



GCRIEBER

SHIPPING ASA



Interim report fourth quarter 2016

Key events per fourth quarter 2016

- Establishment of Shearwater GeoServices AS, 50/50 owned marine geophysical company together with Rasmussengruppen AS
- Market picture remains challenging
- Total profit of NOK 52.6 million, compared with a loss of NOK 400.1 million in 2015
- Fleet capacity utilization of 46 percent, compared with 73 percent in the fourth quarter 2015
- Contract backlog of NOK 554 million
- Continued focus on cost reduction
- The Board proposes no dividends for 2016

Events after the end of the period

- One-year extension of time charter for the «RRS Ernest Shackleton» until August 2018

Key figures

Figures in NOK million	4Q 2016	4Q 2015	31.12.2016	31.12. 2015
Operating income	34.5	35.4	205.5	474.5
EBITDA	-11.7	-5.5	16.7	260.1
EBIT	-167.1	-33.8	-298.5	35.0
Profit before tax	-171.1	-50.4	-351.5	-69.4
Profit from continuing operations	-170.3	-110.0	-355.2	-130.2
Profit from discontinued operation	223.0	-290.1	-373.2	-177.5
Profit for the period	52.6	-400.1	-728.3	-307.7
Normalised profit before tax (1)	-95.9	-51.2	-388.0	143.6
Earnings per share	1.21	-11.28	-16.68	-7.05
Equity ratio	48.0 %	42.0 %	48.0 %	42.0 %
Fleet capacity utilisation	46 %	73 %	48 %	83 %

(1) Profit bef. tax adjusted for unrealized currency gains/losses, profit from disposals and write-downs

Operational review

GC Rieber Shipping operates and has direct and indirect ownership in 11 vessels within the segments subsea, marine seismic and ice/support.

Shearwater GeoServices

In mid-October, the company entered into an agreement with Rasmussengruppen AS to establish Shearwater GeoServices (“Shearwater”) as a 50/50 owned marine geophysical company. The transaction was successfully completed in December 2016.

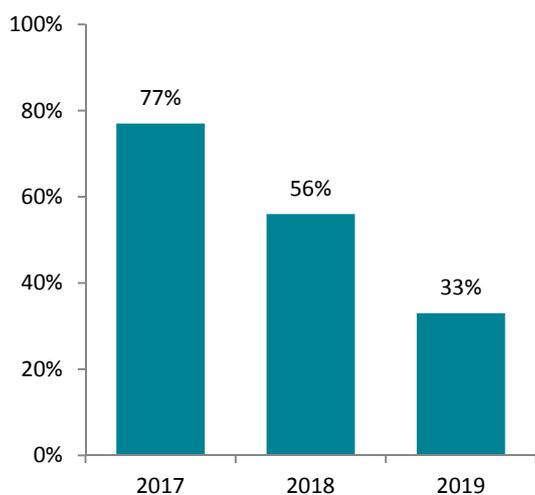
Shearwater GeoServices is an integrated provider of marine geophysical services to oil and gas and multi-client companies worldwide. With a fleet of four modern, high capacity seismic vessels, Shearwater’s core strategy is to provide high quality marine geophysical services and utilize the company’s position as the most cost-efficient company in the industry. Following its establishment, Shearwater has already succeeded in securing a contract for “Polar Duchess” and “Polar Marquis”. The job constitutes eight vessel months. In January 2017 Shearwater entered into agreements with TGS for two seismic surveys, one firm of six vessel months and one optional of additional four vessel months. The surveys are scheduled to commence between March and May 2017 and will be performed by two of Shearwater’s high-end 3D vessels.

