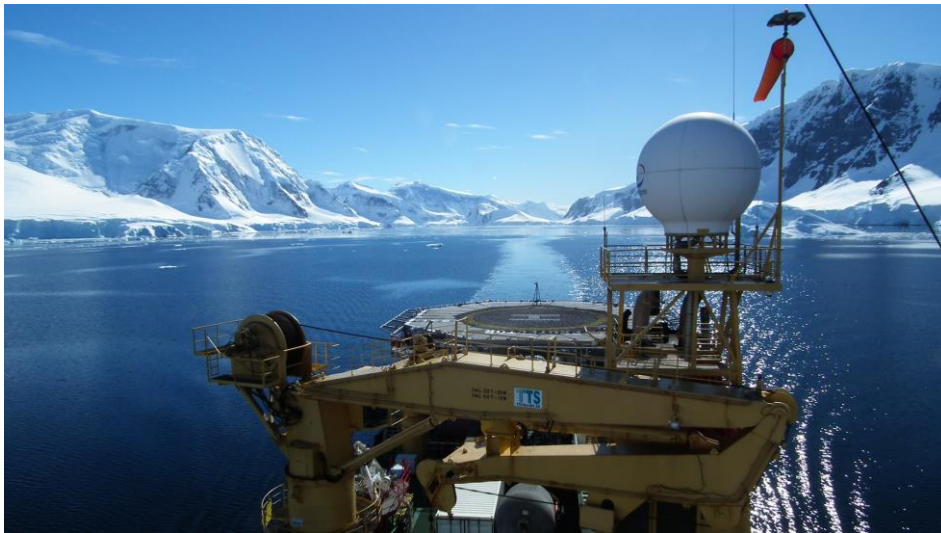




GCRIEBER

SHIPPING ASA



Interim report second quarter and first half-year 2019

(Unaudited)

Key events in the second quarter 2019

- Fleet utilization of 100% in a quarter with continued challenging market conditions¹
- Net profit of NOK 93.9 million, compared with a loss of NOK 9.0 million in the second quarter of 2018
- NOK 101.6 million book gain from sale of Ernest Shackleton
- Contract backlog of NOK 294 million as of 1 July 2019 ²
- Shearwater signed binding term sheet for a strategic partnership with CGG S.A. covering the purchase of five fully equipped high-end streamer vessels, a mutual commitment regarding vessel capacity, and the creation of a technology partnership

Events after the end of the period

- New time charter agreement signed for the CSV Polar Queen for a period of about 5 months in 2020
- Ship management agreement signed with Nexans Skagerrak AS for the cable laying vessels Nexans Skagerrak from Q3 2019 and newbuild Nexans Aurora from 2021
- Extension of the ongoing Polar King charter by up to two months until medio October 2019

Key figures (Unaudited)

Figures in NOK million	Q2 2019	Q2 2018	YTD 2019	YTD 2018	31.12.2018
Operating income	91.9	60.7	140.0	92.1	231.9
EBITDA	41.3	9.3	-20.8	-12.3	254.9
EBIT	108.5	7.6	16.1	-43.1	200.7
Profit before tax	93.9	-9.0	-10.6	-68.1	148.0
Net profit in the period	93.9	-9.0	-10.6	-68.1	148.1
Earnings per share	1.09	-0.16	-0.12	-1.19	1.72
Equity ratio	59.5%	49.3%	59.5%	49.3%	57.5%
Fleet capacity utilisation	100%	92%	92%	81%	91%
Number of shares (in million)	86.1	57.1	86.1	57.1	86.1

¹ Excluding marine seismic

² Excluding charterers' extension options and marine seismic

Operational review

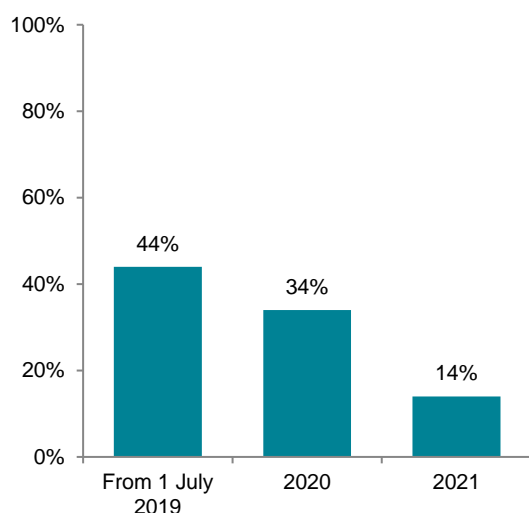
GC Rieber Shipping operates 12 and has direct and indirect ownership in 22 advanced special purpose vessels within the segments subsea, ice/support and marine seismic.

