



# GCRIEBER

## SHIPPING ASA



## Interim report second half-year 2017

(Unaudited)

## Key events in the second half-year 2017

- Fleet utilization of 87 percent, an increase of six percentage points from H1 2017, and up from 70 percent utilisation in the second part of 2016. The improvement is achieved despite a continued challenging market.
- Total loss of NOK 45.5 million, compared with a loss of NOK 195.5 million in the corresponding period 2016.
- Contract backlog of NOK 569 million as per 7 February 2018, compared with NOK 554 million per January 2017.
- Extension of time charter agreement with Nexans Skagerrak AS (Nexans) for the “Polar King” until August 2019.
- One year extension of bareboat charter for the “Ernest Shackleton” until August 2019.

## Events after the end of the period

- The proposed Rights Issue announced 21 December 2017 was resolved in the Extraordinary General Meeting 26 January 2018 and is expected to be completed early March 2018. The Rights Issue, combined with certain debt amendments agreed with the lending banks, will strengthen the competitive position of GC Rieber Shipping’s subsea operations. In combination with the successful establishment of Shearwater GeoServices in December 2016, this will conclude the refinancing processes initiated during the spring of 2016.
- Early February 2018, GC Rieber Shipping entered into a time charter agreement with DeepOcean BV for the SURF vessel «Polar Onyx» for a fixed period of three years, with options to extend by up to two years. The charter has already commenced. The long-term charter agreement positions GC Rieber Shipping to benefit from improving market conditions.

## Key figures (Unaudited)

Figures in NOK million	H2 2017	H2 2016	31.12.2017	31.12.2016
Operating income	131.3	88.5	264.1	205.5
EBITDA	-2.0	-12.5	21.0	9.7
EBIT	-29.9	-181.3	-90.0	-303.9
Profit before tax	-46.0	-199.3	-130.6	-357.0
Profit from continuing operations	-45.5	-202.8	-130.1	-360.6
Profit from discontinued operation	0.0	7.4	0.0	-382.3
Net profit in the period	-45.5	-195.5	-130.1	-742.9
Normalised profit before tax (1)	-81.3	-72.7	-142.1	-162.0
Earnings per share	-1.04	-4.48	-2.98	-17.02
Equity ratio	46.6 %	48.0 %	46.6 %	48.0 %
Fleet capacity utilisation	87 %	70 %	84 %	70 %

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

## Operational review

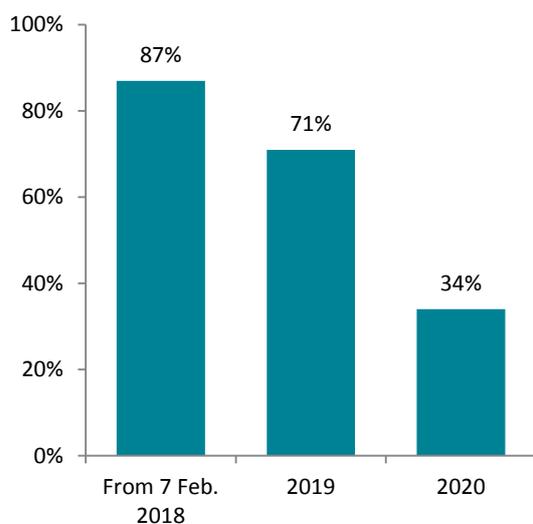
GC Rieber Shipping operates and has direct and indirect ownership in 11 vessels within the segments subsea, ice/support and marine seismic.

