



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 995 632 403
Organisasjonsform: Aksjeselskap
Foretaksnavn: ARMADA SEISMIC INVEST II AS
Forretningsadresse: Damsgårdsveien 135
5160 LAKSEVÅG

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Ja
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		5 730 500	4 745 000
Other operating revenue	10, 11	2 916	192
Sum inntekter		5 733 416	4 745 192
Kostnader			
Depreciation	3	2 862 960	2 840 160
Nedskrivning av varige driftsmidler og immaterielle eiendeler	3		
Cost of sales	11	39 653	14 568
Administration expenses	2	2 634	5 730
Sum kostnader		2 905 247	2 860 458
Driftsresultat		2 828 169	1 884 734
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	4	47 658	89 648
Financial income		85	13
Sum finansinntekter		47 742	89 661
Rentekostnad til foretak i samme konsern	4	8 323	46 710
Annen rentekostnad		2 111 098	2 006 673
Other financial expenses		16 516	16 672
Exchange loss (-) /gain (+)		-1 338	16
Sum finanskostnader		2 134 599	2 070 071
Netto finans		-2 086 856	-1 980 410
Ordinært resultat før skattekostnad		741 313	-95 676
Tax expenses	8		
Ordinært resultat etter skattekostnad		741 313	-95 676
Årsresultat		741 313	-95 676
Årsresultat etter minoritetsinteresser		741 313	-95 676



Resultatregnskap

Beløp i: USD	Note	2019	2018
Totalresultat		741 313	-95 676
Overføringer og disponeringer			
To other equity	5	741 313	-95 676
Sum overføringer og disponeringer		741 313	-95 676



Balanse

Beløp i: USD	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	8		
Varige driftsmidler			
Skip	3	48 747 560	51 516 179
Sum varige driftsmidler		48 747 560	51 516 179
Sum anleggsmidler		48 747 560	51 516 179
Omløpsmidler			
Varer			
Fordringer			
Andre kortsiktige fordringer			575
Konsernmellomværende	4	7 425	2 409 465
Sum fordringer		7 425	2 410 040
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	7	27 875	5 527
Sum bankinnskudd, kontanter og lignende		27 875	5 527
Sum omløpsmidler		35 300	2 415 567
SUM EIENDELER		48 782 860	53 931 746
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	5, 6	30 474	30 474
Overkurs	5	7 740 987	7 740 987
Sum innskutt egenkapital		7 771 461	7 771 461



Balanse

Beløp i: USD	Note	2019	2018
Opptjent egenkapital			
Opptjent egenkapital	5	-1 675 558	-2 416 871
Udekket tap	5		
Sum opptjent egenkapital		-1 675 558	-2 416 871
Sum egenkapital		6 095 903	5 354 590
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	9	41 107 073	48 497 351
Sum annen langsiktig gjeld		41 107 073	48 497 351
Sum langsiktig gjeld		41 107 073	48 497 351
Kortsiktig gjeld			
Konsernmellomværende	4	1 575 127	54 327
Annen kortsiktig gjeld		4 756	25 478
Sum kortsiktig gjeld		1 579 883	79 805
Sum gjeld		42 686 956	48 577 156
SUM EGENKAPITAL OG GJELD		48 782 860	53 931 746



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 05.12.2017	Vår dato 11.12.2017
Telefon 22078139	Deres referanse Kristian Rådal	Vår referanse 2017/1254129

SHEARWATER GEOSERVICES AS
Postboks 1243 , Sentrum
5811 BERGEN

MOTTATT

13 DES, 2017

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Armada Seismic Invest II AS, org.nr. 995 632 403

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 Armada Seismic Invest II AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Armada Seismic Invest II 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

Armada Seismic Invest II AS er eid av Polar Ship Invest IV AS. Konsernspissen er 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:

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



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

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

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering 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. Konsernspissen 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

Armada Seismic Invest II AS

Damsgårdsveien 135
5160 Laksevåg

Business reg.no 995 632 403 MVA

Content:

Financial Statement
Auditor's Report



Armada Seismic Invest II AS
Profit and Loss Account (in USD)

OPERATING REVENUE AND EXPENSES	NOTE	2019	2018
Operating revenue		5.730.500	4.745.000
Other operating revenue	10, 11	2.916	192
		5.733.416	4.745.192
Cost of sales	11	39.653	14.568
Administration expenses	2	2.634	5.730
Depreciation	3	2.862.960	2.840.160
Total operating expenses		2.905.247	2.860.458
Net operating income		2.828.169	1.884.734
FINANCIAL ITEMS			
Interest income from group entities	4	47.658	89.648
Financial income		85	13
Interest cost to group entities	4	8.323	46.710
Interest expenses		2.111.098	2.006.673
Other financial expenses		16.516	16.672
Exchange loss (-) /gain (+)		1.338	-16
Net financial income and expenses		-2.086.856	-1.980.410
Operating result before tax		741.313	-95.676
Net income		741.313	-95.676
ALLOCATION OF NET INCOME			
To other equity	5	741.313	-95.676
Total allocation		741.313	-95.676