Capacity utilisation and contract backlog

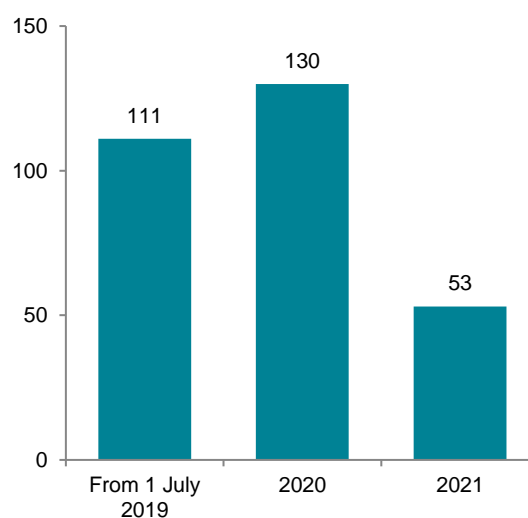
The fleet capacity utilisation was 100% in the second quarter of 2019 as Polar King, Polar Queen, Polar Onyx and the ice/support vessels were on charter for the entire period. Capacity utilization was 92% in the corresponding period of 2018.³

As of 1 July 2019, the company had a contract backlog of NOK 294 million, compared with NOK 515 million as of 1 July 2018. Contract coverage for the remainder of 2019, 2020 and 2021 was 44%, 34% and 14%, respectively.^{4 5} In July and August a five months contract for Polar Queen in 2020 and an extension of the ongoing Polar King charter have been secured.

Contract coverage



Contract backlog (figures in MNOK)



Contract updates in the second quarter of 2019

- Shearwater was successful in securing multiple acquisition projects, resulting in a confirmed backlog of more than 26 vessel-months in the third and fourth quarter of 2019.

Sale of Ernest Shackleton

- GC Rieber Shipping completed the sale of the icebreaking research vessel Ernest Shackleton to the new owner Istituto Nazionale di Oceanografia e di Geofisica Sperimentale (OGS) on 9 May 2019. The positive cash effect from the transaction was NOK 140 million and the book gain from the sale was NOK 101.6 million.

³ Excluding marine seismic

⁴ Including new contract for Polar Queen

⁵ Excluding charterers' extension options and marine seismic

Shearwater signs binding term sheet with CGG for high-end seismic vessels

In June, Shearwater GeoServices Holding AS, signed a binding term sheet with CGG S.A. (CGG). The term sheet covers the purchase of five fully equipped high-end streamer vessels jointly owned by CGG Marine Resources Norge AS and Eidesvik Offshore ASA by Shearwater, with a 5-year commitment from CGG to utilise strategic vessel capacity for future multiclient projects equivalent to two vessel years per year, securing Shearwater a commitment of cashflow and activity for the period. Additionally, the term sheet covers the creation of a streamer technology partnership, under the Sercel brand name and CGG's majority ownership, for the development, manufacturing, commercialisation and support of marine streamer seismic acquisition systems.

The completion of the transaction is subject to relevant regulatory and financial approvals.

GC Rieber Shipping owns 20% of Shearwater.

Contract updates after the end of the period

- GC Rieber Shipping signed a time charter agreement with a European client for the Polar Queen for a period of about five months with options to extend by up to one month. The vessel will perform accommodation services and walk-to-work duties in the British sector starting in April 2020 on the same project as the vessel has been engaged on during the 2018 and 2019 summer seasons.
- GC Rieber Shipping has entered into a ship management agreement with Nexans Skagerrak AS (Nexans), a wholly owned subsidiary of Nexans Norway AS, for the cable laying vessel Nexans Skagerrak. The agreement also includes management of the Nexans' state-of-the-art cable laying vessel Nexans Aurora once it is delivered from Ulstein yard in 2021.

The agreement is expected to be executed in the third quarter with hand-over of the vessel to GC Rieber Shipping in September 2019.

- GC Rieber Shipping and Nexans have extended the ongoing charter of CSV Polar King by up to two months. The vessel has been on charter with Nexans since January 2017 and was set to complete its charter in August. The vessel will now continue working until medio October.

Financial review (Unaudited)

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 91.9 million in the second quarter of 2019, compared with NOK 60.7 million in the corresponding period of 2018. The increase was mainly due to higher vessel utilisation and early redelivery fee for the Ernest Shackleton.

