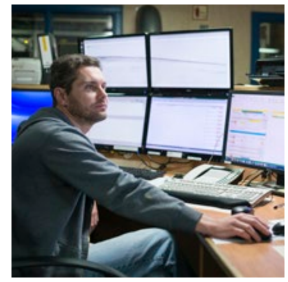
2014 ANNUAL REPORT

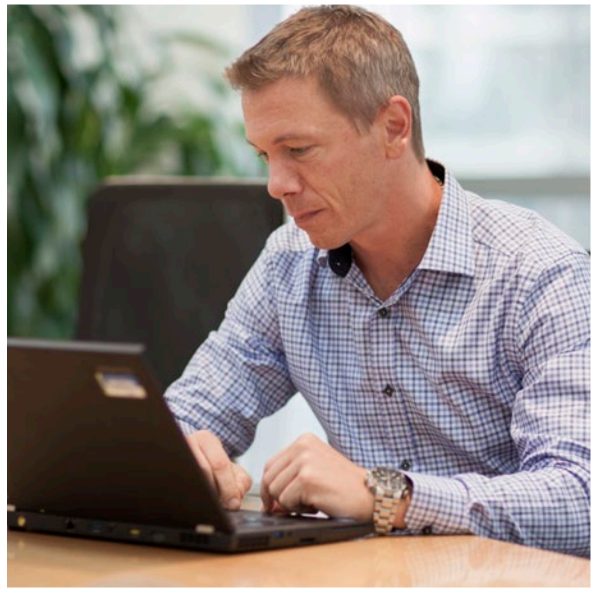
SeaBird Exploration

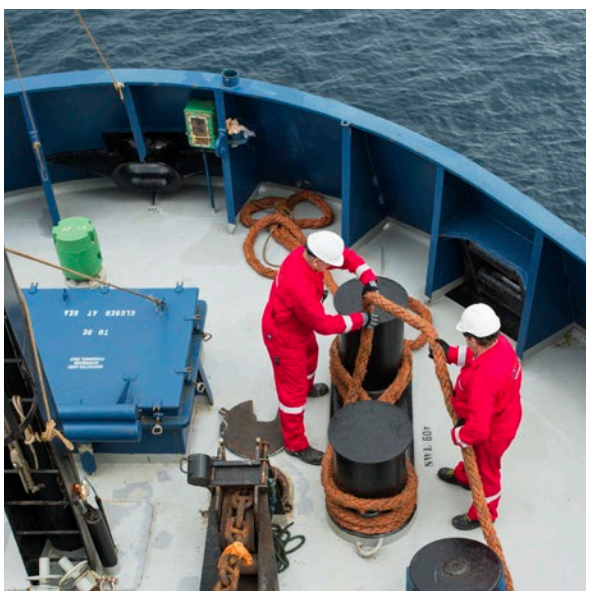
SEABIRD AT A GLANCE



SeaBird is a global provider of marine 2D and 3D seismic data for the oil and gas industry. The company is the market leader in the high-end 2D seismic services segment.

The company is also a leading provider of niche 3D and source vessel solutions. SeaBird concentrates on contract seismic surveys, but is also actively engaged in the multi-client sector. The company is very strongly positioned with its industry-leading health, safety, security, environment and quality (HSSEQ) culture and accreditations. Operational excellence ensures best-in-class performance. SeaBird's focus on technological development ensures continuous service improvement.





$129.3m
revenues for 2014 compared to $177.3 million in 2013

$21.3m
gross margin in 2014 compared to $49.4 million in 2013

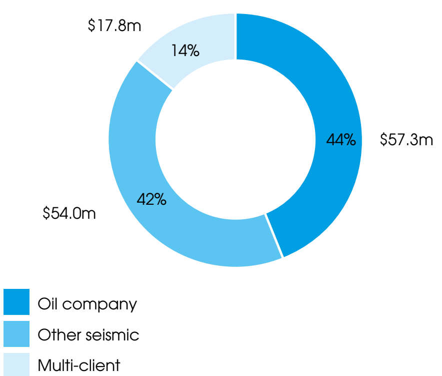
$30.6m
SG&A in 2014, versus $19.4 million in 2013

$-7.9m
EBITDA in 2014 compared to $31.6 million in 2013

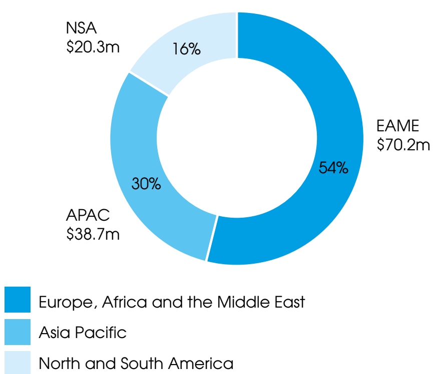
71%
utilization for 2014, down from 77% for 2013

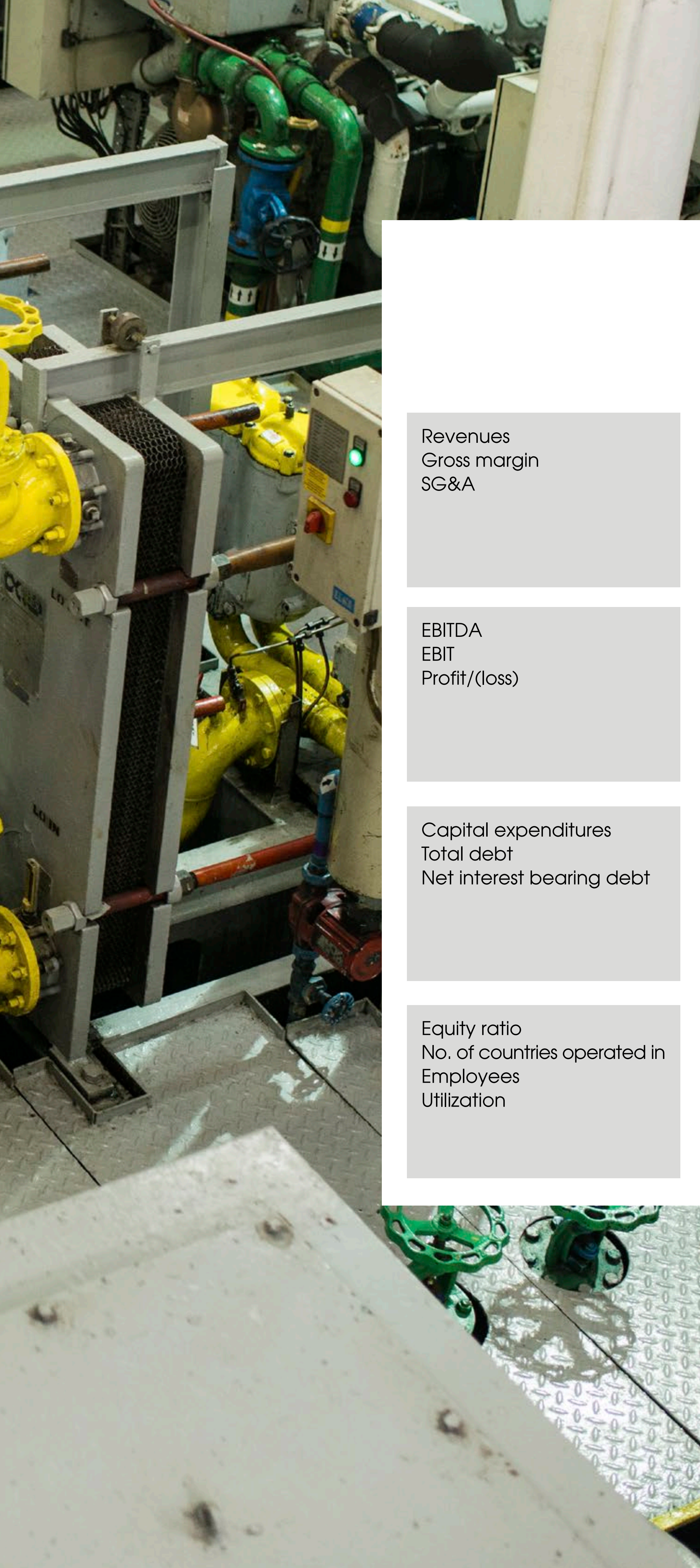
HIGHLIGHTS 2014

REVENUE BY CLIENT TYPE (USD MILLIONS)



REVENUE BY REGION (USD MILLIONS)





	2014	2013
Revenues	129,268	177,270
Gross margin	21,280	49,447
SG&A	(30,640)	(19,365)
EBITDA	(7,871)	31,620
EBIT	(79,882)	4,540
Profit/(loss)	(99,818)	(6,998)
Capital expenditures	(7,828)	(17,079)
Total debt	102,217	99,270
Net interest bearing debt	95,245	87,115
Equity ratio	-29.0%	30.4%
No. of countries operated in	17	21
Employees	543	569
Utilization	71%	77%

All figures in $000 (except for equity ratio, country data, employee data and utilization)

The declining oil price and cautious spending by oil companies have posed challenges to the seismic industry this year. How did this impact SeaBird and how do you see the industry today?

Going into the year, we saw a temporary rebound in 2D seismic contracts. However, through the second half, demand and utilization deteriorated on the back of the substantial decline in oil prices. The increase in oil supply and the resulting market instability impacted seismic spending and resulted in a more cautious investment approach by oil companies as well as other seismic industry participants.

This downturn continued through to the end of 2014 and we expect that market unrest will negatively impact seismic spending and pricing through 2015. Until we see more stability in oil prices, it is likely that seismic demand will remain under pressure.

In spite of the challenges faced by the oil sector, the opening of large new geographic areas for exploration has benefited the company. Moreover, changes in local regulations have resulted in a number of larger new campaigns being evaluated. These developments have contributed positively to the company and increased the interest in longer-duration 2D contracts.

Although we expect 2015 to be a difficult year in light of the current market volatility, our significant backlog should help us maneuver through this period. Longer term, we continue to see SeaBird as the market leader in 2D, source and niche 3D marine seismic. Moreover, we expect excess capacity to continue to exit from our core market segments, further supporting the company's market-leading position.

You referred to an increased interest in larger-scale surveys, what has led to these developments?

We have recently seen a number of large geographic areas opening up for seismic study. Most significantly in our case is Mexico's decision to commence its first series of licensing rounds. The Mexican territorial waters represent a meaningful geographic coverage area and will require a substantial amount of 2D, 3D and ocean bottom seismic capacity over the foreseeable future.

The U.S. East Coast is another example of where we see a need for large amounts of seismic capacity. We believe it will take some time before permits are available, but this is a major geographic area and is expected to generate significant interest.

With respect to both Mexico and the U.S. East Coast, SeaBird is working in partnership with TGS-NOPEC. Together we are looking at executing some of the largest 2D surveys in history. For SeaBird, the agreement with TGS-NOPEC also provides substantial backlog in an otherwise demanding industry environment.

In addition to new territories opening up as a result of changes in regulations and permitting, we have also seen interest in large-scale surveys in difficult operating environments. Our campaign in Somalia last year was an example of this. In the case of Somalia, we executed a major survey, managing two production vessels and eight support vessels in a conflict zone without any incidents.

As the 2D market leader and with our globally positioned fleet, we are a natural partner for these larger and more complex surveys. Our solid HSSEQ systems and experience in operating in challenging environments and frontier markets make us the first-choice partner for our customers.

In the face of the difficult market conditions we have experienced of late, what has SeaBird done to optimize operations?

As you may recall, we started a restructuring effort in 2012 and have as a part of this work made some significant changes to the senior management team. We also completed a number of improvements to our organizational structure as well as our business processes. Additionally, we more clearly defined the company's strategy and redefined our approach to the multi-client business, where we saw a need to make this a much more proactive effort of the company's business model. This has helped us sustain our market leadership position.

On the cost side, we are now almost finished with the relocation out of Dubai. This move will help to enhance management oversight, improve business processes and reduce costs. We are also targeting the operating expense side and are looking for significant reductions in this area. We completed a review of key cost categories and identified a number of operational and business process improvements which will benefit the company in terms of cost flexibility. These initiatives will ultimately enable the company to operate more effectively under adverse market conditions.

During 2014, we made a decision to reduce vessel capacity. This was a result of the excess capacity we experienced in the 3D market. In October of last year, we decided to cold stack the Voyager Explorer and this vessel has remained idle since. As the Geo Pacific completed its West Africa campaign in Q1 of this year, we transitioned the vessel to Norway where it also has been cold stacked. The lay-up of the Voyager Explorer and the Geo Pacific will substantially reduce costs during 2015.

"With the opening of new geographic areas we are looking to execute some of the largest 2D surveys in history."

CEO STATEMENT

An interview with Dag Reynolds

The 3D market is yet to recover and we would need to see a meaningful contract opportunity before either vessel re-enters the market.

A comprehensive refinancing initiative was announced in early 2015. Can you explain what has been agreed and what it means for the company?

Market conditions in 2014 made this year extremely challenging for the company. The company was also hampered by a very restrictive capital structure. In January 2015, we announced an agreed restructuring proposal to reduce indebtedness and provide additional funding.

This restructuring comprised the issuance of new capital as well as a partial conversion of existing debt to equity. As part of this process we were also able to renegotiate a reduction in charter hire rates for certain vessels which will positively impact cash flows and earnings going forward. We believe these efforts will provide a greater level of financial flexibility, lower cost base and a more optimal capital structure with which to operate.

Given the opportunities and challenges you have highlighted, what are your priorities for 2015?

The core focus for this year will be on rightsizing operations and streamlining costs as much as possible. We expect the market softness to remain with us for most of the year and it is important that we have as much flexibility as possible to operate through this period.

In spite of the adverse market conditions, we have secured a record backlog going into 2015. We still have risk related to start-up dates, but the solid order book provides a significant advantage.

WE ARE GUIDED BY OUR COMMITMENT TO HEALTH, SAFETY, SECURITY, ENVIRONMENT AND QUALITY (HSSEQ).

