dividend payment	0	-28 347 901
Write-down financial investments	0	2 924 850
Payment from intercompany receivables	0	6 900 000
Net cash flow from financing activities	-1 538 875	-44 024 815
Net change cash and cash equivalents	2 087 495	14 387 781
Cash and cash equivalents at 01.01.	14 387 781	0
Cash and cash equivalents at 31.12.	16 475 276	14 387 781



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 Solheimsgaten 15, 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 24% is used on taxable financial income. Temporary differences related to financial assets/debts are offset when estimating deferred tax/- tax assets, which is 23% (24% in 2016) 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 3 688 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 2017.



Polar Ship Invest IV AS

Notes to the financial statement 2017

Note 3 - Tangible fixed assets

	Vessels
Acquisition cost as at 1.1.	170 129 128
+ Additions during the year	0
+ Additions during the year for periodical maintenance	0
- Disposals during the year	0
Acquisition cost as at 31.12.	170 129 128
Accumulated depreciation at 1.1.	47 627 654
Accumulated impairment at 1.1.	30 151 660
+ Depreciation for the year	6 654 505
+ Depreciation of periodical maintenance for the year	194 428
+ Impairment	0
Accumulated depreciation and impairment at 31.12.	84 628 247
Carrying amount as at 31.12.	85 500 881
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". The vessels were written down to market value as at 31.12.2016.

Total impairment in 2016 were USD 36 536 646 which included an impairment of "Polar Empress" before the vessel was sold to Shearwater GeoServices Assets II AS.

Other equipment:

	Seismic equipment
Acquisition cost as at 1.1.	26 500 000
+ Additions during the year	11 313 944
- Disposals during the year	0
= Acquisition costs as at 31.12.	37 813 944
Accumulated depreciation at 1.1.	0
+ Depreciation for the year	9 591 259
= Accumulated depreciation at 31.12.	9 591 259
Carrying amount as at 31.12.	28 222 685

The company has invested in four set of streamers in 2016 and 2017. The streamers are depreciated over 3.5 years.



Polar Ship Invest IV AS

Notes to the financial statement 2017

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 profit in 2017 of USD 139 997 and an equity at 31.12.2017 of USD 5 450 267.

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 AS.

Note 5 - Intercompany balances

Short term receivables to group companies totals USD 26,7 mill. In 2016 the group receivables was USD 5,6 mill. and consisted mainly of receivables in relation to the sale of the company to Shearwater group.

Short term liabilities to group companies totals USD 47,5 mill. (USD 18,3 mill. i 2016). Of the short term liabilities in 2016 USD 15,6 mill. consisted of liabilities in relation to the sale of the company to Shearwater group. The remaining amount was ordinary trade payables to companies outside the tonnage tax regime settled January 2017.

All intercompany balances from 2017 onwards are subject to interest calculation. The group uses its highest external interest rate in the 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	27 126 502	27 435 265
Net income for the year			-9 964 776	-9 964 776
Equity as at 31.12.	37 313	271 451	17 161 726	17 470 489

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 2017

Note 9 - Taxes

	2017	2016
Tax over profit and loss:		
Change in tax payable previous periods	0	5 702
Change in deferred taxes	0	0
Tax expense/-income	0	5 702
Deferred tax/-tax asset:		
Temporary differences long term loan	-124 314	-923 291
Tax loss carried forward	-8 930 512	-8 277 533
Deferred tax assets not recognised in the balance sheet	9 054 826	9 200 824
Basis for calculation of deferred tax 31.12.	0	0
Tax rate	23 %	24 %
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 utilized, as such the company has chosen not to capitalize deferred tax assets related to tax loss carried forward.

Note 10 - Exchange gain/loss

	2017	2016
Exchange gain/loss		
Change in value financial instruments	0	3 291 736
Realised currency losses, forward sales	0	-1 793 474
Net gain (+)/losses (-), current assets	-30 208	-767 178
Total exchange gain/loss	-30 208	731 084

Note 11 - Operating revenue

The company owns vessels and the entirety of the operating revenue relates to the seismic segment both in 2017 and 2016.

Operating revenue in 2017 is mainly related to one intercompany customer from Norway (79%, 2016: 76,9%). The remaining share is from an intercompany customer from Great Britain (21%, 2016: 23,1%).