Capacity utilisation and contract backlog

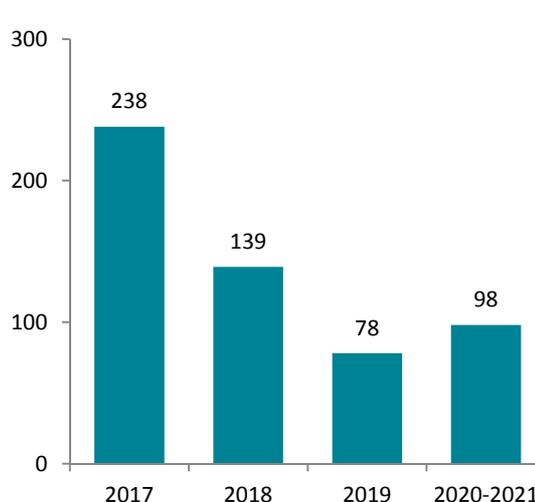
The fleet capacity utilisation of 46 percent in the fourth quarter was significantly lower than the corresponding period for 2015 (73 percent). «Polar Onyx», «Polar King», «Polar Queen» and «Polar Empress» have been operating for shorter periods in the quarter. «Polar Marquis» and «Polar Duchess» have been without employment through the period, and «Polar Duke» has been cold stacked.

From January 2017, the company has a contract backlog of NOK 554 million excluding backlog in Shearwater GeoServices. As shown in the table below, contract coverage for 2017, 2018 and 2019 is 77 percent, 56 percent and 33 percent, respectively. All figures exclude charterers’ extension options.

Contract coverage



Contract backlog (figures in MNOK)



Financial review

Accounting principles

This interim report has been prepared in accordance with IAS 34 «Interim Financial Reporting» and follows the same accounting principles as in the annual financial statement. In the profit and loss and the balance sheet statement as of 31 December 2016, the sale of four seismic vessels to Shearwater GeoServices are presented as discontinued operations.

Operating income

GC Rieber Shipping excluding discontinued operation (seismic vessels) had operating income of NOK 34.5 million in the fourth quarter 2016, down from NOK 35.4 million in the corresponding period 2015. The low income is mainly due to limited employment in the period.

The operating income in the seismic segment amounted to NOK 13.1 million down from NOK 143.5 million in the corresponding period 2015.

The preliminary figures for 2016 excluding discontinued operations shows operating income of NOK 205.5 million, down from operating income of NOK 474.5 million in 2015.

Operating profit

EBITDA for GC Rieber Shipping excluding discontinued operation (seismic vessels) amounted to negative NOK 11.7 million in the quarter. For the fourth quarter 2015, EBITDA was negative with NOK 5.5 million.

EBITDA in the seismic segment amounted to NOK 1.4 million up from minus NOK 102.5 million in the corresponding period 2015.

Preliminary figures for 2016 excluding discontinued operations shows EBITDA of NOK 16.7 million, compared with NOK 260.1 million in 2015.

Impairment of the fleet

Due to reduction in market values for the fleet in the highly challenging offshore market as well as uncertainty related to the vessels future earnings, impairments totalling NOK 129.6 million for the fleet, has been made for the fourth quarter 2016. Total impairments of the fleet excluding discontinued operations for the fiscal year 2016 is NOK 192.4 million. Including the seismic vessels, the impairment amounted to NOK 592.1 million.

The company has obtained market values from three reputable brokers. Based on average of these valuations a fair value for each vessel has been set. In the prevailing challenging offshore market, the fair values are subject to uncertainty.

Net financial items

Net financial items excluding discontinued operation (seismic vessels) were negative by NOK 4.0 million in the fourth quarter 2016, compared with a negative NOK 16.6 million in the corresponding period 2015.

The group currently does not use hedge accounting in connection with exchange rates. As a result, exchange rate variations between USD and NOK can have a relatively substantial impact on the accounts, in accordance with IAS 39. Unrealised currency gain/loss has no cash effect for the group.

Unrealised currency gain in the quarter was NOK 7.7 million, compared with unrealised currency gain of NOK 33.2 million in the fourth quarter 2015. Included is a negative development in the market value

of the group's portfolio of financial instruments amounting to NOK 0.9 million in the fourth quarter 2016, compared with a correspondingly positive development of NOK 1.3 million in the fourth quarter 2015.

Profit in the period

GC Rieber Shipping had a profit of NOK 52.6 million in the fourth quarter 2016, compared with a loss of NOK 400.1 million in the corresponding period in 2015. The positive result in the fourth quarter 2016 is due to foreign currency translation related to the disposal of the seismic segment amounted to NOK 285 million. The amount has been recycled from comprehensive income to discontinuing operations. The negative result in 2015 included a loss on accounts receivables relating to bankruptcy in Dolphin Geophysical amounting to approximately NOK 190 million.