HSSEQ

4.6%

technical downtime

0.91

total recordable incident rate (TRIR)

0.00

lost time injury frequency (LTIF) rate

Industry-leading HSSEQ processes ensures the company:

- Provides a safe and healthy work environment both offshore and onshore;
- Continuously improves operational performance and quality;
- Deliver its services safely, promptly and cost effectively; and
- Considers the environment in all aspects of its operations.

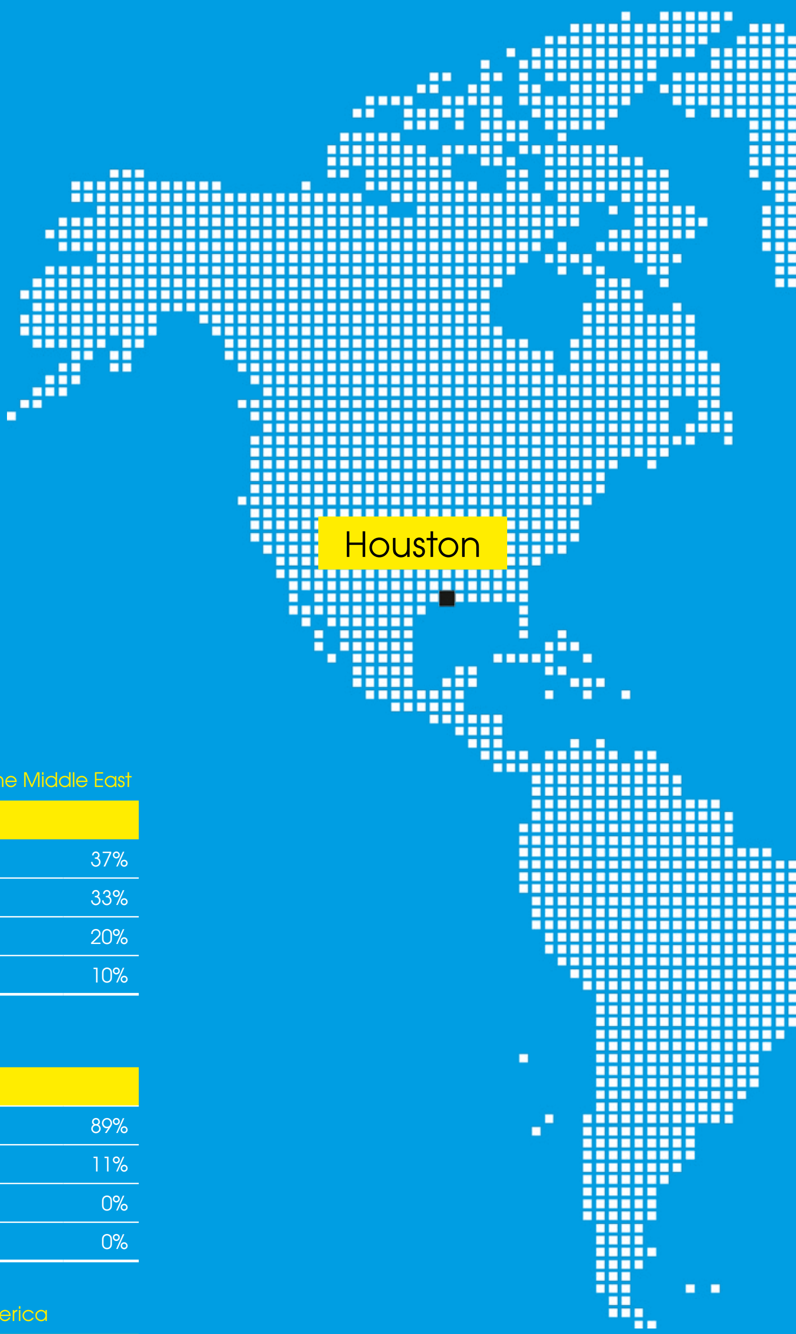
The company's HSSEQ controls continued to prove effective in spite of a challenging operating environment. The company reported a lost time injury frequency rate of zero and a total recordable incident rate of 0.91, which compares favorably to industry norms. The improved results are the byproduct of continuous review of key performance controls and causal analysis.

During the year, pre-qualification audits were undertaken by a number of oil companies. The company successfully passed all such audits, maintaining its high-level rating within the industry.

Aquila Explorer received the TGS Marine Safety Award for 2014. The first-rate HSSEQ culture led to strong operational performance as confirmed by the high production and efficiency statistics. Towards the end of the year, SeaBird completed a detailed analysis of past performance to further improve HSSEQ processes and procedures which have assisted in setting targets and objectives for 2015.

The company continues to work actively on minimizing its environmental footprint. Our HSSEQ system is aligned with ISO 14001 (environmental management systems) and awareness and competency in this area is maintained through our periodic training programs.

GEOGRAPHIC FOCUS AND MARKET DRIVERS



Europe, Africa and the Middle East:
The Northern Europe season is expected to be slower than in previous years as a result of the current market outlook. Nevertheless, with licensing rounds scheduled for 2015 in the United Kingdom and Norway, a number of large multi-client surveys are expected to take up a substantial portion of vessel capacity. We anticipate increased activity in Africa upon further license round announcements.

Asia Pacific:
We are continuing to see robust activity in Australasia. South East Asia also continues to remain a core region with significant new programs announced.

North and South America:
North America is seeing a significant increase in market activity. The growth in demand is in large part the result of recent legislative changes in Mexico as well as the anticipated reforms with respect to the U.S. East Coast.

Europe, Africa and the Middle East

2014 revenues	
Source	37%
2D	33%
Multi-Client	20%
3D	10%

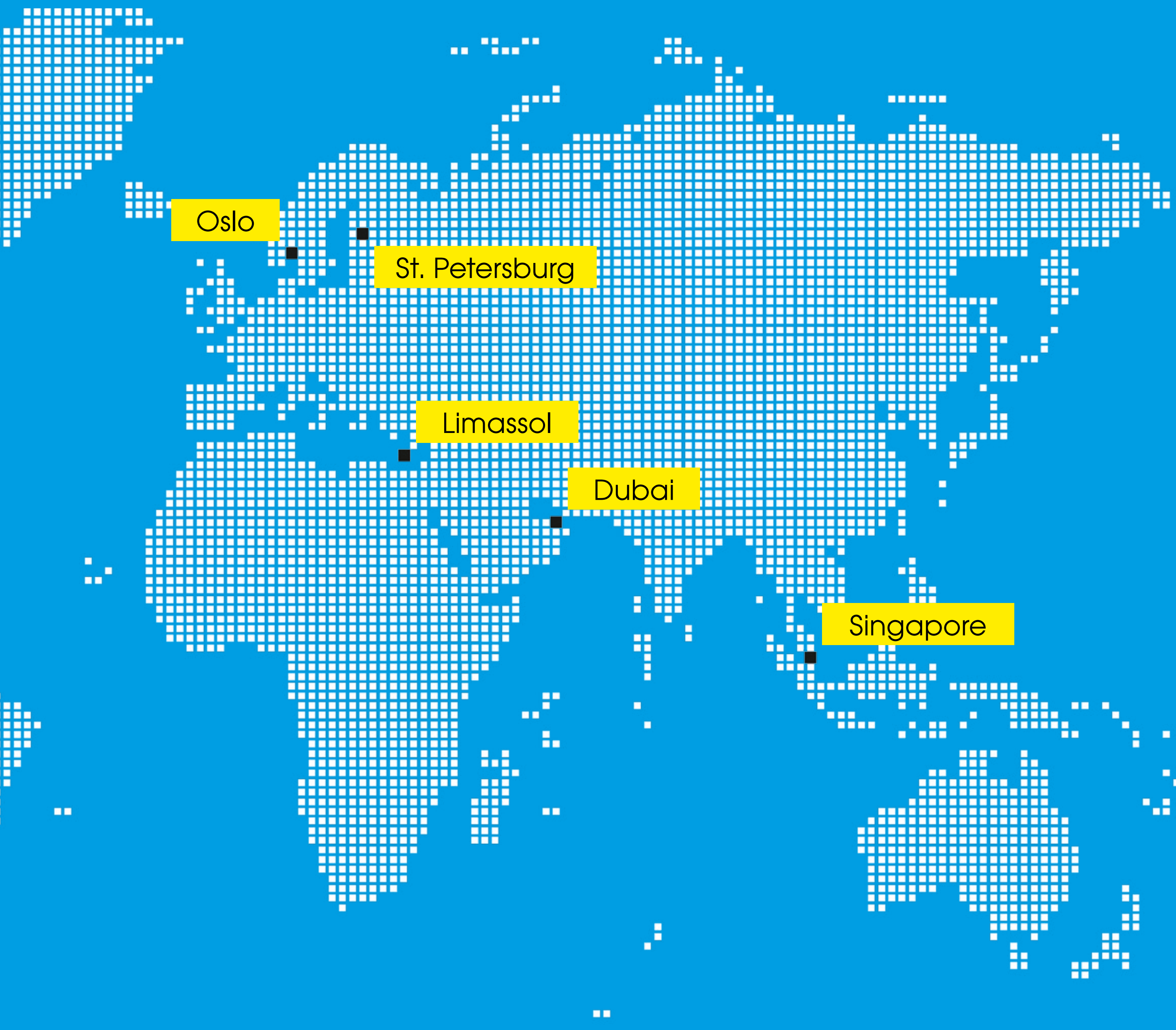
Asia Pacific

2014 revenues	
2D	89%
Multi-Client	11%
3D	0%
Source	0%

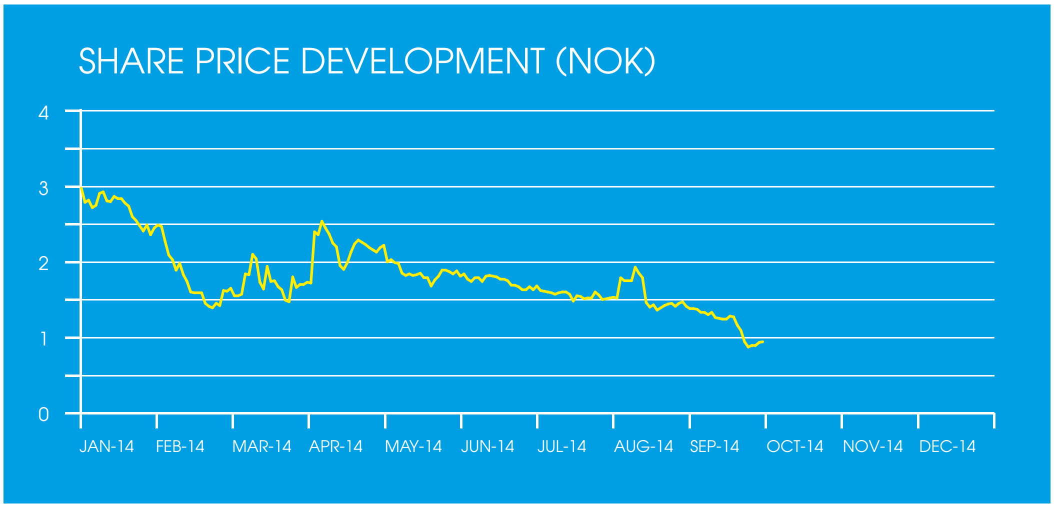
North and South America

2014 revenues	
2D	79%
Source	21%
Multi-Client	0%
3D	0%

The company is a global organization and operated in 17 countries in 2014. With a continued focus on frontier regions, SeaBird offers its clients significant experience within these often complex and challenging environments.



- 8 vessels
- 6 offices
- Qualified to work with oil majors
- Industry leading HSSEQ
- Extensive experience within adverse operating environments



INTERACTION WITH THE CAPITAL MARKETS

Weak industry fundamentals along with the company's refinancing requirements impacted the SeaBird share in 2014. The company's stock price gradually declined to NOK 0.95 as of 30 September 2014, at which point the share was suspended in light of pending restructuring efforts.

FINANCIAL CALENDAR

6 MAY 2015	7 MAY 2015	18 AUG 2015	5 NOV 2015
First Quarter 2015	Annual General Meeting	Second Quarter 2015	Third Quarter 2015

Key events in 2014

During February 2014, the company decided to cancel the subsequent offering relating to the private placement completed in December 2013. The decision was made as the company's shares were traded at prices below the determined price of the subsequent offering.

In September 2014, the company extended the financial lease of the Hawk Explorer. These terms have been further revised in 2015 as part of the financial restructuring.

The restructuring

In January 2015, the company announced an agreed restructuring proposal to reduce indebtedness and provide additional funding. As a part of the restructuring, SeaBird issued $11.6 million of new equity with warrants, a $29.3 million three-year secured bond, a $2.4 million three-year secured credit facility and a $2.1 million three-year unsecured loan.

The company converted the existing SBX03 bond as well as the Perestroika convertible loan into equity and a new SBX04 secured bond. Additionally, outstanding charterhire and vendor obligations have been converted into equity, debt and/or partially written down.

We refer to the subsequent events note for further details of the restructuring transaction.

10 LARGEST SHAREHOLDERS (CLASS A PREFERENCE SHARES)† 4 MARCH 2015

	INVESTOR	NO. OF SHARES	% HELD
1	EUROCLEAR BANK	1,995,927	33.2%
2	PERESTROIKA AS	984,443	16.4%
3	MP PENSJON PK	298,625	5.0%
4	CLEARSTREAM BANKING	227,997	3.8%
5	ABG SUNDAL COLLIER NORGE ASA	212,000	3.5%
6	OBLIGASJON 2 AS	185,263	3.1%
7	RS PLATOU MARKETS AS	136,800	2.3%
8	FUGRO NORWAY AS	131,617	2.2%
9	EU ACTIVE ENERGY TECHNOLOGY INVEST	128,835	2.1%
10	FEARNLEY SECURITIES AS	127,289	2.1%
	TOTAL NUMBER OWNED BY TOP 10	**4,428,796**	**73.6%**
	TOTAL NUMBER OF SHARES	**6,015,693**	**100.00%**

† Each preference share carry 500 times the rights of the common shares listed on Oslo Stock Exchange under the ticker "SBX".