Armada Seismic Invest II AS
Statement of Financial Position (in USD)

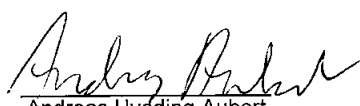
ASSETS	NOTE	2019	2018
FIXED ASSETS			
TANGIBLE ASSETS			
Vessels and marine equipment	3	48.747.560	51.516.179
Total tangible assets		48.747.560	51.516.179
<hr/>			
Total fixed assets		48.747.560	51.516.179
CURRENT ASSETS			
DEBTORS			
Other short-term receivables		0	575
Receivables to group companies	4	7.425	2.409.465
Total receivables		7.425	2.410.040
<hr/>			
Cash and cash equivalents	7	27.875	5.527
<hr/>			
Total current assets		35.300	2.415.567
<hr/>			
Total assets		48.782.860	53.931.746

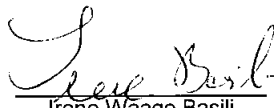


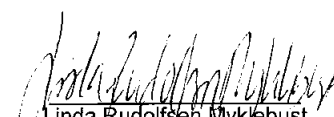
Armada Seismic Invest II AS
Statement of Financial Position (in USD)

EQUITY AND LIABILITIES	NOTE	2019	2018
PAID-UP EQUITY			
Share capital	5, 6	30.474	30.474
Share premium reserve	5	7.740.987	7.740.987
Total paid-up equity		7.771.461	7.771.461
RETAINED EARNINGS			
Retained earnings	5	-1.675.558	-2.416.871
Total retained earnings		-1.675.558	-2.416.871
Total equity		6.095.903	5.354.590
LIABILITIES			
OTHER LONG-TERM LIABILITIES			
Liabilities to financial institutions	9	41.107.073	48.497.351
Total other long term liabilities		41.107.073	48.497.351
CURRENT DEBT			
Liabilities to group companies	4	1.575.127	54.327
Other current debt		4.756	25.478
Total current debt		1.579.883	79.805
Total liabilities		42.686.956	48.577.156
Total equity and liabilities		48.782.860	53.931.746

Bergen, 31.08.2020


Andreas Hveding Aubert
member of the board


Irene Waage Basili
chairman of the board


Linda Rudolfsen Myklebust
member of the board


Peter Allan Hooper
general Manager



Note 1 Accounting principles

Armada Seismic Invest II AS is a Norwegian registered company with corporate office in Bergen. The company owns a modern purposed built seismic vessel.

As of 22. December 2016 the company is part of the Shearwater GeoServices Group.

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 for small companies. 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 balance sheet

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 part of long-term debt, but are specified in accompanying notes.

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.

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. 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 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 at the balance sheet date.

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").

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.

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 Norwegian pension law. There has been no remuneration to general manager or directors of the board. The company has expensed USD 2.634 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.



Armada Seismic Invest II AS

Notes to the financial statement 2019

Note 3 Tangible fixed assets

	Vessel
Acquisition cost as at 1.1.	93 837 348
+ Additions during the year	94 341
= Acquisition cost as at 31.12.	93.931.689
Accumulated depreciation at 1.1.	23.474.563
Accumulated write-downs at 1.1.	18.846.606
+ Depreciation for the year	2.724.096
+ Depreciation of periodic maintenance for the year	138.864
+ Write-downs during the year	0
= Accumulated depreciation and write-downs at 31.12.	45.184.129
Carrying amount as at 31.12.	48.747.560

As at 31 December 2019 there were no indication that the carrying amount might not be recoverable. The market, although still challenging, showed signs of improving and the vessel will be bareboat chartered to a group company going forward. The estimated average market value obtained from two renowned shipbrokers at year end, also substantiated the carrying amount as recoverable.

Note 4 Intercompany balances

Short term receivables to group companies totals to USD 7.425 (2018: USD 2.409.465).

Short term liabilities to group companies totals to USD 1.575.127 (2018: USD 54.327).

All intercompany balances are subject to interest calculation.

Note 5 Equity

	Share capital	Share premium reserve	Retained earnings	Total equity
Equity as at 01.01.	30.474	7.740.987	-2.416.871	5.354.590
Net income for the year			741.313	741.313
Equity as at 31.12.	30.474	7.740.987	-1.675.558	6.095.903

Note 6 Share capital

The share capital consists of 200 000 shares at NOK 1. Carrying amount of the share capital in the financial statement is USD 30.474.

Polar Ship Invest IV AS owns 100 % of the shares.