The preliminary annual result for 2016 shows a loss of NOK 728.3 million, compared with a loss of NOK 307.7 million in 2015. This includes impairment of the fleet of NOK 592.1 million.

Cash flow

Cash flow from operational activities as of 31 December 2016 was negative by NOK 94.9 million, compared with positive NOK 202.7 million as of 31 December 2015.

Cash flow from investment was negative by NOK 64.8 million, compared with a negative cash flow of NOK 367.0 million in the corresponding period in 2015. In the period, GC Rieber Shipping received a dividend of NOK 90.0 million from the 50 percent Joint Venture Polar Pevek Ltd and invested USD 15.0 million in Shearwater. During the same period in 2015, investments were made relating to the delivery of the seismic vessel «Polar Empress».

Cash flow from financing activities was negative by NOK 198.2 million, and is related to drawdown on a credit facility and payment of interest and instalments on the group's existing loans.

Net cash flow was negative by NOK 357.8 million, yielding a cash holding of NOK 267.8 million as of 31 December 2016, of which 64.7 is restricted cash and classified as long term receivables.

Liquidity and financing

In the fourth quarter 2016, the group paid NOK 111.9 million in ordinary loan instalments. The average remaining duration of the group's loan portfolio is 3.9 years.

The sale of the seismic fleet to Shearwater took place in December 2016. Following the sale, outstanding interest bearing liabilities for the remaining fleet was NOK 1,359 million and ordinary loan instalments are NOK 119.2 million for 2017.

Interest-bearing liabilities	4Q 2016	4Q 2015	YTD 2016	YTD 2015
Liabilities at end period (NOK million)	1,359.1	3,199.8	1,359.1	3,199.8
Average liabilities (NOK million)	2,845.0	3,052.0	2,996.2	2,777.6
Average interest incl. margin	3,31 %	3.32 %	3,43 %	3.45 %
Proportion of liabilities in USD	100 %	100 %	100 %	100 %

Liquid assets	31.12.2016	31.12.2015
Bank and interest-bearing securities (NOK million)	208.2	630.6
Available through credit facility (NOK million)	0.0	142.0

As of 31 December 2016, GC Rieber Shipping had liquid assets of NOK 208.2 million, compared with NOK 630.6 million as of 31 December 2015. Net liabilities (liquid assets minus interest-bearing liabilities) amounted to NOK 1,150.9 million, compared with net liabilities of NOK 2,568.8 million per 31 December 2015.

Equity

GC Rieber Shipping had a booked equity of NOK 1,326.7 million as of 31 December 2016, corresponding to an equity ratio of 48.0 percent, up from 42.0 percent at the end of the fourth quarter 2015.

Segments

Subsea

GC Rieber Shipping owns and operates three vessels in the subsea segment. Whereas the vessels have primarily been designed for construction, inspection, maintenance and repair of subsea installations for the oil and gas industry, GC Rieber Shipping have been able to secure charters for two of the vessels within cable-lay and renewables markets, thus successfully reducing the exposure to an oil and gas market that remains weak.

«Polar Queen» will embark on a new contract with Senvion GmbH with expected commencement in March 2017. The vessel will perform a walk-to-work offshore wind turbine commissioning campaign in Germany. The «Polar King» is chartered to Nexans Skagerrak AS from January 2017 for a period of 21 months. The vessel will be used for cable-laying and related support services on an international basis. The «Polar Onyx» is currently unemployed after completing a charter with Marine Platforms Ltd.

Key figures (in NOK million)	Q4 2016	Q4 2015	YTD 2016	YTD 2015
Operating income	30.3	31.1	187.2	463.0
EBITDA	-21.9	-23.0	28.2	212.5
EBIT	-175.7	-45.9	-334.4	-4.4
Capacity utilization (in %)	19 %	44 %	43 %	72 %

GC Rieber Shipping had a capacity utilisation of 19 percent for the subsea vessels, compared with 44 percent in the corresponding period 2015.

Operating income amounted to NOK 30.3 million in the quarter, down from NOK 31.3 million in the corresponding period 2015. EBITDA ended at negative NOK 21.9 million in the fourth quarter 2016. EBITDA was negative NOK 23.0 million in the fourth quarter 2015.