### Capacity utilisation and contract backlog

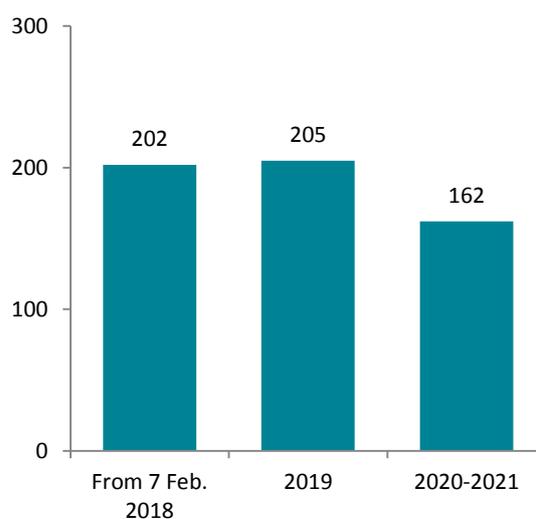
The fleet capacity utilisation of 87 percent in the second half-year was higher than the corresponding period for 2016 (70 percent) and also up from 81 percent in the first half of 2017. «Polar King» was operating the entire period, «Polar Queen» was operating until December, «Polar Onyx» was operating until the end of August 2017, and the Ice/Support segment had 100 percent utilisation in the period.

Per 7 February 2018, the company has a contract backlog of NOK 569 million, compared with NOK 554 million per January 2017. As shown in the table below, contract coverage for the remaining of 2018, year 2019 and year 2020 is 87 percent, 71 percent and 34 percent, respectively. All figures include the Subsea- and Ice/Support-segments, and exclude the Marine Seismic segment and charterers' extension options.

#### Contract coverage



#### Contract backlog (figures in MNOK)



### Contract updates

Nexans and GC Rieber Shipping have agreed to extend the firm period of the «Polar King» charter with 11 months, meaning the vessel will be employed through August 2019. The vessel will continue to support the worldwide operations of Nexans.

British Antarctic Survey exercised its last one-year option on the «Ernest Shackleton» effective from August 2018, employing the vessel until August 2019.

Senvion GmbH opted to extend the firm period of the charter for the «Polar Queen» in September 2017, employing the vessel until December 2017.

The four-month contract for the «Polar Onyx» signed in March 2017 was extended one month until the end of August 2017.

### Restructuring of the Subsea fleet

The Group restructuring process was initiated during the spring 2016. The successful establishment of Shearwater GeoServices as a joint venture with Rasmussengruppen was the first milestone. The NOK 100 million Rights Issue resolved in the Extraordinary General Meeting 26 January 2018, combined with certain debt amendments agreed with its Lenders, will strengthen the competitive position of GC Rieber Shipping's subsea operations. With the ice/support business continuing in a healthy position, this concludes the Group restructuring process, providing a financial runway for the next three years.

## Financial review (Unaudited)

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### 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.

### Operating income

GC Rieber Shipping had operating income of NOK 131.3 million in the second half-year of 2017, up from NOK 88.5 million in the corresponding period 2016. The increased operating income comes from higher utilisation for the three subsea vessels in the period.

According to the preliminary figures for 2017, the operating income was NOK 264.1 million, up from NOK 205.5 million in 2016.

### Operating profit

EBITDA for GC Rieber Shipping amounted to negative NOK 2.0 million in the second half-year 2017. For the second half-year 2016 EBITDA was negative NOK 12.5 million.

According to the preliminary figures for 2017, EBITDA was NOK 21.0 million compared with NOK 9.7 million in 2016.

### Impairment

The company has obtained market values from two reputable brokers (three where the value from the first two brokers deviates with more than 10 %), and have performed thorough impairment testing for the assets in the balance sheet as at 31.12.2017. Based on these assessments, the fair value for each vessel has been set as the average of the obtained market values.

According to accounting principles, the obtained fair values gives a reversed write-down of NOK 29.5 million in the second half-year of 2017. Taking the write-downs of NOK 25.3 million in the first half-year of 2017 into account, this gives a net reversed write-down of NOK 4.2 million in 2017.

In the prevailing challenging offshore market, the fair values are subject to uncertainty.

### Net financial items

Net financial items were negative by NOK 16.1 million in the second half-year 2017, compared with negative NOK 18.0 million in the corresponding period 2016.

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. Unrealized currency gain/loss has no cash effect for the group.

Unrealized currency gain in the period was NOK 5.7 million, compared with unrealized currency loss of NOK 1.4 million in the same period in 2016.

#### Loss in the period

GC Rieber Shipping had a loss of NOK 45.5 million in the second half-year of 2017, compared with a loss of NOK 195.5 million in the corresponding period 2016.

The preliminary annual result for 2017 gives a loss of NOK 130.1 million, compared with a loss of NOK 742.9 million in 2016. The loss in 2016 included a loss of NOK 382.3 million from discontinued operations.

