Prospectus

ARROW SEISMIC ASA

Arrow Seismic ASA

Offering of up to 5,250,000 New Shares
(with an over-allotment facility of up to
787,500 additional Shares)

Indicative price range:
NOK 65 – NOK 73 per share

Subscription Period Retail Offering:
From and including 14 May to and
including 24 May 2007 at 16:30 (CET)

Book-building Period Institutional Offering:
From and including 14 May to and
including 24 May 2007 at 16:30 (CET)

Application for Listing

Global coordinator, Lead Manager
and Bookrunner:

Carnegie

Joint-lead Manager:

KAUPTHING

Nordea

11 May 2007

IMPORTANT INFORMATION

This Prospectus has been prepared in connection with (i) the application for listing of the Shares of Arrow Seismic ASA (the "Company" or "Arrow") on Oslo Børs or alternatively Oslo Axess (the "Listing"), (ii) an institutional offering (the "Institutional Offering") and a retail offering in Norway (the "Retail Offering") (together the "Offering") and iii) listing of up to 5,250,000 new shares in the Company (the "New Shares") and listing of any additional new shares issued by the Company through exercise of the Over-allotment Option.

The Company has furnished the information in this Prospectus. The Managers make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Managers. This Prospectus has been prepared to comply with the Norwegian Securities Trading Act and related secondary legislation, including the EC Commission Regulation EC/809/2004. Oslo Børs has reviewed and approved this Prospectus in accordance with the Norwegian Securities Trading Act Section 5-7. This Prospectus has been published in an English version only. All inquiries relating to this Prospectus should be directed to the Company or the Managers. No other person has been authorised to give any information about, or make any representation on behalf of, the Company in connection with the Listing and the Offering and, if given or made, such other information or representation must not be relied upon as having been authorised by the Company or the Managers.

The information contained herein is as of the date hereof and subject to change, completion or amendment without notice. There may be changes affecting the Company or its subsidiaries subsequent to the date of this Prospectus. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Prospectus but before the Listing will be published and announced promptly as a supplement to this Prospectus in accordance with section 5-15 of the Norwegian Securities Trading Act. Neither the delivery of this Prospectus nor the completion of the Listing and Offering at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time after the date hereof.

The distribution of this Prospectus and the offering and sale of the Offer Shares may in certain jurisdictions be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer of, or an invitation to subscribe or purchase, any of the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. No one has taken any action that would permit a public offering of shares to occur outside of Norway.

The Offer Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Offer Shares are being offered in the United States only to a limited number of qualified institutional buyers ("QIBs") as defined in, and in reliance on, the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act ("Rule 144A") and outside the United States in accordance with Regulation S under the Securities Act ("Regulation S"). Prospective purchasers in the United States are hereby notified that sellers of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For further details, see section 5.23 "Notice to prospective investors in the United States".

The Offer Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Offer Shares or the accuracy or the adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B"), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each reader of this Prospectus should consult with its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

In the ordinary course of their respective businesses, the Managers and certain of their respective affiliates have engaged, and may continue to engage in, investment and commercial banking transactions with the Company and its subsidiaries.

Without limiting the manner in which the Company may choose to make any public announcements, and subject to the Company's obligations under applicable law, announcements relating to the matters described in this Prospectus will be considered to have been made once they have been received by Oslo Børs and distributed through its information system.

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1. SUMMARY

The following summary should be read as an introduction, and is qualified in its entirety, by the more detailed information and the Appendices appearing elsewhere in this Prospectus. Any decision to invest in the Shares should be based on a consideration of the Prospectus as a whole.

In the event that a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff Investor may have to bear the cost of translating the Prospectus before legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

When used herein, "Arrow Seismic", "Arrow", the "Group" and the "Company" refer to Arrow Seismic ASA and its consolidated subsidiaries, unless the context otherwise requires. For the definitions of terms used throughout this Prospectus, see section 16 "Definitions and Glossary of Terms" of this Prospectus.

1.1 INTRODUCTION TO ARROW

Arrow Seismic ASA is a Norwegian Public Limited Company incorporated on 27 October 2005 with its head offices in Bergen, Norway. Arrow Seismic ASA is the parent company in a group consisting of seven UK companies. The business activities of Arrow represent a continuance of the seismic operation of its parent company GC Rieber Shipping ASA ("GC Rieber Shipping"), which has almost 40 years of experience within the seismic industry.

Arrow develops, owns and operates advanced state-of-the-art vessels for the marine seismic industry. Arrow presently owns and operates two multi streamer vessels and has purchased three vessels planned for conversion to 2D/Source vessels in 2007/2008. Further, Arrow has ordered four state-of-the-art high capacity seismic new buildings for delivery in 2008 and 2009, bringing total investments since incorporation to about USD 600 million.

Arrow has taken advantage of the strong momentum in the seismic market by way of entering into a firm contract with WesternGeco for the first state-of-the-art high capacity seismic new building to be delivered in Q1 2008. The contract comprises a charter for the vessel for a fixed period of three years and a purchase agreement under which the ownership of the vessel will be transferred to WesternGeco upon expiry of the charter period. Furthermore, Arrow and WesternGeco are in the process of finalising a similar contract for the second new building to be delivered in Q4 2008. Arrow has also entered into a non-binding Letter of Intent with CGGVeritas for a firm 12 year bare boat charter for the third new building vessel estimated to be delivered in Q2 2009, whereupon the continuation will be regulated by a put/call option for the sale and purchase of the vessel. Currently, Arrow has two multi-streamer seismic vessels operating on contracts.

To supply Arrow with the equity required to finance the investment in the two first high capacity new buildings, Arrow arranged a private offering of approximately USD 50 million in February 2006, mainly towards Norwegian and international institutional investors.

1.2 PURPOSE AND BACKGROUND OF THE LISTING

The application for Listing of the Shares is an important element in the Company's strategy. Through the Listing, the Company will be able to provide a regulated marketplace for trading of the Shares, involving continuous market pricing of, and liquidity in, the Shares. The Listing will facilitate the use of capital markets in order to effectively raise equity to support future growth thereunder enabling the Company to effectively use Shares as transaction currency in future acquisitions or mergers. In addition, the Company believes that the Listing will help to further strengthen Arrow's profile in the markets in which it operates.

1.3 THE LISTING

The Company's Shares are not currently listed on Oslo Børs or any other authorised market, but trade on the Norwegian OTC market under the ticker-code "ARRO". The Company expects that the Board of Oslo Børs will resolve on 24 May 2007 to approve the Listing of the Shares of the Company. The first day of trading is expected to be on or about 30 May 2007 under the new ticker symbol "ARROW".

As long as the Company's Shares are listed on Oslo Børs (or Oslo Axess), all ordinary Shares issued by the Company will automatically be listed on Oslo Børs (or Oslo Axess) as soon as the relevant share capital increase has been registered with the Norwegian Register of Business Enterprises and such Shares have been registered on the subscriber's VPS accounts and, if required, a prospectus for the listing of such Shares has been approved by Oslo Børs.

1.4 SUMMARY OF RISK FACTORS

A number of risk factors may adversely affect the Company. Below is a brief summary of some of the most relevant risk factors described in Section 2 "Risk factors".

- Environmental risks – Changes in environmental laws may put new burdens on the Company.
- Market risks – Decreases in oil and gas prices, E&P spending and the supply of seismic vessels may affect the demand for seismic services.
- Limited operating history – The Company was formally established in October 2005 and has financial information for a limited period of time upon which prospective investors can evaluate the Company's future performance. However, the activity of the Company represent a continuation of GC Rieber Shipping's seismic operation as further described in section 6.3.
- Operational risks – The Company's assets are concentrated in one single industry.
- Newbuildings and conversion risk – Delays and cost overruns related to newbuilding projects and conversion projects may occur.
- Sub-contractors – The Company could become liable for sub-contractors' failure to deliver key materials, components, services, etc.
- Competition – The seismic industry is highly competitive.
- Redeployment risks – There is uncertainty attached to whether options will be exercised and contracts extended.
- Exchange rate risks – The Company's business has USD as its primary functional currency. The Company is exposed to expenses incurred in currencies other than USD, such as NOK and EUR.
- Credit risk – The financial position of the Company's major partners may materially change during the contract period.
- Contractual risk – The Company is party to contracts under which certain conditions have to be met in order for the contracts to become effective between the parties thereto. Thus, the eventuality of non-fulfilment of such conditions represents a risk factor for the Company.
- Purchase agreements and purchase options – The use of purchase agreements and purchase options may result in decreased revenue and cash flows for the Company from having fewer vessels operating in its fleet.
- Management and supervision – Arrow is dependent on GC Rieber Shipping's performance as management company for the Company's fleet.
- Financial resources – Cash flow from operations may not be sufficient to fund ongoing activities and implement the Company's business plan.
- Access to personnel – The Company may need to attract personnel to expand its business and execute strategy.
- Tax risk – The Company is exposed to risk regarding application of tax regulations as well as possible changes in tax regulations in the regions in which the Company carries out its business.
- The UK tonnage tax regime is currently being reviewed. It is possible that certain vessels will be excluded from the regime in the future depending on the outcome of the review. It is not possible to conclude whether seismic vessels will be amongst those types of vessels specifically excluded.
- Spanish tax lease – The Company is exposed to risk regarding contractual performance of certain Spanish tax lease arrangements, as well as possible changes in the Spanish tax lease regulations.

- Geopolitical risks – Changes in political regimes will constitute a material risk factor for the Company’s operations in foreign countries.
- War, other armed conflicts and terrorist attacks – War, military tension and terrorist attacks could cause instability in the world’s financial and commercial markets.
- Insurance – Insurance coverage may not fully cover losses or damages suffered by the Company.
- Share related risks – Price volatility of the Shares, control by GC Rieber Shipping, potential dilution of shareholders and nominee accounts and voting rights.

If any of these risks or uncertainties actually occurs, the business, operating results and financial condition of the Company could be materially and adversely affected. The risks presented in this Prospectus are not exhaustive, and other risks not discussed herein may also adversely affect the Company. Prospective investors should consider carefully the information contained in this Prospectus and make an independent evaluation before making an investment decision.

1.5 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

1.5.1 Board of Directors

The Board consists of five members; Sven Rong (Chairman), Jan Svein Krokeide (Vice Chairman), Arne Birkeland, Eva Løkeland Lerøy and Anne Marit Steen. For more information, please refer to Section 10.1.

1.5.2 Senior management

The group executive management is comprised of Hans Petter Amundsen Klohs (CEO) and Mark Ashton-Taylor (Managing Director Arrow Seismic UK Group). For more information, please refer to Section 10.2.

1.5.3 Employees

As of the date of this Prospectus, Arrow and its subsidiaries have no employees. Management services are purchased under service agreements with GC Rieber Shipping AS and GC Rieber Shipping Ltd., currently affiliate companies of Arrow. For more information, please refer to sections 10.5 and 14.4.

1.6 ADVISORS AND AUDITORS

1.6.1 Managers

Carnegie ASA, P.O.Box 684 Sentrum, 0106 Oslo, Norway is acting as global coordinator, lead manager and bookrunner for the Listing and the Offering. Kaupthing ASA, P.O. Box 1914 Vika, 0125 Oslo, Norway is acting as joint–lead manager for the Offering.

1.6.2 Legal counsel

The Company’s legal counsel is Wikborg Rein & Co, Olav Kyrresgate 11, P.O.Box 1233 Sentrum, 5811 Bergen, Norway.

1.6.3 Independent Auditor

The Company’s independent auditor is Ernst & Young, Lars Hillesgate 20 A, 5008 Bergen, Norway. For further information, please refer to Section 8.4.

1.7 SUMMARY OF OPERATING AND FINANCIAL INFORMATION

1.7.1 Historical financial information

Table 1-1: Summary of income statements for Arrow Seismic ASA

Income statement (USD 1,000')	Reviewed IFRS 3 Months ended 31 March 2007	Unaudited IFRS 3 Months ended 31 march 2006	Audited IFRS 12 Months ended 31 December 2006	Audited IFRS 12 Months ended 31 December 2005*
Revenues	**5,586**	**814**	**9,572**	**518**
Operating expenses (excluding depreciation and amortisation)	(2,104)	(317)	(5,992)	(121)
EBITDA	**3,482**	**497**	**3,580**	**397**
Depreciation and amortisation	(2,932)	(522)	(5,042)	(203)
Operating profit (loss)	**550**	**(25)**	**(1,462)**	**194**
Net finance	(3,417)	(1,478)	(4,431)	(182)
Profit (loss) before tax	(2,867)	(1,502)	(5,893)	12
Tax	(270)	0	(669)	16
Net income (loss) for the period	**(3,137)**	**(1,502)**	**(6,561)**	**28**

* From inception 27 October 2005

	Reviewed IFRS 3 Months ended 31 March 2007	Unaudited IFRS 3 Months ended 31 march 2006	Audited IFRS 12 Months ended 31 December 2006	Audited IFRS 12 Months ended 31 December 2005*
Earnings (loss) per share – basic (USD)	(0.170)	(0.135)	(0.376)	(0.003)
Earnings (loss) per share – diluted (USD)	(0.170)	(0135)	(0.376)	(0.003)
Dividend per share (USD)	0	0	0	0

*From inception 27 October 2005

Table 1-2: Summary of balance sheets for Arrow Seismic ASA

Balance sheet (USD 1,000')	Reviewed IFRS 31 March 2007	Unaudited IFRS 31 march 2006	Audited IFRS 31 December 2006	Audited IFRS 31 December 2005
Total non-current assets	156,638	68,767	134,485	48,110
Total current assets	23,429	60,858	27,952	34,974
Total assets	**180,067**	**129,625**	**162,437**	**83,084**
Total equity	90,262	91,160	90,427	46,620
Total non-current liabilities	68,393	28,095	57,889	30,056
Total current liabilities	21,412	10,370	14,121	6,409
Total equity and liabilities	**180,067**	**129,625**	**162,437**	**83,084**

1.7.2 Summary of operating and financial review

The "Geo Atlantic" was until February 2006 employed on a bare boat contract to Polar Ship Invest AS, an affiliate company, operating within offshore subsea support. Most of the revenue in Q1 2006 relates to this bare boat contract. Later in Q1 2006, the vessel started conversion to a state-of-the-art high capacity seismic vessel. The conversion was more time consuming than originally planned and was completed medio October 2006, where after the "Geo Atlantic" commenced on a seven year fixed charter to Fugro Geoteam AS whereupon the charterer has a 2 x 2 year option. In addition, the "CGG Laurentian" has since it was purchased 1 July 2006 been employed under a time charter with CGGVeritas which expires in September 2008 whereafter CGGVeritas has an option to extend the charter party for either two or three years.

Summary of comparison of three months ended 31 March 2007 and 2006

The Group's consolidated income was USD 5.6 million (2006: USD 0.8 million). The increase in income was due to operations for three months compared to two months in 2006 regarding "Geo Atlantic" and income from the vessel "CGG Laurentian" (purchased 1 July 2006).

EBITDA was USD 3.5 million (2006: USD 0.5 million). The figures are not directly comparable for the same periods in each year, due to operations for three months in 2007 compared to two months in 2006, rebuilding of the vessel "Geo Atlantic" from Q1 (ending October 2006) and purchase of the vessel "CGG Laurentian" in July 2006.

Operating profit (EBIT) was USD 0.6 million (2006: USD -0.0 million).

Based on operating profit as discussed above and the effect of foreign exchange and net interest expenses, net profit was USD -3.1 million (2006: USD -1.5 million).

Summary of comparison of years ended 2006 and 2005

The Group's consolidated income was USD 9.6 million (2005: USD 0.5 million). The increase in income was due to operations for twelve months compared to two months in 2005 and income from the vessel "CGG Laurentian" acquired 1 July 2006.

EBITDA was USD 3.6 million (2005: USD 0.5 million). The figures are not directly comparable for the same periods in each year, due to operations for twelve months in 2006 compared to two months in 2005, rebuilding of the vessel "Geo Atlantic" from Q1 (ending October 2006) and purchase of the vessel "CGG Laurentian" in July 2006.

Operating profit (EBIT) was negative USD 1.5 million (2005: USD 0.2 million).

Based on operating profit as discussed above and the effect of foreign exchange and net interest expenses, net profit was USD –6.6 million (2006: USD 0.0 million).

1.7.3 Trends and significant changes in the Company's financial or trading position since 31 March 2007

The seismic market is developing positively, driven by increased E&P spending by oil companies. Arrow's contract situation makes the group well positioned to take advantage of an expected continued strong seismic market over the next couple of years. The contract and letters of intent with seismic majors WesternGeco and CGGVeritas for the first three high capacity new buildings due for delivery in 2008 and 2009, confirm Arrow's position as a leading supplier of high capacity seismic vessels to the marine seismic industry with cost efficient design and focus on safe and cost efficient operations. For the three second hand vessels recently purchased, Arrow plans to convert these vessels to 2D/source vessels of high standard with delivery in 2008 and believes there is strong demand for such vessels going forward.

In April, the company issued a six month NOK 275 million commercial paper. The commercial paper was drawn on 16 April 2007 as a bridge to equity. The loan is senior unsecured, carries a coupon of 7.00% p.a. and has final maturity date 16 October 2007. The loan was arranged by DnB NOR Bank ASA.

Since 31 March 2007 and up to the date of this Prospectus, the Company has made some USD 20 million in investments related to the newbuilds and some USD 5 million in investments related to the 2D/source vessels.

1.8 SUMMARY OF CAPITALISATION AND INDEBTEDNESS

For further information, see Section 9.3 "Capitalisation and indebtedness".

Table 1-3: Summary of capitalisation and indebtedness

NOK 1,000	As of 31 March 2007
Total Current Debt	21,412
Total Non Current Debt (excl. Portion of long term debt))	68,393
Shareholders' Equity (majority)	90,262
Liquidity	11,673
Net financial indebtedness	66,651

1.9 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

1.9.1 Major shareholders

The major shareholders of Arrow are GC Rieber Shipping and Odin Offshore, with 54.1% and 6.1%, respectively. Arrow is not aware of any other shareholders owning more than 5% of the Shares.

As of 9 May 2007, the Company had 152 shareholders in total, of which 136 were Norwegian and 16 were non Norwegian.

Table 1-4: Major shareholders

	No. of shares	Percentage
1 GC Rieber Shipping ASA	10,000,000	54.05%
2 Odin Offshore	1,136,600	6.14%
3 Storebrand Livsforsikring AS	702,632	3.80%
4 A/S Odin	549,000	2.97%
5 DZ Bank International S.A	500,000	2.70%

Shareholders holding a total of approximately 58% of the total Shares are considered closely related to the Company in accordance with the stock exchange regulation § 2-3. The Company has thus a free float of approx. 42% prior to the Offering.

1.9.2 Related party transactions

Management services for the group are purchased under service agreements with GC Rieber Shipping AS and GC Rieber Shipping Ltd, currently affiliate companies of Arrow. Arrow's vessels are managed under long term ship management agreements with the current affiliate companies GC Rieber Shipping AS and GC Rieber Shipping Ltd. Project management and building supervision agreements have been entered into between GC Rieber Shipping AS and ASI II and ASI III, and similar agreements will be entered into with ASI IV, ASI V and ASI IV. Further, ASI I and ASI IV have, respectively, entered into intra group charters regarding "Geo Atlantic" and "CGG Laurentian" respectively. The Company has also entered into certain loan agreements with subsidiaries and has provided parent company guarantees for subsidiaries' obligations according to loan agreements with external lenders.

All agreements have been entered into on arms length basis and in accordance with market practice. For further information, see section 14.4 "Related party agreements."

1.10 DETAILS OF THE OFFERING AND ADMISSION TO TRADING

In conjunction with the Listing, the Company plans to carry out an Offering consisting of:

- An offer to institutional investors with a lower limit per subscription of 30,001 Offer Shares
- An offer to the public in Norway with a lower limit per subscription of 100 Offer Shares and an upper limit per subscription of 30,000 Offer Shares

Number of Offer Shares:	The Offering comprises a maximum of 5,250,000 New Shares in addition to an option for the Stabilisation Manager, with the consent of the Board, to over-allot a number of shares equal to 15% of the New Shares issued in the Offering.
Indicative price range in the Offering:	A non-binding indicative price range for the Offering is NOK 65 – NOK 73 per share
Book-building Period:	From and including 14 May 2007 to 16:30 hours on 24 May 2007, subject to possible reduction or extension. Any such extension or shortening of the Book-building Period will be announced through the information system of Oslo Børs. The Book-building Period will in no circumstance close prior to 21 May 2007 or later than 8 June 2007. In the event of an extension of the Book-building Period, the indicated allocation date, payment date, date of delivery of Offer Shares, Listing and first day of trading will be extended correspondingly. For further information, see section 5.6.4.

Subscription Period:	From and including 14 May 2007 to 16:30 hours on 24 May 2007, subject to possible reduction or extension. Any such extension or shortening of the Subscription Period will be announced through the information system of Oslo Børs. The Subscription Period will in no circumstance close prior to 21 May 2007 or later than 8 June 2007. In the event of an extension of the Subscription Period, the indicated allocation date, payment date, date of delivery of Offer Shares, Listing and first day of trading will be extended correspondingly. For further information, see sections 5.6.4 and 5.7.3.
Conditions:	The Board approving the Offering, and the Company's Shares being approved for Listing.
Listing and start of trading:	The day of Listing and first day of trading is expected to be on or about 30 May 2007.
Offering Price:	The final price of the Offer Shares as determined by the Board and published in accordance with section 5.17.
Allocation:	Notifications of allocation are expected to be issued on or about 25 May 2007. General information on allotment in the Retail Offering will be published pursuant to Section 5.17 "Publication of information related to the Offering".
Payment and delivery:	It is expected that payment for the Offer Shares will be made on or about 29 May 2007 for the Retail Offering and on or about 30 May for the Institutional Offering. The Company expects to issue the New Shares on or about 29 May 2007 and deliver the Offer Shares on or about 30 May 2007.
Share capital before the Offering:	NOK 185,000,000 consisting of 18,500,000 Shares each with a nominal value of NOK 10 fully paid and issued in accordance with Norwegian law.
Share capital after the Offering:	Up to NOK 237,500,000 consisting of up to 23,750,000 Shares each with a nominal value of NOK 10,-, depending on the final Offering size. To the extent the entire Over-allotment Option is exercised, the Company's registered share capital will be up to NOK 245,375,000 consisting of up to 24,537,500 Shares each with a nominal value of NOK 10,-.
Voting rights and restrictions:	Each Share gives the holder the right to cast one vote at general meetings of shareholders. See section 11.6 "The articles and certain aspects of Norwegian companies law".
Dilution resulting from the Offering:	The immediate dilutive effect of the Offering will be 24.6 % if all New Shares are issued and the entire Over-allotment Option is exercised.
Gross proceeds of the Offering:	Up to NOK 383 million excluding the Over-allotment Facility, and up to NOK 441 million including the Over-allotment Facility.
Use of proceeds:	The proceeds from the Offering will be used to part finance Arrow's new building and conversion program as well as partly refinancing of a six month commercial paper maturing in October 2007.
Costs:	The total costs in connection with the Offering and the Listing is estimated to between USD 2.5 million and USD 2.9 million.

Lock-up arrangement:	The Company's largest shareholder, GC Rieber Shipping, has entered into a lock up agreement with the global coordinator, Carnegie, dated 11 May 2007, in which Carnegie is the only beneficiary. Under the lock-up agreement, GC Rieber Shipping undertakes not to sell any Shares for a period of 180 days following completion of the Listing without the prior approval of Carnegie.
Share codes:	The Shares have ISIN NO 001 0301161.
Ticker symbol:	"ARROW".

1.11 ADDITIONAL INFORMATION

1.11.1 Share capital and shareholder matters

The Company is as a Norwegian Public Limited Company with org. no: 988 843 016.

The Company's share capital is NOK 185,000,000 divided into 18,500,000 Shares each with a nominal value of NOK 10 per share. The Company has one class of shares which are equal in all respects. The Shares are freely transferable and each share carries one vote. There are no limitations on ownership of the Shares.

The Shares are registered with VPS under the International Securities Identification Number (ISIN) NO 001 0301161. The Registrar for the Shares is Nordea Bank Norge ASA, Verdipapirservice, P.O. Box 1166 Sentrum, NO-0107 Oslo.

See Section 11 "Share Capital and Shareholder Matters" for a further description of the Company's share capital.

1.11.2 Articles of Association

The Company's Articles of Association are included as Appendix 1 to this Prospectus.

The Company's purpose according to its Articles of Association is to undertake business activities relating to seismic investments, collection of data, operation of seismic vessels, granting of guarantees, trading and other related activities.

The Board of Directors must consist of from 3 to 7 members.

1.11.3 Documents on display

For the life of this Prospectus the following documents may be inspected as indicated in the list below:

- The incorporation documents of the Company may be inspected at the Company's offices at Solheimsgt 13, 5058 Bergen, Norway, or requested by telefax to +47 55 60 68 05.
- The Articles of Association may be inspected in this Prospectus as Appendix 1 or on the Company's web-site www.arrowseismic.no.
- The Company's historical financial information and auditors report for the 2006 financial year may be inspected in Appendix 2 to this prospectus or on the Company's web-site www.arrowseismic.no.
- The Company's historical financial information and auditors report for the 2005 financial year may be inspected in Appendix 4 to this prospectus or on the Company's web-site www.arrowseismic.no.

1.11.4 Third party statements

Information contained in this Prospectus which has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

1.11.5 Statements from experts referred to in this Prospectus

Arrow has not relied on the services of experts in the preparation of this Prospectus.

1.11.6 Prospectus

The Company has furnished the information in this Prospectus. The Managers make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Managers.

2. RISK FACTORS

2.1 GENERAL

Investing in Arrow involves inherent risks. Prospective investors should consider, among other things, the risk factors set out herein in the Prospectus before making an investment decision. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations and adversely affect the price of the Company's Shares. If any of the following risks actually occur, Arrow's business, financial position and operating results could be materially and adversely affected.

A prospective investor should consider carefully the factors set forth below, and elsewhere in the Prospectus, and should consult his or her own expert advisors as to the suitability of an investment in the Shares of the Company.

An investment in the Shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment. Such information is presented as of the date hereof and is subject to change, completion or amendment without notice.

All forward-looking statements included in this document are based on information available to the Company on the date hereof, and the Company assumes no obligation to update any such forward-looking statements. Forward-looking statements will however be updated if required by applicable law or regulation. Investors are cautioned that any forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties and those actual results may differ materially from those included within the forward-looking statements as a result of various factors. Factors that could cause or contribute to such differences include, but are not limited to, those described below and elsewhere in this Prospectus.

2.2 RISK FACTORS RELATING TO THE COMPANY AND THE INDUSTRY IN WHICH IT OPERATES

2.2.1 Environmental risks

The activities of the Company are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Compliance with such regulation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental laws may result in a material increase in the costs of operating the Company's vessels or otherwise adversely affect the Company's financial condition, results of operations or prospects.

2.2.2 Oil and natural gas prices and other market risks

Arrow's business and operations will depend substantially on the level of capital spending by oil and gas companies. Capital expenditures, and in particular exploration and development expenditures, by oil and gas companies have tended in the past to follow trends in the prices of oil and gas, which have fluctuated widely in recent years. Low oil and gas prices, and concerns about possible low oil and gas prices in the future, may reduce the level of those expenditures. Sustained periods of "flat" or substantially reduced capital expenditures by oil and gas companies may reduce the demand for Arrow's products and services. Generally, as overall conditions in the oil and gas industry deteriorate, demand for Arrow's services and products may decrease and its business may be adversely affected. Furthermore, recoveries in oil and gas prices do not immediately increase exploration, development and production spending, so improving demand for Arrow's services and products will generally lag oil and gas price increases.

2.2.3 Limited operating and financial history

Arrow was founded in October 2005. The Company is a relatively recently formed entity with operating history and financial information for a limited period of time upon which prospective investors can evaluate the Company's future performance. However, the activity of the Company represent a continuation of GC Rieber Shipping's seismic operation as further described in section 6.3.

2.2.4 Operational risks

The Company's assets are concentrated in a single industry and the Company may be more vulnerable to particular economic, political, regulatory, environmental or other developments than would a company with a portfolio of various industry activities.

There can be no assurances that the Company's vessels will be successfully deployed for the duration of their useful lives. There will always be some exposure to technical risks, with unforeseen operational problems leading to unexpectedly high operating costs and/or lost earnings, additional investments, penalty payments, etc., which may have a material effect on the earnings and financial position of the Company.

2.2.5 Construction risk

Arrow currently has four newbuilding projects and three conversion projects. As a result Arrow is exposed to the risk of failure, cost overruns, delayed delivery, and technically unsound solutions associated with the newbuilding and conversion projects. Arrow has taken measures to evaluate the quality of the yard where the newbuilds are constructed, as well as demanding refund guarantees. However, there can be no assurances that delays and cost overruns will not occur and such events, if occurring, could have an adverse impact on the financial position of the Company.

2.2.6 Tax lease structure

In connection with the construction and acquisitions of the newbuildings, ASI II, ASI III, ASI V, and ASI VI have entered into a Spanish tax lease financial structure (the "Structure").

Under the Structure, the vessels will, on delivery, be legally owned by a leasing company, and ownership to the vessels will be transferred to the Arrow companies about 2 years after delivery from the shipyard. As further described in section 14.2, entering into the Structure involves agreements with several Spanish parties. Similar structures have been applied to a number of transactions with Spanish yards. As to the Spanish parties involved, they are large and highly reputable Spanish shipyards and banks. The Structure is designed to leave a minimum of risks on Arrow.

If, prior to delivery from the shipyard, the Structure is terminated for reasons other than reasons attributable to Arrow (in essence a payment default by Arrow), the Arrow companies shall be regarded as buyers under the direct ship building contracts entered into with the Builder as if no Structure has been already entered into, inter alia with the right to purchase the respective vessels at the agreed net price.

If the Structure is terminated after delivery of the vessels, Arrow shall recover the ownership over the respective vessel by virtue of the crossed put and call options granted pursuant to the contractual documentation for the Structure. In effect, call and put options arrangements are entered into with the respective intermediate owners of the vessels under the Structure.

After delivery, Arrow's main obligations are to strategically and commercially manage the vessels from within the European Union, to flag and register the vessels in the European Union and insure the vessels appropriately. In addition, Arrow has an obligation to ensure that the seismic equipment, which forms part of the tax lease, is maintained onboard the vessel. These obligations do not imply any additional burdens, but rather requires that Arrow controls and operate the vessels in compliance with standard EU tonnage tax rules. The Company has indemnified the other parties to the Structure for any loss they may suffer as a consequence of Arrow's breach of the aforementioned obligations. The indemnity is limited to about EUR 54 million per vessel.

2.2.7 Sub-contractors

Although the shipbuilding and conversion contracts are "turn-key" contracts, the Company is dependent upon the ability of the shipyards and their subcontractors to provide key materials, components, finished products and services, often custom-made, which meet specifications, quality standards and delivery schedules of the Company. The Company could become liable for delays or deficiencies by the shipyard and its sub-contractors and might not be in a position to reclaim full coverage from the shipyard and/or their sub-contractor e.g. due to the adverse effect or if the sub-contractor becomes insolvent. Difficulties the Company encounters with the shipyards and such sub-contractors could adversely affect the Company's delivery schedules, reputation and profitability.

2.2.8 Competition

The markets Arrow serves are highly competitive. Arrow may face competition from certain companies within the seismic industry as well as other shipowners. Furthermore, overcapacity in the seismic market would have a negative effect on the operating results of Arrow.

2.2.9 Uncertainty of future contract awards, risks of contract cancellation and other contractual risks

There is a risk that Arrow will be unable to attain employment for all of its vessels and/or that contracts will be at levels materially below Arrow's expectations. There exists a possibility that contracts can be cancelled by Arrow's counterparties due to sustained operational misperformance or that Arrow's counterparties can experience financial difficulties and bankruptcy. Arrow is party to contracts under which certain conditions have to be met in order for the contracts to become effective between the parties thereto. Thus, the eventuality of non-fulfilment of such conditions represents a risk factor for the Company.

2.2.10 Exchange rate risk

A change in the USD/NOK and EUR/USD exchange rates will influence Arrow. Arrow has most of its income in USD, while the newbuild contracts are denominated in EUR. To reduce currency exposure, Arrow will seek to have the majority if its debt denominated in USD. In addition, Arrow will regularly evaluate hedging of anticipated future net cash flows in EUR, NOK and other relevant currencies. This is achieved primarily by entering into forward contracts.

2.2.11 Credit risk

Several of the Company's contracts are long-term, and there can be no guarantees that the financial position of the Company's major partners will not materially change during the contracted period. Given the limited number of major partners of the Company and the significant portion they represent of the Company's income, the inability of one or more of them to make full payment on any of the Company's contracted units may have a significant adverse impact on the financial position of the Company.

2.2.12 Purchase agreements and purchase options

Arrow has entered into a contract with WesternGeco for the first state-of-the-art high capacity seismic new building (Newbuild 532) to be delivered in Q1 2008. The contract comprises a charter for a fixed period of three years and a purchase agreement under which ownership of the vessel will be transferred to WesternGeco upon expiry of the charter period. Furthermore, Arrow and WesternGeco are in the process of finalising a similar contract for the second new building (Newbuild 533) to be delivered in Q4 2008. This contract is intended to comprise a charter for a fixed period of six years and a purchase agreement under which ownership of the vessel will be transferred to WesternGeco upon expiry of the charter period. Arrow has also entered into a non-binding letter of intent for Newbuild 534 with CGGVeritas, for a bareboat charter party for a fixed 12 year period, after which Arrow and CGGVeritas may exercise options to sell and purchase the vessel.

The use of purchase agreements and purchase options may result in decreased revenue and cash flows for the Company from having fewer vessels operating in its fleet.

ASI II and ASI III hold the vessels Newbuild 532 and Newbuild 533, which are currently under construction and due to be completed in 2008. There are specific leasing and sale arrangements which relate to these companies and vessels with a third party. It is understood that the two companies will bring these vessels into use once they are complete and will thus be subject to UK tonnage tax. Income from the operation of qualifying vessels will be subject to UK tonnage tax rules as outlined in section 9.7 ("UK Tax status), where it is not subject to these tonnage tax rules it will be subject to standard UK corporation tax regulations.

As Newbuild 532 and Newbuild 533 are under a binding commitment to be sold to WesternGeco at the end of the charter party, there may be a risk that these vessels may be considered outside the Tonnage Tax ring-fence, which could lead to ordinary UK corporation tax on profits from the sale.

With respect to Newbuild 534 the ASI V has entered into a non-binding Letter of Intent with CGGVeritas for a firm 12 year bare boat charter. A bare boat charter may lead to so called NOKUS taxation of Arrow Seismic ASA, i.e. that income in ASI V will be subject to 28% tax in Norway paid by Arrow Seismic ASA.

2.2.13 Management and supervision

Arrow's future business prospects are to a large degree dependent on its ability to meet changing customer needs, to anticipate and respond to technological changes and to develop effective and competitive relationships with its customers and suppliers. Arrow's commercial, financial and general management, as well as building supervision, is handled by GC Rieber Shipping on management contracts. Hence, Arrow is dependent on GC Rieber Shipping's performance as management company for the Arrow fleet.

2.2.14 Financial resources

The Company's cash flow from operations may not be sufficient to fund ongoing activities and implement its business plans. From time to time the Company may enter into transactions to acquire assets or shares of other companies, or to contract new-buildings. These transactions along with the Company's ongoing operations may be financed partially or wholly with debt, which may increase the Company's debt levels. Depending on future investment plans, the Company may require additional financing, which may not be available or, if available, may not be available on favourable terms. Failure to obtain such financing on a timely basis could cause the Company to forfeit or forego various opportunities. Failure to obtain financing on attractive terms may result in increased financing costs and could adversely affect the Company's earnings and financial position.

As of 31 March 2007, the Company's balance sheet showed an equity of USD 90.3 million. For further information, see sections 8 and 9 and elsewhere in this Prospectus.

2.2.15 Access to key personnel/resources

The Company's success depends, to a significant extent, upon management and key employees. Attracting key personnel will assist in the expansion of the Company's business. The Maritime and seismic industries face competition for skilled personnel. There is no assurance that the Company will successfully attract personnel through management agreements or through employment agreements (if the Company decides to employ its own personnel) required to continue to expand its business and to successfully execute its business strategy.

2.2.16 Tax

The parent company, Arrow Seismic ASA, is subject to taxation in Norway in accordance with standard corporate tax rules in Norway. Corporate tax rate in Norway is currently 28%. As the parent company is a holding company with limited activity, the tax exposure for Arrow Seismic ASA will be limited. Dividends to be received from UK subsidiaries will be exempt from taxation in Norway. Withholding tax in the UK on dividends distributed to the parent company in Norway is not payable under UK domestic legislation. Interest on loans from the parent company to the UK subsidiaries will be taxable in Norway. Withholding tax in the UK on interest payable to the parent company in Norway and Norwegian financial lenders will arise, but will be exempt after application and approval from Her Majesty Revenue and Customs (HMRC) under the Norway-UK double tax treaty.

The UK subsidiaries of Arrow Seismic ASA are subject to taxation in the United Kingdom in accordance with standard UK corporate tax rules. The decision to enter into UK Tonnage Tax has been made for all UK subsidiaries of Arrow Seismic ASA. This will need to be within the relevant twelve month limited period for registration.

A further description of the UK Tonnage Tax rules is described in section 9.7 ("UK Tax status"). The UK Tonnage Tax regime is based on self assessment. In order to enter the Tonnage Tax regime, the Group must elect to do so within the prescribed period. The Group has taken advantage of the pre-clearance procedure prior to election and a pre-clearance letter was sent to the Tonnage Tax Unit of HMRC in June 2006 followed by a (non binding) acceptance from HMRC in August 2006. Due to new facts a final request for pre-clearance has been submitted and a reply has now been received from HMRC confirming eligibility of the Group. The election to enter Tonnage Tax will apply for all UK subsidiaries of Arrow Seismic ASA (including existing and future vessels). The final election must be made before 6 July 2007 due to the fact that the UK subsidiaries of Arrow Seismic ASA first began operating vessels in the UK on 7 July 2006. If all conditions are met, the election will apply from this date. The UK tonnage tax regime is currently being reviewed by HMRC. It is possible that certain vessels will be excluded from the regime in the future depending on the outcome of the review. It is not possible to conclude whether seismic vessels will be amongst those types of vessels specifically excluded at this time. See further details regarding taxation within the UK Tonnage Tax regime in section 9.7.

Profits of companies not operating qualifying ships, as well as of business activities undertaken by those companies which do operate qualifying ships but which are not categorised as qualifying under the rules of UK tonnage tax, will be subject to the standard UK corporation tax regime and taxed at standard rates. Corporate tax rate in the UK is currently 30%, but likely to be 28% from 1 April 2008 if the current draft UK Finance Bill 2007 is enacted by Parliament.

The seismic vessels – both currently owned and to be delivered in 2008 and 2009, are likely to operate worldwide, and as such on various continental shelves. Depending upon the contract structure and duration of operation, there is a risk that these operations in foreign waters could be subject to taxation if there is activity on a country's territory more than 30 days. This will depend on the local countries tax treaty with the UK. Tax paid abroad should be available to credit against UK tax payable for the UK subsidiaries of Arrow Seismic ASA in accordance with the UK tax credit rules. However, credit in UK tax will only be granted if the UK subsidiary in question is in a UK tax paying position in the same tax year and therefore any UK credit for tax payable in other jurisdictions may be limited. In addition, income from vessels operating on the UK shelf for periods exceeding 30 days is likely to fall outside tonnage tax and be subject to standard UK corporation tax. There are no contractual agreements which have been entered into to avoid such risk.

2.2.17 Geopolitical risks

Changes in the legislative and fiscal framework governing the activities of the oil companies could have material impact on exploration, production and development activity or affect the Company's operations directly or indirectly. In particular, changes in political regimes will constitute a material risk factor for the Company's operations in foreign countries.

2.2.18 Risk of war, other armed conflicts and terrorist attacks

War, military tension and terrorist attacks have among other things caused instability in the world's financial and commercial markets. This has in turn significantly increased political and economic instability in some of the geographic areas in which Arrow operates and has contributed to high levels of volatility in prices for among other things oil and gas. Continuing instability may cause further disruption to financial and commercial markets and contribute to even higher levels of volatility in prices. In addition, acts of terrorism and threats of armed conflicts in or around various areas in which Arrow operates could limit or disrupt Arrow's markets and operations, including disruptions from evacuation of personnel, cancellation of contracts or the loss of personnel or assets. Armed conflicts, terrorism and their effects on Arrow or its markets may significantly affect Arrow's business and results of operations in the future.

2.2.19 Adequate insurance protection

The operation of any vessel represents a potential risk of loss of or damage to the vessel, as well as third party liability arising out of, personal injury or, death, pollution and property damage caused by adverse weather conditions, mechanical failures, human error, war, terrorism, and other circumstances or events. An accident involving any of the Company's vessels could result in loss of revenue, fines or penalties, higher insurance costs and damage to the Company's reputation. The Company may not have sufficient insurance coverage for the entire range of risks to which it is exposed and any particular claim may not be paid. Any significant loss or liability for which the Company is not insured could have a material adverse effect on its business, financial condition and results of operations. In addition, the loss, or prolonged unavailability, of a vessel could have an adverse effect on the Company's business, financial condition and results of operations even if insurance solutions were effective.

2.3 RISK FACTORS RELATING TO THE SHARES

2.3.1 Price Volatility of Publicly traded Securities

The trading price of the Shares could fluctuate significantly in response to quarterly variations in operating results, adverse business developments, interest rate, changes in financial estimates by securities analysts, matters announced in respect of major customers or competitors, or changes to the regulatory environment in which the Company operates.

The market price of the Shares could decline due to sales of a large number of the Shares in the market or the perception that such sales could occur. Such sales could also make it more difficult for the Company to offer equity securities in the future at a time and at a price that are deemed appropriate.

2.3.2 Change of Control

After the completion of the Offering, GC Rieber Shipping is expected to hold more than 40% of the Shares in the Company, in compliance with financial covenants in the Company's loan agreements under which GC Rieber Shipping is required to maintain a minimum ownership of 33.4% when Listed. Accordingly, GC Rieber Shipping will have the ability to influence matters submitted for a vote of shareholders, including electing the Board of Directors, approval of the annual financial statements, declarations of dividends and capital increases in connection with acquisitions, investments or otherwise. As long as GC Rieber Shipping holds more than 1/3 of the Shares and votes, GC Rieber Shipping will have veto control in all matters requiring a vote of 2/3 or more, such as capital increases, mergers, de-mergers, the issuance of warrants or convertible loans and all matters requiring an amendment to the Company's Articles of Association. The interest of GC Rieber Shipping in deciding the matters and factors it considers in exercising its votes could be different from the interests of the Company's other shareholders.

2.3.3 Potential Dilution of shareholders

The Company may require additional capital in the future in connection with financing of new capital-intensive projects. In addition, the Company may incur unanticipated liabilities or expenses. There can be no assurance that the Company will be able to obtain necessary financing in a timely manner on acceptable terms. Where the Company issues Shares in the future, such issuance may result in the then existing shareholders of the Company sustaining dilution to their relative proportion of the equity of the Company.

2.3.4 Nominee accounts and voting rights

Beneficial owners of the Shares that are registered in a nominee account (e.g., through brokers, dealers or other third parties) may not be able to vote such Shares unless their ownership is re-registered in their names with the VPS prior to the Company's general meetings. The Company cannot guarantee that beneficial owners of the Shares will receive the notice for a general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners.

2.3.5 Enforcement of judgements

The Company is a public limited company incorporated under laws of Norway. Certain of the Directors are citizens of countries other than the United States, and all or a substantial portion of the assets of the Company and such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or the Company or to enforce, in U.S. courts, judgements obtained against such persons. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions outside the United States, liabilities predicated upon the civil liability provisions of U.S. securities laws. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Norway.

3. RESPONSIBILITY FOR THE PROSPECTUS

The Board of Directors of Arrow Seismic ASA accepts responsibility for the information contained in this Prospectus. The Board of Directors hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import.

Bergen, 11 May 2007

The Board of Directors of Arrow Seismic ASA

Sven Rong *Chairman*	Jan Svein Krokeide *Vice Chairman*	Arne Birkeland
Eva Løkeland Lerøy	Anne Marit Steen	

4. NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus includes “forward-looking” statements, including, without limitation, projections and expectations regarding the Company’s future financial position, business strategy, plans and objectives. When used in this document, the words “anticipate”, “believe”, “estimate”, “expect”, “seek to” and similar expressions, are intended to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company and its subsidiaries, or, as the case may be, the industry, to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company and its subsidiary will operate. Factors that could cause the Company’s actual results, performance or achievements to materially differ from those in the forward-looking statements include but are not limited to:

- the competitive nature of the markets in which the Company operates,
- global and regional economic conditions,
- technological developments,
- government regulations,
- changes in political events,
- force majeure events

Some important factors that could cause actual results to differ materially from those in the forward-looking statements are, in certain instances, included with such forward-looking statements and in the section entitled “Risk Factors” (section 2) in this Prospectus.

5. THE LISTING AND OFFERING

5.1 REASONS FOR THE LISTING AND THE OFFERING

The Listing is an important element in the Company's strategy. Through the Listing, the Company will be able to provide a regulated marketplace for trading of the Shares, involving continuous market pricing of, and liquidity in, the Shares. The Listing will facilitate the use of capital markets in order to effectively raise equity to support future growth. The Listing will also more effectively enable the Company to use Shares as transaction currency in future acquisitions or mergers. In addition, the Company believes that a stock exchange listing will help to further strengthen Arrow's profile in the markets in which it operates.

The Company plans to use the proceeds from the Offering to repay the six month commercial paper maturing in October 2007 and any excess proceeds is planned to part finance Arrow's new building and conversion programme.

5.2 TRANSACTIONS PRIOR TO THE LISTING

Arrow carried out in February 2006 a private placement of 8.5 million shares resulting in gross proceeds of around USD 50 million. The proceeds from the private placement were used for part financing the Company's planned investment program.

5.3 THE SHARES OFFERED

5.3.1 The Shares and share capital

The Company's registered share capital prior to the Listing and the Offering is NOK 185,000,000 consisting of 18,500,000 Shares each with a nominal value of NOK 10 fully paid and issued in accordance with Norwegian law.

All issued Shares in the Company are vested with equal shareholder rights in all respects. There is only one class of shares issued and all Shares are freely transferable.

The Shares are registered with VPS under the International Securities Identification Number (ISIN) NO 001 0301161. The Registrar for the Shares is Nordea Bank Norge ASA, Verdipapirservice, P.O. Box 1166 Sentrum, N-0107 Oslo.

The New Shares and any additional new Shares issued by the Company in connection with exercise of the Over-allotment Option will in all respects be equal to the existing Shares of the Company once issued and registered in the Norwegian Register of Business Enterprises and the VPS, including the right to receive dividends, if any, with respect to the financial year 2007 resolved after registration of such new Shares in VPS. Each such new Share will confer the right to one vote at general meetings.

After completion of the Offering the Company's registered share capital will be up to NOK 237,500,000 consisting of up to 23,750,000 Shares each with a nominal value of NOK 10,-. To the extent the entire Over-allotment Option is exercised, the Company's registered share capital will be up to NOK 245,375,000 consisting of up to 24,537,500 Shares each with a nominal value of NOK 10,-.

5.3.2 Legislation and rights attached to the Shares

The Company is a Norwegian public limited company established and governed by the Norwegian Public Limited Companies Act of 13 June 1997 No. 45. For further review of legislation and rights attached to the Shares, see Sections 11, 12 and 13 of the Prospectus.

5.3.3 Mandatory offer requirements

Section 11.6.10 of the Prospectus describes the current and proposed regulation on mandatory offer bids applicable to listed companies in Norway. The Company was incorporated in October 2005 and has not received any takeover bids during the last or current financial years.

5.3.4 Increase of Share Capital in connection with the Offering

On 29 March 2007 the general meeting of the Company resolved to authorise the board of directors to increase the share capital of the Company by up to NOK 65,000,000 by issue of up to 6,500,000 new Shares through an Initial Public Offering or similar transaction.

The general meeting made the following resolution:

1. *The annual general meeting hereby authorises the board of directors to increase the share capital of Arrow Seismic ASA by a maximum of NOK 65,000,000 by issuing up to 6,500,000 new shares with a par value of NOK 10 each. If the par value of the shares is changed, the total number of shares that may be issued shall be adjusted accordingly.*
2. *The shareholders' pre-emptive rights to subscribe for shares pursuant to section 10-4 of the Public Limited Companies Act (Allmennaksjeloven) may be waived when issuing shares under the authorisation.*
3. *The Board of Directors may, within the total limit of its authorisation, resolve to increase the share capital several times.*
4. *The authorization includes the right to accept payment in a non-monetary form or to incur distinct liabilities on behalf of the Company.*
5. *The authority includes the right to make amendments to the share capital and the number of shares equivalent to the share increase.*
6. *The subscription price as well as the other terms of subscription shall be determined by the board of directors.*
7. *The authorisation is valid until 31 May 2008 and replaces the authority given in the annual general meeting dated 11 May 2006.*

The Board of Directors will upon the expiry of the Book-building Period make the appropriate decisions with regards to the amount of the share issue and the other terms relating thereto in accordance with the authorisation granted above.

5.3.5 Withholding tax

Section 13.2 of this Prospectus provides information concerning withholding tax for foreign shareholders.

5.4 OVERVIEW OVER THE OFFERING

Through the Offering the Company intends to issue up to 5,250,000 New Shares plus an option for the Stabilisation Manager, with the consent of the Board, to over-allot a number of Shares equal to 15 % of the New Shares issued in the Offering, on the terms and subject to the conditions described in this Prospectus. Based on the non-binding indicative price range, the total value of the Offering, including the Over-allotment Facility, will be up to NOK 441 million.

The Offering will comprise:

- An Institutional Offering, in which Offer Shares are offered to institutional investors and other professional investors in Norway and outside Norway in reliance on Regulation S under the Securities Act and to a limited number of qualified institutional buyers (QIBs) in the United States in reliance on Rule 144A under the Securities Act, subject to a lower limit per Subscription of 30,001 Offer Shares

- A Retail Offering in accordance with Regulation S under the Securities Act, in which Offer Shares are offered to the public in Norway subject to a lower limit per Subscription of 100 Offer Shares (which is expected to be equal to one Trading Lot) and an upper limit per Subscription of 30,000 Offer Shares for each investor.

This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. For further details see "Important information" on page 2.

In the event that an investor applies for Offer Shares in both the Retail Offering and the Institutional Offering, the Company and the Managers may disregard the Subscription in the Retail Offering without further notice to the Investor.

The preliminary allocation of Offer Shares between the Retail Offering and the Institutional Offering is at the outset expected to be approximately 1-5 % for the Retail Offering and approximately 95-99 % for the

Institutional Offering. The Company and the global coordinator, Carnegie, reserve the right to change the indicated allocation between the Retail Offering and the Institutional Offering without notice and at their sole discretion. For a description of the guidelines for allocation of the Offer Shares, see section 5.10 "Allocation of Offer Shares".

The Retail Offering will be marketed only in Norway.

A non-binding indicative price range for the Offering Price of NOK 65 – NOK 73 has been set by the Board after consultation with the Managers. However, the final Offering Price may be set above or below this non-binding indicative price range. See section 5.6.2 "Indicative price range and Offering Price" and section 5.7.2 "Offering Price".

5.5 DILUTION

The immediate dilutive effect of the Offering will be 24.6 % if all New Shares are issued and the entire Over-allotment Option is exercised.

Table 5-1: Maximum dilutive effect of the Offering

	Prior to Offering	After Offering
Ordinary shares, nominal value NOK 10 each, issued and outstanding	18,500,000	24,537,500
% dilution relative to prior to Offering		24.6 %

5.6 THE INSTITUTIONAL OFFERING

5.6.1 Overview

The Institutional Offering will be structured as an offer of Shares to institutional investors and other professional investors in Norway and internationally. Subscriptions from investors outside Norway will only be accepted if the Managers are satisfied that the subscription is not in violation of the laws of any jurisdiction.

The minimum subscription in the Institutional Offering is 30,001 Offer Shares. Only Norwegian investors may place a subscription for less than 30,001 Offer Shares and must do so in the Retail Offering. Investors applying for Offer Shares in the Institutional Offering may not apply for Offer Shares in the Retail Offering. In the event an investor, or parties personally related to him, applies for Offer Shares in both the Institutional Offering and the Retail Offering, the Managers may without further notice disregard the subscriptions made in the Retail Offering by such parties. In the event the Managers for whatever reason does not disregard the subscriptions made in the Retail Offering on the basis referred to above, this will not entitle the investor or its related parties to demand a reduction in the number of Offer Shares allocated to it/them.

5.6.2 Indicative price range and Offering Price

A non-binding indicative price range for the Offering Price of NOK 65 – NOK 73 (both amounts inclusive) has been set by the Board after consultation with the Managers.

The final Offering Price will be determined by the Board in consultation with the Managers on or about 24 May 2007 following the expiry of the Book-building Period. The final Offering Price will be determined on the basis of a book building process conducted as part of the Institutional Offering and may be set above or below the non-binding indicative price range. See also section 5.7.2 "Offering Price". The Offering Price will be announced through Oslo Børs' information system as soon as practically possible and prior to the opening of trading hours on or about 25 May 2007. Upon an extension of the Book-building Period/Subscription Period, the indicated dates will be extended accordingly.

The non-binding indicative price range has been determined on the basis of an overall evaluation, including the Company's current and historical OTC trading price, an evaluation of the Company's historical and expected earnings and future market prospects and a comparison of these factors with the market valuation of comparable companies, an assessment of the asset values of the Company, executed customer contracts including duration thereof and options, contractual coverage and positioning the relevant markets, tax positions and the expected demand for Offer Shares as well as a wider assessment of the stock market in general.

5.6.3 The Book-building

Subscriptions for Offer Shares in the Institutional Offering must be made during the Book-building Period by advising the Managers of the number of Offer Shares that the investor wishes to purchase and the price that such investor is offering to pay for such Offer Shares. Any oral subscription will be binding upon the investor and subject to the same terms and conditions as a written subscription. The Managers may, at any time and at its sole discretion, require the applicant to confirm any oral subscription and power of attorney in writing. Subscriptions may be withdrawn or amended by the investor at any time up to the end of the Book-building Period. Upon the end of the Book-building Period, all subscriptions that have not been withdrawn or amended become irrevocable and legally binding upon the investor.

5.6.4 The Book-building Period

The Book-building Period will last from and including 14 May 2007 to and including 16:30 hrs (CET) on 24 May 2007. The Managers reserve the right to extend or shorten the Book-building Period at any time. Any such extension or shortening of the Book-building Period will be announced through the information system of Oslo Børs. A decision to extend the Book-building Period will be announced prior to expiry of the Book-building Period. Any decision to shorten the Book-building Period will be announced through the information system of Oslo Børs at least 24 hours in advance of such new expiry date of the Book-building Period.

The Book-building Period will in no circumstance close prior to 21 May 2007 or later than 8 June 2007.

Any extension or shortening of the Book-building Period for the Institutional Offering will lead to the same extension or shortening of the Subscription Period for the Retail Offering, and vice versa. In the event of an extension of the Book-building Period, the indicated allocation date, payment date, date of delivery of Offer Shares, Listing and first day of trading will be extended correspondingly.

5.7 THE RETAIL OFFERING

5.7.1 Overview

The Retail Offering will be structured as an offer of Shares to the public in Norway with a maximum subscription of 30,000 Offer Shares. The minimum subscription in the Retail Offering is 100 Offer Shares. Investors applying for Offer Shares in the Retail Offering may not apply for Offer Shares in the Institutional Offering. In the event an investor, or parties personally related to him, applies for Offer Shares in both the Institutional Offering and the Retail Offering, the Managers may without further notice disregard the subscriptions made in the Retail Offering by such parties. In the event the Managers for whatever reason does not disregard the subscriptions made in the Retail Offering on the basis referred to above, this will not entitle the investor or its related parties to demand a reduction in the number of Offer Shares allotted to it/them. The Retail Offering will only be marketed in Norway.

5.7.2 Offering Price

The price for the Offer Shares issued in the Retail Offering will be the same as that for the Institutional Offering, see Section 5.6.2 ”Indicative price range and Offering Price”.

Each investor in the Retail Offering will be permitted, but not required, to make a reservation on the Subscription Form to the effect that the investor is only willing to subscribe for the indicated number of Offer Shares if the Offering Price does not exceed the highest amount in the non-binding indicative price range, in which case the investor will only be allocated Offer Shares if the actual Offering Price is set within or below the prevailing non-binding indicative price range at the time the Subscription Form is received by the Managers. Otherwise, an investor is bound by his or her subscription and may be allotted Offer Shares regardless of the Offering Price.

5.7.3 Subscription Period

The Subscription Period in the Retail Offering will last from and including 14 May to and including 24 May 2007 closing at 16:30 hours (Norwegian time), subject to possible reduction or extension. Any such extension or shortening of the Subscription Period will be announced through the information system of Oslo Børs. In the event of an extension of the Subscription Period, the indicated allocation date, payment date, date of delivery of Offer Shares, Listing and first day of trading will be extended correspondingly. For further information, see section 5.6.4.

The Subscription Period will in no circumstance close prior to 21 May 2007 or later than 8 June 2007.

5.7.4 Subscription

All subscriptions in the Retail Offering must be made on the Subscription Form attached as in appendix 6 hereto to be sent or faxed to the Subscription Offices or through the Internet, see section 5.8 “Subscription Offices” below. Subscription Forms together with this Prospectus can be obtained from the Company or from the Subscription Offices.

The minimum subscription in the Retail Offering is 100 Offer Shares and the maximum subscription is 30,000 Offer Shares.

Subscription Forms that are incomplete or incorrectly completed, or received after the expiry of the Subscription Period may be rejected without further notice to the subscriber. Properly completed Subscription Forms must be received by one of the Subscription Offices by 16:30 hours (Norwegian time) on 24 May 2007. Neither the Company nor the Managers may be held responsible for delays in the mail system or for Subscription Forms forwarded by fax not being received by the Managers in time. No text should be added to the Subscription Forms other than in the designated fields.

Multiple subscriptions are allowed and will be accumulated, and the subscriber will be deemed to have subscribed for the total number of Offer Shares.

All subscriptions are irrevocable once received by one of the Subscription Offices.

Subscribers must have a VPS account and an account with a Norwegian bank in order to be allotted Offer Shares. If the subscriber does not already have a VPS account, this can be arranged through one of the Subscription Offices, the majority of banks, post offices or investment firms. It is recommended that such contact is established as soon as possible.

5.8 SUBSCRIPTION OFFICES

The Subscription Offices are:

Carnegie ASA
Stranden 1, Aker Brygge
PO Box 684 Sentrum
0106 Oslo
Norway

Telephone: +47 22 00 93 00
Fax: +47 22 00 99 60

www.carnegie.no

Kaupthing ASA
Olav V gt. 5
P.O. Box 1914 Vika
0125 Oslo
Norway

Telephone: +47 24 14 74 00
Fax: +47 24 14 74 31

www.kaupthing.no

5.9 CONDITIONS FOR COMPLETION OF THE OFFERING

Completion of the Offering is conditional upon (i) the approval of the Offering by the Board of the Company following the end of the Book-building Period/ Subscription Period; and (ii) the admission of the Shares on Oslo Børs or alternatively Oslo Axess (see Section 5.16 “Application for Listing”). There can be no assurance that these conditions will be satisfied.

5.10 ALLOCATION OF OFFER SHARES

The Offering will be divided into an Institutional Offering and a Retail Offering. The preliminary allocation of Offer Shares between the tranches is approximately 1-5 % for the Retail Offering and 95-99 % for the Institutional Offering. However, the final allocation between the tranches will be decided on following expiry of the Book-building Period/Subscription Period at the Company’s and the global coordinator, Carnegie’s, sole discretion. Such decision will be based i.a., on the level of orders/subscriptions in the respective tranches relative to the overall subscription level in the Offering. No Offer Shares have been reserved for any specific national market. No allocation will be made for a number of Offer Shares less than 100, which is expected to represent one Trading Lot.