Note 12 - Debt to credit institutions

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

	USD
Total interest bearing debt	97 125 372

The company's interest bearing debt including first year's instalments totals to USD 97,3 mill. Carrying amount of pledged assets (vessels and streamers) totals to USD 113,7 mill.

First year installment is USD 5,6 mill. and is presented as short term liabilities to financial institutions. USD 91,7 mill. is due within five years after the end of the financial year.



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 48,5 mill. and USD 75,8 mill. respectively. The vessels are posed as security for the facility.

Note 13 - Transactions with related parties

The company hired "Polar Duchess" on a bareboat charter throughout 2017 from its daughter company Armada Seismic Invest II AS. The company timechartered the vessels "Polar Marquis" and "Polar Duchess" to the two sistercompanies Shearwater GeoServices Norway AS and Shearwater GeoServices Ltd in 2017. From April to mid October, "Polar Marquis" was chartered out on bareboat terms. "Polar Duke" has been cold stacked throughout 2017. Intercompany timecharter hire this year totals USD 37,5 mill., bareboat hire totals USD 4,6 mill. (2016: USD 6,6 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 53 855 in 2017.

Note 14 - 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 2017 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 97,3 mill. pr. 31.12.2017). 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.



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 showing a loss of USD 9 964 776. The financial statements comprise the balance sheet as at 31 December 2017, the income statement 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 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 2017, 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 the Board of Directors' report, but does not include 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 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



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.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted 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. We 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

(2)



Independent Auditor's Report - Polar Ship Invest IV AS

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 the Board of Directors 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, the going concern assumption, and the proposal for the coverage of the loss 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.

Bergen, 14 May 2018
PricewaterhouseCoopers AS

Jon Haugervåg
State Authorised Public Accountant



ANNUAL REPORT 2017

Polar Ship Invest IV AS

Solheimsgaten 15
5058 Bergen

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 2017

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. The company was bought by the Shearwater GeoServices Group 22. December 2016.

Future prospects

The company's operation is exposed to the development in the markets for oil and gas exploration and -production. This market has been depressed for several years, and although the oil price has improved during 2017, the demand for geophysical data and services remains relatively low.

In a continued challenging market, Shearwater group has been successful in booking most of the capacity for its active fleet during the first three quarters of 2018. The group has a competitive cost base, which will be important both to get through the current market conditions as well as positioning the company for an anticipated market recovery.

Current tendering activity provides hope that the activity level in the industry could be higher in the coming winter compared to the previous winter. However, the market, both in terms of utilisation and project profitability overall, is expected to be challenging throughout 2018. The Shearwater group is continuously monitoring the market in order to evaluate if the "Polar Duke" should be reintroduced to the market.

Aspects of 2017

The company owns two seismic 3D vessels, "Polar Marquis" and "Polar Duke". In addition to these vessels, the company has hired "Polar Empress" on both bareboat and time 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 utilisation, in operation or in transit, of 84 % during 2017. The vessels have been hired on time charter and bareboat terms to group companies and have been working on projects in India, Egypt, Norway and Ireland, and at the end of 2017 all three vessels were in transit to commence work in Asia.

Profit before tax in 2017 is USD -10,0 mill. compared with USD -50,5 mill. in 2016. Net operating income in 2017 totals to USD -6,0 mill. compared with USD -43,2 mill. in 2016.

By eliminating the write-down in 2016, there is a positive change in net operating income of USD 0,6 mill. In 2017 financial items are negative by USD -4,0 mill. compared to USD -7,3 mill. previous year.

The company's liquidity is USD 16,5 mill. as at 31.12.2017 (2016: USD 14,4 mill.). Cash flow from operating activities in 2017 was positive USD 14,9 mill. (2016: positive USD 5,8 mill.). Cash flow from investment activities was negative USD -11,3 mill. (2016: positive USD 52,7 mill.). In 2017 the company invested in streamers. Last year the company sold the vessel "Polar Empress" in December and invested in streamers. Net cash flow from financing activities was negative USD -1,5 mill. (2016: negative USD -44,0 mill.) In 2017 the company has paid installments of USD 5,6 mill. and increased long term loan by USD 1,5 mill.

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 2017 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 97,3 mill. as at 31.12.2017). 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 2017.