Armada Seismic Invest II AS

Notes to the financial statement 2019

Note 7 Bank deposits

The company has no restricted tax withholdings.

Note 8 Taxes

The company qualifies for the Norwegian tonnage tax system.

	2019	2018
Tax over profit and loss:		
Tax payable	0	0
Change in deferred taxes	0	0
Tax expense/ -income	0	0
	2019	2018
Deferred tax/ - tax assets:		
Temporary differences long term loan	-2 150 409	-2 135 871
Deferred tax assets not recognised in the balance sheet	2 150 409	2 135 871
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 capitalise deferred tax assets related to currency effects.

Note 9 Debt to credit institutions

	2019	2018
Total interest bearing debt	41.107.073	48.497.351
Interest bearing debt due within one year	5 310 532	7 556 056
Interest bearing debt due within five years	35.796.541	40.941.295
<i>Carrying amount of pledged assets:</i>		
Vessel	48.747.560	51.516.179

Net amortised transaction cost related to the facility of USD 49.548 (2018: USD 66.064) is included in the loan amount above.

Loan from credit institutions for the vessel is part of a joint loan facility with its parent company Polar Ship Invest IV AS (PSI) for the vessels "Polar Duke" and "Polar Marquis", and Shearwater GeoServices Assets II AS (Assets II) for the vessel "Polar Empress". Debt related to the facility for PSI and Assets II totals USD 74.7 million and USD 67.4 million respectively. The vessels mentioned above are all posed as security for the facility.



Note 10 Operating revenue

The company owns one vessel and the entirety of the operation revenue relates to the seismic segment. All operating revenue relates to one intercompany customer from Norway.

Note 11 Transactions with related parties

The company bareboat chartered "Polar Duchess" to its parent company Polar Ship Invest IV AS throughout 2019 and 2018. Charter hire totals to USD 5.730.500 in 2019 and USD 4.745.000 in 2018.

The company bought services for accounting and other administrative services from Shearwater GeoServices Norway AS in 2019 total USD 38.531 (2018: USD 13.727).

Note 12 - 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



To the General Meeting of Armada Seismic Invest II AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Armada Seismic Invest II AS, which comprise Statement of Financial Position as at 31 December 2019, the Profit and Loss Account 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 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.

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

*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 - Armada Seismic Invest II AS

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 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, 31 August 2020
PricewaterhouseCoopers AS

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

(2)



ANNUAL REPORT 2019

Armada Seismic Invest II AS

Damsgårdsveien 135
5160 Laksevåg

Business reg.no 995 632 403 MVA

Content:

Financial Statement
Auditor's Report



Armada Seismic Invest II AS
Profit and Loss Account (in USD)

OPERATING REVENUE AND EXPENSES	NOTE	2019	2018
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Cost of sales	11	39.653	14.568
Administration expenses	2	2.634	5.730
Depreciation	3	2.862.960	2.840.160
Total operating expenses		2.905.247	2.860.458
Net operating income		2.828.169	1.884.734
FINANCIAL ITEMS			
Interest income from group entities	4	47.658	89.648
Financial income		85	13
Interest cost to group entities	4	8.323	46.710
Interest expenses		2.111.098	2.006.673
Other financial expenses		16.516	16.672
Exchange loss (-) /gain (+)		1.338	-16
Net financial income and expenses		-2.086.856	-1.980.410
Operating result before tax		741.313	-95.676
Net income		741.313	-95.676
ALLOCATION OF NET INCOME			
To other equity	5	741.313	-95.676
Total allocation		741.313	-95.676



Armada Seismic Invest II AS
Statement of Financial Position (in USD)

ASSETS	NOTE	2019	2018
FIXED ASSETS			
TANGIBLE ASSETS			
Vessels and marine equipment	3	48.747.560	51.516.179
Total tangible assets		48.747.560	51.516.179
<hr/>			
Total fixed assets		48.747.560	51.516.179
CURRENT ASSETS			
DEBTORS			
Other short-term receivables		0	575
Receivables to group companies	4	7.425	2.409.465
Total receivables		7.425	2.410.040
<hr/>			
Cash and cash equivalents	7	27.875	5.527
<hr/>			
Total current assets		35.300	2.415.567
<hr/>			
Total assets		48.782.860	53.931.746



Armada Seismic Invest II AS
Statement of Financial Position (in USD)