In the Institutional Offering, the Board will determine the allocation of Offer Shares after consultation with the Managers. An important aspect of the allocation principles is the desire to create an appropriate shareholder structure for the Company. The allocation principles will include, inter alia, customary allocation criteria such as timeliness of orders, subscribed amount, price aggressiveness in the Book-building Period, perceived investor quality, investors’ time horizon and the goal of establishing a strong, diversified shareholder structure. Priority may therefore be given to investors believed by the Board to be quality investors and contribute to such shareholder structure.

In the Retail Offering, allocation will be made solely on a pro rata basis using the VPS automated standard allocation procedure. Smaller subscriptions may however be given a larger relative allotment than larger subscriptions, due to the minimum allocation of 100 shares (expected to be one Trading Lot). In the event that further reductions need to be made, the Company reserves the right to limit the total number of investors to whom Offer Shares will be allocated if it deems this to be necessary in order to keep the number of shareholders in the Company at an appropriate level. If the Company should decide to limit the total number of investors to whom Offer Shares will be allotted, the identity of the investors to whom Offer Shares will be allotted will be determined by drawing lots or applying similar mechanisms.

The allotment of Offer Shares will take place after the expiry of the Book-building Period/Subscription Period on or about 24 May 2007. Allotment letters will be sent on or about 25 May 2007. General information on allotment in the Retail Offering will be published pursuant to Section 5.17 “Publication of information related to the Offering”. Investors who want to know their precise allotments from the morning of 25 May 2007 may contact the Managers. Those with access to investor services through their VPS account manager is expected to be able to check the number of Offer Shares that have been allotted to them from and including 30 May 2007. Upon an extension of the Book-building Period/Subscription Period, the indicated dates will be adjusted accordingly.

5.11 PAYMENT FOR THE ALLOCATED OFFER SHARES

In completing the Subscription Form, each subscriber in the Retail Offering authorises the Manager to debit the subscriber’s Norwegian bank account for the total amount due for the Offer Shares allocated. The subscriber’s account number must be stated on the Subscription Form. Debits will be made on or about 29 May 2007, and there must be sufficient funds in the stated bank account from and including 29 May 2007. The payment in respect of New Shares will be transferred to a blocked equity account of the Company, until the share capital increase pertaining to the New Shares have been registered in the Norwegian Register of Business Enterprises.

The allocated Offer Shares are expected to be delivered against payment on or about 30 May 2007 for the Institutional Offering. Payment in the Retail Offering is on or about 29 May 2007 and delivery is on or about 30 May 2007. There must be cover for the full amount on the specified bank account before it can be debited, i.e. on 29 May 2007. Applicants who do not have a bank account in Norway must contact the Managers well ahead of the payment date in order to arrange for payment by other means as the Managers may instruct.

Should subscribers have insufficient funds in their accounts or should payment be delayed for any reason, or if it is not possible to debit the accounts, penalty interest at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments of 17 December 1976 No. 100, per the date of this Prospectus being 10.50% per annum, will be payable on the amount due. The Managers reserve the right to make up to three debits attempts within 14 June 2007 if there are insufficient funds on the account on the first debiting date. Should payment not be made after the three debiting attempts, the Offer Shares allocated will not be delivered physically to the subscriber, and the Managers reserves the right, at the risk and cost of the subscriber, to sell the allocated Offer Shares on such terms and in such a manner as the Managers may decide, in accordance with applicable law. The original subscriber remains liable for payment of the subscription price, together with any interest, costs, charges and expenses accrued, and the Managers may enforce payment for any such amount outstanding.

5.12 PAYMENT GUARANTEE

The Company has entered into an agreement with the Managers on 11 May 2007, whereby the Managers will guarantee for timely settlement of all of the Offer Shares (the “Payment Guarantee”). Each of the Managers will guarantee full payment for the Offer Shares issued through the Offering which have been subscribed through the relevant Manager, as the case may be. The Payment Guarantee is conditional upon no “force majeure” event having occurred on or before 28 May 2007 at 20.00 CET. The Managers are entitled to a guarantee commission of 0.225 per cent with respect to their payment for delayed or missing payments in the Offering.

The following events shall constitute a “force majeure” event: (i) a banking moratorium declared in or suspension or material limitation in trading in securities on a principal stock exchange in Oslo, London or New York, (ii) a suspension or limitation in trading in the Company’s securities on any stock exchange or quotation system, (iii) a material adverse change in the Company’s business, financial condition or results of operations, (iv) the outbreak or escalation of hostilities or war or the declaration of a national emergency in Norway, the United States or the United Kingdom, or (v) the occurrence of any material adverse change in Norwegian or international financial, political or economic conditions.

5.13 DELIVERY OF THE ALLOCATED OFFER SHARES

Physical delivery of Offer Shares allotted in the Institutional Offering is expected to take place against payment on 30 May 2007.

Offer Shares allotted in the Retail Offering are expected to be transferred to the investors’ VPS accounts on 30 May 2007 against payment 29 May 2007.

The New Shares are expected to be registered in the Norwegian Register of Business Enterprises on 29 May 2007. The New Shares may not be traded before registration of the share capital increase in the Company. First day of trading is expected to be 30 May 2007. Applicants selling Offer Shares prior to physical delivery must ensure that payment for such Offer Shares is made prior to the payment date set out in section 5.11 above. Accordingly, an applicant who wishes to sell his Offer Shares before delivery must ensure that payment is made in order for such Offer Shares to be delivered in time to the purchaser. For any sale prior to registration and delivery, investors will in any event also need to ensure compliance with the Norwegian Securities Trading Act section 8-7.

5.14 OVER-ALLOTMENT OPTION AND STABILISATION

In connection with the Offering, the Company has entered into an agreement with the Stabilisation Manager, under which the Stabilisation Manager may with consent from the Board over-allot up to 787,500 additional Shares, provided, that under no circumstances the number of over-allotted Shares exceed 15% of the number of New Shares issued in the Offering (the "Over-allotment Facility"). To the extent that the Over-allotment Facility has been exercised, the over-allotted Shares are sold at the Offering Price.

Carnegie, acting as Stabilisation Manager, may bid for, purchase or sell Shares in the open market to stabilise and maintain the price of the Shares. However, the Stabilisation Manager is not required to engage in any stabilisation activities. Such stabilisation activities if commenced may be discontinued at any time, and may be carried out in the period from the first day of Listing to and including the 30th calendar day after the first day of Listing. Stabilisation activities may result in a market price of the Shares that is higher than would otherwise prevail or prevent or retard a decline in the market price of the Shares. The Stabilisation Manager will not as a part of any stabilisation activities purchase Shares at a higher price than the Offering Price.

The Company has granted the Stabilisation Manager an Over-allotment Option pursuant to which the Stabilisation Manager may subscribe for Shares up to a number of shares equal to 15% of the number of New Shares issued in the Offering at a price equal to the Offering Price. The Over-allotment Option may be used only for the purpose of closing out any short positions created through over-allotments, if any, made in connection with the Offering. The Over-allotment Option may be exercised on one or more occasions at any time during the 30 day period starting on the first day of Listing. Any exercise of the Over-allotment Option will be promptly announced through the information system of Oslo Børs. The Over-allotment Option can only be exercised if the Over-allotment Facility has been exercised in the first place.

GC Rieber Shipping has agreed to lend the Stabilisation Manager up to 787,500 Shares for the purpose of over-allotment. To the extent that the Stabilisation Manager over-allots Shares in connection with the Offering, the Stabilisation Manager will have created a short position in the Shares. Such short position may be closed by purchasing Shares in the open market or by exercising all or part of the Over-allotment Option. The Stabilisation Manager expects that the Over-allotment Option will be exercised in the event that the trading price of the Shares is higher than the Offering Price at the time the Stabilisation Manager is seeking to close out the Stabilisation Manager's short position. Otherwise, the Stabilisation Manager expects to purchase Shares in the open market to close out such short-position. Any net gain resulting from stabilisation activities will exclusively benefit the Company.

Any stabilisation activities will be conducted in accordance with the European Standards for Stabilisation issued by the Committee of European Securities Regulators in April 2002 and in accordance with Commission Regulation (EC) No 2273/2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programmes and stabilisation of financial instruments.

A notice stating that stabilisation activities may occur will be issued on the first day of Listing. Within one week of the end of the stabilisation period, the Stabilisation Manager will publish a statement through the information system of Oslo Børs with information as to whether or not or any stabilisation activities have been undertaken. If stabilisation activities have been undertaken, the statement will also include information on:

- The total amount of Shares issued and purchased
- The dates at which the stabilisation period started and the date which stabilisation last occurred
- The price range between which stabilisation was undertaken for each of the days which stabilisation transactions were carried out.

5.15 SHAREHOLDER RIGHTS CONFERRED BY THE NEW SHARES

The New Shares and any additional new Shares issued by the Company in connection with exercise of the Over-allotment Option will confer shareholder rights from such time as the share capital increase is registered in the Norwegian Register of Business Enterprises and in all respects rank pari passu with the existing Shares.

5.16 APPLICATION FOR LISTING

5.16.1 Application for Listing

The Company's Shares are not currently listed on Oslo Børs or any other authorised market, but trade on the OTC under the ticker-code "ARRO". The Company expects that the Board of Oslo Børs will resolve on 24 May 2007 to admit the Shares of the Company for trading on Oslo Børs (or alternatively Oslo Axess). The first day of trading is expected to be on or about 30 May 2007.

As long as the Company's Shares are listed on Oslo Børs (or Oslo Axess), all ordinary Shares issued by the Company will automatically be listed on Oslo Børs (or Oslo Axess) as soon as the relevant share capital increase has been registered with the Norwegian Register of Business Enterprises and such Shares has been enrolled in the subscriber's VPS accounts and, if required, a prospectus for the listing of such Shares has been approved by Oslo Børs (or Oslo Axess). It is expected that the New Shares issued in the Offering will be listed on or about 30 May 2007, i.e. the first day trading of the Company's Shares.

5.16.2 Lock-up agreements

The Company's largest shareholder, GC Rieber Shipping, holding minimum 40.8% of the Shares after the Offering if all New Shares are issued and the entire Over-allotment Option is exercised, has entered into a lock-up agreement with the global coordinator, Carnegie, dated 11 May 2007, in which Carnegie is the only beneficiary. Under the lock-up agreement, GC Rieber Shipping undertakes not to sell any Shares for a period of 180 days following completion of the Listing without the prior approval of Carnegie.

5.17 PUBLICATION OF INFORMATION RELATED TO THE OFFERING

Publication of information related to the Offering, including any changes, will be published on the Oslo Børs' information system; www.newsweb.no, under the ticker code "ARROW" and will also be available on the Company's web site on www.arrowseismic.no.

5.18 VPS REGISTRATION

The Shares are registered with VPS under the International Securities Identification Number (ISIN) NO 001 0301161. The Registrar for the Shares is Nordea Bank Norge ASA, Verdipapirservice, P.O. Box 1166 Sentrum, N-0107 Oslo.

5.19 MANAGERS

Carnegie ASA, P.O.Box 684 Sentrum, 0106 Oslo, Norway is acting as global coordinator, lead manager and bookrunner for the Listing and the Offering. Kaupthing ASA, P.O. Box 1914 Vika, 0125 Oslo, Norway is acting as joint–lead manager for the Offering.

5.20 EXPENSES

Transaction costs and all other directly attributable costs in connection with the Offering and the Listing will be borne by the Company. The total costs are expected to amount to between USD 2.5 million and USD 2.9 million, of which the Managers are expected to receive between USD 2.1 million and USD 2.5 million assuming full subscription of the Offering, excluding the Over-allotment Facility, at the latest traded price as of 9 May 2007, and given this the net proceeds from the Offering are expected to be approximately USD 56 million.

5.21 JURISDICTION AND CHOICE OF LAW

The Offering and this Prospectus are subject to Norwegian law, unless otherwise indicated herein. Any dispute arising in respect of the Offering or this Prospectus is subject to the exclusive jurisdiction of Oslo Municipality Court.

5.22 MANDATORY ANTI-MONEY LAUNDERING PROCEDURES

The Offering is subject to the Norwegian Money Laundering Act No. 41 of 20 June 2003 and the Norwegian Money Laundering Regulations No. 1487 of 10 December 2003 (collectively the "Anti-Money Laundering Legislation").

All subscribers who are not registered as existing customers with the Managers must verify their identity to the Managers in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have established VPS accounts and whose aggregate subscription price is less than NOK 100,000 do not need to verify their identity, unless verification of identity is requested by the Managers. If requires the verification of identification must be completed prior to the expiry of the Subscription Period. Subscribers that have not completed the required verification of identification will not be allocated Offer Shares.

5.23 NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

Offering Restrictions

No action has been or will be taken in any jurisdiction other than in Norway, where action for that purpose is required, which would permit the distribution of this Prospectus or the possession, circulation or distribution of this Prospectus or any material relating to the Offer Shares offered hereby. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Offer Shares may be distributed or published, in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Investors should consult their professional advisors as to whether they require any governmental or other consents or need to observe any formalities to enable them to purchase the Offer Shares.

The Shares have not been and will not be registered under the Securities Act or under the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Offering is being made pursuant to Rule 144A and Regulation S and, accordingly, may not be sold (i) within the United States or to U.S. persons except to a limited number of QIBs in accordance with Rule 144A and (ii) outside the United States except in accordance with Regulation S. Each Underwriter has represented and agreed that it has not offered or sold, and will not offer or sell any Offer Shares except in accordance with Rule 903 of Regulation S or to a limited number of QIBs in accordance with Rule 144A. Accordingly, each Underwriter has represented and agreed that neither it, nor any of its affiliates nor any person acting on its or their behalf has (i) engaged or will engage in any directed selling efforts or general solicitation with respect to the Shares or (ii) taken any action in any jurisdiction other than Norway that would constitute a public offering of the Offer Shares in such jurisdiction. Terms used in this Section 5.23 that are defined in Rule 144A or Regulation S are used herein as so defined.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Shares within the United States by a dealer that is not participating in the Offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

Transfer Restrictions

The offering of the Offer Shares in the United States to a limited number of QIBs is being made in reliance on an exemption from the registration requirements of the Securities Act. The Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction and, accordingly, may not be offered, sold, pledged, or otherwise transferred or delivered except pursuant to an exemption from registration under the Securities Act or pursuant to an effective registration statement under the Securities Act.

United States Purchasers

Each purchaser of the Offer Shares offered in reliance on Rule 144A, by accepting delivery of this Prospectus and the Offer Shares, will be deemed to have represented, warranted, acknowledged and agreed that (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

(a) the purchaser (i) is a QIB, (ii) is aware that the sale of the Offer Shares to it is being made in reliance on Rule 144A, and (iii) is acquiring such Shares for its own account or for the account of a QIB with respect to which it has investment discretion and has the full authority to make these representations, warranties and agreements;

(b) the purchaser understands that the Offer Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Offer Shares have not been, and will not be, registered under the Securities Act and therefore are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, and that (i) Offer Shares may be offered, resold, pledged or otherwise transferred only (a) to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (b) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case (a) through (c) in accordance with all applicable U.S. federal and state securities laws, and that (ii) the purchaser will, and each subsequent holder is required to, notify any purchaser of such Offer Shares from it of the transfer restrictions referred to in (i) above, and the purchaser acknowledges that no representation has been made as to the availability of the exemption provided by Rule 144 under the Securities Act for the resale of the Offer Shares;

(c) the Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THESE SHARES (OR ANY PREDECESSORS THERETO) WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR ANY APPLICABLE EXEMPTION THEREFROM.

EACH PURCHASER OF THESE SHARES IS HEREBY NOTIFIED THAT THE SELLER OF THESE SHARES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THESE SHARES AGREES FOR THE BENEFIT OF THE COMPANY THAT (I) THESE SHARES MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO A PERSON WHO THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (B) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE (A) THROUGH (C) IN ACCORDANCE WITH ALL APPLICABLE U.S. FEDERAL AND STATE SECURITIES LAWS , AND (II) THE PURCHASER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF SUCH SHARES FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO IN (I) ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR THE RESALE OF THIS SECURITY;

(d) the purchaser of the Shares shall not deposit the Shares into any unrestricted depositary facility established or maintained by a depositary bank, unless and until such time as such Shares are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act; and

(e) the purchaser acknowledges that it will be required to execute and deliver to Arrow or its designee an Investor Representation Letter in the form delivered simultaneously with this Prospectus and that Arrow, the Managers, their affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements and those contained in the Investor Representation Letter in order to comply with U.S. and other securities laws.

Prospective purchasers are hereby notified that sellers of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Non-U.S. Purchasers

Each purchaser of Offer Shares offered and sold in reliance on Regulation S will, by accepting delivery of this Prospectus and the Offer Shares, be deemed to have represented, warranted, acknowledged and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

(a) the purchaser (i) is, and the person, if any, for whose account it is acquiring such Offer Shares is, outside the United States and is not a U.S. person, and (ii) is acquiring the Offer Shares in an offshore transaction meeting the requirements of Regulation S;

(b) the purchaser is aware that the Offer Shares have not been and will not be registered under the Securities Act and are being distributed and offered outside the United States in reliance on Regulation S;

(c) the purchaser is not an affiliate of Arrow or purchasing on behalf of an affiliate of Arrow; and

d) the purchaser acknowledges that Arrow, the Managers, their affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements in order to comply with U.S. and other securities laws.

Available Information

Neither the Company nor any of its subsidiaries is required to file periodic reports under Section 13 or 15 of the U.S. Securities Exchange Act, as amended. For so long as any of the Offered Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, if at any time Arrow is neither subject to the reporting requirements of Section 13 or 15 of the Exchange Act, nor exempt from the reporting requirements of the Exchange Act pursuant to Rule 12g3-2(b) thereunder, Arrow will provide upon request to the holders of the Offered Shares and to each prospective purchaser designated by any such holder, information required by Rule 144A(d)(4) to facilitate resale of the Offered Shares pursuant to Rule 144A under the Securities Act.

6. PRESENTATION OF THE COMPANY

Arrow Seismic ASA is a Norwegian Public Limited Company incorporated under the laws of Norway on 27 October 2005, and is registered with the Norwegian Register of Business Enterprises with organization number no. 988 843 016. The Company's head quarter is located in Solheimsgt 13 in Bergen, Norway. The mailing address of the Company is Solheimsgt 13, 5058 Bergen, Norway. The telephone number is + 47 55 60 68 00.

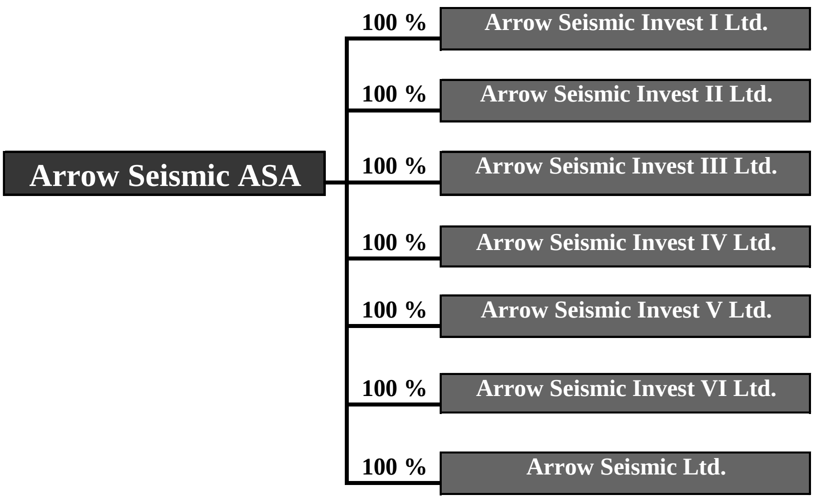
Arrow develops, owns and operates advanced state-of-the-art vessels for the marine seismic industry. Arrow owns and operates two multi streamer vessels and has purchased three vessels planned for conversion to 2D/Source vessels in 2007/2008. Further, Arrow has ordered four state-of-the-art high capacity seismic newbuildings for delivery in 2008 and 2009, bringing total investments since incorporation to about USD 600 million.

The business activities of Arrow represent a continuance of the marine seismic operation of Arrow's parent company GC Rieber Shipping ASA ("GC Rieber Shipping"), which has almost 40 years experience within the marine seismic industry. GC Rieber Shipping ASA is a Norwegian Public Limited company listed on Oslo Børs with its business address at Solheimsgt 13, 5058 Bergen, Norway.

6.1 CORPORATE STRUCTURE OF ARROW

The chart below depicts the Company's corporate structure.

Figure 6-1: Corporate structure Arrow



6.2 DESCRIPTION OF THE COMPANIES IN THE GROUP

6.2.1 Arrow Seismic ASA

Arrow Seismic ASA is the holding company of the Group without other activities than administrative functions on the Group level. The operational activities are conducted by the 100 % directly owned subsidiaries of the Company; see Figure 6-1 above and further description below.

6.2.2 Arrow Seismic Ltd.

Arrow Seismic Ltd ("ASL") is a UK Private Limited Company incorporated under the laws of England and Wales on 8 November 2005, with organization number no.05615555, having its registered business address at Darenth House, 60 High Street Otford, Sevenoaks, Kent TN14 5TL.

ASL charters the vessels from the various affiliate ship operating companies listed below, and charters the vessels to the end clients being seismic companies such as WesternGeco, CGGVeritas and Fugro Geoteam. The reason for this model is partly to create a contractual single-point-of-contact versus the end clients, and partly to optimize the tax position of the Group. ASL has no exposure to any risk connected to the marine operation of the vessels. The only risk ASL is subject to is non-payment of charter hire by the end clients. Further, ASL has no risk in development of the second hand value of the vessels, as this risk is borne by the ship owner. Having a low risk business model, the profit margin ASL achieves is thus marginal.

6.2.3 Arrow Seismic vessel operating companies

The table below illustrates how the vessels are owned and/or bareboat chartered within the Group (the ship operating companies):

Figure 6-2: Vessels owned and/or bareboat chartered by the Company

Arrow Seismic Invest I Ltd.	**"Geo Atlantic"**	*High capacity seismic 3D vessel (2000)*
Arrow Seismic Invest II Ltd.	**"NB 532"**	*High capacity seismic 3D vessel (2008)*
Arrow Seismic Invest III Ltd.	**"NB 533"**	*High capacity seismic 3D vessel (2008)*
Arrow Seismic Invest IV Ltd.	**"CGG Laurentian"**	*Muliti streamer 3D vessel (1983)*
	"Polar Explorer"	*2D/Source seismic vessel (1992)*
	"Polar Pearl"	*2D/Source seismic vessel (1993)*
	"Polar Sea"	*2D/Source seismic vessel (1993)*
Arrow Seismic Invest V Ltd.	**"NB 534"**	*High capacity seismic 3D vessel (2009)*
Arrow Seismic Invest VI Ltd.	**"NB 535"**	*High capacity seismic 3D vessel (2009)*

Arrow Seismic Invest I Ltd.

Arrow Seismic Invest I Ltd ("ASI I") is a UK Private Limited Company incorporated under the laws of England and Wales on 8 November 2005, with organization number no. 05616405, having its registered business address at Darenth House, 60 High Street Otford, Sevenoaks, Kent TN14 5TL.

ASI I owns and operates the high capacity vessel "Geo Atlantic" (built 2000, converted 2006). The vessel has since October 2006 been on time charter to ASL. ASI I bears the risk of the marine operation of the vessel and the asset risk (development in second hand value of the vessel).

Arrow Seismic Invest II Ltd.

Arrow Seismic Invest II Ltd ("ASI II") is a UK Private Limited Company incorporated under the laws of England and Wales on 8 November 2005, with organization number no. 05616408, having its registered business address at Darenth House, 60 High Street Otford, Sevenoaks, Kent TN14 5TL.

ASI II shall bareboat charter (under the Spanish tax lease structure) and thereafter become the owner of, and operate the high capacity new building 532 which is due for delivery in 1Q 2008. Newbuild 532 shall, after delivery from the yard, be employed on a time charter to ASL. ASI II will bear the risk of the marine operation of the vessel and the asset risk (development in second hand value of the vessel).

Arrow Seismic Invest III Ltd.

Arrow Seismic Invest III Ltd ("ASI III") is a UK Private Limited Company incorporated under the laws of England and Wales on 8 November 2005, with organization number no. 05615530, having its registered business address at Darenth House, 60 High Street Otford, Sevenoaks, Kent TN14 5TL.

ASI III shall bareboat charter (under the Spanish tax lease structure) and thereafter become the owner of, and operate the high capacity new building 533 which is due for delivery in 4Q 2008. Newbuild 533 shall, after delivery from the yard, be employed on a time charter to ASL. ASI III will bear the risk of the marine operation of the vessel and the asset risk (development in second hand value of the vessel).

Arrow Seismic Invest IV Ltd.

Arrow Seismic Invest IV Ltd ("ASI IV") is a UK Private Limited Company incorporated under the laws of England and Wales on 5 May 2006, with organization number no. 05807962, having its registered business address at Darenth House, 60 High Street Otford, Sevenoaks, Kent TN14 5TL.

ASI IV owns and operates the multi streamer vessel "CGG Laurentian" (built 1983, converted 1998/2005). The vessel has since it was purchased in July 2006 been on time charter to ASL. ASI IV bears the risk of the marine operation of the vessel and the asset risk (development in second hand value of the vessel).

ASI IV also owns the vessels "Polar Explorer" and "Polar Pearl" and has entered into an agreement for the purchase of "Lisbeth C" (to be renamed "Polar Sea") expected to be delivered within end May 2007. These vessels are planned converted into 2D/source vessels in 2007/2008. ASI IV will after conversion operate these vessels and time charter to ASL. ASI IV will bear the risk of the marine operation of the vessels and the asset risk (development in second hand value of the vessels).

Arrow Seismic Invest V Ltd.

Arrow Seismic Invest V Ltd ("ASI V") is a UK Private Limited Company incorporated under the laws of England and Wales on 8 September 2006, with organization number no. 05928775, having its registered business address at Darenth House, 60 High Street Otford, Sevenoaks, Kent TN14 5TL.

ASI V is planned to bareboat charter (under a Spanish tax lease structure) and thereafter become the owner of, and operate the high capacity new building 534 which is expected to be delivered in 2Q 2009. Newbuild 534 shall, after delivery from yard, be employed on a bareboat charter to ASL. ASI V will bear the asset risk (development in second hand value of the vessel).

Arrow Seismic Invest VI Ltd.

Arrow Seismic Invest VI Ltd ("ASI VI") is a UK Private Limited Company incorporated under the laws of England and Wales on 6 December 2006, with organization number no. 06020168, having its registered business address at Darenth House, 60 High Street Otford, Sevenoaks, Kent TN14 5TL.

ASI VI is planned to bareboat charter (under a Spanish tax lease structure) and thereafter become the owner of, and operate the high capacity new building 535 which is expected to be delivered in 4Q 2009. Newbuild 535 shall, after delivery from yard, be employed on a time charter to ASL. ASI VI will bear the risk of the marine operation of the vessel and the asset risk (development in second hand value of the vessel).

6.3 HISTORY AND DEVELOPMENT OF THE COMPANY

The business activities of the Company represent a continuance of the marine seismic operation of Arrow's parent company GC Rieber Shipping, which has been listed on Oslo Børs since 1998. From its early pioneering activities and up to the present day, GC Rieber Shipping has almost 40 years continuous experience in marine seismic, with unique cross-over maritime and seismic experience including developing, building, owning and operating seismic vessels. GC Rieber Shipping has e.g. taken part in the development and introduction of the Ramform vessels. The first of these vessels, the Ramform Explorer, was built by GC Rieber Shipping and chartered to PGS on a long term contract which was later transformed to a sales agreement. GC Rieber Shipping also undertook the newbuilding supervision, commissioning and marine operation of all 6 Ramform-design seismic vessels and was responsible for maritime and technical operation on these vessels during their initial 5-8 years. The vessels then represented the forefront of technology and design in this sector and have added to the in-house competence of GC Rieber Shipping.

In the period 2000-2005, GC Rieber Shipping invested in compressors and insea equipment on the fleet of four 2D and 3D vessels owned by the company. Through joint venture agreements with the 51% owned subsidiary Multiwave and later Fugro Geoteam, the vessels acquired seismic data which was offered to the oil companies, both on an exclusive and non exclusive basis (multi-client). This seismic activity was in February 2005 demerged into the company Exploration Resources ASA which was listed on Oslo Børs in March 2005 and later acquired by CGG in August 2005. The competence in developing, building, owning and operating seismic vessels was however retained within GC Rieber Shipping.

In the spring of 2005, GC Rieber Shipping decided to further develop its seismic operation by offering state-of-the-art high capacity vessels to the marine seismic industry. As a part of these renewed efforts GC Rieber Shipping decided to convert "Polar King" to a seismic vessel and entered into a 7 year charter contract with Fugro Geoteam in respect of the vessel. Also GC Rieber Shipping signed a letter of intent regarding two new buildings with the Factorias Vulcano yard in Spain. Thereafter, in October 2005, GC Rieber Shipping reorganised its seismic activity in a newly incorporated company, namely Arrow. As a result of the internal restructuring, Arrow became the owner of "Polar King" (renamed "Geo Atlantic") with the pertaining contract with Fugro Geoteam. After final agreements regarding the two new buildings were entered into with the yard, the building contracts (including options for additional two new buildings) were transferred to Arrow.

To supply Arrow with the equity required to finance the investment in the first two newbuildings, Arrow conducted a private placement of about USD 50 million in February 2006. The Company's founding father, GC Rieber Shipping, kept an ownership interest of 54 per cent in Arrow after the private placement. Arrow was subsequently listed on the Norwegian OTC market.

In July 2006, the Company purchased the six streamer seismic research vessel "CGG Laurentian" together with an existing charter party with CGGVeritas. The option to build the third high capacity streamer seismic newbuilding was declared in August 2006. In October 2006, the conversion of "Geo Atlantic" into a high capacity streamer seismic vessel was completed, where after the vessel commenced on a charter with Fugro Geoteam. Furthermore, three cargo vessels planned converted into 2D/source vessels of high standard were purchased in the period from November 2006 to January 2007. In the same period the option to build the fourth high capacity seismic newbuilding was declared, bringing the Company's fleet of vessels and newbuildings to nine units with a total investment program since incorporation of about USD 600 million.

6.4 HSEQ ("HEALTH, SAFETY, ENVIRONMENT AND QUALITY") POLICY

The Company's vessels are managed under long term ship management agreements with the affiliate companies GC Rieber Shipping AS and GC Rieber Shipping Ltd. GC Rieber Shipping AS, GC Rieber Shipping Ltd. and all vessels managed by these companies are certified under the ISM code, as well as the new international anti-terror preparedness/ security regulations for shipping, the ISPS (International Ship & Port Facility Security) code. GC Rieber Shipping AS and GC Rieber Shipping Ltd. use Det Norske Veritas (DNV) as its certification body.

The certification bodies conduct annual audits of both vessels and the offices onshore. Audits and inspections are also carried out by charterers and their clients in connection with offshore or seismic contracts, port state controls, etc. Annual internal audits are also performed on board the vessels and in the onshore organisation.

No accidents with serious personal injury were recorded in 2006. The company is making a determined effort to avoid personnel injuries.

The Company is developing its focus on a positive awareness of the general attitude towards safe work practices. The Company has also increased its focus on risk management as an important tool in the reduction of the probability of injuries and accidents.

6.5 BUSINESS OBJECTIVES AND STRATEGY

6.5.1 Business Goal

To be a long term reliable provider of safe and cost efficient high quality seismic vessels to the marine seismic industry.

6.5.2 Strategy

Arrow's strategy is to develop, own and operate advanced state-of-the-art vessels for the marine seismic industry. The Company will primarily seek long-term contracts at attractive rates for most of its vessels.

Arrow will focus on maximising shareholder value with an opportunistic approach to development going forward, being pragmatic about consolidation opportunities, possible expansion within the value chain and growth as long as this is considered to be value enhancing for the Company's shareholders. Arrow aims to become an attractive dividend entity and will consider increased gearing as contracts are signed for newbuilds.

6.6 OVERVIEW OF THE FLEET

6.6.1 Overview of fleet and contracts

Arrow owns and operates two multi streamer vessels and has purchased three vessels planned for conversion to 2D/Source vessels in 2007/2008. Further, Arrow has ordered four state-of-the-art high capacity seismic newbuildings for delivery in 2008 and 2009, bringing the total fleet to nine vessels after the newbuild/conversion program has been finalized in 2009.

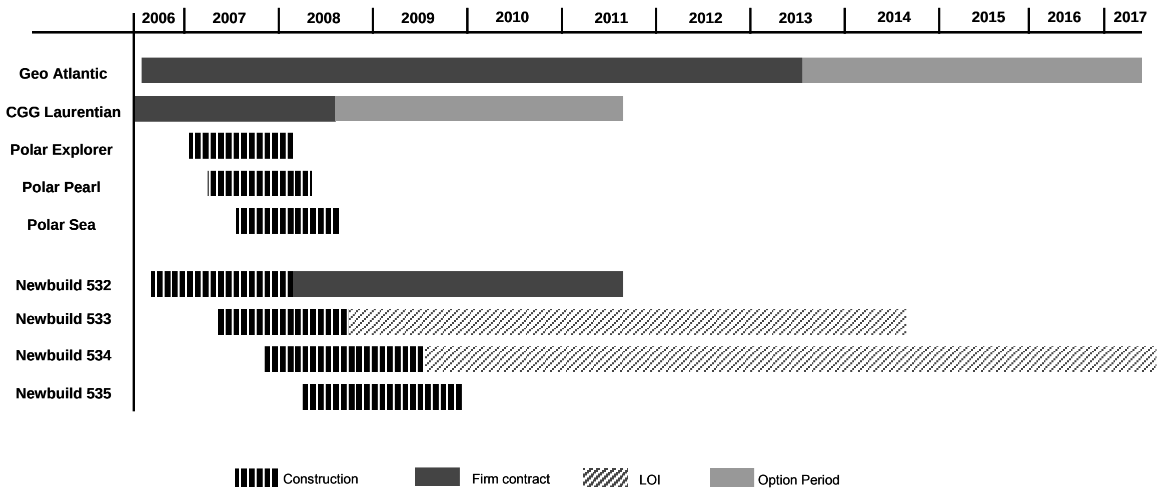
The new buildings are designed for optimal high capacity (12-16 streamers) marine seismic operations with a strong focus on safety, fuel efficiency and a high transit speed. Higher transit speed will increase vessel revenues while lower fuel consumption will reduce vessel operating cost. In combination, the vessel result is expected to be significantly better than the peer group.

Figure 6-3: Fleet overview

Vessel name	Year build	Year converted	To be delivered	Streamer capacity	Charterer
Geo Atlantic	2000	2006	October 2006	10 (12)	Fugro Geoteam
CGG Laurentian	1983	1998/2005	July 2006	6	CGG Veritas
Polar Explorer	1992	2007/2008	Q1 2008	1 streamer/source	Available
Polar Pearl	1993	2007/2008	Q2 2008	1 streamer/source	Available
Polar Sea	1993	2007/2008	Q3 2008	1 streamer/source	Available
Newbuild 532	2008	n.a.	Q1 2008	12-16	WesternGeco
Newbuild 533	2008	n.a.	Q4 2008	12-16	WesternGeco (LOI)
Newbuild 534	2009	n.a.	Q2 2009	12-16	CGG Veritas (LOI)
Newbuild 535	2009	n.a.	Q4 2009	12-16	Available

The Company currently has firm contract coverage for three of its vessels, including Newbuild 532 and the vessels "Geo Atlantic" and the "CGG Laurentian" already operating on contracts. Furthermore, Arrow and WesternGeco are in the process of finalising a similar contract as for Newbuild 532 for Newbuild 533 to be delivered Q4 2008. The Company has also entered into a non-binding letter of intent for Newbuild 534, as further detailed below.

Figure 6-4: Contract coverage



6.6.2 Geo Atlantic

Figure 6-5: Geo Atlantic

Technical specifications

Table 6-1: Technical specifications Geo Atlantic

Built:	2000
Converted to seismic:	2006
Upgraded:	n.a.
Length:	118.5 meter
Beam:	26.0 meter
Compressors :	Owned by Arrow; 3 x LMF compressors
Streamer winches:	Owned by Arrow; 5 x double winches plus 2 lead in winches from Odim
Streamers:	Owned by charterer; max 12 streamers

The “Geo Atlantic” has been time chartered to Fugro Geoteam from October 2006 for fixed period of seven years, whereupon the charterer has a 2 x 2 year option to extend the charter period. For further information see section 14.2 “Material Contracts”.

6.6.3 CGG Laurentian

Figure 6-6: CGG Laurentian

Technical specifications

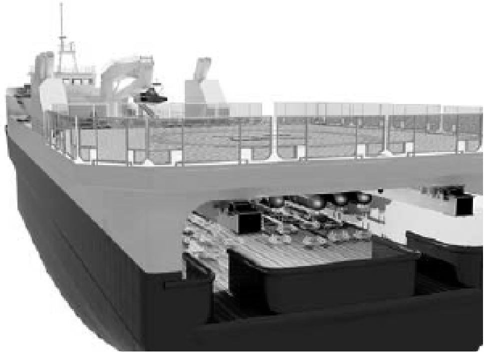
Table 6-2: Technical specifications CGG Laurentian

Built:	1983
Converted to seismic:	1998
Upgraded:	2005
Length:	84.7 meter
Beam:	16.8 meter
Compressors :	Owned by Arrow; 3 x LMF compressors
Streamer winches:	Owned by Arrow; 3 x double winches from Odim
Streamers:	Owned by charterer; max 6 streamers

The "CGG Laurentian" is operating on a time charter party with CGGVertias expiring in September 2008 whereupon the charterer has an option to extend the terms of the charter party lease for either two or three years. For further information see section 14.2 "Material Contracts".

6.6.4 2D/Source vessels

Figure 6-7: Illustration of 2D/source vessel post conversion



Arrow owns the cargo vessels “Polar Explorer” and “Polar Pearl” and has entered into an agreement for the purchase of the cargo vessel “Lisbeth C” (to be renamed “Polar Sea”) expected to be delivered within end May 2007. The total purchase price for these vessels is some USD 21 million.

Arrow has access to winches and compressors for delivery in 2007 and is planning to convert and renew the cargo vessels to 2D/source vessels of high standard in 2007/2008 in order to meet the requirement of safety and comfort from the oil exploration industry. Total investment for the vessels, including conversion cost, winches and compressors, is estimated to about USD 110 million. The vessels are currently open for contract.

Table 6-3: Technical specifications Polar Explorer

Built:	1992
Converted:	Planned for conversion to 2D/source vessel in 2007/2008
Upgraded:	n.a.
Length:	92 meter
Beam:	17 meter
Compressors :	Owned by Arrow; 3 x LMF compressors
Streamer winches:	Owned by Arrow; 1 x double winch from Odim
Streamers:	Owned by charterer; 1 long offset streamer of up to 16 km

Table 6-4: Technical specifications Polar Pearl

Built:	1993
Converted:	Planned for conversion to 2D/source vessel in 2007/2008
Upgraded:	n.a.
Length:	92 meter
Beam:	17 meter
Compressors :	Owned by Arrow; 3 x LMF compressors
Streamer winches:	Owned by Arrow; 1 x double winch from Odim
Streamers:	Owned by charterer; 1 long offset streamer of up to 16 km

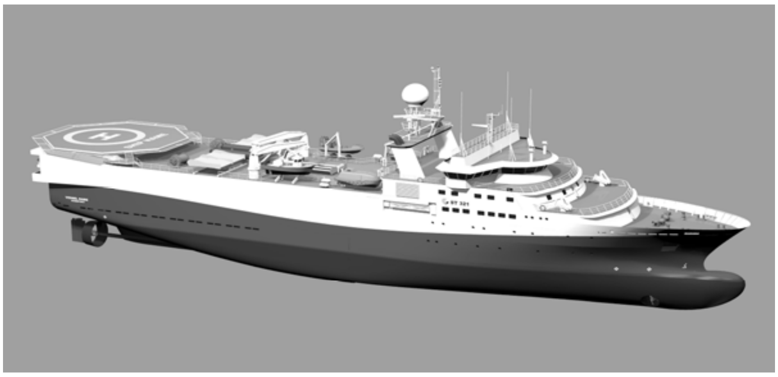
Table 6-5: Technical specifications Polar Sea

Built:	1993
Converted:	Planned for conversion to 2D/source vessel in 2007/2008
Upgraded:	n.a.
Length:	92 meter
Beam:	17 meter
Compressors :	Owned by Arrow; 3 x LMF compressors
Streamer winches:	Owned by Arrow; 1 x double winch from Odim
Streamers:	Owned by charterer; 1 long offset streamer of up to 16 km

For “Polar Sea”, Arrow has made a design for conversion to 6 streamer (3 x double winches). This includes new propulsion plant of 2 x 3,000 kw and Azimuth. Necessary equipment is secured for delivery in Q4 2007. This is per date an option being considered.

6.6.5 Newbuilds

Figure 6-8: Illustration of the newbuilds



In November 2005, the Company contracted two state-of-the-art high capacity streamer seismic newbuildings from the Factorias Vulcano yard in Spain. The options to build another two such high capacity newbuildings were declared in August and December 2006, respectively.

The new buildings are designed for optimal high capacity (12-16 streamers) marine seismic operations with a strong focus on safety, fuel efficiency and a high transit speed. Higher transit speed will increase vessel revenues while and lower fuel consumption will reduce vessel cost. In combination, the vessel result is expected to be significantly better than the peer group.

Technical specifications

Table 6-6: Technical specifications of the 4 newbuilds

Newbuilds 532 & 533	
Built:	Scheduled for delivery in Q1 2008 and Q4 2008
Compressors :	Owned by Arrow; 3 x LMF compressors
Streamer winches:	Owned by Arrow; 6 x double winches from Odim
Streamers:	Owned by Arrow: 92 km of streamers
Newbuilds 534 & 535	
Built:	Scheduled for delivery in Q2 2009 and Q4 2009
Compressors :	Owned by Arrow; 3 x LMF compressors
Streamer winches:	Owned by Arrow; 6 x double winches plus 4 lead in winches from Odim
Streamers:	Owned by Arrow: 92 km of streamers

See sections 9.5 and 14.2 for details on the estimated total investment level relating to the newbuilds, including investments in vessels, compressors, winches and streamers.

Contracts

Arrow has entered into a firm contract with WesternGeco for the Newbuild 532 to be delivered in February 2008. The contract comprises a charter for the vessel for a fixed period of three years and a purchase agreement under which the ownership of the vessel will be transferred to WesternGeco upon expiry of the charter period. Furthermore, Arrow and WesternGeco are in the process of finalising a similar contract for the Newbuild 533 to be delivered November 2008. Arrow has also entered into a non-binding Letter of Intent with CGGVeritas for a firm 12 year bare boat charter for the Newbuild 534 estimated to be delivered in April 2009, whereupon the continuation will be regulated by a put/call option for the sale and purchase of the vessel. Newbuild 535 is currently open for contract.

For further information on contracts for the newbuilds, see section 14.2 "Material Contracts".

6.7 MANAGEMENT OF VESSELS

Arrow has entered into an agreement with GC Rieber Shipping AS regarding project management and building supervision for the newbuildings 532 and 533 due for delivery in 2008 with a turn key contract value of USD 3.75 million. Similar agreements will be entered into also for the newbuildings 534 and 535 and in respect of the conversion of “Polar Explorer”, “Polar Pearl” and “Polar Sea”. GC Rieber Shipping is an experienced manager and newbuild supervisor, including for six Ramforms up to 2004.

All vessels, except new building no 534, will be operated by the Company and chartered out on time charter contracts. To secure high quality ship management services for such specialized vessels, the Company has entered into ship management agreements with the affiliate companies GC Rieber Shipping AS and GC Rieber Shipping Ltd for marine crewing and technical support of the vessels “Geo Atlantic” and “CGG Laurentian”. Similar agreements will be entered into for the other vessels. Both GC Rieber Shipping AS and GC Rieber Shipping Ltd have long term experience in managing seismic vessels. Seismic operations and seismic crewing onboard the vessels will typically be provided by the charterers.

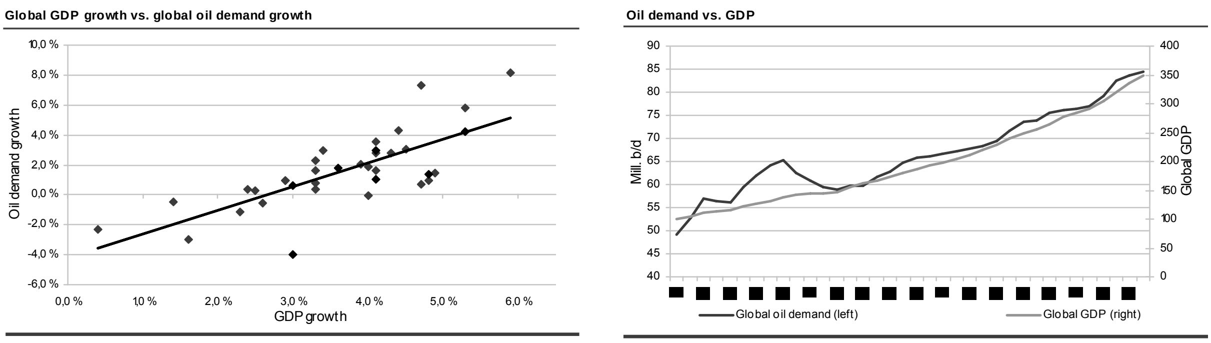
7. MARKET OVERVIEW

7.1 OVERVIEW OF THE GLOBAL OIL & GAS INDUSTRY

According to the International Energy Agency ("IEA"), the global demand for oil is approximately 85 million boe/d. The global demand is expected to increase in the coming years, and if the increased demand is to be met by increased supply, oil production has to increase by 1-2 millions boe/d each year. The organisation estimates the total oil demand to be 86.2 million boe in 2007, 92 million boe in 2010, 98 million boe in 2015, and 121 million boe in 2030.

The single most important factor behind oil demand is commonly believed to be general economic growth (real GDP growth). Based on historical figures for oil demand and real GDP growth, Carnegie Research has estimated that a global real GDP growth at trend (3.6 %) implies an increase of 1.7 % in the oil demand. The correlation between oil demand and world GDP growth in the period 1971-2006 is illustrated below.

Figure 7-1: Global GDP growth vs. global oil demand

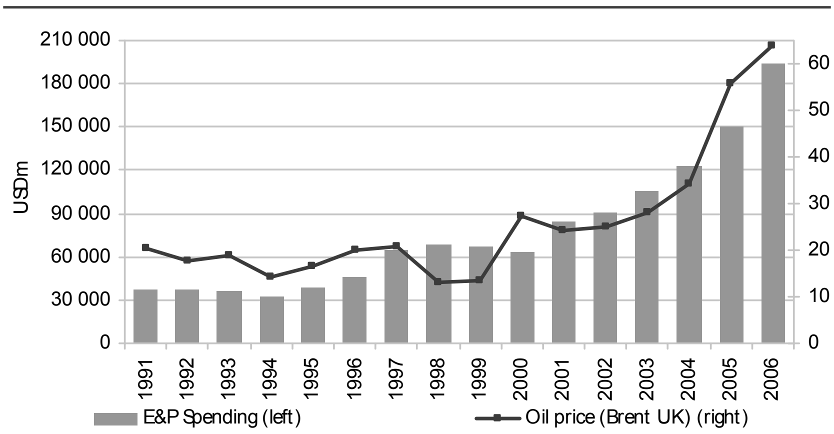


Source: IEA, Carnegie Research

Despite relatively high oil prices since 1999, oil companies have until recently been reluctant to increase E&P spending. Until mid 2003 the high prices were seen as more a result of limited oil supplies rather than growing demand. However, oil demand has recently increased significantly and as a result of the current low capacity surplus, exploration and production activity is expected to increase.

The key drivers in E&P spending are the oil companies' need to replace reserves and develop proven fields in order to realise value. The oil price has a major impact on the oil companies' ability and desire to invest in E&P spending, and there has historically been a strong correlation between the change in oil prices and the change in E&P spending, as illustrated in the graph below.

Figure 7-2: E&P spending vs. oil price development



Source: Carnegie Research, Evaluate Energy, Company Reports

7.2 OVERVIEW OF THE GLOBAL SEISMIC MARKET

7.2.1 Marine geophysical services

Planning a seismic survey and acquiring, processing and interpreting the seismic data are the various activities of a seismic project. The data acquired from the surveys are then used to produce computer generated graphic cross sections (2D) or three-dimensional images (3D) of the subsurface. Companies acquire marine seismic data both on exclusive contract basis for customers, and for their own risk as multi client data for marketing on a non-exclusive basis to customers (further described in section 7.2.2).

Conventional streamer operations involve the acquisition of marine seismic data by discharging a wave of acoustic energy just below the water's surface from one or more energy sources towed behind a survey vessel. The wave travels through the water and subsurface earth, with part of it being reflected back at rock layer boundaries. The reflections are then detected by hydrophones contained in the towed streamers, converted into digital data, and transmitted to a recording unit onboard the survey vessel. Before being put into a processing system, the data is analysed for quality control purposes, enabling production of subsurface images.

A 2D marine seismic survey is typically produced by a survey vessel towing a single streamer and one energy source. The data acquired from such a survey will generally represent a vertical cross-section along the line tracked by the streamer. The concept used to acquire 3D data is similar. A vessel will tow multiple streamers to produce a combination of parallel 2D cross-sectional data which can be processed to produce a 3D image of subsurface strata. Sophisticated navigation equipment, permitting constant and precise determination of the positions of streamers and energy sources during shooting, is needed for such data acquisitions.

A fourth dimension, evolved over time, is used to efficiently determine the changes occurring in the reservoir as a result of hydrocarbon production or injection of water or gas into the reservoir by comparing the repeated datasets. Time-lapse or 4D seismic involves comparing the results of 3D seismic surveys repeated at considerable time intervals (e.g. before a field starts producing versus various production stages).

Adding to the conventional techniques, various seabed seismic operations are being used. Such methods are more precise, as they are conducted by laying out permanent or mobile cable systems, or deployment of individual nodes in grid patterns. Data collection takes place by multi components, 4C (pressure waves in 3 dimensions (x, y, z) and shear waves in one dimension). The cable systems are connected to the oil installation or to a buoy. 2D or 3D vessels may be used as source vessels; in that case 2D vessels will normally be preferred as they are less costly. Multi component seabed operations will usually only be performed where conventional techniques are not possible or economically feasible due to access limitations, as streamer analyses are cheaper and new seismic methods contribute to a closing gap on quality.

In addition, different methods of electro magnetic surveying ("EM") are evolving. While seismic surveying (using acoustic energy) can be used to find reservoirs deep below ground, it cannot always provide good information on what kind of liquids they contain. EM has the unique feature of being able to, at a relatively high degree of certainty, distinguish between hydrocarbon filled and water filled reservoirs in deepwater areas. The two are separated by measuring subsurface resistivity, as hydrocarbon filled reservoirs typically have high resistivity compared to shale or water filled reservoirs. EM contributes to reducing the uncertainty element of exploration by further analyzing reservoirs detected by seismic surveys. EM has been tested in water depths from 110 to 3,100 metres and is most viable in offshore areas such as West-Africa, Brazil, South-East Asia, the Norwegian Sea and in the Gulf of Mexico. Work is now under way to reduce the noise – or interference – experienced by the signals in shallower waters, which would significantly extend the area of application for EM.

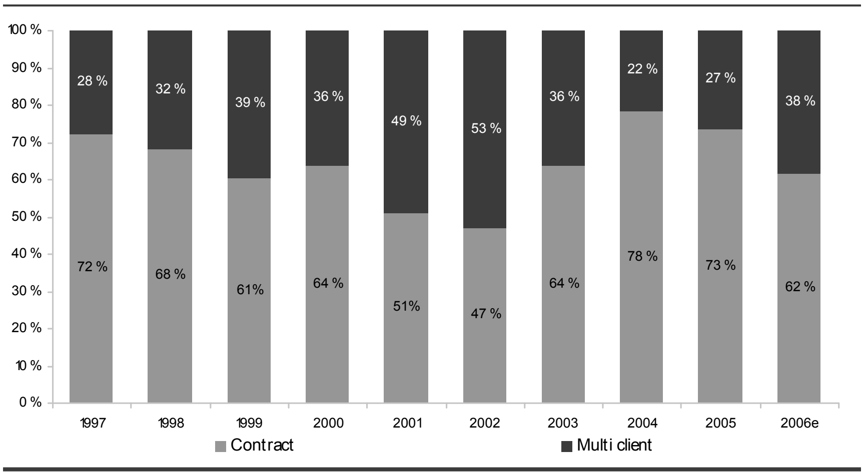
7.2.2 Contract work vs. multi-client work

The seismic industry operates with two types of business models – contract (proprietary) and multi-client data acquisition. Proprietary contract data is acquired based upon a request from one specific customer and the seismic data is exclusive for that customer. Multi-client data acquisition is on the other hand mostly initiated by the seismic company itself with the aim to licence the data to multiple customers on a non-exclusive basis. The seismic companies normally require a certain percentage of pre-funding before commencing multi-client data acquisition.

One distinct difference between contract and multi-client acquisition is the risk with multi-client of not being able to licence the data to other customers, compared to contract work where the company is guaranteed predetermined revenue.

The figure below shows the development in the split between vessels operating in the contract and multi-client segment in the period 1997-2006.

Figure 7-3: Development in market fleet split between contract and Multi client-segment



Source: Carnegie Research

7.2.3 Demand for marine geophysical services

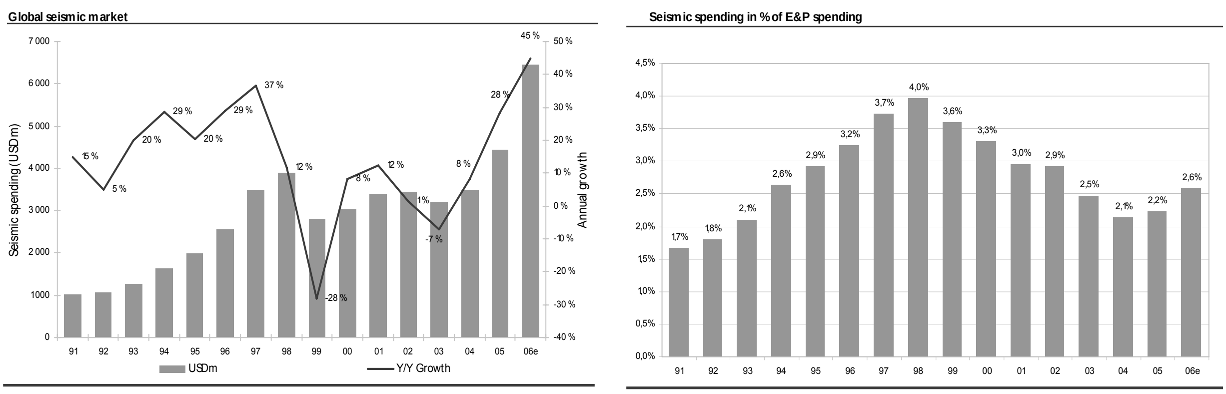
The demand for marine geophysical services is influenced by several factors, the most important being:

- The demand for oil and gas
- The level of the oil companies' exploration and production spending
- Developments in technology that affect the cost, quality and reliability of marine seismic data

For an overview of the demand for oil and gas and the level of the oil companies' exploration and production spending, it is referred to section 7.1. The developments in technology that affect the cost, quality and reliability of marine seismic data are described in section 7.2.1 above.

The figure below shows the development in total seismic spending and the annual demand growth since 1991 (left figure) and the seismic spending in % of total E&P spending for the same period (right figure).

Figure 7-4: Total seismic spending and demand growth (1991-2006)



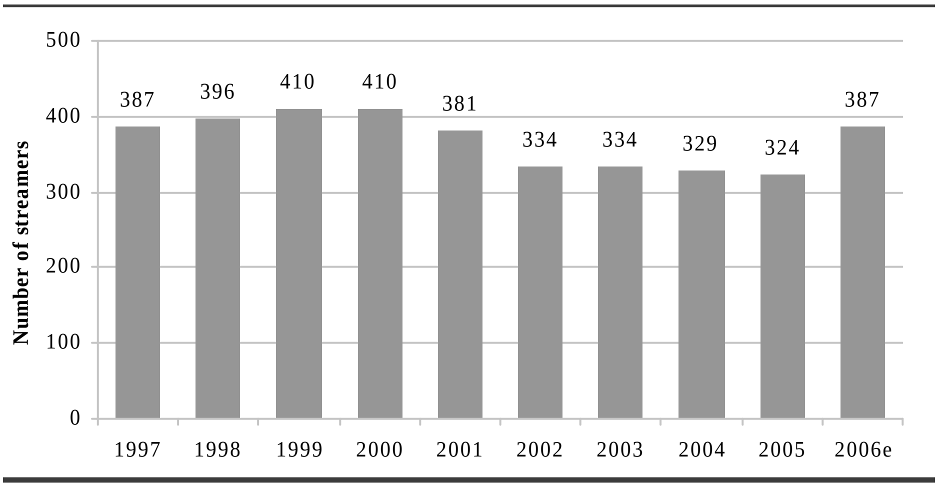
Source: Carnegie Research

7.2.4 Supply of marine geophysical services

Companies offering seismic services span a continuum from large, integrated full service companies to smaller low-end, low-technology companies. There are only a few major seismic players who are fully integrated delivering a comprehensive set of services to oil companies. CGGVeritas, Petroleum Geo-Services (PGS) and WesternGeco are the major players whom together with the mid-sized player Fugro Geoteam currently control the majority of the seismic streamer capacity.

The figure below illustrates the development in 3D streamer capacity from 1997 to 2006. As can be seen from the figure the streamer capacity was at its lowest point in 2005. It is expected that 3D streamer capacity will increase in the coming years.

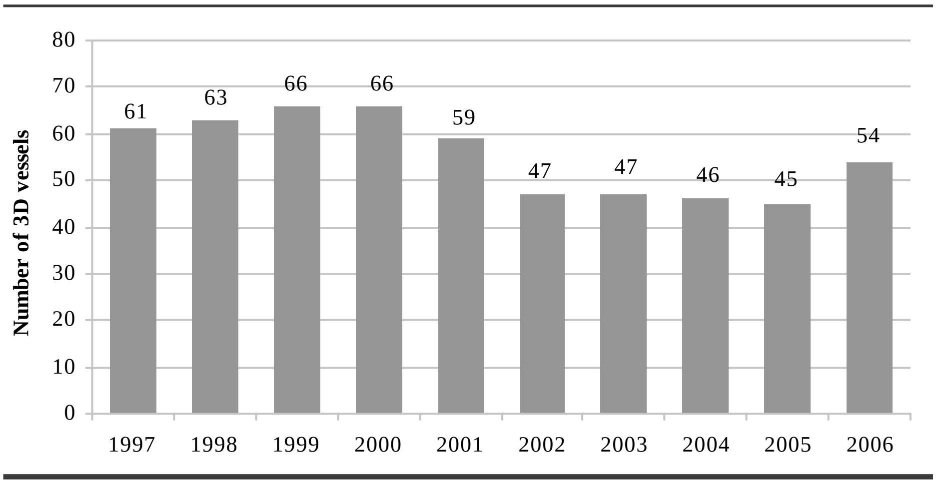
Figure 7-5: Development in 3D streamer capacity (practical)



Source: Carnegie Research

As of year end 2006, there were 54 3D vessels in operation, whereof CGGVeritas, PGS and WesternGeco operated 38 vessels. The table below illustrates the development in number of vessels from 1997 to 2006. As can be seen from the figure the number of vessels was at its lowest point in 2005. It is expected that the number of vessels will increase in the coming years based on the current order book of new and converted vessels.

Figure 7-6: 3D Market fleet (number of 3D vessels)



Source: Carnegie Research

7.2.5 Day rate development

The table below illustrates the development in day rates in the contract segment from 2003 to 2006.