10 LARGEST SHAREHOLDERS (ORDINARY SHARES) 4 MARCH 2015

	INVESTOR	NO. OF SHARES	% HELD
1	ORDINAT SHIPPING AS	11,576,352	20.1%
2	NORDNET PENSJONSFORSIKRING	4,070,339	7.1%
3	NORDNET BANK AB	2,653,897	4.6%
4	EUROCLEAR BANK	2,028,378	3.5%
5	KJELL HJALMAR MATHIASSEN	1,775,833	3.1%
6	GUNNAR VOLD	1,110,000	1.9%
7	THE BANK OF NEW YORK	1,053,355	1.8%
8	PERESTROIKA AS	984,443	1.7%
9	ESPEN ANDRE FARNES	734,740	1.3%
10	CLEARSTREAM BANKING	652,343	1.1%
	TOTAL NUMBER OWNED BY TOP 10	**26,639,680**	**46.3%**
	TOTAL NUMBER OF SHARES	**57,581,246**	**100.00%**

OPERATIONS AND STRATEGIC FOCUS

SEABIRD IS A GLOBAL PROVIDER OF MARINE 2D AND 3D SEISMIC DATA FOR THE OIL AND GAS INDUSTRY.

The company is the market leader in the high-end 2D seismic services segment.

The company is also a leading provider of niche 3D and source vessel solutions. SeaBird is actively engaged in both the proprietary contract and multi-client sectors. The company provides global coverage via its 8 seismic vessels; six 2D vessels and two 3D vessels.

The company is incorporated in Cyprus and operates through six regional offices in Oslo (Norway), Limassol (Cyprus), Dubai (United Arab Emirates), Houston (USA), Singapore and St Petersburg (Russia). As of 31 December 2014, the company had 543 employees compared to 569 employees in 2013.

2D market

The company remains the 2D market leader and the segment continues to be our largest business area. During the year, we completed sixteen 2D contract surveys representing sixty-nine thousand kilometers across all geographic regions. The fall in oil prices negatively impacted 2D vessel utilization and earnings within this segment.

Niche 3D market

The niche 3D market softened towards the end of 2013 and is yet to recover. The tender activity remains below historical market levels and overcapacity in the low-end 3D market has increased the competition within the segment. In light of this, the company has cold stacked the Voyager Explorer until there is a meaningful recovery in seismic demand. Moreover, the company has opted to lay up the Geo Pacific after its Africa survey, which was completed in the early part of Q1 2015.

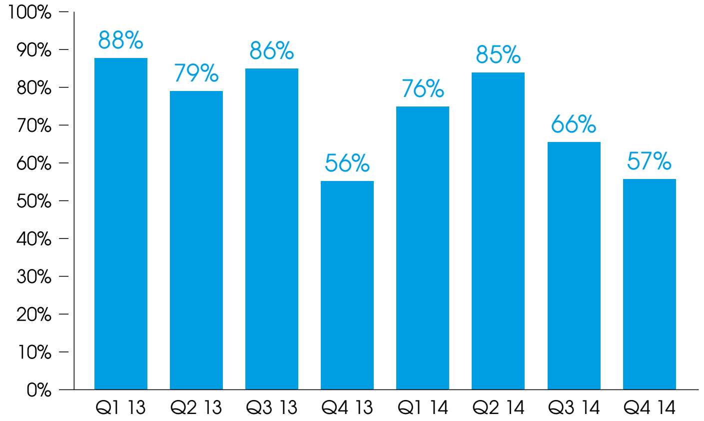
Source

Ocean bottom seismic and more complex survey configurations have increased source vessel demand. Nevertheless, the weakness in oil prices has also impacted this sector. SeaBird currently has one vessel operating on a long-term source contract and completed a number of other source surveys throughout the year. The company's fleet is naturally suited for seismic source operations and we see this as a core focus going forward.

Multi-client

We completed five new projects during the year, consisting of sixteen thousand six hundred kilometers of 2D data and two thousand five hundred square kilometers of 3D data. The company's multi-client library now comprises sixty-seven thousand kilometers of 2D data and two thousand five hundred square kilometers of 3D data.

VESSEL UTILIZATION



Note 1: Utilization from Q2 2013 includes the Geo Pacific

MULTI-CLIENT FOCUS

Multi-client surveys are investments by the company in the acquisition of seismic data, which we process, market and sell to multiple third parties on a non-exclusive basis.

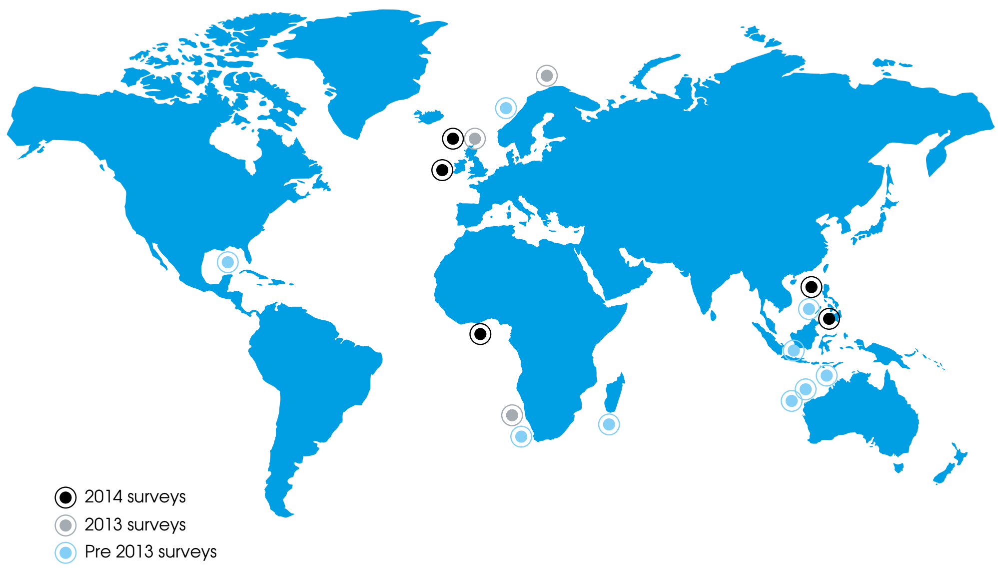
Such investment activities allow us to capitalize on attractive investment opportunities and optimize fleet utilization. The company is actively committed to target surveys with appropriate levels of prefunding. Our global fleet allows us to evaluate 2D and 3D multi-client opportunities in all our regions.

The multi-client advantage:

- Prefunding significantly de-risks initial investment;
- Optimizes fleet utilization; and
- Provides a natural business expansion opportunity for the company.

The company invested $32.4 million in five surveys during the year. Harrier Explorer completed two 2D multi-client surveys in Northern Europe. Geo Pacific completed a 3D multi-client campaign in West Africa. In addition, two 2D multi-client surveys were undertaken in Asia Pacific by Aquila Explorer and Voyager Explorer.

The company views multi-client investment as a core part of its operation and will capitalize on multi-client investment opportunities with attractive risk reward characteristics.



Philippines - Pinatubo

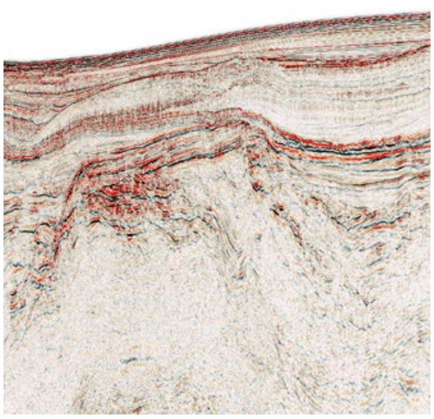
During the year, the company in partnership with Searcher Seismic completed the Pinatubo Broadband 2D survey. The survey consisted of three thousand five hundred kilometers covering a 10 by 20 kilometer grid in the West Luzon Basin. This includes coverage over the PECR5 bid round blocks 8 - 11.

The Pinatubo survey offers for the first time a modern seismic 2D coverage to evaluate the West Luzon Basin. The survey covers an unexplored area and provides data sufficient to define major structural trends and plan for detailed follow-up surveys. Fast track data is now available and will be critical to the evaluation of this area for the current PECR5 bidding round.

Philippines - Mialara

The company in partnership with Searcher Seismic also acquired the five thousand kilometer Mialara broadband 2D survey. Fast track analysis of the data has been made available for evaluation of the PECR5 blocks.

The survey situated in the East Palawan Basins in the West-Philippines covers a 10 by 10 kilometer grid in the Mialara sub-basin and includes coverage over the PECR5 bid round blocks 4 - 6. The survey complements the previously completed Pala-Sulu regional 2D survey, which highlighted the prospects of the East Palawan basins.



Ireland - South Porcupine

The company in partnership with GeoPartners and Polarcus acquired the four thousand nine hundred kilometer South Porcupine 2D survey. The survey is located in the South Porcupine Basin, offshore South-West Ireland, which is a relatively underexplored area. The prospect has similar characteristics as the proven North Porcupine Basin, making it an attractive exploration opportunity. Final processed data will be available for the upcoming 2015 Atlantic Margin Oil and Gas Exploration Licensing Round.

FRONTIER EXPLORATION HAS SEEN SIGNIFICANT GROWTH IN RECENT YEARS AS OIL COMPANIES CONTINUE TO EXPLORE BEYOND TRADITIONAL PETROLEUM PRODUCING REGIONS.

AT THE FOREFRONT OF EXPLORATION

Technological improvement increases seismic reach

Legislative reform creates greater access to underexplored regions

Experienced operations enable exploration in more challenging conflict areas

These areas are often characterized by challenging operating and legislative environments. Long-term hydrocarbon demand necessitates continued exploration of underexplored regions.

SeaBird is the 2D leader in frontier markets; our global operations along with our solid track record under demanding conditions make us a reliable and cost effective partner for our clients.

Unlocking Somalia's prospects

The company in partnership with Soma Oil & Gas completed a twenty-one thousand kilometer 2D survey offshore Somalia. The survey represents a significant step forward for the Somalian oil and gas sector, which remains a significantly under-explored region despite large recent discoveries elsewhere in East Africa.

The survey utilized the seismic exploration vessels Hawk Explorer and Northern Explorer, along with the management of eight security and support vessels.

The acquisition program was undertaken in a high-security risk area and was completed with minimum downtime and no security or HSSEQ incidents. The success of the survey highlighted the company's ability to execute significant scale programs and effectively operate in conflict areas.

Mexico's untapped potential

Mexico's announcement of License Round Zero 2015 opens the prospect for substantial exploration of blocks covering onshore, shallow-water and deep-water areas. This initiative will foster considerable foreign investment in a market previously dominated by Petróleos Mexicanos (PEMEX).

SeaBird's global fleet and extensive frontier experience makes it a natural partner for these large-scale surveys. The company in partnership with TGS-NOPEC Geophysical (TGS) plans to undertake high-end 2D seismic surveys covering a minimum of 100,000 kilometers and up to 200,000 kilometers.

Australasian regional expansion

The company successfully completed a multi-contract campaign for several oil companies in New Zealand and Australia. This region is well-known for its high environmental standards and demanding permitting requirements which can delay project start-ups and can pose significant barriers to entry. Our industry leading HSSEQ systems prequalify us to work with most oil majors and our history of solid performance in the area sets SeaBird apart from competitors.

- Increased foreign interest for License Round Zero
- Limited legacy seismic data available
- Anticipating increased demand for 2D and source capacity

CFO STATEMENT

Nils Haugestad

Adverse market conditions negatively impacted the company's earning and liquidity situation during 2014. Weaker financial performance and restricted cash flow rendered the company unable to meet its financial obligations, resulting in covenant and debt repayment breaches towards the end of the year. Financial control and cash management systems previously implemented enabled us to effectively manage liquidity in this very challenging period. In this effort, we engaged actively in reducing costs while also carefully managing cash flow timing and related treasury functions.

As part of our cost structure review, we decided to close the Dubai operations, thereby streamlining functions, reducing headcount and exiting our higher-cost setup in the United Arab Emirates. This process is close to completion. Along with other related initiatives, administrative cost savings are expected to be approximately $3.0 million per year.

In regards to our offshore activities, we have reviewed and are targeting a number of improvements to key business processes. This effort will require a series of cross-departmental initiatives and is set to be a key focus of the company's business plan for this year. Targeted savings amount to $7.0 million per annum. However, beyond this year, we will need to continue to look at ways of impacting costs to ensure we maintain an effective operational structure.

In addition to the cost initiatives discussed above, we are actively exploring alternatives to increase cost elasticity. Given the cyclical nature of the business and the high fixed-cost structure, it is very important that we improve cost flexibility. These efforts will enable the company to operate more effectively under adverse market conditions and reduce financial risk.

As result of market softness, we also reduced fleet capacity. We laid up the Voyager Explorer towards the end of last year and cold stacked the Geo Pacific in Q1 2015. The company will continue to review its fleet offering in line with market developments to ensure that we operate under the most optimal fleet structure.

Multi-client activity has been an especially valuable tool in the volatile markets
we have been operating in. Our 2D surveys completed in 2014 have proven to be successful investment decisions and have provided a solid additional earnings stream in a period of low contract utilization. Nevertheless, to reduce the risk of multi-client activity, appropriate levels of prefunding are a necessary requirement.

As a result of recent market conditions, the company recognized a number of non-recurring charges, totaling $52.5 million in the fourth quarter and an additional $7.6 million in earlier periods. Non-recurring costs related primarily to the lay-up of Geo Pacific and Voyager Explorer as well as an impairment of 2D vessels and related equipment. We also took charges against the multi-client library and select long-dated receivables.

The company continued its refinancing discussions throughout 2014. Several alternatives were assessed with the aim to create a more sustainable long-term debt structure. The company subsequently announced its agreed restructuring plan in January 2015, which offers the company a significantly more manageable balance sheet as well as greater financial flexibility.