EQUITY AND LIABILITIES	NOTE	2019	2018
PAID-UP EQUITY			
Share capital	5, 6	30.474	30.474
Share premium reserve	5	7.740.987	7.740.987
Total paid-up equity		7.771.461	7.771.461
RETAINED EARNINGS			
Retained earnings	5	-1.675.558	-2.416.871
Total retained earnings		-1.675.558	-2.416.871
Total equity		6.095.903	5.354.590
LIABILITIES			
OTHER LONG-TERM LIABILITIES			
Liabilities to financial institutions	9	41.107.073	48.497.351
Total other long term liabilities		41.107.073	48.497.351
CURRENT DEBT			
Liabilities to group companies	4	1.575.127	54.327
Other current debt		4.756	25.478
Total current debt		1.579.883	79.805
Total liabilities		42.686.956	48.577.156
Total equity and liabilities		48.782.860	53.931.746

Bergen, 31.08.2020

Andreas Hveding Aubert
member of the board

Irene Waage Basili
chairman of the board

Linda Rudolfson Myklebust
member of the board

Peter Allan Hooper
general Manager



Note 1 Accounting principles

Armada Seismic Invest II AS is a Norwegian registered company with corporate office in Bergen. The company owns a modern purposed built seismic vessel.

As of 22. December 2016 the company is part of the Shearwater GeoServices Group.

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 for small companies. 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 balance sheet

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 part of long-term debt, but are specified in accompanying notes.

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.

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. 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 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 at the balance sheet date.

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").

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.

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 Norwegian pension law. There has been no remuneration to general manager or directors of the board. The company has expensed USD 2.634 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.

**Note 3 Tangible fixed assets**

	Vessel
Acquisition cost as at 1.1.	93 837 348
+ Additions during the year	94 341
= Acquisition cost as at 31.12.	93.931.689
Accumulated depreciation at 1.1.	23.474.563
Accumulated write-downs at 1.1.	18.846.606
+ Depreciation for the year	2.724.096
+ Depreciation of periodic maintenance for the year	138.864
+ Write-downs during the year	0
= Accumulated depreciation and write-downs at 31.12.	45.184.129
Carrying amount as at 31.12.	48.747.560

As at 31 December 2019 there were no indication that the carrying amount might not be recoverable. The market, although still challenging, showed signs of improving and the vessel will be bareboat chartered to a group company going forward. The estimated average market value obtained from two renowned shipbrokers at year end, also substantiated the carrying amount as recoverable.

Note 4 Intercompany balances

Short term receivables to group companies totals to USD 7.425 (2018: USD 2.409.465).

Short term liabilities to group companies totals to USD 1.575.127 (2018: USD 54.327).

All intercompany balances are subject to interest calculation.

Note 5 Equity

	Share capital	Share premium reserve	Retained earnings	Total equity
Equity as at 01.01.	30.474	7.740.987	-2.416.871	5.354.590
Net income for the year			741.313	741.313
Equity as at 31.12.	30.474	7.740.987	-1.675.558	6.095.903

Note 6 Share capital

The share capital consists of 200 000 shares at NOK 1. Carrying amount of the share capital in the financial statement is USD 30.474.

Polar Ship Invest IV AS owns 100 % of the shares.



Note 7 Bank deposits

The company has no restricted tax withholdings.

Note 8 Taxes

The company qualifies for the Norwegian tonnage tax system.

	2019	2018
Tax over profit and loss:		
Tax payable	0	0
Change in deferred taxes	0	0
Tax expense/ -income	0	0
	2019	2018
Deferred tax/ - tax assets:		
Temporary differences long term loan	-2 150 409	-2 135 871
Deferred tax assets not recognised in the balance sheet	2 150 409	2 135 871
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 capitalise deferred tax assets related to currency effects.

Note 9 Debt to credit institutions

	2019	2018
Total interest bearing debt	41.107.073	48.497.351
Interest bearing debt due within one year	5 310 532	7 556 056
Interest bearing debt due within five years	35.796.541	40.941.295
<i>Carrying amount of pledged assets:</i>		
Vessel	48.747.560	51.516.179

Net amortised transaction cost related to the facility of USD 49.548 (2018: USD 66.064) is included in the loan amount above.

Loan from credit institutions for the vessel is part of a joint loan facility with its parent company Polar Ship Invest IV AS (PSI) for the vessels "Polar Duke" and "Polar Marquis", and Shearwater GeoServices Assets II AS (Assets II) for the vessel "Polar Empress". Debt related to the facility for PSI and Assets II totals USD 74.7 million and USD 67.4 million respectively. The vessels mentioned above are all posed as security for the facility.



Note 10 Operating revenue

The company owns one vessel and the entirety of the operation revenue relates to the seismic segment. All operating revenue relates to one intercompany customer from Norway.

Note 11 Transactions with related parties

The company bareboat chartered "Polar Duchess" to its parent company Polar Ship Invest IV AS throughout 2019 and 2018. Charter hire totals to USD 5.730.500 in 2019 and USD 4.745.000 in 2018.

The company bought services for accounting and other administrative services from Shearwater GeoServices Norway AS in 2019 total USD 38.531 (2018: USD 13.727).

Note 12 - 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