Table 7-1: Day rate development (USD 1,000)

Day rates (USD 1,000)	2003	2004	2005	2006e
High end 3D vessels	98	95	126	170
2D vessels	38	38	45	83
Source vessels	30	30	33	46

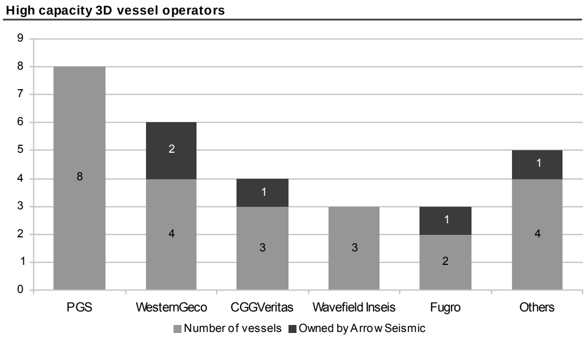
Source: Carnegie Research

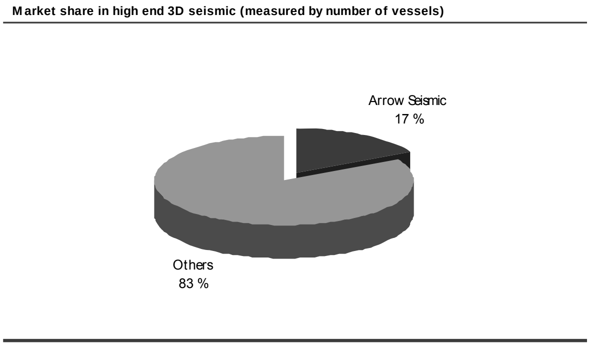
7.3 THE POSITION OF ARROW

7.3.1 High capacity 3D vessels (10+ streamers)

Arrow's main focus area is the high capacity 3D seismic segment where the Company owns five out of 29 vessels (including vessels in operation and known newbuilds delivered before 2010), according to Carnegie Research. Out of the Company's five high capacity 3D vessels, two are expected to be operated by WesternGeco, one by Fugro Geoteam and one by CGGVeritas, while the last newbuild vessel is open for contract. The figure below illustrates the expected fleet of high capacity 3D vessels controlled by seismic vessel operators (left figure) and Arrow's position as a vessel owner in this segment (right figure) ,(including vessels in operation and known newbuilds delivered before 2010).

Figure 7-7: The fleet of high capacity 3D vessels (10 + streamers) – Including newbuilds and conversions





Source: Carnegie Research

7.3.2 Mid-end 3D vessels (6-9 streamers)

Arrow owns one six streamer 3D vessel (Laurentian). The vessel is currently employed under a time charter with CGGVeritas.

Today, there are approximately 25 vessels operating in the mid-end 3D segment (6-9 streamers). According to Carnegie Research, the number of vessels in this segment is expected to increase to about 35 vessels over the next couple of years. Major players in the mid-end 3D segment include CGGVeritas, WesternGeco, PGS, and Fugro Geoteam.

7.3.3 2D vessels / Source vessels

Arrow has purchased three cargo vessels ("Polar Explorer", "Polar Pearl" and "Polar Sea") planned for conversion into 2D/source vessels of high standard in 2007/2008. The size of these vessels (92m x 17m) is also sufficient for a further rigging of streamer winches as multi streamer 3D vessels.

The 2D seismic fleet is being reduced, as current 2D vessels are modified/rebuilt to perform 3D surveys, and a limited number of additional 2D vessels are available for re-activation. There was a decline in the fleet of 2D vessels up to 2005 due to overcapacity resulting in subdued pricing. Over the past few years, this overhang has been eliminated by a sharp demand growth and the mentioned slightly shrinking vessel capacity. As 2D is the preferred method for initial seismic survey and later may be used as source vessels in advanced 3D surveys and seabed operations (being a cheaper alternative to source vessels than 3D vessels), demand for such vessels has been increasing while supply has been decreasing. This has contributed to the increase in the day rates, as illustrated in table 7-1 above.

The competitive landscape in the 2D/source segment is relatively diverse with larges players including CGGVeritas, Fugro Geoteam, SeaBird Exploration, SMNG and DNMG.

8. SELECTED FINANCIAL INFORMATION

The selected consolidated income statement information for the fiscal year ended 31 December 2006 and 2005, and the selected consolidated balance sheet information as of 31 December 2006 and 2005 has been derived from the Company's audited financial statements included in Appendix 2, Appendix 3 and Appendix 4 to this Prospectus. Appendix 3 is a translation from Norwegian to English of the official 2006 Annual Report for the parent company Arrow Seismic ASA. The selected financial information set forth below should be read in conjunction with Arrow Seismic ASA's published financial statements and the notes to those statements. The financial statements have been audited by Arrow Seismic ASA's statutory auditor, Ernst & Young AS.

The selected income statement information for the three months ended 31 March 2007 and 2006, and the selected consolidated balance sheet information as of 31 March 2007 and 2006 has been derived from the Company's interim financial statements for the Q1 2007, included in Appendix 5 to this Prospectus. The financial information for the Q1 2007 has been subject to a limited review.

The Company has not, since the establishment, paid any dividends.

The accounting principles used by Arrow Seismic ASA are described in section 8.3.

8.1 BASIS FOR PREPARATION

International Financial Reporting Standards (IFRS) have been adopted as the accounting principles for listed companies in Norway and Europe with effect from 1 January 2005. The Company was established on 27 October 2005 and has prepared the financial statements in accordance with IFRS as adopted by the EU from its incorporation.

Financial statements included in the document have been prepared in accordance with IFRS (2006 with comparatives for 2005), which may not be comparable to United States generally accepted accounting principles ("U.S. GAAP"). A reconciliation of the Company's financial statements to U.S. GAAP has not been presented in the prospectus, and the Company does not intend to reconcile future financial statements to U.S. GAAP. Furthermore, the Company has not quantified or identified the impact of the differences between IFRS and U.S. GAAP as applied to its financial statements. As there are differences between IFRS and U.S. GAAP, there might be substantial differences in the Company's results of operations, cash flows and financial position if it were to prepare the financial statements in accordance with U.S. GAAP. Prospective investors should review the accounting policies applied in the preparation of the financial statements and consult their own accounting experts in order to understand how such differences may be relevant to their review of the Company's financial statements.

8.2 FINANCIAL INFORMATION

8.2.1 Consolidated income statements for Arrow Seismic ASA

Income statement (USD 1,000')	**Reviewed IFRS 3 Months ended 31 March 2007**	**Unaudited IFRS 3 Months ended 31 march 2006**	**Audited IFRS 12 Months ended 31 December 2006**	**Audited IFRS 12 Months ended 31 December 2005***
Revenues	**5,586**	**814**	**9,572**	**518**
Operating expenses (excluding depreciation and amortisation)	(2,104)	(317)	(5,992)	(121)
EBITDA	**3,482**	**497**	**3,580**	**397**
Depreciation and amortisation	(2,932)	(522)	(5,042)	(203)
Operating profit (loss)	**550**	**(25)**	**(1,462)**	**194**
Net finance	(3,417)	(1,478)	(4,431)	(182)
Profit (loss) before tax	(2,867)	(1,502)	(5,893)	12
Tax	(270)	0	(669)	16
Net income (loss) for the period	**(3,137)**	**(1,502)**	**(6,561)**	**28**

* From inception 27 October 2005

	Reviewed IFRS 3 Months ended 31 March 2007	Unaudited IFRS 3 Months ended 31 march 2006	Audited IFRS 12 Months ended 31 December 2006	Audited IFRS 12 Months ended 31 December 2005*
Earnings (loss) per share -basic (USD)	(0,170)	(0.135)	(0.376)	(0.003)
Earnings (loss) per share -diluted (USD)	(0,170)	(0135)	(0.376)	(0.003)
Dividend per share (USD)	0	0	0	0

* From inception 27 October 2005

8.2.2 Consolidated balance sheets for Arrow Seismic ASA

Assets (USD 1,000')	Reviewed IFRS 31 March 2007	Unaudited IFRS 31 march 2006	Audited IFRS 31 December 2006	Audited IFRS 31 December 2005
Deferred tax assets	0	16	0	15
Vessels	108,911	54,995	94,278	47,466
Newbuildings	43,215	13,755	34,899	629
Long term contracts	4,512	0	5,308	0
Total non-current assets	**156,638**	**68,767**	**134,485**	**48,110**
Stores	274	423	350	0
Accounts receivables	3,929	374	3,646	440
Receivables from subsidiaries	233	0	37	0
Other currents	7,320	696	3,882	196
Cash and cash equivalents	11,673	59,365	20,037	34,338
Total current assets	**23,429**	**60,858**	**27,952**	**34,974**
Total assets	**180,067**	**129,625**	**162,437**	**83,084**

Equity and liabilities (USD 1,000')	Reviewed IFRS 31 March 2007	Unaudited IFRS 31 march 2006	Audited IFRS 31 December 2006	Audited IFRS 31 December 2005
Share capital	30,395	28,203	29,511	14,790
Share premium reserve	69,440	64,432	67,419	31,799
Exchange differences foreign subsidiaries	16	(3)	39	2
Other equity	(9,589)	(1,473)	(6,542)	28
Total equity	**90,262**	**91,160**	**90,427**	**46,620**
Liabilities to financial institutions	68,393	28,095	57,889	30,056
Total non-current liabilities	**68,393**	**28,095**	**57,889**	**30,056**
Liabilities to financial institutions	7,844	6,132	7,844	5,144
Accounts payable	11,452	4,091	4,680	922
Tax payable	963	0	667	0
Liabilities to parent company	339	38	267	52
Other current liabilities	814	109	663	291
Total current liabilities	**21,412**	**10,370**	**14,121**	**6,409**
Total liabilities	**89,805**	**38,465**	**72,010**	**36,465**
Total equity and liabilities	**180,067**	**129,625**	**162,437**	**83,084**

8.2.3 Consolidated cash flow statements for Arrow Seismic ASA

(Figures in USD 1,000')	Reviewed IFRS 3 Months ended 31 March 2007	Unaudited IFRS 3 Months ended 31 march 2006	Audited IFRS 12 Months ended 31 December 2006	Audited IFRS 12 Months ended 31 December 2005*
Net cash flow from operating activities	6,217	1,131	(3,946)	847
Net cash flow from investing activities	(25,085)	(21,177)	(91,229)	(48,298)
Net cash flow from financing activities	10,504	45,074	80,874	81,789
Cash and cash equivalents at end of period	**11,673**	**59,365**	**20,037**	**34,338**
Net change in cash	**(8,364)**	**25,028**	**(14,302)**	**34,338**

* From inception 27 October 2005

8.2.4 Consolidated changes in equity for Arrow Seismic ASA

(Figures in USD 1,000')	Reviewed IFRS 3 Months ended 31 March 2007	Unaudited IFRS 3 Months ended 31 march 2006	Audited IFRS 12 Months ended 31 December 2006	Audited IFRS 12 Months ended 31 December 2005*
Equity of beginning of period	90,427	46,620	46,620	0
Result	(3,137)	(1,502)	(6,561)	28
Capital increase:				
Share capital	0	13,413	14,720	14,790
Share premium reserve	0	32,633	35,620	31,799
Foreign currency translation	2,972	(3)	28	2
Other changes	0	0	0	0
Equity end of period	**90,262**	**91,160**	**90,427**	**46,620**

* From inception 27 October 2005

8.2.5 Management's discussions and analysis of financial conditions and results of operations, three months ending 31 March 2007 and 2006

Operations and results

The vessel "Geo Atlantic" has been employed on a time charter to Fugro Geoteam AS while the "CGG Laurentian" has been employed under a time charter with CGGVeritas.

The Group's consolidated income was USD 5.6 million (2006: USD 0.8 million). The increase in income was due to operations for three months compared to two months in 2006 regarding "Geo Atlantic" and income from the vessel "CGG Laurentian" (purchased 1 July 2006).

The operating costs was USD 2.1 million (2006: USD 0.3 million). Total operating expenses in 2007 relates to operating expenses for two vessels including crew and catering expenses plus administrative expenses as opposed to 2006 which mainly included administrative expenses.

EBITDA was USD 3.5 million (2006: USD 0.5 million). The figures are not directly comparable for the same periods in each year, due to operations for three months in 2007 compared to two months in 2006 for the vessel "Geo Atlantic" and operations of the vessel "CGG Laurentian".

The depreciation was USD 2.9 million (2006: USD 0.5 million). The increase is due to depreciation for three months in 2007 compared to two months in 2006 for the vessel "Geo Atlantic" and depreciation for the vessel "CGG Laurentian" (purchased July 2006). There was no depreciation on the newbuildings in 2006 and 2007.

Operating profit (EBIT) was USD 0.6 million (2006: USD -0.0 million).

Net financial expenses were USD -3.4 million (2006: USD -1.5 million) whereof USD 2.8 million (2006: USD 0.0 million) in non-recurring realized currency loss on internal loans. The exchange rate between USD and NOK will influence on the net financial result as realised/unrealised currency gain (loss) on transactions and balances in foreign currency must be calculated each quarter. In addition, the Group has foreign operations and foreign units which are translated at the balance sheet date.

Net profit was USD -3.1 million (2006: USD -1.5 million).

Earnings per share and diluted earnings per share were both USD -0.170 (2006: -0.135).

Balance sheet

The Group's book equity as of 31 March 2007 was USD 90.3 million (2006: USD 91.2 million), while total assets were USD 180.1 million (2006: USD 129.6 million). The increase in assets during 2007 is mainly due to that the Group has invested in vessels, newbuildings, financial assets and has increased trade receivables and other current assets as part of the Group's growth.

The Group's liquidity in the form of bank deposits and interest-bearing securities was USD 11.7 million (2006: USD 59.4 million).

Interest-bearing debt for the Group was USD 76.2 million (2006: USD 34.2 million) and the average rate of interest payable on the loan portfolio was 6.26 % (2006: 5.38 %). The increase in interest-bearing debt relates to the conversion of "Geo Atlantic", the purchase of "CGG Laurentian" and investment in newbuildings.

The short term borrowings include first year's instalment on long-term debt. Long term debt was USD 76.2 million (2006: USD 34.2 million). Draw downs under long term agreements was USD 12.5 million and relates to the first new building due for delivery in Q1 2008. All debt is in USD while most of the liquidity for the time being is kept in NOK.

The Group's net debt per 31 March 2007, defined as interest-bearing debt less liquid assets, was USD 64.6 million (2006: USD -25.1 million).

Cash flow

The cash flow from operating activities was USD 6.2 million (2006: USD 1.1 million), cash flow from investment activities USD -25.1 million (2006: USD -21.2 million), while cash flow from financing activities was USD 10.5 million (2006: USD 45.1 million).

The Group invested for USD 25.1 million in the period. This relates primarily to instalments paid on the high capacity new buildings for delivery in 2008 and the purchase of the "Polar Pearl".

Financing of USD 10.5 million relates primarily to proceeds from the bank facility of which USD 12.5 million were drawn upon.

Cash and cash equivalents amounted to USD 11.7 million (2006: USD 59.4 million).

8.2.6 Management's discussions and analysis of financial conditions and results of operations for the year ending 31 December 2006 and 2005

Operations and results

The "Geo Atlantic" was until February 2006 employed on a bare boat contract to Polar Ship Invest AS, an affiliate company, operating within offshore subsea support. Most of the revenue in Q1 2006 relates to this bare boat contract. Later in Q1 2006, the vessel started conversion to a state-of-the-art high capacity seismic vessel. The conversion was more time consuming than originally planned and was completed medio October 2006, where after the "Geo Atlantic" commenced on a seven year fixed charter to Fugro Geoteam AS whereupon the charterer has a 2 x 2 year option. In addition, the "CGG Laurentian" has since it was purchased 1 July 2006 been employed under a time charter with CGGVeritas which expires in September 2008 where after CGGVeritas has an option to extend the charter party for either two or three years.

The Group's consolidated income was USD 9.6 million (2005: USD 0.5 million). The increase in income was due to operations for twelve months compared to two months in 2005 and income from the vessel "CGG Laurentian" (purchased 1 July 2006).

The operating costs was USD 6.0 million (2005: USD 0.1 million). The increase was due to operations for twelve months compared to two months in 2005 and operation cost stemming from the purchased vessel "CGG Laurentian" (from 1 July 2006). Total operating costs in 2005 mainly relates to administration expenses. Total operating expenses in 2006 relates to operating expenses for the vessels, crew and catering expenses and administrative expenses.

EBITDA was USD 3.6 million (2005: USD 0.4 million). The figures are not directly comparable for the same periods in each year, due to operations for twelve months in 2006 compared to two months in 2005, rebuilding of the vessel "Geo Atlantic" from Q1 (ending October 2006) and purchase of the vessel "CGG Laurentian" in July 2006.

The depreciation was USD 5.0 million (2005: USD 0.2 million). The increase is due to depreciation for twelve months in 2006 compared to two months in 2005 and purchase of the vessel "CGG Laurentian" in July 2006 There was no depreciation on the newbuildings in 2005 and 2006.

Operating profit (EBIT) was USD -1.5 million (2005: USD 0.2 million)

Net financial expenses were USD -4.4 million (2005: USD -0.2 million) whereof USD 1.3 million (2005: USD 0.0 million) in unrealized currency loss. The exchange rate between USD and NOK will influence on the net financial result as realised/unrealised currency gain (loss) on transactions and balances in foreign currency must be calculated each quarter. In addition, the Group has foreign operations and foreign units which are translated at the balance sheet date.

Net profit was USD -6.6 million (2005: USD 0.0 million).

Earnings per share and diluted earnings per share were both USD -0.376 (2005: 0.003).

Balance sheet

The Group's book equity as of 31 December 2006 was USD 90.4 million (2005: USD 46.6 million), while total assets were USD 162.4 million (2005: USD 83.1 million). The increase in assets during 2006 is mainly due to that the Group has invested in vessels, newbuildings, financial assets and has increased trade receivables and other current assets as part of the Group's growth.

The Group's liquidity in the form of bank deposits and interest-bearing securities was USD 20.0 million (2005: USD 34.3 million).

Interest-bearing debt for the Group was USD 65.7 million (2005: USD 35.2 million) and the average rate of interest payable on the loan portfolio was 6.02 % (2005: 5.3 %). The increase in interest-bearing debt relates to the conversion of "Geo Atlantic" and the purchase of "CGG Laurentian".

The short term borrowings include first year's instalment on long-term debt. Long term debt was USD 65.7 million (2005: USD 35.2 million). Draw downs under long term agreements was USD 34.4 million and relates to the conversion of the "Geo Atlantic" and the purchase of the "CGG Laurentian". All debt is in USD while most of the liquidity for the time being is kept in NOK.

The Group's net debt per 31 December 2006, defined as interest-bearing debt less liquid assets, was USD 45.7 million (2005: USD 0.9 million).

Cash flow

The cash flow from operating activities was USD -3.9 million (2005: USD 0.8 million), cash flow from investment activities USD -91.2 million (2005: USD -48.3 million), while cash flow from financing activities was USD 80.9 million (2005: USD 81.8 million).

The Group invested for USD 91.2 million in the period. This relates primarily to instalments paid of USD 34.3 million on the high capacity new buildings for delivery in 2008 and about USD 50 million to the conversion of “Geo Atlantic” and the purchase of the “CGG Laurentian”.

Financing of USD 80.9 million relates primarily to proceeds from issue of share capital in February 2006 of USD 50.3 million and a new bank facility of which USD 34.4 were drawn upon.

Cash and cash equivalents amounted to USD 20.0 million (2005: USD 34.3 million).

8.2.7 Segment information

Business segments

The Company had operations in two business segments; marine seismic and offshore subsea. All of the activity is taking place in the marine seismic segment after completion of rebuilding “Geo Atlantic” in October 2006. The Company will only have one business segment from 2007; marine seismic.

Geographical segment

All the activity of the Company is within one single geographic area, ‘Western Hemisphere’.

Income statement (USD 1,000’)	**Unaudited IFRS 3 Months ended 31 March 2007**	**Unaudited IFRS 3 Months ended 31 march 2006**	**Audited IFRS 12 Months ended 31 December 2006**		**Audited IFRS Period ended 31 December 2005***
	Marin seismic	Offshore subsea	Marin seismic	Offshore subsea	Offshore subsea
Revenues	**5,586**	**814**	**8,757**	**814**	**518**
Operating expenses	(5,036)	(839)	(10,683)	(348)	(324)
Operating profit	**550**	**(25)**	**(1,926)**	**466**	**194**
Net financing costs	(3,417)	(1,478)	(4,431)	0	(182)
Tax expenses	(270)	0	(669)	0	16
Net profit	**(3,137)**	**(1,502)**	**(7,026)**	**466**	**28**
Vessels	108,911	54,995	94,278	0	47,466
Newbuildings	43,215	13,755	34,889	0	629
Long term debt to finance institutions**	76,237	34,227	65,733	0	35,200

* From inception 27 October 2005
** Including next year’s instalments presented as current liabilities

8.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

8.3.1 Basis of preparation

The consolidated accounts of the Arrow Seismic ASA Group have been prepared in accordance with the international financial reporting standards (IFRS) adopted by the EU, which have been published by the International Accounting Standards Board.

The Consolidated financial statements have been prepared on a historical cost basis, except for:

- Investments hold for sale and available-for-sale have been measured at fair value

8.3.2 Functional and presentation currencies

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency are both NOK and USD since the functional currency differs among the subsidiaries). The consolidated financial statements are presented in “USD”, which is the Company’s presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items are translated at the current exchange rate, non-monetary items that are measured at historical cost are translated at the rate in effect on the original transaction date and non-monetary items that are measured at fair value are translated at the exchange rate in effect at the time when the fair value where determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign operations:

When the operation of a foreign company is integrated into the group, translation of the transactions is performed as if the group had carried out the transactions in a foreign currency.

At the balance sheet date, monetary items will be translated at the exchange rate in effect at the balance sheet date, non-monetary items will be translated at the historical exchange rate in effect on the date of the transaction and non-monetary items that are assessed at fair value will be translated at the exchange rate in effect on the date of the assessment of fair value.

Revenue and expenses are translated at the exchange rate in effect on the date of the transaction. Exchange rate fluctuations are recognised in the income statement as they occur during the accounting period.

Foreign units:

A majority of the consolidated foreign subsidiaries are deemed to be independent units since they are financially, economically and organisationally independent. Non-independent units are regarded as foreign operations. The functional currency of foreign units is normally the local currency or USD. The balance sheet is translated at the rate in effect at the balance sheet date, while the profit and loss statement is translated at the average exchange rate for the accounting period. Exchange differences are recognised as a separate component of equity.

Exchange differences that arise as a result of this are included in the exchange-rate differences reserve in the equity. Upon the disposal of foreign subsidiaries the accumulated exchange-rate differences related to the subsidiary are recognised in the profit and loss statement.

8.3.3 Consolidation principles

The consolidated accounts for the group include Arrow Seismic ASA and the companies in which Arrow Seismic ASA has a controlling influence. A controlling influence is normally achieved when the group owns, directly or indirectly, more than 50 per cent of the shares in the company, and the group is able to exercise control over the company. Minority interests are included in the group's equity. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Business combinations are accounted for using the acquisition accounting method. Companies which are acquired or sold during the period are included in the consolidated financial statements from the point in time when the parent company acquires control or when the control ceases.

Intragroup transactions and balances, including internal profits and unrealised gains and losses, have been eliminated in full. Unrealised gains from transactions with associated companies are eliminated in the group's share of the associated companies. Correspondingly, unrealised losses are eliminated, but only if there are no indications of any impairment in the value of the asset that is sold internally.

The consolidated accounts have been prepared under the assumption of uniform accounting principles for equal transactions and other events under equal circumstances.

8.3.4 Cash and bank deposits

Cash and bank deposits, etc. include bank deposits, cash in hand and short-term bank deposits with an original maturity of three months or less.

8.3.5 Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for improvement. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling and marketing costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the income statement.

8.3.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost incurred are accounted for using purchase cost on a first in, first out basis, and includes costs accrued in acquiring the inventories and bringing the inventories to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

8.3.7 Fixed assets

Fixed assets are decomposed for depreciation purposes. Components that represent a substantial portion of the vessel's total cost price are isolated for depreciation purposes, and are depreciated over their expected useful lives. The useful live is the period that the group expects to use the vessel, and this period can thus be shorter than the economic life.

If various components have approximately the same useful life and the same depreciation method as other components, the components are depreciated collectively.

The straight line method for ordinary depreciation based on an economic life of 25 years from when the vessel was new is used for vessels. With reference to IAS 16, Property, Plant and Equipment, the group uses the cost price for vessels with a 5 per cent residual value. In special circumstances the group will consider an alternative depreciation horizon if the circumstances so indicate, such as the purchase and/or upgrading of older vessels.
Improvements and upgrading will be capitalised and depreciated over the remaining life of the vessel. The straight line method for ordinary depreciation based on a period of 2.5 to 5 years is used for periodic maintenance. The straight line method for ordinary depreciation based on a life of 3 to 10 years is used for other depreciable assets.

The depreciation period and method will be assessed annually to ensure that the method and period used are in accordance with the financial realities of the fixed asset. This applies correspondingly to the scrap value.
Tangible fixed assets are valued at historical cost less any accumulated depreciation and write-downs. When assets are sold or disposed of, the historical cost and accumulated depreciation are reversed in the accounts and any loss or gain on the disposal will be recognised in the profit and loss statement.

The write-down of assets will be considered when there is indication of an impairment in value. If the book value of an asset is higher than the recoverable amount the asset will be written down in the profit and loss statement. The recoverable amount is the higher of the net sales price and discounted cash flow from continued use. The net sales price is the amount that can be raised from sale to an independent third party less sales costs. The recoverable amount is determined separately for all assets, or, if this is not possible, then together with the unit the asset belongs to.

Write-downs recorded in prior periods will be reversed when there is information indicating that there is no longer any need for the write-down or the correct write-down amount is no longer the same. The reversal is recorded as income or an increase in other reserves. However, the reversal will not be performed if the reversal entails that the recorded value will exceed what the recorded value would have been with normal depreciation periods.

The group capitalises expenses incurred at docking of the group's vessels and amortises these expenses over the period until the next docking (the "capitalisation method").

Vessels under construction are classified as fixed assets and are recorded at the value of the incurred expenses related to the fixed asset. Vessels under construction are not depreciated until the vessel is placed in service.

8.3.8 Leases

Group as a lessee:

Financial leases
The Group presents its financial leases in the financial statements in accordance with IAS 17; Leases. Financial leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other short-term and other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The capitalised assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operational leases
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased assets and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Group as a lessor:

Financial leases
The Group presents assets it has leased to others as receivables equal to the net investment in the leases. The Group's financial income is determined such that the same rate of return is achieved on outstanding receivables. Initial costs incurred in connection with establishing the lease are included in the receivable.

Operational leases
The Group presents assets it has leased to others as non-current assets in the balance sheet. The rental amount is taken to revenue in a straight line over the lease period. Initial direct costs incurred in establishing the lease relationship are included in the carrying amount of the leased asset, on the same basis as the rental amount.

8.3.9 Financial instruments

According IAS 39, Financial instruments: Recognition and measurement, financial instruments are classified in the following categories: at fair value through profit or loss, held to maturity investments, loans and receivables and available-for-sale.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At initial recognition of financial instruments the Group capitalise a financial instrument when and only when they has become a part of the instrument's arrangement. When financial instruments are recognised initially, they are measured at fair value, plus, in case of investments not at fair value through profit and loss, directly attributable transaction or emission costs.

All purchases and sales of financial instruments are recognised on the transaction date.

Financial assets at fair value through profit or loss

Financial instruments that are held with the intention of making a gain on short-term fluctuations in prices, financially motivated investments in obligations and other securities which enters into a trade portfolio or derivatives which are not classified as hedge instruments or is a financial guarantee contract, are classified as financial assets at fair value through profit or loss. This is likely for financial instruments which qualifies for or optional are classified as, financial assets at fair value trough profit and loss.

Financial instruments that are classified as at fair value through profit or loss are carried at fair value as observed in the market at the balance sheet date, with no deduction for costs relating to the sale. Financial assets at fair value trough profit or loss are classified as current assets.

Changes in the fair value of financial instruments classified as financial instruments at fair value through profit or loss are recognised in the income statement and included in the net financial income/expenses.

Held-to-maturity investments

Held-to-maturity investments are non-derivative assets which carry fixed or determinable payments and fixed maturities and which the Group has the positive intention and ability to hold to maturity, except those investments classified as financial assets at fair value trough profit or loss, available for sale investments or loans and receivables.

Held-to-maturity investments are measured at amortised cost using the effective interest method. The effective interest method is used to calculate the amortised cost and to allocate interest income or interest cost over a relevant period. Profit or loss are recognised in profit and loss through the amortisation process or when the financial instrument (a) are derecognised, (b) are impaired or (c) the carrying amount increases when earlier impairments are reversed.

Financial instruments that are held to maturity are included in the non-current asset unless the maturity date is less than 12 months after the balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, except those instruments classified as financial assets at fair value through profit and loss or available for sale.

Loans and receivables are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Available for sale investments

All other financial instruments, with the exception of loans and receivables originally issued by the company, are classified as available for sale. They are included in current assets, except for investments which the Group have the intention to sell within 12 months after the balance sheet date.

Financial instruments that are classified as available for sale through profit or loss are carried at fair value as observed in the market at the balance sheet date, with no deduction for costs relating to the sale.

Gain or loss resulting from changes in the fair value of financial investments classified as available for sale are recognised directly in equity until the investment has been disposed of. When the investment is disposed of, the accumulated gain or loss on the financial instrument that has previously been recognised in equity will then be reversed and the gain or loss will be recognised in the income statement. Interest earned or paid on the investment is reported as interest income or expense using the effective interest rate. Dividends earned on investments are recognised in the income statement as “Dividends received” when the right of payment has been established.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm’s length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis or other valuation models.

Hedging

The Group has decided to not use hedging according to IAS 39, Financial Instruments; Recognition and measurement.

Derivative financial instruments which are not classified as hedging instruments are classified as fair value through profit or loss and are measured at fair value. Changes in fair value are recognised in profit and loss.

An embedded derivative will be separated from the host contract and classified as a derivative if the following conditions are fulfilled:

- The economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.
- Separate instruments with similar terms as the embedded derivatives exists, which satisfy the conditions for a derivative
- The combined instrument (host contract and embedded derivative) is not measured at fair value through profit and loss.

8.3.10 Research and development

Expenses related to research and development are recognised in the profit and loss statement when they are incurred. Expenses related to development are recognised in the profit and loss statement unless the following criteria are met in full:

- the product or process is clearly defined and the cost elements can be identified and measured reliably;
- the technical solution for the product has been demonstrated;
- the product or process will be sold or used in the operations;
- the asset will generate future financial benefits; and
- there are adequate technical, financial and other resources to complete the project.

When all the above criteria have been met, the capitalisation of expenses related to development start. Expenses that have been charged against income in earlier accounting periods are not capitalised. Expenses that are capitalised include costs of material, direct wages and a part of direct assignable common expenses. Capitalised development costs are measured at cost less accumulated depreciation costs and impairment losses.

Capitalised development costs are depreciated on a straight line basis over the estimated useful live.

8.3.11 Provisions

Provisions are accounted for in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. Provisions are recognised when, and only when, the company has an existing liability (legal or assumed) as a result of events that have taken place, it can be demonstrated as probable (more likely than not) that a financial settlement will be made as a result of the liability, and the amount can be measured reliably. Provisions are reviewed at each balance sheet date and the level reflects the best estimate of the obligation. When the time factor is insignificant, the size of the provisions will be equal to the size of the expense required for redemption from the obligation. When the time factor is significant the provisions will be equal to the net present value of future payments to cover the obligation. Increases in provisions due to the time factor will be presented as interest expenses.

8.3.12 Equity

Liabilities and equity

Financial instruments are classified as liabilities or equity in accordance with the underlying financial realities.

Interest, dividends, gains and losses related to financial instruments classified as liabilities will be presented as an expense or income. Distributions to the holders of financial instruments that are classified as equity will be recorded directly against equity. When rights and obligations related to how distributions from financial instruments are made are dependent on certain types of contingent events in the future that lie beyond the control of the issuer and holder, the financial instrument will be classified as a liability unless the probability that the issuer must contribute cash or other financial assets is remote at the time of issuance. In such cases the financial instrument will be classified as equity.

Convertible bonds that contain both a liability and equity element are divided into two components upon issuance based on the net present value of the bond’s cash flow, and each of these elements is accounted for separately as a liability and equity, respectively.

Company’s own shares

The nominal value of the company’s own shares is presented in the balance sheet as a negative equity element. The purchase price in excess of the nominal value is recognised in other equity. Losses or gains on transactions with the company’s own shares are not recorded in the profit and loss statement.

Equity transaction costs

Transaction costs related to equity transactions are recognised directly against equity after the deduction of tax expenses. Only transaction costs directly related to the equity transaction are recorded directly against equity.

Other equity

Foreign currency differences
Foreign currency differences arise in connection with translation of foreign currency transactions in the consolidation of foreign entities. Foreign currency differences with respect to monetary items (liabilities or receivables) that are in reality part of the company’s net investment in a foreign unit are treated as foreign currency differences. Upon the disposal of a foreign unit the accumulated foreign currency differences related to that entity are reversed and recorded in the profit and loss statement in the same period that the gain or loss on the disposal is recorded.

8.3.13 Principles for recognition of revenue and expenses

Revenue is recognised when it is probable that the transaction will generate future economic benefits that will accrue to the company and the value of such benefits can be estimated reliably. Sales revenues are recorded less value added tax and discounts. Income and expenses related to the vessels’ journeys are accrued based on the number of days the journey lasts before and after the end of the year.

Dividend income
Dividend income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

8.3.14 Loans

Borrowing expenses are recognised in the profit and loss statement when the borrowing expenses arise. Borrowing expenses are capitalised if they are directly related to the purchase, construction or production of a fixed asset. The capitalisation of borrowing expenses occurs when interest expenses are incurred during the construction of the fixed asset. Borrowing expenses are capitalised until the point in time when the fixed asset is placed into service. If the cost price exceeds the fair value of the fixed asset, an impairment loss is recognised.

Loans are recorded as the proceeds that are received, net of any transaction costs. Loans are subsequently accounted for at the amortised cost through application of the effective interest rate, where the difference between the net proceeds and redemption value are recognised in the profit and loss statement over the term of the loan.

8.3.15 Public grants

The Group presents is government grants according to IAS 20; Government Grants. Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

The Group receive grants from Reimbursement system for Seamen for some ships due to secure employment of Norwegian seamen. The grant is recognised as reduction in crew expenses.

8.3.16 Taxes

Taxes consist of the tax payable and change in deferred tax. Deferred tax liabilities/assets are calculated based on all the differences between the financial and tax values of assets and liabilities, with the exception of:

- deferred tax that arises as a result of goodwill depreciation that is not tax deductible

- temporary differences related to investments in subsidiaries, associated companies or joint ventures, since the group determines when the temporary differences will be reversed and this is not assumed to occur in the foreseeable future.

Deferred tax assets are recorded in the accounts when it is probable that the company will have sufficient taxable profit to benefit from the tax asset. On the date of each balance sheet the group will review unrecognised deferred tax assets and the book value of such assets. The companies record prior unrecognised deferred tax assets in the accounts if it becomes probable that the company can use the deferred tax asset. Moreover, the company will reduce the deferred tax asset if the company can no longer benefit from the deferred tax asset.

Deferred tax liabilities and assets are measured based on the current tax rates that apply to the companies in the group where temporary differences have arisen.

Deferred tax liabilities and assets are recorded in the accounts regardless of when the differences will be reversed. Deferred tax liabilities and assets are recorded at their nominal value and are classified as fixed asset investments (long-term liabilities) on the balance sheet.

Tax payable and deferred tax are recorded directly against equity if the tax is related to transactions that are recorded directly against equity.

Tax payable and deferred tax assets/liabilities are measured at the tax rate that applies to accrued, undistributed equity. The tax effects of dividends are taken into account when the company has incurred a liability to distribute a dividend.

For Norwegian companies a tax rate of 28% is employed. For UK companies the tax rate is 30 %,

8.3.17 Classification of assets and liabilities on the balance sheet

Assets intended for permanent ownership or use and receivables that mature later than one year after the end of the accounting period are identified as fixed assets. Other assets are classified as current assets. Liabilities that mature later than one year after the end of the accounting period are classified as long-term liabilities. Other liabilities are classified as current liabilities. The first year’s instalments on long-term loans are classified as current liabilities in the balance sheet.

8.3.18 Business areas

The Group presents financial numbers for the business areas as seismic operations and offshore subsea support. Indirect attributable costs are allocated to the business areas. Financial information regarding the segments is presented in note 5.

Internal profit from sale between the business areas is eliminated in the segment reporting.

8.3.19 Contingent liabilities and assets

Contingent liabilities are defined as:

(i) Possible liabilities resulting from prior events where the existence of the liability is dependent on future events.

(ii) Liabilities that have not been recognised because it is not probable that they will entail any payment.

(iii) Liabilities that cannot be measured with an adequate degree of reliability.

Contingent liabilities are not recorded in the annual accounts. Significant contingent liabilities are disclosed unless the probability of the liability occurring is low.

A contingent asset is not recorded in the annual financial statements, but it will be disclosed if there is a certain probability that it will benefit the group.

8.3.20 Events after the date of the balance sheet

New information on the company’s positions on the balance sheet date has been incorporated into the annual financial statements. Events after the balance sheet date that do not affect the company’s position on the balance sheet date, but will affect the company’s position in the future, have been disclosed if they are material.

8.3.21 Use of estimates in the preparation of the annual financial statements

The management has used estimates and assumptions that have affected the assets, liabilities, income, expenses and information on potential obligations. The estimates may change as a result of future events. The changes will be recorded in the accounts when new estimates can reliably be made. Changes in accounting estimates are recognised in income statement in the period the changes arise. If the changes also relates to future periods, the effect are distributed over present and future periods.

8.4 INDEPENDENT AUDITOR

Ernst & Young AS, Bergen, has been the auditor for Arrow Seismic Group for all accounting periods. Ernst & Young AS has its registered address at Lars Hillesgate 20A, 5008 Bergen.

For 2005 and 2006 Ernst & Young AS has been the auditor of GC Rieber Shipping ASA which includes Arrow Seismic Group in their consolidated financial statements.

Ernst & Young AS has issued an unqualified auditor's report for the Company's annual accounts for both the financial years 2005 and 2006. Ernst & Young AS has also performed a review in accordance with the International Standard on Review Engagements (ISRE), 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity", of the Company's interim accounts for the first quarter of 2007. See Appendices 2, 3, 4 and 5 for further information.

Ernst & Young AS is member of The Norwegian Institute of Public Accountants.

8.5 TRENDS

The seismic market is developing positively, driven by increased E&P spending by oil companies. Arrow's contract situation makes the group well positioned to take advantage of an expected continued strong seismic market over the next couple of years. The contract and letters of intent with seismic majors WesternGeco and CGGVeritas for the first three high capacity new buildings due for delivery in 2008 and 2009, confirm Arrow's position as a leading supplier of high capacity seismic vessels to the marine seismic industry with cost efficient design and focus on safe and cost efficient operations. For the three second hand vessels recently purchased, Arrow plans to convert the vessels to 2D/source vessels of high standard with delivery in 2008 and believes there is strong demand for such vessels going forward.

8.6 SIGNIFICANT CHANGES IN THE COMPANY'S FINANCIAL OR TRADING POSITION SINCE 31 MARCH 2007

In April 2007, the company issued a six month NOK 275 million commercial paper. The commercial paper was drawn on 16 April 2007 as a bridge to equity. The loan is senior unsecured, carries a coupon of 7.00% p.a. and has final maturity date 16 October 2007. The loan was arranged by DnB NOR Bank ASA.

Since 31 March 2007 and up to the date of this Prospectus, the Company has made some USD 20 million in investments related to the newbuilds and some USD 5 million in investments related to the 2D/source vessels.

9. THE CAPITAL OF THE COMPANY

9.1 CASH FLOWS

9.1.1 Background

Arrow will require capital to fund newbuildings, conversions, debt service and potential acquisitions. Arrow anticipates that by taking into account generally expected market conditions, internally generated cash flow, funds raised from the Offering and borrowings under the bank facilities, the funds will be sufficient to fulfil the commitments referred to under section 9.6 “Investments”.

It is the Company’s intention to fund its future capital requirements initially through borrowings under the Company’s bank facilities and to repay those borrowings from time to time with funds from operations. The Company believes that funds from operations, funds available under its bank facilities and funds from the Offering will be sufficient to support the Company’s growth strategy, which may, in addition to newbuildings and conversions, include the acquisition of existing vessels. The adequacy of available funds will depend on many factors, including the further growth of the business, capital expenditures, market development, competition and potential acquisitions. Accordingly, the Company may require additional funds and seek to raise such funds through issuing new equity and debt.

Arrow aims to have a stable, long-term funding structure, which is based on mortgage loans to the vessel-owning companies backed by parent company guarantees, in order to secure competitive margins.

The funding of the Company is described in detail in section 9.3 “Capitalisation and indebtedness”, section 9.4 “Changes in capitalisation since 31 March 2007” and section 9.5 “Borrowings”.

Arrow Seismic has since inception been in an investment phase and has during 2006 responded to a strong growth in the marine seismic market growing its fleet of vessels and new buildings from three to nine vessels, whereof four state-of-the-art high capacity new buildings due for delivery in 2008/09 and three cargo vessels planned converted into 2D/Source vessels in 2007/08, bringing the total investment programme to about USD 600 million since incorporation.

To supply Arrow with the equity required to finance the investment in the two first new buildings, Arrow arranged a private offering of about USD 50 million in February 2006.

Late 2005 the Group entered into an agreement for USD 170 million in long-term mortgage financing of the “Geo Atlantic” and the two first seismic new buildings due for delivery in 2008. In September 2006, the Group entered into an agreement for USD 13.5 million in long-term mortgage financing of the acquired vessel “CGG Laurentian”.

By the end of the first half of 2007 the Group expects to sign agreements for the refinancing of the above mentioned facilities and long term financing of the last two new buildings expected for delivery in 2009 and the three cargo vessels planned for conversion to 2D/Source in 2007/2008.

The Company has mid April issued a six month NOK 275 million commercial paper. The company expects to refinance the commercial paper partly through a share issue in combination with an IPO.

Based on these funding activities, the Group will secure full financing of its newbuilding and conversion programme. The debt will be based on a long-term funding structure with an average duration of about 9 years which is based on mortgage loans to the vessel-owning companies backed by parent company guarantees from the Company. The lenders are reputable Norwegian and international shipping banks.

Based on existing long term charter parties for “Geo Atlantic” and “CGG Laurentian”, the Company expects that it from Q1 2007 will have a solid cash flow from operating activities of about USD 15 million per year. This cash flow will be further improved from Q1 2008 when the company expects to take delivery of newbuild 532 on a 3 year time charter.

Finally, the Company expects to secure employment for vessels currently open for contract at rates which further will improve the operating cash flow.

9.1.2 Twelve months ended 31 December 2006

The cash flow from operating activities was USD -3.9 million (0.8 million), cash flow from investment activities was USD -91.2 million (USD -48.3 million), while cash flow from financing activities was USD 80.9 million (USD 81.8 million).

Draw downs under the long term loan facilities in 2006 was USD 34.4 million and relates to the conversion of the "Geo Atlantic" and purchase of the "CGG Laurentian". Repayments of USD 3.9 million were made on mortgage loans in 2006. Average interest-bearing debt during 2006 was USD 40.4 million and the average rate of interest payable on the loan portfolio was 6.02%.

Investments in 2006 totalled USD 91.2 million and relates to instalments paid on the high capacity new buildings for delivery in 2008, the conversion of "Geo Atlantic" and acquisition of the "CGG Laurentian" and the "Polar Explorer"

9.2 WORKING CAPITAL STATEMENT

In the opinion of the Company, its working capital is sufficient for its present requirements.

9.3 CAPITALISATION AND INDEBTEDNESS

The Group's total equity at 31 December 2006 was USD 90.4 million (USD 46.6 million), while the total equity of Arrow Seismic ASA was USD 98.6 million (USD 46.6 million) including USD 1.7 million (USD 0.0 million) in other (distributable) equity.

The Group's liquidity in the form of bank deposits and interest-bearing securities was USD 20.0 million while long term debt was USD 65.7 million. All debt is in USD whilst most of the liquidity for the time being is kept in NOK. As part of the Group's cash management, liquidity is invested with financial institutions with a high credit rating and in highly liquid interest-bearing securities with low credit risk

The Group's net debt at 31 December 2006, defined as interest-bearing debt less liquid assets, was USD 45.7 million.

Below is the statement of capitalisation based on the audited balance sheet as of 31 December 2006 and the Company's actual capitalisation as of 31 March 2007, and as adjusted to reflect the refinancing activities taking place since 31 March 2007 and up to the date of this Prospectus. The numbers have not been audited. For further information see Section 8.2 "Significant changes in the Company's financial or trading position since 31 March 2006", the Company's interim report attached as Appendix 4, and elsewhere in this Prospectus.

Table 9-1: Statement of combined capitalisation and indebtedness

Capital and indebtedness (USD 1,000')	31 December 2006	Change Jan-March 2007	31 March 2007
Total Current Debt	**14,121**	**7,291**	**21,412**
Guaranteed	-	-	-
Secured	7,844	-	7,844
Unguaranteed/Unsecured	6,277	7,291	13,568
Total Non Current Debt (excl. current portion of long term debt)	**57,889**	**10,504**	**68,393**
Guaranteed	-	-	-
Secured	57,889	10,504	68,393
Unguaranteed/Unsecured	-	-	-
Shareholders' Equity (majority)	**90,427**	**-165**	**90,262**
Share capital	29,511	884	30,395
Legal reserve	67,419	2,021	69,440
Other Reserves	-6,503	-3,070	-9,573
Total	**162,437**	**17,630**	**180,067**

	Net indebtedness (USD 1,000s)	31 December 2006	Change Jan-March 2007	31 March 2007
A.	Cash	20,037	-8,364	11,673
B.	Cash Equivalent (detail)	-	-	-
C.	Trading securities	-	-	-
D.	**Liquidity (A) + (B) + (C)**	**20,037**	**-8,364**	**11,673**
E.	**Current Financial Receivable**	**7,565**	**3,916**	**11,481**
F.	Current Bank Debt	-		
G.	Current portion of non Current debt	7,844	-	7,844
H.	Other current financial debt	6,277	7,291	13,568
I.	**Current Financial Debt (F) + (G) + (H)**	**14,121**	**7,291**	**21,412**
J.	**Net Current Financial Indebtedness (I) – (E) – (D)**	**-13,481**	**11,739**	**-1,742**
K.	Non current Bank loans	57,889	10,504	68,393
L.	Bonds Issued	-	-	-
M.	Other non current loans	-	-	-
N.	**Non current Financial Indebtedness (K) + (L)+ (M)**	**57,889**	**10,504**	**68,393**
O.	**Net Financial Indebtedness (J) + (N)**	**44,408**	**22,243**	**66,651**

9.4 CHANGES IN CAPITALISATION SINCE 31 MARCH 2007

In April 2007, the Company issued a six month NOK 275 million commercial paper. The commercial paper was drawn on 16 April 2007 as a bridge to equity. The loan is senior unsecured, carries a coupon of 7.00% and has final maturity date 16 October 2007. The loan was arranged by DnB NOR Bank ASA.

Since 31 March 2007 and up to the date of this Prospectus, the Company has made some USD 20 million in investments related to the newbuilds and some USD 5 million in investments related to the 2D/source vessels.

9.5 BORROWINGS

9.5.1 USD 170 million secured term loan facility

Late 2005 ASI I, ASI II and ASI III (as borrowers) and Arrow (as guarantor) and GC Rieber Shipping (as parent guarantor) entered into a facility agreement with Nordea Bank Norge ASA (as agent and lender) for USD 170 million in long-term mortgage financing of the "Geo Atlantic" and the two first seismic new buildings (532 and 533) due for delivery in 2008. The loan facility is secured with first priority account pledges, first priority assignments in each of ASI II and ASI III rights under the respective tax lease structures of the newbuilds 532 and 533, hereunder the refund guarantees thereto and first priority mortgages in the vessel "Geo Atlantic" and the newbuilds 532 and 533 as well as security rights over earnings and insurances. In addition the loan is secured by a parent company guarantee provided by Arrow and charges over the shares in ASI I, ASI II and ASI III.

The facility has a term of ten years with repayment as follows; 2006: USD 3,892,000, 2007: USD 5,144,000, 2008: USD 8,808,000, 2009 -2015: USD 12,448,000. The loan has a margin of 0.90 % over USD LIBOR, falling to 0.80 % when first newbuilding commence on time charter and 0.70 % when second newbuilding commences on a time charter.

The key financial covenants are as follows.

(i) Arrow's consolidated ratio of book equity to total assets shall be a minimum 30 per cent
(ii) Arrow's consolidated working capital shall at all times be minimum NOK 50 million
(iii) Arrow's consolidated minimum free and available cash shall at minimum be equal to next 12 months ordinary instalments

The term loan contains a change of control clause, whereby GC Rieber Shipping shall own minimum 50.1 %, or minimum 34 % if listed on an exchange. Further, Arrow shall own 100 % of ASI I – ASI III. If Arrow is not listed, it may not pay dividends in excess of 50% of yearly net result, unless the outstanding balance under the loan agreement is reduced correspondingly.

9.5.2 USD 13.5 million secured term loan facility

In September 2006, ASI IV (as borrower) and Arrow (as guarantor) entered into a loan agreement with Nordea Bank Norge ASA (as agent an lender) for USD 13.5 million in long-term mortgage part financing of the acquired vessel "CGG Laurentian". The facility is secured with a first priority mortgage in the vessel "CGG Laurentian" as well as security rights over, accounts, charter parties, earnings and insurances. In addition the loan will be secured by a parent company guarantee provided by Arrow and a charge over the shares in ASI IV.

The facility has a term of five years with USD 675,000 in quarterly repayment with a margin of 0.90 % over USD LIBOR.

The key financial covenants are as follows:

(iv) Arrow's consolidated ratio of book equity to total assets shall be a minimum 30 per cent
(v) Arrow's consolidated working capital shall at all times be minimum NOK 50 million
(vi) Arrow's consolidated minimum free and available cash shall at minimum be equal to next 12 months ordinary instalments

The term loan contains a change of control clause, whereby GC Rieber Shipping shall own minimum 50.1 %, or minimum 34 % if listed on an exchange. Further, Arrow shall ultimately own 100 % of ASI IV. If Arrow is not listed, it may not pay dividends in excess of 50% of yearly net result, unless the outstanding balance under the loan agreement is reduced correspondingly.

9.5.3 Key figures for 2006

Draw downs under above term loan in 2006 was USD 34.4 million and relates to the conversion of the "Geo Atlantic" and purchase of the "CGG Laurentian". Repayments of USD 3.9 million were made on above mortgage loans in 2006. Average interest-bearing debt during 2006 was USD 40.4 million and the average rate of interest payable on the loan portfolio was 6.02%. The Group's long-term liabilities broke down as follows at the end of 2006:

Table 9-2: Long-term liabilities

	Effective interest rate	Maturity	31 Dec. 2006	31 Dec. 2005
Mortgage loan Arrow Seismic Invest I Ltd.	USD LIBOR + 0.90 %	11/2015	52,908	35,200
Mortgage loan Arrow Seismic Invest IV Ltd.	USD LIBOR + 0.90 %	9/2011	12,825	
Total long-term liabilities			**65,733**	**35,200**

The instalment scheme for Arrow (group)'s long-term liabilities at the end of 2006 was as follows:

Table 9-3: Instalment scheme

	Arrow (group)
Maturity in 2007	7,844
Maturity in 2008	7,844
Maturity in 2009	7,844
Maturity in 2010	7,844
Maturity later	34,357
Total long-term liabilities	**65,733**

First year's instalments on long-term loans are classified as current liabilities in the balance sheet.

9.5.4 Six month NOK 275 million unsecured commercial paper

The commercial paper was drawn on 16 April 2007 as a bridge to equity. The loan is senior unsecured, carries a coupon of 7.00% p.a. and matures on 16 October 2007. The loan was arranged by DnB NOR Bank ASA.

9.5.5 New USD 125 million secured term loan facility

ASI IV has entered into a loan agreement with DnB NOR Bank ASA for a USD 125 million secured facility.

The purpose of the facility will be to refinance the vessel "CGG Laurentian" and part financing of the purchases and planned conversions of the three 2D/source vessels. USD 15 million of the facility is subject to satisfactory employment of "Polar Explorer", "Polar Pearl" and "Polar Sea".

The facility will be secured with first priority mortgages in the vessels "CGG Laurentian", "Polar Explorer", "Polar Pearl" and "Polar Sea", as well as security rights over earnings and insurances, factoring agreement, and in the pre-delivery period, refund guarantees, a general pledge. In addition the loan will be secured by a parent company guarantee provided by Arrow.

The facility has a margin of 0.70% - 0.80 % over USD LIBOR, pending on charter period of the vessels.

The USD 125 million facility will have a term of between five to seven years with and semi annually repayments (when fully drawn) of USD 7,437,500 for the first 5 years, and USD 5,937,500 in semi annual repayments for the last 3 years. In addition the employment tranche of USD 15 million shall be repaid over the actual charter period.

The key financial covenants are as follows.

- (i) Arrow's consolidated ratio of book equity to total assets shall be a minimum 30 per cent
- (ii) Arrow's consolidated working capital shall at all times be positive meaning that current assets less current liabilities (less current portion of long term debt) shall always be positive
- (iii) Arrow's consolidated minimum free and available cash shall at minimum be equal to next 12 months consolidated instalments of long term debt (excluding balloon payments due within one year)

The term loan contains a change of control clause, whereby GC Rieber Shipping shall own minimum 50.1 %, or minimum 33.34 % if listed on an exchange. Further, Arrow shall ultimately own 100 % of ASI IV. If Arrow is not listed, it may not pay out dividends in excess of 50% of the yearly net result, unless the loan is reduced with an amount equivalent to the amount in excess of 50% of the yearly net result of dividend paid out.

The loan agreement will be governed by Norwegian law.

9.5.6 New USD 300 million secured term loan facility

Arrow expects within 15 May 2007 to enter into a loan agreement with Nordea Bank Norge ASA for a USD 300 million secured facility, with ASI I, ASI II, ASI III, ASI V and ASI VI as jointly and severally liable borrowers and Arrow as guarantor.

The facility will be used to finance the “Geo Atlantic” and the newbuilds “532”, “533”, “534” and “535”.

The facility will be secured with assignment in each of the relevant borrower’s rights under the tax lease structures regarding the newbuilds, hereunder refund guarantees, first priority mortgages in the vessel “Geo Atlantic” and the four new builds 532, 533, 534 and 535, as well as security rights over earnings and insurances, first priority assignment in management agreements and sub-agency agreements, if any. In addition the loan will be secured by a parent company guarantee provided by Arrow and charges over the shares in each of the borrowers.

The USD 300 million facility will have a term of ten years with and quarterly repayments (when fully drawn) of USD 5,725,806.

The USD 300 million facility has a margin of 0.80% (0.70 %) over USD LIBOR, pending on charter period of the vessels.

The key financial covenants are as follows.

- (i) Arrow’s consolidated ratio of book equity to total assets shall be a minimum 30 per cent
- (ii) Arrow’s consolidated working capital shall at all times be positive meaning that current assets less current liabilities (less current portion of long term debt) shall always be positive
- (iii) Arrow’s consolidated ratio of EBITDA to interest cost (trailing 12month basis) shall be greater than 2.50 to 1.00; the covenant is commencing on 31 December 2009

Other covenants expected to be same as in the existing USD 170 million facility (change of control, dividends etc.). The loan agreement will be governed by Norwegian law.

9.6 INVESTMENTS

Investments in 2006 totalled USD 91.2 million and relates to instalments paid on the high capacity new buildings for delivery in 2008, the conversion of “Geo Atlantic” and acquisition of the “CGG Laurentian” and the “Polar Explorer”

The committed and planned capital expenditures for the period 2007–2009 totalling USD 477 million is shown in below table. The main capital expenditures are connected with the acquisition of three vessels planned for conversion to 2D/Source vessels and investment in four purpose-built high capacity seismic new buildings for delivery in 2008/09.

Table 9-4: Capital expenditures (USD 1,000s)*

	2007	2008	2009
Polar Explorer	25,000	5,000	-
Polar Pearl	25,000	12,000	-
Polar Sea	20,000	17,000	-
Newbuild 532	33,348	47,537	-
Newbuild 533	15,274	73,248	-
Newbuild 534	19,676	34,160	47,943
Newbuild 535	8,043	19,676	74,060
Total capital expenditures	**146,341**	**208,621**	**122,002**

* Based on EUR/USD = 1.33.

All remaining committed and planned capital expenditures for the period 2007–2009 are anticipated to be funded from cash flow from operations, the share issue, and drawdowns from the two secured loan facilities totalling USD 425 million.

9.7 UK TAX STATUS

Arrow is the parent company in a group consisting of seven UK companies, ASL and ASI I – ASI VI.

See also section 6.2 ("Description of the companies in the group").

Current UK Tax status

The companies can be separated into those companies currently operating owned vessels (ASI I and ASI IV), those which are intending to operate owned vessels in future (ASI II, ASI III, ASI V and ASI VI) and one which will enter into charter agreements in respect of the group's vessels (ASL). All companies currently operate within the standard UK corporation tax regime and are subject to its regulations as outlined in the UK corporation tax section below.

ASI I & ASI IV

These companies are currently operating vessels and in line with the pre-entry clearance letter which was sent to the Tonnage Tax Unit of HMRC in June 2006, intend to enter in to the tonnage tax regime when the election is made for the group as a whole. This is in compliance with the requirements for the group to elect into the regime within 12 months of qualifying. Once the election takes place all group companies will part of the UK tonnage tax group and be subject to UK tonnage tax rules as outlined below with effect from first qualifying i.e. 7 July 2006. Where a particular company or activity does not comply with the regulations those companies or activities will be appropriately taxed under standard corporation tax rules.

ASI II and ASI III

ASI II and ASI III hold the vessels NB 532 and NB 533, which are currently under construction and due to be completed in 2008. There are specific leasing and sale arrangements which relate to these companies and vessels with a third party. It is understood that the two companies will bring these vessels into use once they are complete and will thus be subject to UK tonnage tax. Income from the operation of qualifying vessels will be subject to UK tonnage tax rules as outlined below, where it is not subject to these tonnage tax rules it will be subject to standard UK corporation tax regulations.

ASI V and ASI VI

These companies each hold a vessel under construction, NB 534 and NB 535 respectively. Thus neither company has any trading results in the period to 31 December 2006. With respect to NB 534 the ASI V has entered into a non-binding Letter of Intent with CGG Veritas for a firm 12 year bare boat charter.

ASL

This company will be part of the UK Group within the Tonnage Tax and where they are compliant and continue to be compliant with tonnage tax rules and regulations they will be subject to UK tonnage tax rules as outlined below, where they are not compliant with the tonnage tax rules and regulations they will be subject to standard UK corporation tax regulations.

UK Tax group

The group companies, i.e. the UK subsidiaries of Arrow Seismic ASA, comprise a UK tax group for group relief purposes and for capital gains tax purposes, as outlined in the summary of UK corporation tax below.

Tax status as at 31 December 2006

Results for group reporting purposes show that none of the group companies is in a tax-paying position as at 31 December 2006. The period to 31 December represents the first accounting period for the group companies; therefore there are no brought forward amounts which would impact on the overall tax status as at the end of that period.

The overall position is one of unrelieved tax losses carried forward at the end of the period. A summary of the draft position of each group company's tax position as at the end of the period is provided in the table below:

	ASL $USD	ASI I $USD	ASI II $USD	ASI III $USD	ASI IV $USD	ASI V $USD	ASI VI $USD
Profit on ordinary activities before tax	(103,417)	(6,450,354)	230,113	(1,485,770)	(566,610)	-	-
Current tax at 30%	(31,025)	(1,935,106)	69,034	(445,731)	(169,833)	-	-
Effect of permanent differences	-	-	-	-	7,518	-	-
Depreciation in excess of capital allowances	-	721,268	-	-	162,315	-	-
Other timing differences	-	225,646	(269,519)	86,661	-	-	-
Unrelieved tax losses/tax losses carried forward	31,025	988,192	200,485	359,070	-	-	-
Total current tax charge	-	-	-	-	-	-	-
Deferred tax charge	-	-	-	69,034	-	-	-
Total tax charge	-	-	-	69,034	-	-	-

Tax adjustments

There are some small permanent disallowable items which relate to capital items, professional fees and entertainment.

There are also timing differences where disallowable depreciation exceeds capital allowances claimed and with respect to general provisions. The UK tax rules do not allow accounting depreciation for tax purposes; however a specific deduction for tax is allowed under the UK capital allowances rules (see below).