The improved capital structure along with the solid backlog now provides the company with a sounder foundation with which to operate from. However, the timing of planned surveys still creates a level of risk. Also, the cost initiatives highlighted remain important to ensure increased earnings and cash flow.

"Financial control and cash management systems have enabled us to effectively manage liquidity in this very challenging period."

"EXECUTING OUR COST INITIATIVES AND INCREASING OUR COST FLEXIBILITY IS KEY TO THE COMPANY'S SUCCESS."

DAG REYNOLDS

Chief Executive Officer
Position held from 2012
Mr. Reynolds has more than 25 years of experience from the offshore industry. He spent 9 years with PGS before joining SeaBird Exploration in 2005 as CEO. He was instrumental in building up the company and listing it on the Oslo Stock Exchange in 2006. Mr. Reynolds retired at the end of 2007 and co-founded Spring Energy AS, a small independent oil company. Mr. Reynolds held the position as Executive Vice President Sales with EMGS AS from January 2010 until joining SeaBird again in April 2012. Mr. Reynolds is a Norwegian citizen and resides in Oslo, Norway.

NILS C. HAUGESTAD

Chief Financial Officer
Position held from 2012
Mr. Haugestad has held the position as Chief Financial Officer of the company since April 2012. Mr. Haugestad has over 20 years' experience in investment banking, principal investments and corporate strategy. He came from the position as Chief Executive Officer and founding partner of Fokus Capital Ltd. Prior to this, Mr. Haugestad was Chief Operating Officer of Evolvence Capital Ltd. Mr. Haugestad has previously held a number of positions in New York with Citigroup, Citicorp Venture Capital, Credit Suisse, RBC Capital Markets and UBS. Mr. Haugestad holds a Bachelor of Science degree from the Wharton School, University of Pennsylvania and a Master of Business Administration degree from Harvard Business School. Mr. Haugestad is a Norwegian citizen and resides in Dubai, UAE.

ALEXANDER HOLST

General Counsel
Position held from 2006
Mr. Holst acts as General Counsel for the company through SeaBird Exploration Norway AS, where he has been employed since March 2006. He holds a law degree from the University of Oslo, Norway. Prior to joining SeaBird, from 1995 to 2006 Mr. Holst served as Senior Legal Counsel with Petroleum Geo-Services ASA and its group of companies and served a number of the PGS Group companies as Director. Mr. Holst served as legal counsel with Schlumberger seismic division Geco and Geco-Prakla from 1989 to 1994. He has more than 25 years experience in the seismic industry. Mr. Holst is a Norwegian citizen and resides in Oslo, Norway.

GROUP MANAGEMENT

KJELL MANGERØY

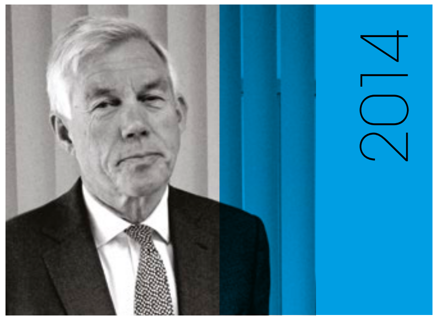
VP Business Development
Position held from 2008
Mr. Mangerøy has held the position as VP Business Development in the company since February 2008. Prior to the appointment of VP Business Development, he held the position as VP Operations since 2006. Before joining SeaBird he held the position of Business Development Manager (Africa) for PGS from 2001 to 2006 based in London and from 1995 to 2001 he held the position of Operations Manager in PGS based in Oslo. From 1985 to 1995 he worked for CGG on board vessels as Party Chief and later as Operations Manager based in London for 3 years before opening an office for CGG in Stavanger in 1992. From 1976 to 1985 he held various positions in several seismic and survey companies before joining CGG. Mr Mangerøy has extensive experience from 35 years in the seismic industry. Mr Mangerøy is a Norwegian citizen and resides in Dubai, UAE.

STEINAR FJELDBO

VP Operations
Position held from 2014
Mr. Fjeldbo joined SeaBird in February 2014, after 22 years in the seismic industry working for Geco-Prakla, WesternGeco, Reservoir Exploration Technology, Fugro GeoTeam and CGG. Nine of these years were offshore and the rest in operational management. Mr. Fjeldbo has a military and technical education from the Royal Norwegian Navy where he had six years service, specializing in sonar and other technical equipment on submarines. Mr. Fjeldbo is a Norwegian citizen and resides in Sandefjord, Norway.

GRAHAM STARK

VP HSSEQ
Position held from 2011
Mr. Stark has held the position as VP HSSEQ since July 2011. He holds an MSc in occupational health and safety management (OH&S) and also holds internationally recognized certification in management system design, ISO / OHSAS and EN 9100 auditing and competency in behavioural science. Mr. Stark's background is in mechanical engineering, with formal credentials gained at the Royal School of Military Engineering. Mr. Stark has worked in the oil and gas industry for 30+ years in all areas of up, mid and downstream operations, with the last 14 years being specifically in HSSEQ roles for leading E&P companies. Mr. Stark has been with SeaBird since 2007 and has been involved with SeaBird's design and implementation of the company's management system and accreditation. He also serves on the board of directors for the IAGC on behalf of SeaBird Exploration. Mr. Stark is a British citizen and resides in Dubai, UAE.



ÅGE KORSVOLD

Chairman
Joined 2014
Mr. Korsvold was appointed as director and chairman of the company in an EGM held on 3 April 2014. Mr. Korsvold holds a master of business administration from the Wharton School, University of Pennsylvania. Mr. Korsvold is currently a board member of i.a. Timex Group B.V., Vardia ASA, Green Resources AS and Aweco Invest AS. Previous engagements include roles as CEO of Orkla, Kistefos and Storebrand. Mr. Korsvold is a Norwegian citizen and resides in Oslo, Norway.

KITTY HALL

Director
Joined 2012
Mrs. Hall was appointed as a director of the company in a general meeting held on 15 May 2012. She has a BSc in Geology from the University of Leeds and an MSc in Stratigraphy from Birkbeck College, University of London. She has more than thirty years' experience from the upstream oil industry including twenty-five years as Chief Executive of specialist geophysical contractors ARKeX Ltd (2004 - 2010) and ARK Geophysics Ltd (1986 - 2004). She is a board member for Det Norske Oljeselskap and is Vice Chairman of the Petroleum Group. Mrs. Hall is a British citizen and resides in the United Kingdom.

BOARD OF DIRECTORS

KJELL H. MATHIASSEN

Director
Joined 2005
Mr. Mathiassen is one of the founders of SeaBird. He is educated as Maritime Chief Engineer Tromsø 1962-64, Norwegian Navy Engineer Horten 1965, Polymer Process Engineer Porsgrunn 1975-1977, Several Fire & Safety courses in Horten 1977. He has significant experience from the marine, offshore and seismic industry. His track record includes Cross Ship Repair (owner and director 1992-1996), SeaTankers/Fredriksen Group (Director Technical Services 1982-1992), Gotaas Larsen (Fleet Maritime Superintendent 1978-1982), as well as various onboard work as serving engineering officer. Mr. Mathiassen has experience as Technical Director from international shipping industries and uses his experience to develop ships for conversion and is a technical advisor to the Marine Manager. Mr. Mathiassen is a Norwegian citizen and resides in Norway.

MELVIN TEIGEN

Director
Joined 2009
Mr. Teigen was appointed as director of the company in a general meeting held on 14 May 2009. He holds a bachelor degree from Agder Distriktshøyskole (1979-1982) and a Master in Business and Economics degree from the Norwegian School of Management (BI), Norway (1984-1986). Mr. Teigen currently holds the position of CEO of Corporate Solutions AS. He is a Norwegian citizen and resides in Oslo, Norway.

CORPORATE GOVERNANCE SEABIRD EXPLORATION PLC

Comprehensive report for the year 2014

Our corporate governance policy guides our operations and business activity. It also provides the standards for our code of conduct as stipulated by the board of directors.

1. Implementation and report on corporate governance
This report on corporate governance is provided by the board of directors in accordance with the Norwegian Code of Practice for Corporate Governance as last amended 30 October 2014 and the listing rules of Oslo Stock Exchange publicly available at www.nues.no. This report also fulfils the requirement in Directive D190-2007-04 2012 of the Cyprus SEC.

The company has defined its key corporate values in a series of policies, including ethical guidelines. Corporate social responsibility has not been formulated into a specific guideline. However, our health, safety, security, environment and quality (HSSEQ) systems and culture are generally viewed to address this topic.

2. Business
The main business activities permitted by the company's constitutional documents are set out in the memorandum of association article 3.1;

"To carry on or undertake any commercial activity relating to providing oil and gas exploration, production and participation, seismic data services onshore, transition zones and offshore, and general offshore energy related services and whatever else may be considered incidental or conductive thereto, including but not limited to, acting as a holding company to companies engaging in such activities; investing in other companies engaged in any of aforementioned activities; buying, selling or other otherwise dealing with acquiring property in the oil and gas industry; mortgaging, borrowing or charging its assets or acting as guarantor in connection with undertaking or any of the activities whether for itself or any affiliate or third parties".

SeaBird is a global provider of marine acquisition for 2D, 3D and 4D seismic data and associated services to the oil and gas industry. The company aspires to maintain and enhance its leading position in the 2D seismic market. The company also looks to be a leader in the high-end source vessel market as well as niche 3D and 4D marine seismic markets.

The memorandum and articles of association of the company may be amended by a resolution of no less than three fourths majority of the votes cast at the general meeting. However, in case of an amendment of the powers of the company contained in clause 3 of the memorandum of association or in case of a reduction in the company's share capital, the resolution will in addition require an approval by the district court of Limassol, Cyprus.

3. Equity and dividends
The company is committed to having an appropriate level of equity capital. The company will strive to follow a dividend policy favorable to the shareholders. The amount of any dividends to be distributed will be dependent on such factors as the company's investment requirements and rate of growth. There are no dividend restrictions in the current debt facilities. However, other financial covenants may impact the company's ability to make distributions.

The company's authorized share capital as of 31 December 2014 is USD 6,800,000 and is set out in the memorandum of association. Shareholders with significant shareholdings are identified in the financial notes to this annual report. Subject to any resolution of the shareholders, the board of directors may issue shares up to the authorized share capital limit without any limitation in purpose and time, save that, whenever new shares are issued for consideration in cash, the shares must be offered on a pre-emptive basis to the existing shareholders, in proportion to the capital represented by their shares. These pre-emption rights may be excluded by a resolution of the general meeting.

The company may, subject to the provisions of Cyprus law and its articles of association, purchase its own shares, following approval by the shareholders of the company (requiring three fourths majority of the votes cast at the general meeting). However, any such purchases may not result in the company holding more than 10% of its issued share capital.

4. Equal treatment of shareholders and transactions with close associates
As of 31 December 2014, there is only one class of shares in the company. In March 2015, the company issued 6,015,693 preference shares, each such share automatically convertible into 500 ordinary shares upon completion of a reduction of the nominal value of the shares of the company, and each carrying 500 times voting rights and dividend rights of an ordinary share until such reduction is effective. The reduction was approved by the general meeting on 5 March 2015, and is expected to be completed in the second quarter of 2015. The preference shares were issued in order to undertake a restructuring of the company without delay.

None of the company's subsidiaries have minority shareholders other than as required to facilitate local requirements.

The company has provisions for directors and management to report conflicts of interest in any transaction or business activity.

5. Freely negotiable shares

The shares in the company are freely transferable and the company's articles of association contain no restrictions on transferability or ownership.

6. General meetings

General meetings of the company are required to be called no later than twenty-one days ahead of the meeting by a notice on the company's website and with a calling notice sent to each shareholder. In the case of a general meeting other than (i) an annual general meeting or (ii) a meeting for the passing of a special resolution, the meeting may be called by fourteen days' notice, if a special resolution that shortens the notice period to fourteen days has been approved in the immediately preceding annual general meeting or at a general meeting that was conducted after such immediately preceding annual general meeting. Proxy votes are permitted and there is no requirement for notice of attendance. The shareholders meetings are led by the chairman appointed as set out in the company's articles of association.

DNB Bank ASA, as the registered shareholder to the company, distributes their request for proxy instructions to the general meeting when the company's calling notice is made public. The calling notice advises the procedures for participating in the general meeting, the routines for proxy voting and includes any required forms. The same information will be posted on the company's website.

One director was present at the annual general meeting on 13 May 2014. The company's auditor and nomination committee were not present.

7. Nomination committee

The company has a nomination committee elected by the general meeting, which consists of Mr. Thomas Aanmoen, Mr. Birger Nergaard and Mr. Kjell Mathiassen. The nomination committee elects its chairperson and makes a recommendation at the general meeting for the compensation of the board of directors as well as the nomination committee.

The nomination committee is not regulated in the articles of association or memorandum of association.

The majority of the nomination committee is independent of the board and no officers of the company serve on the committee.

Recommendations for new members of the nomination committee are made by the committee itself, and not by the board of directors.

The nomination committee provides a written report of nominated candidates together with justification for their candidacy ahead of the annual general meeting. The report is distributed to all shareholders with the calling notice for the general meeting.

The members of the nomination committee are made known by a public release following the election at the annual general meeting.

8. Corporate assembly and board of directors: composition and independence

The company has no requirement for a corporate assembly.

The annual report of the company provides information on the expertise of the directors. The board of directors consists of four members. Three members are independent of major shareholders, executive management and material business partners. Subject to any resolution of the shareholders to the contrary, the board may elect the chairperson of the board. Each director holds office until the expiration of his or her term and is normally elected for a two year term.

Directors of the board are encouraged to own shares in the company.

9. The work of the board of directors

The board resolved a plan for its activity for 2014 with an emphasis on the company's objectives and strategy.

Instructions are in place for the CEO and the board of directors, outlining their different roles and the interaction between the parties. The board does not have an elected or appointed deputy chairman. The articles of association, however, have applicable procedures for board meetings when the chairman is absent.

The board of directors has established an audit committee. The audit committee consists of independent directors Mr. Teigen and Ms. Hall.

There has been no self-assessment or assessment made on competency on or within the board of directors during 2014.