Based on the above report of profit and loss for the company, the Board of Directors confirms that the financial statements for 2017 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

Shearwater group's and therein the company's 'Focus on Zero' initiative of 2016 was further developed in 2017 with the broader "Focus" campaign. The "safe" component of the new campaign remains the same: to "focus our intentions and behaviours on consistently striving towards Zero Harm, Zero Loss and Zero Rework." This includes, but is not limited to, focus on zero uncontrolled release of harmful substances to the natural environment.

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 2017 operations were accomplished with limited technical downtime.

Allocation of net income

The financial statement shows a negative net income of USD -9 964 776,- which is proposed covered by retained earnings.

Bergen, 30.04.2018
Board of Directors in Polar Ship Invest IV AS

Linda Rudolfson 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	2017	2016
Operating revenue	11, 13	43 246 362	8 555 493
Other operating revenue	11	33 685	0
		43 280 047	8 555 493
Cost of sales		32 798 052	2 870 337
Administration expenses	2, 13	39 432	374 225
Depreciation	3	16 440 191	11 951 362
Write-down	3	0	36 536 646
Total operating expenses		49 277 676	51 732 570
Net operating income		-5 997 629	-43 177 076
FINANCIAL ITEMS			
Income from other group entities		0	2 727 478
Interest income from group entities		424 761	258 665
Other interest income		41 395	0
Financial income		0	41 722
Write down of investment in subsidiary		0	2 924 850
Interest expenses to group entities	5	1 124 946	0
Interest expenses	12	3 144 658	5 046 474
Other financial expenses		133 491	3 078 939
Exchange loss (-) /gain (+)	10	-30 208	731 084
Net financial income and expenses		-3 967 148	-7 291 314
Operating result before tax		-9 964 776	-50 468 390
Tax expenses	9	0	5 702
Net income		-9 964 776	-50 474 092
ALLOCATION OF NET INCOME			
From other equity	6	9 964 776	50 474 092
Total allocation		-9 964 776	-50 474 092



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

ASSETS	NOTE	2017	2016
FIXED ASSETS			
TANGIBLE FIXED ASSETS			
Vessels and marine equipment	3	85 500 881	92 349 814
Seismic equipment	3	28 222 685	26 500 000
Total tangible fixed assets		113 723 567	118 849 814
FINANCIAL FIXED ASSETS			
Investments in subsidiaries	4	5 310 270	5 310 270
Other long term receivables		0	2 561 125
Total financial fixed assets		5 310 270	7 871 395
Total fixed assets		119 033 837	126 721 209
CURRENT ASSETS			
Inventories		181 065	481 049
DEBTORS			
Other receivables		1 811 214	2 556 269
Receivables to group companies	5	26 748 427	5 613 899
Total debtors		28 559 640	8 170 168
Cash and cash equivalents	8	16 475 276	14 387 781
Total current assets		45 215 981	23 038 998
Total assets		164 249 818	149 760 207



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

EQUITY AND LIABILITIES	NOTE	2017	2016
RESTRICTED EQUITY			
Share capital	7	37 313	37 313
Share premium reserve		271 451	271 451
Total restricted equity		308 764	308 764
RETAINED EARNINGS			
Retained earnings		17 161 725	27 126 502
Total retained earnings		17 161 725	27 126 502
Total equity	6	17 470 489	27 435 265
LIABILITIES			
OTHER LONG-TERM LIABILITIES			
Liabilities to financial institutions	12	91 525 372	95 790 532
Total other long term liabilities		91 525 372	95 790 532
CURRENT LIABILITIES			
Liabilities to financial institutions	12	5 600 000	5 600 000
Trade creditors		1 899 672	1 404 475
Liabilities to group companies	5	47 495 092	18 298 774
Other short term liabilities		259 193	1 231 161
Total short term liabilities		55 253 957	26 534 410
Total liabilities		146 779 329	122 324 942
Total equity and liabilities		164 249 818	149 760 207

Bergen, 30.04.2018

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 Solheimsgaten 15, 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 24% is used on taxable financial income. Temporary differences related to financial assets/debts are offset when estimating deferred tax/- tax assets, which is 23% (24% in 2016) 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 3 688 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 2017.



Polar Ship Invest IV AS

Notes to the financial statement 2017

Note 3 - Tangibel fixed assets

	Vessels
Acquisition cost as at 1.1.	170 129 128
+ Additions during the year	0
+ Additions during the year for periodical maintenance	0
- Disposals during the year	0
Acquisition cost as at 31.12.	170 129 128
Accumulated depreciation at 1.1.	47 627 654
Accumulated impairment at 1.1.	30 151 660
+ Depreciation for the year	6 654 505
+ Depreciation of periodical maintenance for the year	194 428
+ Impairment	0
Accumulated depreciation and impairment at 31.12.	84 628 247
Carrying amount as at 31.12.	85 500 881
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". The vessels were written down to market value as at 31.12.2016.