Where a company is loss making and there are no group companies which may benefit in the current year from group relief, it is common to disclaim capital allowances until it is in a profitable position. This is because UK tax losses may be group relieved against group trading profits only where they arise in the current year, rather than where they are brought forward. There is also greater potential to set off current year losses against other profits in the current year than is the case with brought forward losses. The current draft figures assume that capital allowances have been largely disclaimed.

Deferred tax assets/liabilities

There are potential deferred tax assets of $2,574,177 relating to the Arrow group companies based on the draft figures above. The calculation of these potential deferred tax assets is included below:

Company	Tax losses	Decelerated capital allowances	Foreign exchange losses/ (gains) disregarded	Total deferred tax asset/ (liability)
	$USD	$USD	$USD	$USD
Arrow Seismic Limited	31,025	-	-	31,025
Arrow Seismic Invest I Limited	988,192	721,268	225,646	1,935,106
Arrow Seismic Invest II Limited	200,485	-	(269,519)	(69,034)
Arrow Seismic Invest III Limited	359,070	-	86,661	445,731
Arrow Seismic Invest IV Limited	-	163,315	-	162,315
Arrow Seismic Invest V Limited	-	-	-	-
Arrow Seismic Invest VI	-	-	-	-

Deferred tax assets represent tax adjustments on timing differences, or losses after adjustment, which may reduce future years' tax. The UK accounting rules specify that specific rules under which such assets can be recognised in the accounts of a company. In the case of the group companies these recognition criteria have not been met for two reasons:

1) There is not sufficient evidence to demonstrate that there will be future profits against which a deduction may be claimed to realise the value of the deferred tax assets.
2) Should the group companies enter into the UK tonnage tax regime, these losses, and timing differences on deferred tax assets, would no longer be available to offset against profits.

There is a deferred tax liability arising on a hedging arrangement. This is subject to special UK rules as hedge accounting has not been implemented with respect to the period of review, and as such profits on the derivative, which are asymmetrically matched against a balance sheet asset, are not taxed until realised.

UK Tonnage Tax Status

The group have entered into correspondence with UK HM Revenue and Customs ('HMRC') through their legal advisors regarding entry into UK Tonnage Tax. Initially a pre-entry clearance letter was sent to the Tonnage Tax Unit of HMRC in June 2006 in respect of ASL, ASI I, ASI II ASI III and ASI IV. There has been further subsequent correspondence regarding the various qualifying conditions for entry into Tonnage Tax. The inspectors initially concluded that based on the information received the ships should be qualifying, and that they await the formal Tonnage Tax election. Due to the expansion of the UK business and a change to the UK corporate structure by the formation of two new subsidiary companies, an updated pre-clearance letter was sent to HMRC including the additional information and explaining the incorporation of the two new subsidiary companies which would become part of the proposed UK Tonnage Tax group. The inspectors' confirmation of eligibility has been received. The group should currently qualify for entry into the UK Tonnage Tax regime in accordance with current legislation, having obtained pre-clearance confirmation from HMRC. The group are now free to elect into the Tonnage Tax regime before 7 July 2007, see chapter 2.2.16. Failing to elect into the regime by June 2007 may make future entry into the regime impossible.

Once the group elect to enter into UK Tonnage Tax then those group companies which operate qualifying ships would be subject to the UK tonnage tax rules on calculation of taxable profits for their qualifying shipping activities. Otherwise the group companies will be subject to the standard UK corporation tax regime and taxed at standard rates.

Profits of companies not operating qualifying ships, and business activities undertaken by those companies which are not qualifying under the rules of UK Tonnage tax, will also be subject to the standard UK corporation tax regime and taxed at standard rates.

UK Tonnage Tax renotification

The UK Tonnage Tax regime currently includes the maritime operations of seismic vessels under the category of "transport by sea in connection with other services necessarily provided at sea".

The "transport at sea" element is currently accepted as applying to the group by HMRC. The "other services …" element is understood to refer to the marine seismic operations themselves, which are undertaken by Arrow's customers and are bound by their very nature to be "necessarily provided at sea".

The UK recently re-notified the European Commission of the EU of its Tonnage Tax regime in order to receive confirmation that the UK's regime continues to conform to the European Commissions Guidelines on State Aid to Maritime Transport. This has been considered by the Commission who have raised two initial observations, one of which is relevant to the group. Thus, it appears the Commission wish to scrutinise the distinction between the seismic services and the transportation services offered by owners such as Arrow or even the inclusion within the regime of vessels of the type owned or to be owned by Arrow.

The Commissions review is at early stages. Any change to the criteria for eligibility is likely to require a change in UK legislation. It is not possible to predict what changes will be agreed by the European Commission and the UK, if any, regarding the Tonnage Tax regulations and accordingly it is not possible to assess the tax consequences of electing into the regime and subsequently being specifically excluded.

Should the ships not qualify for Tonnage Tax then the profits will be taxable under the normal corporation tax regime, with tax depreciation available on vessels.

For further information, reference is made to section 2.2.16.

General impact of entry into UK tonnage tax

The main effects of entry into the Tonnage Tax regime are:

- Tonnage tax profits will be calculated using a method as described below;
- Capital allowances on vessels will not be available as a deduction against Tonnage Tax profits;
- Relief for pre-entry trading losses will effectively be lost as these not be eligible for relief against Tonnage Tax profits;

The deferred tax assets disclosed by the companies will also be eliminated due to the companies in question being unable to claim capital allowances and relief for pre Tonnage Tax losses. Deferred tax assets in respect of these will be extinguished on entry into Tonnage Tax.

The high level differences between the UK Corporation Tax and Tonnage Tax rules are discussed in more detail below. These are however general comments and any specific actions or reliance would require more detailed scrutiny of the relevant legislation.

UK Corporation Tax

Companies that are resident in the United Kingdom are subject to corporation tax on their worldwide profits.

Tax is imposed on the total amount of income earned from all sources in the company's accounting period, including any chargeable capital gains. Capital gains are subject to corporation tax at the same rate as ordinary income, after relief for inflation from 1982.

Rates of UK Corporation tax

The standard rate of UK corporation tax for large companies is currently 30% (for the year commencing 1 April 2007). It is likely given the number of associated companies of the group that each company will be large for UK corporation tax purposes.

The Draft UK Finance Bill 2007 includes provisions that will reduce this standard rate to 28% from 1 April 2008. These regulations are yet to be enacted by Parliament and remain subject to potential change. There also exist other relevant amended provisions which if enacted will impact UK corporation tax, particularly with regard to tax depreciation.

If an accounting period does not coincide with the financial year, the profits for the accounting period are time apportioned and the appropriate rate applied to each part.

Capital gains

Capital gains on chargeable assets are taxed at normal corporation tax rates. For UK tax purposes a capital gain is usually calculated on the basis of the excess of the sale proceeds over the original cost, plus any qualifying subsequent expenditure incurred on the asset. An allowance is allowed with respect to inflation limited to years from 1982. This may only be used to eliminate a gain and not to create a loss.

When a capital gain arises on the disposal of a ship, the gain may be held over into the tax base cost of a new business asset if the proceeds received from the disposal of the ship are used to acquire the new asset. The new asset must in general be acquired in the period beginning twelve months before and ending three years after the disposal of the ship. The held over gain will then crystallise at the earlier of 10 years from acquisition and the eventual disposal of the new asset.

Determining trading profits

General
The assessment of trading profits for tax purposes is based on the financial statements in accordance with generally accepted accounting principles. This includes International Financial Reporting Standards accounts.

Expenses must be incurred wholly and exclusively for the purposes of the trade of the company whose profits are being assessed. No deduction is allowed for entertainment purposes apart from specific staff entertainment.

Corporate debt and foreign exchange rules
The rules under the corporate debt regime are designed to allow a tax treatment of interest, discounts and premiums on debt instruments to follow the accounting treatment in most circumstances, subject to certain exceptions and anti-avoidance provisions.

Most foreign exchange differences are taxable or relievable in accordance with the correct accounting treatment. Specific rules apply with respect to a hedging function depending on the accounting used.

Tax depreciation (capital allowances)
UK accounting depreciation is generally not allowed as a deduction for tax purposes. This is replaced by specific capital allowances which are deductible for UK tax purposes. The standard allowance on plant and machinery is 25% on a reducing balance basis (likely to be 20% from 2008). Most assets with a useful economic life of 25 years (long life assets) are allowed a different allowance using a declining balance method at an annual rate of 6% per year (likely to be 10% from 2008). The allowances are generally allowed on a per annum basis from when the asset is brought into use.

Ships are, however subject to special treatment for capital allowances outside the long life assets regime. This exemption from the standard long life asset treatment is due to expire on 1 January 2011. For special treatment to apply ships must be seagoing and over 100 gross registered tons or more.

When a trader incurs expenditure on the provision of a ship for the purpose of a trade, he is regarded and having incurred that expenditure for the purposes of a separate trade. The expenditure on each ship is recorded separately for tax purposes from the main pool of expenditure for as long as the ship is used wholly for trading purposes.

A special free deprecation system exists, such that unused allowances which may arise in periods of low profitability can be carried forward and used in addition to the full writing down allowances in the next year.

There is further flexibility allowed in that any balancing charge (a clawback of allowances in excess of economic depreciation) arising on disposal of a ship, whereby the charge may be deferred against capital expenditure incurred in the following years.

As noted above, ships are not currently included within the long life asset regime and are therefore generally benefit from the standard 25% rate (likely to be 20% from 2008). In addition it is not essential that a ship is in use for allowances to be claimed; as long as it will be brought into use within three years, allowances can be claimed during the construction period.

Relief for trading losses

Trading losses may be used to relieve other income and chargeable gains for the year in which the loss was incurred and the preceding year, providing the trade was then carried on. Losses may also generally be carried forward without time limit for relief against future trading profits from the same trade, although there can be limitations on change of ownership.

A trading loss arising in one company may be offset against the profits (including capital gains) from the same period of another company within a defined 75%-owned group of UK companies subject to some restrictions. The tests for 75% group status, for these purposes, is specifically defined by UK legislation. Assuming that these conditions are met should therefore be possible for all group companies to offset trading losses.

Capital gains groups

Assets may be transferred between group companies which are in a 75% worldwide group (as defined) without a capital gain arising, if the companies involved are subject to UK corporation tax. For these purposes the 75% group is not the same as the group relief group mentioned above and again is specifically defined in UK legislation.

However if the transferee company leaves the group within 6 years, of the transfer date, the transferee is deemed to have disposed of the assets immediately after the start of the accounting period of departure. The valuation for disposal purposes however is taken at the value of the asset immediately following original inter-group transfer.

Withholding Taxes

Dividends
The UK does not impose withholding tax on dividend payments under domestic law.

Interest
The standard UK withholding tax rate on interest is 20%. This is reduced to zero on application of the UK Norway Tax Treaty subject to certain antiavoidance provisions.

Royalties
The standard UK withholding tax rate on royalties is 22%. This is reduced to zero on application of the UK Norway Tax Treaty subject to certain anti-avoidance provisions.

UK Tonnage Tax

Assuming that the relevant companies are, and remain UK resident for corporation tax purposes, the UK tonnage tax regime generally follows a model adopted by several other European countries, under which ordinary profits related to shipping activities are replaced by profits calculated on the basis of net tonnage of qualifying ships.

Qualification and entry

There are numerous qualifying conditions which must be met in order to enter into the UK tonnage tax regime. A qualifying company or group must elect in order for the regime to apply. This election generally has effect for 10 years, unless a company or group ceases to qualify for the tonnage tax regime.

Elections can be made by qualifying companies, within 12 months of becoming a qualifying company and in other specific circumstances.

To benefit from the regime a company must be subject to corporate income tax in the UK and operate qualifying ships which are strategically and commercially managed in the UK. A group qualifies if one or more members are qualifying companies. There are restrictions on the percentage of ships that may be time-chartered in and other anti-avoidance provisions.

Training requirement

Companies are eligible for tonnage tax benefits only if they meet the minimum training obligation. According to the size of the fleet and number of officers employed the company have an obligation to train a specified number of officers.

The tonnage tax company's training plan must be approved before HMRC will permit entrance into the tonnage tax regime. These plans then need to be submitted annually, in order to maintain tonnage tax status.

Method of calculation

A company or group of companies in relation to which a tonnage tax election has effect is a Tonnage Tax Company ('TTC') or Tonnage Tax Group ('TTG'). For the purposes of corporate income tax, a TTC's relevant shipping profits ('RSP') are replaced by tonnage tax profits ('TTP').

TTP is calculated by reference to the qualifying daily net tonnage of each ship operated by a TTC. The net tonnage is multiplied by:

- £0.60 per 100 tons to 1,000 tons
- £0.45 per 100 tons between 1,000 tons and 10,000 tons
- £0.30 per 100 tons between 10,000 tons and 25,000 tons
- £0.15 per 100 tons above 25,000 tons

The TTP is the aggregate of the calculations for each ship. The normal corporation tax rate of 30% (likely to be 28% in 2008) is then applied to the TTP.

The relevant shipping profits are made up of four different elements:

1) Income from operating qualifying ships, but excluding certain income, for example income from exploratory operations on the UK continental shelf and certain bareboat chartering income.

2) Dividends received from non-UK shipping companies which would qualify for UK tonnage tax if they were UK resident and subject to UK corporation tax.

3) Interest, foreign exchange gains/losses and profits on interest rate and currency contracts which are so closely related to core tonnage tax activities that they are not treated as investment income; and

4) Gains arising on the disposal of assets used for the tonnage tax trade.

10. BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

10.1 BOARD OF DIRECTORS

Table 10-1: Board of Directors

Name	Position	Member Since	Term expires	Shares owned
Sven Rong	Chairman	27 October 2005	Spring 2008	45,000
Jan Svein Krokeide	Vice-Chairman	11 May 2006	Spring 2008	4,000
Arne Birkeland	Member	11 May 2006	Spring 2008	7,500
Eva Løkeland Lerøy	Member	11 May 2006	Spring 2008	0
Anne Marit Steen	Member	11 May 2006	Spring 2008	4,000[1]

Sven Rong, Chairman (born 1951).
Mr Rong has served as Chairman of the Board since 2005. Mr. Rong joined GC Rieber Shipping in 1973 and has been CEO of GC Rieber Shipping since 1994. Mr Rong is also member of the management of GC Rieber at group level. Before taking up his current employment in 1994, he has held various other management positions. Mr Rong currently serves as chairman of Bergen Rederiforening and of the board of Technocean AS, member of the board of AS Frakt and Sambandet Sotra/Øygarden – Bergen AS, in addition to having various board positions within the GC Rieber Shipping sphere. Mr Rong has also previously served as board member of Multiwave ASA. Mr Rong has a business administration education and his place of residence is Øygarden, Norway. His business address is GC Rieber Shipping ASA, Solheimsgaten 13, P.O. Box 1114 Sentrum, N-5058 Bergen, Norway.

Jan Svein Krokeide, Vice-Chairman (born 1947).
Mr. Krokeide is a consultant within the oil- and gas industry and Manager Drilling with responsibility for the Drilling Managers Forum in OLF (Norwegian Oil Industry Association). Mr Krokeide is former CEO of Odfjell Drilling and is currently board member of Scana Offshore Technology AS and Technocean AS. Mr Krokeide holds a Bachelor of Science degree (Honours Marine Engineering). Jan Krokeide's place of residence is Bergen, Norway. His business address is Korsnesveien 123, 5244 Fana, Norway. Mr Krokeide is independent from the Company's management, major shareholders and principal business associates.

Arne Birkeland, Board member (born 1958).
Mr. Birkeland has been Chief Operating Officer of the Norwegian Hull Club since 2006. He has previously been CEO of AS Grieg Billabong since 1997. Mr Birkeland is a committee member in Norwegian Shipowners' Association and board member of Tyrva AS. He has previously served as board member of Skuld AS and various companies within the Grieg Group including their shipowning companies. Mr. Birkeland holds a Bachelor degree (DH, Kristiansand). Mr Birkeland's place of residence is Bergen, Norway. His business address is Olav Kyrres g 11, 5014 Bergen, Norway. Mr Birkeland is independent from the Company's management, major shareholders and principal business associates.

Eva Løkeland Lerøy, Board member (born 1960).
Ms Lerøy has been working as an independent HR/Coaching consultant since 2003. Ms Lerøy has previous management experience from Statoil within HR and Logistics. Ms Lerøy is currently member of the board of Toma AS, Marthas Delikatesser AS, Benjamin Johannessens Legat, Profond Holding AS and Vitali AS. Ms Lerøy holds a Master of Business Administration degree (Siviløkonom - NHH, Bergen). Ms Lerøy's place of residence is Bergen, Norway. Her business address is Wernersholmvegen 17, 5232 Paradis, Norway. Ms Lerøy is independent from the Company's management, major shareholders and principal business associates.

Anne Marit Steen, Board member (born 1961).
Ms Steen has been CFO of GC Rieber AS since 2000 and is also member of the management of GC Rieber at group level. Ms Steen currently serves as member of the board of Høyteknologisenteret Drift AS in addition to having various board positions within the GC Rieber sphere. Ms Steen is also member of the control committee of Sparebanken Vest. She has previously served as board member of Multiwave ASA and Fortuna Oils AS. Ms Steen holds a Master of Science degree (Sivilingeniør – NTH, Trondheim) and a Master of Business

[1] 4,000 shares indirectly owned through Helge Hopen AS, of which Ms Steen owns 42%

Administration degree (Siviløkonom – SIB). Anne Marit Steen's place of residence is Bergen, Norway. Her business address is GC Rieber AS, Damgårdsveien 125, P.O. Box 990 Sentrum, N-5808 Bergen, Norway.

The board members have no options or rights to Shares in the Company. There are no family relations between any of the board members and/or any of the members of the senior management.

10.2 MANAGEMENT

The Company has no employees. Management services are purchased under a service agreement with GC Rieber Shipping AS, currently an affiliate company of Arrow. GC Rieber Shipping has more than 30 years extensive experience from developing, owning, managing and chartering purpose-built seismic vessels. Management and reporting is backed by a skilled experienced organisation and is based on well established reporting routines and ICT systems. GC Rieber Shipping has been listed on Oslo Børs since 1998.

Arrow's executive management consists of Hans Petter Amundsen Klohs who is holding the position as CEO of Arrow Seismic ASA and Mark Ashton-Taylor who is Managing Director of Arrow UK Group. The executive management is responsible for the daily management and the operations of the Company. No compensation to the executive management has been paid, as these services are included in the management fee from GC Rieber Shipping AS and GC Rieber Shipping Ltd., respectively.

Table 10-2: Executive management

Name	Position	Shares owned
Hans Petter Amundsen Klohs	CEO	12,000
Mark Ashton-Taylor	Managing Director, Arrow UK	0

Hans Petter Amundsen Klohs CEO (born 1967)
Mr. Klohs has been CEO of Arrow since October 2005 and CFO of GC Rieber Shipping since 2001. Mr Klohs serves as board member of various companies within the GC Rieber Shipping sphere and as chairman of Arrow UK companies. He holds a bachelor degree from Norwegian School of Management and an MPhil. in international finance from University of Glasgow. Before joining GC Rieber Shipping, Mr. Klohs worked with financial risk management in Nordea Bank ASA and Odfjell ASA. Mr Klohs is resident of Bergen, Norway. His business address is GC Rieber Shipping ASA, Solheimsgaten 13, P.O. Box 1114 Sentrum, N-5058 Bergen, Norway.

Mark Ashton-Taylor, Managing Director Arrow Seismic UK Group (born 1962)
Mr. Taylor joined the Arrow UK Group as Managing Director of Arrow UK Group in July 2006. Mr. Taylor is also the Managing Director of GC Rieber Shipping Ltd and serves as board member of various companies within the GC Rieber Shipping and Arrow UK sphere. He holds a law degree and solicitor professional examination. Before joining Arrow in 2006, Mr. Taylor was a lawyer acting for UK Energy sector clients before joining Techmarine International Plc as General Counsel and Company Secretary. He is resident of United Kingdom. His business address is GC Rieber Shipping Ltd., Darenth House, 60 High Street, Otford, Sevenoaks, Kent, TN14 5TL United Kingdom.

10.3 CONFLICTS OF INTERESTS ETC.

During the last five years preceding the date of this Prospectus, no member of the Board of Directors or the senior management has:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his capacity as a founder, director or senior manager of a company.

Over the five years preceding the date of this document, the members of the Board and the senior management hold or have held the following directorships (apart from their directorships of the Company and its subsidiaries) and/or partnerships:

Table 10-3: Current and previous directorships/partnerships

Board of directors	Current directorships/partnerships	Previous directorships/partnerships
Sven Rong	Arrow Seismic ASA Technocean AS GC Rieber Shipping AS Polar Explorer AS Polarus AS Polar Queen AS Polar Queen Ltd Polar Ship Invest AS Solheimsviken Shipping AS Bergen Rederiforening AS Frakt Sambandet Sotra/Øygarden – Bergen AS Konsernet GC Rieber GC Rieber Shipping AS	Multiwave ASA
Jan Svein Krokeide	Arrow Seismic ASA – Board member Scana Offshore Technology AS – Board member AS Technocean – Board member Member of OLF's department HSE & operations as Manager Drilling.	Various companies within the Odfjell Drilling Group
Arne Birkeland	Tyrva AS Norwegian Hull Club	Skuld AS, Various companies within the Grieg Group including their shipowning companies. Star Shipping AS, AS Billabong, ANS Billabong II. Grieg Shipping Group.
Eva Løkeland Lerøy	Toma AS Marthas Delikatesser AS Benjamin Johannessens Legat Profond Holding AS Vitali AS	
Anne Marit Steen	Arrow Seismic ASA GC Rieber Eiendom Drift AS Høyteknologisenteret Drift AS Rieber Eiendom AS Riebers AS Sparebanken Vest, control committee Konsernet GC Rieber Morselskapet GC Rieber AS	Multiwave ASA Fortuna Oils AS

Executive Management	Current directorships/partnerships	Previous directorships/partnerships
Hans Petter Amundsen Klohs	GC Rieber Shipping AS Polar Explorer AS Polarus AS Polar Queen AS Polar Ship Invest AS Solheimsviken Shipping AS De Katri Tugs AS Polar Pevek Ltd Arrow Seismic Invest I Limited Arrow Seismic Invest II Limited Arrow Seismic Invest III Limited Arrow Seismic Invest IV Limited Arrow Seismic Invest V Limited Arrow Seismic Invest VI Limited Arrow Seismic Limited	
Mark Ashton-Taylor	Arrow Seismic Invest I Limited Arrow Seismic Invest II Limited Arrow Seismic Invest III Limited Arrow Seismic Invest IV Limited Arrow Seismic Invest V Limited Arrow Seismic Invest VI Limited Arrow Seismic Limited GC Rieber Shipping Limited Altoriva Limited Altoriva (Southern) Limited Kradaq Limited Marine Crew Services Limited Vantage Partners Limited	Ashton Ford Limited Fenwick Associates Limited Palmeiras Verde Limited

There are no other potential conflicts of interest between any duties to the Company, of the persons referred to above and their private interest or other duties expect for the related party relations described in section 14.4 below.

10.4 REMUNERATION AND BENEFITS

The remuneration of the members of the board is determined on a yearly basis by the Company in its annual general meeting. The directors may also be reimbursed for, inter alia, travelling, hotel and other expenses incurred by them in attending meetings of the directors or in connection with the business of the Company.

As the Company was established in fourth quarter 2005, there are no comparable figures for the remuneration to the management or Board in 2005.

The Company's Board received a total remuneration of USD 47,000 in 2006.

The Company has no employees. The CEO of Arrow has been hired under a service agreement with GC Rieber Shipping AS, currently an affiliate company of Arrow. The service agreement has an annual fee of USD 400,000, starting 1st January 2006, and can be cancelled by both parties giving 6 months notice. See section 14.4 for further description of the agreement.

No agreements have been entered into with the CEO or any of the board directors with regard to special payments upon the termination or change of their employment or appointment. In addition, there are no agreements that entitle employees or representatives to subscribe for or purchase Shares in the Company.

10.5 EMPLOYEES

The Company has no employees. Management services are purchased under service agreements with GC Rieber Shipping AS and GC Rieber Shipping Ltd., currently affiliate companies of Arrow. Please refer to section 14.4. for further description of the agreements

11. SHARE CAPITAL AND SHAREHOLDER MATTERS

11.1 SHARE CAPITAL AND SHARES

The Company's authorised share capital is NOK 185,000,000 divided into 18,500,000 Shares each with a nominal value of NOK 10 per share, all fully paid and issued in accordance with Norwegian law. The Shares are registered in the Norwegian Central Securities Depository ("VPS") register with ISIN NO 001 030 1161.

The Company has one class of shares which carry equal rights in all respects and each Share carries one vote at the Company' general meeting.

11.2 OUTSTANDING AUTHORISATIONS

11.2.1 Authorisation to issue Shares

On 29 March 2007 the annual general meeting resolved to authorise the Board to increase the issued share capital of the Company by up to NOK 65,000,000 through issuance of up to 6,500,000 new Shares with a par value of NOK 10. The authorisation is valid until 31 May 2008 and replaces the authority given in the annual general meeting dated 11 May 2006 and may be used to fund the Company's committed and planned investments in accordance with the Company's strategy. The Board may decide to waive the shareholders pre-emptive rights.

The authorisation is planned to be used in connection with the Offering as described in this Prospectus.

11.2.2 Authorisation to repurchase Shares

The Board holds no authorisation to repurchase own Shares.

11.3 RIGHTS TO ACQUIRE SHARES

The Company has not issued any convertible securities, exchangeable securities or securities with warrants giving any one the right to acquire Shares through utilisation of such rights other than described in this Prospectus.

11.4 HISTORICAL DEVELOPMENT IN SHARE CAPITAL AND NUMBER OF SHARES

Arrow Seismic ASA was incorporated on 27 October 2005 as a wholly owned subsidiary of GC Rieber Shipping ASA with a authorised share capital of USD 9.6 million (NOK 65 million) divided into 10 million shares of par value USD 0.96 (NOK 6.50).

An extraordinary General Meeting on 19 December 2005 approved to further increase the equity with USD 37.1 million (NOK 250 million) by way of increasing the authorised share capital with USD 5.2 million (NOK 35 million) increasing the par value of the 10 million shares from USD 0.96 (NOK 6.50) to USD 1.479 (NOK 10.00) and adding USD 31.9 million (NOK 215 million) to share premium reserve.

After a private placement in February 2006 of net USD 50.3 million (NOK 303 million) to supply Arrow with the required equity to finance the investments in new buildings, the authorised share capital was increased by USD 14.7 million by the creation of 8.5 million ordinary shares at USD 1.595 (NOK 10.00) each.

All increases in share capital referred to above has been paid for in cash.

Year	Type of change in share capital	Change in issued share capital (NOK)	Change in number of Shares	Subscr. Price (NOK)	Par value (NOK)	Total issued share capital (NOK)	Total number of issued Shares following change
Oct-05	Establishment	65,000,000	10,000,000	6.5	6.5	65,000,000	10,000,000
Dec-05	Increase par value/share premium reserve	35,000,000	-	-	10.00	100,000,000	10,000,000
Feb-06	Private Placement	85,000,000	8,500,000	35.65	10.00	185,000,000	185,000,000

11.5 OWNERSHIP STRUCTURE

No.	Shareholder	No. of Shares	Percentage (%)
1	GC Rieber Shipping ASA	10,000,000	54.05%
2	Odin Offshore	1,136,600	6.14%
3	Storebrand Livsforsikring AS	702,632	3.80%
4	A/S Odin	549,000	2.97%
5	DZ Bank International S.A	500,000	2.70%
6	Selvaag Invest A/S	456,700	2.47%
7	State Street Bank and Trust Co.	410,000	2.22%
8	Brown Brothers Harriman & Co	300,000	1.62%
9	Holberg Norden	211,000	1.14%
10	Norus AS	210,000	1.14%
11	Grieg Shipping II AS	205,500	1.11%
12	Tom Hagen Funds AS	185,000	1.00%
13	Holberg Norge	182,000	0.98%
14	Sundt AS	178,500	0.96%
15	Jansi AS	160,000	0.86%
16	State Street Bank and Trust Co.	150,000	0.81%
17	Grieg Athena AS	132,000	0.71%
18	Borea Noterte II AS	124,800	0.67%
19	NHO Arbeidsmiljøfond	117,000	0.63%
20	Griffin Umbrella Fund Plc	110,000	0.59%
	20 largest shareholders	**16,020,732**	**86.60%**
	Others	2,479,268	13.40%
	Total	**18,500,000**	**100%**

As of 9 May 2007, the Company had 152 shareholders in total, of which 136 were Norwegian and 16 were non-Norwegian.

All Shares have equal rights and large shareholders of the Company have the same rights as all other shareholders. The following shareholders hold more than 5% of the issued share capital of the Company:

Shareholder	No. of Shares	Percentage (%)
GC Rieber Shipping ASA	10,000,000	54.05 %
Odin Offshore	1,136,600	6.14 %

The Company is not aware of any persons who directly or indirectly has an interest in the Company's capital or voting rights which is notifiable under Norwegian law.

For a further elaboration on when shareholdings are notifiable, reference is made to Section 12.2 "Disclosure obligations".

Further, the Company is not aware that the Company is controlled by any other than G.C Rieber Shipping ASA which owns 54.05% of the Company. No measures have been taken to ensure that such control is not abused.

Shareholders holding a total of approximately 58% of the total Shares are considered closely related to the Company in accordance with the stock exchange regulation § 2-3. The Company has thus a free float of approx. 42% prior to the Offering.

11.6 THE ARTICLES AND CERTAIN ASPECTS OF NORWEGIAN COMPANIES LAW

11.6.1 The Articles of Association

The Articles are limited, as is customary for Norwegian public limited companies. The Norwegian Public Limited Liability Companies Act applies to the Company. An unauthorised translation of the Articles of Association are included in Appendix 1 to this Prospectus.

In accordance with the Articles Section 3 the objective of the Company is to undertake business activities relating to seismic investments, collection of data, operation of seismic vessels, granting of guarantees, trading and other related activities. The Company shall have between 3 and 7 board members, and the Company is represented by signature of the chairman of the board alone or two one board members jointly.

The annual general meeting of shareholders shall resolve the following issues:

- Approval of the annual financial statement and annual report, and the questions of declaring dividends.
- Election of the board of directors
- Any other matter which by virtue of law or the articles of association pertain to the general meeting.

The Articles do not contain any conditions more significant than required by law as to the change of the rights of holders of the Shares.

There are no specific disclosures obligations under the Articles. Disclosure obligations under Norwegian law is further described under section 12.2.

11.6.2 The general meeting of shareholders

The general meeting of shareholders is the highest authority of a Norwegian Public Limited Company. The Company must arrange for the annual general meeting within six months of the end of the financial year. The annual general meeting shall approve the annual accounts and any dividends payable. An extraordinary general meeting shall be called if the Board resolves to do so or the auditor or shareholders representing 5% of the Shares and votes requires it.

In accordance with the Norwegian Public Limited Companies Act written notice shall be sent to all shareholders with known address at the latest two weeks prior to the general meeting. The shareholders may participate in person or by proxy.

11.6.3 The Board of Directors

The administration of the Company pertains to the Board which shall oversee the proper organisation of the business. The Board shall supervise the administration of the Company; thereunder supervise the Chief Executive Officer.

The members of the Board are elected by the general meeting by majority vote. The general meeting also resolves the annual remuneration of the board members.

11.6.4 The management of the Company

The board of directors employs the Chief Executive Officer of the Company and resolves his remuneration. The CEO conducts the day-to-day business in accordance with the guidelines and instructions of the Board.

The CEO employs the other members of the executive management and their remuneration.

11.6.5 Voting rights

Each share in the Company carries one vote at the general meeting.

As a general rule, resolutions that shareholders are entitled to make pursuant to Norwegian law or the Articles require approval by a simple majority of the votes cast. In the case of election of directors to the board, the persons who obtain the most votes cast are deemed elected to fill the positions up for election. However, as required under Norwegian law, certain decisions, including resolutions to waive pre-emptive rights in connection with a share issue, to approve a merger or demerger, to amend the Articles, to authorize an increase or reduction in the share capital, to authorize an issuance of convertible loans or warrants or to authorize the Board of Directors to purchase the Company's Shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a shareholders' meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares receive the approval of all the holders of such shares or class of shares as well as the majority required for amendments to the Articles. Decisions that (i) would reduce any existing shareholder's right in respect of dividend payments or other rights to the assets of the Company or (ii) restrict the transferability of the shares require a majority vote of at least 90% of the share capital represented at the general meeting in question as well as the majority required for amendments to the Articles. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amendments to the Articles.

In general, in order to be entitled to vote, a shareholder must be registered as the beneficial owner of shares in the share register kept by the VPS. Beneficial owners of shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor are any persons who are designated in the register as holding such shares as nominees.

Readers should note that there are varying opinions as to the interpretation of Norwegian law in respect of the right to vote for nominee-registered shares. For example, Oslo Børs has in a statement on 21 November 2003 held that in its opinion "nominee-shareholders" may vote in general meetings if they prove their actual shareholding prior to the general meeting.

11.6.6 No restriction on ownership of the Shares

Neither the Articles nor the Norwegian Public Limited Liability Companies Act restricts ownership of the Shares. There are no limitations under Norwegian law to the rights of non-residents or foreign owners to hold or vote the Shares.

11.6.7 Freely transferable shares

There are no limitations on the transferability of the Shares under Norwegian law or the Articles.

11.6.8 Additional issuances and preferential rights

All issuances of shares by the Company, including bonus issues, require an amendment to the Articles, which requires support by at least two-thirds of the votes cast as well as at least two-thirds of the share capital represented at a shareholders' meeting. Furthermore, under the Norwegian Public Limited Liability Companies Act the Company's shareholders have a pre-emptive right to subscribe for new shares issued. The pre-emptive rights may be waived by a resolution in a general meeting by two-thirds of the votes cast as well as at least two-thirds of the share capital represented at a shareholders' meeting. A waiver of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding shares, irrespective of class.

Under Norwegian law, bonus issues may be distributed, subject to shareholder approval, by transfer from the Company's free equity or from its share premium reserve. Such bonus issues may be effected either by issuing shares or by increasing the par value of the shares outstanding.

To issue shares to holders who are citizens or residents of the United States upon the exercise of preferential rights, the Company may be required to file a registration statement in the United States under United States securities laws. If the Company decides not to file a registration statement, such holders may not be able to exercise their preferential rights and in such event would be required to sell such rights to eligible Norwegian persons or other eligible non-US holders to realize the value of such rights.

11.6.9 Dividends

Under Norwegian law, no interim dividends may be paid in respect of a financial period as to which audited financial statements have not been approved by the annual general meeting of shareholders, and any proposal to pay a dividend must be recommended or accepted by the board and approved by the shareholders at a general meeting. The shareholders at an annual general meeting may vote to reduce (but not to increase) the dividends proposed by the board.

Dividends in cash or in kind are payable only out of (i) the annual profit according to the adopted income statement for the last financial year, (ii) retained profit from previous years, and (iii) distributable reserves, after deduction of (a) any uncovered losses, (b) the book value of research and development, (c) goodwill, (d) net deferred tax assets recorded in the balance sheet for the last financial year, (e) the aggregate value of any treasury shares that the Company has purchased or been granted security over during the preceding financial years, (f) any credit or security given pursuant to sections 8-7 to 8-9 of the Norwegian Public Limited Companies Act and provided always that such distribution is compatible with good and prudent business practice with due regard to any losses which may have occurred after the last balance sheet date or which may be expected to occur. The Company cannot distribute any dividends if the equity, according to the balance sheet, amounts to less than 10% of the total balance sheet without a two months' creditor notice period.

Under Norwegian foreign exchange controls currently in effect, transfers of capital to and from Norway are not subject to prior government approval. However, all payments to and from Norway shall be registered with the Norwegian Currency Registry. Such registration is made by the entity performing the transaction. Further, each physical transfer of payments in currency shall be notified to the Norwegian customs. Consequently, a non-Norwegian resident may receive dividend payments without Norwegian exchange control consent if such payment is made through a licensed bank.

The board will consider the amount of dividend (if any) to recommend for approval by the Company's shareholders, on an annual basis, based upon the earnings of the Company for the years just ended and the financial situation of the Company at the relevant point in time.

11.6.10 Mandatory offer requirement

Norwegian law requires any person, entity or group acting in concert that acquires more than 40% of the voting rights of a Norwegian company listed on Oslo Børs to make an unconditional general offer for the purchase of the remaining shares in the company. The offer is subject to approval by Oslo Børs before submission of the offer to the shareholders. The Offer Price per share must be at least as high as the highest price paid or agreed by the offeror in the six-month period prior to the date the 40% threshold was exceeded, but equal to the market price if the market price was higher when the 40% threshold was exceeded. In the event that the acquirer thereafter, but prior to the expiration of the bid period acquires, or agrees to acquire, additional shares at a higher price, the acquirer is obliged to restate its bid at that higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered. A shareholder who fails to make the required offer must within four weeks dispose of sufficient shares so that the obligation ceases to apply (i.e. reduce the ownership to a level below 40%). Otherwise, Oslo Børs may cause the shares exceeding the 40% limit to be sold by public auction. Until the mandatory bid is given or the shares exceeding the 40% threshold are sold, the shareholder may not vote for shares exceeding the 40 % threshold, unless a majority of the remaining shareholders approve. The shareholder can, however, exercise the right to dividends and pre-emption rights in the event of a share capital increase. Oslo Børs may impose a daily fine upon a shareholder who fails to make the required offer or sell down below 40 %.

A shareholder or consolidated group that owns shares representing more than 40% of the votes in a listed company, and that has not made an offer for the purchase of the remaining shares in the company in accordance with the provisions concerning mandatory offers (e.g., due to available exemptions), is obliged, in general, to make a mandatory offer in the case of each subsequent acquisition. However, there are exceptions to this rule, including for a shareholder or a consolidated group that, upon admission of the company to listing on a stock exchange, owns more than 40% of the shares in the company.

New mandatory offer regulation in compliance with EU's Take-Over-Directive (Directive 2004/25/EF) has been proposed but not resolved by the Norwegian legislators. According to the proposal the threshold for invoking the mandatory offer bid obligation will be lowered to 1/3 of the issued shares with a repeated obligation at 40% and 50 %. Shareholders holding between 1/3, 40% and 50 % of the shares at the time of implementation of the new rules who have not completed a mandatory offer will according to the current proposal be obligated to put forward such offer if they purchase additional shares. The timing of implementation of the new legislation is currently uncertain.

The Company has not received any indications of public takeover bids by third parties in respect of the equity during the last financial year and the current financial year.

11.6.11 Compulsory Acquisition

If a shareholder, directly or via subsidiaries, acquires shares representing more than 90% of the total number of issued shares as well as more than 90% of the total voting rights attached to such shares, then such majority shareholder has the right (and each remaining minority shareholder of the Company have the right to require such majority shareholder) to effect compulsory acquisition for cash of the shares not already owned by such majority shareholder. Such compulsory acquisition would imply that the majority shareholder has become the owner of the thus acquired shares with immediate effect. If the majority shareholder has not completed a mandatory offer he will have to do so simultaneously with the compulsory acquisition under the current legislation. Upon effecting the compulsory acquisition the majority shareholder would have to offer the minority shareholders a specific price per share, the determination of which price would be at the discretion of the majority shareholder. Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months' duration, request that the price be set by the Norwegian courts. Absent such request or other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the two months deadline. The cost of such court procedure would, as a general rule, be for the account of the majority shareholder, and the courts would have full discretion in respect of the valuation of the shares as per the effectuation of the compulsory acquisition.

11.6.12 Insolvency/Liquidation

According to the Norwegian Public Limited Companies Act, Arrow may be liquidated by a resolution in a general meeting of the Company passed by a two-thirds majority of the aggregate votes cast as well as two thirds of the aggregate share capital represented at such meeting. The Shares rank pari passu in the event of a return on capital by Arrow upon a liquidation or otherwise.

11.7 SHAREHOLDER AND DIVIDEND POLICY

11.7.1 Shareholder policy

The Company will inform Oslo Børs, the Company's shareholders and the market in general on an ongoing basis of the Company's development, activities and special events, ensuring that as far as possible the pricing of the Company's Shares reflects the underlying values and expectations on future profits. Such information will, among other things, take the form of annual reports, quarterly reports, stock exchange bulletins, press releases and investor presentations when appropriate.

11.7.2 Dividend policy

The Company will strive to follow a dividend policy favourable to shareholders. This will be achieved by sound business development and continuous growth. The Company aims to give shareholders a competitive return on capital relative to the underlying risk. However, the facility agreements described in section 9.4 above provide for certain covenants in relation to payment of dividends.

11.7.3 Lock-up agreements

The Company's largest shareholder, GC Rieber Shipping, has entered into a lock up agreement with the global coordinator, Carnegie, dated 11 May 2007, in which the Carnegie is the only beneficiary. Under the lock-up agreement, GC Rieber Shipping undertakes not to sell any Shares for a period of 180 days following completion of the Listing of the Company's Shares without the prior approval of Carnegie.

11.7.4 Shareholder agreements

As far as the Company is aware, there are no shareholders' agreements related to the Shares in the Company.

11.8 CORPORATE GOVERNANCE

From the time of Listing the Company is subject to the Norwegian Code for Corporate Governance of 8 December 2005 ("the Corporate Governance Code"). The Corporate Governance Code is based on a comply or explain principle, which means that the Company is in Compliance with the Corporate Governance Code if non-compliance with the detailed recommendations of the Corporate Governance Code is explained in an annual statement and in the annual report of the Company. The Company will in the following provide an explanation for non-compliance with the detailed recommendations of the Corporate Governance Code, and is therefore in compliance with the Corporate Governance Code.

The Company is in compliance with the recommendations of the Corporate Governance Code with the exception of Section 7 concerning independent election and compensation committee. In the opinion of the Company the size of the organization and status of operations leads to a conclusion that such committee currently is not necessary for the Company. Further, the Company has not prepared guidelines for remuneration of leading personnel (section 12 of the Code) as the Company currently has no employees.

12. SECURITIES TRADING IN NORWAY

12.1 INTRODUCTION

The Company has applied for the admission of all the Shares to Listing. Upon Listing, the Company will be subject to Norwegian securities regulations and supervision by the relevant Norwegian authorities.

12.2 DISCLOSURE OBLIGATIONS

A person, entity or group acting in concert that acquires shares, options for shares or other rights to shares resulting in its beneficial ownership, directly or indirectly, in the aggregate meeting or exceeding the respective thresholds of 1/20, 1/10, 1/5, 1/3, 1/2, 2/3 or 9/10 of the share capital or the voting rights in the Company has an obligation under Norwegian law to notify Oslo Børs immediately. The same applies to disposal of shares (but not options or other rights to shares) resulting in a beneficial ownership, directly or indirectly, in the aggregate meeting or falling below said thresholds.

New disclosure regulations has been proposed but not resolved by the Norwegian legislators. According to the proposal the obligation to notify Oslo Børs shall also apply when passing the threshold of 15 % and 25 %. In addition to certain other proposed amendments to the current regulations, it is also proposed that the obligation to notify Oslo Børs shall apply when "passing" the thresholds, even if such "passing" is not a consequence of an acquisition or a disposal. It is also proposed that The timing of implementation of the new legislation is currently uncertain.

12.3 INSIDER TRADING

According to Norwegian law subscription for, purchase, sale or exchange of shares which are quoted, or incitement to such dispositions, must not be undertaken by anyone who has precise information about the financial instruments, the company or other matters which are suited to influence the price of the financial instruments or related financial instruments noticeably, and which are not publicly available or commonly known in the market. The same applies to entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights connected with such shares or incitement to such disposition.

12.4 MANDATORY OFFER REQUIREMENT

Norwegian law requires any person, entity or group acting in concert that acquires more than 40% of the voting rights of a Norwegian company listed on Oslo Børs to make an unconditional general offer for the purchase of the remaining Shares in the Company. Please refer to section 11.6.10 for further information.

13. TAXATION

The statements herein regarding Norwegian taxation are based on the laws in force in Norway as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retrospective basis. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares. Shareholders are advised to consult their own tax advisors concerning their overall tax situation.

Please note that for the purpose of the summary below, a reference to a Norwegian or foreign shareholder refers to the tax residency rather than the nationality of the shareholder.

13.1 TAX CONSEQUENCES RELATED TO THE OWNERSHIP AND DISPOSAL OF SHARES – NORWEGIAN SHAREHOLDERS

13.1.1 Taxation of dividends

Norwegian Personal Shareholders

Dividends received by shareholders who are individuals resident in Norway for tax purposes ("Norwegian Personal Shareholders") from a Norwegian company are subject to tax in Norway as general income at a flat rate of 28 percent.

Dividends distributed from a Norwegian company to Norwegian Personal Shareholders are taxable as general income; however, the shareholders are entitled to deduct a calculated allowance when calculating their taxable dividend income. The allowance is calculated on a share-by-share basis, and the allowance for each Share is equal to the cost price of the share (including accumulated RISK-adjustments per 1 January 2006), multiplied by a risk free interest rate. Any part of the calculated allowance one year exceeding the dividend distributed on the share can be added to the cost price of the share and included in the basis for calculating the allowance the following years.

The calculated allowance is allocated to the personal shareholders holding shares at the end of each calendar year. Norwegian personal shareholders who transfer shares before 31 December in the relevant year will therefore not be entitled to deduct any such calculated allowance from their taxable income.

Norwegian Corporate Shareholders

Dividends distributed to shareholders who are limited liability companies resident in Norway for tax purposes ("Norwegian corporate shareholders") are not taxable for such shareholders.

13.1.2 Capital gains tax

Norwegian Personal Shareholders

Sale, redemption or other disposal of shares is considered a realisation for Norwegian tax purposes. A capital gain or loss generated by a Norwegian personal shareholder through a realisation of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for computation of ordinary income in the year of disposal. The ordinary income is taxable at a rate of 28%. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of. The taxable gain deductible is equal to the sales price less transactional expenses and the Norwegian personal shareholder's cost price of the shares (including accumulated RISK-adjustments pr 1 January 2006).

From this capital gain, Norwegian personal shareholders are entitled to deduct a calculated allowance. The allowance for each share is equal to the cost price of the share multiplied by a determined risk free interest rate. The allowance may only be deducted in order to reduce a taxable gain, and may not be deducted in order to increase or produce a deductible loss. The calculated allowance is allocated to the personal shareholders holding shares at the end of each calendar year. Norwegian personal shareholders who transfer shares before 31 December in the relevant year will therefore not be entitled to deduct any such calculated allowance from their taxable capital gain.

If the Norwegian personal shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Norwegian personal shareholder who moves abroad and ceases to be tax resident in Norway as a result of this, is deemed taxable in Norway for any potential gain related to the shares held at the time the tax residency ceased, as if the shares were realised for tax purposes at this time. Gains of NOK 500,000 or less are not taxable. Potential losses are as a main rule not deductible. If the person moves to a jurisdiction within the European Economic Area ("EEA"), potential losses related to shares held at the time tax residency ceases will be tax deducible when exceeding the NOK 500,000 threshold. The actual taxation (loss deduction) will occur at the time the shares are actually realised for tax purposes. If the shares are not realised for tax purposes within five years after the shareholder ceased to be resident in Norway for tax purposes, the tax liability calculated under these provisions will not apply.

Norwegian Corporate Shareholders

Dividends distributed to shareholders who are limited liability companies resident in Norway for tax purposes ("Norwegian corporate shareholders") are not taxable for such shareholders.

13.1.3 Net Wealth Tax

The value of shares is included in the basis for the computation of wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal wealth tax rate is 1.1 percent of the value assessed. The value for assessment purposes for shares listed on the Main List and the SMB List of Oslo Børs for the fiscal year 2007 is 85 percent of the listed value as of 1 January in the year of assessment (i.e. the year following the fiscal year).

Norwegian corporate shareholders are not subject to wealth tax.

13.2 TAX CONSEQUENCES RELATED TO THE OWNERSHIP OF SHARES – FOREIGN SHAREHOLDERS

13.2.1 Taxation of dividends

Foreign personal shareholders

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("Foreign personal shareholders"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends.

Foreign personal shareholders resident within the EEA are subject to withholding tax, ref above, but may be entitled to a partial refund of the withholding tax. The refund may be granted on the basis of on an application from the Foreign personal shareholder, and will, if granted, equal (in full or partially) the calculated allowance granted to Norwegian personal shareholders, see "Taxation of dividends – Norwegian personal shareholders" above.

If a Foreign personal shareholder is carrying on business activities in Norway and the relevant shares are effectively connected with such activities, the shareholder will be subject to the same taxation as a Norwegian shareholder, as described above.

Foreign corporate shareholders

Dividends distributed to shareholders who are limited liability companies not resident in Norway for tax purposes ("Foreign corporate shareholders"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Foreign corporate shareholders resident within the EEA for tax purposes are exempt from Norwegian withholding tax, provided that the shareholder is the beneficial owner of the shares.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Norwegian Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authority including all beneficial owners that are subject to withholding tax at a reduced rate.

Foreign shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

If a Foreign corporate shareholder is carrying on business activities in Norway and the relevant shares are effectively connected with such activities, the shareholder will be subject to the same taxation as a Norwegian corporate shareholder, as described above.

13.2.2 Capital gains tax

Foreign personal shareholders

Gains from the sale or other disposal of shares by a Foreign shareholder will not be subject to taxation in Norway unless the Foreign shareholder (i) holds the shares in connection with the conduct of a trade or business in Norway or (ii) has been a tax resident of Norway within the five calendar years preceding the year of the sale or disposition (and whose gains are not exempt pursuant to the provisions of an applicable income tax treaty).

Foreign corporate shareholders

Capital gains derived by the sale or other realisation of shares by Foreign corporate shareholders are not subject to taxation in Norway.

13.2.3 Net Wealth Tax

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Foreign personal shareholders can however be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

13.3 DUTIES ON THE TRANSFER OF SHARES

No stamp or similar duties are currently imposed in Norway on the transfer of shares whether on acquisition or disposal.

13.4 INHERITANCE TAX

Upon transfer of shares by way of inheritance or gift, the transfer may be subject to Norwegian inheritance or gift tax. The basis for the computation is the market value at the time the transfer takes place. The rate is progressive from 0 to 30 percent. For inheritance and gifts from parents to children, the maximum rate is 20 percent. However, such transfer is not subject to Norwegian tax if the donor/deceased was neither a national nor resident of Norway for tax purposes.

14. LEGAL MATTERS

14.1 DISPUTES

Arrow is involved in a dispute in connection with the conversion of Geo Atlantic (ex Polar King) at Drammen Skipsreparasjon AS ("DSR"). Geo Atlantic was severely delayed and the conversion contract was cancelled by Arrow in the autumn of 2006. DSR disputed Arrow's right to cancel the conversion contract and tried to prevent Geo Atlantic from leaving the yard. Arrow had to bring the matter to court in order to allow Geo Atlantic to sail. The Company was successful and awarded costs. However DSR was entitled to a guarantee for its alleged outstanding against Arrow and arbitration proceedings has been initiated against Arrow in Norway. The claim is about NOK 38.4 million. Arrow is disputing the claim, and is represented by Wikborg, Rein who is presently working on the points of defence. Arrow has raised a counterclaim of about NOK 13.5 million for the extra costs incurred by Arrow as a consequence of the breach of contract by DSR, as Geo Atlantic had to be taken over in an unfinished condition, and the work was finished at Gøtaverken in Sweden. The hearing in the arbitration will take place in June 2007.

14.2 MATERIAL CONTRACTS

14.2.1 Acquisition of new buildings 532, 533, 534, and 535

ASI II has entered into a Spanish tax lease structure for the construction and acquisition of newbuilding 532. ASI III, ASI V, and ASI VI have entered into similar structures for newbuildings 533, 534, and 535, respectively. The tax lease structures for newbuildings 532 and 533 are arranged by Banco Santander. The tax lease structure for newbuilding 534 is arranged by Banco Pastor. The tax lease structure for newbuilding 535 is arranged by Banco Popular. The tax lease structures are hereafter commonly referred to as the "Structure". A brief overview of the Structure is provided below.

Arrow has the following ships under construction as per agreements with the Spanish yard Factorias Vulcano S.A and their subsidiary Factorias Juliana S.A.U:

Newbuild 532	
Contract price	EUR 75.0 million
Paid as of 31 December 2006	USD 18.2 million
Agreed financing	USD 56.8 million
Contractual delivery	February 2008

Arrow will bareboat charter and after the expiry of the charter period own Newbuild 532 through the subsidiary ASI II.

The book value as of 31 December 2006 is USD 18.2 million.

Newbuild 533	
Contract price	EUR 75.0 million
Paid as of 31 December 2006	USD 10.4 million
Agreed financing USD	56.4 million
Contractual delivery	November 2008

Arrow will bareboat charter and after the expiry of the charter period own Newbuild 533 through the subsidiary ASI III.

The book value as of 31 December 2006 is USD 10.4 million.

Newbuild 534	
Contract price	EUR 76.3 million
Paid as of 31 December 2006	USD 0
Estimated financing	USD 65 million
Contractual delivery	April 2009

Arrow will bareboat charter and after the expiry of the charter period own Newbuild 534 through the subsidiary ASI V.

The book value as of 31 December 2006 is USD 0.

Newbuild 535	
Contract price	EUR 76.3 million
Paid as of 31 December 2006	USD 0
Estimated financing	USD 65 million
Contractual delivery	November 2009

Arrow will bareboat charter and after the expiry of the charter period own Newbuild 535 through the subsidiary ASI VI.

The book value as of 31 December 2006 is USD 0.

Brief overview
Under the Structure, the vessel is owned by a Spanish leasing company, which also acquires the vessel from the ship yard. However, during the construction period, the UK subsidiary will hold and exercise all rights and obligations normally belonging to the buyer under the ship building contract, save the right to take legal delivery of the vessel upon completion and the obligation to pay for the vessel. After delivery of the vessel from the ship yard, the UK subsidiaries will bareboat charter the vessels. (In the following, the UK subsidiaries are therefore designated as the "Charterer"). Upon expiry of the bareboat charter periods, which slightly exceeds two years, ownership in each vessel is transferred to the respective Charterer. The bareboat charter hires that the Charterer pays constitute full payment for the vessel.

The structures are described in detail below. The structures for newbuildings 532 and 533 are identical, except logical adjustments. The structures for newbuildings 534 and 535 differ from the first two, as well as from each other. However, the main aspects of the structures are identical and produce the same result. The below is therefore a generic description, highlighting the essential and critical aspects of the Structure.

Ship building contract
The ship building contracts have initially been negotiated and agreed by the Company and the ship yard responsible for the construction of the vessels. Subsequently to the yard's agreement with a tax lease arranger, a ship building contract on identical terms to those agreed between the Company and the yard, save price, have been entered into by the yard and an affiliated company of the arranger.

The contracts are based on the Norwegian Standard Form Ship building contract 2000 and are governed by Norwegian law with arbitration in Oslo. The main terms of the ship building contracts are:

Turn-key, fixed price
The shipyard is responsible for the design, construction, and out-fitting of the seismic vessels. The vessels shall be delivered with fixed seismic equipment, such as winches and compressors, as well as the bulk of the in-sea equipment, such as streamers. When delivered from the shipyard, the vessel is therefore a complete and ready-to-operate platform for marine seismic exploration. The contract price is fixed, and the Charterer is not exposed to any risks relating to costs of materials, equipment, and labor, except to the extent that the Charterer orders variation work to be performed. Such work shall be quoted separately by the yard in addition to the contract price.

Delivery date
The contractual delivery dates for the vessels are as follows:

Newbuild 532: 15 February 2008
Newbuild 533: 14 November 2008
Newbuild 534: 15 April 2009
Newbuild 535: 16 November 2009

In case of delayed delivery, the charterer is entitled to liquidated damages for each day of delay, limited to EUR 1 239 000. If the delay exceeds 200 days, the Charterer is entitled to cancel the contract.

Speed
The shipbuilding contracts stipulate that the vessels' speed shall be at least 18 knots. Any deficient performance in this respect entitles the charterer to liquidated damages, limited to EUR 480 000. If the deficiency exceeds 1 knot, i.e. the vessels' speed is less than 17 knots, the Charterer may cancel the contract.

Payment terms
The contract price for each vessel is payable in instalments. Approximately 55 % of the contract price is payable prior to delivery of the vessel. The instalments are secured by refund guarantees and the shipyard's builder's risk insurance.

Transfer of rights and obligations
As mentioned above, most of the buyer's functions under the ship building contract vest with the UK subsidiaries. Thus it is ensured that ultimate acquirer of the vessel under the structure can supervise and oversee the construction of the vessel. Among the rights vesting in the UK subsidiaries are the rights to approve work and order variations. The UK subsidiaries do not have the right to take delivery of the vessel under the ship building contracts. However, the Leasing Company's acceptance of the vessel under the ship building contract is contingent upon the UK subsidiary's concurrent acceptance under the bareboat charter party. In addition, the obligation to pay the instalments under the ship building contract remains with the Spanish leasing company. The Charterer's payment obligations arise out of the bareboat charter party and the appurtenant put and call options as described below.

In case the structure collapses, for any reason, the transfer of rights and obligations agreement provides for a full transfer of the ship building contract to the Charterer. However, upon a full transfer, for other reasons than the Charterer's breach, the purchase price to be paid under the ship building contract equals the remaining instalments under the debt assumption and release agreement.

Bareboat charter party
Under the tax lease structure, each UK subsidiary has entered into a bareboat charter party with a Spanish economic interest grouping (the" EIG"), which leases the vessel from the Leasing Company. The participants in the EIG are jointly and severally liable for the EIG's obligations. The tax lease arranger, or one of its subsidiaries, will always own at least 1% of the EIG, thus guaranteeing its performance.

Although not on a standard form, the terms of the bareboat charter party reflect industry standards. The Charterer's main obligation under the bareboat charter party is to pay the charter hire and to comply with certain undertakings regarding the management and employment of the vessels. In particular, the Charterer shall ensure that the vessel is commercially and strategically managed from a country within the European Union and that it flies the flag of an EU member state. Furthermore, the Charterer shall keep the vessel's hull and machinery adequately insured against marine and wars perils, as well as maintain a shipowner's protection and indemnity insurance. Breach of any of these obligations constitute a repudiation of the bareboat charter and entitles the EIG and the Leasing Company to damages.

Put/ call options
The bareboat charter party contains a call option, whereby the Charterer may purchase the vessel upon expiry of the charter period. In addition, the EIG has a put option, in case the Charterer should fail to declare the call option. Furthermore, the since vessel is initially owned by the Leasing Company, the execution of the put and call options between the Charterer and the EIG presupposes a transfer of ownership from the Leasing Company to the EIG. In order to ensure that ownership to the vessel is ultimately transferred to the Charterer, there is also a put and call option agreement in place between the Leasing Company and the Charterer.

Debt assumption and release agreement
Under the bareboat charter party and the put and call options, the Charterer has certain payment obligations. In particular, the Charterer is obligated to pay the charter hire and the purchase price for the vessel. Through the debt assumption and release agreement, the Charterer is discharged from these payment obligations, in consideration of making payments to the SPV in accordance with a payment schedule corresponding to the instalments commercially agreed with the ship yard. The debt assumption and release agreement discharges the Charterer of all its payment obligations, save those arising out of the Charterer's repudiatory breach of the bareboat charter party or the transfer of rights and obligations agreement.

Refund guarantees
The payments made by the Charterer under the debt assumption agreement are secured by refund guarantees issued by Banco Popular for the newbuildings 532, 533, and 535 and by Banco Pastor for the Newbuild 534. The refund guarantees for Newbuilds 532 and 533 are limited to EUR 31,868,000 for each vessel. This means that EUR 8,390,000 is not secured by the refund guarantee. The Company has found this acceptable, since the vessel will be relatively close to completion at the point when the guarantee limit is exhausted. In addition, the last instalments which exceeds the guarantee limit, relate particularly to seismic equipment which shall be

installed on-board the vessel. This equipment arrives at the shipyard at a relatively late stage of the construction process, and the Charterer has a right of subrogation into the subcontracts relating to this equipment if the shipyard should default or be anticipated to default under either the ship building contract or the subcontract.

Parent Company Guarantee
The obligations of the Charterer, in particular the payment obligations arising out of the Charterer's redpudiatory breach of the transfer of rights and obligations agreement and the bareboat charter party, are guaranteed by the Company, one guarantee for each structure. The maximum limit under these guarantees is about EUR 54 million.