10. Risk management and internal control

The company has developed internal control and risk assessment procedures appropriate to managing major projects, financial reporting and in the field of HSSEQ. The board receives frequent reports and annually assesses risk systems and internal controls.

11. Remuneration of the board of directors

The compensation of the directors is fixed by the annual general meeting upon the recommendation of the nomination committee. Annual fees paid do not reflect the particular skills, but do remunerate additional efforts made in committees of the board. There are no stock options or performance incentives granted to the directors.

To the extent consultancy services are provided to the company by any director, the board will approve such activities. The compensation to directors is included in the annual report.

12. Remuneration of executive management

There are no requirements by applicable law for the company to have guidelines for remunerating its executive management.

The company has a share option program intended to align the interests of executive management with those of the shareholders. Details on the share option program are presented in the annual report in the notes to the financial statements.

13. Information and communication

The company's guidelines for financial reporting as well as other information distributed to the market, requires openness and equal treatment of all shareholders.

The financial calendar is issued annually and posted on Oslo Børs as well as the company's website.

The board has established guidelines for contact with shareholders other than through the general meeting.

14. Take-overs

The guiding principles for the board's dealings in a takeover bid situation have been set out in accordance with our corporate governance policy, intended to safeguard shareholders' interests. No takeover situations have occurred during the reported year.

15. Auditors

The company's auditor presents an annual plan for the audit of the company to the board and the audit committee. Internal control is annually assessed by the auditor with the company's audit committee, referring any recommendations to the board of directors. The auditor attends the meetings when the board of directors discuss the annual accounts and results. The auditor meets with the board of directors without management being present when so requested by either party.

The use of non-audit related services from the auditor has been limited and should only be performed upon prior approval by the board of directors. The board has not seen reason to establish separate guidelines for the use of the auditor's services or request a confirmation of the auditors' independence.

The remuneration paid to the auditor is reported at the annual general meeting.

BOARD OF DIRECTORS' REPORT

Highlights 2014

- Revenues for 2014 were $129.3 million, a decrease of 27% compared to 2013.
- Contract revenues for 2014 were $111.4 million, down 33% from 2013.
- Multi-client revenues were $17.9 million, an increase of 63% from $11.0 million reported in 2013.
- EBITDA was negative $7.9 million compared to positive $31.6 million for 2013.
- EBIT for 2014 was negative $79.9 million compared to $4.5 million for the prior year.
- Vessel utilization for 2014 was 71% compared to 77% in 2013.
- Non-recurring items of $60.1 million recognized during the year.

Operating activities

Demand in the 2D and source markets temporarily recovered during the first half of the year, positively impacting utilization and earnings. However, in the second half, activity decreased in the face of weakening oil prices.

Niche 3D demand did not recover during 2014 and remains well below historical levels. In light of this, the company decided to lay up the Voyager Explorer and the Geo Pacific. Non-recurring cost of sales resulting from the lay-ups amounted to $9.0 million for the year. This cost provision covers estimated net losses until redelivery of Geo Pacific in 2015 and Voyager Explorer in 2016.

Multi-client sales for 2014 were up from the prior period, with the company completing five well pre-funded surveys.

As a part of the restructuring and refinancing effort, the company incurred $2.0 million in non-recurring advisory costs and $1.1 million in relation to the closure of the Dubai office. In addition, the company took bad debt provisions of $8.1 million related to certain long-dated receivables. These charges were all reported under selling, general and administrative expenses. Moreover, the company recognized losses on insurance settlements of $1.6 million under other income and expenses.

Property, plant and equipment impairments amounted to $24.8 million. The impairments related to vessels and associated equipment and were triggered by the current market weakness. The recent reduction in oil prices is also expected to delay and reduce revenues from select multi-client surveys and triggered an impairment of $12.3 million. The company performed its annual assessment of goodwill and as a result an impairment charge of $1.3 million was taken.

Financial review

The consolidated financial statements of SeaBird Exploration Plc as well as the unconsolidated financial statements for the parent company are prepared in accordance with International Financial Reporting Standards.

Revenues were $129.3 million in 2014, representing a 27% decrease compared to revenues earned in 2013. The majority of our revenues were related to contracts with oil companies and other seismic companies. Contract revenues for 2014 were down 33% from 2013. Revenues earned from multi-client sales in 2014 increased by 63% relative to the prior period.

Cost of sales was $108.0 million in 2014 ($127.8 million). The decrease is primarily due to lower fleet utilization.

SG&A was $30.6 million in 2014, up from $19.4 million in 2013. The increase is principally due to non-recurring bad-debt charges against certain long-dated receivables, restructuring advisory costs and expenses associated with the office relocation from Dubai.

EBITDA decreased by $39.5 million from positive $31.6 million in 2013 to negative $7.9 million.

Depreciation and amortization were $33.7 million in 2014 ($27.1 million) an increase of 24% predominantly due to higher multi-client sales amortization.

Impairments were $38.3 million in 2014 (nil in 2013). The impairments related to vessels and associated equipment ($24.8 million), multi-client library ($12.3 million) and goodwill ($1.3 million).

Finance expense was $17.0 million in 2014 ($12.0 million).

Income tax expense was $2.2 million in 2014 (tax benefit of $1.3 million).

The company reports a loss from continuing operations of $99.8 million for 2014 (loss of $7.0 million in 2013).

Capital expenditures were $7.8 million in 2014 ($17.1 million).

Net profit from discontinued operations was $1.0 million for 2014 compared to $3.0 million in 2013. Discontinued operations represent the remaining contractual obligations of the ocean bottom node business which was divested in Q4 2011.

Cash and cash equivalents at the end of the period were $7.0 million ($12.2 million), of which $0.2 million was restricted in connection with deposits and tax. Net cash from operating activities was $40.3 million in 2014 ($27.1 million).

The company has one bond loan, one convertible loan and the Hawk Explorer finance lease.

- The 6% secured bond is recognized in the books at $80.9 million per year-end 2014 (face value of $81.9 million less principal amounts in the bond service account of $1.0 million). The bond loan's stated maturity is 19 December 2015 and has principal amortization due in semi-annual increments of $2.0 million that started 19 December 2012.
- The 1% unsecured convertible loan with Perestroika AS is recognized in the books at face value of $14.9 million. The company was unable to repay the convertible loan at maturity of 30 September 2014.

- The lease of Hawk Explorer is recognized in the books as a finance lease at $5.1 million per year-end 2014.

Net interest-bearing debt was $95.2 million as at 31 December 2014 ($87.1 million).

Accrued interest as of year-end 2014 was $2.7 million ($0.1 million).

The company was in breach of covenants of the convertible loan from Perestroika at year-end as a result of the inability to repay the $14.9 million face value at maturity. Moreover, the company was in breach of balance sheet ratio covenants and cross-default provisions in relation to the SBX03 bond agreement. The company has negative equity as of 31 December 2014 and requires new sources of funds to sustain its operations.

On 3 April 2014, Mr. Åge Korsvold was elected chairman of the board, replacing Mr. Henrik Christensen. Mr. John Olav Økland was a member of the board of directors until his resignation on 6 November 2014.

The company extended the bareboat charter for the Voyager Explorer from 17 August 2014 to 17 August 2016 at a fixed rate of USD 13,200 per day with three one-year options to extend the contract beyond the fixed charter period. Additionally, the Hawk Explorer lease was renegotiated. Under the revised lease terms, the remaining principle will be repaid over 17 months from 1 September 2014 and the vessel with related equipment will be delivered to the company at the completion of the lease term.

Corporate governance

Our corporate governance policy guides our operations and culture. The company's corporate governance policies are set out in the corporate governance section of this annual report.

Going concern

These consolidated financial statements are prepared under a going concern assumption. As at 31 December 2014, the company does not have sufficient working capital to cover present requirements for a period of at least twelve months. At 31 December 2014, current assets were $47.3 million compared to current liabilities of $181.9 million.

The company was in breach of covenants of the Hawk lease, the convertible loan from Perestroika and the SBX03 bond agreement as of 31 December.

In January 2015, the company announced an agreed restructuring proposal to reduce indebtedness and provide additional funding. As a part of the restructuring, SeaBird agreed to issue $11.6 million of new equity with warrants, a $29.3 million three-year secured bond, a $2.4 million three-year secured credit facility and a $2.1 million three-year unsecured loan.

The company further agreed to convert the existing SBX03 bond as well as the Perestroika convertible loan into a combination of preference shares convertible into ordinary shares and the SBX04 new secured bond. Additionally, outstanding charter hire and vendor obligations have been converted into equity, debt and/or partially written down.

For further details please refer to note 2.22 and note 29.

Subsequent events

Subsequent to year end, the company announced an agreed restructuring proposal. The restructuring was completed in March 2015. We refer to the subsequent events note 29 for further details of the restructuring transaction.

As a post balance day event, the concerned parties Fugro, Ordinat Shipping AS and SeaBird, have agreed to replace the existing charter parties for the Geo Pacific. The new agreement reduces the charter hire and releases Ordinat Shipping AS from its obligations towards SeaBird as charterer and Fugro as owner.

Outlook

Global seismic market demand was soft during the year. In light of the challenging market, the company decided to lay up two 3D vessels, which will reduce costs and improve vessel utilization. The company continues to evaluate and execute savings initiatives to reduce the company's overall cost level. We expect the current seismic market softness to continue to impact the seismic sector in 2015.

Resolution

The financial statements for the company have been prepared in accordance with International Financial Reporting Standards. They were prepared under the historical cost convention and are based on the going concern assumption.

The board would like to offer its sincere appreciation to all employees of the company for all the efforts that were made during the year.

The board of directors SeaBird Exploration Plc – 24 March 2015

Åge Korsvold Chairman

Kitty Hall Director

Kjell H Mathiassen Director

Melvin Teigen Director


Exploration

FINANCIAL INFORMATION

Notes to the consolidated financial statements:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As of 31 December	
All figures in $000's	Note	2014	Restated 2013
ASSETS			
Non-current assets			
Property, plant and equipment	6	78,877	122,829
Multi-client library	9	14,685	7,067
Goodwill	7	–	1,267
Long term investment		82	82
		93,644	**131,245**
CURRENT ASSETS			
Inventories	12	4,463	4,367
Trade receivables	10	14,215	24,712
Other current assets	11	21,692	16,942
Cash and cash equivalents	13	6,972	12,155
		47,342	**58,176**
Total assets		**140,986**	**189,421**
EQUITY			
Shareholders' equity			
Paid in capital	14	189,125	189,125
Equity component of convertible loan		6,296	6,296
Currency translation reserve		(407)	(392)
Share options granted	14	1,326	1,097
Retained earnings		(237,261)	(138,460)
		(40,921)	**57,666**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	17	–	72,008
Provision for end of service benefit		–	1,103
		-	**73,111**
CURRENT LIABILITIES			
Trade and other payables	15	63,631	25,254
Provisions	16	9,580	–
Loans and borrowings	17	102,217	27,262
Tax liabilities		6,479	6,128
		181,907	**58,644**
Total liabilities		**181,907**	**131,755**
Total equity and liabilities		**140,986**	**189,421**

On 24 March 2015 the board of directors of SeaBird Exploration Plc authorized these consolidated financial statements for issue.

Åge Korsvold	**Kitty Hall**	**Kjell H Mathiassen**	**Melvin Teigen**
Chairman	**Director**	**Director**	**Director**

CONSOLIDATED STATEMENT OF INCOME

		Year ended 31 December	
All figures in $000's	Note	2014	Restated 2013
Revenues	5	129,268	177,270
Cost of sales	20	(107,988)	(127,823)
Selling, general and administrative expenses	20	(30,640)	(19,365)
Other income (expenses), net	19	1,489	1,538
Earnings before interest, tax, depreciation and amortization (EBITDA)		**(7,871)**	**31,620**
Depreciation	6,9	(21,244)	(22,321)
Amortization	9	(12,457)	(4,759)
Impairment	6,7,9	(38,310)	–
Earnings before interest and taxes (EBIT)		**(79,882)**	**4,540**
Finance expense	22	(16,978)	(12,040)
Other financial items, net	18	(787)	(829)
Change in fair value of conversion rights	18	–	–
Profit/(loss) before income tax		**(97,647)**	**(8,329)**
Income tax	8	(2,171)	1,331
Profit/(loss) continuing operations		**(99,818)**	**(6,998)**
Net profit/(loss) discontinued operations	25	1,015	3,045
Profit/(loss) for the period		**(98,803)**	**(3,953)**
PROFIT/(LOSS) ATTRIBUTABLE TO			
Shareholders of the parent		(98,803)	(3,953)
EARNINGS PER SHARE			
Basic	23	(1.72)	(0.09)
Diluted	23	(1.72)	(0.09)
EARNINGS PER SHARE FROM CONTINUED OPERATIONS			
Basic	23	(1.73)	(0.16)
Diluted	23	(1.73)	(0.16)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

All figures in $000's	Note	Year ended 31 December 2014	Restated 2013
Profit/(loss)		**(98,803)**	**(3,953)**
OTHER COMPREHENSIVE INCOME			
Net movement in currency translation reserve and other changes		216	109
Total other comprehensive income, net of tax		**216**	**109**
Total comprehensive income		**(98,587)**	**(3,844)**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Shareholders of the parent		(98,587)	(3,844)
Total		**(98,587)**	**(3,844)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All figures in $000's	Paid in capital	Equity component of convertible loan	Share options granted	Retained earnings (restated 2013)	Currency translation reserve	Total
Balance at 1 January 2013	**180,761**	**6,296**	**8,495**	**(142,226)**	**(180)**	**53,146**
COMPREHENSIVE INCOME FOR THE YEAR						
Profit	–	–	–	(3,953)	–	(3,953)
Currency translation reserve	–	–	–	–	(212)	(212)
Total comprehensive income for the year	**-**	**-**	**-**	**(3,953)**	**(212)**	**(4,165)**
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS						
Share issue	8,364	–	–	–	–	8,364
Equity component of convertible loan	–	–	–	–	–	–
Share option granted/cancelled	–	–	(7,398)	7,719	–	321
Total contributions by and distributions to owners	**8,364**	**-**	**(7,398)**	**7,719**	**-**	**8,685**
31 December 2013	**189,125**	**6,296**	**1,097**	**(138,460)**	**(392)**	**57,666**
Balance at 1 January 2014	**189,125**	**6,296**	**1,097**	**(138,460)**	**(392)**	**57,666**
COMPREHENSIVE INCOME FOR THE YEAR						
Profit	–	–	–	(98,803)	–	(98,803)
Currency translation reserve	–	–	–	–	(14)	(14)
Total comprehensive income for the year	**-**	**-**	**-**	**(98,803)**	**(14)**	**(98,817)**
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS						
Share issue	–	–	–	–	–	–
Equity component of convertible loan	–	–	–	–	–	–
Share option granted/cancelled	–	–	229	–	–	229
Total contributions by and distributions to owners	**-**	**-**	**229**	**-**	**-**	**229**
31 December 2014	**189,125**	**6,296**	**1,326**	**(237,261)**	**(407)**	**(40,921)**