Ice/Support

GC Rieber Shipping owns four vessels in the ice/support segment, of which one ice-breaker and two crew boats are owned and operated through 50/50 joint ventures.

The «Ernest Shackleton» is on a bareboat charter to the British Antarctic Survey for operations in Antarctica. After receiving contract extension early January 2017, the vessel charter runs until August 2018.

Key figures (in NOK million)	Q4 2016	Q4 2015	YTD 2016	YTD 2015
Operating income	4.2	5.9	18.3	11.6
EBITDA	10.2	11.9	44.9	47.5
EBIT	8.7	10.1	36.0	39.4
Capacity utilisation (in %)	100 %	100 %	97 %	100 %

The ice/support segment had full capacity utilisation in the quarter, same as in the fourth quarter 2015, yielding operating income of NOK 4.2 million. EBITDA ended at NOK 10.2 million, of which NOK 6.6 million constitute the share of the profit from the joint ventures (see below). In comparison, the segment had operating income of NOK 5.9 million and an EBITDA of NOK 11.9 million in the fourth quarter 2015.

Marine seismic (discontinued operation)

In December 2016, the transaction with Rasmussengruppen AS to establish Shearwater GeoServices ("Shearwater") as a 50/50 owned marine geophysical company was completed. Ownership of the vessels «Polar Empress», «Polar Duke», «Polar Duchess», and «Polar Marquis» was transferred to Shearwater together with the corresponding vessel loans. The transaction was completed in the end of December 2016. GC Rieber Shipping's 50 percent stake in Shearwater will be reported on a separate line in the profit and loss statement under «profit from joint venture» from 2017.

Key figures (in NOK million)	Q4 2016	Q4 2015	YTD 2016	YTD 2015
Operating income	13.1	143.5	83.4	505.7
EBITDA	1.4	-102.5	-52.7	-138.1
EBIT	-30.4	-275.7	-578.3	-131.0
Capacity utilisation (in %)	21 %	75 %	15 %	85 %

GC Rieber Shipping had a capacity utilisation of 21 percent for the seismic vessels in the fourth quarter 2016, compared with 75 percent in the corresponding period 2015. The "Polar Empress" was on a two-month contract with Sovcomflot Subsidiary OOO SCF Geo while the three remaining vessels in the segment have been unemployed in the quarter.

Operating income for the quarter was NOK 13.1 million, down from NOK 143.5 million in the fourth quarter 2015. EBITDA ended at NOK 1.4 million, compared with negative NOK 102.5 million in the corresponding period 2015.

Accumulated for 2016, operating income for the seismic segment was NOK 83.4 million compared with NOK 505.7 million in 2015, while EBITDA ended at negative NOK 52.7 million compared with negative NOK 138.1 million in 2015.

Joint Venture

Polar Pevek

The ice-breaker «Polar Pevek» is owned through a 50/50 joint venture with Maas Capital Offshore. The crew boats «Polar Piltun» and «Polar Baikal» are operated through a 50/50 joint venture with Primorsk Shipping Corporation. GC Rieber Shipping's 50 percent stake is reported on a separate line in the profit and loss statement under «profit from joint venture».

The «Polar Pevek» is chartered to Exxon Neftegas until 2021 and operates out of the DeKastri oil terminal, assisting tankers carrying oil from the Sakhalin I offshore field outside eastern Russia. The two crew boats are chartered to the Sakhalin Energy Investment Corporation until the end of 2019, operating on the Sakhalin II field.

The group's share in the profit for the fourth quarter 2016 amounted to NOK 6.6 million, compared with NOK 13.1 million in the fourth quarter 2015.

Shareholder information

The company's shares are listed on Oslo Børs with the ticker RISH. The company's holding of own shares is 150,800, i.e. 0.34 percent of the shares in the company.

In the fourth quarter 2016, the group's shares have been traded between NOK 9.10 and NOK 22.80. The last price recorded in the fourth quarter of 2016 was NOK 10.80, which on the basis of a total of 43,662,000 outstanding shares values the group's equity at approximately NOK 472 million. At the end of the fourth quarter 2016, the company had 353 shareholders. 92.8 percent of the shares were owned by the 20 largest shareholders. Please refer to note 7 for a list of the 20 largest shareholders in the company as of 31 December 2016.