14.2.2 Conversion contracts

ASI IV has entered into a contract for the conversion of the Polar Explorer with Naval Shipyard Gdynia in Poland. The contract is based on standard off-shore fabrication and shiprepair terms. The fixed contract price is USD 17 400 000. In addition, ASI IV may assign to the shipyard subcontracts with a total value of approximately USD 10 000 000. Payment of the contract price is scheduled according to milestones. In addition, the shipyard shall provide a refund guarantee of USD 5 200 000. Contractual delivery date is 03 March 2008. The contract is governed by Danish law and any dispute shall be settled by the Danish courts, with the Maritime and Commercial Court in Copenhagen as the court of first instance. The contract is subject to approval by the parties' respective boards, to be provided no later than 30 April 2007.

It is expected that Arrow will enter into similar contracts for the Polar Pearl and Polar Sea in the near future.

14.2.3 Charter parties

Geo Atlantic
The "Geo Atlantic" has been chartered to Fugro Geoteam AS ("Fugro") from October 2006 for seven years, whereupon the charterer has a 2 x 2 year option to extend the charter period. The total nominal value of the charter hire from the fixed charter period is about USD 95 million. The agreement with Fugro is expected to yield an annual cash flow on EBITDA basis of about USD 9 million. The charterer's obligations under the time charter party are secured by a parent company guarantee provided by Fugro N.V. The time charter party is on the Bimco Supplytime 89 form. The time charter party is governed by Norwegian law and any disputes shall be settled by arbitration in Oslo.

CGG Laurentian
On 1 July 2006 ASI IV purchased the vessel "CGG Laurentian" time charter agreement with Compagnie Générale de Géophysique (from now on named CGGVeritas) from Laurentian Holding BV and the fair value of the contract was measured to USD 6.9 million based on the agreement. The contract term originally started in July 2005. The total nominal value of the charter hire from the fixed charter period (since 1 July 2006) is about USD 13 million. The agreement with CGGVeritas is expected to yield an annual cash flow on EBITDA basis of about USD 5.8 million to the Group and expires in September 2008. CGGVeritas has an option to exceed the terms of lease either two or three years at terms which would yield an annual cash flow on EBITDA basis of about USD 3.7 million to the Company. The charter party is based on the Bimco Supplytime 89, with amendments agreed by the parties. The charter party is governed by English law and any disputes shall be settled by arbitration in London.

Newbuild 532
ASI II and ASL have entered into an agreement with Seismic Shipping Inc ("SSI"), which is a subsidiary of WesternGeco regarding Newbuild 532 for a fixed period of three years and a purchase agreement under which ownership to the vessel will be transferred to SSI after the expiry of the charter period. SSI may opt to prepay the charter hire and/or the purchase price at the time of delivery of the vessel under the time charter party. Newbuild 532 is scheduled for delivery in Q2 2008. The total value of the charter hire from the fixed charter and the purchase price is between USD 145 million to USD 158 million depending upon actual timing of payment. The charter hire from the fixed charter under the agreement with WesternGeco is expected to yield an annual cash flow on EBITDA basis of about USD 10.8 million.

WesternGeco manufactures and employs its own, unique seismic equipment, in which they have significant intellectual property rights. This unique seismic equipment has so far only been used onboard vessels owned by WesternGeco. However, WesternGeco will sell the seismic equipment needed onboard the vessel to the shipyard and the seismic equipment will thus form part of the vessel under the Structure. ASI II has agreed to sell the in-sea equipment onboard the vessel to SSI for USD 41.5 million. The purchase price for the in-sea seismic equipment will be paid upon delivery of the vessel under the time charter party. However, legal title to the in-sea equipment cannot pass until expiry of the tax lease period. In order to satisfactorily secure WesternGeco’s financial and intellectual property interests in the seismic equipment, which has been a prerequisite for the entire transaction SSI will be granted a 2nd priority mortgage over the vessel and the seismic equipment, as security for Arrow’s obligation to deliver the in-sea equipment to SSI upon expiry of the tax lease period. In addition, the seismic equipment may be removed from the vessel, if SSI’s rights and interests in the equipment should be jeopardized by its continued presence onboard the vessel. If the equipment is removed, Arrow is obligated, in order to preserve the Structure, to place substitute seismic equipment onboard the vessel. Currently, the cost of such replacement would be about USD 45 million.

The entire transaction is regulated by a frame work agreement. The time charter party is based on the Bimco Supplytime 89 form. The delivery terms under the time charter party are back-to-back with the delivery terms under the ship-building contract, ensuring that SSI can only reject the vessel under the time charter to the same extent that Arrow can reject it under the tax lease structure. Any liquidated damages for late or deficient delivery due from the shipyard to the Charterer are passed on in full to SSI. The sale and purchase agreement is based on the Norwegian Saleform 93. All contracts are governed by English law and any disputes shall be settled by arbitration in London.

Newbuild 533
The Company has agreed to a non binding Letter of Intent to enter into a firm charter with WesternGeco for the Newbuild 533 for a fixed period of six years and a purchase agreement under which ownership to the vessel will be transferred to WesternGeco upon expiry of the charter period. Newbuild 533 is scheduled for delivery in Q4 2008. The total value of the charter hire from the fixed charter and the purchase price is about USD 193 million, and the charter hire from the fixed charter under the agreement with WesternGeco is expected to yield an annual cash flow on EBITDA basis of about USD 11.5 million. The actual amount in USD will be agreed upon during 1st half of 2007 based on development in the EUR/USD exchange rate. Otherwise, the terms of this agreement will be materially identical to the contract for Newbuild 532, except for logical adjustments.

Newbuild 534
The Company has entered into a non binding Letter of Intent with CGGVeritas for Newbuild 534, which is scheduled for delivery in Q2 2009. The Letter of Intent describes an agreement between the parties to enter into a firm twelve year bare boat charter for the vessel including insea seismic equipment, whereupon the continuation will be regulated by a put/call option. The parties have agreed not to disclose the commercial terms.

14.3 MATERIAL CONTRACTS OUTSIDE THE ORDINARY COURSE OF BUSINESS

Arrow has no material contracts outside the ordinary course of business.

14.4 RELATED PARTY AGREEMENTS

14.4.1 Ship management contracts

ASI I has entered into a ship management agreement with the associated company GC Rieber Shipping Ltd for the vessel “Geo Atlantic”. The ship management contract is on the standard Bimco Shipman 98 form and is governed by English law. In addition, ASI I has entered into a crew management agreement and an insurance management agreement with GC Rieber Shipping AS.. The crew management agreement is on the standard Bimco Crewman A form. The insurance management agreement is on standard terms. Both agreements are governed by English law. ASI I will pay a total annual fee of USD 450,000 for above contracts.

Further, ASI IV has entered into a ship management agreement with the associated company GC Rieber Shipping Ltd for the vessel “CGG Laurentian”. The agreement is on the Bimco Shipman 98 form and is governed by English law. In addition, ASI IV has entered into an insurance management agreement with GC Rieber Shipping AS. The agreement is standard terms and is governed by English law. ASI IV will pay a total annual fee of USD 450,000 for above contracts.

14.4.2 Agreement for administrative services

Arrow has, starting 1 January 2006, entered into a 3 year agreement with associated company GC Rieber Shipping AS regarding administrative services, including overall administration, accounting, finances, insurance and marketing/chartering of the group’s vessels. GC Rieber Shipping AS will, as part of the agreement, receive a yearly fee USD 400,000 with a yearly escalation of 2 per cent. The agreement is mutual terminable with 6 months notice.

Further, Arrow has entered into an agreement with associated company GC Rieber Shipping Ltd regarding administrative services, including overall administration, accounting and, finance services for the Group's subsidiaries in Otford in the United Kingdom. GC Rieber Shipping Ltd will, as part of the agreement, receive a yearly fee USD 200,000 with a yearly escalation of 2 per cent. The agreement is mutual terminable with 6 months notice.

14.4.3 Agreement for chartering

ASI I shall according to an agreement with the associated company GC Rieber Shipping AS, pay a commission of 0,625 % of the time charter rate with Fugro Geoteam, being half of normal broker commission on such type of contract. Similar agreements can be made for chartering of other Arrow vessels when this is regarded as normal industry standards.

14.4.4 Project management & building supervision

ASI II and ASI III have entered into agreements with the associated company GC Rieber Shipping AS for project management and building supervision for the newbuildings 532 and 533 due for delivery in 2008 with total turnkey fees of USD 3,750,000.

Further, ASI V and ASI VI plan to enter into agreements with the associated company GC Rieber Shipping AS for project management and building supervision for the newbuildings 534 and 535 due for delivery in 2009 with total turnkey fees currently estimated to be about USD 3,500,000.

Further, ASI IV plan to enter into an agreement with the associated company GC Rieber Shipping AS for project management and building supervision for the conversion of the acquired cargo vessels "Polar Explorer", "Polar Pearl" and "Polar Sea" into 2D/source vessels for delivery in 2008 with a total turnkey fee currently estimated to be about USD 2,750,000.

14.4.5 Loan agreements and parent guarantees

Arrow Seismic ASA has provided certain parent guarantees in favour of external lenders for the benefit of Arrow Seismic ASA's relevant subsidiaries (as borrowers) and in relation to relevant subsidiaries' commitments under the tax lease structures concerning the first two newbuilds (532 and 533), namely:

A guarantee from Arrow Seismic ASA in relation to the borrowers obligations under the USD 170 million facility in favour of Nordea Bank Norge ASA (on behalf of lenders); a guarantee from Arrow Seismic ASA in relation to the borrowers obligations under the USD 13.5 million facility in favour of Nordea Bank Norge ASA (as agent); and two joint and several guarantees from Arrow Seismic ASA in favour of (i) Navierea Nebulosa Deomega, EIG and (ii) Naviera Auriga, EIG regarding each of ASI II and ASI III obligations under the respective tax lease structures regarding the newbuildings 532 and 533.

14.4.6 Design

In respect of the third and fourth new buildings, Arrow has entered into an agreement with GC Rieber Shipping AS regarding the application of GC Rieber Shipping's rights to the design of this class of vessels. The agreed fee for the use of such design is USD 800,000 for the third new building and USD 400,000 for the fourth new building.

14.4.7 Intragroup charter parties

ASI I and ASL are parties to an 11 year time charter party regarding "Geo Atlantic" based on SUPPLYTIME 2005. Further ASI IV and ASL are parties to a 5 year time charter party regarding "CGG Laurentian" based SUPPLYTIME 2005. The charter parties have been entered into on arms length basis and in accordance with market practice.

15. ADDITIONAL INFORMATION

15.1 DOCUMENTS ON DISPLAY

For the life of this Prospectus the following documents may be inspected as indicated in the list below:

- The incorporation documents of the Company may be inspected at the Company's offices at Solheimsgaten 13, Bergen, Norway, or requested by telefax to +47 55 60 68 05.
- The Articles of Association may be inspected in this Prospectus as Appendix 1 or on the Company's web-site www.arrowseismic.no.
- The Company's historical financial information and auditors report for the 2006 financial year may be inspected in Appendix 2 to this prospectus or on the Company's web-site www.arrowseismic.no.
- The Company's historical financial information and auditors report for the 2005 financial year may be inspected in Appendix 4 to this prospectus or on the Company's web-site www.arrowseismic.no.

15.2 STATEMENT REGARDING SOURCES

The Company confirms that when information in this Prospectus has been sourced from a third party it has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

15.3 STATEMENT REGARDING EXPERT OPINIONS

Arrow has not relied on the services of experts in the preparation of this Prospectus.

15.4 PROSPECTUS

The Company has furnished the information in this Prospectus. The Managers make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Managers.

16. DEFINITIONS AND GLOSSARY OF TERMS

Definitions

Arrow	Arrow Seismic ASA, or Arrow Seismic ASA and subsidiaries, as required by the context
ASL	Arrow Seismic Ltd.
ASI I	Arrow Seismic Invest I Ltd.
ASI II	Arrow Seismic Invest II Ltd.
ASI III	Arrow Seismic Invest III Ltd.
ASI IV	Arrow Seismic Invest IV Ltd.
ASI V	Arrow Seismic Invest V Ltd.
ASI VI	Arrow Seismic Invest VI Ltd.
Board	The board of directors of the Company
Book-building Period	The period from 14 May 2007 to 16:30 hours on 24 May 2007 (both days inclusive), in which Offer Shares are being offered in the Institutional Offering, subject to possible reduction or extension
Carnegie	Carnegie ASA
CEO	Chief Executive Officer
CET	Central European Time
CFO	Chief Financial Officer
Company	Arrow Seismic ASA, or Arrow Seismic ASA and subsidiaries, as required by the context
Corporate Governance Code	Norwegian Code for Corporate Governance of 8 December 2005
DNV	Det Norske Veritas
DSR	Drammen Skipsreparasjon AS
EBIT	Earnings Before Interests and Taxes
EBITDA	Earnings Before Interests, Taxes, Depreciation and Amortisation
EEA	European Economic Area
EUR	Euro, the single currency of the European Union member states participating in the European Monetary Union
Fugro Geoteam	Fugro Geoteam AS, a subsidiary of Fugro N.V.
GC Rieber Shipping	GC Rieber Shipping ASA, or GC Rieber Shipping ASA and subsidiaries, as required by the context
Group	Arrow Seismic ASA and subsidiaries
HMRC	Her Majesty Revenue and Customs
HSEQ	Health, safety, environment and quality
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
Institutional Offering	The tranche of the Offering in which Offer Shares are offered to institutional investors and other professional investors in Norway and outside Norway in reliance on Regulation S under the Securities Act and to a limited number of qualified institutional buyers (QIBs) in the United States in reliance on Rule 144A under the Securities Act, subject to a lower limit per Subscription of 30,001 Offer Shares
ISIN	International Securities Identification Number
ISM	International Safety Management
Kaupthing	Kaupthing ASA
Listing	The listing of the Shares on Oslo Børs (or alternatively Oslo Axess)
LMF	Leobersdorfer Maschinefabrik AG
Managers	Carnegie ASA and Kaupthing ASA
New Shares	Up to 5,250,000 new Shares offered in the Offering by way of increase in Arrow's share capital with up to NOK 52,500,000
NOK	Norwegian Kroner, the lawful currency of Norway
NOKUS	Norwegian CfC regulation for tax purposes. Regulated in the Norwegian Tax Law paragraph 10-60 to 10-68
Norwegian Public Limited Companies Act	The Norwegian Public Limited Companies Act of 13 June 1997 no. 45, as amended from time to time (Allmennaksjeloven)
Offering	The Offering comprising a maximum of 5,250,000 New Shares in

	addition to an option for the global coordinator, Carnegie, with the consent of the Board, to over-allot a number of shares equal to 15 % of the New Shares issued in the Offering, in accordance with the terms of Section 5 of this Prospectus
Offering Price	The price in NOK per Offer Share in the Offering. A non-binding indicative price range for the Offering Price of NOK 65 – NOK 73 (both amounts inclusive) has been set by the Board after consultation with the Managers. The final Offering Price will be determined by the Board in consultation with the Managers on or about 24 May 2007 following expiry of the Book-building Period
Offer Shares	Shares offered in the Offering
Oslo Axess	Authorised market place operated by Oslo Børs
Oslo Børs	Oslo Børs ASA (the Oslo Stock Exchange)
Over-allotment Facility	The possible over-allotment of a number of shares equalling up to 15% of the aggregate number of New Shares offered in the Offering as determined following the determination of the Offering Price, as further described in section 5.14.
Over-allotment Option	The over-allotment option granted by Arrow to the Stabilisation Manager, as further described in section 5.14
OTC	The Norwegian over-the-counter market, managed by the Norwegian Securities Dealers Association (Norges Fondsmeglerforbund)
Payment Guarantee	The Company has entered into an agreement with the Managers on 11 May 2007, whereby the Managers will guarantee for timely settlement of all of the Offer Shares.
PGS	Petroleum Geo Services
Prospectus	This Prospectus
Regulation S	Rules governing offers and sales made outside the United States without registration under the U.S. Securities Act of 1933
Retail Offering	The trance of the Offering in which Offer Shares are being offered by the Company solely to retail investors located in Norway, subject to a minimum subscription of 100 Offer Shares and a maximum subscription of 30,000 Offer Shares.
Register of Business Enterprises	The Norwegian Register of Business Enterprises, in Norwegian "Foretaksregisteret"
Registrar	Nordea Bank Norge ASA
Securities Act	U.S. Securities Act of 1933 (as amended)
Securities Trading Act	The Norwegian Securities Trading Act of 19 June 1997 No. 79
Share Capital	The issued and outstanding Shares of Arrow as of the date of this Prospectus
Shares	The common shares in the share capital of the Company, each with a par value of NOK 10.
Subscription Form	The Subscription Form to be used by retail investors in the Retail Offering (Appendix 6).
Subscription Offices	Each of the subscription offices set out in section 5.8
Subscription Period	The period from 14 May 2007 to 16:30 hours on 24 May 2007 (both days inclusive), in which Offer Shares are being offered in the Retail Offering, subject to possible reduction or extension
SSI	Seismic Shipping Inc.
Stabilisation Manager	Carnegie ASA, as stabilisation manager
Structure	The Spanish tax lease structure(s) as described in section 14.2.1
Trading Lot	Trading on the Oslo Børs/Oslo Axess trading systems takes place in whole Trading Lots. A Trading Lot in Arrow is expected to be 100 Shares in the Company
USD	United States Dollars, the lawful currency of the United States of America.
VPS	The Norwegian Central Securities Depository, who organises the Norwegian paperless securities registration system (Verdipapirsentralen).

Glossary of terms

boe/d	Barrels of oil equivalents per day
2D	Two dimensional
3D	Three dimensional
4C/4D	Four components/four dimensional
4D	Four dimensional
EM	Electro magnetic surveying
GDP	Gross Domestic Product
E&P	Exploration and Production
km	Kilometers

APPENDIX 1: ARTICLES OF ASSOCIATION OF ARROW SEISMIC ASA

Articles of Association

Arrow Seismic ASA

Per 13.02.2006

§ 1 Company's Name

The Company's name is Arrow Seismic ASA.

§ 2 Registered office

The Company's registered office is in the municipality of Bergen.

§ 3 Business

The Company is a public limited company with its business activities related to seismic investments, data colleting, operation and management of seismic vessels, provision of guarantees, trade and other things related to same.

§ 4 Share Capital and Shares

The Company's share capital is NOK 185,000,000.-, divided into 18 500 000 shares, each with a par value of NOK 10.-.

§ 5 Board of Directors

The Company is managed by a board of directors consisting of at least three or the most seven members who are elected by the general meeting. The chairman of the board is elected by the general meeting.

§ 6 Signatory rights

Two of the board members jointly or the chairman of the board of directors alone are authorised to sign on behalf of the Company.

§ 7 General Manager

The Company shall have one general manager.

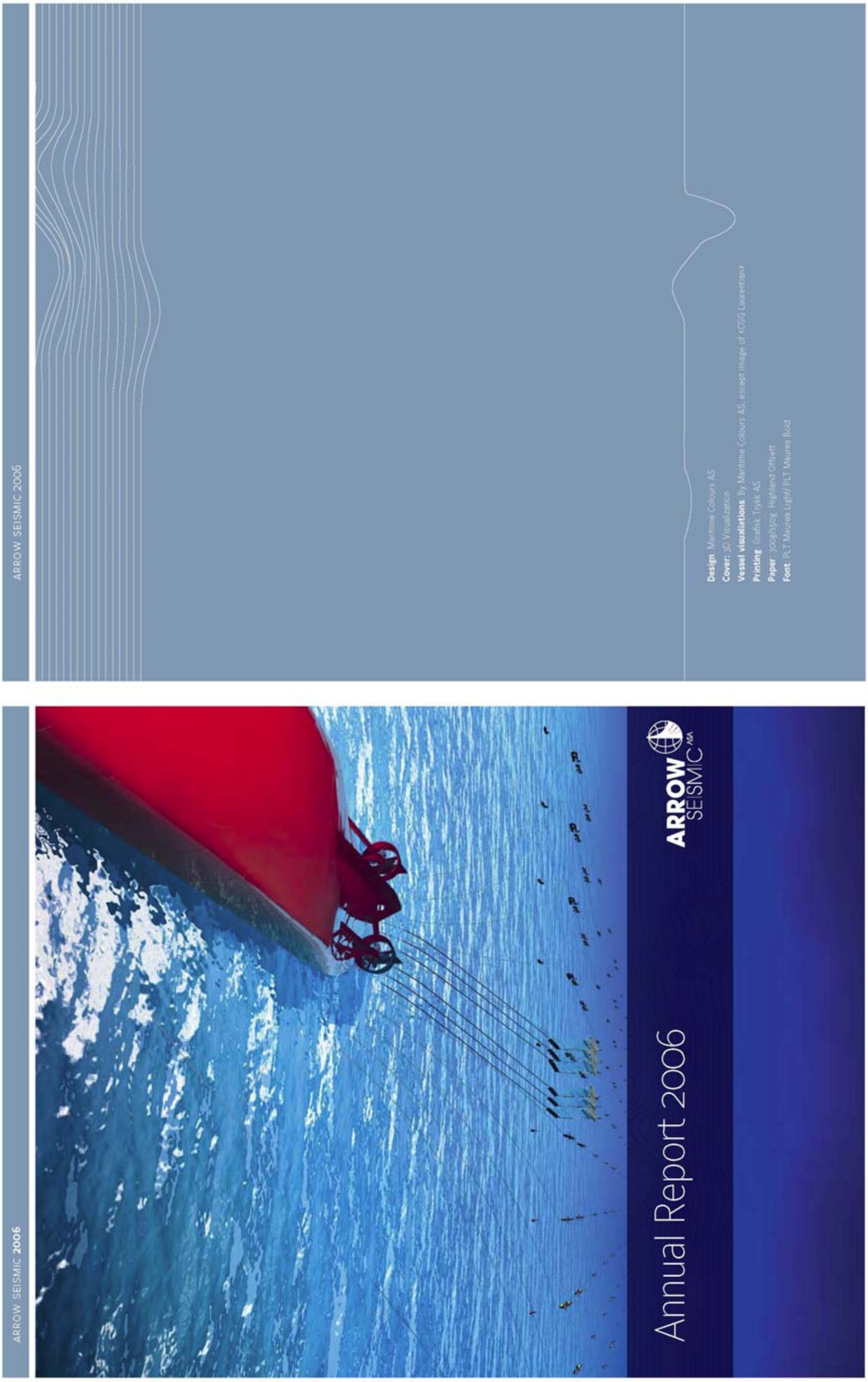
§ 8 General Meeting

The general meeting shall deal with and decide upon the following matters:

1. Approval of the annual accounts and the annual report, including distribution of dividend.
2. Election of the board of directors.
3. Any other business to be transacted by the general meeting by law or in accordance with the Articles of Association.

2/2

APPENDIX 2: ANNUAL REPORT 2006



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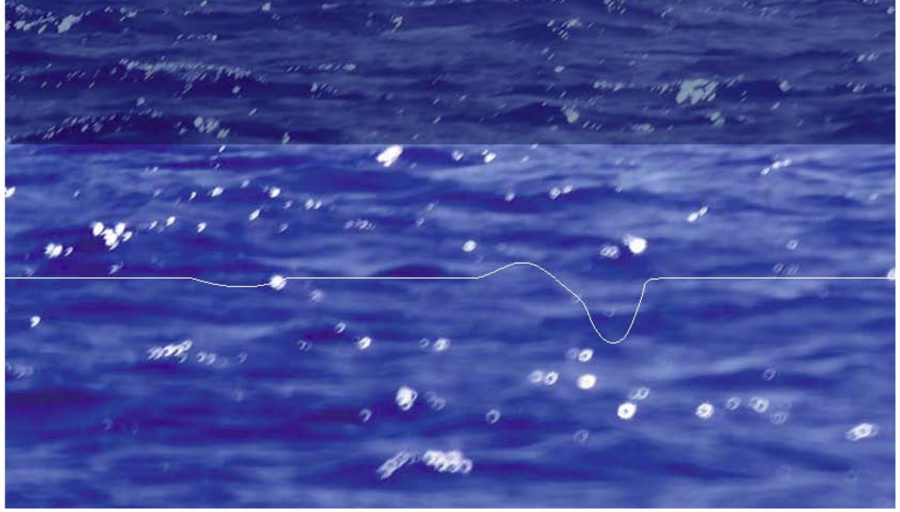
Strategy and Activity

Arrow Seismic ASA Group («Arrow») develops, owns and operates advanced state-of-the-art vessels for the marine seismic industry. Arrow owns and operates two multi streamer vessels and has purchased three vessels planned for conversion to 2D/source vessels. Further, Arrow has ordered four purpose-built high capacity seismic new buildings for delivery in 2008/09. The company's registered business office is in Bergen, Norway.

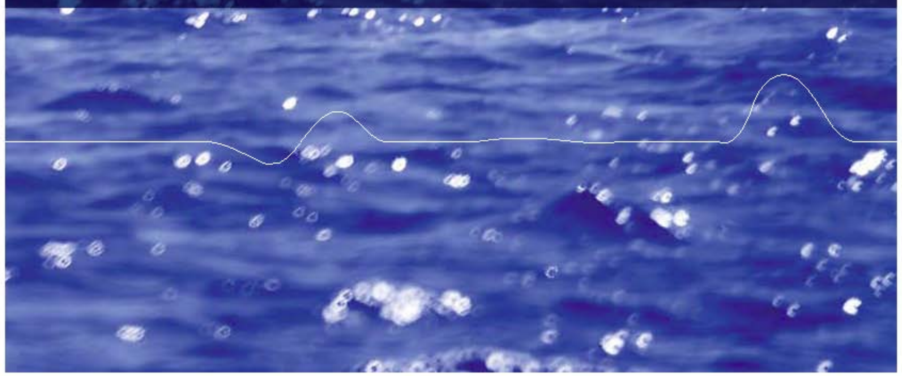


MAIN EVENTS 2006

Arrow has during 2006 responded to a strong growth in the marine seismic market growing its fleet of vessels and new buildings from three to nine vessels, whereof four state-of-the-art high capacity new buildings due for delivery in 2008/09 and three cargo vessels planned for conversion to 2D/Source vessels in 2007/08, bringing the total investment programme to about USD 600 million.

Arrow has taken advantage of the strong momentum in the seismic market by way of entering into a firm contract with WesternGeco for the first state-of-the-art high capacity streamer seismic new building to be delivered in February 2008. The contract is a charter for the vessel for a fixed period of three years whereupon WesternGeco will have an obligation to purchase the vessel. Further, Arrow has agreed to enter into a similar contract with WesternGeco for the second new building to be delivered November 2008. Late 2006, Arrow entered into a non binding Letter of Intent with CGGVeritas for a firm 12 year bare boat charter for the third new building vessel to be delivered in April 2009, whereupon the continuation will be regulated by a put/call option.

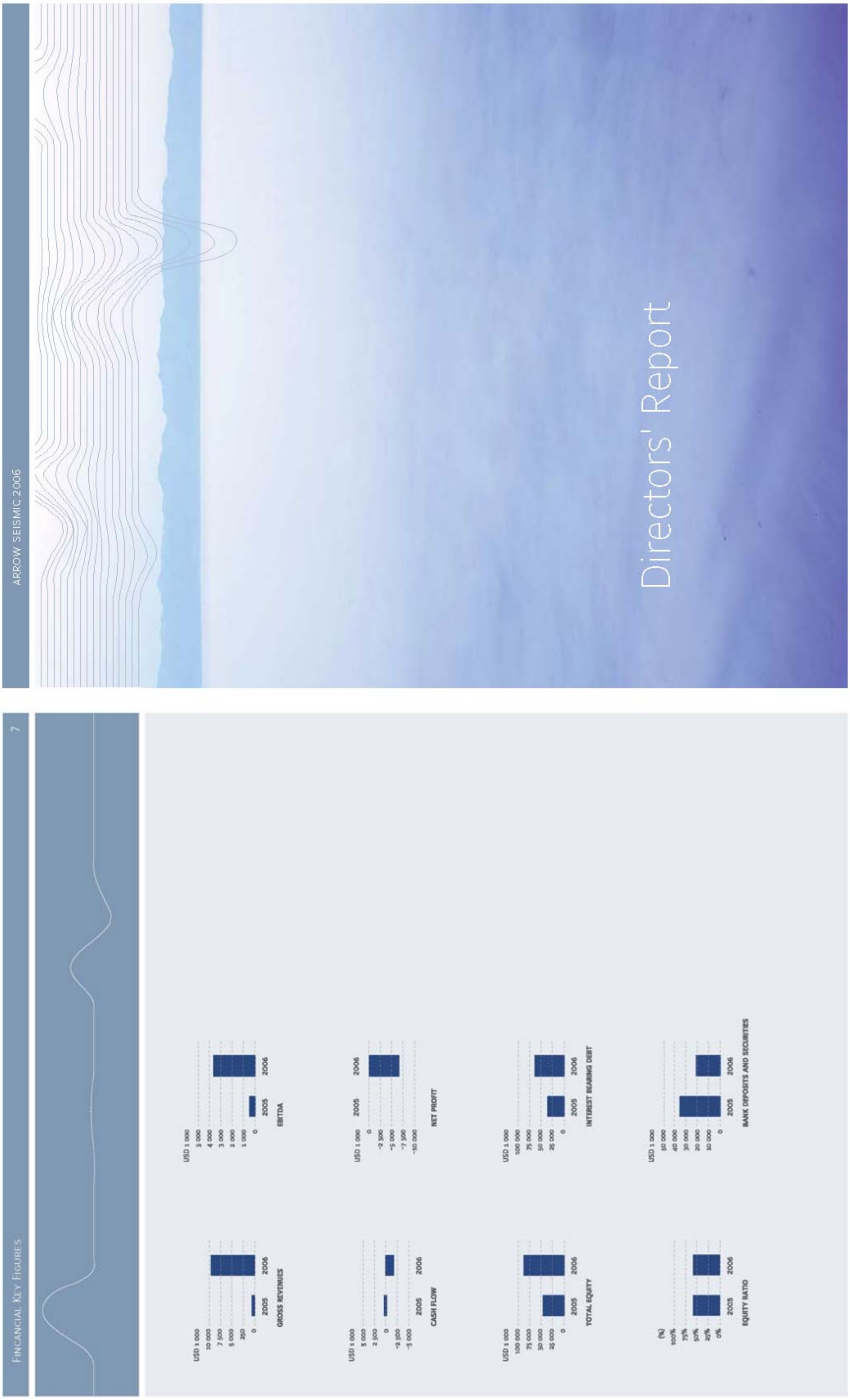
To supply Arrow with the equity required to finance the investment in the two first new buildings, Arrow arranged a private offering of circa USD 50 million in February 2006, mainly towards Norwegian and international institutional investors.



Fincancial Key Figures

	2006	2005
From Profit & Loss Statement (in USD 1000)		
Gross revenues	9 572	518
Operating cost	-5 992	-121
EBITDA	3 580	397
Depreciation	-5 042	-203
Gain (loss) on sale of fixed assets	-	-
EBIT	-1 462	194
Net financial items	-4 431	-181
Pre tax profit	-5 893	13
Net profit	-6 561	29
From Balance Sheet (in USD 1000)		
Fixed assets	134 485	48 111
Current assets	27 952	34 974
Total equity	90 427	46 619
Long term debt	57 889	30 056
Current liabilities	14 121	6 409
Total assets	162 437	83 084
Financial key figures		
Equity ratio (1)	56%	56%
Equity per share (2)	4,9	4,7
Current ratio (3)	2.0	5,5
Cash flow (4)	-1 520	232
Interest bearing debt	65 733	35 200
Bank deposits and securities	20 037	34 338
Debt repayment capability (5)	-30.1	3.7
Profitability		
EBITDA margin	37%	77%
Return on Equity (6)	-9.6 %	0.1 %
Return on Total Assets (7)	-1.6 %	0.3 %
Cash flow per share (8)	-0.09	0.02
Net profit per share (9)	-0.38	0.00

Definitions:
1) Total equity divided by total assets
2)Total equity divided by number of outstanding shares per 31.12
3) Current assets divided by current liabilities
4) Net profit plus depreciation
5) Interest bearing debt minus bank deposits and securities, divided by cash flow
6) Net profit divided by average total equity
7) Net profit plus financial expenses divided by average total assets
8) Cash flow divided by the average number of outstanding shares
9) Net profit divided by the average number of outstanding shares


ARROW SEISMIC 2006
Directors' Report
FINANCIAL KEY FIGURES
7
GROSS REVENUES
EBITDA
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INTEREST BEARING DEBT
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BANK DEPOSITS AND SECURITIES

Arrow Seismic ASA Directors' Report

Arrow Seismic ASA Group («Arrow») develops, owns and operates advanced purpose-built state-of-the-art vessels for the marine seismic industry. Arrow owns and operates two multi streamer vessels and has purchased three vessels planned for conversion to 2D/Source vessels. Further, Arrow has ordered four purpose-built high capacity seismic new buildings for delivery in 2008/09. The company's registered business office is in Bergen, Norway.

2006 IN BRIEF

Arrow has during 2006 responded to a strong growth in the marine seismic market growing its fleet of vessels and new buildings from three to nine vessels, whereof four state-of-the-art high capacity new buildings due for delivery in 2008/09 and three cargo vessels planned converted into 2D/Source vessels in 2007/08, bringing the total investment programme to about USD 600 million. The new buildings are designed for optimal high capacity (12-16 streamer) marine seismic operations with a strong focus on safety, fuel efficiency and a high transit speed.

Arrow has taken advantage of the strong momentum in the seismic market by way of entering into a firm contract with WesternGeco for the first state-of-the-art high capacity streamer seismic new building to be delivered in February 2008. The contract is a charter for the vessel for a fixed period of three years whereupon WesternGeco will have an obligation to purchase the vessel. Further, Arrow has agreed to enter into a similar contract with WesternGeco for the second new building to be delivered November 2008. Late 2006, Arrow entered into a non binding Letter of Intent with CGGVeritas for a firm 12 year bare boat charter for the third new building vessel to be delivered in April 2009, whereupon the continuation will be regulated by a put/call option. The total backlog of firm contracts at year end amounts to USD 266 million. The contracts and Letter of Intent with seismic majors WesternGeco and CGGVeritas confirms Arrow's position as a leading supplier of high capacity seismic vessels to the marine seismic industry.

To supply Arrow with the equity required to finance the investment in the two first new buildings, Arrow arranged a private offering of circa USD 50 million in February 2006.

FINANCIAL STATEMENTS & CASH FLOW

Arrow reports full year results for 2006. Being incorporated late 2005, the comparison figures are for the period 27 October - 31 December 2005.

The company is reporting in accordance with the International Financial Reporting Standards (IFRS). The company does not perform hedge accounting for its financial instruments, and the change in the market value of financial hedging instruments is thus recorded against earnings in accordance with IAS 39. The Arrow Seismic ASA Group uses US dollar as its presentation currency. Apart from Arrow Seismic ASA, all of the subsidiaries use the US dollar (USD) as their functional currency thus applying IAS 21.

The group's charter and other operating income was USD 8.6 million (USD 0.5 million) and the earnings before depreciation, write-downs and gains on the sale of fixed assets (EBITDA) was USD 3.6 million (USD 0.4 million), while the operating profit (EBIT) was negative USD 1.5 million (USD 0.2 million). Net financial items were negative USD 4.4 million (USD - 0.2 million), whereof USD 2.3 million is unrealized currency loss. The group's profit before tax was negative USD 5.9 million (USD 0.0 million). Earnings per share and diluted earnings per share were both USD -0.38 (USD 0.00).

The cash flow from operating activities was USD 3.6 million (0.4 million), cash flow from investment activities was negative USD 91.5 million (USD 48 million), while cash flow from financing activities was USD 80.9 million (USD 81.8 million).

The group's total equity at 31 December 2006 was USD 90.4 million (USD 46.6 million), while the total equity of Arrow Seismic ASA was USD 86.6 million (USD 46.6 million) including USD 1.7 million (USD 0.0 million) in other (distributable) equity.

The annual accounts have been prepared on the assumption that the company will continue as a going concern.

INVESTMENT, FINANCING AND LIQUIDITY

Investments in 2006 totalled USD 91.5 million and relates to instalments paid on the high capacity new buildings for delivery in 2008, the conversion of «Geo Atlantic» and acquisition of the «CGG Laurentian» and the «Polar Explorer»

The group's total equity at 31 December 2006 was USD 90.4 million, while total assets were USD 162.4 million. The group's liquidity in the form of bank deposits and interest-bearing securities was USD 20.0 million while long term debt was USD 66.5 million. All debt is in USD whilst most of the liquidity for the time being is kept in NOK. As part of the group's cash management, liquidity is invested with financial institutions with a high credit rating and in highly liquid interest-bearing securities with low credit risk

Late 2005 the group entered into an agreement for USD 170 million in long-term mortgage financing of the «Geo Atlantic» and the two first seismic new buildings due for delivery in 2008. In September 2006, the group entered into an agreement for USD 13.5 million in long-term mortgage financing of the acquired vessel «CGG Laurentian». The group has a stable, long-term funding structure, which is based on mortgage loans to the vessel-owning companies backed by parent company guarantees. The lenders are reputable Norwegian and international shipping banks. Given that the group's financing is in USD, the group is exposed mainly to movements in US interest rates. The group has currently no interest rate hedging contracts. By the end of the first half of 2007 the group expect to sign agreements for long term financing of the last two new buildings due for delivery in 2009 and the three cargo vessels planned for conversion to 2D/Source.

Draw downs under the long term loan facilities in 2006 was USD 34.4 million and relates to the conversion of the «Geo Atlantic» and purchase of the «CGG Laurentian». Repayments of USD 4.9 million were made on mortgage loans in 2006. Average interest-bearing debt during 2006 was USD 40.4 million and the average rate of interest payable on the loan portfolio was 6.02%.

The group's net debt at 31 December 2006, defined as interest-bearing debt less liquid assets, was USD 46.5 million.

MARKET TRENDS AND BUSINESS AREAS

Market in general

2006 has been a strong year for nearly all types of tonnage. The growth is still driven by a high oil price and increase in global trade due to a high level of activity in low-cost countries such as China and India. A continued strong demand for crude oil in combination with a reduction in the number of new finds has resulted in the crude oil prices stabilizing above $50 per barrel.

The oil companies, aiming to improve their replacement ratio, have intensified their focus on the exploration and development of new areas. A high level of activity in seismic, drilling and the development of fields in deeper waters, in addition to the further development of technology to produce an increasing portion of the reserves in oil fields (recovery rate), is expected to continue for some years to come.

Marine towed seismic

The marine towed seismic market has continued to improve throughout the year. This has resulted in the contracting of new tonnage and initiation of a number of upgrade and conversions. The back log of the major seismic companies continues to grow, and this, in combination with the general outlook, confirms a very strong market for 2007 and 2008 with expected lack of capacity. In 2009 and forward, one might expect that the supply will be more balanced and the market will level off. The movement in oil prices will continue to be of great importance to the marine seismic market.

Geo Atlantic
Gun deck and streamer deck

EMPLOYMENT AND CONTRACT COVERAGE

The «Geo Atlantic» was until February 2006 employed on a bare boat contract to Polar Ship Invest AS, an affiliate company, operating within offshore subsea support. Later in 1st Quarter 2006, the vessel started conversion to a state-of-the-art high capacity seismic vessel. The conversion was more time consuming than originally planned and was completed medio October 2006, after which the «Geo Atlantic» commenced a seven year fixed charter to Fugro Geoteam AS whereupon the charterer having 2 x 2 year options.

The six streamer vessel «CGG Laurentian» has since acquisition in early July for USD 17.9 million been employed under a time charter with CGG which expires in August 2008 after which CGG has an option to extend the charter party for either two or three years.

Arrow has entered into a firm contract with WesternGeco for the first state-of-the-art high capacity seismic new building to be delivered February 2008. The contract is for a fixed period of three years whereupon WesternGeco will have an obligation to purchase the vessel. Further, Arrow has agreed to enter into a firm charter with WesternGeco for the second state-of-the-art high capacity seismic new building to be delivered November 2008 for a fixed period of six years whereupon WesternGeco will have an obligation to purchase the vessel.

For the third state-of-the-art high capacity seismic new building to be delivered April 2009 Arrow has entered into a non binding Letter of Intent with CGGVeritas for a firm 12 year bare boat charter for the vessel including insea seismic equipment, whereupon the continuation will be regulated by a put/call option. The fourth state-of-the-art high capacity seismic new building to be delivered November 2009 is open for contract.

Arrow recently entered into an agreement to purchase the 1993 built cargo vessels «Sophie» (renamed «Polar Explorer»), «Karin B» (renamed «Polar Pearl») and «Lisbeth C» with a total investment of DKK 120 million. Arrow is planning to convert and renew the vessels to 2D/source vessels of high standard in order to meet the requirement of safety and comfort from the oil exploration industry. The size of the vessels (92m x 17m) is sufficient for a further rigging of streamer winches as a multi streamer 3D vessel. This option is currently being evaluated and will depend on availability of propulsion upgrade.

The group's backlog of charter party agreements as at 31 December 2006 totalled USD 266 million with a fixed average duration of 3.8 years, both figures excluding charterers' extension options.

CONTINGENT LIABILITIES

The Group is in progress with an arbitration case against Drammen Skipsreparasjon AS which was responsible for the conversion of the «Geo Atlantic». During the conversion the Group decided to change the shipbuilding yard due to major delays and continued lack of progress. The board of directors reject the claim of NOK 38 million from Drammen Skipsreperasjon AS since they believe that the claim is not justified. The arbitration case is set to June 2007.

ADMINISTRATION, EMPLOYEES AND EQUAL OPPORTUNITIES

The group has no employees. Management services are purchased under a service agreement with GC Rieber Shipping AS, an affiliate company of Arrow Seismic ASA. The service agreement has an annual fee of USD 400,000 and can be cancelled by both parties giving 6 months notice. Further, Arrow has entered into fixed price ship management agreements with the affiliate companies GC Rieber Shipping AS and GC Rieber Shipping Ltd for marine crewing and technical support of the vessels «Geo Atlantic» and «CGG Laurentian». Total fees paid under these agreements in 2006 were USD 337,500. Finally, Arrow has entered into fixed price management agreements with GC Rieber Shipping AS for building supervision and project management of the two first new buildings due for delivery in 2008. Total fees under these agreements are agreed to be 3.75 million and will be paid consecutively during the building process, whereof USD 427,500 has been paid in 2006.

As a general principal, the group aims to ensure equal opportunities in the organisation. Nevertheless the group's primary objective is to have the right skills in every type of job, regardless of gender. The group looks for the best qualified personnel when recruiting, but the company believes that a relatively even gender distribution contributes to a better working environment, greater flexibility and better results in the long run. The company's board of directors consists of two women and three men.

HEALTH, SAFETY, ENVIRONMENT AND QUALITY (HSE&Q)

Like other shipping operations, the group's operations have the potential to cause oil pollution in the event of spills or other undesirable incidences. No such incidents were recorded in 2006.

The group's vessels are managed under long term ship management agreements with the affiliate companies GC Rieber Shipping AS and GC Rieber Shipping Ltd. GC Rieber Shipping AS, GC Rieber Shipping Ltd. and all vessels managed by these companies are certified under the ISM code, as well as the new international anti-terror preparedness/ security regulations for shipping, the ISPS (International Ship & Port Facility Security) code. GC Rieber Shipping AS and GC Rieber Shipping Ltd. uses Det Norske Veritas (DNV) as its certification body.

DNV conducts annual audits of both vessels and the office onshore. Audits and inspections are also carried out by customers in connection with offshore or seismic contracts, port state controls, etc. Annual internal audits are also performed on board the vessels and in the onshore organisation.

No accidents with serious personal injury were recorded in 2006. The company is making a determined effort to avoid personnel injuries.

We are developing our focus on a positive awareness of the general attitude towards safe work practices. We have also increased our focus on risk management as an important tool in the reduction of the probability of injuries and accidents.

CORPORATE GOVERNANCE

Corporate governance is primarily a question of sound business management with respect to the owners, board of directors and management of a company, and concerns mainly ownership management and making the boards of directors responsible to the shareholders. In a somewhat broader sense, corporate governance also deals with parties other than the owners, such as employees, creditors, local communities and other parties with which the companies have a relationship.

The Norwegian Corporate Governance Board (NCGB) published a revised version of the Norwegian code of practice for corporate governance on 28 November 2006. The NCGB consists of representatives for different stakeholders, such as shareholders, issuers and the stock exchange. The company's treatment of the topics covered in the Norwegian code of practice is described below.

Reporting on corporate governance

The duty of the board of directors is to ensure that the company implements sound corporate governance. The board of directors will provide an overall report on the company's corporate governance in the annual report. If the company is not in full compliance with the Norwegian code of practice, this will be explained in the report.

Business activities

As defined in the company's articles of association, the company is a public limited company established for the purpose of ship-owning and management, investment, provision of guarantees, trading and related activities. The board of directors defines the company's goals and strategy within the framework defined by the articles of association.

Equity and dividends

The company seeks to maintain financial strength and liquidity at a level that is appropriate to its goals, strategy and risk profile. The company's objective is to provide shareholders with a stable and competitive return on their invested capital through dividends and share price appreciation. In assessing dividend proposals, the board of directors will review the company's dividend capacity, capital structure, investment program and financial strength for further growth.

Authorisations granted to the board of directors to increase the company's share capital shall normally be restricted to defined purposes. However, the general meeting on 11 May 2006 authorised the Board to increase the share capital by up to NOK 16 million through the issue of up to 1.6 million shares of par value NOK 10.00 each at a price to be determined by the Board. This authority has not been exercised. Further, in order to fund committed new investments, a proposal will be made at the Annual General Meeting to be held on 29th March 2007, to grant the board of directors with an authorisation to increase the share capital by up to NOK 65 million through the issue of up to 6.5 million shares of par value NOK 10.00 each at a price to be determined by the Board. To facilitate a placement on short notice, the shareholders are requested to waive their pre-emptive rights to subscribe for the new shares.

Equal treatment of shareholders and transactions with close associates. The shareholders can exercise their rights primarily through participation and voting at the general meeting. Shareholders shall be ensured of participation at the general meeting without any unnecessary expenses. There are no voting right restrictions. The company attaches importance to the equal treatment of shareholders.

Any transactions by the company involving the company's own shares are carried out over the stock exchange or by other means at the market price. Any services that are purchased from the main shareholder are purchased at market price.

Free negotiable shares

The company only has one class of shares. All shares in the company are freely negotiable.

General meetings

The general meeting will normally be held in late March or early April at the company's offices. Notices of general meetings will contain a thorough description of any items on the agenda and will give at least 14 days' notice pursuant to the Norwegian Public Limited Companies Act. The registration deadline will be as close to the meeting date as possible. Shareholders who cannot participate in person may vote by proxy. The Annual General Meeting is to be held on 29th March 2007.

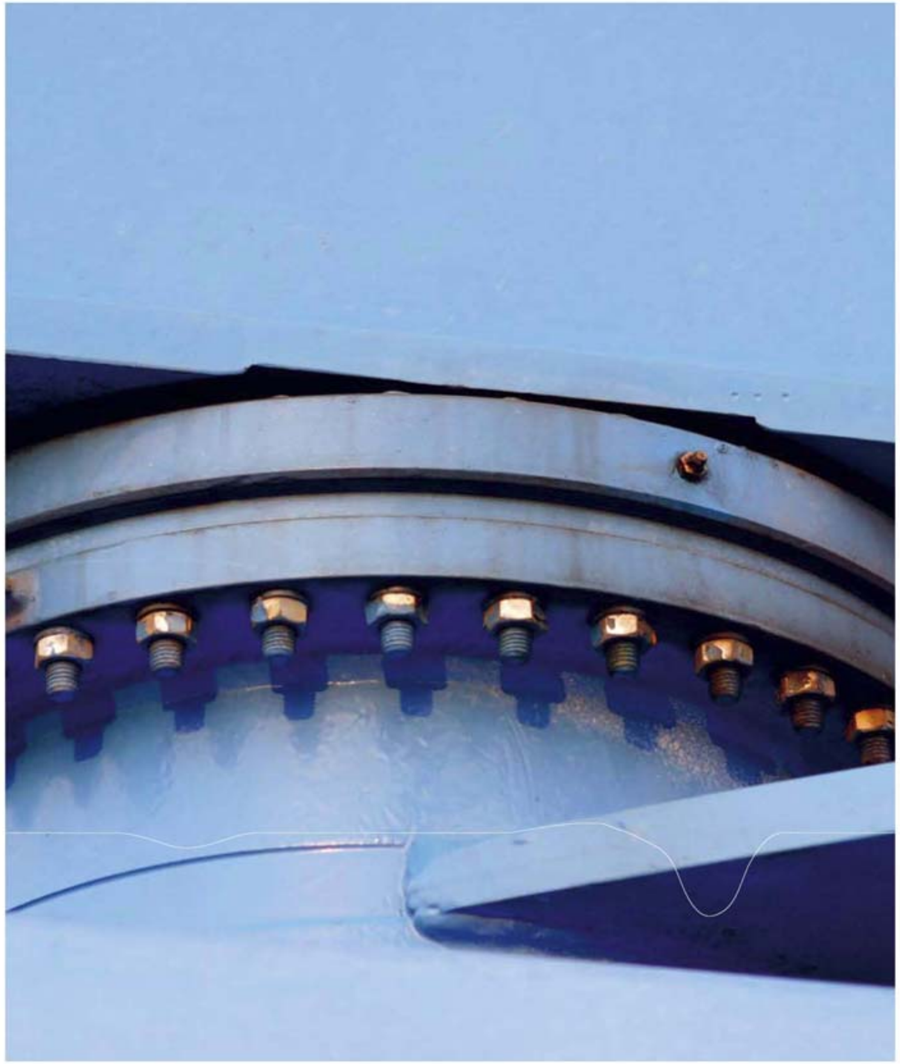
The board of directors and auditor are present at the general meeting. The nomination of board members up for election at the general meeting shall take place through an open dialogue between the largest shareholders. Based on the company's good experience with such a process and an assessment of the composition of the owners, the company has decided not to use a nomination committee.

Board of directors, composition and independence

Pursuant to the company's articles of association, the board of directors shall consist of at least five and no more than seven members and be elected by the general meeting for a term of two years. The chairman and vice-chairman of the board of directors shall be elected by the general meeting. The board of directors is proposed on the basis of an overall assessment in which competence, experience and integrity are important criteria, and the composition of the board of directors represents the company's ownership situation. The board of directors shall safeguard the interests of the shareholders. The board of directors has consisted of five members since last annual general meeting in May 2006. Four out of five board members have a direct ownership interest in the company.

Work of the board of directors

The board of directors shall ensure that the company has good internal control in accordance with the regulations that apply to its business activities. The board of directors follows an annual plan for its work and performs an annual self-assessment. The management, cf. job description, will have at least one annual appraisal interview with the chairman of the board of directors.



The board of directors will normally hold a minimum of six board meetings per year, normally in February, March/April, May, August, October and December. The board meetings in February, May, August and October review the quarterly and annual accounts, while the board meeting in December approves the budget for the next year. The general meeting is held in connection with the board meeting in March/April. In addition, a separate strategy conference will be arranged in the autumn. In 2006, nine meetings were held, of which one board meeting was by telephone. Attendance at board meetings in 2006 was 98 per cent.

Remuneration of the board of directors and executive management The company's board of directors received remuneration of USD 47,000 in 2006. The managing director has been hired under a service agreement with the company GC Rieber Shipping AS, an affiliate company of Arrow Seismic ASA. The service agreement has an annual fee of USD 400,000, starting 1st January 2006. No agreements have been entered into with the managing director or board chairman with regard to special payments upon the termination or change of their employment or appointment. In addition, there are no agreements that entitle employees or representatives to subscribe for or purchase shares in the company.

Risk management and internal control

The work of the board of directors seeks to ensure that the company has sound internal control and systems for risk management and reporting that are appropriate in relation to the extent and nature of the company's activities. Internal control and the systems should also encompass the company's corporate values and ethical guidelines.

Information and communication

In its information work and reporting of financial information the company seeks to treat all the participants in the securities market equally. A financial calendar for the company's interim reports will be published annually. The company will announce the date of the annual general meeting and proposed dividend in the 4th quarter report.

Takeovers

The board of directors will not seek to hinder or obstruct any takeover bids for the company's business activities or shares. In the event of a bid for the company's shares, the company's board of directors will not exercise authorisations to issue new shares or pass other resolutions in an attempt to obstruct the bid without the approval of the general meeting. Any transaction that is in effect a disposal of the company's business activities should be decided on by a general meeting.

Auditor

Ernst & Young has been the company's auditor. The auditor will participate at board meetings which discuss the annual accounts. At such meetings the auditor reviews any material changes to the company's accounting principles, comments on any material estimated accounting figures and any material matters where there may have been disagreement between the auditor and the executive management.

YEAR-END APPROPRIATIONS

It is proposed that the parent company's net profit for the year of NOK 11,020,932 shall be allocated as follows:

Transferred to other equity:	NOK 11,020,932
Total allocations:	NOK 11,020,932

OUTLOOK

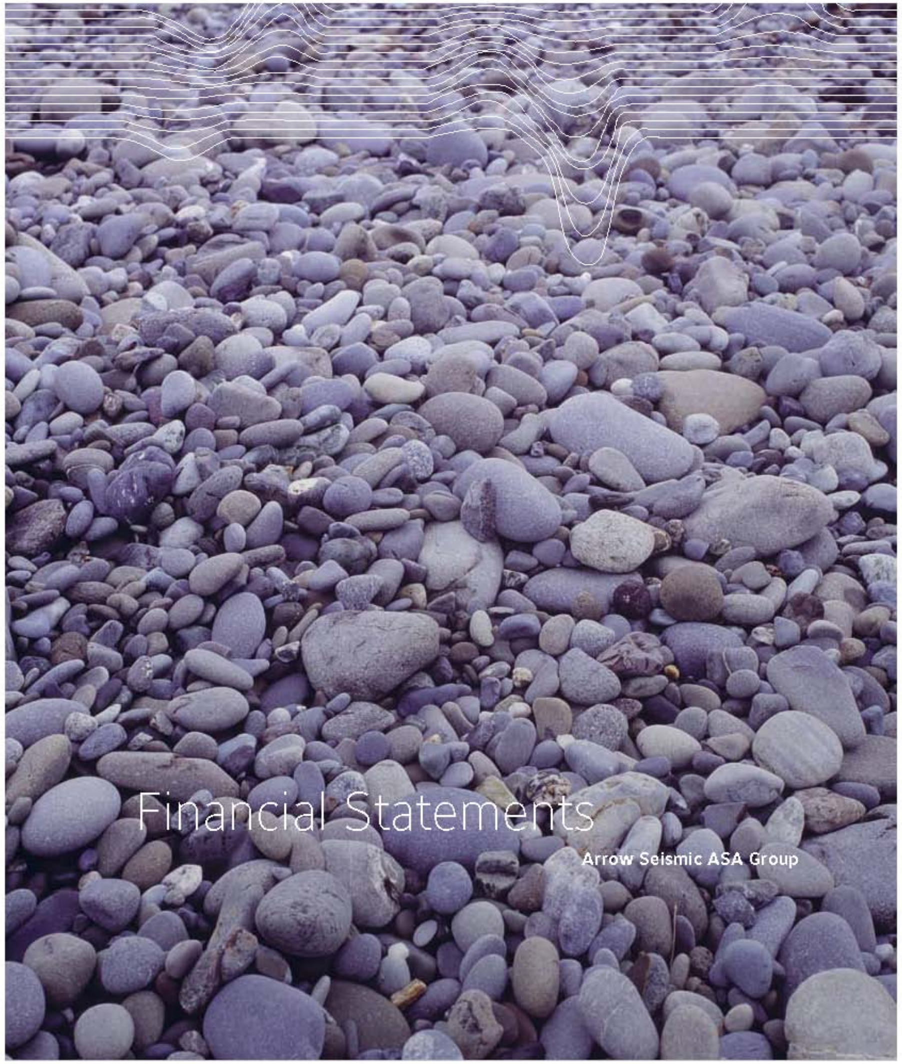
Arrow Seismic's contract situation makes the group well positioned to take advantage of an expected continued strong seismic market. The contract and Letter of Intent with seismic majors WesternGeco and CGGVeritas for the first three high capacity new buildings due for delivery in 2008 and 2009, confirms Arrow's position as a leading supplier of high capacity seismic vessels to the marine seismic industry with cost efficient design and focus on safe and cost efficient operations. For the three second hand vessels recently purchased, Arrow is planning to convert the vessels to 2D/source vessels of high standard and the company believes there is strong demand for such vessels going forward. The company is currently working to secure the required equity and mortgage debt to finance investments in the last new buildings and the 2D/Source vessels.