CONSOLIDATED STATEMENT OF CASH FLOW			
		Year ended 31 December	
All figures in $000's	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before income tax		(97,647)	(8,329)
Adjustments for			
Depreciation, amortization and impairment		72,010	27,080
Unrealized exchange (gain)/loss		566	(1,277)
Accelerated finance charge on bond loan		5,102	–
Amortization of interest		8,935	10,333
Goodwill impairment		1,267	–
Paid income tax		(1,833)	(3,321)
Earned on employee stock option plan		230	541
(Increase)/decrease in inventories		(96)	(446)
(Increase)/decrease in trade and other receivables		6,518	5,287
Increase/(decrease) in trade and other payables		45,213	(2,777)
Net cash from operating activities		**40,265**	**27,091**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures		(7,828)	(17,079)
Multi-client investment		(29,560)	(6,307)
Long-term investment		–	(83)
Net cash used in investing activities		**(37,388)**	**(23,469)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares		–	8,364
Receipts from borrowings		–	–
Repayment of borrowings		(5,110)	(7,851)
Movement in borrowings		414	87
Interest paid		(3,349)	(6,596)
Net movement in currency fluctuations		(15)	(215)
Net cash from financing activities		**(8,060)**	**(6,211)**
Net (decrease)/increase in cash and cash equivalents		**(5,183)**	**(2,589)**
Cash and cash equivalents at beginning of the period	**13**	**12,155**	**14,744**
Cash and cash equivalents discontinued operations		**-**	**-**
Cash and cash equivalents at end of the period		**6,972**	**12,155**

1. General information

SeaBird is a global provider of marine 2D and 3D seismic data for the oil and gas industry. SeaBird specializes in high quality operations within the high end of the 2D and source vessel market, as well as the niche 3D market. SeaBird concentrates on contract seismic surveys, but is also actively engaged in the multi-client sector. The main success criteria for the company are an unrelenting focus on health, safety, security, environment and quality (HSSEQ), combined with efficient collection of high quality seismic data.

The company was incorporated in the British Virgin Islands as a limited liability company in 2000. The company was re-domiciled to Cyprus on 18 December 2009. SeaBird has been listed on the Oslo Stock Exchange since April 2006, under the ticker symbol "SBX".

The primary business address of the company is 333, 28th October Street, Ariadne House, Limassol, Cyprus. The company also has offices in Oslo (Norway), Houston (USA), Singapore, Dubai (United Arab Emirates), and St. Petersburg (Russia).

SeaBird Exploration Plc is tax resident in Norway and registered in the corporate registers in Norway and Cyprus.

At 31 December 2014, SeaBird's fleet is as follows:

Aquila Explorer

Geo Pacific (bareboat charter)

Harrier Explorer

Hawk Explorer (finance lease)

Munin Explorer (bareboat charter)

Northern Explorer

Osprey Explorer

Voyager Explorer (bareboat charter)

SeaBird additionally manages the maritime operations of Hugin Explorer.

The accompanying consolidated financial statements represent the activities of SeaBird for the year ended 31 December 2014. These consolidated financial statements were authorized for issue by the board of directors on 24 March 2015.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements have been prepared under the historical cost convention, as modified by the long term investment, and financial assets held for trading at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The company has restated certain comparative line items in the Property, Plant and Equipment note to take into account the de-recognition of assets no longer in use that were fully depreciated. There was no effect on the net book value of Property, Plant and Equipment.

ADOPTION OF NEW AND REVISED IFRS STANDARDS

During the current year the company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2014. This adoption did not have a material effect on the accounting policies of the company.

At the date of approval of these financial statements the following accounting standards were issued by the International Accounting Standards Board but were not yet effective:

(I) STANDARDS AND INTERPRETATIONS ADOPTED BY THE EU

New standards

- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2014).
- IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2014).
- IFRS 12 "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2014).

Amendments

IFRS INTERPRETATIONS COMMITTEE

- IAS 27 (Revised): "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2014).
- IAS 28 (Revised): "Investments in Associates" (effective for annual periods beginning on or after 1 January 2014).
- Amendment to IAS32 "Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2014).
- Amendment to IAS 36 "Recoverable Amount - Disclosures for Non-Financial Assets" (effective for annual periods beginning on or after 1 January 2014).
- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement", Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014).
- Transition Guidance for IFRS 10, 11 & 12 (effective for annual periods beginning on or after 1 January 2014).
- Investment Entities amendments to IFRS 10, IFRS 12, and IAS 27 (effective for annual periods beginning on or after 1 January 2014).

(II) STANDARDS AND INTERPRETATIONS NOT ADOPTED BY THE EU

New standards

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).

IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016).

IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2017).

Amendments

Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 July 2014).

IFRS 9 "Financial Instruments" (issued 12 November 2009) and subsequent amendments (amendments to IFRS 9 and IFRS 7 issued 16 December 2011) (effective for annual periods beginning on or after 1 January 2015).

Annual Improvements to IFRSs 2010–2012 Cycle (issued on 12 December 2013) (effective for annual periods beginning on or after 1 July 2014)

Annual Improvements to IFRSs 2011–2013 Cycle (issued on 12 December 2013) (effective for annual periods beginning on or after 1 July 2014)

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016).

IFRS 11 (Amendments) "Accounting for Acquisitions of Interests in Joint Operations" (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016).

IAS 27 (Amendments) "Equity method in separate financial statements" (effective for annual periods beginning on or after 1 January 2016).

New IFRICs

IFRIC 21 "Levies" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).

The Board of Directors expects that the adoption of these standards or interpretations in future periods will not have a material effect on the financial statements of the Company.

2.2 Consolidation

(A) SUBSIDIARIES

Subsidiaries are all entities over which SeaBird has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether SeaBird controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to SeaBird. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by SeaBird. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of SeaBird's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between SeaBird companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by SeaBird.

For a complete listing of subsidiaries please refer to note 13 of the unconsolidated financial statements of SeaBird Exploration Plc.

(B) TRANSACTIONS AND MINORITY INTERESTS

The company has no minority interests.

2.3 Segment reporting

A segment is a distinguishable component of the company that is engaged in providing related services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the company's business and geographical segments. The company's primary format for segment reporting is based on the business segments contract seismic and multi-client seismic.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

2.4 Foreign currency translation

(A) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of SeaBird's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in US dollars, which is the company's functional and presentation currency.

(B) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 recognized in the income statement.

(C) SEABIRD COMPANIES

The results and financial position of all the SeaBird entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(I) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(II) income and expenses for each income statement are translated at average exchange rates during the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(III) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

2.5 Property, plant and equipment

Property, plant and equipment comprise mainly vessels and seismic equipment on board owned or chartered vessels. Vessels, seismic equipment designated for source and 3D/2D operation and office equipment are carried at historical cost, less subsequent depreciation. Impairment of vessels and seismic equipment is evaluated annually based on value in use calculations (see section 4B).

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

As of 1 January 2012, the company changed its accounting policy on the measurement of property, plant and equipment from the revaluation model to the historical cost model. Management believes that this method provides more reliable and relevant information that is more easily verified and free from management judgment and impacts due to the cyclical nature of the seismic industry.

Depreciation on property, plant and equipment is calculated using the straight-line method (historical cost less residual value) over their estimated remaining useful lives, as follows:

- Seismic vessels 10 to 15 years
- Seismic equipment 4 to 8 years
- Office equipment 4 years

The vessels are depreciated from the date they are available for use, i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management.

Costs for special periodic and class renewal surveys (dry-docking) are capitalized and depreciated over the estimated period between surveys. When special periodic and class renewal surveys occurs the part of the fixed assets register that is replaced is derecognized. Other maintenance and repair costs are expensed as incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When re-valued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2.6 CAPITAL WORK IN PROGRESS

Property, plant and equipment under construction or under conversion are capitalized at the lower of cost or market value. Elements of cost, include costs that are directly attributable to the conversion project but not administration and other general overhead costs.

Borrowing costs are capitalized. This applies to both borrowing costs directly attributable to the acquisition and to costs related to funds that are borrowed for general purposes to the extent that funds are used for obtaining qualifying assets.

2.7 INTANGIBLE ASSETS

Intangible assets can only qualify for capitalization when all the following conditions are met:

- Demonstrated technical and commercial feasibility (for own use or sale),
- Intention and ability to complete the intangible asset and to use or sell it,
- A formal business case that documents that the asset will generate future economic benefits, and
- The company has availability to technical and financial resources to complete development and to use it internally or sell the intangible asset as a product.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets with finite lives are amortized over the useful economic lives based on straight line amortization. Useful lives and amortization method for intangible assets with finite useful life are reviewed at least annually. Gains and losses arising from de-recognition of an intangible asset are measured at the difference between the net sales proceeds and the carrying amount of the asset and are reported as "other income (expenses), net" in the income statement as part of operating profit.

(A) GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(B) PATENT TECHNOLOGY (INTELLECTUAL PROPERTY RIGHTS)

Acquired patent technology (intellectual property rights) are shown at historical cost. Patent technology has a finite useful life and is carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost over its estimated useful life.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Multi-client library

The multi-client library consists of seismic data surveys to be licensed to customers on a non-exclusive basis.

All direct and indirect costs incurred in acquiring, processing including depreciation and mobilization/steaming costs completing seismic surveys are capitalized to the multi-client library. Mobilization and vessel costs are included in the survey cost from the point of mobilization.

All multi-client libraries are subject to minimum amortization starting the first month after project completion measured from the date when data processing and analysis of the data has been finalized. Further, SeaBird classifies its multi-client libraries at the outset into one of two main categories with different amortization profiles. The company records amortization, processing and analysis completion dates on a per survey basis.

"Category 1" libraries are subject to minimum amortization of 20% in the first year, 20% in the second year, 20% in the third year, 20% in the fourth year and 20% in the fifth year. The company estimates future sales for these multi-client libraries and percentage amortization ratio is estimated by total costs divided by the sum of the expected current and future revenues. Each project is placed into one of twelve amortization categories with amortization rates of 100%, 95%, 90%, 85%, 80%, 75%, 70%, 65%, 60%, 55%, 50% or 45% as set out in the table below.

Calculated sales amortization rate	Accounting amortization category
Larger than 95%	100%
90%-95%	95%
85%-90%	90%
81%-85%	85%
76%-80%	80%
71%-75%	75%
66%-70%	70%
61%-65%	65%
56%-60%	60%
51%-55%	55%
46%-50%	50%
0%-45%	45%

Table 1: SeaBird "Category 1"sales amortization categories

In the case expected future sales change materially the survey will be put into a different sales amortization bracket. Hence, the amortization can change as a result of multi-client sales and changes in estimates of remaining revenues.

"Category 2" multi-client libraries are amortized over the shorter of three years or the life of the survey with 33% linear minimum amortization per year and additional 100% sales amortization is charged to the project based on the sales in the quarter as these libraries are considered to have less potential for future revenues.

2.10 Financial assets

2.10.1 Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss, 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.

(A) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

The company did not hold any financial assets at fair value through profit and loss throughout the current or previous year.

(B) LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as noncurrent assets. The company's loans and receivables comprise "trade receivables" and "cash and cash equivalents" in the balance sheet (notes 2.12 and 2.13).

(C) AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

The company did not hold any available-for-sale assets throughout the current or previous year.

2.11 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises fuel, lube, spare parts and other direct costs and related production overheads. It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that SeaBird 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 reorganization and default or delinquency in payments are considered indicators that the trade receivable is 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 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 recognized in the income statement within "selling, general and administrative expenses". 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, general and administrative expenses" in the income statement.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, bond service accounts, performance bonds, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.14 Share capital / Paid in capital

Ordinary share capital is calculated at a nominal value as originally established, and additional paid in capital are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where and if any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the company's equity holders.

2.15 Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition. The financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The subsequent measurement of the financial liabilities depends on their classification.

The company's financial liabilities include trade and other payables and loans and borrowings.

(A) INTEREST-BEARING DEBTS AND BORROWINGS

Interest-bearing debts and borrowings are recognized initially at fair value, net of directly attributable transaction costs incurred. Interest-bearing debts and borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Interest-bearing debts and borrowings are classified as current liabilities unless SeaBird has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(B) FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments.

Financial liabilities at fair value through profit or loss are carried in the income statement at fair value with changes in fair value recognized under financial items.

(C) TRADE PAYABLES

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where SeaBird operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. SeaBird establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, the deferred income tax, if it is not accounted for, arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by SeaBird and it is probable that the temporary difference will not reverse in the foreseeable future.