Outlook

GC Rieber Shipping's operations are exposed to the development in the markets for oil and gas exploration and production. The drop in oil prices that started in the second half of 2014 resulted in a price reduction from USD 115 per barrel in mid-2014 to just below USD 30 per barrel at the beginning of 2016. The oil price has since firmed somewhat during 2016, and approached USD 55 per barrel at the end of the year.

Despite the firming of the oil price throughout 2016, market sentiment remains timid, and oil companies seem intent on carrying through cost reduction programs to bolster their cash position. For this reason, and despite the fact that the current oil price exceeded the balance price for many projects, very few new projects have been sanctioned. As a result, oil and gas upstream investments in 2016 were reduced by nearly half as compared to the peak in 2014, and were at a level not seen since 2007.

In a prevailing challenging subsea market, GC Rieber Shipping has succeeded in securing charters for two subsea vessels commencing in first quarter 2017. The «Polar King» is chartered to Nexans Skagerrak AS from January 2017 for a period of 21 months. The «Polar Queen» will embark on a new contract with Senvion GmbH with expected commencement in March 2017. The «Polar Onyx» remains unemployed as of current. Leads within oil and gas and renewables are actively pursued and tendering activity has increased somewhat going into 2017.

Within the seismic market, the cost reduction programs of the oil companies have resulted in substantial reductions in exploration, severely affecting demand for seismic vessels. Accordingly, the seismic sector continues to see price pressures, and the expectation is that the market will remain weak during 2017 but with a gradual increase in tendering activity.

GC Rieber Shipping operates four vessels in the seismic segment on behalf of Shearwater GeoServices AS. Shearwater has an attractive offering with a modern fleet and very cost effective operation and has already succeeded in expanding its order book. Shearwater is actively working to further increase its backlog.

The ice/support segment is stable and activities unchanged, and the company expect this to continue going forward.

GC Rieber Shipping enters into 2017 with a relatively good backlog for the ice/support segment and has secured contracts for two out of three subsea vessels. Within seismic Shearwater has taken

position as a challenger offering leading vessels and solid geophysical experience. The launch of the joint venture has been well received in a seismic market expected to recover gradually. GC Rieber Shipping will maintain focused on solid project execution and continue to drive down costs to maintain competitiveness in a highly challenging market.

About GC Rieber Shipping

GC Rieber Shipping's business within offshore/shipping includes ownership in specialized vessels, high-quality marine ship management and project development within the segments subsea, marine seismic and ice/support. The group has a specialized competence in offshore operations in harsh environments as well as design, development and maritime operation of offshore vessels.

GC Rieber Shipping currently operates and has ownership in 11 advanced special purpose vessels for defined markets within the subsea, ice/support and marine seismic segments.

The company has its headquarter and ship management company in Bergen (Norway), with an additional ship management company in Yuzhno-Sakhalinsk (Russia). The company is listed on Oslo Stock Exchange with the ticker RISH. Further information is available on the company's website www.gcrieber-shipping.com.

Bergen, 24 February 2017

The Board of Directors and acting Chief Executive Officer in GC Rieber Shipping ASA

Paul-Chr. Rieber, chairman
Hans Olav Lindal, vice chairman
Trygve Bruland, member
Kristin Færøvik, member
Tove Lunde, member

Einar Ytredal, CEO (acting)

GC RIEBER SHIPPING ASA
Fourth quarter 2016
Consolidated accounts
(Unaudited)