Bergen, 14 February 2007

The Board of Directors of Arrow Seismic ASA

Sven Rong Chairman	Arne Birkeland Board Member	Jan Krokeide Board Member
Eva Løkeland Lerøy Board Member	Anne Marit Steen Board Member	Hans Petter A. Klohs Managing Director

ARROW SEISMIC 2006



Profit and Loss Statement

Arrow Seismic ASA **Group**

USD 1000	Notes	2006	2005
OPERATING INCOME			
Charter income		7 813	0
Charter income bare boat		814	518
Voyage expenses		(451)	0
Total income on time-charter basis		*8 177*	*518*
Other operating income		944	0
Total operating income		*9 121*	*518*
OPERATING EXPENSES			
Vessel operating expenses		(2 206)	(0)
Crew and catering expenses	6, 7	(2 355)	0
Administration expenses	7	(981)	(121)
Total operating expenses		*(5 542)*	*(121)*
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets		**3 580**	**397**
Depreciation	11, 13	(5 042)	(203)
Operating profit		**(1 462)**	**194**
FINANCIAL INCOME AND EXPENSES			
Financial income		1 330	9
Financial expenses		(4 573)	(204)
Realized currency gains (losses)		99	(15)
Unrealized currency gains (losses)		(1 287)	29
Net financial income and expenses		*(4 431)*	*(182)*
Profit before taxes		**(5 893)**	**12**
Taxes	8	(669)	16
NET PROFIT		**(6 561)**	**28**
Earnings per share	9	(0.376)	0.003
Diluted earnings per share	9	(0.376)	0.003

Balance Sheet

Arrow Seismic ASA **Group**

USD 1000	Notes	31.12.2006	31.12.2005
ASSETS			
NON-CURRENT ASSETS			
Deferred tax asset	8	0	15
Total intangible non-current assets		*0*	*15*
Vessels	11	94 278	47 466
Newbuilding contracts	12	34 899	629
Total tangible non-current assets		*129 177*	*48 095*
Long term contracts	13	5 308	0
Total financial fixed assets		*5 308*	*0*
Total non-current assets		**134 485**	**48 110**
CURRENT ASSETS			
Stores	14	350	0
Total Inventories		*350*	*0*
Trade receivables	15	3 646	440
Receivables from subsidiaries	15	37	0
Other current assets	15	3 882	196
Total debtors		*7 565*	*636*
Cash and bank deposits	16	*20 037*	*34 338*
Total current assets		**27 952**	**34 974**
TOTAL ASSETS		**162 437**	**83 084**

Balance Sheet

Arrow Seismic ASA **Group**

USD 1000	Notes	31.12.2006	31.12.2005
EQUITY AND LIABILITIES			
EQUITY			
Share capital (18,500,000 shares at USD 1.595/NOK 10)	17	29 511	14 790
Share premium reserve		67 419	31 799
Total restricted equity		*96 930*	*46 589*
Exchange differences foreign subsidiaries		39	2
Other equity		(6 542)	28
Total retained earnings		*(6 503)*	*30*
Total equity		*90 427*	*46 620*
LIABILITIES			
Liabilities to financial institutions	18	57 889	30 056
Total other non-current liabilities		*57 889*	*30 056*
Liabilities to financial institutions	18, 19	7 844	5 144
Accounts payable	19	4 680	922
Tax payable	19	667	0
Liabilities to parent company	19	267	52
Other current liabilities	19	663	291
Total current liabilities		*14 121*	*6 409*
Total liabilities		**72 010**	**36 465**
TOTAL EQUITY AND LIABILITIES		**162 437**	**83 084**

Bergen, 14 february 2007
The Board of Directors of Arrow Seismic ASA

Sven Rong
Chairman

Arne Birkeland
Board Member

Jan Krokeide
Board Member

Eva Løkeland Lerøy
Board Member

Anne Marit Steen
Board Member

Hans Petter Amundsen Klohs
Managing director

Statement of changes in equity

Arrow Seismic ASA **Group**

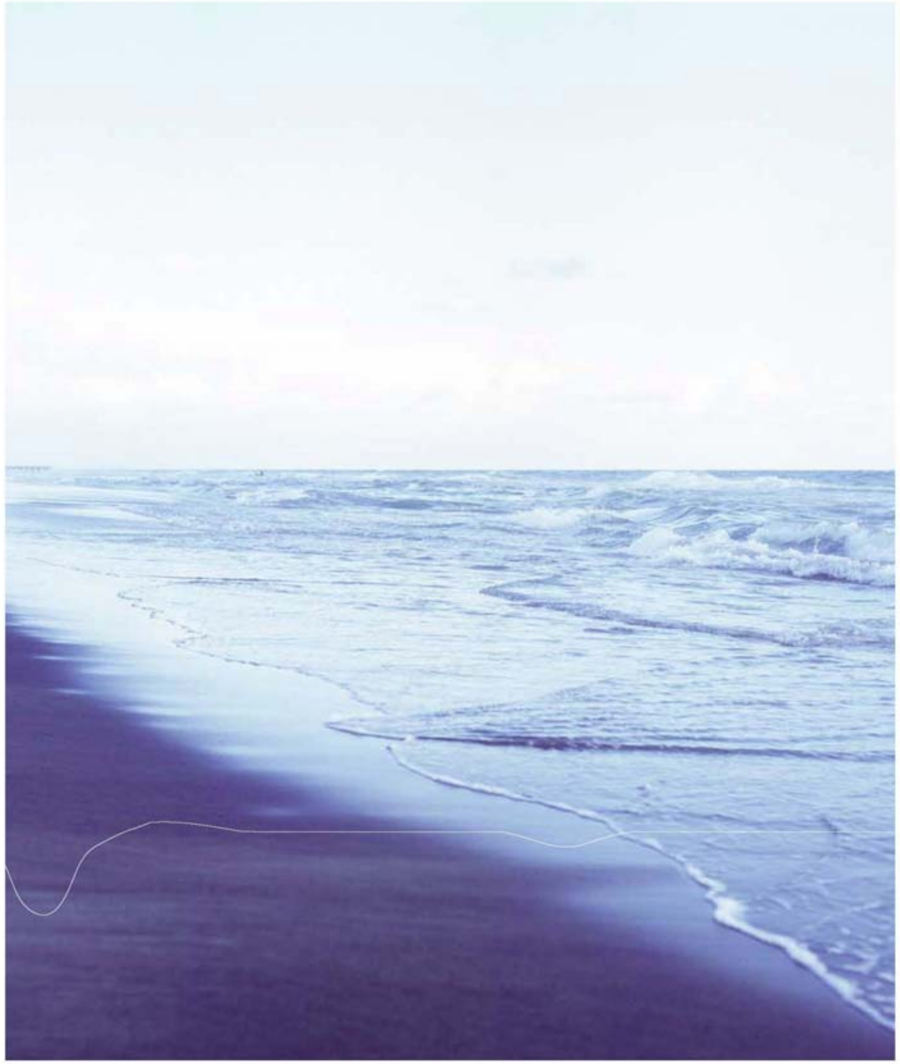
USD 1000	Share capital	Share premium reserve	Other equity	Total equity
Opening balance at 27 October 2005	9 614	0	0	9 614
Capital increase 19 December 2005	5 177	31 799	0	36 976
Foreign currency translation long term liabilities and other cash equivalents	0	0	2	2
Total income and expense recognised directly in equity	*14 790*	*31 799*	*2*	*46 592*
Profit for the year	0	0	28	28
Total income and expense	*14 790*	*31 799*	*30*	*46 620*
Balance at 31 December 2005	**14 790**	**31 799**	**30**	**46 620**
Balance at 1 January 2006	14 790	31 799	30	46 620
Capital increase 17 February 2006	14 720	35 620	0	50 341
Foreign currency translation long term liabilities and other cash equivalents	0	0	28	28
Total income and expense recognised directly in equity	*29 511*	*67 419*	*58*	*96 988*
Profit for the year	0	0	-6 561	-6 561
Total income and expense	*29 511*	*67 419*	*-6 503*	*90 427*
Balance at 31 December 2006	**29 511**	**67 419**	**-6 503**	**90 427**

Geo Atlantic

Cash flow statement

Arrow Seismic ASA **Group**

USD 1000	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	(5 893)	12
Depreciation	5 042	203
Unrealized currency losses (gains)	39	2
Change in stock	(350)	0
Change in accounts receivables	(3 206)	(440)
Change in accounts payables	3 759	922
Change in other current assets and other liabilities	(3 336)	148
Net cash flow from operating activities	**(3 946)**	**847**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Investments in fixed assets	(84 329)	(48 298)
Payments for investments in financial fixed assets	(6 900)	0
Net cash flow from investment activities	**(91 229)**	**(48 298)**
CASH FLOW FROM FINANCING ACTIVITIES		
Payments from new long-term loan facilities	34 425	35 200
Payment of instalments on long-term liabilities	(3 892)	0
Proceeds from issue of share capital	50 341	46 589
Net cash flow from financing activities	**80 874**	**81 789**
Net change in bank deposits, cash and quoted financial investments	(14 302)	34 338
Bank deposits, cash and quoted financial investments at 01.01.	34 338	0
Bank deposits, cash and quoted financial investments at 31.12.	**20 037**	**34 338**



Notes

Arrow Seismic ASA **Group**

NOTE 1 COMPANY INFORMATION

Arrow Seismic ASA is a listed public limited company registered in Norway. The company's head office is located at Solheimsgaten 13, 5058 Bergen, Norway. The company was incorporated on 27 October 2005. The stock is listed on OTC. OTC is a list of companies in Norway for trading purposes.

Arrow Seismic ASA Group («Arrow») develops, owns and operates advanced special-purpose vessels for the marine seismic industry. Arrow owns two multi streamer vessels and has purchased one vessel for conversion to 2D/source vessel. Further, Arrow has contracted four special-purpose high capacity seismic new buildings for delivery in 2008/09.

The annual accounts were approved for publication by the board of directors on 14 February 2007.

NOTE 2 ACCOUNTING PRINCIPLES

2.1. Main principle

The consolidated accounts of the Arrow Seismic ASA Group have been prepared in accordance with the international accounting standards, which have been published by the International Accounting Standards Board.

The Consolidated financial statements have been prepared on a historical cost basis, except for

- Investments hold for sale and available-for-sale have been measured at fair value.

2.2. Changes in accounting principles

IFRS 7 FINANCIAL INSTRUMENTS – DISCLOSURE

The Group has elected to not early adopt IFRS 7, which requires that enable users to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosure will be adopted from 1 January 2007.

2.3. Functional and presentation currencies

FUNCTIONAL AND PRESENTATION CURRENCY:

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency are both NOK and USD since the functional currency differs among the subsidiaries). The consolidated financial statements are presented in «USD», which is the Company's presentation currency.

TRANSACTIONS AND BALANCES:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items are translated at the current exchange rate, non-monetary items that are measured at historical cost are translated at the rate in effect on the original transaction date and non-monetary items that are measured at fair value are translated at the exchange rate in effect at the time when the fair value where determined. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

FOREIGN OPERATIONS:

When the operation of a foreign company is integrated into the group, translation of the transactions is performed as if the group had carried out the transactions in a foreign currency.

At the balance sheet date, monetary items will be translated at the exchange rate in effect at the balance sheet date, non-monetary items will be translated at the historical exchange rate in effect on the date of the transaction and non-monetary items that are assessed at fair value will be translated at the exchange rate in effect on the date of the assessment of fair value.

Revenue and expenses are translated at the exchange rate in effect on the date of the transaction. Exchange rate fluctuations are recognised in the income statement as they occur during the accounting period.

FOREIGN UNITS:

A majority of the consolidated foreign subsidiaries are deemed to be independent units since they are financially, economically and organisationally independent. Non-independent units are regarded as foreign operations. The functional currency of foreign units is normally the local currency or USD. The balance sheet is translated at the rate in effect at the balance sheet date, while the profit and loss statement is translated at the average exchange rate for the accounting period. Exchange differences are recognised as a separate component of equity.

Exchange differences that arise as a result of this are included in the exchange-rate differences reserve in the equity. Upon the disposal of foreign subsidiaries the accumulated exchange-rate differences related to the subsidiary are recognised in the profit and loss statement.

2.4. Consolidation principles

The consolidated accounts for the group include Arrow Seismic ASA and the companies in which Arrow Seismic ASA has a controlling influence. A controlling influence is normally achieved when the group owns, directly or indirectly, more than 50 per cent of the shares in the company and the group is able to exercise control over the company. Minority interests are included in the group's equity. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Business combinations are accounted for using the acquisition accounting method. Companies which are acquired or sold during the period, are included in the consolidated financial statements from the point in time when the parent company acquires control or when the control ceases.

Intragroup transactions and balances, including internal profits and unrealised gains and losses, have been eliminated in full. Unrealised gains from transactions with associated companies are eliminated in the group's share of the associated companies. Correspondingly, unrealised losses are eliminated, but only if there are no indications of any impairment in the value of the asset that is sold internally.

The consolidated accounts have been prepared under the assumption of uniform accounting principles for equal transactions and other events under equal circumstances.

2.5. Cash and bank deposits

Cash and bank deposits, etc. include bank deposits, cash in hand and short-term bankdeposits with an original maturity of three months or less.

2.6. Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for improvement. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling and marketing costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the income statement.

2.7. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost incurred are accounted for using purchase cost on a first in, first out basis, and includes costs accrued in acquiring the inventories and bringing the inventories to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.8. Fixed assets

Fixed assets are decomposed for depreciation purposes. Components that represent a substantial portion of the vessel's total cost price are isolated for depreciation purposes, and are depreciated over their expected useful lives. The useful live is the period that the group expects to use the vessel, and this period can thus be shorter than the economic life.

If various components have approximately the same useful life and the same depreciation method as other components, the components are depreciated collectively.

The straight line method for ordinary depreciation based on an economic life of 25 years from when the vessel was new is used for vessels. With reference to IAS 16, Property, Plant and Equipment, the group uses the cost price for vessels with a 5 per cent residual value. In special circumstances the group will consider an alternative depreciation horizon if the circumstances so indicate, such as the purchase and/or upgrading of older vessels.

Improvements and upgrading will be capitalised and depreciated over the remaining life of the vessel. The straight line method for ordinary depreciation based on a period of 2.5 to 5 years is used for periodic maintenance. The straight line method for ordinary depreciation based on a life of 3 to 10 years is used for other depreciable assets.

The depreciation period and method will be assessed annually to ensure that the method and period used are in accordance with the financial realities of the fixed asset. This applies correspondingly to the scrap value.

Tangible fixed assets are valued at historical cost less any accumulated depreciation and write-downs. When assets are sold or disposed of, the historical cost and accumulated depreciation are reversed in the accounts and any loss or gain on the disposal will be recognised in the profit and loss statement.

The write-down of assets will be considered when there is indication of an impairment in value. If the book value of an asset is higher than the recoverable amount the asset will be written down in the profit and loss statement. The recoverable amount is the higher of the net sales price and discounted cash flow from continued use. The net sales price is the amount that can be raised from sale to an independent third party less sales costs. The recoverable amount is determined separately for all assets, or, if this is not possible, then together with the unit the asset belongs to.

Write-downs recorded in prior periods will be reversed when there is information indicating that there is no longer any need for the write-down or the correct write-down amount is no longer the same. The reversal is recorded as income or an increase in other reserves. However, the reversal will not be performed if the reversal entails that the recorded value will exceed what the recorded value would have been with normal depreciation periods.

The group capitalises expenses incurred at docking of the group's vessels and amortises these expenses over the period until the next docking (the «capitalisation method»).

Vessels under construction are classified as fixed assets and are recorded at the value of the incurred expenses related to the fixed asset. Vessels under construction are not depreciated until the vessel is placed in service.

2.9. Leases

GROUP AS A LESSEE:

FINANCIAL LEASE

The Group presents its financial leases in the financial statements in accordance with IAS 17; Leases. Financial leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other short-term and other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The capitalised assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

OPERATIONAL LEASE:

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased assets and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

GROUP AS A LESSOR:

FINANCIAL LEASES

The Group presents assets it has leased to others as receivables equal to the net investment in the leases. The Group's financial income is determined such that the same rate of return is achieved on outstanding receivables. Initial costs incurred in connection with establishing the lease are included in the receivable.

OPERATIONAL LEASES:

The Group presents assets it has leased to others as non-current assets in the balance sheet. The rental amount is taken to revenue in a straight line over the lease period. Initial direct costs incurred in establishing the lease relationship are included in the carrying amount of the leased asset, on the same basis as the rental amount.

2.10. Financial instruments

According IAS 39, Financial instruments: Recognition and measurement, financial instruments are classified in the following categories: at fair value through profit or loss, held to maturity investments, loans and receivables and available-for-sale.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At initial recognition of financial instruments the Group capitalise a financial instrument when and only when they has become a part of the instrument's arrangement. When financial instruments are recognised initially, they are measured at fair value, plus, in case of investments not at fair value through profit and loss, directly attributable transaction or emission costs.

All purchases and sales of financial instruments are recognised on the transaction date.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:

Financial instruments that are held with the intention of making a gain on short-term fluctuations in prices, financially motivated investments in obligations and other securities which enters into a trade portfolio or derivatives which are not classified as hedge instruments or is a financial guarantee contract, are classified as financial assets at fair value through profit or loss. This is likely for financial instruments which qualifies for or optional are classified as, financial assets at fair value trough profit and loss.

Financial instruments that are classified as at fair value through profit or loss are carried at fair value as observed in the market at the balance sheet date, with no deduction for costs relating to the sale. Financial assets at fair value trough profit or loss are classified as current assets.

Changes in the fair value of financial instruments classified as financial instruments at fair value through profit or loss are recognised in the income statement and included in the net financial income/expenses.

HELD-TO-MATURITY INVESTMENTS:

Held-to-maturity investments are non-derivative assets which carry fixed or determinable payments and fixed maturities and which the Group has the positive intention and ability to hold to maturity, except those investments classified as financial assets at fair value trough profit or loss, available for sale investments or loans and receivables.

Held-to-maturity investments are measured at amortised cost using the effective interest method. The effective interest method is used to calculate the amortised cost and to allocate interest income or interest cost over a relevant period. Profit or loss are recognised in profit and loss through the amortisation process or when the financial instrument (a) are derecognised, (b) are impaired or (c) the carrying amount increases when earlier impairments are reversed.

Financial instruments that are held to maturity are included in the non-current asset unless the maturity date is less than 12 months after the balance sheet date.

LOANS AND RECEIVABLES:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, except those instruments classified as financial assets at fair value through profit and loss or available for sale.

Loans and receivables are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

AVAILABLE FOR SALE INVESTMENTS:

All other financial instruments, with the exception of loans and receivables originally issued by the company, are classified as available for sale. They are included in current assets, except for investments which the Group have the intention to sell within 12 months after the balance sheet date.

Financial instruments that are classified as available for sale through profit or loss are carried at fair value as observed in the market at the balance sheet date, with no deduction for costs relating to the sale

Gain or loss resulting from changes in the fair value of financial investments classified as available for sale are recognised directly in equity until the investment has been disposed of. When the investment is disposed of, the accumulated gain or loss on the financial instrument that has previously been recognised in equity will then be reversed and the gain or loss will be recognised in the income statement. Interest earned or paid on the investment is reported as interest income or expense using the effective interest rate. Dividends earned on investments are recognised in the income statement as «Dividends received» when the right of payment has been established.

FAIR VALUE:

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis or other valuation models.

HEDGING:
The Group has decided to not use hedging according to IAS 39, Financial Instruments; Recognition and measurement.

Derivative financial instruments which are not classified as hedging instruments, are classified as fair value through profit or loss and are measured at fair value. Changes in fair value are recognised in profit and loss.

An embedded derivative will be separated from the host contract and classified as a derivative if the following conditions are fulfilled:
- The economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.
- Separate instruments with similar terms as the embedded derivatives exists, which satisfy the conditions for a derivative
- The combined instrument (host contract and embedded derivative) is not measured at fair value through profit and loss.

2.11. Research and development
Expenses related to research and development are recognised in the profit and loss statement when they are incurred. Expenses related to development are recognised in the profit and loss statement unless the following criteria are met in full:
- the product or process is clearly defined and the cost elements can be identified and measured reliably;
- the technical solution for the product has been demonstrated;
- the product or process will be sold or used in the operations;
- the asset will generate future financial benefits; and
- there are adequate technical, financial and other resources to complete the project.

When all the above criteria have been met, the capitalisation of expenses related to development start. Expenses that have been charged against income in earlier accounting periods are not capitalised. Expenses that are capitalised includes costs of material, direct wages and a part of direct assignable common expenses. Capitalised development costs are measured at cost less accumulated depreciation costs and impairment losses.

Capitalised development costs are depreciated on a straight line basis over the estimated useful live.

2.12. Provisions
Provisions are accounted for in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. Provisions are recognised when, and only when, the company has an existing liability (legal or assumed) as a result of events that have taken place, it can be demonstrated as probable (more likely than not) that a financial settlement will be made as a result of the liability, and the amount can be measured reliably. Provisions are reviewed at each balance sheet date and the level reflects the best estimate of the obligation. When the time factor is insignificant, the size of the provisions will be equal to the size of the expense required for redemption from the obligation. When the time factor is significant the provisions will be equal to the net present value of future payments to cover the obligation. Increases in provisions due to the time factor will be presented as interest expenses.

2.13. Equity
LIABILITIES AND EQUITY
Financial instruments are classified as liabilities or equity in accordance with the underlying financial realities.Interest, dividends, gains and losses related to financial instruments classified as liabilities will be presented as an expense or income. Distributions to the holders of financial instruments that are classified as equity will be recorded directly against equity. When rights and obligations related to how distributions from financial instruments are made are dependent on certain types of contingent events in the future that lie beyond the control of the issuer and holder, the financial instrument will be classified as a liability unless the probability that the issuer must contribute cash or other financial assets is remote at the time of issuance. In such cases the financial instrument will be classified as equity.

Convertible bonds that contain both a liability and equity element are divided into two components upon issuance based on the net present value of the bond's cash flow, and each of these elements is accounted for separately as a liability and equity, respectively.

COMPANY'S OWN SHARES
The nominal value of the company's own shares is presented in the balance sheet as a negative equity element. The purchase price in excess of the nominal value is recognised in other equity. Losses or gains on transactions with the company's own shares are not recorded in the profit and loss statement.

EQUITY TRANSACTION COSTS
Transaction costs related to equity transactions are recognised directly against equity after the deduction of tax expenses. Only transaction costs directly related to the equity transaction are recorded directly against equity.

OTHER EQUITY – FOREIGN CURRENCY TRANSLATION DIFFERENCES
Foreign currency differences arise in connection with translation of foreign currency transactions in the consolidation of foreign entities. Foreign currency differences with respect to monetary items (liabilities or receivables) that are in reality part of the company's net investment in a foreign unit are treated as foreign currency differences. Upon the disposal of a foreign unit the accumulated foreign currency differences related to that entity are reversed and recorded in the profit and loss statement in the same period that the gain or loss on the disposal is recorded.

2.14. Principles for recognition of revenue and expenses
Revenue is recognised when it is probable that the transaction will generate future economic benefits that will accrue to the company and the value of such benefits can be estimated reliably. Sales revenues are recorded less value added tax and discounts. Income and expenses related to the vessels' journeys are accrued based on the number of days the journey lasts before and after the end of the year.

DIVIDEND INCOME:
Dividend income is recognised on a accrual basis in accordance with the substance of the relevant agreements.

2.15. Loans
Borrowing expenses are recognised in the profit and loss statement when the borrowing expenses arise. Borrowing expenses are capitalised if they are directly related to the purchase, construction or production of a fixed asset. The capitalisation of borrowing expenses occurs when interest expenses are incurred during the construction of the fixed asset. Borrowing expenses are capitalised until the point in time when the fixed asset is placed into service. If the cost price exceeds the fair value of the fixed asset, an impairment loss is recognised.

Loans are recorded as the proceeds that are received, net of any transaction costs. Loans are subsequently accounted for at the amortised cost through application of the effective interest rate, where the difference between the net proceeds and redemption value are recognised in the profit and loss statement over the term of the loan.

2.16. Public grants
The Group presents is government grants according to IAS 20; Government Grants. Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

The Group receive grants from Reimbursement system for Seamen for some ships due to secure employment of Norwegian seamen. The grant are recognised as reduction in crew expenses.

2.17.Taxes
Taxes consist of the tax payable and change in deferred tax. Deferred tax liabilities/assets are calculated based on all the differences between the financial and tax values of assets and liabilities, with the exception of:

- deferred tax that arises as a result of goodwill depreciation that is not tax deductible
- temporary differences related to investments in subsidiaries, associated companies or joint ventures, since the group determines when the temporary differences will be reversed and this is not assumed to occur in the foreseeable future.

Deferred tax assets are recorded in the accounts when it is probable that the company will have sufficient taxable profit to benefit from the tax asset. On the date of each balance sheet the group will review unrecognised deferred tax assets and the book value of such assets. The companies record prior unrecognised deferred tax assets in the accounts if it becomes probable that the company can use the deferred tax asset. Moreover, the company will reduce the deferred tax asset if the company can no longer benefit from the deferred tax asset.

Deferred tax liabilities and assets are measured based on the current tax rates that apply to the companies in the group where temporary differences have arisen.

Deferred tax liabilities and assets are recorded in the accounts regardless of when the differences will be reversed. Deferred tax liabilities and assets are recorded at their nominal value and are classified as fixed asset investments (long-term liabilities) on the balance sheet.

Tax payable and deferred tax are recorded directly against equity if the tax is related to transactions that are recorded directly against equity. Tax payable and deferred tax assets/liabilities are measured at the tax rate that applies to accrued, undistributed equity. The tax effects of dividends are taken into account when the company has incurred a liability to distribute a dividend.

For Norwegian companies a tax rate of 28% is employed. For UK companies the tax rate is 19 %, alternatively 30 %, dependent upon the level of profit.

2.18. Classification of assets and liabilities on the balance sheet
Assets intended for permanent ownership or use and receivables that mature later than one year after the end of the accounting period are identified as fixed assets. Other assets are classified as current assets. Liabilities that mature later than one year after the end of the accounting period are classified as long-term liabilities. Other liabilities are classified as current liabilities. The first year's instalments on long-term loans are classified as current liabilities in the balance sheet.

2.19. Business areas
The Group presents financial numbers for the business areas as seismic operations and offshore subsea support. Indirect attributable costs are allocated to the business areas. Financial information regarding the segments are presented in note 5. Internal profit from sale between the business areas are eliminated in the segment reporting

2.20. Contingent liabilities and assets
CONTINGENT LIABILITIES ARE DEFINED AS:
(i) possible liabilities resulting from prior events where the existence of the liability is dependent on future events.
(ii) liabilities that have not been recognised because it is not probable that they will entail any payment.
(iii) liabilities that cannot be measured with an adequate degree of reliability.

Contingent liabilities are not recorded in the annual accounts. Significant contingent liabilities are disclosed unless the probability of the liability occurring is low. A contingent asset is not recorded in the annual financial statements, but it will be disclosed if there is a certain probability that it will benefit the group.

2.21. Events after the date of the balance sheet
New information on the company's positions on the balance sheet date has been incorporated into the annual financial statements. Events after the balance sheet date that do not affect the company's position on the balance sheet date, but will affect the company's position in the future, have been disclosed if they are material.

2.22. Use of estimates in the preparation of the annual financial statements
The management has used estimates and assumptions that have affected the assets, liabilities, income, expenses and information on potential obligations. The estimates may change as a result of future events. The changes will be recorded in the accounts when new estimates can reliably be made. Changes in accounting estimates are recognised in income statement in the period the changes arise. If the changes also relates to future periods, the effect are distributed over present and future periods.

NOTE 3 GROUP COMPANIES

The Group consists of the following companies:

Parent Company	Business office	Owner's share
Arrow Seismic ASA	Norway	
Arrow Seismic Invest I Ltd.	Great Britain	100%
Arrow Seismic Invest II Ltd.	Great Britain	100%
Arrow Seismic Invest III Ltd.	Great Britain	100%
Arrow Seismic Invest IV Ltd.	Great Britain	100%
Arrow Seismic Invest V Ltd.	Great Britain	100%
Arrow Seismic Invest VI Ltd.	Great Britain	100%
Arrow Seismic Ltd.	Great Britain	100%

NOTE 4 CHANGE IN GROUP STRUCTURE

ESTABLISMENT OF SUBSIDIARIES:

The Group has established the following subsidiaries during the year:

- Arrow Seismic Invest IV Ltd.
- Arrow Seismic Invest V Ltd.
- Arrow Seismic Invest VI Ltd.
- Arrow Seismic Ltd.

NOTE 5 SEGMENT INFORMATION (USD 1000)

PRIMARY REPORTING FORMAT – BUSINESS SEGMENTS:

Arrow Seismic develops, owns and operates advanced special-purpose vessels for marine seismic. The Groups owns the vessels «Geo Atlantic» (former Polar King, purchased November 2005), «CGG Laurentian» (purchased July 2006) and «Polar Explorer» (former Sophie, purchased December 2006). In addition it has two newbuildings for delivery in 2008 and two for delivery in 2009.

The group has during 2006 received bare boat hire for the vessel «Geo Atlantic», which has until start of rebuilding as high capacity seismic vessel, been employed within the business area offshore subsea support. After completion of rebuilding, the vessel has received time charter hire from marine seismic operations. «CGG Laurentian» has been engaged on a time charter with CGG and is performing seismic operations. «Polar Explorer» has not been performing operations since the acquisition, the vessel will be rebuild to 2D/Source vessel to operate within marine seismic.

BUSINESS SEGMENTS

2006	Marine seismic	Offshore subsea	Total operations
PROFIT AND LOSS STATEMENT			
Revenues for external customers :			
Charter hire	7 813	0	7 813
Bareboat hire	0	814	814
Other external revenue	944	0	944
Total revenue from external customers	8 757	814	9 571
Internal transactions	7 416	0	7 416
Eliminations internal transactions	-7 416	0	-7 416
Total revenues	**8 757**	**814**	**9 571**
Segment profit (losses)	-1 926	466	-1 462
Unallocated revenues	0	0	0
Operating profit (losses)	-1 926	466	-1 462
Net financing costs			-4 431
Tax expenses			-669
Profit (loss) for the year			**-6 561**
SEGMENT ASSETS :			
Vessels	94 278	0	94 278
Newbuildings	34 899	0	34 899
Long term debt to finance institutions	65 733	0	65 733
FROM CASH FLOW :			
Operating profit before depreciation, write down and profit (loss) from sales of current assets	-3 041	814	-2 227
Repayment of borrowings	-3 892	0	-3 892
Proceeds from borrowings	34 425	0	34 425
Proceeds from issue of share capital	50 341	0	50 341
Investments	-91 229	0	-91 229
Other changes, unallocated	-1 720	0	-1 720
Net change in cash, cash equivalents and bank overdrafts			**-14 302**

BUSINESS SEGMENTS

2005	Marine seismic	Offshore subsea	Total operations
PROFIT AND LOSS STATEMENT			
Revenues for external customers :			
Bareboat hire	0	518	518
Other external revenue	0	0	0
Total revenue from external customers	0	518	518
Internal transactions	0	0	
Total revenues	**0**	**518**	**518**
Segment profit (losses)	0	194	194
Unallocated revenues	0	0	0
Operating profit (losses)	0	94	194
Net financing costs			-182
Tax expenses			16
Profit (loss) for the year			**28**
SEGMENT ASSETS :			
Vessels	0	47 466	47 466
Newbuildings	0	629	629
Long term debt to financeinstitutions	0	35 200	35 200
FROM CASH FLOW :			
Operating profit before depreciation, write down and profit (loss) from sales of current assets	0	215	215
Repayment of borrowings	0	0	-
Proceeds from borrowings	0	35 200	35 200
Proceeds from issue of share capital	0	46 589	46 589
Investments	0	-48 297	-48 297
Other changes, unallocated	0	631	631
Net change in cash, cash equivalents and bank overdrafts			**34 338**

Secondary reporting format – geographical segments:
No secondary segment information has been prepared with regards to geographic areas, because the company believes that it only performs services in, and for customers in, a single geographic area, «Western Hemisphere».

NOTE 6 OTHER INCOME AND EXPENSES (USD 1000)

Government grants:
The Group has entered as income grants from Reimbursement system for Seamen. The objective of the Reimbursement system for Seaman is to secure Norwegian maritime competence and employment of Norwegian seamen, together with competitive conditions for Norwegian shipping companies compared to the conditions in other countries. The reimbursement is given to seamen on board on vessels registered in Norway and comprised by the Norwegian Act of Seamen. The seaman need to have residence in Norway and be taxable to Norway. The size of the reimbursement is determined in the annually tax resolution from the Norwegian Parliament. Crew is the basis of reimbursement.

The grant are recognised as reduction in crew expenses

	2006	2005
Recognised reimbursement in profit and loss statement	31	-

NOTE 7 PAYROLL EXPENSES, NUMBER OF EMPLOYEES, OTHER REMUNERATIONS, LOANS TO EMPLOYEES, ETC. (USD 1000)

The Group has, starting 1 January 2006, entered into a 3 year agreement with associated company GC Rieber Shipping AS regarding administrative services, including overall administration, accounting, finances, insurance and marketing/chartering of the group's vessels. GC Rieber Shipping AS will, as part of the agreement, receive a yearly fee USD 400.000 with a yearly escalation of 2 per cent. The agreement is mutual terminable with 6 months notice.

The Group has no employees, all personnel are hired from the associated companies GC Rieber Shipping AS and GC Rieber Shipping Ltd.

Payroll expenses includes wages to hired personnel on own vessels:

	2006	2005
Wages	1 468	0
Social security tax	126	0
Other social costs	757	0
Total wage costs	**2 355**	**0**
AVERAGE NUMBER OF EMPLOYEES:		
Vessels	58	0
Administration	0	0
Total	**58**	**0**
WAGE COSTS ARE PRESENTED IN THE PROFIT AND LOSS STATEMENT AS FOLLOWS :		
Crew expenses	2 355	0
Administrations expenses	0	0
Sum wage costs	**2 355**	**0**

The managing director is not employed by the company Arrow Seismic ASA. He has been contracted from the associated company GC Rieber Shipping AS. There has been no remuneration for managing director. No agreements have been entered into with the managing director or board chairman with regards to special payments upon the termination or change of their employment. In addition, there are no agreements that give employees or representatives entitlement to subscribe for or purchase or sell shares in the company.

REMUNERATION TO MANAGING DIRECTOR AND THE BOARD	2006	2005
Wages	0	0
Other payment	0	0
Paid pension contribution	0	0
Sum payment to managing director	**0**	**0**

REMUNERATION TO THE BOARD (INCLUDED IN WAGE COSTS)		
Sven Rong, chairman of the board	16	0
Arne Birkeland, board member	8	0
Jan Krokeide, board member	8	0
Eva Løkeland Lerøy, board member	8	0
Anne Marit Steen, board member	8	0
Sum remuneration to the board	**47**	**0**

AUDITOR'S FEES (EXCL. VAT)		
Auditing	96	0
Other attestation services from auditors	18	5
Total auditing	**113**	**5**
Other assistance incl. tax consulting	48	5
Total auditor's fees	**161**	**10**

NOTE 8 TAXES (USD 1000)

TAXES IN PROFIT AND LOSS STATEMENT:	2006	2005
Tax payable to Norway	653	-
Tax payable to outside Norway	0	-
Change in tax from earlier periods	0	-
Change in deferred tax for shipping taxation	0	-
Change in deferred tax	16	-16
Taxes (tax income)	**669**	**-16**

SPECIFICATION OF TAX FOR THE YEAR:		
Pre-tax profit (loss)	-5 848	-136
Of this, profit (loss) from UK companies	-8 214	-81
Pre-tax profit (loss) Norwegian company	2 328	-55
Estimated tax based on nominal rate (28%)	669	-16
Taxes (tax income)	**669**	**-16**

The Group had Norwegian tax loss carried forward at the end of 2005: TUSD 55 and this has been offset against this year's taxable profit.

The group has UK tax loss carried forward at the end of 2006 TUSD 8.214 (2005: TUSD 0), and the calculated deferred tax asset is TUSD 2.464. The deferred tax asset are not recognised for tax carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is not probable due to future tonnage taxation in UK.

For Norwegian companies a tax rate of 28 per cent is used. For UK companies the tax rate is 30 per cent. For 2006 the UK companies had taxable losses, and therefore the calculated tax is zero for 2006.

DEFERRED TAXES LIABILITIES/ASSETS	2006	2005
Tax loss carried forward of deferred tax	0	(55)
Basis for calculation	0	(55)
Tax rate	28%	28%
Deferred taxes liabilities/assets on the balance sheet	**0**	**(16)**

NOTE 9 EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit/loss that is due to the ordinary shareholders by a time-weighted average of the number of outstanding ordinary shares during the accounting period.

The company does not have any convertible loans or equity instruments and the diluted earnings per share is thus equal to the earnings per share.

	2006	2005
Net profit (basis, USD 1000)	-6561	28
Time-weighted number of shares used as basis for calculation of earnings per share:	17 437 500	10 000 000
Number of outstanding shares as of 31 December	18 500 000	10 000 000
Earnings per share (USD)	-0.376	0.003
Diluted earnings per share (USD)	-0.376	0.003

NOTE 10 PROFIT AND LOSS STATEMENT BY CATEGORY (USD 1000)

	2006	2005
Bare boat charter income	814	518
Time charter income	7 813	0
Other operating income	944	0
Total income	**9 572**	**518**
Depreciation	-5 042	-203
Other operating expenses	-5 993	-121
Operating profit (loss)	**-1 462**	**194**
Other interest income	1 330	9
Other financial income	99	14
Other interest expenses	-4 573	-204
Other financial expenses	-1 287	0
Profit (loss) before tax	**-5 893**	**12**
Taxes	-669	16
Net profit (loss) for the year	**-6 561**	**28**

NOTE 11 TANGIBLE FIXED ASSETS (USD 1000)

VESSELS AND VESSEL'S EQUIPMENT:

	Vessels	Vessel's equipment	Total
Acquisition costs as of 27 October 2005	0	0	0
+ Additions	44 204	3 327	47 531
+ Additions during the year for periodic maintenance	138	0	138
=Acquisition costs as of 31 December 2005	44 342	3 327	47 669
Accumulated depreciation and write-downs as of 27 October 2005	**0**	**0**	**0**
+ Depreciation for the year	203	0	203
=Accumulated depreciation and write-downs as of 31 December 2005	203	0	203
Carrying amount as of 31 December 2005	**44 139**	**3 327**	**47 466**
Acquisition costs as of 1 January 2006	44 342	3 327	47 669
+ Additions	40 143	8 959	49 102
+ Additions during the year for periodic maintenance	1 118	0	1 118
=Acquisition costs as of 31 December 2006	85 603	12 286	97 889
Accumulated depreciation and write-downs as of 1 January 2006	**203**	**0**	**203**
+ Depreciation for the year	3 243	0	3 243
+ Depreciation for the year for periodic maintenance	63	102	165
=Accumulated depreciation and write-downs as of 31 December 2006	3 509	102	3 611
Carrying amount as of 31 December 2006	**82 094**	**12 184**	**94 278**

Newbuildings in general are subject to a depreciation rate of 4 per cent. The book value of capitalised periodic maintenance as of 31 December 2006 was USD 1.2 million.

A depreciation rate of 5 per cent has been used for the depreciation of the investment in «Geo Atlantic» and it's equipment.

On 1 July 2006 the Group purchased the vessel «CGG Laurentian» from Laurentian Holding Ltd at the price of USD 11 million. «CGG Laurentian» is a «multistreamer» seismic vessel build in 1983, rebuilt for seismic operations in 1998 and upgraded to six streamer capacity in 2005. Compressor and winches are included in the purchase price. The vessel is depreciated on a five year straight-line basis.

On 8 December 2006 the Group purchased the vessel »Polar Explorer» (former Sophie) at the price of about USD 7 million. «Polar Explorer» is a cargo vessel built in 1992, and the Group is planning a rebuilding to 2D/Source vessel of high quality in order to meet the requirement of safety and comfort from the oil exploration industry. The vessel has not been depreciated this year since the vessel is waiting for rebuilding and is not in operations.

Arrow Seismic uses IAS 36, Impairments of Assets, for assessment of the impairment criteria for fixed assets. Appraisals have been obtained for selected ships and the ships' utility value is calculated through discounting cash flows related to use of the ships. The company has used the discounted expected future cash flow for the ships to calculate the fair value. There are no indications of impairment in value as of 31 December 2006.

NOTE 12 SHIPBUILDING CONTRACTS (USD 1000)

The group has the following ships under construction at the Spanish yard Factorias Vulcano S.A.:

BUILDING NO. 532

Contract price	EUR 75.0 million
Paid as of 31 December 2006	USD 18.2 million
Agreed financing	USD 56.8 million
Expected delivery	February 2008

Arrow Seismic will own Building no. 532 through the subsidiary Arrow Seismic Invest II Ltd.
The book value as of 31 December 2006 is USD 18.2 million.

BUILDING NO. 533

Contract price	EUR 75.0 million
Paid as of 31 December 2006	USD 16.7 million
Agreed financing	USD 56.4 million

Expected delivery November 2008
Arrow Seismic will own Building no. 533 through the subsidiary Arrow Seismic Invest III Ltd.
The book value as of 31 December 2006 is USD 16,7 million.

BUILDING NO. 534

Contract price	EUR 76.3 million
Paid as of 31 December 2006	USD 0
Estimated financing	USD 65 million
Expected delivery	April 2009

Arrow Seismic will own Building no. 534 through the subsidiary Arrow Seismic Invest V Ltd.
The book value as of 31 December 2006 is USD 0.

BUILDING NO. 535

Contract price	EUR 76.3 million
Paid as of 31 December 2006	USD 0
Estimated financing	USD 65 million
Expected delivery	November 2009

Arrow Seismic will own Building no. 535 through the subsidiary Arrow Seismic Invest VI Ltd.
The book value as of 31 December 2006 is USD 0.

NOTE 13 FINANCIAL ASSETS (USD 1000)

CONTRACT:
On 1 July 2006 the subsidiary Arrow Seismic Invest IV Ltd purchased the vessel «CGG Laurentian» time charter agreement with Compagnie Generale de Geophysique (from now on named CGG) from Laurentian Holding BV and the fair value of the contract was measured to USD 6.9 million based on the agreement. The agreement with CGG is expected to yield an annual cash flow on EBITDA basis of about USD 5.5 million to the Group and expires in August 2008. CGG has an option to exceed the terms of lease either two or three years.

The contract is depreciated on a straight-line basis over the remaining period of contract, approximately 26 months.

The agreement is measured at fair value USD 6.9 million at time of the transaction.

	CONTRACT	TOTAL 2006
COST PRICE		
Opening balance 1 January 2006	0	0
Additions	6 900	6 900
Acquisitions of subsidiaries	0	0
Disposals	0	0
Exchange differences	0	0
Disposals of subsidiaries	0	0
31 December 2006	**6 900**	**6 900**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES		
Opening balance	0	0
This year's amortisation	1 592	1 592
Impairment losses	0	0
Disposals of subsidiaries	0	0
31 December 2006	**1 592**	**1 592**
Net carrying amount	**5 308**	**5 308**

Depreciation %	26 month
Economic live	definitely
Depreciation method	straight-line

NOTE 14 INVENTORIES (USD 1000)

	2006	2005
Supplies stock (cost)	247	0
Bunkers stock (cost)	103	0
Total inventories at lower of cost and net realisable value	**350**	**0**

There has not been performed provision for impairment for the year ending 31 December 2006. There has not been performed reversing of former years impairment.

NOTE 15 TRADE RECEIVABLES AND OTHER CURRENT RECEIVABLES (USD 1000)

	2006	2005
Trade receivables	3 646	440
Internal receivables	37	0
Other current receivables	3 882	196
Sum	**7 565**	**636**

There has not been performed provisions for bad debt for the year ending 31 December 2006.

NOTE 16 BANK DEPOSITS AND CASH (USD 1000)

BANK DEPOSITS AND CASH:

	2006	2005
Cash in hand and bank deposits (net)	20 037	34 338
Cash and bank deposits	**20 037**	**34 338**

The Group has a multi currency cash pool account facility with the Nordea Bank Norge where the companies are jointly and severally liable for every position against the bank. The assets or liability against the bank are presented net in the financial statement.

Bank deposits yield interest income based on the banks' current terms at any given time. The bank deposits include a restricted deposit of about USD 5.7 million.

Short term investments in bank are performed for a period between on day and three month's, depending on the Group's cash need at any given time. Such investments yield interest income based on the bank's current term on short term investments.

NOTE 17 EQUITY (USD 1000)

Arrow Seismic ASA was incorporated on 27 October 2005 as a wholly owned subsidiary of GC Rieber Shipping ASA with a authorised share capital of USD 9.6 million (NOK 65 million) divided into 10 million shares of par value USD 0.96 (NOK 6.50).

An extraordinary General Meeting on 19 December 2005 approved to further increase the equity with USD 37.1 million (NOK 250 million) by way of increasing the authorised share capital with USD 5.2 million (NOK 35 million) increasing the par value of the 10 million shares from USD 0.96 (NOK 6.50) to USD 1.479 (NOK 10.00) and adding USD 31.9 million (NOK 215 million) to share premium reserve.

After a private placement in February 2006 of net USD 50.3 million (NOK 303 million) to supply Arrow with the required equity to finance the investments in new buildings, the authorised share capital was increased by USD 14.7 million by the creation of 8.5 million ordinary shares at USD 1.595 (NOK 10.00) each. GC Rieber Shipping ASA has a ownership interest of 54 per cent in Arrow after the private offering.

Per 31.12.06, Arrow Seismic ASA has USD 47.000 in short term debt to GC Rieber Shipping AS. Further, Arrow Seismic ASA has USD 75.000 in receivables on Arrow Seismic Invest I, Arrow Seismic Invest II og Arrow Seismic Invest III, (USD 25.000 per company) related to management fee. Arrow Seismic ASA has in 2006 paid USD 400.000 in management fee to GC Rieber Shipping ASA.

ORDINARY SHARES:

	2005	2006
NOK 10/USD 1.595 per share (2005: NOK 10/USD 1.479)	8 500 000	10 000 000

DIVIDEND:

The board of Directors have proposed not to pay any dividend for 2006.

NOTE 18 DEBT TO CREDIT INSTITUTIONS (USD 1000)

THE GROUP'S LONG-TERM LIABILITIES BROKE DOWN AS FOLLOWS AT THE END OF 2006:

LONG-TERM LIABILITIES	EFFECTIVE INTEREST RATE	MATURITY	BALANCE SHEET 2006	BALANCE SHEET 2005
Mortgage loan				
Arrow Seismic Invest I Ltd	USD LIBOR + 0.90 %	11/2015	52 908	35 200
Mortgage loan				
Arrow Seismic Invest IV Ltd	USD LIBOR + 0.90 %	9/2011	12 825	-
Total long-term liabilities			**65 733**	**35 200**

THE INSTALMENT SCHEME FOR THE GROUP'S LONG-TERM LIABILITIES AT THE END OF 2006 WAS AS FOLLOWS:

	ARROW SEISMIC GROUP
Maturity in 2007	7 844
Maturity in 2008	7 844
Maturity in 2009	7 844
Maturity in 2010	7 844
Maturity later	34 357
Total interest-bearing debt	**65 733**

First year's instalments on long-term loans are classified as current liabilities in the balance sheet.

The group's long-term liabilities are denominated in USD.
In accordance with the group's loan agreements:
- the group's book equity ratio shall be a minimum of 30 per cent.

- the group's working capital shall at all times be minimum NOK 50 million
- the group's minimum free and available cash shall at minimum be equal to next 12 months ordinary instalments

NOTE 19 TRADE PAYABLES AND OTHER CURRENT LIABILITIES (USD 1000)

	2006	2005
Liabilities to financial statements	7 844	5 144
Trade payables	4 680	922
Tax payables	667	52
Internal payables	267	0
Other current liabilities	663	291
Total current liabilities	**14 121**	**6 409**

NOTE 20 LEASES (USD 1000)

THE GROUP AS A LESSEE:
The Group has no such agreements as of 31 December 2006

THE GROUP AS A LESSOR:
Financial leases: The Group has no such agreements as of 31 December 2006.

Operating leases: «Geo Atlantic» is out on hire to Fugro Geoteam AS on a time charter agreement for a fixed period of seven years with 2x2 years options for further use.

«GCC Laurentian» is out on hire to CGG on a time charter agreement until August 2008 with an option to extend the charter party for either two or three years.

THE CARRYING AMOUNT OF ASSETS LEASED TO OTHERS UNDER OPERATING LEASES IS AS FOLLOWS:

	2006	2005
«Geo Atlantic»	66 310	44 342
«GCC Laurentian»	11 000	0
Sum	**77 310**	**44 342**
Accumulated depreciation	3 509	203
Net carrying amount	**73 801**	**44 139**

OVERVIEW OF FUTURE MINIMUM LEASE PAYMENTS FOR THE FIXED PERIOD:

	2006
Next 1 year	22 574
1 to 5 years	60 723
After 5 years	25 245
Future minimum lease payments	**108 542**

LEASES TO BE AGREED UPON IN 2007:
The Group has entered into future hire contracts regarding the new buildings number 532, 533 and a letter of intent for 534.

The Group has entered into an agreement with WesternGeco regarding new building number 532 for a fixed period of three years whereupon WesternGeco has an obligation to purchase the vessel. The total value of the charter hire from the fixed charter and the purchase price is between USD 145 million to USD 158 million depending upon actual timing of payment.

Further, the Group has agreed to enter into a firm charter with WesternGeco for new building 533 for a fixed period of six years whereupon WesternGeco has an obligation to purchase the vessel. The total value of the charter hire from the fixed charter and the purchase price is about USD 193 million. The actual amount in USD will be agreed upon during 1st half of 2007 based on development in the EUR/USD exchange rate.

The Group has entered into a non binding Letter of Intent with CGG for new building number 534. The Letter of Intent describes an agreement between the parties to enter into a firm twelve year bare boat charter for the vessel including insea seismic equipment, whereupon the continuation will be regulated by a put/call option.

NOTE 21 RELATED PARTIES (USD 1000)

The Group is controlled by GC Rieber Shipping ASA (incorporated in Norway), which owns 54% of the Company's shares. The remaining 46% of the shares are widely held. The ultimate parent of the Group is GC Rieber AS (a private company incorporated in Norway).

THE 20 LARGEST SHAREHOLDERS IN ARROW SEISMIC ASA AS OF 31 DECEMBER 2006:

NAME	SHARES	% OF SHARES
GC Rieber Shipping ASA	10 000 000	54.1 %
ODIN Offshore	1 136 600	6.1 %
Storebrand Livsforsikring AS	804 332	4.3 %
State Street Band and Trust Co	560 000	3.0 %
A/S ODIN	549 000	3.0 %
DZ Bank International S.A.	500 000	2.7 %
Selvaag Invest AS	456 700	2.5 %
Brown Brothers Harriman & Co	300 000	1.6 %
Holberg Norden	211 000	1.1 %
Norus AS	210 000	1.1 %
Grieg Shipping II AS	205 500	1.1 %
Tom Hagen Funds AS	185 000	1.0 %
Holberg Norge	182 000	1.0 %
Sundt AS	178 500	1.0 %
Jansi AS	160 000	0.9 %
Storkleiven AS	132 000	0.7 %
Grieg Athena AS	132 000	0.7 %
Borea Noterte II AS	124 800	0.7 %
Næringslivets Hovedorganisasjon	117 000	0.6 %
Griffin Umbrella Fund Plc	110 000	0.6 %

Shares owned or controlled by member of the board or the managing director:

Name	Shares
Sven Rong, chairman	30 000
Jan Svein Krokeide, board member	4 000
Anne Marit Steen, board member	4 000
Arne Birkeland, board member	5 000
Hans Petter Amundsen Klohs, mng. director	12 000

KEY MANAGEMENT COMPENSATION:
Management in the Group consists of Hans Petter Amundsen Klohs (CEO Arrow Seismic ASA) and Mark Ashton-Taylor (CEO Arrow UK Group). No compensation to the management has been paid, but these services are included in the management fee from GC Rieber Shipping AS and GC Rieber Shipping Ltd (see note 7).

THE FOLLOWING TRANSACTIONS WERE CARRIED OUT WITH RELATED PARTIES:
Transactions with the parent company: There has been no such transactions during the year ending 31 December, 2006.

Transactions with subsidiaries: The Group has paid management fee to the associated company GC Rieber Shipping AS according to an agreement regarding administrative services, including overall administration, accounting, finances, insurance and marketing/chartering of the group's vessels (see note 7). In addition, the Group has paid USD 427 500 to the associated company GC Rieber Shipping AS according to an agreement regarding project management and building supervision for the new buildings 532 and 533 due for delivery in 2008. In addition, the Group has paid USD 75 000 to the associated company GC Rieber Shipping AS according to a ship management agreement with Arrow Seismic Invest I Ltd for the vessel «Geo Atlantic» and USD 262 500 to the associated company GC Rieber Shipping Ltd according to a ship management agreement with Arrow Seismic Invest IV Ltd for the vessel «CGG Laurentian».

	2006	2005
Management fee	1 217	0
Trade receivables	37	0
Trade payables	-267	-15
Sum (net)	-230	-15

Transactions with the management in the company or the parent company: There has been no such transactions during the year ending 31 December 2006.

Transactions with other related parties: There has been no such transactions during the year ending 31 December 2006.

NOTE 22 FINANCIAL INSTRUMENTS

The group's operations are exposed to various risks, such as credit, liquidity, interest rate, currency and bunker risks. The group makes use of derivatives to reduce its risks. The operative risk management is performed by the finance department of GC Rieber Shipping AS (as per agreement of administrative services) and regular reports are made to the board of directors.

The Group has decided not to use hedge accounting according to IAS 39, Financial Instruments; Recognition and measurement. Derivative financial instruments which are not classified as hedge instruments, are classified as fair value through profit or loss and are measured at fair value. Changes in fair value are recognised in profit and loss.

CREDIT RISK
The group does not have any significant credit risks related to an individual contracting party or multiple contracting parties that can be regarded as a group due to similarities in the credit risk. The group has guidelines to ensure that agreements to lease vessels beyond a certain duration are entered into with customers who have not had any significant payment problems earlier. The group seeks to achieve parent company guarantees from the charterer of vessels for their obligations under the lease agreement.

The group has not furnished any guarantees for third-party liabilities.

The maximum risk exposure is represented by the book value of the financial assets, including derivatives, in the balance sheet. Since banks are normally the contracting party in derivate trades the credit risk related to derivatives is deemed to be low. The group considers therefore its maximum risk exposure to be the book value of receivables (note 17) from customers and other current assets.

INTEREST RATE RISK
The group assesses on a continuous basis how much of its exposure to interest rate fluctuations shall be hedged. Several types of interest rate derivatives are considered in this connection, primarily interest rate swaps and FRA's to secure changes in the interest rates. As of 31 December 2006, there were no agreements to hedge interest rates in effect. The average interest rates of interest on financial instruments were as follows:

	2006	2005
Interest bearing investments LIBOR/USD	4.55%	3.80%
Interest bearing investments NIBOR/NOK	2.50%	1.85%
Loans secured by collateral	6.02%	5.30%

Based on the financial instruments assets and interest-rate swap agreements that existed as at 31 December 2006, a general increase of 1% in the interest rate level will reduce the Group's profit by TUSD 205 (2005: TUSD 0).

The table shows the carrying amount for the Group's financial instruments which are exposes of interest rate risk:

At 31 December 2006	Remaining period					
	LESS THAN 1YEAR	1-2 YEARS	2-3 YEARS	3-4 YEARS	MORE THAN 5 YEARS	TOTAL
FLOATING INTEREST RATE						
Cash	20 037	-	-	-	-	20 037
Bank loan - secured	7 844	7 844	7 844	7 844	34 357	65 733
At 31 December 2005						
FLOATING INTEREST RATE						
Cash	34 338	-	-	-	-	34 338
Overdraft facility	-	-	-	-	-	-
Bank loan - secured	5 144	5 144	5 144	5 144	14 624	35 200

LIQUIDITY RISK

The group's strategy is to have adequate liquidity in the form of bank deposits, interest-bearing securities so that the operations and ongoing investments of a moderate size can be financed at any given time. Surplus liquidity is mainly invested in short term bank deposits.

BUNKERS RISK

The group does not normally have any exposure to bunker price fluctuations since this risk lies with the charter. The group has therefore not entered into any agreements to hedge bunker price fluctuation risks.

FOREIGN CURRENCY RISK

The group's revenues are in USD, while parts of the operating and administrative expenses are in NOK and GBP. To reduce the group's foreign currency exposure, the group's debt is in USD. A continuous ongoing assessment is made of the hedging of the expected future net cash flow in USD and other relevant currencies. Hedging is achieved primarily by entering into forward contracts or purchasing currency options .

At 31 December 2006 the group held forward currency contracts in EUR/USD and EUR/NOK as hedge of contractual future expenses in EURO regarding new buildings.. The terms of the forward contracts are as follows:

	AMOUNT (EURO 1000)	MATURITY	AVERAGE FORWARD RATE
Buy EUR/NOK	11 492	2007	8.0061
Sell EUR/NOK	-11 492	2007	8.1498
Buy EUR/USD	46 624	2007	1.3084
Sell EUR/USD	-46 624	2007	1.3258
Buy EUR/USD	46 509	2007	1.3243
Buy EUR/USD	56 514	2008	1.3385
Buy EUR/USD	24 341	2009	1.3540

The forward currency contracts are measured at fair value.

DETERMINATION OF FAIR VALUE:

The fair value of financial assets classified as «available for sale» and «financial assets at fair value through profit or loss» is determined as the price quoted on the stock exchange at the balance sheet date.

The fair value of forward exchange contracts is determined using the forward exchange rate at the balance sheet date. The fair value of currency swaps is determined by the present value of future cash flows. The fair value of options is determined using option pricing models. For all the abovementioned derivatives, the fair value is confirmed by the financial institution with which the company has entered into the contracts.

The following of the company's financial instruments are not measured at fair value: cash and cash equivalents, trade receivables, other current receivables, overdraft facilities, trade payables, long-term debts and «hold-to-maturity» investments.

The carrying amount of cash and cash equivalents and overdraft facilities is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the book value of trade receivables and trade payables is approximately equal to fair value since they are entered into on «normal» terms and conditions.

The fair value of long-term debt is calculated using listed stock exchange prices or using the interest terms for debts with a corresponding term to maturity and credit risk.

The fair value of financial assets and liabilities recognised at their carrying amount is calculated as the present value of estimated cash flows discounted by the interest rate that applies to corresponding liabilities and assets at the balance sheet date. This applies to deposits to lessors under operating leases (note 21) and liabilities resulting from finance leases (note 21).

The fair value of «hold-to-maturity» investments (with the exception of deposits mentioned above) is determined using available market prices.

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments:

	2006		2005	
	Book value	Fair value	Book value	Fair value
FINANCIAL ASSETS				
Cash	20 037	20 037	34 338	34 338
Trade receivables	3 646	3 646	440	440
Other current receivables	3 882	3 882	167	167
Forward currency agreement	1 346	1 346	29	29
FINANCIAL LIABILITIES				
Trade payables	4 680	4 680	922	922
Other current payables	1 639	1 639	291	291
Forward currency agreement	389	389	0	0
INTEREST BEARING DEBT				
Bank loan	65 733	65 733	35 200	35 200

NOTE 23 FOREIGN EXCHANGE RATES

EXCHANGE RATES AGAINST USD	31 DEC 2006	AVERAGE EXCHANGE RATES 2006	31 DEC 2005
NOK 100	6.27	6.41	6.76
Euro	1.32	1.26	1.19
Pund Sterling	1.96	1.84	1.73

NOTE 24 EXCHANGE DIFFERENCES (USD 1000)

The Group has USD as presentation currency. The parent company Arrow Seismic ASA has NOK as functional currency, whereas the UK subsidiaries have all USD as functional currency

There has not been any change in the functional currency for the parent company or any of the subsidiaries.

Exchange differences recognised in profit and loss are as follows:

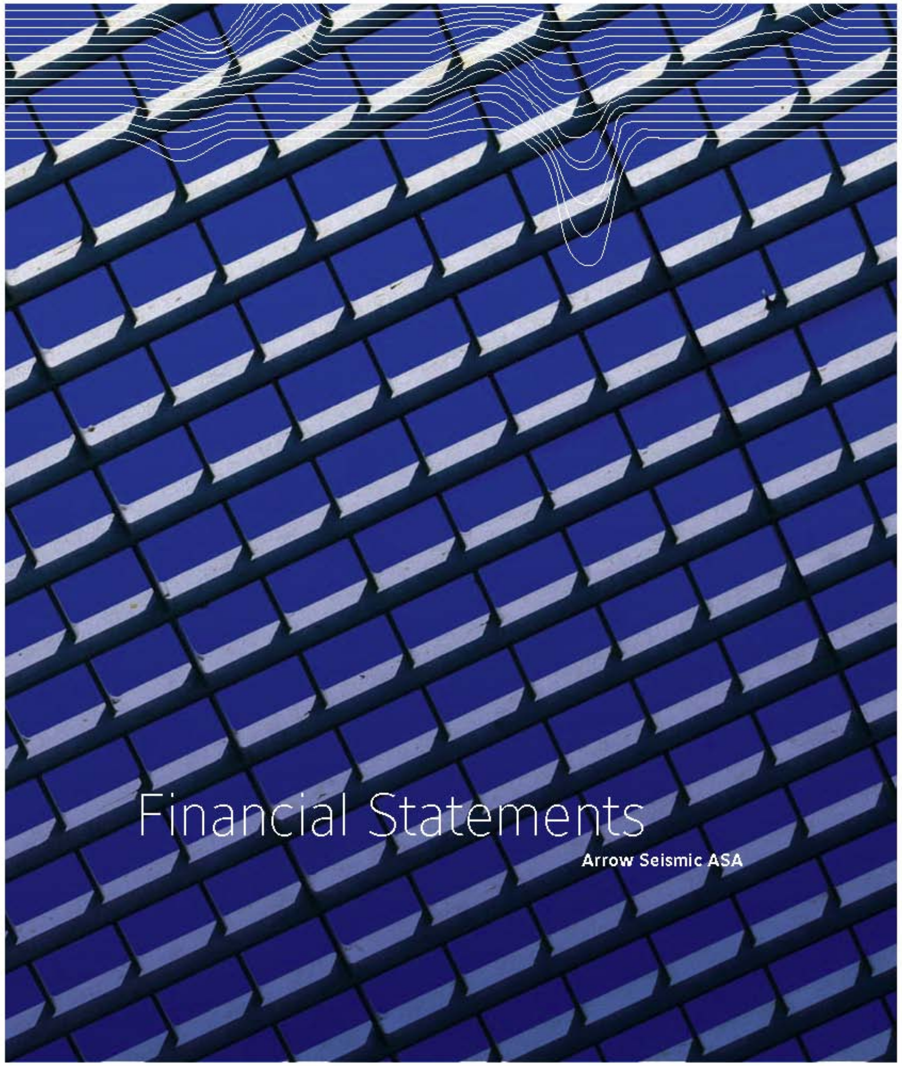
	2006	2005
Realized currency gain (losses)	99	-1
Unrealized currency gains (losses)	-2 264	-147
Sum currency gains (losses)	**-2 165**	**-148**

NOTE 25 CONTINGENT ASSETS AND LIABILITIES (USD 1000)

The Group is in progress with an arbitration case against Drammen Skipsreparasjon AS which was responsible for rebuilding the «Geo Atlantic». During the rebuilding the Group decided to change the shipbuilding yard due to major delays and continued lack of progress. The board of directors reject the claim of NOK 38 million from Drammen Skipsreperasjon AS since they believe that the claim is not justified. The arbitration case is set to June 2007.