Operating income for the first half year of 2019 was NOK 140.0 million, compared with NOK 92.1 million in the same period of 2018.

EBITDA

EBITDA for GC Rieber Shipping amounted to NOK 41.3 million in the second quarter of 2019, compared with NOK 9.3 million in the second quarter of 2018.

For the first half year 2019, EBITDA was negative NOK 20.8 million, compared with negative NOK 12.3 million in the corresponding period of 2018.

Impairment

As of 30 June 2019, the company obtained vessel market values from two reputable brokers for each subsea vessel (three brokers are used when the value from the first two deviates by more than 10%) and performed impairment testing of the assets in the balance sheet. 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 resulted in an impairment of NOK 6.5 million in the second quarter of 2019.

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

Net financial items

Net financial items were negative by NOK 14.6 million in the second quarter of 2019, compared with negative NOK 16.6 million in the corresponding period of 2018.

The group does not use hedge accounting for currency exchange rates. As a result, exchange rate variations between USD and NOK may have a significant 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 period was NOK 0.1 million, compared with an unrealised currency loss of NOK 3.7 million for the same period of 2018.

Profit for the period

GC Rieber Shipping had a profit of NOK 93.9 million in the second quarter of 2019, compared with a loss of NOK 9.0 million for the corresponding period of 2018. The positive result in the second quarter of 2019 reflected the gain from the sale of Ernest Shackleton.

Loss in the first half year of 2019 was NOK 10.6 million, compared with a loss of NOK 68.1 million in the first half year of 2018.

Cash flow

Cash flow from operational activities as of 30 June 2019 was positive NOK 19.5 million, compared with negative NOK 16.2 million as of 30 June 2018.

Cash flow from investment activities was positive by NOK 106.8 million, compared with a positive cash flow of NOK 12.6 million for the corresponding period in 2018.

Cash flow from financing activities was negative by NOK 128.0 million as of 30 June 2019 and reflected payment of interests and instalments on the group's existing loans, of which NOK 93.6 million was debt instalment related to the cash-sweep agreement with the lending banks. Cash flow from financing activities in the corresponding period of 2018 was positive by NOK 16.9 million.

Net cash flow was negative by NOK 1.7 million, yielding a cash holding of NOK 202.4 million as of 30 June 2019.

Liquidity and financing

GC Rieber Shipping was in compliance with its financial covenants at 30 June 2019 and has been throughout the second quarter of 2019.

Interest-bearing liabilities	30.06.2019	30.06.2018
Liabilities at end period (NOK million)	1,092.4	1,154.9
Average liabilities (NOK million)	1,200.6	1,162.5
Average interest incl. margin	4.34%	4.00%
Proportion of liabilities in USD	100%	100%

Liquid assets	30.06.2019	30.06.2018
Bank and interest-bearing securities (NOK million)	202.4	108.2

As at 30 June 2019, GC Rieber Shipping had cash and bank deposits of NOK 202.4 million. As at 30 June 2018, the cash and bank deposits amounted to NOK 108.2 million in addition to restricted cash of NOK 61.2 million classified as long-term receivables. Net liabilities (liquid assets minus interest-bearing liabilities) amounted to NOK 889.9 million, compared with net liabilities of NOK 1 046.6 million as at 30 June 2018.

Equity

GC Rieber Shipping had a book equity of NOK 1,667.7 million as at 30 June 2019, corresponding to an equity ratio of 59.5%, up from 49.3% at the end of June 2018.

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.

Polar King has been chartered to Nexans Skagerrak AS from early 2017. The charter was recently extended until medio October 2019. Polar Onyx commenced a three-year charter for DeepOcean BV in February 2018. Polar Queen operated throughout the second quarter 2019 for an undisclosed client.

Key figures (in NOK million)	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Operating income	67.5	56.3	111.1	83.4
EBITDA	22.8	14.1	13.0	-4.9
EBIT	-10.6	14.3	-48.5	-32.1
Capacity utilisation (in %)	100%	86%	87%	67%

GC Rieber Shipping had a capacity utilisation of 100% for the subsea vessels in the second quarter of 2019, compared with 86% in the corresponding period of 2018.

Operating income amounted to NOK 67.5 million in the second quarter of 2019, compared with NOK 56.3 million in the second quarter of 2018. EBITDA amounted to NOK 22.8 million, compared with NOK 14.1 million in the corresponding period of 2018.

Ice/Support

Ernest Shackleton was on bareboat charter to the British Antarctic until the vessel was sold to OGS in May 2019.