Profit & Loss Account (NOK 1000)	4Q 16	4Q 15	31.12.2016	31.12.2015
Charter income	30 527	29 111	178 247	427 140
Other operating income	4 015	6 320	27 258	47 401
Total income	34 542	35 431	205 504	474 541
Operating expenses	-52 849	-54 069	-215 600	-236 221
Loss of accounts receivables	0	0	0	-14 342
Profit from joint venture	6 616	13 104	26 784	36 088
Operating profit before depreciation, write-downs and gains (losses) on sale of fixed assets	-11 691	-5 534	16 688	260 066
Depreciation	-25 781	-38 048	-122 741	-135 886
Write-downs	-129 604	10 412	-192 403	-108 353
Gains (losses) on sale of fixed assets	0	-597	0	19 173
Operating profit	-167 076	-33 767	-298 456	35 001
Financial income	3 620	1 255	5 409	4 990
Financial expenses	-19 784	-12 680	-61 747	-68 399
Realized currency gains (losses)	4 518	-38 333	5 837	-26 134
Unrealized currency gains (losses)	7 655	33 154	-2 591	-14 818
Net financial income and expenses	-3 990	-16 604	-53 092	-104 361
Profit before taxes	-171 066	-50 371	-351 548	-69 360
Taxes	726	-59 645	-3 611	-60 861
Profit from continuing operations	-170 339	-110 016	-355 159	-130 220
Profit from discontinuing operation	222 953	-290 131	-373 178	-177 494
Profit for the period	52 613	-400 147	-728 337	-307 714
Earnings and diluted earnings per share	1,21	-11,28	-16,68	-7,05
Statement of Comprehensive Income (NOK 1000)	4Q 16	4Q 15	31.12.2016	31.12.2015
Profit for the period	52 614	-400 147	-728 337	-307 714
Other comprehensive income				
Foreign currency translation subsidiaries continuing operations	11 731	48 313	-19 302	204 706
Foreign currency translation subsidiaries discontinuing operations	-284 555	41 156	-309 247	192 434
Changes in pension estimates	2 105	9 591	2 105	9 591
Comprehensive income for the period	-218 105	-301 087	-1 054 781	99 017

GC RIEBER SHIPPING ASA
Fourth quarter 2016
Consolidated accounts
(Unaudited)

Balance Sheet (NOK 1000)	31.12.2016	31.12.2015
ASSETS		
FIXED ASSETS		
Vessels	1 899 580	2 229 001
Machinery and equipment	15 079	15 610
Financial fixed assets	495 370	179 160
Long term receivables (incl. restricted cash)	68 968	22 030
<i>Total fixed assets</i>	2 478 997	2 445 802
CURRENT ASSETS		
Inventories	5 319	6 966
Receivables	69 648	39 952
Quoted financial investments	5 013	5 013
Cash and bank deposits	203 199	625 625
<i>Total current assets</i>	283 180	677 555
Total assets of disposal group held for sale	0	2 548 369
Total assets	2 762 176	5 671 726
EQUITY AND LIABILITIES		
EQUITY		
Restricted equity	95 196	95 196
Retained earnings	1 231 453	2 286 233
<i>Total equity</i>	1 326 649	2 381 429
LIABILITIES		
Provision for liabilities	11 499	17 619
Other long-term liabilities	1 226 285	1 315 975
Current liabilities	197 743	239 411
Total liabilities of disposal group held for sale	0	1 717 293
<i>Total liabilities</i>	1 435 527	3 290 298
Total equity and liabilities	2 762 176	5 671 726

GC RIEBER SHIPPING ASA
Fourth quarter 2016
Consolidated accounts
(Unaudited)

Cash Flow Statement (NOK 1000)	2016	2015
EBITDA	16 688	398 204
Change in net current assets	-111 553	-195 524
Net cash from operating activities	-94 865	202 680
Acquisition of tangible fixed assets	-24 489	-614 622
Sale of tangible fixed assets	0	215 148
Other investing activities	-40 271	32 499
Net cash from investment activities	-64 760	-366 976
New loans and repayments	-93 808	417 547
Dividend payment	0	-21 831
Net interest paid	-104 343	-97 355
Net cash from financing activities	-198 151	298 361
Net change in liquidity	-357 776	134 065
Restricted cash	-64 650	0
Liquidity at beginning of period	625 625	491 560
Liquidity at end of period	203 199	625 625

Equity statement (NOK 1000)	Share capital	Own shares	Share premium reserve	Total equity
Balance at 01.01.2015	78 863	-271	16 604	2 304 243
Profit for the year				99 016
Dividends to shareholders				-21 831
Balance at 31.12.2015	78 863	-271	16 604	2 381 429
Balance at 01.01.2016	78 863	-271	16 604	2 381 429
Profit for the year				-1 054 781
Dividends to shareholders				0
Balance at 31.12.2016	78 863	-271	16 604	1 326 649