NOTE 26 EVENTS AFTER THE BALANCE SHEET DATE

The Group has (in December 2006) entered into a firm agreement to purchase the vessel «Karin B» with delivery in 1st quarter 2007. The vessel will be recognised in the balance sheet in1st quarter of 2007 as the transfer of risk and reward will take place after year end. In January 2007 the Group entered into a similar firm agreement to purchase the vessel «Lisbeth C». The vessels which are built in 1993 are both sister vessels of «Polar Explorer» which was bought in December 2006. The vessels will be purchased for about USD 7 million per vessel and is planned converted to 2D/Source vessels.



Profit and Loss Statement

Arrow Seismic ASA

USD 1000	Notes	2006	2005
OPERATING INCOME			
Other operating income		75	0
Total operating income		*75*	*0*
OPERATING EXPENSES			
Crew and catering expenses		(47)	0
Administration expenses	3	(712)	(67)
Total operating expenses		*(758)*	*(67)*
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets		**(683)**	**(67)**
Depreciation		0	0
Operating profit		**(683)**	**(67)**
FINANCIAL INCOME AND EXPENSES			
Financial income		3 409	9
Financial expenses		(346)	0
Realized currency gains (losses)		701	0
Unrealized currency gains (losses)		(694)	0
Net financial income and expenses		*3 070*	*9*
Profit before taxes		**2 387**	**(58)**
Taxes	8	(669)	16
NET PROFIT		**1 719**	**(42)**

Balance Sheet

Arrow Seismic ASA

USD 1000	Notes	31.12.2006	31.12.2005
ASSETS			
FIXED ASSETS			
Deferred tax asset		0	15
Total intangible fixed assets		*0*	*15*
Total fixed assets		**0**	**15**
CURRENT ASSETS			
Accounts receivables		77	0
Receivables from subsidiaries	6	60 631	13 607
Other current assets		2 256	14
Total debtors		*62 964*	*13 621*
Cash and bank deposits		*36 468*	*32 977*
Total current assets		**99 432**	**46 599**
TOTAL ASSETS		**99 432**	**46 614**
EQUITY AND LIABILITIES			
EQUITY			
Share capital (10,000,000 shares at NOK 10)	6, 7	29 511	14 790
Share premium reserve	6	67 419	31 799
Total restricted equity		*96 930*	*46 589*
Exchange differences result	6	39	2
Other equity		1 676	(42)
Total retained earnings		*1 715*	*(40)*
Total equity		**98 645**	**46 550**
LIABILITIES			
Accounts payable		73	65
Tax payable		667	0
Liabilities to parent company	6	47	0
Total current liabilities		*787*	*65*
Total liabilities		**787**	**65**
TOTAL EQUITY AND LIABILITIES		**99 432**	**46 614**

Bergen, 14 February 2007
The Board of Directors of Arrow Seismic ASA

Sven Rong
Chairman

Arne Birkeland
Board Member

Jan Krokeide
Board Member

Eva Løkeland Lerøy
Board Member

Anne Marit Steen
Board Member

Hans Petter Amundsen Klohs
Managing director

Statement of changes in equity

Arrow Seismic ASA

USD 1000	Share capital	Share premium reserve	Other equity	Total equity
Opening balance 27 October 2005	9 614	0	0	9 614
Capital increase 19 December 2005	5 177	31 799	0	36 976
Foreign currency translation long term liabilities and other cash equivalents			2	2
Total income and expense recognised directly in equity	*14 790*	*31 799*	*2*	*46 592*
Profit for the year	0	0	(42)	(42)
Total income and expense	*14 790*	*31 799*	*(40)*	*46 550*
Balance at 31 December 2005	**14 790**	**31 799**	**(40)**	**46 550**
Balance at 1 January 2006	14 790	31 799	(40)	46 550
Capital increase 17 February 2006	14 720	35 620	0	50 341
Foreign currency translation long term liabilities and other cash equivalents	0	0	36	36
Total income and expense recognised directly in equity	*29 511*	*67 419*	*(4)*	*96 926*
Profit for the year	0	0	1 719	193 853
Total income and expense	*29 511*	*67 419*	*1 715*	*98 645*
Balance at 31 December 2006	**29 511**	**67 419**	**1 715**	**98 645**

Cash flow statement

Arrow Seismic ASA

USD 1000	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	2 387	(58)
Unrealized currency losses (gains)	39	2
Change in accounts receivables	(77)	0
Change in accounts payable	8	65
Change in current liabilities	47	0
Change in other current assets and other liabilities	(2 231)	(13)
Net cash flow from operating activities	**173**	**(5)**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Net cash flow from investment activities	0	0
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	50 341	46 589
Loan to subsidiary	(47 024)	(13 607)
Net cash flow from financing activities	**3 317**	**32 982**
Net change in bank deposits, cash and quoted financial investments	3 490	32 977
Bank deposits, cash and quoted financial investments at 01.01	32 977	0
Bank deposits, cash and quoted financial investments at 31.12.	**36 468**	**32 977**

Notes

Arrow Seismic ASA

NOTE 1 COMPANY INFORMATION

Arrow Seismic ASA is a listed public limited company registered in Norway. The company's head office is located at Solheimsgaten 13, 5058 Bergen, Norway. The company was incorporated on 27 October 2005. The stock is listed on OTC. OTC is a list of companies in Norway for trading purposes.

The annual accounts were approved for publication by the board of directors on 14 February 2007.

NOTE 2 ACCOUNTING PRINCIPLES

The annual accounts have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles. The accounting principles applied are described below.

CLASSIFICATION OF ASSETS AND LIABILITIES ON THE BALANCE SHEET

Assets intended for permanent ownership or use and receivables that mature later than one year after the end of the accounting period are identified as fixed assets. Other assets are classified as current assets. Liabilities that mature later than one year after the end of the accounting period are classified as long-term liabilities. Other liabilities are classified as current liabilities. The first year's instalments on long-term loans are classified as part of the long-term liabilities, but are specified in the accompanying notes.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Receivables and liabilities in foreign currencies are recorded at the exchange rate in effect at the balance sheet date. Realised and unrealised losses and gains are classified as financial items.

FINANCIAL INSTRUMENTS

The accounting of financial instruments is determined by the intentions on which these contracts are based. The contracts are defined either as hedging transactions or commercial transactions when they are executed. If the contracts are classified as hedging transactions, then the income/expenses will be accrued and classified in the same manner as the underlying balance sheet items.

BORROWING COSTS

Borrowing costs are capitalised and charged against income linearly over the term of the loan.

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Investments in subsidiaries and associated companies are valued in accordance with the cost method.

ACCOUNTS RECEIVABLE

Accounts receivable are valued at the lower of their nominal or fair value.

SHARES AND OTHER SECURITIES

Financially motivated investments in shares, bonds and other securities that are included in a trading portfolio are classified as current assets and assessed at fair value at the balance sheet date.

Shares classified as fixed assets that are not regarded as associated companies are strategic investments where the group does not have a significant influence. These shareholdings are valued at cost price, or possibly at the fair value when the impairment in value is not of a temporary nature.

CONTINGENT LIABILITIES

Contingent losses are charged in the profit and loss statement if they are probable and quantifiable. Contingent gains that are probable and contingent losses that are less probable are not recorded in the profit and loss statement, but they are disclosed in the directors' report or the accompanying notes.

TAXES

Taxes in the profit and loss statement consist of the period's taxes payable and changes in deferred tax. Deferred tax is calculated using 28% of the basis of temporary differences that exist between book values and tax values, and taxable loss to be carried forward at year end. Tax increasing and tax reducing temporary differences, of which reverse or can reverse in the same period, are assessed and recorded net.

NOTE 3 PAYROLL EXPENSES, NUMBER OF EMPLOYEES, REMUNERATIONS TO BOARD AND AUDITOR

The company has no employees. The managing director has been contracted from the associated company GC Rieber Shipping AS. There has been no remuneration paid for the managing director. No agreements have been entered into with the managing director or board chairman with regards to special payments upon the termination or change of their employment. In addition, there are no agreements that give employees or representatives entitlement to subscribe for or purchase or sell shares in the company.

Total remuneration to the Board in 2006 was USD 47 000 (2005: USD 0,-).

Total fees to the auditors in 2006 was USD 37 040, whereof USD 20 283 relates to auditing and USD 16 757 to other attestation services.

NOTE 4 OTHER EXPENSES (USD 1000)

OTHER EXPENSES	2006	2005
Management fee til to GC Rieber Shipping AS	401	0
Legal fees	196	53
Other consulting fees	44	13
Other expenses	71	0
Total	**712**	**67**

NOTE 5 INVESTMENTS IN SUBSIDIARIES

COMPANY	BUSINESS OFFICE	OWNER'S SHARE	BOOKVALUE 31.12.06
Arrow Seismic Invest I Ltd.	Great Britain	100%	0
Arrow Seismic Invest II Ltd.	Great Britain	100%	0
Arrow Seismic Invest III Ltd.	Great Britain	100%	0
Arrow Seismic Invest IV Ltd.	Great Britain	100%	0
Arrow Seismic Invest V Ltd.	Great Britain	100%	0
Arrow Seismic Invest VI Ltd.	Great Britain	100%	0
Arrow Seismic Ltd.	Great Britain	100%	0

NOTE 6 EQUITY / RELATED PARTIES (USD 1000)

	SHARE CAPITAL	SHARE PREMIUM	OTHER EQUITY	TOTAL
Equity 01.01.06	14 790	31 799	-40	**46 550**
Share issue 17.02.06	14 721	35 620	0	**50 341**
Translation difference	0	0	36	**36**
Net profit for the year	0	0	1 719	**1 719**
Equity 31.12.06	**29 511**	**67 419**	**1 718**	**98 645**

Arrow Seismic ASA was incorporated on 27 October 2005 as a wholly owned subsidiary of GC Rieber Shipping ASA with a authorised share capital of USD 9.6 million (NOK 65 million) divided into 10 million shares of par value USD 0.96 (NOK 6.50).

An extraordinary General Meeting on 19 December 2005 approved to further increase the equity with USD 37.1 million (NOK 250 million) by way of increasing the authorised share capital with USD 5.2 million (NOK 35 million) increasing the par value of the 10 million shares from USD 0.96 (NOK 6.50) to USD 1.479 (NOK 10.00) and adding USD 31.9 million (NOK 215 million) to share premium reserve.

After a private placement in February 2006 of net USD 50.3 million (NOK 303 million) to supply Arrow with the required equity to finance the investments in new buildings, the authorised share capital was increased by USD 14.7 million by the creation of 8.5 million ordinary shares at USD 1.595 (NOK 10.00) each. GC Rieber Shipping ASA has a ownership interest of 54 per cent in Arrow after the private offering.

Per 31.12.06, Arrow Seismic ASA has USD 47 000 in short term debt to GC Rieber Shipping AS. Further, Arrow Seismic ASA has USD 75 000 in receivables on Arrow Seismic Invest I, Arrow Seismic Invest II og Arrow Seismic Invest III, (USD 25 000 per company) related to management fee. Arrow Seismic ASA has in 2006 paid USD 401 000 in management fee to GC Rieber Shipping ASA.

Arrow Seismic ASA has provided short term loans and guarantees to 100 % owned subsidiaries. All agreements are based on arms length principles. There has been no other transaction between related parties in 2006, with the exception of allocation of common expenses between the subsidiaries.

NOTE 7 SHARE CAPITAL

Share capital and shareholder information

NUMBER OF SHARES	PAR VALUE	BOOK VALUE
18 500 000	USD 1.6	29 511 000

The 20 largest shareholders in Arrow Seismic ASA as of 31 December 2006:

NAME	SHARES	% OF SHARES
GC Rieber Shipping ASA	10 000 000	54.1 %
ODIN Offshore	1 136 600	6.1 %
Storebrand Livsforsikring AS	804 332	4.3 %
State Street Band and Trust Co	560 000	3.0 %
A/S ODIN	549 000	3.0 %
DZ Bank International S.A.	500 000	2.7 %
Selvaag Invest AS	456 700	2.5 %
Brown Brothers Harriman & Co	300 000	1.6 %
Holberg Norden	211 000	1.1 %
Norus AS	210 000	1.1 %
Grieg Shipping II AS	205 500	1.1 %
Tom Hagen Funds AS	185 000	1.0 %
Holberg Norge	182 000	1.0 %
Sundt AS	178 500	1.0 %
Jansi AS	160 000	0.9 %
Storkleiven AS	132 000	0.7 %
Grieg Athena AS	132 000	0.7 %
Borea Noterte II AS	124 800	0.7 %
Næringslivets Hovedorganisasjon	117 000	0.6 %
Griffin Umbrella Fund Plc	110 000	0.6 %

Shares owned or controlled by member of the Board or the managing director:

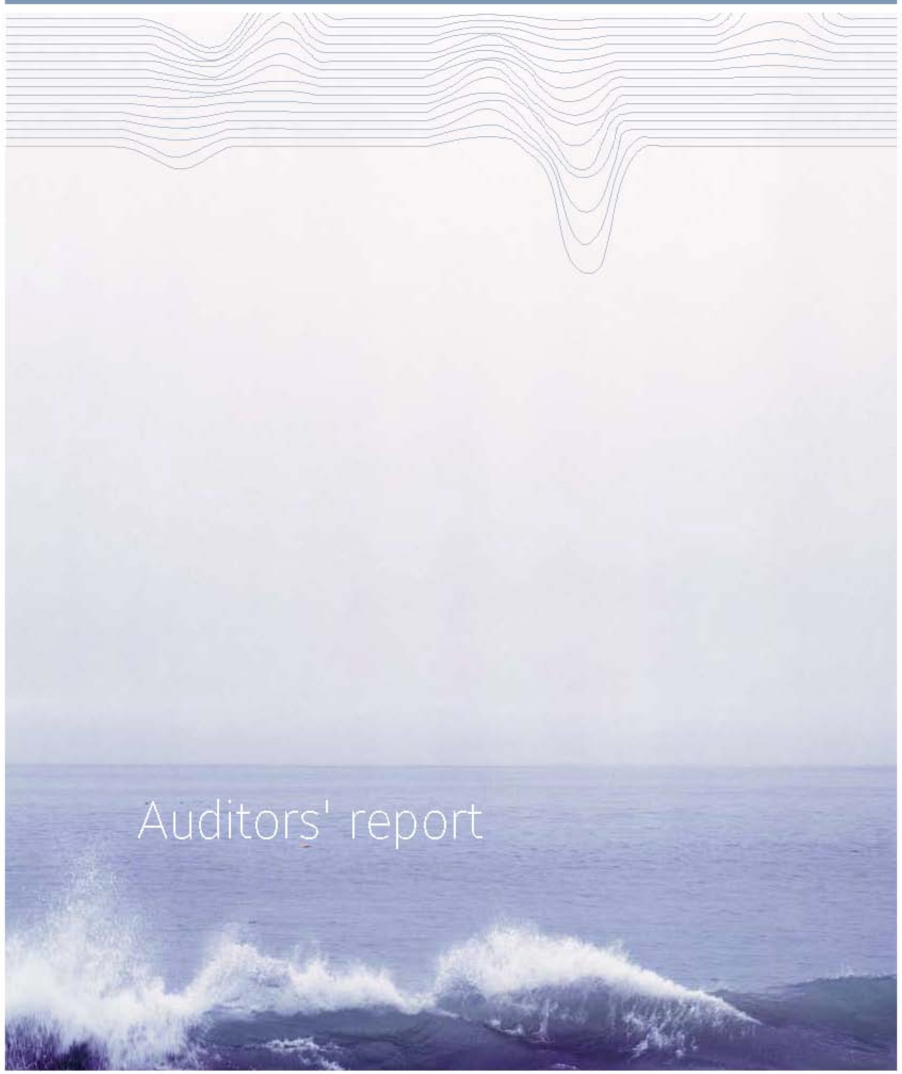
NAME	SHARES
Sven Rong, chairman	30 000
Jan Svein Krokeide, board member	4 000
Anne Marit Steen, board member	4 000
Arne Birkeland, board member	5 000
Hans Petter Amundsen Klohs, mng. director	12 000

NOTE 8 TAXES (USD 1000)

	2006	2005
Pre-tax profit	2 387	-58
Use of taxable loss carried forward	-58	
Tax base for the financial year	**2 332**	**-58**
Tax payable on income (28%)	**653**	**-**
TAXES FROM PROFIT & LOSS STATEMENT		
Tax payable to Norway	653	-
Change in deferred tax	16	-16
Taxes (tax income)	**669**	**-16**
RECONCILIATION OF CURRENT YEAR'S TAXES		
Pre-tax profit	2 387	-58
Calculated tax using nominal tax rate (28%)	668	-16
Taxable loss carried forward	-16	-
Taxes (tax income)	**653**	**-16**
DEFERRED TAX LIABILITIES / ASSETS		
Taxable loss carried forward	-	-58
Tax base for the financial year	**-**	**-58**
Tax rate	28%	28%
Deferred tax liabilities/assets on the balance sheet	**-**	**16**

NOTE 9 CASH AND BANK DEPOSITS

The company has no restricted bank deposits (tax withheld).



Auditors' report

To the General Meeting of
Arrow Seismic ASA

AUDITOR'S REPORT FOR 2006

We have audited the annual financial statements of Arrow Seismic ASA as of 31 December 2006, showing a profit of NOK 11,020,932 for the Parent Company and a loss of USD 6,561,000 for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet, the statements of income and cash flows, the statement of equity and the accompanying notes. The financial statements of the Group comprise the balance sheet, the statements of income and cash flows, the statement of equity and the accompanying notes. The regulations of the Norwegian Accounting Act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the Parent Company. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the Group. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the Parent Company are prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the Company as of 31 December 2006, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the financial statements of the Group are prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2006, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU
- the Company's management has fulfilled its duty to properly record and document the Company's accounting information as required by law and bookkeeping practice generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with law and regulations.

Bergen, 14 February 2007
ERNST & YOUNG AS

Eirik Moe
State Authorised Public Accountant (Norway)
(sign)

Note: The translation to English has been prepared for information purposes only.

4 NEWBUILDINGS «nb 532, 533, 534, 535»

Arrow has ordered four state-of-the-art purpose-built high capacity seismic new buildings for delivery in 2008/09. The new buildings will be constructed at Factorias Juliana in Gijon (Spain) and are designed for optimal high capacity (12-16 streamer) marine seismic operations with a strong focus on safety, fuel efficiency and a high transit speed. The vessel has an overall length of 102 m and a maximum breadth of 19 m.

3 2D/SOURCE «Polar Explorer», «Polar Pearl» and «Polar tbn»

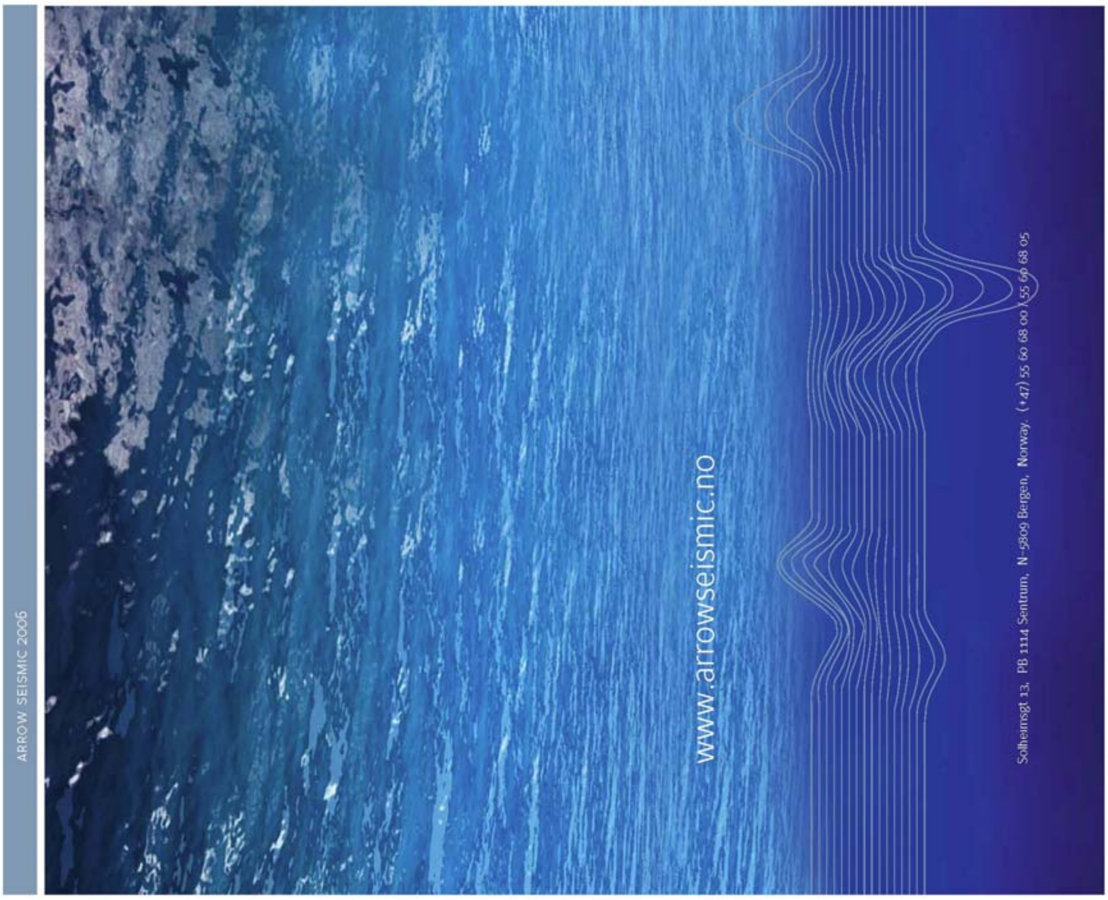
Arrow has recently purchased the 1993 built cargo vessels «Polar Explorer», «Polar Pearl» and «Polar tbn» and is planning to convert and renew the vessels to state-of-the-art 2D/Source vessels of high standard in order to meet the requirement of safety and comfort from the oil exploration industry. The vessel has an overall length of 92 m and a maximum breadth of 17 m.

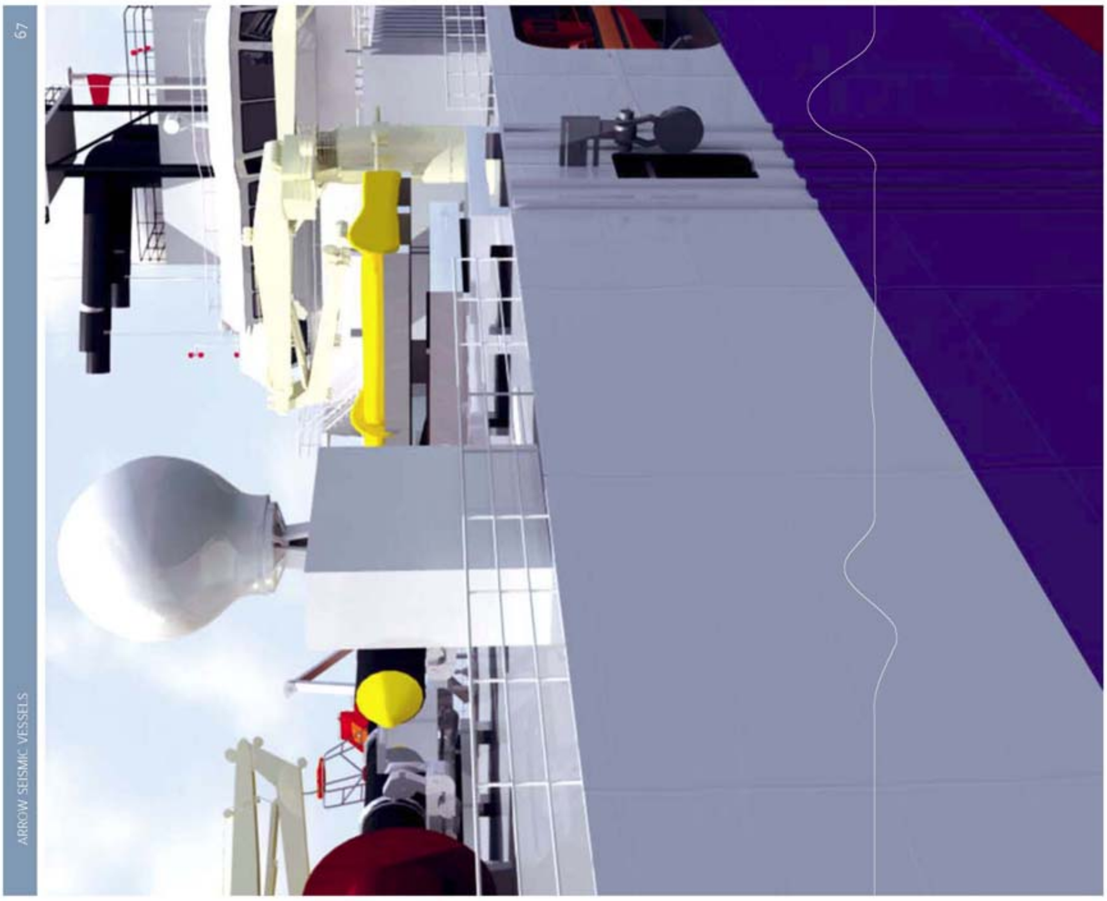
GEO ATLANTIC

Arrow acquired the «Geo Atlantic» in November 2005. The vessel was in 2006 converted into a state-of-the-art high capacity 3D/4D seismic vessel. The vessel is capable of deploying 10 streamers and dual sources. The vessel has an overall length of 121 m and a maximum breadth of 26 m.

CGG LAURENTIAN

Arrow acquired the "CGG Laurentian" in July 2006. The vessel is a multistreamer seismic vessel built in 1983, converted to seismic in 1998 and upgraded to six streamer capacity in 2005. The vessel has an overall length of 84 m and a maximum breadth of 17 m.


ARROW SEISMIC 2006
www.arrowseismic.no
Solheimsgt 13, PB 1114 Sentrum, N-5809 Bergen, Norway. (+47) 55 60 68 00 \ 55 60 68 05


ARROW SEISMIC VESSELS
67

APPENDIX 3: ANNUAL REPORT 2006 FOR THE PARENT COMPANY ARROW SEISMIC ASA

Arrow Seismic ASA

Profit and Loss Statement

NOK 1000	Note	12/31/2006	27.10.2005-31/12/2005
OPERATING INCOME			
Charter income		0	0
Charter income bare boat		0	0
Voyage expenses		0	0
Total income on Time Charter basis		0	0
Other operating income		483	0
Total operating income		483	0
OPERATING EXPENSES			
Vessel operating expenses		0	(0)
Crew and catering expenses		(300)	0
Administration expenses	2	(4,562)	(429)
Total operating expenses		(4,862)	(429)
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets		**(4,379)**	**(429)**
Depreciation		0	0
Write-down		0	0
Gains (losses) on sale of fixed assets		0	0
Operating profit		**(4,379)**	**(429)**
FINANCIAL INCOME AND EXPENSES			
Income from subsidiaries		0	0
Income (loss) from investing in associated company		0	0
Financial income		21,860	56
Financial expenses		(2,219)	0
Changes in market value of financial current assets		0	0
Realized currency gains (losses)		4,496	0
Unrealized currency gains (losses)		(4,450)	0
Net financial income and expenses		19,687	56
Profit before taxes		**15,308**	**(373)**
Taxes		(4,287)	104
Profit before extraordinary items		**11,021**	**(269)**
EXTRAORDINARY INCOME AND EXPENSES			
Extraordinary income		0	0
Extraordinary expenses		0	0
Total extraordinary income and expenses		0	0
Taxes on extraordinary result		0	0
NET PROFIT		**11,021**	**(269)**
Earnings per share		0.632	(0.027)
Diluted earnings per share		0.632	(0.027)

Arrow Seismic ASA

Balance sheet

NOK 1000	Note	12/31/2006	12/31/2005
ASSETS			
FIXED ASSETS			
Deferred tax asset	6	0	104
Total intangible fixed assets		0	104
Vessels	8	0	0
Newbuilding contracts	9	0	0
Machinery and equipment		0	0
Total tangible fixed assets		0	0
Investments in subsidiaries		0	0
Investments in associated companies		0	0
Other long-term receivables		0	0
Total financial fixed assets		0	0
Total fixed assets		**0**	104
CURRENT ASSETS			
Stores		0	0
Total Inventories		0	0
Accounts receivables		483	0
Receivables from subsidiaries		380,087	92,000
Other current assets		14,145	96
Total debtors		394,715	92,096
Quoted financial investments		0	0
Total investments		0	0
Cash and bank deposits	7	228,615	222,967
Total current assets		**623,330**	315,063
TOTAL ASSETS		**623,330**	315,168

NOK 1000	Note	12/31/2006	12/31/2005
EQUITY AND LIABILITIES			
EQUITY			
Share capital (10,000,000 shares at NOK 10)	4, 5	185,000	100,000
Portfolio of own shares		0	0
Share premium reserve	4	422,644	215,000
Total restricted equity		607,644	315,000
Other equity	4	10,752	(269)
Total retained earnings		10,752	(269)
Minority interests		0	0
Total equity		618,397	314,731
LIABILITIES			
Pension liabilities		0	0
Deferred tax		0	0
Total provisions		0	0
Liabilities to financial institutions		0	0
Total other long term liabilities		0	0
Liabilities to financial institutions		0	0
Accounts payable		457	437
Tax payable		4,182	0
Public duties payable		0	0
Dividends		0	0
Liabilities to parent company (RISH)		295	0
Liabilities to subsidiaries		0	0
Other current liabilities		0	0
Total current liabilities		4,934	437
Total liabilities		4,934	437
TOTAL EQUITY AND LIABILITIES		623,330	315,168

Bergen, 14. February 2007
The Board of Directors of Arrow Seismic ASA

Sven Rong
Chair man
(sign.)

Jan Svein Krokeide
Board Member
(sign.)

Anne Marit Steen
Board Member
(sign.)

Eva Løkeland Lerøy
Board Member
(sign.)

Arne Birkeland
Board Member
(sign.)

Hans Petter Amundsen Klohs
Managing Director
(sign.)

Arrow Seismic ASA

Statement of changes in equity

NOK 1000	Share capital	Share premium reserve	Other equity	Total equity
Opening balance 8th November 2005	65,000	0	0	65,000
Capital increase 19th December 2005	35,000	215,000	0	250,000
Foreign currency translation long term liabilities and other cash equivalents			0	0
Total income and expense for the year recognised directly in equity	*0*	*0*	*0*	0
Profit for the year	0	0	(269)	(269)
Total income and expense for the year	*0*	*0*	*(269)*	(269)
Balance at 31 December 2005	**100,000**	**215,000**	**(269)**	314,731
Balance at 1 January 2006	100,000	215,000	(269)	314,731
Capital increase March 2006	85,000	207,644	0	292,644
Changes in accounting principles and estimates				
Foreign currency translation newbuilding contracts	0	0	0	0
Foreign currency translation long term liabilities and other cash equivalents	0	0	0	0
Total income and expense for the year recognised directly in equity	0	0	0	0
Profit for the year	*185,000*	*422,644*	*(269)*	*607,376*
Total income and expense for the year	0	0	11,021	11,021
Sale of own shares	*185,000*	*422,644*	*10,752*	*618,397*
Sale of own shares	0	0	0	0
Dividends to the share holders	0	0	0	0
Balance at 31 December 2006	**185,000**	**422,644**	**10,752**	**618,397**

Arrow Seismic ASA

Cash flow statement

NOK 1000	12/31/2006	27.10.2005-31/12/2005
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	15,308	(373)
Taxes paid	0	0
Depreciation	0	0
Write-downs on fixed assets	0	0
Profit on sale of fixed assets	0	0
Unrealized currency losses (gains)	0	0
Change in stock	0	0
Change in accounts receivables	(483)	0
Change in accounts payable	20	437
Change in current liabilities	0	0
Change in other current assets and other liabilities	(13,754)	(96)
Net cash flow from operating activities	**1,091**	**(33)**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Payments for sale of fixed assets	0	0
Payments for purchase of fixed assets	0	0
Payments from investments in financial fixed assets	0	0
Payments for investments in financial fixed assets	0	0
Net cash flow from investment activities	**0**	**0**
CASH FLOW FROM FINANCING ACTIVITIES		
Payments from taking new long-term liabilities	0	0
Payment of instalments on long-term liabilities	0	0
Proceeds from issue of share capital	292,644	315,000
Loan to subsidiary	(288,087)	(92,000)
Payment for purchase of own shares	0	0
Dividend payment	0	0
Net cash flow from financing activities	**4,557**	**223,000**
Net change in bank deposits, cash and quoted financial investments	5,648	222,967
Bank deposits, cash and quoted financial investments at 27.10.	222,967	0
Bank deposits, cash and quoted financial investments at 31.12.	**228,615**	**222,967**

NOTE 1 – COMPANY INFORMATION

Arrow Seismic ASA is a listed public limited company registered in Norway. The company's head office is located at Solheimsgaten 13, 5058 Bergen, Norway. The company was incorporated on 27 October 2005. The stock is listed on OTC. OTC is a list of companies in Norway for trading purposes.

The annual accounts were approved for publication by the board of directors on 14 February 2007.

NOTE 2 - ACCOUNTING PRINCIPLES

The annual accounts have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles. The accounting principles applied are described below.

Classification of assets and liabilities on the balance sheet
Assets intended for permanent ownership or use and receivables that mature later than one year after the end of the accounting period are identified as fixed assets. Other assets are classified as current assets. Liabilities that mature later than one year after the end of the accounting period are classified as long-term liabilities. Other liabilities are classified as current liabilities. The first year's instalments on long-term loans are classified as part of the long-term liabilities, but are specified in the accompanying notes.

Receivables and liabilities in foreign currencies
Receivables and liabilities in foreign currencies are recorded at the exchange rate in effect at the balance sheet date. Realised and unrealised losses and gains are classified as financial items.

Financial instruments
The accounting of financial instruments is determined by the intentions on which these contracts are based. The contracts are defined either as hedging transactions or commercial transactions when they are executed. If the contracts are classified as hedging transactions, then the income/expenses will be accrued and classified in the same manner as the underlying balance sheet items.

Borrowing costs
Borrowing costs are capitalised and charged against income linearly over the term of the loan.

Investments in subsidiaries and associated companies
Investments in subsidiaries and associated companies are valued in accordance with the cost method.

Accounts receivable
Accounts receivable are valued at the lower of their nominal or fair value.

Shares and other securities
Financially motivated investments in shares, bonds and other securities that are included in a trading portfolio are classified as current assets and assessed at fair value at the balance sheet date.

Shares classified as fixed assets that are not regarded as associated companies are strategic investments where the group does not have a significant influence. These shareholdings are valued at cost price, or possibly at the fair value when the impairment in value is not of a temporary nature.

Contingent liabilities
Contingent losses are charged in the profit and loss statement if they are probable and quantifiable. Contingent gains that are probable and contingent losses that are less probable are not recorded in the profit and loss statement, but they are disclosed in the directors' report or the accompanying notes.

Taxes
Taxes in the profit and loss statement consist of the period's taxes payable and changes in deferred tax. Deferred tax is calculated using 28% of the basis of temporary differences that exist between book values and tax values, and taxable loss to be carried forward at year end. Tax increasing and tax reducing temporary differences, of which reverse or can reverse in the same period, are assessed and recorded net.

NOTE 3 - PAYROLL EXPENSES, NUMBER OF EMPLOYEES, REMUNERATIONS TO BOARD AND AUDITOR

The company has no employees. The managing director has been contracted from the associated company GC Rieber Shipping AS. There has been no remuneration paid for the managing director. No agreements have been entered into with the managing director or board chairman with regards to special payments upon the termination or change of their employment. In addition, there are no agreements that give employees or representatives entitlement to subscribe for or purchase or sell shares in the company.

Total remuneration to the Board in 2006 was NOK 300.000 (2005: NOK 0,-).

Total fees to the auditors in 2006 was NOK 237.500, whereof NOK 130.000 relates to auditing and NOK 107.500 to other attestation services.

NOTE 4 - OTHER EXPENSES (NOK 1000)

Other expenses	2006	2005
Management fee til to GC Rieber Shipping AS	2 570	0
Legal fees	1 254	342
Other consulting fees	281	86
Other expenses	457	2
Total	**4 562**	**429**

NOTE 5 - INVESTMENTS IN SUBSIDIARIES

Company	Business office	Owner's share	Book value 31.12.2006
Arrow Seismic Invest I Ltd.	Great Britain	100 %	0
Arrow Seismic Invest II Ltd.	Great Britain	100 %	0
Arrow Seismic Invest III Ltd.	Great Britain	100 %	0
Arrow Seismic Invest IV Ltd.	Great Britain	100 %	0
Arrow Seismic Invest V Ltd.	Great Britain	100 %	0
Arrow Seismic Invest VI Ltd.	Great Britain	100 %	0
Arrow Seismic Ltd.	Great Britain	100 %	0

NOTE 6 - EQUITY / RELATED PARTIES (NOK 1000)

	Share capital	*Share premium*	*Other equity*	*Total*
Equity 01.01.06	100 000	215 000	(269)	**314 731**
Share issue 17.02.06	85 000	207 644	0	**292 644**
Net profit for the year	0	0	11 021	**11 021**
Equity 31.12.06	**185 000**	**422 644**	**10 752**	**618 397**

Arrow Seismic ASA was incorporated on 27 October 2005 as a wholly owned subsidiary of GC Rieber Shipping ASA with a authorised share capital of NOK 65 million divided into 10 million shares of par value NOK 6.50.

An extraordinary General Meeting on the 19th December 2005 approved to further increase the equity with NOK 250 million by way of increasing the authorised share capital with NOK 35 million increasing the par value of the 10 million shares from USD NOK 6.50 to NOK 10.00 and adding NOK 215 million to share premium reserve.

After a private placement in February 2006 of net NOK 303 million to supply Arrow with the required equity to finance the investments in new buildings, the authorised share capital was increased by NOK 85 million by the creation of 8.5 million ordinary shares at NOK 10.00 each. GC Rieber Shipping ASA has a ownership interest of 54 per cent in Arrow after the private offering.

Per 31.12.06, Arrow Seismic ASA has NOK 233.000 in short term debt to GC Rieber Shipping AS. Further, Arrow Seismic ASA has NOK 483.000 in receivables on Arrow Seismic Invest I, Arrow Seismic Invest II and Arrow Seismic Invest III, (NOK 161.000 per company) related to management fee. Arrow Seismic ASA has in 2006 paid NOK 2.564.800 in management fee to GC Rieber Shipping ASA.

Arrow Seismic ASA has provided short term loans and guarantees to 100 % owned subsidiaries. All agreements are based on arms length principles.

There has been no other transaction between related parties in 2006, with the exception of allocation of common expenses between the subsidiaries.

NOTE 7 – SHARE CAPITAL

Share capital and shareholder information

Number of shares	Par value	Book value
18 500 000	NOK 10	185 000 000

The 20 largest shareholders in Arrow Seismic ASA as of 31 December 2006:

Name	Shares	% of shares
GC Rieber Shipping ASA	10 000 000	54,1 %
ODIN Offshore	1 136 600	6,1 %
Storebrand Livsforsikring AS	804 332	4,3 %
State Street Band and Trust Co	560 000	3,0 %
A/S ODIN	549 000	3,0 %
DZ Bank International S.A.	500 000	2,7 %
Selvaag Invest AS	456 700	2,5 %
Brown Brothers Harriman & Co	300 000	1,6 %
Holberg Norden	211 000	1,1 %
Norus AS	210 000	1,1 %
Grieg Shipping II AS	205 500	1,1 %
Tom Hagen Funds AS	185 000	1,0 %
Holberg Norge	182 000	1,0 %
Sundt AS	178 500	1,0 %
Jansi AS	160 000	0,9 %
Storkleiven AS	132 000	0,7 %
Grieg Athena AS	132 000	0,7 %
Borea Noterte II AS	124 800	0,7 %
Næringslivets Hovedorganisasjon	117 000	0,6 %
Griffin Umbrella Fund Plc	110 000	0,6 %

Shares owned or controlled by member of the Board or the managing director:

Name	Shares
Sven Rong, chairman	30 000
Jan Svein Krokeide, board member	4 000
Anne Marit Steen, board member	4 000
Arne Birkeland, board member	5 000
Hans Petter Amundsen Klohs, mng. director	12 000

NOTE 8 – TAXES (NOK 1000)

	2006	2005
Pre-tax profit	15 308	-373
Permanenent differences		
Other non tax deductable cost	2	-
Temporary differences		
Other temporary differences	-	-
Use of taxable loss carried forward	-373	
Tax base for the financial year	**14 937**	**-373**
Tax payable on income (28%)	**4 182**	**-**

Taxes from profit & loss statement		
Tax payable to Norway	4 182	-
Change in deferred tax	104	104
Taxes (tax income)	**4 286**	**104**

Reconciliation of current year's taxes		
Pre-tax profit	15 308	-373
Calculated tax using nominal tax rate (28%)	4 286	-104
Taxable loss carried forward	-104	-
Taxes (tax income)	**4 182**	**-104**

Deferred tax liabilities / assets	**2006**	**2005**
Temporary differences	-	-
Taxable loss carried forward	-	373
Tax base for the financial year	-	373
Tax rate	28%	28%
Deferred tax liabilities/assets on the balance sheet	**-**	**104**

NOTE 9 – CASH AND BANK DEPOSITS

The company has no restricted bank deposits (tax withheld)

APPENDIX 4: ANNUAL REPORT 2005

DIRECTORS' REPORT

Arrow Seismic ASA ("Arrow") develops, owns and operates advanced special-purpose vessels for marine seismic. Arrow owns the vessel "Polar King" which currently is being converted to a state-of-the-art multistreamer seismic vessel. The "Polar King" has been chartered to Fugro Geoteam AS from the middle of 2006 for seven years, whereupon the charterer has a 2 x 2 year option. Arrow has also contracted two special-purpose seismic vessels for delivery in the 1st and 4th quarter of 2008. The vessels are designed for optimal marine seismic operations with a strong focus on safety, a capacity of 12 (16) streamers and a high transit speed. Arrow has an option for two more such vessels from the same shipyard. To supply Arrow with the equity required to finance the investment in newbuildings, Arrow arranged a private offering of NOK 303 million in February 2006. The largest shareholder, GC Rieber Shipping ASA has an ownership interest of 54 per cent in Arrow after the private offering. The company's head office is in Bergen, Norway.

Important events in 2005
Arrow Seismic ASA was incorporated on the 27th October 2005 as a wholly owned subsidiary of GC Rieber Shipping ASA with a share capital of NOK 65 million divided into 10 million shares of par value NOK 6.50.

On 25th November, Arrow Seismic Invest I Ltd, a wholly owned subsidiary of Arrow Seismic ASA purchased the cable laying vessel "Polar King" based on broker estimates of the vessel's market value of USD 44 million. The "Polar King" will be converted to a state-of-the-art multistreamer seismic vessel during the 1st half of 2006 against long term charter to Fugro Geoteam AS. The conversion is estimated to cost around NOK 175 million, including compressors and winches.

Late November 2005, Arrow Seismic Invest II Ltd and Arrow Seismic Invest III Ltd, contracted two special-purpose seismic vessels with a Spanish yard for delivery in the 1st and 4th quarter of 2008 with a total investment of approx. NOK 1 225 million. The vessels are designed for optimal marine seismic operations with a strong focus on safety, a capacity of 12 (16) streamers and a high transit speed. Arrow has an option for two more such vessels from the same shipyard.

An extraordinary General Meeting on the 19th December 2005 approved to further increase the equity with NOK 250 million by way of increasing the share capital with NOK 35 million (increasing the par value of the 10 million shares from 6.50 to NOK 10.00) and adding NOK 215 million to share premium reserve.

The Arrow Group posted a negative profit before tax of NOK 0.9 million in 2005 out of total income of NOK 3.5 million. The income is related to bare boat hire for "Polar King" which since purchase on 25th November 2005 was employed on a bare boat contract to Polar Ship Invest AS, an affiliate company, operating within offshore subsea support.

1

IFRS
The company is reporting from 2005 in accordance with the International Financial Reporting Standards (IFRS).

With respect to the depreciation of the group's fixed assets (i.e. vessels), the company has decided to use the cost price of the vessels and introduce a residual value of 5 per cent with reference to the accounting standard IAS 16. The company does not perform hedge accounting for its financial instruments, and the change in the market value of financial hedging instruments is thus recorded against earnings in accordance with IAS 39. In 2005 the market value of the group's portfolio of hedging instruments increased by NOK 0.2 million.

The Arrow Seismic ASA Group uses the Norwegian krone as its presentation currency. However, all of the subsidiaries use the US dollar (USD) as their functional currency thus applying IAS 21. IAS 21, "The Effects of Changes in Foreign Exchange Rates", regulates how transactions in foreign currencies and activities in foreign accounting units shall be incorporated into a company's accounts. In addition, the standard regulates how any translation of the accounts from a functional currency to a presentation currency shall be performed.

Key figures
Being incorporated in 2005, no comparison figures for 2004 exist.

The group's charter and other operating income was NOK 3.5 million and the earnings before depreciation, write-downs and gains on the sale of fixed assets (EBITDA) was NOK 2.7 million, while the operating profit (EBIT) was NOK 1.3 million. Net financial items were negative NOK 2.3 million. The group's profit before tax was negative NOK 0.9 million in 2005. After a tax income of NOK 0.1 million, the group posted a negative net result of NOK 0.8 million. The earnings and diluted earnings per outstanding share was negative NOK 0.08.

The cash flow from operating activities in 2005 was NOK 5.1 million, cash flow from investment activities was minus NOK 324.4 million while the cash flow from financing activities was NOK 551.5 million.

The group's book equity as of 31 December 2005 was NOK 314.2 million, while the book equity of Arrow Seismic ASA was NOK 314.7 million and includes NOK 215.0 million in share premium (distributable) reserves.

The annual accounts have been prepared on the assumption that the company will continue as a going concern.

Foreign exchange and financial issues
The average USD/NOK exchange rate was 6.44 in 2005 while the USD/NOK exchange rate as of 31 December 2005 was 6.76. Net financial items in 2005 included NOK 0.9 million in unrealised currency losses.

2

The group's liquidity in the form of bank deposits and interest-bearing securities was NOK 232.2 million as of 31 December 2005. Most of the liquidity is kept in NOK. As part of the group's cash management, liquidity is invested with financial institutions with a high credit rating and in highly liquid interest-bearing securities with low credit risk. For subsidiaries that have USD as their functional currency, a change in the USD/NOK exchange rate means that the value of liquid assets in NOK translated into USD at the rate in effect on the date of the balance sheet will fluctuate. For these subsidiaries a higher USD/NOK exchange rate has meant that the liquidity in NOK has a lower value in USD and the translation difference has been recorded against earnings as an unrealised currency loss.

Late in 2005 the group entered into an agreement for USD 170 million in long-term mortgage financing of the "Polar King" and two seismic newbuildings. USD 35.2 million of this amount was drawn down in the 4th quarter 2005. The group has a stable, long-term funding structure, which is based mainly on mortgage loans to the vessel-owning companies backed by parent company guarantees. The lenders are reputable Norwegian and international shipping banks. No repayments were made on mortgage loans in 2005. Given that the group's financing is in USD, the group is exposed mainly to movements in US interest rates. The group has currently no interest rate hedging contracts.

The group's net liabilities, defined as interest-bearing debt less liquid assets, was NOK 5.2 million as of 31 December 2005.

Market trends and business areas

Market in general
2005 have been a strong year for all types of tonnage. The growth is still driven by a high oil price and increase in global trade due to a high level of activity in low-cost countries such as China and India. An increase in demand for crude oil in combination with a reduction in the number of new finds has resulted in a significant and apparently robust increase in crude oil prices. The oil companies have focused more on the exploration and development of new areas. A high level of activity in seismic, drilling and the development of fields in deeper waters, in addition to the further development of technology to produce an every greater portion of the reserves in oil fields (recovery factor), is expected to continue for many years to come.

Marine towed seismic
The marine towed seismic market showed significant improvement throughout the year. This has resulted in the contracting of new tonnage and initiation of a number of upgrade and conversions. The order books of the major seismic companies continue to grow, and this, in combination with the general outlook, confirms a very strong market for 2006 and 2007 as well, whereupon it is expected that the supply will be more balanced and the market will level off. The movement of oil prices will of course also be of great importance to the seismic market, and a further upward movement may stabilise the market at a higher level than what we have experienced in recent years. The positive outlook for seismic combined with the company's extensive knowledge of this segment is the reason why the company contracted two new seismic multistreamer vessels at a Spanish shipyard for delivery in 2008.

3

Contract coverage
The group has charter party agreements as of 31 December 2005 with an fixed duration of 6 years and an contract value of about NOK 590 million, both figures excluding charterers' extension options.

Administration, employees and equal opportunities
The group has no employees. Management services is purchased under a service agreement with GC Rieber Shipping AS, an affiliate company of Arrow Seismic ASA. The service agreement has an annual fee of USD 400,000 and can be cancelled by both parties with 6 months notice period. Further, Arrow has entered into fixed price management agreements with GC Rieber Shipping AS for building supervision and project management of the two Spanish newbuildings due for delivery in 2008. Total fees under these agreements are agreed to be 3.75 million and will be paid consecutively during the building process.

As a general principal, the group aims to ensure equal opportunities in the organisation. Nevertheless the group's primary objective is to have the right skills in every type of job, regardless of gender. The group looks for the best qualified personnel when recruiting, but the company believes that a relatively even gender distribution contributes to a better working environment, greater flexibility and better results in the long run. The company's board of directors consists of three men.

Health, safety, environment and quality (HSE&Q)
Like other shipping operations, the group's operations may cause oil pollution in the event of spills or other undesirable incidences. No such incidents were recorded in 2005.

The group's vessels are managed under long term ship management with the company GC Rieber Shipping AS, an affiliate company of Arrow Seismic ASA. GC Rieber Shipping AS and all vessels managed by this company are certified under the ISM code, as well as the new international anti-terror preparedness/security regulations for shipping, the ISPS (International Ship & Port Facility Security) code. GC Rieber Shipping AS uses Det Norske Veritas (DNV) as its certification body.

DNV conducts annual audits of both vessels and the office onshore. Audits and inspections are also carried out by customers in connection with offshore or seismic contracts, port state controls, etc. Annual internal audits are also performed on board the vessels and in the onshore organisation.

No accidents with serious personal injury were recorded in 2005. One personnel incident with lost time (LTI) was recorded, which was of a less serious nature. The company is making a determined effort to avoid personnel injuries.

We are developing our focus on a positive awareness of the general attitude towards safe work practices. We have also increased our focus on risk management as an important tool in the reduction of the probability of injuries and accidents.

4

Corporate governance

Corporate governance is primarily a question of sound business management with respect to the owners, board of directors and management of a company, and concerns mainly ownership management and making the boards of directors responsible to the shareholders. In a somewhat broader sense, corporate governance also deals with parties other than the owners, such as employees, creditors, local communities and other parties with which the companies have a relationship.

The Norwegian Corporate Governance Board (NCGB) published a revised version of the Norwegian code of practice for corporate governance on 8 December 2005. The NCGB consists of representatives for different stakeholders, such as shareholders, issuers and the stock exchange. The company's treatment of the topics covered in the Norwegian code of practice is described below.

Reporting on corporate governance

The duty of the board of directors is to ensure that the company implements sound corporate governance. The board of directors will provide an overall report on the company's corporate governance in the annual report. If the company is not in full compliance with the Norwegian code of practice, this will be explained in the report.

Business activities

As defined in the company's articles of association, the company is a public limited company established for the purpose of shipowning and management, investment, provision of guarantees, trading and related activities. The board of directors defines the company's goals and strategy within the framework defined by the articles of association.

Equity and dividends

The company seeks to maintain financial strength and liquidity at a level that is appropriate to its goals, strategy and risk profile. The company's objective is to provide shareholders with a stable and competitive return on their invested capital through dividends and share price appreciation. In assessing dividend proposals, the board of directors will review the company's dividend capacity, capital structure, investment program and financial strength for further growth.

Authorisations granted to the board of directors to increase the company's share capital shall be restricted to defined purposes. No such authorisations are currently in effect. However, in order to increase the company's capacity to new investments, a proposal will made at the Annual General Meeting to be held on 11th May 2006, to grant the board of director with an authorisation to increase the share capital by up to NOK 16 million through the issue of up to 1.6 million shares of par value NOK 10.00 each at a price to be determined by the Board. To also be able to make private placements on short notice, the shareholders are requested to waive their pre-emptive rights to subscribe for the new shares.

Equal treatment of shareholders and transactions with close associates

The shareholders can exercise their rights primarily through participation and voting at the general meeting. Shareholders shall be ensured of participation at the general meeting without any unnecessary expenses. There are no voting right restrictions. The company attaches importance to the equal treatment of shareholders.

Any transactions by the company involving the company's own shares are carried out over the stock exchange or by other means at the market price. Any services that are purchased from the main shareholder are purchased at market price.

Free negotiability

The company only has one class of shares. All shares in the company are freely negotiable.

General meeting

The general meeting will normally be held in late March or early April at the company's offices. Notices of general meetings will contain a thorough description of any items on the agenda and will give at least 14 days' notice pursuant to the Norwegian Public Limited Companies Act. The registration deadline will be as close to the meeting date as possible. Shareholders who cannot participate in person may vote by proxy. The board of directors and auditor are present at the general meeting. The nomination of board members up for election at the general meeting shall take place through an open dialogue between the largest shareholders. Based on the company's good experience with such a process and an assessment of the composition of the owners, the company has decided not to use a nomination committee.

Board of directors, composition and independence

Pursuant to the company's articles of association, the board of directors shall consist of at least five and no more than seven members and be elected by the general meeting for a term of two years. The chairman and vice-chairman of the board of directors shall be elected by the general meeting. The board of directors has consisted of three members since the incorporation in October 2005. However a new board is proposed for election on the Annual General Meeting in 11th May 2006. The board of directors is proposed on the basis of an overall assessment in which competence, experience and integrity are important criteria, and the composition of the board of directors represents the company's ownership situation. The board of directors shall safeguard the interests of the shareholders. All of the current board members have a direct ownership interest in the company.

Work of the board of directors

The board of directors shall ensure that the company has good internal control in accordance with the regulations that apply to its business activities. The board of directors follows an annual plan for its work and performs an annual self-assessment. The management, cf. job description, will have at least one annual appraisal interview with the chairman of the board of directors.

The board of directors will normally hold min six board meetings per year, normally in February, March/April, May, August, October and December. The board meetings in February, May, August and October review the quarterly and annual accounts, while the board meeting in December approves the budget for the next year. The general meeting is held in connection with the board meeting in March/April. In addition, a separate strategy conference will be arranged in the autumn. In 2005, 1 meeting were held. Participation at the board meeting in 2005 was 100 per cent.

Remuneration of the board of directors and executive management

The company's board of directors has not received any remuneration in 2005. The managing director has been hired under a service agreement with the company GC Rieber Shipping AS, an affiliate company of Arrow Seismic ASA. The service agreement has an annual fee of USD 400,000, starting 1st January 2006. Therefore, no fee was paid in 2005.

To reflect the new shareholder structure after the NOK 303 million private offering in February 2006, a new Board will be elected on the Annual General Meeting on 11th May 2006. The directors' fees for the new Board of Directors will be determined based on an overall assessment, in which the level at equivalent companies, responsibility involved and time required for the appointed duties are taken into account. No agreements have been entered into with the managing director or board chairman with regard to special payments upon the termination or change of their employment or appointment. In addition, there are no agreements that give employees or representatives entitlement to subscribe for or purchase shares in the company.

Information and communication
In its information work and reporting of financial information the company seeks to treat all the participants in the securities market equally. A financial calendar for the company's interim reports will be published annually. The company will announces the date of the annual general meeting and proposed dividend in the 4th quarter report.
Takeovers
The board of directors will not seek to hinder or obstruct any takeover bids for the company's business activities or shares. In the event of a bid for the company's shares, the company's board of directors will not exercise authorisations to issue new shares or pass other resolutions in an attempt to obstruct the bid without the approval of the general meeting. Any transaction that is in effect a disposal of the company's business activities should be decided on by a general meeting.

Auditor
Ernst & Young has been the company's auditor since incorporation in October 2005. The auditor will participate at board meetings, of which discuss the annual accounts. At such meetings the auditor reviews any material changes to the company's accounting principles, comments on any material estimated accounting figures and any material matters where there may have been disagreement between the auditor and the executive management.

Year-end appropriations
It is proposed that the parent company's net loss for the year of NOK 268,600 shall be allocated as follows:

Transferred from equity:	NOK 268,600
Total allocations:	NOK 268,600

Outlook
The marine seismic market showed significant improvement throughout 2005, a trend that has continued and strengthened into 2006 and is expected to continue making the order books of the major seismic companies continue to grow. This, in combination with the general outlook, confirms a very strong market in 2006 and 2007. However, based on recent news about strong market development, the business cycle within marin seismic may be longer and more sustainable than previously expected. The movement of oil prices will be of great importance to the seismic market, also in the future, and a further upward movement may stabilise the market at a higher level than previously experienced.

7

Arrow Seismic's contract situation, newbuildings and financial strength make the group well positioned to take advantage of an expected strong seismic market. The newbuildings due for delivery in 2008 with further 2 options for delivery in 2009 have a cost efficient design providing Arrow with multistreamer vessels with total investment far below the total investment of "peer group" newbuildings and conversions announced the last 6 months. Further, the board believes that the newbuildings also will have the lowest operational cost among multistreamer vessels.

Please note that there will always be reservations and uncertainty regarding the board's evaluation of the future outlook.

Bergen, 26th April 2006
The Board of Directors of Arrow Seismic ASA

Sven Rong Chairman	Arnstein Øvsthus Board Member	Hans Petter A. Klohs Board Member & Managing Director

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The Arrow Seismic ASA Group

Profit and Loss Statement

NOK 1000	Note	27.10.2005-31.12.2005
OPERATING INCOME		
Charter income bare boat		3 504
Total operating income		3 504
OPERATING EXPENSES		
Vessel operating expenses		(364)
Administration expenses	4	(429)
Total operating expenses		(794)
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets		**2 710**
Depreciation	8	(1 365)
Operating profit		**1 345**
FINANCIAL INCOME AND EXPENSES		
Financial income		57
Financial expenses		(1 379)
Realized currency gains (losses)		(3)
Unrealized currency gains (losses)		(941)
Net financial income and expenses		(2 266)
Profit before taxes		**(921)**
Taxes	5	104
NET PROFIT		**(817)**
Earnings per share	6	(0,08)
Diluted earnings per share	6	(0,08)

The Arrow Seismic ASA Group

Balance sheet

NOK 1000	Note	31.12.2005
ASSETS		
FIXED ASSETS		
Deferred tax asset	5	104
Total intangible fixed assets		104
Vessels	8	318 919
Newbuilding contracts	9	4 120
Total tangible fixed assets		323 039
Total fixed assets		323 144
CURRENT ASSETS		
Accounts receivables		2 976
Other current assets		1 318
Total debtors		4 294
Cash and bank deposits	10	232 194
Total current assets		236 488
TOTAL ASSETS		559 632

NOK 1000	Note	31.12.2005
EQUITY AND LIABILITIES		
EQUITY		
Share capital (10,000,000 shares at NOK 10)	11	100 000
Share premium reserve		215 000
Total restricted equity		315 000
Other equity		(817)
Total retained earnings		(817)
Total equity		314 183
LIABILITIES		
Liabilities to financial institutions	12	237 994
Total other long term liabilities		237 994
Accounts payable		6 093
Liabilities to parent company (RISH)		100
Other current liabilities		1 261
Total current liabilities		7 454
Total liabilities		245 448
TOTAL EQUITY AND LIABILITIES		559 632

Bergen, 26 April 2006
The Board of Directors of Arrow Seismic ASA

Sven Rong
Chairman

Arnstein Øvsthus
Board Member

Hans Petter Amundsen Klohs
Managing Director and Board Member

The Arrow Seismic ASA Group

Cash flow statement

NOK 1000	27.10.2005-31.12.2005
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before taxes	(921)
Depreciation	1 365
Unrealized currency losses (gains)	1 464
Change in accounts receivables	(4 294)
Change in current liabilities	7 454
Net cash flow from operating activities	**5 069**
CASH FLOW FROM INVESTMENT ACTIVITIES	
Investments in fixed assets	(324 405)
Net cash flow from investment activities	**(324 405)**
CASH FLOW FROM FINANCING ACTIVITIES	
Payments from new long-term loan facilities	236 530
Proceeds from issue of share capital	315 000
Net cash flow from financing activities	**551 530**
Net change in bank deposits, cash and quoted financial investments	232 194
Bank deposits, cash and quoted financial investments at 27.10.	0
Bank deposits, cash and quoted financial investments at 31.12.	**232 194**

The Arrow Seismic ASA Group

Statement of changes in equity

NOK 1000	Share capital	Share premium reserve	Other equity	Total equity
Opening balance 27th October 2005	65 000	0	0	65 000
Capital increase 19th December 2005	35 000	215 000	0	250 000
Total income and expense for the year recognised directly in equity	*100 000*	*215 000*	*0*	*315 000*
Profit for the year	0	0	(817)	(817)
Total income and expense for the year	*100 000*	*215 000*	*(817)*	*314 183*
Balance at 31 December 2005	**100 000**	**215 000**	**(817)**	**314 183**

NOTE 1 - COMPANY INFORMATION

Arrow Seismic ASA is a listed public limited company registered in Norway. The company's head office is located at Solheimsgaten 13, 5058 Bergen, Norway. The company was incorporated 27 October 2005.