Total impairment in 2016 were USD 36 536 646 which included an impairment of "Polar Empress" before the vessel was sold to Shearwater GeoServices Assets II AS.

Other equipment:

	Seismic equipment
Acquisition cost as at 1.1.	26 500 000
+ Additions during the year	11 313 944
- Disposals during the year	0
= Acquisition costs as at 31.12.	37 813 944
Accumulated depreciation at 1.1.	0
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= Accumulated depreciation at 31.12.	9 591 259
Carrying amount as at 31.12.	28 222 685

The company has invested in four set of streamers in 2016 and 2017. The streamers are depreciated over 3.5 years.



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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 profit in 2017 of USD 139 997 and an equity at 31.12.2017 of USD 5 450 267.

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 AS.

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Short term receivables to group companies totals USD 26,7 mill. In 2016 the group receivables was USD 5,6 mill. and consisted mainly of receivables in relation to the sale of the company to Shearwater group.

Short term liabilities to group companies totals USD 47,5 mill. (USD 18,3 mill. i 2016). Of the short term liabilities in 2016 USD 15,6 mill. consisted of liabilities in relation to the sale of the company to Shearwater group. The remaining amount was ordinary trade payables to companies outside the tonnage tax regime settled January 2017.

All intercompany balances from 2017 onwards are subject to interest calculation. The group uses its highest external interest rate in the 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	27 126 502	27 435 265
Net income for the year			-9 964 776	-9 964 776
Equity as at 31.12.	37 313	271 451	17 161 726	17 470 489

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 2017

Note 9 - Taxes

	2017	2016
Tax over profit and loss:		
Change in tax payable previous periods	0	5 702
Change in deferred taxes	0	0
Tax expense/-income	0	5 702
Deferred tax/-tax asset:		
Temporary differences long term loan	-124 314	-923 291
Tax loss carried forward	-8 930 512	-8 277 533
Deferred tax assets not recognised in the balance sheet	9 054 826	9 200 824
Basis for calculation of deferred tax 31.12.	0	0
Tax rate	23 %	24 %
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 utilized, as such the company has chosen not to capitalize deferred tax assets related to tax loss carried forward.

Note 10 - Exchange gain/loss

	2017	2016
Exchange gain/loss		
Change in value financial instruments	0	3 291 736
Realised currency losses, forward sales	0	-1 793 474
Net gain (+)/losses (-), current assets	-30 208	-767 178
Total exchange gain/loss	-30 208	731 084

Note 11 - Operating revenue

The company owns vessels and the entirety of the operating revenue relates to the seismic segment both in 2017 and 2016.

Operating revenue in 2017 is mainly related to one intercompany customer from Norway (79%, 2016: 76,9%). The remaining share is from an intercompany customer from Great Britain (21%, 2016: 23,1%).

Note 12 - Debt to credit institutions

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

	USD
Total interest bearing debt	97 125 372

The company's interest bearing debt including first year's instalments totals to USD 97,3 mill. Carrying amount of pledged assets (vessels and streamers) totals to USD 113,7 mill.

First year installment is USD 5,6 mill. and is presented as short term liabilities to financial institutions. USD 91,7 mill. is due within five years after the end of the financial year.



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 48,5 mill. and USD 75,8 mill. respectively. The vessels are posed as security for the facility.

Note 13 - Transactions with related parties

The company hired "Polar Duchess" on a bareboat charter throughout 2017 from its daughter company Armada Seismic Invest II AS. The company timechartered the vessels "Polar Marquis" and "Polar Duchess" to the two sistercompanies Shearwater GeoServices Norway AS and Shearwater GeoServices Ltd in 2017. From April to mid October, "Polar Marquis" was chartered out on bareboat terms. "Polar Duke" has been cold stacked throughout 2017. Intercompany timecharter hire this year totals USD 37,5 mill., bareboat hire totals USD 4,6 mill. (2016: USD 6,6 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 53 855 in 2017.

Note 14 - 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 2017 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 97,3 mill. pr. 31.12.2017). 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.