#### Cash flow

Cash flow from operational activities as of 31 December 2017 was positive by NOK 15.9 million, compared with negative NOK 142.5 million as of 31 December 2016.

Cash flow from investment activities was negative by NOK 14.7 million, compared with a negative cash flow of NOK 59.8 million in the corresponding period in 2016.

Cash flow from financing activities was negative by NOK 99.8 million, and is related to payment of interest and instalments on the group's existing loans. The corresponding cash flow in 2016 was negative by NOK 155.5 million.

Net cash flow was negative by NOK 98.6 million, yielding a cash holding of NOK 107.7 million as of 31 December 2017. The cash holding includes restricted cash of NOK 56.7 million presented as cash and bank deposits. In addition, restricted cash of NOK 61.5 million is presented as long-term receivables.

#### Liquidity and financing

Pending the Rights Issue resolved in the Extraordinary General Meeting 26 January 2018, the company has received temporary amendments of certain financial covenants until March 2018. Please refer to note 10 to the consolidated accounts for further details regarding the temporary amendments, and note 11 and 12 for further information about the Subsea restructuring.

Interest-bearing liabilities	31.12.2017	31.12.2016
Liabilities at end period (NOK million)	1,230.8	1,357.0
Average liabilities (NOK million)	1,251.4	2,845.0
Average interest incl. margin	3.69 %	3.31 %
Proportion of liabilities in USD	100 %	100 %
<b>Liquid assets</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Bank and interest-bearing securities (NOK million)	107.7	203.2

As of 31 December 2017, GC Rieber Shipping had cash and bank deposits of NOK 107.7 million, including restricted cash of NOK 56.7 million. As of 31 December 2016, the cash and bank deposits amounted to NOK 203.2 million. Net liabilities (liquid assets minus interest-bearing liabilities) amounted to NOK 1,123.1 million, compared with net liabilities of NOK 1,153.8 million as at 31 December 2016.

#### Equity

GC Rieber Shipping had a booked equity of NOK 1,139.6 million as of 31 December 2017, corresponding to an equity ratio of 46.6 percent, down from 48 percent at the end of December 2016.

## Segments

### Subsea

GC Rieber Shipping owns and operates three vessels in the subsea segment. The vessels are primarily designed for inspection, maintenance and repair of subsea installations, but have also demonstrated attractive capabilities for the renewables market.

The «Polar King» has been chartered to Nexans Skagerrak AS throughout 2017, and will continue the charter until late August 2019. The «Polar Queen» completed a nine-month charter to Senvion GmbH in December 2017, and the «Polar Onyx» completed a five-month charter in West Africa in August 2017.

Key figures (in NOK million)	H2 2017	H2 2016	31.12.2017	31.12.2016
Operating income	122.8	80.3	247.1	187.2
EBITDA	12.5	-38.6	14.1	-34.7
EBIT	-11.1	-203.4	-88.1	-339.9
Capacity utilisation (in %)	72 %	37 %	70 %	43 %

GC Rieber Shipping had a capacity utilisation of 72 percent for the subsea vessels in the second half-year of 2017, compared with 37 percent in the corresponding period 2016.

Operating income amounted to NOK 122.8 million in the second half-year 2017, up from NOK 80.3 million in the corresponding period 2016. EBITDA ended at NOK 12.5 million in the second half-year 2017, compared to negative NOK 38.6 million in the second half-year 2016.

### Ice/Support

The «Ernest Shackleton» is on a bareboat charter to the British Antarctic Survey, for operations in Antarctica. After receiving contract extension in October 2017, the vessel charter runs until August 2019.

Key figures (in NOK million)	H2 2017	H2 2016	31.12.2017	31.12.2016
Operating income	8.5	8.2	17.0	18.3
EBITDA	8.4	8.0	16.8	17.6
EBIT	4.1	4.1	8.0	9.2
Capacity utilisation (in %)	100 %	100 %	100 %	100 %

The vessel had full capacity utilisation the second half-year of 2017, yielding a stable operating income of NOK 8.5 million and EBITDA of NOK 8.4 million. In comparison, the vessel had an operating income of NOK 8.2 million and an EBITDA of NOK 8.0 million in the second half-year of 2016.