Arrow Seismic ASA has the following subsidiaries:

Company	Business office	Owner's share
Arrow Seismic Invest I Ltd.	Great Britain	100 %
Arrow Seismic Invest II Ltd.	Great Britain	100 %
Arrow Seismic Invest III Ltd.	Great Britain	100 %
Arrow Seismic Invest IV Ltd.	Great Britain	100 %

The annual accounts were approved for publication by the board of directors on 26 April 2006.

NOTE 2 - ACCOUNTING PRINCIPLES

2.1. Main principle

The consolidated accounts of the Arrow Seismic ASA Group have been prepared in accordance with the international accounting standards, which have been published by the International Accounting Standards Board.

2.2. Functional and presentation currencies

The group presents its accounts in NOK. The group's has both NOK and USD as a functional currency since the functional currency differs among the subsidiaries. Transactions involving foreign currencies are translated into the functional currency using spot exchange rates at the time of the transactions. In practice, an average rate is used for the translation of all foreign transactions. Monetary items are translated at the current exchange rate, non-monetary items that are measured at historical cost are translated at the rate in effect on the original transaction date, and non-monetary items that are measured at fair value are translated at the exchange rate in effect at the time when the fair value was determined.

2.3. Consolidation principles

The consolidated accounts for the group include Arrow Seismic ASA and the companies in which Arrow Seismic ASA has a controlling influence. A controlling influence is normally achieved when the group owns, directly or indirectly, more than 50 per cent of the shares in the company and the group is able to exercise control over the company. Minority interests are included in the group's equity.

Intragroup transactions and balances, including internal profits and unrealised gains and losses, have been eliminated. Unrealised gains from transactions with associated companies are eliminated in the group's share of the associated companies. Correspondingly, unrealised losses are eliminated, but only if there are no indications of any impairment in the value of the asset that is sold internally.

The consolidated accounts have been prepared under the assumption of uniform accounting principles for equal transactions and other events under equal circumstances.

2.4. Cash and bank deposits

Cash and bank deposits, etc. include bank deposits, cash in hand and short-term bank deposits with an original maturity of three months or less.

2.5. Accounts receivable

Accounts receivable are valued at the lower of their nominal or fair value. Trade receivables are recorded in the accounts at their amortised cost. The interest element is disregarded unless it is significant. If there is objective proof of an impairment in value the difference between the recorded and net present value of future cash flows is recorded as a loss.

2.6. Fixed assets

Fixed assets are decomposed for depreciation purposes. The vessels consist of various components that may have different useful lives, and components that represent a substantial portion of the vessel's total cost price are isolated for depreciation purposes. Vessels are depreciated over their expected useful lives, which is the period that the group expects to use the vessel, and this period can thus be shorter than the economic life. If various components have approximately the same useful life and the same depreciation method as other components, the components are depreciated collectively. The straight line method for ordinary depreciation based on an economic life of 20 years from when the vessel was new is used for vessels. With reference to IAS 16, Property, Plant and Equipment, the group uses the cost price for vessels with a 5 per cent residual value. In special circumstances the group will consider an alternative depreciation horizon if the circumstances so indicate, such as the purchase and/or upgrading of older vessels. Improvements and upgrading will be capitalised and depreciated over the remaining life of the vessel. The straight line method for ordinary depreciation based on a period of 2.5 to 5 years is used for periodic maintenance. The straight line method for ordinary depreciation based on a life of 3 to 10 years is used for other depreciable assets.

The depreciation period and method will be assessed annually to ensure that the method and period used are in accordance with the financial realities of the fixed asset. This applies correspondingly to the scrap value.

Tangible fixed assets are valued at historical cost less any accumulated depreciation and write-downs. When assets are sold or disposed of, the historical cost and accumulated depreciation are reversed in the accounts and any loss or gain on the disposal will be recognised in the profit and loss statement.

The write-down of assets will be considered when there is indication of an impairment in value. If the book value of an asset is higher than the recoverable amount the asset will be written down in the profit and loss statement. The recoverable amount is the higher of the net sales price and discounted cash flow from continued use. The net sales price is the amount that can be raised from sale to an independent third party less sales costs. The recoverable amount is determined separately for all assets, or, if this is not possible, then together with the unit the asset belongs to.

Write-downs recorded in prior periods will be reversed when there is information indicating that there is no longer any need for the write-down or the correct write-down amount is no longer the same. The reversal is recorded as income or an increase in other reserves. However, the reversal will not be performed if the reversal entails that the recorded value will exceed what the recorded value would have been with normal depreciation periods.

The group capitalises expenses incurred at docking of the group's vessels and amortises these expenses over the period until the next docking (the "capitalisation method").

Vessels under construction are classified as fixed assets and are recorded at the value of the incurred expenses related to the fixed asset. Vessels under construction are not depreciated until the vessel is placed in service.

2.7. Provisions

Provisions are accounted for in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. Provisions are recognised when, and only when, the company has an existing liability (legal or assumed) as a result of events that have taken place, it can be demonstrated as probable (more likely than not) that a financial settlement will be made as a result of the liability, and the amount can be measured reliably. Provisions are reviewed at each balance sheet date and the level reflects the best estimate of the obligation. When the time factor is insignificant, the size of the provisions will be equal to the size of the expense required for redemption from the obligation. When the time factor is significant the provisions will be equal to the net present value of future payments to cover the obligation. Increases in provisions due to the time factor will be presented as interest expenses.

2.8. Taxes

Taxes consist of the tax payable and change in deferred tax. Deferred tax liabilities/assets are calculated based on all the differences between the financial and tax values of assets and liabilities, with the exception of:

- deferred tax that arises as a result of goodwill depreciation that is not tax deductible
- temporary differences related to investments in subsidiaries, associated companies or joint ventures, since the group determines when the temporary differences will be reversed and this is not assumed to occur in the foreseeable future.

Deferred tax assets are recorded in the accounts when it is probable that the company will have sufficient taxable profit to benefit from the tax asset. On the date of each balance sheet the group will review unrecognised deferred tax assets and the book value of such assets. The companies record prior unrecognised deferred tax assets in the accounts if it becomes probable that the company can use the deferred tax asset. Moreover, the company will reduce the deferred tax asset if the company can no longer benefit from the deferred tax asset.

Deferred tax liabilities and assets are measured based on the current tax rates that apply to the companies in the group where temporary differences have arisen.

Deferred tax liabilities and assets are recorded in the accounts regardless of when the differences will be reversed. Deferred tax liabilities and assets are recorded at their nominal value and are classified as fixed asset investments (long-term liabilities) on the balance sheet.

Tax payable and deferred tax are recorded directly against equity if the tax is related to transactions that are recorded directly against equity.

Tax payable and deferred tax assets/liabilities are measured at the tax rate that applies to accrued, undistributed equity. The tax effects of dividends are taken into account when the company has incurred a liability to distribute a dividend.

For Norwegian companies a tax rate of 28% is employed. For UK companies the tax rate is 19 %, alternatively 30 %, dependent upon the level of profit.

2.9. Equity

Liabilities and equity
Financial instruments are classified as liabilities or equity in accordance with the underlying financial realities.

Interest, dividends, gains and losses related to financial instruments classified as liabilities will be presented as an expense or income. Distributions to the holders of financial instruments that are classified as equity will be recorded directly against equity. When rights and obligations related to how distributions from financial instruments are made are dependent on certain types of contingent events in the future that lie beyond the control of the issuer and holder, the financial instrument will be classified as a liability unless the probability that the issuer must contribute cash or other financial assets is remote at the time of issuance. In such cases the financial instrument will be classified as equity.

Convertible bonds that contain both a liability and equity element are divided into two components upon issuance based on the net present value of the bond's cash flow, and each of these elements is accounted for separately as a liability and equity, respectively.

Company's own shares
The nominal value of the company's own shares is presented in the balance sheet as a negative equity element. The purchase price in excess of the nominal value is recognised in other equity. Losses or gains on transactions with the company's own shares are not recorded in the profit and loss statement.

Equity transaction costs
Transaction costs related to equity transactions are recognised directly against equity after the deduction of tax expenses. Only transaction costs directly related to the equity transaction are recorded directly against equity.

Other equity
Foreign currency translation differences
Foreign currency differences arise in connection with translation of foreign currency transactions in the consolidation of foreign entities. Foreign currency differences with respect to monetary items (liabilities or receivables) that are in reality part of the company's net investment in a foreign unit are treated as foreign currency differences. Upon the disposal of a foreign unit the accumulated foreign currency differences related to that entity are reversed and recorded in the profit and loss statement in the same period that the gain or loss on the disposal is recorded.

2.10. Classification of assets and liabilities on the balance sheet

Assets intended for permanent ownership or use and receivables that mature later than one year after the end of the accounting period are identified as fixed assets. Other assets are classified as current assets. Liabilities that mature later than one year after the end of the accounting period are classified as long-term liabilities. Other liabilities are classified as current liabilities. The first year's instalments on long-term loans are classified as current liabilities in the balance sheet.

2.11. Loans

Borrowing expenses are recognised in the profit and loss statement when the borrowing expenses arise. Borrowing expenses are capitalised if they are directly related to the purchase, construction or production of a fixed asset. The capitalisation of borrowing expenses occurs when interest expenses are incurred during the construction of the fixed asset. Borrowing expenses are capitalised until the point in time when the fixed asset is placed into service. If the cost price exceeds the fair value of the fixed asset, an impairment loss is recognised.

Loans are recorded as the proceeds that are received, net of any transaction costs. Loans are subsequently accounted for at the amortised cost through application of the effective interest rate, where the difference between the net proceeds and redemption value are recognised in the profit and loss statement over the term of the loan.

2.12. Principles for recognition of revenue and expenses

Revenue is recognised when it is probable that the transaction will generate future economic benefits that will accrue to the company and the value of such benefits can be estimated reliably. Sales revenues are recorded less value added tax and discounts. Income and expenses related to the vessels' journeys are accrued based on the number of days the journey lasts before and after the end of the year.

2.13. Foreign currency

Foreign currency transactions
Transactions in foreign currencies are translated at the rate in effect on the date of the transaction. Foreign exchange gains/losses that arise as a result of fluctuations in the foreign exchange rate between the date of the transaction and date of payment are recognised in the profit and loss statement with the exception of translation differences that are attributed to hedging the group's net investment in a foreign unit (see below).

Foreign operations
When the operation of a foreign company is integrated into the group, translation of the transactions is performed as if the group had carried out the transactions in a foreign currency.

At the balance sheet date, monetary items will be translated at the exchange rate in effect at the balance sheet date, non-monetary items will be translated at the historical exchange rate in effect on the date of the transaction and non-monetary items that are assessed at fair value will be translated at the exchange rate in effect on the date of the assessment of fair value.

Revenue and expenses are translated at the exchange rate in effect on the date of the transaction. Exchange rate fluctuations are recognised in the income statement as they occur during the accounting period.

Foreign units
A majority of the consolidated foreign subsidiaries are deemed to be independent units since they are financially, economically and organisationally independent. Non-independent units are regarded as foreign operations. The functional currency of foreign units is normally the local currency or USD. The balance sheet is translated at the rate in effect at the balance sheet date, while the profit and loss statement is translated at the average exchange rate for the accounting period. Exchange differences that arise as a result of this are included in the exchange-rate differences reserve in the equity. Upon the disposal of foreign subsidiaries the accumulated exchange-rate differences related to the subsidiary are recognised in the profit and loss statement.

2.14. Research and development

Expenses related to research and development are recognised in the profit and loss statement when they are incurred. Expenses related to development are recognised in the profit and loss statement unless the following criteria are met in full:

- the product or process is clearly defined and the cost elements can be identified and measured reliably;
- the technical solution for the product has been demonstrated;
- the product or process will be sold or used in the operations;
- the asset will generate future financial benefits; and
- there are adequate technical, financial and other resources to complete the project.

When all the above criteria have been met, the capitalisation of expenses related to development start. Expenses that have been charged against income in earlier accounting periods are not capitalised.

2.15. Business areas

The group has during 2005 received charter bare boat hire for the vessel "Polar King", which has, pending rebuilding for seismic operations, been employed within the business area offshore subsea support.

2.16. Contingent liabilities and assets

Contingent liabilities are defined as:

(i) possible liabilities resulting from prior events where the existence of the liability is dependent on future events.
(ii) liabilities that have not been recognised because it is not probable that they will entail any payment.
(iii) liabilities that cannot be measured with an adequate degree of reliability.

Contingent liabilities are not recorded in the annual accounts. Significant contingent liabilities are disclosed unless the probability of the liability occurring is low.

A contingent asset is not recorded in the annual financial statements, but it will be disclosed if there is a certain probability that it will benefit the group.

2.17. Events after the date of the balance sheet

New information on the company's positions on the balance sheet date has been incorporated into the annual financial statements. Events after the balance sheet date that do not affect the company's position on the balance sheet date, but will affect the company's position in the future, have been disclosed if they are material.

2.18. Use of estimates in the preparation of the annual financial statements

The annual financial statements have been prepared in accordance with the IFRS (International Reporting Financial Standards). This means that the management has used estimates and assumptions that have affected the assets, liabilities, income, expenses and information on potential obligations. The estimates may change as a result of future events. The changes will be recorded in the accounts when new estimates can reliably be made.

NOTE 3 - SEGMENT INFORMATION (NOK 1000)

Arrow Seismic ASA develops, owns and operates advanced multifunctional special-purpose vessels for maritime seismic. The groups owns the vessel "Polar King" (purchased November 2005) and has two newbuildings for delivery in 2008. The group has during 2005 received bare boat hire for the vessel "Polar King", which has, pending rebuilding as multi-streamer seismic vessel, been employed within the business area offshore subsea support. No secondary segment information has been prepared with regards to geographic areas, because the company believes that it only performs services in, and for customers in, a single geographic area, "Western World".

NOTE 4 - PAYROLL EXPENSES, NUMBER OF EMPLOYEES, OTHER REMUNERATIONS, LOANS TO EMPLOYEES, ETC.

The group had no employees in 2005, consequently there are no wage expenses for 2005. The Arrow Seismic group has, starting 1 January 2006, entered into a 3 year agreement with associated company GC Rieber Shipping AS regarding administrative services, including overall administration, accounting, finances, insurance and marketing/chartering of the group's vessels. GC Rieber Shipping AS will, as part of the agreement, receive a yearly fee of USD 400.000 with a yearly escalation of 2 per cent. The agreement is mutual terminable with 6 months notice.

The managing director is not employed by the company Arrow Seismic ASA. He has been contracted from the associated company GC Rieber Shipping AS. There has been no remuneration for managing director or the board. No agreements have been entered into with the managing director or board chairman with regards to special payments upon the termination or change of their employment. In addition, there are no agreements that give employees or representatives entitlement to subscribe for or purchase or sell shares in the company.

Auditor's fees (excl. VAT) NOK 1000	2005
Other attestation services from auditors	5
Total auditing	**5**
Other assistance incl. tax consulting	5
Total auditor's fees	**10**

NOTE 5 - TAXES (NOK 1000)

TAXES:

Taxes in profit and loss statement:	2005
Change in deferred tax	-104
Taxes (tax income)	**-104**

Specification of tax for the year:	2005
Pre-tax profit (loss)	-921
Of this, profit (loss) from UK companies	-548
Pre-tax profit (loss) Norwegian company	-373
Estimated tax based on nominal rate (28%)	-104
Taxes (tax income)	**-104**

The group had tax loss carried forward of NOK 0.9 million at the end of 2005. The group expects to use the deferred tax assets through future taxable profits.

For Norwegian companies a tax rate of 28 per cent is used. For UK companies the tax rate is 19 per cent, alternatively 30 per cent, dependent upon the amount of profit. For 2005 the UK companies had taxable losses, and therefore the calculated tax is zero for 2005.

DEFERRED TAX:

Deferred tax liabilities/assets:	2005
Tax loss carried forward	-373
Basis for calculation of deferred tax	-373
Tax rate	28%
Deferred tax liabilities/assets on the balance sheet:	**-104**

NOTE 6 - EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit/loss that is due to the ordinary shareholders by a time-weighted average of the number of outstanding ordinary shares during the accounting period.

The company does not have any convertible loans or equity instruments and the diluted earnings per share is thus equal to the earnings per share.

	2005
Net profit (basis, NOK 1000)	-817
Time-weighted number of shares used as basis for calculation of earnings per share:	10 000 000
Number of outstanding shares as of 31 December	10 000 000
Earnings per share (NOK)	-0,08
Diluted earnings per share (NOK)	-0,08

NOTE 7 - PROFIT AND LOSS STATEMENT BY CATEGORY (NOK 1000)

	2005
Charter income bare boat	3 504
Total income	3 504
Depreciation	(1 365)
Other operating expenses	(794)
Operating profit (loss)	1 345
Other interest income	57
Other financial income	330
Change in value of other market-based financial current assets	193
Other interest expenses	(1 261)
Other financial expenses	(1 585)
Profit (loss) before tax	(921)
Taxes	104
Net profit (loss) for the year	(817)

NOTE 8 - TANGIBLE FIXED ASSETS (NOK 1000)

Ships and ship's equipment:

	2005
Acquisition cost as of 27 October 2005	-
+ Additions during the year	323 504
+ Additions during the year for periodic maintenance	901
= Acquisition cost as of 31 December	324 405
Accumulated depreciation and write-downs as of 27 October 2005	-
+ Depreciation for the year	1 365
= Accumulated depreciation and write-downs as of 31 December	1 365
Book value as of 31 December	**323 039**

A depreciation rate of 4 per cent has been used for the depreciation of ships and 6.67 per cent has been used for the depreciation of ship's equipment. The book value of capitalised periodic maintenance as of 31 December 2005 was NOK 0.9 million.

Arrow Seismic uses IAS 36, Impairments of Assets, for assessment of the impairment criteria for fixed assets. Appraisals have been obtained for selected ships and the ships' utility value is calculated through discounting cash flows related to use of the ships. The company has used the discounted expected future cash flow for the ships to calculate the fair value. There are no indications of impairment in value as of 31 December 2005.

NOTE 9 - SHIPBUILDING CONTRACTS

The group has the following ships under construction:

Building no. 532

Contract price	EUR 75.0 mill
Paid as of 31 December 2005	NOK 4.1 million
Estimated financing	USD 56.8 million
Expected delivery	February 2008

Arrow Seismic will own Building no. 532 through the subsidiary Arrow Seismic Invest II Ltd. The book value as of 31 December 2005 is NOK 4.1 million.

Building no. 533

Contract price	EUR 75.0 mill
Paid as of 31 December 2005	NOK 0
Estimated financing	USD 56.4 million
Expected delivery	November 2008

Arrow Seismic will own Building no. 533 through the subsidiary Arrow Seismic Invest III Ltd.

NOTE 10 - BANK DEPOSITS AND CASH (NOK 1000)

Bank deposits and cash:

	2005
Cash in hand and bank deposits	232 194
Cash and bank deposits	**232 194**

Bank deposits yield interest income based on the banks' current terms at any given time. There are no restricted bank deposits (tax withheld).

NOTE 11 - EQUITY / RELATED PARTIES

Arrow Seismic ASA was incorporated on the 27th October 2005 as a wholly owned subsidiary of GC Rieber Shipping ASA with a share capital of NOK 65 million divided into 10 million shares of par value NOK 6.50. An extraordinary General Meeting on the 19th December 2005 approved to further increase the equity with NOK 250 million by way of increasing the share capital with NOK 35 million (increasing the par value of the 10 million shares from 6.50 to NOK 10.00) and adding NOK 215 million to share premium reserve.

On 25th November, Arrow Seismic Invest I Ltd, a wholly owned subsidiary of Arrow Seismic ASA, purchased the cable laying vessel "Polar King" based on broker estimates of the vessel's market value of USD 44 million, from associate company Polar Queen AS. The "Polar King" will be converted to a state-of-the-art multistreamer seismic vessel during the 1st half of 2006 against long term charter to Fugro Geoteam AS. The conversion is estimated to cost around NOK 175 million, including compressors and winches.

As of 31 December 2005 Arrow has a short term debt to associate company GC Rieber Shipping AS in the amount of NOK 100 000.

To supply Arrow with the equity required to finance the investment in newbuildings, Arrow arranged a private offering of NOK 303 million to Norwegian and international investors in February 2006. GC Rieber Shipping ASA has an ownership interest of 54 per cent in Arrow after the private offering.

NOTE 12 - DEBT TO CREDIT INSTITUTIONS (NOK 1000)

The group's long-term liabilities broke down as follows at the end of 2005:

Long-term liabilities	Effective interest rate	Maturity	Balance sheet 2005
Insured			
Mortgage loan Arrow Seismic Invest I Ltd	USD LIBOR + 0.90 %	11/2015	237 994
Total insured			237 994
Total long-term liabilities			**237 994**

The instalment scheme for the group's long-term liabilities at the end of 2005 was as follows:

	Arrow Seismic Group
Maturity in 2006	26 315
Maturity in 2007	34 780
Maturity in 2008	34 780
Maturity in 2009	34 780
Maturity later	107 341
Total interest-bearing debt	**237 994**

The group's long-term liabilities are denominated in USD and have been translated to NOK in accordance with the balance sheet date exchange rate of 6.7612. The average interest rate for the group's interest bearing liabilities was 5.3 per cent in 2005.
In accordance with the group's loan agreements:
- the group's equity ratio shall be a minimum of 30 per cent.
- the group's working capital shall as a minimum correspond to the ordinary instalments for one year.

NOTE 13 - FINANCIAL INSTRUMENTS

The group's operations are exposed to various risks, such as credit, liquidity, interest rate, currency and bunker risks. The group makes use of derivatives to reduce its risks. The operative risk management is performed by the finance department of GC Rieber Shipping AS (as per agreement of administrative services) and regular reports are made to the board of directors.

Credit

The group does not have any significant credit risks related to an individual contracting party or multiple contracting parties that can be regarded as a group due to similarities in the credit risk. The group has guidelines to ensure that agreements to lease vessels beyond a certain duration are entered into with customers who have not had any significant payment problems earlier. The group seeks to achieve parent company guarantees from the charterer of vessels for their obligations under the lease agreement. The group has not furnished any guarantees for third-party liabilities.

The maximum risk exposure is represented by the book value of the financial assets, including derivatives, in the balance sheet. Since banks are normally the contracting party in derivate trades the credit risk related to derivatives is deemed to be low. The group considers therefore its maximum risk exposure to be the book value of receivables from customers and other current assets.

Liquidity

The group's strategy is to have adequate liquidity in the form of bank deposits, interest-bearing securities and credit facilities so that the operations and ongoing investments of a limited size can be financed at any given time.

Foreign currency

The group's revenues are in USD, while parts of the operating and administrative expenses are in USD. To reduce the group's foreign currency exposure, the group's debt is in USD. A continuous ongoing assessment is made of the hedging of the expected future net cash flow in USD and other relevant currencies. Hedging is achieved primarily by entering into forward contracts.

Interest rates

The group assesses on a continuous basis how much of its exposure to interest rate fluctuations shall be hedged. Several types of interest rate derivatives are used in this connection, primarily interest rate swaps and FRAs. As of 31 December 2005, there were no agreements to hedge interest rates in effect.

Bunkers

The group does not normally have any exposure to bunker price fluctuations since this risk lies with the charterer. The group has therefore not entered into any agreements to hedge bunker price fluctuation risks.

NOTE 14 - FOREIGN EXCHANGE RATES

Exchange rates against Norwegian kroner	31 Dec 2005
US dollar	6.7612
Euro	8.0201
Pund Sterling	11.671

NOTE 15 - EVENTS AFTER THE BALANCE SHEET DATE

Arrow Seismic (Arrow) owns the vessel "Polar King" which currently is being converted to a state-of-the-art multistreamer seismic vessel. The conversion is estimated to cost around NOK 175 million, including compressors and winches. Arrow has also contracted two special-purpose seismic vessels for delivery in the 1st and 4th quarter of 2008 with a total investment of approx. NOK 1 200 million. Arrow has an option for two more such vessels from the same shipyard. To supply Arrow with the equity required to finance the investment in newbuildings, Arrow arranged a private offering of NOK 303 million in February 2006. The largest shareholder, GC Rieber Shipping ASA has an ownership interest of 54 per cent in Arrow after the private offering.

Arrow Seismic ASA

Profit and Loss Statement

NOK 1000	Note	27.10.2005-31.12.2005
OPERATING EXPENSES		
Administration expenses	2	(429)
Total operating expenses		(429)
Operating profit		**(429)**
FINANCIAL INCOME AND EXPENSES		
Financial income		56
Net financial income and expenses		56
Profit before taxes		**(373)**
Taxes	6	104
NET PROFIT		**(269)**

Arrow Seismic ASA

Balance sheet

NOK 1000	Note	31.12.2005
ASSETS		
FIXED ASSETS		
Deferred tax asset	6	104
Total intangible fixed assets		104
Total fixed assets		104
CURRENT ASSETS		
Receivables from subsidiaries		92 000
Other current assets		96
Total debtors		92 096
Cash and bank deposits	7	222 967
Total current assets		315 064
TOTAL ASSETS		315 168

NOK 1000	Note	31.12.2005
EQUITY AND LIABILITIES		
EQUITY		
Share capital (1,000,000 shares at NOK 10)	4, 5	100 000
Share premium reserve	4	215 000
Total restricted equity		315 000
Other equity		(269)
Total retained earnings		(269)
Total equity		314 731
LIABILITIES		
Liabilities to financial institutions	12	0
Total other long term liabilities		0
Accounts payable		437
Liabilities to parent company (RISH)		0
Other current liabilities		0
Total current liabilities		437
Total liabilities		437
TOTAL EQUITY AND LIABILITIES		315 168

Bergen, 26 April 2006
The Board of Directors of Arrow Seismic ASA

Sven Rong
Chairman

Arnstein Øvsthus
Board Member

Hans Petter Amundsen Klohs
Managing Director and Board Member

Arrow Seismic ASA

Cash flow statement

NOK 1000	27.10.2005-31.12.2005
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before taxes	(373)
Change in accounts payable	437
Change in other current assets and other liabilities	(96)
Net cash flow from operating activities	**(33)**
CASH FLOW FROM INVESTMENT ACTIVITIES	
Net cash flow from investment activities	**0**
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from issue of share capital	315 000
Loan to subsidiary	(92 000)
Net cash flow from financing activities	**223 000**
Net change in bank deposits, cash and quoted financial investments	222 967
Bank deposits, cash and quoted financial investments at 27.10.	0
Bank deposits, cash and quoted financial investments at 31.12.	**222 967**

NOTE 1 - ACCOUNTING PRINCIPLES

The annual accounts have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles. The accounting principles applied are described below.

Classification of assets and liabilities on the balance sheet
Assets intended for permanent ownership or use and receivables that mature later than one year after the end of the accounting period are identified as fixed assets. Other assets are classified as current assets. Liabilities that mature later than one year after the end of the accounting period are classified as long-term liabilities. Other liabilities are classified as current liabilities. The first year's instalments on long-term loans are classified as part of the long-term liabilities, but are specified in the accompanying notes.

Receivables and liabilities in foreign currencies
Receivables and liabilities in foreign currencies are recorded at the exchange rate in effect at the balance sheet date. Realised and unrealised losses and gains are classified as financial items.

Financial instruments
The accounting of financial instruments is determined by the intentions on which these contracts are based. The contracts are defined either as hedging transactions or commercial transactions when they are executed. If the contracts are classified as hedging transactions, then the income/expenses will be accrued and classified in the same manner as the underlying balance sheet items.

Borrowing costs
Borrowing costs are capitalised and charged against income linearly over the term of the loan.

Investments in subsidiaries and associated companies
Investments in subsidiaries and associated companies are valued in accordance with the cost method.

Accounts receivable
Accounts receivable are valued at the lower of their nominal or fair value.

Shares and other securities
Financially motivated investments in shares, bonds and other securities that are included in a trading portfolio are classified as current assets and assessed at fair value at the balance sheet date.

Shares classified as fixed assets that are not regarded as associated companies are strategic investments where the group does not have a significant influence. These shareholdings are valued at cost price, or possibly at the fair value when the impairment in value is not of a temporary nature.

Contingent liabilities
Contingent losses are charged in the profit and loss statement if they are probable and quantifiable. Contingent gains that are probable and contingent losses that are less probable are not recorded in the profit and loss statement, but they are disclosed in the directors' report or the accompanying notes.

NOTE 2 - PAYROLL EXPENSES, EMPLOYEES, REMUNERATIONS TO THE BOARD AND AUDITOR

The company does not have any employees. During the fiscal year there have been no remunerations to the board. There have been no loans or guarantees to managing director or board members.

Auditor's fees in 2005 total NOK 5 000, entirety related to auditing.

NOTE 3 – INVESTMENTS IN SUBSIDIARIES

Company	Business office	Owner's share	Value on balance sheet
Arrow Seismic Invest I Ltd.	Great Britain	100 %	0
Arrow Seismic Invest II Ltd.	Great Britain	100 %	0
Arrow Seismic Invest III Ltd.	Great Britain	100 %	0
Arrow Seismic Invest IV Ltd.	Great Britain	100 %	0

NOTE 4 – EQUITY / RELATED PARTIES (NOK 1000)

	Share capital	*Share premium reseve*	*Other equity*	*Total equity*
Opening balance 27 October 2005	65 000	-	-	65 000
Capital increase 19 December 2005	35 000	215 000	-	250 000
Profit for the year	-	-	-269	-269
Balance at 31 December 2005	**100 000**	**215 000**	**-269**	**314 731**

Arrow Seismic ASA was incorporated on the 27th October 2005 as a wholly owned subsidiary of GC Rieber Shipping ASA with a share capital of NOK 65 million divided into 10 million shares of par value NOK 6.50. An extraordinary General Meeting on the 19th December 2005 approved to further increase the equity with NOK 250 million by way of increasing the share capital with NOK 35 million (increasing the par value of the 10 million shares from 6.50 to NOK 10.00) and adding NOK 215 million to share premium reserve.

As of 31 December 2005 Arrow Seismic Invest I Ltd has a short term debt to associate company GC Rieber Shipping AS in the amount of NOK 100 000. There has been no other transaction between related parties in 2005, with the exception of allocation of common expenses between the subsidiaries.

NOTE 5 – SHARE CAPITAL

Share capital and share holders:

Number of shares	*Par value*	*Balance*
10 000 000	10,00	100 000 000

The company was incorporated 27 October 2005. As of 31 December 2005 GC Rieber Shipping ASA owned 100 per cent of the shares.

NOTE 6 - TAXES

TAXES:

Change defferred tax	-104 456
Tax expense (income)	-104 456

DEFFERRED TAX:

Tax loss carried forward	-373 056
Basis for calculation of deferred tax	-373 056
Tax rate	28 %
Tax liabilities/assets on the balance sheet:	-104 456

NOTE 7 – BANK DEPOSITS AND CASH ETC.

There are no restricted bank deposits (tax withheld)

NOTE 8 - EVENTS AFTER THE BALANCE SHEET DATE

To supply Arrow with the equity required to finance the investment in newbuildings, Arrow arranged a private offering of NOK 303 million to Norwegian and international investors in February 2006. GC Rieber Shipping ASA has an ownership interest of 54 per cent in Arrow after the private offering.

ERNST & YOUNG

■ Statsautoriserte revisorer
Ernst & Young AS

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Postboks 6163 Postterminalen
NO-5892 Bergen

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Medlemmer av Den norske Revisorforening

To the General Meeting of
Arrow Seismic ASA

Auditor's report for 2005

We have audited the annual financial statements of Arrow Seismic ASA as of 31 December 2005, showing a loss of NOK 268 600 for the Parent Company and a loss of NOK 817 000 for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss. The financial statements comprise the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The financial statements of the Group comprise the balance sheet, the statements of income and cash flows, the statement of equity and the accompanying notes. The regulations of the Norwegian Accounting Act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the Parent Company. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the Group. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the Parent Company are prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the company as of 31 December 2005, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the financial statements of the Group are prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2005, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU
- the company's management has fulfilled its duty to properly record and document the accounting information as required by law and bookkeeping practice generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with law and regulations.

Bergen, 26 April 2006
ERNST & YOUNG AS

Eirik Moe
State Authorised Public Accountant (Norway)
(sign)

Note: The translation to English has been prepared for information purposes only.

■ Arendal, Bergen, Bø, Drammen, Fosnavåg, Fredrikstad, Holmestrand, Horten, Hønefoss, Kongsberg, Kragerø, Kristiansand, Larvik, Levanger, Lillehammer, Moss, Måløy, Notodden, Oslo, Otta, Porsgrunn/Skien, Sandefjord, Sortland, Stavanger, Steinkjer, Tromsø, Trondheim, Tønsberg, Vikersund, Ålesund

APPENDIX 5: INTERIM REPORT Q1 2007

INTERIM REPORT
FIRST QUARTER 2007

- Operating income of USD 5.6 million
- EBITDA of USD 3.5 million
- Non-recurring currency loss of USD 2.8 million
- Pre-tax profit of USD - 2.9 million
- Purchase of "Lisbeth C" which is planned converted to 2D/source vessel
- Contract with Naval Shipyard for conversion of "Polar Explorer" to 2D/source vessel
- Issue of NOK 275 million unsecured commercial paper with a coupon of 7.00%
- Acceptance of USD 125 million secured long term loan facility for the 2D/source vessels
- Application for listing on Oslo Stock Exchange

Arrow Seismic ASA ("Arrow") develops, owns and operates advanced purpose-built vessels for the marine seismic industry. Arrow owns two multi streamer vessels and has purchased three vessels for conversion to 2D/source vessels. Further, Arrow has contracted four purpose-built high capacity seismic new buildings for delivery in 2008/09. The company's registered business office is in Bergen, Norway.

KEY FIGURES
The comparative figures are for the 1st quarter 2006.

The group's charter and other operating income was USD 5.6 million (USD 0.8 million) and the earnings before depreciation, write-downs and gains on the sale of fixed assets (EBITDA) was USD 3.5 million (USD 0.5 million), while the operating profit (EBIT) was USD 0.6 million (USD - 0.0 million). Net financial items were negative USD 3.4 million (USD - 1.5 million), whereof USD 2.8 million in non-recurring realized currency loss on internal loans. The group's pre-tax profit was negative USD 3.1 million (USD -1.5 million). Earnings per share and diluted earnings per share were both USD -0.17 (USD - 0.14).

This interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" and follows the same accounting principles as those used in the annual accounts.

CASH FLOW AND BALANCE SHEET
The cash flow from operating activities was USD 6.2 million (USD 1.1 million), cash flow from investment activities was USD - 25.1 million (USD 21.2 million), while cash flow from financing activities was USD 10.5 million (USD 45.1 million).

Investments of USD 25.1 million relates mainly to instalments paid on the high capacity new buildings for delivery in 2008 and purchase of the vessel "Polar Pearl"

The group's book equity as of 31 March 2007 was USD 90.3 million (USD 91.2 million), while total assets were USD 180.1 million (USD 129.6 million). The group's liquidity in the form of bank deposits and interest-bearing securities was USD 11.7 million (USD 59.4 million) while long term debt was USD 68.4 million (USD 28.1 million). All debt is in USD while most of the liquidity is kept in NOK.

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Average interest-bearing debt during 1st quarter 2007 was USD 71.0 million (USD 35.2 million) and the average rate of interest payable on the loan portfolio was 6.26 % (5.38 %). Draw downs under long term loan agreements was USD 12.5 million (USD 0.0 million) and relates to the first new building due for delivery in 1st quarter 2008.

The group's net debt per 31 March 2007, defined as interest-bearing debt less liquid assets, was USD 64.6 million (USD - 25.1 million).

BUSINESS AREAS
Marine seismic
The operating profit before depreciation and gains on the sale of fixed assets (EBITDA) was USD 3.5 million (USD 0.0 million). The "Geo Atlantic" has been employed in India on a 7 year time charter to Fugro Geoteam AS, while the "CGG Laurentian" has been employed in South America. The employment rate was 100% (0 %).

Offshore subsea
The Company had no activity in offshore subsea in the period. The operating profit before depreciation and gains on the sale of fixed assets (EBITDA) was thus USD 0.0. (USD 0.5 million). The activity in 1st quarter 2006 was related to "Geo Atlantic" which prior to the conversion was operating within offshore subsea until February 2006. The employment rate was 0% (66%).

OPERATIONS & CONTRACTS
The high capacity vessel "Geo Atlantic" has since October 2006 been employed on seven year firm time charter to Fugro Geoteam AS. The vessel has performed well operating as a 10 streamer vessel outside India.

The six streamer vessel "CGG Laurentian" has since it was purchased early July 2006 been employed under a time charter with CGGVeritas which expires in September 2008 where after CGG has an option to extend the charter party for either two or three years. The vessel has performed well operating in South America..

Arrow has a firm contract with WesternGeco for the first state-of-the-art high capacity seismic new building to be delivered in 1st quarter 2008. The contract comprises a charter for the vessel for a period of three years and a purchase agreement under which the ownership of the vessel will be transferred to WesternGeco upon expiry of the charter period. Furthermore, Arrow and WesternGeco are in the process of finalising a similar contract for the second new building to be delivered in 4th quarter 2008. Arrow has also entered into a non-binding Letter of Intent with CGGVeritas for a firm 12 year bare boat charter for the third new building vessel to be delivered in 2nd quarter 2009, whereupon the continuation will be regulated by a put/call option for the sale and purchase of the vessel. The fourth state-of-the-art high capacity seismic new building to be delivered November 2009 is open for contract.

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ARROW SEISMIC ASA

MORTGAGE FINANCING AND ISSUE OF COMMERCIAL PAPER

Arrow Seismic ASA has accepted a firm offer for a USD 125 million secured facility to be entered into between Arrow Seismic Invest IV Ltd. and DnB NOR Bank ASA as mandated lead arranger, underwriter and bookrunner. The purpose of the facility is to refinance the vessel "CGG Laurentian" and part finance the purchases and planned conversions of the three 2D/source vessels. The facility will be secured with first priority mortgages in the vessels and a parent company guarantee provided by Arrow Seismic ASA. The facility has a margin of 0.70% - 0.80 % over USD LIBOR, pending on charter period of the vessels, and will have a term of about seven years.

Further, Arrow Seismic ASA has with value 16 April 2007 issued a NOK 275 million commercial paper as a bridge to equity financing. The commercial paper is senior unsecured, carries a coupon of 7.00% and has final maturity date 16 October 2007. The commercial paper was arranged by DnB NOR Bank ASA. The company is also considering utilising the bond market as a long term funding source in addition to the secured long term mortgage financing facilities in place for the fleet.

NEW BUILDING PROGRAMME

Arrow has entered into a Spanish tax lease structure for the construction and acquisition of four state-of-the-art high capacity seismic new buildings for delivery in 1Q 2008, 4Q 2008, 2Q 2009 and 4Q 2009 (new buildings 532, 533, 534 and 535 respectively, with total investment of about USD 395 million including insea equipment, winches and compressors. The new buildings are designed for optimal high capacity (12-16 streamers) marine seismic operations with a strong focus on safety, fuel efficiency and a high transit speed of 19 knots. Higher transit speed will increase vessel revenues while and lower fuel consumption will reduce vessel operating cost. In combination, the vessel result is expected to be significantly better than the peer group. Steel cutting started in October 2006 for the first new build and in February 2007 for the second new build. Odim winches and LMF compressors has been secured for all vessels.

Arrow has entered into agreements with the associated company GC Rieber Shipping AS for project management and building supervision for the new buildings 532 and 533 due for delivery in 2008. Further, it is expected that Arrow will enter into agreements with GC Rieber Shipping AS for project management and building supervision for the new buildings 534 and 535 due for delivery in 2009.

CONVERSION PROGRAMME 2D/SOURCE VESSELS

Arrow has recently purchased the 1993 built cargo vessels "Polar Explorer", "Polar Pearl" and "Lisbeth C" (to be renamed "Polar Sea") with a total investment of about USD 120 million. "Polar Sea is expected to be delivered from current owners within end May 2007. Arrow is planning to convert and renew the vessels to 2D/source vessels of high standard in order to meet the requirement of safety and comfort from the oil exploration industry. The vessels are currently open for contract but the company is experience significant interest for the vessels. The vessels (92m x 17m) is sufficient for a further rigging of streamer winches as multi streamer 3D vessel. Arrow has secured availability of propulsion upgrade and the 3D alternative is currently being evaluated.

Arrow has recently entered into a contract with Naval Shipyard Gdynia in Poland for the conversion of the "Polar Explorer" to a 2D/source vessel with delivery in 2008. The contract is based on standard off-shore fabrication and ship repair terms. Total conversion cost including owners supplies (mainly winches and compressors) is estimated to about USD 30 million. Arrow plan to enter into similar contracts for the "Polar Pearl and the "Polar Sea" in the near future. Further, Arrow plan to enter into an agreement with the associated company GC Rieber Shipping AS for project management and building supervision for the conversion of the vessels for delivery in 2008.

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ARROW SEISMIC ASA

APPLICATION FOR LISTING OF SHARES ON OSLO STOCK EXCHANGE

Arrow Seismic ASA has applied for listing of the company's shares on the Oslo Stock Exchange. The application is expected to be considered at the meeting of the Board of Directors of the Oslo Stock Exchange on May 23, 2007. Based on the authority given to the board on the Annual General Meeting 29 March 2006 to issue up to 6,500,000 shares, Arrow is planning for a share issue in connection with the listing. Further details will be published later.

OUTLOOK

Arrow Seismic's contract situation makes the group well positioned to take advantage of an expected continued strong seismic market. The contracts and Letter of Intent with seismic majors WesternGeco and CGG for the first three high capacity new buildings due for delivery in 2008 and 2009, confirms Arrow's position as a leading supplier of high capacity seismic vessels to the marine seismic industry with cost efficient design and focus on safe and cost efficient operations. For the three second hand vessels recently purchased, Arrow plan to convert the vessels to 2D/source vessels of high standard with delivery in 2008 and believe there is strong demand for such vessels going forward. The company is currently working to secure the required equity and to secure/formalise agreements for mortgage debt to finance investments in the last new buildings.

Bergen, 27th April 2007
for and on behalf of the Board of Directors of Arrow Seismic ASA
Hans Petter Amundsen Klohs – CEO

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ARROW SEISMIC ASA
1st Quarter 2007
Consolidated accounts

Profit & Loss Account (USD 1000)	1Q 07	1Q 06	31.12.2006	31.12.2005
Charter income	5 480	814	8 627	518
Voyage expenses	(120)	(31)	(451)	0
Total income on time-charter basis	**5 360**	**783**	**8 177**	**518**
Other operating income	106	0	944	0
Operating expenses	(1 984)	(286)	(5 542)	(121)
Operating profit before depreciation, write-downs and gains (losses) on sale of fixed assets	**3 482**	**497**	**3 580**	**397**
Depreciation	(2 932)	(522)	(5 042)	(203)
Operating profit	**550**	**(25)**	**(1 462)**	**194**
Financial income	31	1	1 330	9
Financial expenses	(1 124)	(510)	(4 573)	(204)
Realized currency gains (losses)	(2 798)	16	99	(15)
Unrealized currency gains (losses)	474	(985)	(1 287)	29
Net financial income and expenses	(3 417)	(1 478)	(4 431)	(182)
Profit before taxes	**(2 867)**	**(1 502)**	**(5 893)**	**12**
Taxes	(270)	0	(669)	16
Net profit	**(3 137)**	**(1 502)**	**(6 561)**	**28**
Minority share	0	0	0	0
Net profit after minority share	**(3 137)**	**(1 502)**	**(6 561)**	**28**
Earnings per share (USD)	(0,170)	(0,135)	(0,376)	0,003
Diluted eranings per share (USD)	(0,170)	(0,135)	(0,376)	0,003

Balance Sheet (USD 1000)	31.03.2007	31.03.2006	31.12.2006	31.12.2005
ASSETS				
FIXED ASSETS				
Deferred tax asset	0	16	0	15
Vessels	108 911	54 995	94 278	47 466
Newbuilding contracts	43 215	13 755	34 899	629
Financial fixed assets	4 512	0	5 308	0
Total fixed assets	156 638	68 767	134 485	48 110
CURRENT ASSETS				
Inventories	274	423	350	0
Receivables	11 481	1 070	7 565	636
Cash and bank deposits	11 673	59 365	20 037	34 338
Total current assets	23 429	60 858	27 952	34 974
Total assets	**180 067**	**129 625**	**162 437**	**83 084**
EQUITY AND LIABILITIES				
EQUITY				
Restricted equity	99 835	92 636	96 930	46 589
Retained earnings	(9 573)	(1 476)	(6 503)	30
Total equity	90 262	91 160	90 427	46 620
LIABILITIES				
Other long-term liabilities	68 393	28 095	57 889	30 056
Current liabilities	21 412	10 370	14 121	6 409
Total liabilities	89 805	38 465	72 010	36 465
Total equity and liabilities	**180 067**	**129 625**	**162 437**	**83 084**

ARROW SEISMIC ASA
Notes 1st Quarter 2007
Consolidated accounts

Cash Flow Statement (USD 1000)	1Q 07	1Q 06	2006	2005
Cash flow from operating activities	6 217	1 131	(3 946)	847
Cash flow from investment activities	(25 085)	(21 177)	(91 229)	(48 298)
Cash flow from financing activities	10 504	45 074	80 874	81 789
Net change in liquidity	(8 364)	25 028	(14 302)	34 338
Liquidity at beginning of perioc	20 037	34 338	34 338	0
Liquidity at end of period	**11 673**	**59 365**	**20 037**	**34 338**

Equity Statement (USD 1000)	31.03.2007	31.03.2006	31.12.2006	31.12.2005
Equity at 01.01.	90 427	46 620	46 620	9 614
Payment of equity	0	46 046	50 341	36 976
Net profit for the period	(3 138)	(1 502)	(6 561)	28
Foreign currency translation equity parent company	2 972	(3)	28	2
Equity at end of period	**90 262**	**91 160**	**90 427**	**46 620**

Segment Reporting (USD 1000)	1Q 07	1Q 06	31.12.2006	31.12.2005
Offshore subsea	0	814	814	518
Seismic	5 586	0	8 757	0
Operating income	**5 586**	**814**	**9 571**	**518**
Offshore subsea	0	497	466	397
Seismic	3 482	0	3 578	0
Operating profit before depreciation, write-downs and gains (losses) on sale of fixed assets	**3 482**	**497**	**4 044**	**397**
Offshore subsea	0	(25)	466	194
Seismic	550	0	(1 926)	0
Operating profit	**550**	**(25)**	**(1 462)**	**194**

ERNST & YOUNG

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2007

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Arrow Seismic ASA (the "Company") as of 31 March 2007 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Without qualifying our conclusion above, we draw attention to the fact that the comparative interim financial information as of 31 March 2006 has not been subject to any review or audit.

Bergen, 27 April 2007
ERNST & YOUNG AS

Eirik Moe
State Authorised Public Accountant (Norway)

Arendal, Bergen, Bø, Drammen, Fosnavåg, Fredrikstad, Holmestrand, Horten, Hønefoss, Kongsberg, Kragerø, Kristiansand, Larvik, Levanger, Lillehammer, Moss, Måløy, Notodden, Oslo, Otta, Porsgrunn/Skien, Sandefjord, Sortland, Stavanger, Steinkjer, Tromsø, Trondheim, Tønsberg, Vikersund, Ålesund

APPENDIX 6: SUBSCRIPTION FORM FOR THE RETAIL OFFERING

ARROW SEISMIC ASA - SUBSCRIPTION FORM FOR SHARES IN THE RETAIL OFFERING

For complete information on the Retail Offering, please refer to the enclosed prospectus dated 11 May 2007 ("the "Prospectus"). All capitalised terms shall have the same meaning as assigned to them in the Prospectus.

SUBSCRIPTION PERIOD AND SUBSCRIPTION OFFICES
The Subscription Period for the Retail Offering is from 14 May 2007 to 24 May 2007, both days inclusive. Properly completed Subscription Forms must be received by post or fax by one of the Subscription Offices **by 16:30 hours (CET) on 24 May 2007** at:

Carnegie ASA
Stranden 1, Postboks 684 Sentrum, 0105 Oslo
Telephone: 22 00 93 00, telefax: 22 00 99 60
www.carnegie.no

Kaupthing ASA
Olav V's gt. 5, Postboks 1914 Vika, 0125 Oslo
Telephone: 24 14 74 00, telefax: 24 14 74 31
www.kaupthing.no

Norwegian subscribers in the Retail Offering may also subscribe for shares at the internet addresses above. The subscribers bear the risk of any postal delays, unavailable fax lines or technical computer problems relating to the above-mentioned internet addresses. The Managers reserve the right to extend or shorten the Subscription Period. Notice of such extension or shortening of the Subscription Period will be given through the Oslo Børs information system. Any such extension or shortening will form part of the Subscription Period. In the event of an extension of the Subscription Period, the indicated dates for allotment, settlement and Listing of the Offer Shares in the Offering will be changed accordingly. The Subscription Period will maximum be extended to 8 June 2007. Subscriptions that are received are irrevocable for the subscriber once received by the Subscription Offices and remain binding even if the Subscription Period is extended or shortened. Acceptance of subscriptions is conditional upon the approval of the Offering by the Board of the Company and the admission of the Shares on Oslo Børs or alternatively Oslo Axess.

INSTRUCTIONS TO THE SUBSCRIBER
This subscription is made on the basis of the information and the terms set forth in the Prospectus and this Subscription Form. The subscriber confirms by his/her signature on this Subscription Form to have received the Prospectus and to have informed himself/herself about the contents of the Prospectus. The subscriber is solely responsible for the correct completion of the Subscription Form. The Managers may at their own discretion accept or reject subscriptions that are received too late, are incomplete or incorrectly completed. The subscribers must satisfy the requirements pursuant to the Money Laundering Act of 20 June 2003 and regulations, including providing evidence on identification.

PRICE
The non-binding indicative price range for the Offering Price of NOK 65 – NOK 73 (both amounts inclusive) has been set by the Board after consultation with the Managers. The final Offering Price may be higher or lower. The subscription may be made conditional upon the final Offering Price not being set higher than the highest price of the non-binding indicative price range. In such case this must be expressly stated in a separate field below. If the subscription is conditional upon such highest price and the final Offering Price is set higher than the non-binding indicative price range, the subscriber will not be allotted shares. If such condition is not specified the subscription will be treated as binding irrespective of the final Offering Price. The final Offering Price will be determined after the expiry of the Book-building Period expected on 24 May 2007 following a bidding process among institutional investors with subscriptions from and including 30,001 shares ("book-building"). The final Offering Price is to be based on demand at different price levels.

MINIMUM AND MAXIMUM SUBSCRIPTION
Subscriptions in the Retail Offering are to be made in shares, not in amounts. The minimum subscription is 100 Offer Shares and the maximum subscription is 30,000 Offer Shares. Subscriptions for less than 100 Offer Shares will be rejected without further notice. The subscriptions will be rounded down to the nearest multiple of 100 shares (expected to be one round lot). If a subscription is made for 30,001 Offer Shares or more in the Retail Offering this will be treated as a subscription for 30,000 Offer Shares. Subscribers may not subscribe in both the Retail Offering and the Institutional Offering. If one wishes to subscribe for 30,001 Offer Shares or more this must be made in the Institutional Offering.

ALLOTMENT AND PAYMENT FOR THE OFFER SHARES ALLOTTED
Allotment of Offer Shares will be determined in accordance with the allotment criteria described in section 5.10 of the Prospectus. In the event of over-subscription, allotment will be reduced in accordance with the allotment criteria described in the Prospectus. Notifications on allotments are expected to be issued on or about 25 May 2007. In completing the Subscription Forms, each subscriber in the Offering will authorise Carnegie ASA, on behalf of the Managers, to debit the subscriber's Norwegian bank account for the total amount due for the Offer Shares allotted. The subscriber's account number must be stated below. Debits will be made on or about 29 May 2007 and there must be sufficient funds in the stated bank account from and including 29 May 2007. Should subscribers have insufficient funds in their accounts or should payment be delayed for any reason, or if it is not possible to debit the accounts, penalty interest at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments of 17 December 1976 No. 100, per the date of the Prospectus being 10.50% per annum, will be payable on the amount due. The Company has entered into an agreement with the Managers on 11 May 2007, whereby the Managers will guarantee for timely settlement of all of the Offer Shares. Such Payment Guarantee will be conditional upon no "force majeure" event having occurred on or before 28 May 2007 at 20.00 CET. Carnegie ASA reserves the right to make up to three debits attempts within 14 June 2007 if there are insufficient funds on the account on the first debiting date. Should payment not be made after the three debiting attempts, the Offer Shares allotted will not be delivered physically to the subscriber, and the Managers reserve the right, at the risk and cost of the subscriber, to sell the allotted Offer Shares on such terms and in such a manner as the Managers may decide, in accordance with applicable law. The original subscriber remains liable for payment of the Offering Price, together with any interest, costs, charges and expenses accrued, and the Managers may enforce payment for any such amount outstanding.

DELIVERY OF SHARES – LIABILITY
Registration of the capital increase in respect of the New Shares in the Registry of Business Enterprises is planned on or about 29 May 2007 and the delivery of the Offer Shares is planned on or about 30 May 2007. This means that the Offer Shares allotted will be capable of trading from the Listing date on or about 30 May 2007. Delivery of Offer Shares to the subscriber is however conditional upon payment taking place in accordance with the description above. Those wishing to dispose of Offer Shares before delivery has taken place, will themselves bear the risk that settlement does not take place as described above, and thus that the Offer Shares are not delivered in time. For any sale prior to registration and delivery, subscribers will in any event also need to ensure compliance with the Norwegian Securities Trading Act section 8-7.

DETAILS OF THE APPLICATION

Subscriber's VPS-account number (12 digits) *)	I/we irrevocably subscribe for the following number of Offer Shares (minimum 100 Offer Shares – maximum 30,000 Offer Shares):

Condition to a price per share (should only be completed if the subscription is conditional upon the final Offering Price not exceeding the indicative price range). My subscription is conditional upon the final Offering Price not exceeding the indicative price range (insert cross): ☐

I/We hereby authorise Carnegie ASA to debit my/our Norwegian bank account for the consideration for the Offer Shares allotted (number of allotted Offer Shares x final Offering Price).

(Bank account - 11 digits)

Place and date of application Must be dated in the Subscription Period.	Telephone number daytime	Binding signature The subscriber must have legal capacity. If signed pursuant to an authorisation, documentation in the form of a company certificate or power of attorney should be attached

INFORMATION ON THE SUBSCRIBER

Subscriber's first name:
Subscriber's last name/company name:
Street address or similar (for private persons the home address):
Postal number and postal district:
Personal number (11 digits)/organisation number (9 digits):
Nationality:
Telephone/telefax/e-mail:

* In order to apply for shares you must have established a securities account (VPS-account). Under the new regulations attendance in person together with evidence of identity at the office of an account manager, which can be a bank or authorised securities firm, is necessary to establish a VPS account.

APPENDIX 7: INVESTOR REPRESENTATION LETTER

INVESTOR REPRESENTATION LETTER

[___2007]

Carnegie ASA
Stranden 1, Aker Brygge
P.O. Box 684 Sentrum
NO-0106, Oslo

(the "Manager")

Arrow Seismic ASA
P.O. Box 1114
NO-5809, Bergen

Ladies and Gentlemen:

This letter is delivered in connection with our purchase of Offer Shares (the "Offer Shares"), of Arrow Seismic ASA ("Arrow"). We hereby represent, warrant and agree as follows:

1. We are a "qualified institutional buyer" ("QIB") (as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and, if we are acquiring the Offer Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a QIB, we have investment discretion with respect to each such account, and we have the full power and authority to make the acknowledgements, representations and agreements on behalf of each owner of such account.

2. We are acquiring the Offer Shares for our own account, or for the account of a QIB as to which we have full investment discretion, in each case for investment purposes, and not with a view to any distribution (within the meaning of the U.S. securities laws) of the Offer Shares.

3. We understand, and each beneficial owner has been advised, that the Offer Shares have not been and will not be registered under the Securities Act, and are being offered and sold to us (or such beneficial owner) in a transaction not involving a public offering in reliance on Rule 144A, exempt from the registration requirements of the Securities Act.

4. We understand that the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

5. We are not purchasing the Offer Shares as a result of any general solicitation or general advertising, including advertisements, articles, notices, or other communications published in any newspaper, magazine or similar media or broadcast over radio or television; or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

6. We have received and read a copy of the prospectus relating to the Offer Shares, and have had access to the financial and other information regarding Arrow and its consolidated subsidiaries (the "Arrow Group") and the Offer Shares as we have requested in connection with our investment decision to subscribe for and purchase the Offer Shares. If we have had any queries regarding the subscription for and purchase of Offer Shares or the Arrow Group and its affairs, we have asked these questions of and received satisfactory answers to us from the representatives of Arrow. We have not relied on financial or other information supplied to us by any person other than information contained in this prospectus. We understand that the prospectus was prepared to comply with the requirements of the European Prospectus Directive rather than those that would be applicable to a prospectus in connection with a registered offering in the United States. We have made our own assessment concerning the relevant legal and other economic considerations relevant to our investment in the Offer Shares. In particular, we have made our own assessment of the tax considerations applicable to our investment, including conducting an analysis as to whether Arrow is a passive foreign investment company.

7. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Offer Shares, and we have the financial ability to bear the economic risk of investment in the Offer Shares.

8. We agree that in the event that at some future time we wish to reoffer, resell, pledge or otherwise transfer

any of the Offer Shares, we will not do so except in accordance with any applicable securities laws of any state of the United States and we certify that either:

(a) we will transfer the Offer Shares in a transaction exempt from the registration requirements of the Securities Act under Rule 144(e) or Rule 144(k) (a "Rule 144 Transaction");

(b) we will transfer the Offer Shares to a person who we reasonably believe is a QIB and who is purchasing the Offer Shares for such person's own account, or the account of another QIB, in a transaction exempt from the registration requirements of the Securities Act under Rule 144A (a "Rule 144A Transaction");

(c) we will transfer the Offer Shares in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act (a "Reg S Transaction");

(d) we will transfer the Offer Shares in a transaction exempt from the registration requirements of the Securities Act other than a Rule 144 Transaction, Rule 144A Transaction or a Reg S Transaction and provide an opinion of counsel reasonably satisfactory to Arrow which states that the transfer is exempt from the registration requirements of the Securities Act;

(e) we will transfer the Offer Shares to Arrow; or

(f) we will transfer the Offer Shares pursuant to an effective registration statement under the Securities Act.

9. We will not deposit the Shares into any unrestricted depositary facility established or maintained by a depositary bank, unless and until such time as such Shares are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

10. We acknowledge that Arrow, the Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. We understand that Arrow, the Manager, their affiliates and others are relying on this letter in order to comply with U.S. and other securities laws. We also irrevocably authorize Arrow and the Manager to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters set forth herein.

Very truly yours,

By Institution:	____________________
Signature	____________________ Name: Title:
Institution's Address:	____________________ ____________________ ____________________ ____________________ ____________________
Daytime Telephone Number:	____________________
If signing on behalf of another person, indicate the capacity in which signed	____________________ ____________________

Please note that this Investor Representation Letter does not represent an order to subscribe for or purchase Offer Shares.

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