2.17 Employee benefits

(A) PENSION OBLIGATIONS

SeaBird companies operate various pension schemes. The schemes are generally funded through payments to insurance companies, determined by periodic actuarial calculations. The pension schemes are in general defined contribution plans. A defined contribution plan is a pension plan under which SeaBird pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

For defined contribution plans, SeaBird pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(B) SHARE-BASED COMPENSATION

SeaBird operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for SeaBird equity instruments (options). The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(C) TERMINATION BENEFITS

As regards employees in United Arab Emirates ("UAE"), accumulated period of employees' end of service gratuities are recorded as a provision. The provision recorded (as required by UAE Labor Law 1980) is based on the provision that all foreign workers are allowed to receive their end of service benefit from the employer as per the following rates based on their length of service:

Employed for less than 1 year – no gratuity;

Employed between 1-3 years – 7 days for each year of employment (1/3 of the limited contract amount);

Employed between 3-5 years – 14 days for each year of employment (2/3 of the limited contract amount);

Employed longer than 5 years – 21 days for each year up to 5 years, and 30 days for each year after 5 years (same as for limited contract holders). Maximum limit is of 2 years' worth of salary.

2.18 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when SeaBird has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Onerous leases are contracts where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Provision is made in respect of onerous contracts for the present obligation under the contract.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of SeaBird's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within SeaBird.

Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Multi-client pre-sales revenue is recognized based on a cost of completion basis (accumulated net project cost to date relative to total net estimated project cost for the company) at each reporting date. Late sales are defined as sales happening subsequent to a multi-client project completion (the company's responsibilities has ended and all project costs have been incurred).

The Company recognizes prefunding from a partner multi-client company as reduction in cost and capital expenditure given that the partner has received zero prefunding from its end-customers at that time. Sales of whole multi-client libraries are treated as revenues and the corresponding book value of the multi-client library that is sold is charged against cost of sales.

2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Finance lease agreements are defined as contracts/assets or a long-term lease agreement that transfers substantially all the risks and rewards incidental to ownership to the company.

Finance leases are accounted for as fixed assets at the commencement of the lease term, at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property, plant and equipment, and 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 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 property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Impairment of finance leases is evaluated annually based on value in use calculations. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.21 Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in SeaBird's financial statements in the period in which the dividends are approved by the company's shareholders.

2.22 Going concern assumption

These consolidated financial statements are prepared under a going concern assumption.

As at 31 December 2014, the company does not have sufficient working capital to cover present requirements for a period of at least twelve months. At 31 December 2014, current assets were $47.3 million compared to current liabilities of $181.9 million.

The company was in breach of covenants of the Hawk lease, the convertible loan from Perestroika and the SBX03 bond agreement as of 31 December.

In January 2015, the company announced an agreed restructuring proposal to reduce indebtedness and provide additional funding. As a part of the restructuring, SeaBird agreed to issue $11.6 million of new equity with warrants, a $29.3 million three-year secured bond, a $2.4 million three-year secured credit facility and a $2.1 million three-year unsecured loan.

The company further agreed to convert the existing SBX03 bond as well as the Perestroika convertible loan into a combination of preference shares convertible into ordinary shares and SBX04 new secured bond. Additionally, outstanding charter hire and vendor obligations will be converted into equity, debt and/or partially written down. The restructuring was completed in March 2015.

In light of the challenging market conditions, the company has initiated a process to reduce costs. Still, if cost reduction efforts are unsuccessful or and/or the company fails to meet its projected cash flow, there will be a significant adverse effect on the company. In such a scenario, the company will be unable to meet its liabilities as they fall due and to continue as a going concern. In such event, SeaBird would be unable to realize the carrying value of its property, plant and equipment, whose values on a forced sale basis would be lower than their fair values. Furthermore, goodwill and intangibles would be written off as their carrying values largely represent their values in use.

3. Risk factors and financial risk management

3.1 Financial risk factors

SeaBird's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management focuses on the unpredictability of financial markets and monitors and controls risks with a potential significant negative effect for the company and evaluates to minimize the risks if the cost of doing so is acceptable. The company uses derivative financial instruments to hedge certain risk exposures from time to time.

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and procedures for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these consolidated statements.

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The audit committee oversees how management monitors and manages risk and review the adequacy of the risk management framework in relation to the risks faced by SeaBird.

(A) MARKET RISK

(I) Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar, Norwegian kroner, Euro, British Pound, Swedish krona and to some extent the UAE Dirham. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the company use from time to time various foreign exchange contracts. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

SeaBird did not enter into any foreign exchange contracts in 2013 and 2014.

(II) Price risk

SeaBird is exposed to commodity (bunker fuel) price risk. As SeaBird in general has a fairly short order backlog for contracts where SeaBird is carrying the risk of bunker fuel prices, this risk has not historically been mitigated by forward commodity contracts. SeaBird might from time to time evaluate commodity contracts to mitigate such risk in the future.

(B) CREDIT RISK

SeaBird has policies in place to ensure that sales of services are made to customers with an appropriate credit history. Still, the company faces the risk of non-payment from customers.

SeaBird seeks to limit the amount of credit exposure to any financial institution and is only investing in liquid securities with counterparties with strong credit ratings.

The company's policy is to provide financial guarantees only to wholly-owned subsidiaries or performance guarantees and similar in the normal course of business.

(C) LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of available debt funding and the ability to close out market positions. Due to the cyclical nature of the seismic industry, SeaBird has been aiming to maintain flexibility in funding by a mixture of debt and equity financing.

(D) CASH FLOW AND FAIR VALUE INTEREST RATE RISK

As SeaBird has no significant interest-bearing assets beyond operating cash and cash equivalents, the company's income and operating cash flows are substantially independent of changes in market interest rates.

SeaBird's interest rate risk arises from long-term and short-term interest-bearing debt. Interest-bearing debt issued at variable rates expose the company to cash flow interest rate risk. Interest-bearing debt issued at fixed rates expose the company to fair value interest rate risk. As of 31 December 2014, the bond loan constitutes 80% of total debt while the convertible loan from Perestroika and the Hawk lease constitutes 15% and 5%, respectively. All the outstanding debts as of 31 December 2014 were issued at fixed interest rates.

(E) RISKS RELATED TO DEBT ARRANGEMENTS

SeaBird's current and future debt arrangements may include covenants and undertakings of a general, financial and technical nature and such debt arrangements may contain cross-default provisions. Failure by the company to meet any of the covenants or undertakings could result in all outstanding amounts under the different debt arrangements becoming immediately due for payment, which could potentially have a material adverse effect on the company's financial position and the value of the shares and the company's operations and results.

3.2 Other risk factors

SeaBird is subject to various other risk factors. The risks described below are not exhaustive as additional risks not presently known to SeaBird or which SeaBird currently deems immaterial may also impair the company's business operations. If any of the following risks actually materialize, SeaBird's business, financial position and operating results could be materially and adversely affected.

SeaBird is exposed to the economic cycle, as changes in the general economic situation could affect demand for the SeaBird's services. Demand for offshore geophysical services depends 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 can be negatively affected by a number of factors including, but not limited to, decreases in oil and gas prices, fluctuations in production levels and disappointing exploration results. Low oil prices typically lead to a reduction in capital expenditures as these companies scale down their investment budgets. Sustained periods of substantially reduced capital expenditures by these companies may reduce the demand for the SeaBird's products and services. Furthermore, recoveries in oil and gas prices do not immediately increase exploration, development and production spending, so improving demand for SeaBird's services will generally lag oil and gas price increases.

SeaBird's operating income/loss and operating results can vary from month to month. Its operating income is difficult to forecast due to changes in oil companies' E&P (exploration and production) budgets and expenditures, the competitive environment, efficiency in operations, adverse weather conditions and other general economic and market conditions. Changes in oil prices and exploration and production budgets could materially affect the business and operating results. Unanticipated difficulties in pursuing SeaBird's business strategy could have a material adverse effect on the company's business, operating results, or financial condition.

The market for SeaBird's products and services is competitive. SeaBird faces competition from other companies within the seismic industry, and many of these companies may have greater resources than SeaBird itself. Generally, overcapacity in the seismic market would have a negative effect on the operating results of the company, and the possible failure of SeaBird to maintain competitive offering of equipment and services could have a material adverse effect on its business, operating results or financial condition.

SeaBird has a strategy of contracting its vessels both towards the long-term market as well as the more volatile spot market. There can be no guarantee that SeaBird will be able to secure contracts at such rates and utilization rates that are needed. In addition, SeaBird may experience significant off-hires between charters. Furthermore, disputes under the charter parties may occur, which can result in responsibility and losses for the company.

Operations in international markets are subject to risks inherent in international business activities, including, in particular, general economic conditions in each such country, overlapping differing tax structures, managing an organization spread over various jurisdictions, unexpected changes in regulatory requirements, complying with a variety of foreign laws and regulations.

SeaBird's business depends on contracts with customers regarding collection and sale/licensing of geophysical data. Each contract normally involves a substantial value or consideration to the company. Furthermore, some of the contracts are governed by the law of the operations' area, which may create both legal and practical difficulties in case of a dispute or conflict. SeaBird also operates in regions where the ability to protect contractual and other legal rights may be limited compared to regions with more well-established markets.

There will always be operational risks involved in performing offshore seismic surveys. This includes among others unexpected failure or damage to vessels and technical equipment, work accidents or adverse weather conditions. These risks can cause personal injury, prevent surveys to be performed as scheduled, other business interruptions, property and equipment damage, pollution and environmental damage. SeaBird may be subject to claims as a result of these hazards. SeaBird seeks to prevent loss or damages from such incidents by insurance, contractual regulations and emergency routines. However, there will always be some exposure to technical and operational risks, with unforeseen problems leading to unexpectedly high operating costs, substantial losses, additional investments, etc., which may have a material negative effect on the company's operating results and financial position. If for example a vessel is rendered a total loss, the charter party will be void and SeaBird will under such circumstances lose income that would otherwise come from operating this vessel. Additionally, the occurrence of any of these risks could hurt SeaBird's reputation.

SeaBird is subject to taxation in Cyprus and Norway, as are the majority of its subsidiaries. The company is also subject to taxation in various other jurisdictions because of its global operations. SeaBird faces the risk that its tax filings are challenged and may be subject to unexpected claims for unpaid taxes or sanctions as a consequence of breach of applicable tax legislation.

3.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by SeaBird is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. SeaBird uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to SeaBird for similar financial instruments.

4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Judgments made by management in the application of IFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

(A) ESTIMATING USEFUL LIVES, DECOMPOSITION, RESIDUAL VALUE AND COST OF REMOVAL OF VESSELS AND EQUIPMENT

The company's estimates of useful lives and plans for depreciation are based on investment considerations and on experience of technical and economic life of similar assets. Expected useful life and residual values of the vessels can change according to environmental requirements, wear and tear, corporate strategy, etc. A different decomposition of vessels and equipment may lead to different depreciations. However, management does not consider such effects to be material.

(B) ESTIMATED IMPAIRMENT OF MULTI-CLIENT SURVEYS, VESSELS, EQUIPMENT, GOODWILL AND PATENT TECHNOLOGY

Impairment is tested at least annually, in accordance with the accounting policy stated in Note 2.5, 2.7 and 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require management to make estimates of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows (Note 6, 7 and 9).

The multi-client libraries are subject to impairment reviews based on expectations of estimated future cash flows. The impairment is based on using a group of surveys as the cash generating unit. The impairment review requires an internal evaluation of future sales potential for each group of surveys supplemented with direct enquiries to multi-client partners on active libraries with a material remaining book value.

(C) MULTI-CLIENT LIBRARY SALES AMORTIZATION

Forecasted revenues for multi-client surveys are forecasted based on input from partners and feedback from clients. Total project cost estimates are based on experience from other seismic projects and historical cost accounting information. Forecasted revenues and project cost estimates form the basis for SeaBird's selected sales amortization on a per survey basis. Forecasted future revenues for multi-client surveys are updated, which can change the sales amortization of individual surveys.

(D) CONTRACT AND MULTI-CLIENT REVENUE RECOGNITION

The estimated progress is calculated at the end of each quarter on each ongoing contract survey and multi-client project, which form the basis for accrued revenue accounting estimates.

(E) INCOME TAXES

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where SeaBird operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. SeaBird establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(F) ESTIMATES FOR FINANCIAL ASSETS

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(G) SHARE-BASED PAYMENTS

The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

(H) FAIR VALUE OF FINANCIAL INSTRUMENTS

Where the fair value of financial assets and financial liabilities recorded in the income statement cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to this model are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(I) PROVISIONS

Provisions for restructuring costs, onerous contracts and legal claims are measured at the management's best estimate of the expenditure required to settle the present obligation at the reporting date, and are discounted to present value. The estimates to establish the provision are taken from observable data, management experience and/or external experts. Judgments include considerations of contract terms, contract deliverables, legal obligations and evaluations of likely outcomes of contract disputes.

5. SEGMENT INFORMATION

All our seismic services and operations are conducted and monitored within the group as one business segment.

Primary reporting format – revenues

All figures in $000's	2014	Restated 2013
REVENUE		
Contract	111,411	166,289
Multi-client	17,857	10,981
Total	**129,268**	**177,270**

Secondary reporting format – geographical segments

All figures in $000's	2014	Restated 2013
REVENUE		
Europe, Africa & Middle East (EAME)	70,208	38,361
North & South America (NSA)	20,304	69,108
Asia Pacific (APAC)	38,756	69,800
Total	**129,268**	**177,270**
SEGMENT ASSETS		
Europe, Africa & Middle East (EAME)	140,986	189,421
North & South America (NSA)	–	–
Asia Pacific (APAC)	–	–
Total	**140,986**	**189,421**
CAPITAL EXPENDITURE		
Europe, Africa & Middle East (EAME)	7,828	17,079
North & South America (NSA)	–	–
Asia Pacific (APAC)	–	–
Total	**7,828**	**17,079**

Two major customers contributed 36% of the total revenue from continuing operations for 2014. Total revenue from one of these customers was $29.8 million for the year ended 31 December 2014 and from the other $17.4 million.

A substantial portion of the property and equipment is mobile due to SeaBird's world-wide operation. Asset locations at the end of a period are not necessarily indicative of the geographic distribution of the revenues generated by such assets during the period.

Geographic distribution of assets is based upon location of physical ownership. Goodwill is presented in the same geographic area as the underlying acquired assets. The geographic distribution of revenues is based upon location of performance. Capital expenditures are based on the location of the company that is making the investment.