Segment Reporting (NOK 1000)	4Q 16	4Q 15	31.12.2016	31.12.2015
Ice/support	4 204	4 342	18 307	11 559
Subsea	30 338	31 088	187 196	462 981
Operating income from continuing operations	34 542	35 430	205 504	474 540
Operating income from discontinuing operations	13 117	143 522	83 402	505 706
Operating income	47 659	178 952	288 906	980 246
Ice/support	10 160	17 419	44 921	47 549
Subsea	-21 850	-22 954	-28 232	212 517
Operating profit before depreciation, write-downs and gains (losses) on sale of fixed assets from continuing operations	-11 691	-5 535	16 688	260 066
Operating profit before depreciation, write-downs and gains (losses) on sale of fixed assets from discontinuing operations	1 422	-102 506	-52 678	-138 138
Operating profit before depreciation, write-downs and gains (losses) on sale of fixed assets	-10 269	-108 041	-35 990	121 928
Ice/support	8 654	12 091	35 964	39 430
Subsea	-175 730	-45 860	-334 419	-4 430
Operating profit from continuing operations	-167 076	-33 769	-298 454	35 000
Operating profit from discontinuing operations	-30 391	-275 730	-578 286	-130 981
Operating profit	-197 467	-309 499	-876 740	-95 981

GC RIEBER SHIPPING ASA
Fourth quarter 2016
Group
(Unaudited)

Note 1 Foreign currency

GC Rieber Shipping Group uses the Norwegian krone (NOK) as its presentation currency. Several subsidiaries have US Dollar (USD) as their functional currency. Consequently, accounting standard IAS 21 will apply. A fluctuation in the USD/NOK exchange rate affects the company's equity and result, as the Group's debt are mainly in USD and most of the vessels are recorded in the accounts in and converted to USD/NOK exchange rate on the balance sheet date. For subsidiaries with USD as functional currency, the translation differences on vessels and liabilities are recognized directly in equity. Translation differences also arise in respect of subsidiaries that have the USD as their functional currency, and hold liquid assets in NOK. Here the value of the liquid reserves in NOK translated to USD will be determined by the exchange rate on the balance sheet date and the translation difference will be recognised in profit and loss as unrealised gain/loss.

Note 2 General information

GC Rieber Shipping ASA is registered and domiciled in Norway, with its head office in Bergen. The consolidated interim accounts for the Group include GC Rieber Shipping ASA with its subsidiaries and the Group's investment in associated companies. The Group accounts for fiscal year 2015 were approved by the Board of Directors on 14 March 2016. The consolidated financial statement for the year ended 31 December 2015 with notes and auditor's report are available on our website at www.gcrieber-shipping.com.

Note 3 Accounting principles

The Group's financial reporting is in accordance with International Financial Reporting Standards (IFRS). The consolidated interim accounts at 31 December 2016 have been prepared in accordance with IAS 34 Interim financial reporting. The interim financial statements are unaudited and do not include all the information required in full annual financial statements, and therefore should be read in conjunction with the 2015 Group accounts. The condensed, consolidated quarterly financial statements were approved by the Board of Directors on 24 February 2017.

Note 4 Estimates

Preparation of interim financial statements requires use of assessments, estimates and assumptions that affect accounting principles and reported amounts for equity and liabilities, income and costs. The statements are based on assumptions and estimates, and some of them are beyond the company's control and therefore subject to risks and uncertainty. The actual result may differ from these estimates. When preparing this consolidated interim financial statement, the management has used the same critical assessments related to application of accounting principles as were used for the group financial statements for the financial year that ended on 31 December 2015 and the most important sources of estimate uncertainty are the same as for preparation of the 2015 Group financial statements.

Note 5 Related parties

The Group makes purchase and sales transactions with related parties as part of the normal business operations. Note 17 of the 2015 annual report describe transactions with related parties. There have been no material changes or transactions in connection with related parties that make a material impact on the Group's position or profit for the period.

Note 6 Financial risk management

GC Rieber Shipping makes a continuous and thorough assessment of operational and financial risk factors. The Group's objectives and principles for financial risk management are in accordance with what has been stated in the Group financial statements for 2015.