Key figures (in NOK million)	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Operating income	24.4	4.4	28.9	8.7
EBITDA	19.9	4.4	24.3	8.6
EBIT	120.5	2.5	122.7	4.9
Capacity utilisation (in %)	100%	100%	100%	100%

The vessel had full capacity utilisation until the sale in May 2019. The operating income of NOK 24.4 million and EBITDA of NOK 19.9 million include early redelivery fee for Ernest Shackleton, while the EBIT of NOK 110.1 million included the gain from the sale of the same vessel. In comparison, the vessel had an operating income of NOK 4.4 million and an EBITDA of NOK 4.4 million in the second quarter of 2018.

Joint Ventures

Joint Venture - 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 owned through a 50/50 joint venture with MG Holding (Cyprus) Limited. GC Rieber Shipping's 50% stake is reported in the profit and loss statement under «profit from joint ventures».

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 of the profit for the second quarter of 2019 amounted to NOK 6.8 million, compared with NOK 4.7 million in the corresponding period of 2018.

Associated Company

Associated Company - Marine Seismic (Shearwater)

GC Rieber Shipping's stake in Shearwater is reported in the profit and loss statement under profit from associated company.

Shearwater operates as a global, customer-focused and technology-driven provider of marine geophysical services. Shearwater owns and operates a fleet of 14 fully equipped seismic vessels, offering a full range of acquisition services including 3D, 4D and ocean bottom seismic. The company also has a portfolio of proprietary streamer technology and processing software enabling effective execution of geophysical surveys and delivery of high-quality data. The company has approximately 600 employees and operates in all major offshore basins across the world. This combination makes Shearwater a leading global and technology-driven full-service provider of marine geophysical services, able to deliver exceptional customer solutions.

In the second quarter of 2019, Shearwaters active fleet spent 95% of its time executing or positioning for acquisition contracts.

Shearwater has seen an increase in tendering activity over the last two quarters. This has had a positive effect on the activity and pricing level. At the end of second quarter 2019, Shearwater had nine acquisition vessels in operation.

GC Rieber Shipping's share of profit for the second quarter of 2019 amounted to a loss of NOK 8.2 million, compared with a loss of NOK 13.9 million in the second quarter of 2018.

Shareholder information

The company's shares are listed on Oslo Børs with the ticker RISH. The company's holding of own shares is 54,800, i.e. 0.06% of the shares in the company.

In the second quarter of 2019, the group's shares were traded in a range from NOK 8.35 to NOK 10.40 per share. The 30 June 2019 closing price was NOK 8.80, which based on the 86,087,310 shares outstanding valued the group's equity at approximately NOK 758 million. At the end of June 2019, the company had 502 shareholders. 94.5% of the shares were owned by the 20 largest shareholders. Please refer to note 6 for a list of the 20 largest shareholders in the company as of 30 June 2019.

Risks and uncertainties

As described in GC Rieber Shipping's annual report for 2018, GC Rieber Shipping is exposed to a number of risks as 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 2018 for a more detailed description of the company's risk management and the most principal risk and uncertainty factors. The subsea and marine seismic markets are particularly exposed to the development in the oil and gas industry.

Outlook

GC Rieber Shipping's operations are exposed to developments in the markets for oil, gas and renewables. The oil price continues to be highly volatile and has fluctuated between USD 60 and USD 74 during the second quarter of 2019.

The increase of activity and market rates in the offshore market have been slower than expected. Despite a seasonal increase in the North Sea summer rates, current market rates remain at an unsustainable level. Furthermore, the market still appears to favour project-specific charters rather than longer term charters. The renewables market continues to absorb a notable share of the subsea fleet in Europe.

Polar Onyx is on a long-term contract until early 2021. Polar King continues its charter with Nexans until early fourth quarter of 2019. Polar Queen will continue its current charter until end of third quarter 2019 and has secured a five months contract starting in second quarter of 2020.

Shearwater, 20% owned by GC Rieber Shipping, is a leading global marine seismic services provider. Shearwater has been awarded several contracts for 2019 by major international oil companies and multicient companies. Activity and rates continue to reflect an improved marine seismic market. Shearwater will further strengthen its market position through the announced strategic partnership agreement with CGG, expected to close within the end of the year.

GC Rieber Shipping provides ship management for specialised vessels on behalf of third-party owners. Following the announcement of the ship management agreement with Nexans, the fleet of third-party vessels under management will increase to eight vessels.

The current market for ice/support is stable and strong. GC Rieber Shipping has a unique track record within ice operations and will continue to pursue new attractive opportunities in this segment.