### Joint Ventures

#### Ice/Support

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 second half-year 2017 amounted to NOK 23.4 million, compared with NOK 18.1 million in the corresponding period of 2016.

#### Marine Seismic - Shearwater GeoServices

In December 2016, GC Rieber Shipping and Rasmussengruppen AS established Shearwater GeoServices («Shearwater») as a 50/50 owned marine geophysical company.

Shearwater is an integrated provider of marine geophysical services to oil & gas and multi-client companies worldwide. With a fleet of four modern, high capacity seismic vessels as well as in-house software, data processing and R&D capabilities, Shearwater's core strategy is to provide high quality marine geophysical services while capitalizing on the company's highly competitive cost base. Following an industry wide tough fourth quarter, Shearwater had a fleet utilization of 67 percent for the second half of 2017, whereas the full year utilization was 74 percent.

GC Rieber Shipping's share of profit for the second half-year 2017 amounted to a loss of NOK 46.4 million. Shearwater's overall performance in 2017 was better than expected at the beginning of the year, preserving cash in a difficult market.

## Shareholder information

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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 second half-year 2017, the group's shares have been traded between NOK 9.00 and NOK 12.45. The last price recorded in December 2017 was NOK 9.00, which on the basis of a total of 43,662,000 outstanding shares values the group's equity at approximately NOK 393 million. At the end of December 2017, the company had 380 shareholders. 92.2 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 2017.

## Risks and uncertainties

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As described in GC Rieber Shipping's annual report for 2016, GC Rieber Shipping is exposed to a number of risks due to the fact that the company operates in a global market. The board of directors of GC Rieber Shipping therefore focuses on efforts to identify and manage risk, and routines have been established with the aim of limiting and reducing the total risk exposure to an acceptable level. Risk factors are categorised into the areas of market risks, financial risks and operational risks.

It is referred to the company's annual report for 2016 for a more detailed description of the company's risk management and the most principal risk and uncertainty factors. Two of the segments, subsea and marine seismic, are particularly exposed to the negative development in the oil market.

## Outlook

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In January 2018, the oil price has averaged just above USD 65 per barrel, with current levels (ultimo January 2018) yielding a price of close to USD 70 per barrel. This represents an increasing trend from price levels around USD 50 and USD 60 per barrel in the first and second half of 2017 respectively. The current price level is also considerably up from the low point of just below USD 30 per barrel at the beginning of 2016. The prevailing market sentiment is that the oil price will likely remain at current levels or moderately increase. However, the strong recovery in US onshore shale drilling and production constitutes a certain downward risk for the oil price.

As a result, most oil and gas companies are again yielding positive cash flows, and a certain investment appetite has returned. The most notable effect on vessel markets this far is that bid activity has picked up and certain advanced vessel commitments have been made or are contemplated.

For the subsea segment, GC Rieber Shipping expect near term lower utilization as more vessels become available in the market during winter season. Bid activity for oil & gas related projects has been slowly decreasing, and new incoming tenders are mostly for commencement late in 2018 or 2019. The company expects the activity to pick up and the market to improve towards the end of the year. Large subsea projects in Norway have been announced and the backlog for subsea christmas trees is high, and in total this brings more optimism to the market. In the renewables segment, the bid activity seems to hold up, with several tenders and awards for e.g. walk-to-work campaigns even during wintertime and early spring, as compared to before, when this was mainly a summer activity. The renewables market thus keeps absorbing a notable share of the subsea fleet in Europe. There are still attractive opportunities within niches of the oil & gas markets and in total the outlook for the subsea fleet has improved.

The seismic market remains challenging, but on the back of a solid operational performance in 2017 in combination with recently awarded contracts, Shearwater GeoServices is well positioned through the winter season and for 2018 as a whole.

The ice/support segment is stable and current activities are unchanged. Supported by the higher oil price, the medium to long-term outlook has improved. GC Rieber Shipping has a solid track record and experience within ice operations and will continue to pursue new attractive opportunities within this segment.