Note 7 Overview of shareholders

The 20 largest shareholders in GC Rieber Shipping ASA as of 31 December 2016 (outstanding shares):

Name	Number of shares	Owner's share
GC Rieber AS	30 861 735	70,4 %
AS Javipa	3 056 222	7,0 %
GC Rieber AS Understøttelsesfond	1 379 616	3,1 %
Trioship Invest AS	909 000	2,1 %
Pareto Aksje Norge	827 901	1,9 %
Johanne Marie Martens	400 000	0,9 %
Storkleiven AS	371 687	0,8 %
Delta A/S	363 000	0,8 %
Benedicte Martens Nes	356 250	0,8 %
Pelicahn AS	348 396	0,8 %
Tannlege Randi Arnesen AS	307 000	0,7 %
Randi Jebsen Arnesen	255 000	0,6 %
Dag Fredrik Jebsen Arnesen	212 750	0,5 %
Torhild Marie Rong	161 500	0,4 %
GC Rieber Shipping ASA	150 800	0,3 %
Bergen Råvarebørs II AS	148 668	0,3 %
Tigo AS	141 359	0,3 %
Triofa 2 AS	141 359	0,3 %
Arild Nøst Arnesen	134 902	0,3 %
Marius Nøst Arnesen	133 223	0,3 %
Other Shareholders	3 152 432	7,2 %
Outstanding Shares	43 812 800	100,0 %

Note 8 Discontinuing operations

In October 2016, GC Rieber Shipping ASA announced the agreement with Rasmussengruppen AS to establish a new, jointly owned marine geophysical company called Shearwater GeoServices AS. The transaction was completed in December 2016.

Shearwater is an integrated provider of marine geophysical services to oil and gas and multi-client companies worldwide. The company has now a fleet of four modern, high capacity seismic vessels and fully operational business lines (including on- and offshore processing capacities) managed by highly experienced support teams. Shearwater's core strategy is to provide high quality marine geophysical services and utilize the company's attractive cost position.

Shearwater took over GC Rieber Shipping's four seismic vessels; "Polar Empress", "Polar Duke", "Polar Duchess", "Polar Marquis", and the corresponding vessel loans was transferred from GC Rieber Shipping to Shearwater. The total value of the four seismic vessels was set to USD 228.5 million. The outstanding balance of these vessel loans was USD 198.5 million. GC Rieber Shipping injected USD 15 million and Rasmussengruppen USD 45 million in liquidity through new equity into Shearwater. The total of USD 60 million in liquidity has been injected to fund operations and provide Shearwater with a solid platform in the current challenging market. As a part of the loan agreement entered into between Shearwater and the Lenders, GC Rieber Shipping issued a parent company guarantee of 50% of the outstanding loans.

The new terms of the loans for the four vessels include a 75% reduction in installments compared to the original repayment profile until June 2019 and an extension of the term of the loans until year end 2022. Shearwater also agreed on the main terms to purchase the seismic equipment (including streamers) and the processing business from the former lending banks of Dolphin Geophysical ASA. This acquisition is financed by DNB and SpareBank1 SR-Bank.

GC Rieber Shipping will use the equity method of accounting, and the company's seismic segment is reported as discontinued operation with effect from the interim report of the third quarter 2016. Comparable figures have been restated.

GC Rieber Shipping's share of Shearwaters result from 22nd of December 2016 has not been included in the consolidated figures.

As a consequence of the establishment of Shearwater foreign currency translation related to the seismic segment has been recycled from comprehensive income to financial income in profit from discontinuing operation.

Note 9 Restricted cash

A total of USD 7.5 million is restricted cash as of 31st of December 2016 and presented as long term receivables in the balance sheet.

Note 10 Contingencies

In September 2016, GC Rieber Shipping and its wholly owned subsidiary GC Rieber Crewing decided to close down operations in GC Rieber Crewing. The process was a result of the challenging subsea/seismic markets and a corresponding need to reduce the company's cost level to secure the foundations for its core activities. In December 2016, GC Rieber Shipping and GC Rieber Crewing received a writ from a group of former employees of GC Rieber Crewing that were affected by the close down. GC Rieber Shipping emphasizes that the process in GC Rieber Crewing was carried out in dialogue with the employees' representatives and that it was completed in line with applicable laws and regulations."