About GC Rieber Shipping

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

GC Rieber Shipping operates 12 and has direct and indirect ownership in 22 advanced special purpose vessels within the segments subsea, ice/support and marine seismic.

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.

Responsibility statement

We confirm, to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2019 has been prepared in accordance with the IAS 34 – Interim Financial Reporting, and that the information gives a true and fair view of the group’s assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim report includes a fair review of important events that have occurred in the accounting period and their impact on the financial statements, a description of the principal risks and uncertainties for the coming accounting period, and major related parties’ transactions. For further details on risks and uncertainties that the company is exposed to, shareholders are advised to refer to the company’s annual report for 2018.

Bergen, 22 August 2019

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

Paul-Chr. Rieber, Chairman
Morten Foros Krohnstad, Vice Chairman
Trygve Bruland, Board Member
Tove Lunde, Board Member
Bodil Valland Steinhaug, Board Member

Einar Ytredal, CEO

GC RIEBER SHIPPING ASA
Second quarter and first-half year 2019
Consolidated income statement
(Unaudited)

	Note	2Q 2019	2Q 2018	30.06.2019	30.06.2018	31.12.2018
Charter income		58 545	54 067	100 572	81 814	206 228
Other income		33 339	6 650	39 422	10 290	25 682
Total income	3	91 884	60 718	139 994	92 104	231 910
Operating expenses		-49 188	-42 216	-102 681	-88 366	-194 513
Sale of shares in joint venture		0	0	0		310 254
Profit from joint venture and associates		-1 425	-9 189	-58 151	-16 024	-92 754
EBITDA*		41 271	9 313	-20 838	-12 287	254 897
Depreciation		-27 847	-27 960	-58 157	-57 056	-110 003
Write-downs		-6 504	26 210	-6 504	26 210	55 761
Gains (losses) on sale of fixed assets		101 570	0	101 570	0	0
Operating profit		108 491	7 563	16 071	-43 133	200 655
Financial income		1 013	593	1 013	1 047	1 998
Financial expenses		-15 522	-13 633	-29 832	-26 585	-54 735
Realised currency gains (losses)		-137	173	-655	1 037	-85
Unrealised currency gains (losses)		72	-3 698	2 836	-472	199
Net financial income and expenses		-14 574	-16 564	-26 639	-24 972	-52 624
Profit / loss before taxes		93 916	-9 001	-10 568	-68 105	148 032
Taxes		0	0	0	0	107
Profit / loss for the period		93 916	-9 001	-10 568	-68 105	148 139
Earnings and diluted earnings per share (based on average number of shares)		1,09	-0,16	-0,12	-1,19	2,68

Consolidated statement of comprehensive income

	2Q 2019	2Q 2018	30.06.2019	30.06.2018	31.12.2018
Profit for the period	93 916	-9 001	-10 568	-68 105	148 139
Other comprehensive income					
Foreign currency translation subsidiaries continuing operations	-15 374	51 799	-24 926	-7 341	84 064
Changes in pension estimates	0	0	0	0	316
Total comprehensive income / loss for the period net of tax	78 542	42 798	-35 493	-75 446	232 519

* Operating profit before depreciation, write-downs and gains (losses) on fixed assets

GC RIEBER SHIPPING ASA
Second quarter and first-half year 2019
Consolidated statement of financial position
(Unaudited)

Assets	Note	30.06.2019	30.06.2018	31.12.2018
Vessels	4	1 686 623	1 681 562	1 770 606
Machinery and equipment	4	18 869	25 815	22 362
Financial fixed assets		831 797	414 231	921 562
Long term receivables and restricted cash	7	2 714	61 199	0
Total fixed assets		2 540 004	2 182 806	2 714 530
Inventories		4 672	1 657	2 328
Receivables		56 552	61 449	56 264
Cash and bank deposits	5	202 447	108 218	204 164
Total current assets		263 672	171 324	262 755
Total assets		2 803 675	2 354 130	2 977 286
Equity and liabilities	Note	30.06.2019	30.06.2018	31.12.2018
Restricted equity		441 369	195 196	441 369
Retained earnings		1 226 372	965 312	1 269 707
Total equity	6	1 667 741	1 160 508	1 711 077
Provision for liabilities	7	11 001	7 401	7 321
Other long-term liabilities	5	1 068 811	1 132 291	1 195 729
First year instalments		23 554	22 560	24 025
Current liabilities		32 568	31 370	39 135
Total liabilities		1 135 934	1 193 622	1 266 209
Total equity and liabilities		2 803 675	2 354 130	2 977 286