## About GC Rieber Shipping

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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, ice/support and marine seismic. 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 direct and indirect 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](http://www.gcrieber-shipping.com).

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### Bergen, 7 February 2018

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

Paul-Chr. Rieber, chairman  
Hans Olav Lindal, vice chairman  
Trygve Bruland, member  
Tove Lunde, member  
Bodil Valland Steinhaug, member

Christian W. Berg, CEO

## GC RIEBER SHIPPING ASA

2nd half 2017

Consolidated accounts  
(Unaudited)

<b>Profit &amp; Loss Account</b> (NOK 1000)	<b>2nd half 17</b>	<b>2nd half 16</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Charter income	113 221	70 668	231 107	178 247
Other operating income	18 058	17 836	32 960	27 258
<b>Total income</b>	<b>131 279</b>	<b>88 503</b>	<b>264 066</b>	<b>205 504</b>
Operating expenses	-110 344	-119 112	-233 192	-222 600
Profit from joint venture	-22 933	18 091	-9 879	26 784
<b>Operating profit before depreciation, write-downs and gains (losses) on sale of fixed assets</b>	<b>-1 998</b>	<b>-12 518</b>	<b>20 995</b>	<b>9 688</b>
Depreciation	-57 498	-43 576	-115 209	-121 191
Write-downs	29 559	-125 173	4 220	-192 403
<b>Operating profit</b>	<b>-29 937</b>	<b>-181 267</b>	<b>-89 994</b>	<b>-303 906</b>
Financial income	318	4 199	1 331	5 409
Financial expenses	-24 678	-25 497	-50 357	-61 747
Realized currency gains (losses)	2 579	4 685	1 178	5 837
Unrealized currency gains (losses)	5 694	-1 392	7 288	-2 591
<b>Net financial income and expenses</b>	<b>-16 087</b>	<b>-18 005</b>	<b>-40 559</b>	<b>-53 092</b>
<b>Profit before taxes</b>	<b>-46 025</b>	<b>-199 272</b>	<b>-130 554</b>	<b>-356 998</b>
Taxes	526	-3 572	485	-3 611
<b>Profit from continuing operations</b>	<b>-45 498</b>	<b>-202 844</b>	<b>-130 069</b>	<b>-360 609</b>
Profit from discontinuing operation	0	7 383	0	-382 334
<b>Profit for the period</b>	<b>-45 498</b>	<b>-195 461</b>	<b>-130 069</b>	<b>-742 943</b>
Earnings and diluted earnings per share	-1,04	-4,48	-2,98	-17,02

<b>Statement of Comprehensive Income</b> (NOK 1000)	<b>2nd half 17</b>	<b>2nd half 16</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Profit for the period	-45 498	-195 461	-130 069	-742 943
Other comprehensive income				
Foreign currency translation subsidiaries continuing operation	-17 247	28 529	-39 830	-28 441
Foreign currency translation subsidiaries discontinuing operation	0	-233 552	0	-285 502
Changes in pension estimates	1 626	2 105	1 626	2 105
<b>Comprehensive income for the period</b>	<b>-61 120</b>	<b>-398 379</b>	<b>-168 273</b>	<b>-1 054 781</b>

**GC RIEBER SHIPPING ASA**  
**2nd half 2017**  
**Consolidated accounts**  
**(Unaudited)**

<b>Balance Sheet</b> <b>(NOK 1000)</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
Vessels	1 717 984	1 899 580
Machinery and equipment	30 852	15 079
Financial fixed assets	450 506	495 370
Long term receivables (incl. restricted cash)	61 545	68 968
<i>Total fixed assets</i>	<i>2 260 887</i>	<i>2 478 997</i>
<b>CURRENT ASSETS</b>		
Inventories	6 939	5 319
Receivables	71 004	69 648
Quoted financial investments	0	5 013
Cash and bank deposits	107 749	203 199
<i>Total current assets</i>	<i>185 692</i>	<i>283 180</i>
<b>Total assets</b>	<b>2 446 579</b>	<b>2 762 176</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Restricted equity	95 196	95 196
Retained earnings	1 044 440	1 231 453
<i>Total equity</i>	<i>1 139 636</i>	<i>1 326 649</i>
<b>LIABILITIES</b>		
Provision for liabilities	7 401	11 499
Other long-term liabilities	1 060 659	1 226 285
First year instalments	170 158	119 176
Current liabilities	68 725	78 567
<i>Total liabilities</i>	<i>1 306 943</i>	<i>1 435 527</i>
<b>Total equity and liabilities</b>	<b>2 446 579</b>	<b>2 762 176</b>