GC RIEBER SHIPPING ASA
Second quarter and first-half year 2019
Consolidated statement of cash flows
(Unaudited)

	Note	30.06.2019	30.06.2018	31.12.2018
EBITDA		-20 838	-12 287	254 897
Change in net current assets		40 352	-3 957	-218 746
Net cash from operating activities		19 514	-16 244	36 151
Acquisition of tangible fixed assets		-25 052	-32	-1 220
Sale of tangible fixed assets		117 090	0	0
Other investing activities		14 720	12 599	-209 307
Net cash from investment activities		106 758	12 567	-210 527
New loans and repayments	7	-105 450	-62 165	-79 449
Net payment of equity		0	96 417	338 158
Net interest paid		-22 541	-17 372	-49 456
Net cash from financing activities		-127 991	16 880	209 253
Net change in liquidity		-1 718	18 759	34 877
Liquidity at beginning of period (incl restricted cash)		204 164	169 287	169 286
Restricted cash		0	-58 330	0
Liquidity at end of period		202 447	129 716	204 164

GC RIEBER SHIPPING ASA
Second quarter and first-half year 2019
Consolidated statement of changes in equity
(Unaudited)

	Share capital	Own shares	Share Premium reserve	Other equity	Total equity
Balance at 01.01.2018	78 863	-271	16 604	1 044 438	1 139 635
Profit for the year				232 519	232 519
Capital increase March	24 000		76 000	-3 682	96 318
Capital increase December	52 094		193 906	-4 160	241 840
Sale of own shares		173	590	0	763
Balance at 31.12.2018	154 957	-98	287 100	1 269 116	1 711 077
Balance at 01.01.2019	154 957	-98	287 100	1 269 116	1 711 077
Profit for the year				-35 493	-35 493
Balance at 30.06.2019	154 957	-98	287 100	1 225 781	1 667 741

GC RIEBER SHIPPING ASA
Second quarter and first-half year 2019
Group
(Unaudited)

Note 1 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 2018 were approved by the Board of Directors on 14 March 2019. The consolidated financial statement for the year ended 31 December 2018 with notes and auditor's report are available on our website at www.gcrieber-shipping.com.

Accounting principles

The Group's financial reporting is in accordance with International Financial Reporting Standards (IFRS). The consolidated interim accounts at 30 June 2019 have been prepared in accordance with IAS 34 Interim financial reporting. As of January 2019, the Group has adopted IFRS 16. The Group has assessed the new standard, please see note 10 for further details. 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 2018 Group accounts. The condensed, consolidated quarterly financial statements were approved by the Board of Directors on 22 August 2019.

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.

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 2018 and the most important sources of estimate uncertainty are the same as for preparation of the 2018 Group financial statements.

Related parties

The Group makes purchase and sales transactions with related parties as part of the normal business operations. Note 17 of the 2018 annual report describes 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.

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 2018.

Note 2 Segment

The Group's management team, as presented on the Group's website, examines the Group's performance from a product and geographical perspective when defining operating segments. The management team has defined three operating segments; subsea, ice/support and marine seismic. However, as the Group's marine seismic segment now in its entirety is held through the stake in Shearwater and accounted for by the equity method, marine seismic is no longer reported as a separate segment, neither in management reporting nor financial reporting. Investments in joint ventures & associates are presented as a separate segment in management and financial reporting.

The geographic perspective is not a focal point in the internal management reporting for either of the segments.

The segments are considered to have different operational and financial risk profiles. Any transactions between the segments are carried out at arm's length and eliminated in the consolidated financial statements.

Subsea

The Group owns and operates three vessels within the subsea segment; Polar King, Polar Queen and Polar Onyx. The vessels are primarily used for construction, inspection, maintenance and repair of subsea installations and cables as well as offshore windmills.

Ice/support

GC Rieber Shipping owned one vessel within the reported ice/support segment, the RSS Ernest Shackleton. The vessel was sold in May 2019.

Joint ventures & associates

Joint ventures include the 50% owned vessels operating in Russia. The 20% owned marine geophysical company Shearwater is presented as an associated company in the segment report.