**GC RIEBER SHIPPING ASA**  
**2nd half 2017**  
**Consolidated accounts**  
(Unaudited)

<b>Cash Flow Statement</b> (NOK 1000)	<b>2017</b>	<b>2016</b>
EBITDA	20 995	9 688
Change in net current assets	-5 065	-24 096
Net cash flow from discontinued operations	0	-128 079
<b>Net cash from operating activities</b>	<b>15 930</b>	<b>-142 487</b>
Acquisition of tangible fixed assets	-34 855	-23 988
Other investing activities	20 149	85 645
Net cash flow from discontinued operations	0	-121 447
<b>Net cash from investment activities</b>	<b>-14 706</b>	<b>-59 790</b>
New loans and repayments	-53 617	-63 949
Net interest paid	-46 170	-42 531
Net cash flow from discontinued operations	0	-49 019
<b>Net cash from financing activities</b>	<b>-99 787</b>	<b>-155 499</b>
Net change in liquidity	-98 563	-357 776
Liquidity at beginning of period (incl restricted cash)	267 849	625 625
Restricted cash	-61 538	-64 650
<b>Liquidity at end of period</b>	<b>107 749</b>	<b>203 199</b>

<b>Equity statement</b> (NOK 1000)	<b>Own shares</b>	<b>Share Premium reserve</b>	<b>Other equity</b>	<b>Total equity</b>
Balance at 01.01.2016	-271	16 604	2 286 233	2 381 430
Profit for the year			-1 054 781	-1 054 782
Dividends to shareholders			0	0
<b>Balance at 31.12.2016</b>	<b>-271</b>	<b>16 604</b>	<b>1 231 452</b>	<b>1 326 649</b>
Balance at 01.01.2017	-271	16 604	1 231 452	1 326 649
Profit for the year			-168 273	-168 273
Dividends to shareholders			0	0
<b>Balance at 31.12.2017</b>	<b>-271</b>	<b>16 604</b>	<b>1 063 179</b>	<b>1 158 376</b>

<b>Segment Reporting</b> (NOK 1000)	<b>2nd half 17</b>	<b>2nd half 16</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Ice/support	8 494	8 179	17 010	18 307
Subsea	122 785	80 324	247 056	187 196
Operating income from continuing operations	131 279	88 503	264 066	205 504
Operating income from discontinuing operations	0	64 240	0	83 402
<b>Operating income</b>	<b>131 279</b>	<b>152 743</b>	<b>264 066</b>	<b>288 906</b>
Ice/support	8 395	8 037	16 805	17 637
Subsea	12 540	-38 645	14 069	-34 732
JV	-22 933	18 091	-9 879	26 784
EBITDA from continuing operations	-1 998	-12 517	20 995	9 688
EBITDA from discontinuing operations	0	7 984	0	-45 678
<b>Operating profit before depreciation, write-downs and gains (losses) on sale of fixed assets</b>	<b>-1 998</b>	<b>-4 533</b>	<b>20 995</b>	<b>-35 990</b>
Ice/support	4 096	4 086	7 986	9 180
Subsea	-11 100	-203 445	-88 101	-339 871
JV	-22 933	18 091	-9 879	26 784
Operating profit from continuing operations	-29 937	-181 267	-89 994	-303 906
Operating profit from discontinuing operations	0	73 042	0	-303 577
<b>Operating profit</b>	<b>-29 937</b>	<b>-108 225</b>	<b>-89 994</b>	<b>-607 483</b>

**GC RIEBER SHIPPING ASA**  
Second half-year 2017  
Group  
(Unaudited)

**Note 1 Foreign currency**

GC Rieber Shipping Group uses the Norwegian krone (NOK) as its presentation currency. Some 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 2016 were approved by the Board of Directors on 27 March 2017. The consolidated financial statement for the year ended 31 December 2016 with notes and auditor's report are available on our website at [www.gcrieber-shipping.com](http://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 2017 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 2016 Group accounts. The condensed, consolidated half-yearly financial statements were approved by the Board of Directors on 7 February 2018.