	2Q 2019	2Q 2018	30.06.2019	30.06.2018	31.12.2018
Ice/support	24 418	4 382	28 878	8 712	17 347
Subsea	67 466	56 335	111 116	83 392	214 563
Operating income	91 884	60 718	139 994	92 104	231 910
Ice/support	19 905	4 355	24 298	8 616	17 080
Subsea	22 792	14 147	13 015	-4 878	20 317
Sale of shares in joint venture	0	0	0	0	310 254
Associates - Seismic	-8 182	-13 886	-69 064	-24 085	-125 965
JV - Ice/support	6 757	4 697	10 913	8 061	33 211
EBITDA*	41 271	9 313	-20 838	-12 287	254 897
Ice/support	120 523	2 497	122 732	4 942	9 541
Subsea	-10 607	14 256	-48 510	-32 051	-26 385
Sale of shares in joint venture	0	0	0	0	310 254
Associates - Seismic	-8 182	-13 886	-69 064	-24 085	-125 965
JV - Ice/support	6 757	4 697	10 913	8 061	33 211
Operating profit	108 491	7 563	16 071	-43 133	200 655

* Operating profit before depreciation, write-downs and gains (losses) on fixed assets

Note 3 Income

	Q2 2019	Q2 2018	YTD 30.06.2019	YTD 30.06.2018	2018
TC hire	57 040	49 685	94 606	73 102	188 881
BB hire	1 505	4 382	5 965	8 712	17 347
Other income	33 340	6 651	39 422	10 291	25 682
Income - external customers	91 884	60 718	139 994	92 105	231 910
Time of income recognition					
At a point in time	0	0	0	0	0
Over time	91 884	60 718	139 994	92 105	231 910
Total	91 884	60 718	139 994	92 105	231 910

TC hire (time charter hire) are revenues were the Group are to deliver vessels, equipment and crew as a service to the customer based on a fixed fee/day rate. A time charter contract can be divided into a bareboat element and a service component. Out of total income per 30.06.2019, the bareboat element constitutes to approximately NOK 43 million. Remaining income qualifies as IFRS 15 income.

Other income are additional services provided in connection with for example time charter contracts and fees for technical support and operation of third-party vessels. Early redelivery fee for the vessel Ernest Shackleton is included in other income.

Terms of payment in contracts with customers are from 30-45 days depending on contract.

Note 4 Fixed assets

	Vessels and periodic maintenance	Machinery and equipment
Net book value 01.01.2019	1 770 606	22 362
Additions	28 123	0
Disposals	-17 535	0
Depreciation	-54 711	-3 446
Impairment	-6 457	-47
Changes in translation differences	-33 403	0
Net book value 30.06.2019	1 686 623	18 869

All vessels have carrying amounts in USD, which are converted to NOK by using the exchange rate on the balance sheet date in the consolidated financial statements. Changes in the exchange rate USD/NOK result in translation differences, which are recognised in the comprehensive income. Accumulated exchange translations are included in the amounts above.

Note 5 Cash sweep

When negotiating revised terms and certain amendments to the two subsea credit facilities in early 2018, the new terms and amendments included the following cash sweep mechanism;

- Cash sweep of the average 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 onwards

First cash sweep in June 2019 and semi-annually thereafter.

First cash sweep payment in June 2019 was NOK 93.6 million, which included cash sweep related to sale of the vessel Ernest Shackleton.

For further information about terms and amendments, please refer to note 14 to the group's annual report for 2018.

Note 6 Overview of shareholders

The 20 largest shareholders in GC Rieber Shipping ASA as of 30 June 2019 (outstanding shares):

Name	Number of shares	Owner's share
GC Rieber AS	66 145 908	76,8 %
AS Javipa	2 003 492	2,3 %
GC Rieber Fondet	1 975 167	2,3 %
Pareto Aksje Norge Verdipapirfond	1 633 179	1,9 %
Viben AS	1 334 435	1,6 %
Celsius As	1 328 768	1,5 %
Trioship Invest AS	1 190 000	1,4 %
Tannlege Randi Arnesen AS	850 000	1,0 %
Delta A/S	820 000	1,0 %
Johanne Marie Rieber Martens Allm. Fond	786 654	0,9 %
Pelicahn AS	685 166	0,8 %
Storkleiven AS	600 000	0,7 %
Benedicte Martens Nes	386 250	0,4 %
Dag Fredrik Jebsen Arnesen	320 000	0,4 %
Triofa 2 AS	278 001	0,3 %
Mikkel Martens	225 949	0,3 %
Thorild Marie Rong	210 648	0,2 %
Bergen Råvarebørs II AS	208 668	0,2 %
Tigo AS	186 359	0,2 %
Stian Strøm Arnesen	170 000	0,2 %
Arild Nøst Arnesen	167 252	0,2 %
Other Shareholders	4 581 414	5,3 %
Outstanding Shares	86 087 310	100,0 %

Note 7 New International Financial Reporting Standards

IFRS 16 "Leases" sets out the principles for the recognition, measurement and disclosure requirements for both parties to a lease contract. IFRS 16 is effective for reporting periods beginning on or after 1 January 2019. The Group adopted IFRS 16 on the effective date using a modified retrospective approach and will not restate comparative information.