**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 2016 and the most important sources of estimate uncertainty are the same as for preparation of the 2016 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 2016 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 2016.

## Note 7 Overview of shareholders

The 20 largest shareholders in GC Rieber Shipping ASA as of 31 December 2017 (outstanding shares):

Name	Number of shares	Owner's share
GC Rieber AS	30 861 735	70,4 %
GC Rieber Fondet	1 376 987	3,1 %
AS Javipa	1 018 742	2,3 %
Javipa 1 AS	1 018 740	2,3 %
Javipa 2 AS	1 018 740	2,3 %
Trioship Invest AS	909 000	2,1 %
Pareto Aksje Norge	827 901	1,9 %
M.R.Martens Allm. Fond	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	210 704	0,5 %
Thorild 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 %
Other Shareholders	3 425 232	7,8 %
<b>Outstanding Shares</b>	<b>43 812 800</b>	<b>100,0 %</b>

## Note 8 Discontinuing operations

In December 2016, GC Rieber Shipping and Rasmussengruppen AS established Shearwater GeoServices ("Shearwater") as a 50/50 owned marine geophysical company.

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.

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.

GC Rieber Shipping uses the equity method of accounting. The Company's former seismic segment is reported as discontinued operation for 2016.

### Note 9 Restricted cash

A total of NOK 118.2 million is restricted cash as of 31 December 2017, where NOK 61.5 million is presented as long term receivables and NOK 56.7 million presented as cash and bank deposits in the balance sheet.

### Note 10 Temporary amendment of certain financial covenants

The company has received a temporary amendment of certain financial covenants for the two Subsea credit facilities, until March 2018:

- The Working Capital Covenant will temporarily be limited to require the consolidated working capital of the Guarantor to be positive at all times;
- The Fair Market Value Covenant is reduced to be at any time minimum 110 % of the sum of the Loans and the Available Facility; and
- The Minimum Liquidity Covenant is reduced from MNOK 60 to MNOK 20.

### Note 11 New terms and certain amendments to the two Subsea credit facilities

In connection with the Rights Issue resolved in the Extraordinary General Meeting 26 January 2018, GC Rieber Shipping has negotiated better terms and certain amendments to the two Subsea credit facilities. The amendments include the following main elements;

- Amortisation  
80% reduction in amortisations until 31 December 2020 (compared to original amortisation schedule)
- Final maturity date  
31 December 2022
- Cash sweep  
Aggregate consolidated cash in the Company during the six months prior to the sweep date in excess of the following threshold amounts;
  - NOK 150 million in 2019
  - NOK 120 million in 2020 and onwardsFirst cash sweep at 15 June 2019 and semi-annually thereafter
- Interest rates  
No amendments
- Financial covenants  
Minimum free liquidity of NOK 40 million until 31 December 2021, NOK 50 million thereafter
- Loan to value  
110% until 31 December 2020
- Change of control  
If GC Rieber AS controls less than 50.1% of the Shares and votes in the Company or someone other than GC Rieber AS gains negative control in the Company.

From 1 January 2021, the original financial covenants will be reinstated, however with the amendments stated above.

No dividend payments or other distributions from the Company may be made without the prior consent of the banks.

Investments are limited to scheduled CAPEX and ordinary repairs related to the subsea vessels in the ordinary course of operation.

### **Note 12 First year debt instalments**

According to the applicable terms and conditions as of 31.12.2017 (before the Rights Issue), first year instalments consists of ordinary debt instalments of NOK 113.4 million, and NOK 56.7 million of postponed debt instalments originally due in the second half-year of 2017. The postponed debt instalments are due with NOK 25.5 million in January 2018, and NOK 31.2 million in March 2018.

According to the new terms and amendments negotiated in relation to the resolved Rights Issue, first year instalments will consist of ordinary debt instalments of NOK 22.7 million, and NOK 56.7 million of postponed debt instalments originally due in the second half-year of 2017.