Under the new standard, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of a lease as either an operating lease or finance lease for lessees. For short term leases for periods of 12 months or less or the lease is for a low-value asset a single model is introduced. This model will require lessees to recognise most leases on the Consolidated Balance Sheet as lease liabilities and to be amortized over the useful life (lease period).

The Group is both a lessor, as it charters vessels to customers, and a lessee. The new requirements will primarily affect the Group's accounting for the operating leases as a lessee. The accounting for lessors will not significantly change.

The Group has long term lease agreements on office buildings and warehouses that will be affected by implementation of IFRS 16. For the Group, these lease commitments will result in the recognition of an asset (right-of-use) and a liability for a period of time.

On 1 January 2019 the Group recognized a Right-of-use asset of NOK 3.6 million and corresponding lease liability of NOK 3.6 million. As permitted by IFRS 16, the Group chose to measure the right-of-use asset equal to the amount of the liability at the implementation date. The future payments under each lease arrangement have been discounted using the incremental borrowing rate applicable to the leased assets in order to calculate the lease liability recognized on the date of adoption.

There will be no significant changes the Group's profit but the cash flow statement for leases will be affected with lease payments being presented as financing activities as opposed to operating activities. Some of the Groups commitments relates to arrangements that will not qualify as leases under IFRS 16.

Operational leasing

The Group charters its owned vessels under charter parties of varying duration to different charterers, both bareboat and time charter. Lease income from lease of vessels is reported to the profit and loss account on a straight-line basis for the duration of the lease period. The lease period starts from the time the vessel is put at the disposal of the lessee and terminates on the agreed date for return of the vessel. Future minimum nominal lease payments arising from contracts as at 30 June 2019, amounts to NOK 30.3 million in 2019 and NOK 32.6 million in 2020. The lease payments include bareboat contracts and bareboat components from time charter contracts.

Right-of-use assets – lease liabilities

Right of use assets	
Figures in NOK million	30.06.2019
Net present value of lease liabilities	3,62
Initial direct cost	0
Balance at 1 January	3,62
Depreciation	- 0,90
Balance at period end	2,71

Lease Liabilities	
Figures in NOK million	30.06.2019
Net present value of lease liabilities	3,62
Balance at 1 January	3,62
Lease payments during the period	- 0,90
Balance at period end	2,71

Note 8 Performance measurement definitions

Alternative performance measurements

The Group presents alternative performance measurements (APM) that are regularly reviewed by management and aim to enhance the understanding of the Group's performance. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described below.

Measure	Description	Reason for including
Operating profit before depreciation (EBITDA)	EBITDA is defined as operating profit, before impairment of tangible and intangible assets, depreciation of tangible assets. EBITDA represents earnings before interest, tax and depreciation, and is a key financial parameter for the Group.	This measure is useful in evaluating operating profitability on a more variable cost basis as it excludes depreciation and impairment related primarily to acquisitions that occurred in the past. EBITDA shows operating profitability regardless of capital structure and tax situations
Operating profit (EBIT)	EBIT represents earnings before interest and tax.	EBIT shows operating profitability regardless of capital structure and tax situations.
Net interest-bearing debt	Net interest-bearing debt consists of both current and non-current interest-bearing liabilities less interest bearing financial assets, cash and cash equivalents.	Net interest-bearing debt is a measure of the Group's net indebtedness that provides an indicator of the overall statement. It measures the Group's ability to pay all interest-bearing liabilities within available interest-bearing financial assets, cash and cash equivalents, if all debt matured on the day of the calculation. It is therefore a measurement of the risk related to the Group's capital structure.
Equity ratio	Equity divided by assets at the reporting date.	Measure capital contributed by shareholders to fund the Group's assets.
Earnings per share	Earnings divided by number of shares outstanding.	Measures the Group's earnings on a per-share basis.

Other definitions

Measure	Description
Market value	Calculated average vessel value between several independent brokers' estimates based on the principle of "willing buyer and willing seller".
Capacity utilisation	Capacity utilisation is a measure of the Group's ability to keep vessels in operation and on contract with clients, expressed as a percentage. The capacity utilisation numbers are based on actual available days.
Contract coverage	Sum of undiscounted revenue related to secured contracts in the future. Optional contract extensions as determined by the client in the future are not included.