6. PROPERTY, PLANT AND EQUIPMENT

	Seismic vessel and equipment (owned)	Seismic vessel and equipment (leased)	Seismic equipment on chartered vessels	Office equipment	Total
AT 1 JANUARY 2013					
Cost or valuation	207,257	49,403	32,963	4,761	294,384
Accumulated impairments	(53,185)	(8,676)	(7,066)	–	(68,927)
Accumulated depreciation	(57,409)	(20,643)	(12,790)	(3,841)	(94,683)
Net book amount	**96,663**	**20,084**	**13,107**	**920**	**130,774**

6. PROPERTY, PLANT AND EQUIPMENT

	Seismic vessel and equipment (owned)	Seismic vessel and equipment (leased)	Seismic equipment on chartered vessels	Office equipment	Total
YEAR ENDED 31 DECEMBER 2013					
Opening net book amount	96,663	20,084	13,107	920	130,774
Reclassification	(722)	165	422	135	–
Derecognition of cost of property plant and equipment	(14,569)	(1,310)	(1,712)	(227)	(17,819)
Derecognition of accumulated depreciation	14,569	1,310	1,712	227	17,819
Additions	7,803	825	7,874	577	17,079
Disposals	–	–	(568)	–	(568)
Impairments	–	–	–	–	–
Depreciation	(15,798)	(2,662)	(5,753)	(243)	(24,456)
Closing net book amount	**87,946**	**18,412**	**15,082**	**1,389**	**122,829**
AT 31 DECEMBER 2013					
Cost or valuation	199,769	49,083	38,979	5,246	293,076
Accumulated impairments	(53,185)	(8,676)	(7,066)	–	(68,927)
Accumulated depreciation	(58,638)	(21,995)	(16,831)	(3,857)	(101,320)
Net book amount	**87,946**	**18,412**	**15,082**	**1,389**	**122,829**
YEAR ENDED 31 DECEMBER 2014					
Opening net book amount	87,946	18,412	15,082	1,389	122,829
Reclassification	2,066	350	(422)	(1,994)	–
Derecognition of cost of property plant and equipment	–	–	–	–	–
Derecognition of accumulated depreciation	1,270	97	1,247	–	2,614
Additions	2,965	1,850	1,496	1,517	7,828
Disposals	(4,987)	(294)	(312)	–	(5,593)
Impairments	(16,032)	(2,154)	(6,568)	–	(24,754)
Depreciation †	(13,824)	(3,372)	(6,563)	(288)	(24,047)
Closing net book amount	**59,404**	**14,889**	**3,960**	**624**	**78,877**
AT 31 DECEMBER 2014					
Cost or valuation	199,813	50,989	39,741	4,769	295,312
Accumulated impairments	(69,217)	(10,830)	(13,634)	–	(93,681)
Accumulated depreciation	(71,192)	(25,270)	(22,147)	(4,145)	(122,754)
Net book amount	**59,404**	**14,889**	**3,960**	**624**	**78,877**

† Depreciation attributable to continued operations: $24,046 in 2014 ($24,456 in 2013).
Depreciation attributable to discontinued operations: nil (nil in 2013).

Compensation from third party, for items that were lost or given up, amounts to $1.9 million in 2014 (nil in 2013).

The net book value of the Hawk Explorer which is the subject of a finance lease (see note 27) as at 31 December 2014 is $14.9 million (2013: $18.4 million).

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment impairments amounted to $24.8 million during the year. The impairments relate to vessels and equipment and were triggered by the current market weakness. The impairments are based on net present value of estimated future cash flows from each cash generating unit (individual vessels including seismic equipment) and a discount rate of 14.0% (weighted average cost of capital).

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes costs directly attributable to the acquisition of the item. Costs are included in the asset's carrying amount or recognized as a separate asset, if appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Costs of all repairs and maintenance are expensed as incurred.

7. INTANGIBLE ASSETS

	Goodwill
COST	
Balance at 1 January 2013	6,340
Balance at 31 December 2013	**6,340**
Balance at 1 January 2014	6,340
Balance at 31 December 2014	**6,340**
AMORTIZATION AND IMPAIRMENT LOSSES	
Balance at 1 January 2013	(5,073)
Impairment loss	–
Balance at 31 December 2013	**(5,073)**
Amortization for the year	–
Impairment loss	(1,267)
Balance at 31 December 2014	**(6,340)**
CARRYING AMOUNTS	
At 1 January 2013	1,267
At 31 December 2013 / 1 January 2014	**1,267**
At 31 December 2014	**-**

In January 2007, SeaBird acquired all shares in GeoBird Management Middle East FZ-LLC, a company situated in Dubai and being the company managing the maritime operations of SeaBird's vessels. The excess value of the business was calculated at $1.3 million. The excess value represents valuation of assembled work force and organization which, in accordance with IFRS, are classified as goodwill.

In December 2014, SeaBird performed its annual impairment test for intangible assets. The remaining goodwill related to the GeoBird acquisition was impaired in light of lowered oil prices and weaker market environment for seismic services.

8. INCOME TAX EXPENSE

SeaBird Exploration Plc is subject to taxation in Norway and the majority of its subsidiaries in Cyprus. The company is also subject to taxation in various other jurisdictions because of its global operations. The company had a continuing operations net tax cost of $2.2 million and a discontinued operations net tax cost of $0.1 million related to reassessment of selected historical tax provisions. The company is continuing to evaluate its historical tax exposures which might change the reported tax expense.

Current tax	2014	2013
Current period	2,854	2,818
Adjustment for prior periods	(606)	(7,408)
Total current tax	**2,248**	**(4,590)**

	2014	2013
Continuing Operations Profit/(loss) before income tax	(97,647)	(8,329)
Tax arising at the rate of 27% (28% in 2013)	(26,365)	(2,332)
Current year tax effect of losses	26,365	2,332
Current year corporate tax effect	–	516
Withholding tax effect current year	2,854	1,848
Reassessment of prior year tax provisions	(683)	(3,694)
Total tax expense attributable to continuing operations	**2,171**	**(1,331)**

	2014	2013
Attributable to continued operations	**2,171**	**(1,331)**
Attributable to discontinued operations	**77**	**(3,259)**

9. MULTI-CLIENT LIBRARY

The components of the multi-client library are summarized as follows:

	2014	2013
At 1 January	7,067	3,384
Cash investments	29,561	6,307
Capitalized depreciation	2,802	2,135
Impairment	(12,288)	–
Amortization†	(12,457)	(4,759)
At 31 December	**14,685**	**7,067**

† Amortization attributable to continued operations: $12,457 ($4,759 in 2013).
Amortization attributable to discontinued operations: $0 ($0 in 2013).

Amortization expense for the year ended 31 December 2014 includes $0.3 million of additional non-sales related amortization, net. For the year ended 31 December 2013, the additional non-sales related amortization totalled $1.9 million.

9. MULTI-CLIENT LIBRARY

The company introduced a new amortization category in Q2 2013 to conform to seismic industry accounting practices. "Category 1" libraries (the new category) are subject to minimum amortization of 20% in the first year, 20% in the second year, 20% in the third year, 20% in the fourth year and 20% in the fifth year. Each project is placed into one of twelve sales amortization categories with amortization rates of 100%, 95%, 90%, 85%, 80%, 75%, 70%, 65%, 60%, 55%, 50% or 45%. "Category 2" multi-client libraries are amortized over the shorter of 3 years or the life of the survey. Total sales were $17.9 million in 2014 (2013: $11.0 million).

The net carrying value of the multi-client library, by the year in which the surveys marine acquisition were completed, is summarized as follows:

	2014	2013
Completed during 2012	–	436
Completed during 2013	3,101	6,631
Completed during 2014	11,584	–
Completed surveys	**14,685**	**7,067**

The recent reduction in oil prices is expected to delay and reduce revenues from selected multi-client surveys, which triggered an impairment of $12.3 million. The impairments are based on net present value of estimated future cash flows from each cash generating unit (individual multi-client libraries) and a discount rate of 14.0% (weighted average cost of capital).

For information purposes, the following shows the hypothetical application of the company's minimum amortization requirements to the components of the existing multi-client library. These minimum amortization requirements are calculated as if there will be no future sales of these surveys.

During 2015	–
During 2016	664
During 2017	2,484
During 2018	2,967
During 2019	6,971
During 2020	1,599
Net carrying value of the multi-client library per 31 December 2014	**14,685**

10. TRADE RECEIVABLES

	2014	2013
Trade receivables	32,647	36,491
Less: provision for impairment of receivables	(18,432)	(11,779)
Trade receivables – net	**14,215**	**24,712**

The fair values of net trade receivables are regarded as approximate at cost adjusted for provision for impairments. The company's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 30. The net provision for impairment of receivables has been increased by $6.7 million in 2014 (2013: $0.6 million). This amount consists of $8.1 million of write downs and a $1.5 million currency gain on receivables, both amounts being recognized in the income statement for the year.

In general, vessels on time charter are prepaid, while vessels contracted to oil companies usually have payment terms of an average of 30 days.

11. OTHER CURRENT ASSETS

	2014	Restated 2013
Accrued income	13,059	8,894
Prepaid expenses	4,816	4,018
Other current assets	3,817	4,030
Total other current assets	**21,692**	**16,942**

12. INVENTORIES

	2014	2013
Bunker fuel	4,463	4,367
Total inventories	**4,463**	**4,367**

The opening balance at 1 January 2014 of $4.4 million related to bunker fuel has been recognized as expense in 2014 (2013: $3.0 million).

13. CASH AND CASH EQUIVALENTS

	2014	2013
Cash at bank and in hand	**6,972**	**12,155**

The effective average interest rate on short-term bank deposits was nil in 2014 (2013: nil).
Cash and cash equivalents include $0.2 million of restricted cash at 31 December 2014 (2013: $0.4 million).

14. SHARE CAPITAL AND SHARE OPTIONS

	Number of shares
At 1 January 2013	42,425,972
New shares issued in 2013	15,155,274
At 31 December 2013 Basic	57,581,246
New shares issued in 2014	–
At 31 December 2014 Basic	**57,581,246**
At 31 December 2014 Diluted	**57,581,246**

SeaBird uses stock options as an incentive for key employees. On 20 February 2012, as part of his employment contract Mr. Reynolds received 3,000,000 share options at a strike price of NOK 2.50 (equalling the average share price on the trading day 6 February 2012 plus approximately 10%).

Furthermore, on 13 August 2012 a total of 2,065,822 share options were granted to a total of 13 employees. The options had an exercise price of NOK 3.95, which represented the closing price for the SeaBird (SBX) share on the Oslo Stock Exchange the last day before the grant date, 10 August 2012.

On 4 November 2013, employees in SeaBird Exploration exercised their rights to purchase from the company 1,655,268 shares in SeaBird Exploration Plc at a pre-agreed price. Each such share was issued at the applicable strike price and had a weighted average price of NOK 3.07. This transaction represented 1/3 of the options that were exercisable from 13 August 2013. During 2014 no options were exercised. The remaining 1/3 of the options may be exercised from 13 August 2015. All options must be exercised by 1 November 2015, or, if resolved by the board of directors, at the latest on the date of the first quarterly report of the company after such date.

As at 31 December 2014, there are a total of 1,621,945 share options outstanding to 11 employees.

The company completed a private placement of 12 million new shares in December 2013. The placement was made at a subscription price of NOK 3.00 per share. Total gross proceeds from the private placement were NOK 36.0 million ($5.9 million).

14. SHARE CAPITAL AND SHARE OPTIONS

2014 Option plan	Outstanding options			Vested options	
Exercise price	Outstanding options per 31.12.2014	Weighted average remaining contractual life	Weighted average exercise price	Vested options 31.12.2014	Weighted average exercise price
0.00 - 3.00	1,000,000	1.39	2.50	–	–
3.00 - 5.00	621,945	1.39	3.95	–	–
5.00 -	–	–	–	–	–
Total	**1,621,945**	**1.39**	**3.08**	**-**	**-**

Estimated value of the share options granted, reduced for services not rendered as per 31 December 2014, is presented in equity as share options granted. Outstanding options at 31 December 2014 is representing in total 1,621,945 shares.

	Number of outstanding options
At 1 January 2014	3,343,888
Granted during the year	–
Forfeited during the year	(100,001)
Exercised in year	–
Expired in year	(1,621,942)
At 31 December 2014	**1,621,945**

Share based payments effect on the group's profit or loss amounts to $0.2 million for 2014 and $0.5 million for 2013 (see note 21).

During the year 100,000 options with a weighted average strike price of 3.95 kroner were forfeited and 1,621,942 options with a weighted average strike price of 3.06 kroner expired.

The total value of share options granted is calculated using the Black-Scholes model, assuming that all the options will be exercised.
The fair value determined at the grant date is expensed over the vesting period of the options. The calculation is based on:
- expected volatility of 60%
- weighted average exercise price of NOK 3.08
- three year option life
- no dividends are expected
- a risk free interest rate ranging from 1.35 to 1.78%

The expected volatility of the options are based on the implied volatility from exchange traded options on the company's shares, the historical volatility of the share price over the most recent period that corresponds with the expected life of the option, and the historical or implied volatility of similar entities. The expected life of the option is based on the maturity date and is not necessarily indicative of exercise pattern that may occur. The options include a service condition as the individuals participating in the plan must be employed by the company for a certain period of time in order to earn the right to exercise the share options. The options include no performance conditions.

15. TRADE AND OTHER PAYABLES

	2014	Restated 2013
Trade payables	34,328	10,438
Accrued expenses and other payables	29,304	14,817
Total trade and other payables	**63,631**	**25,254**

16. PROVISIONS

During Q4 2014 the company made non-recurring cost provisions relating to cold stacking of 3D vessels and closing of the Dubai office.

The Voyager Explorer was cold stacked in November 2014 and is expected to be redelivered in August 2016. Geo Pacific is expected to be laid up during Q1 2015 and to be redelivered in December 2015. The provisions cover estimated net losses for the operation of the vessels until redelivery at the end of the respective firm charter periods. Moreover, the company has established a provision related to the organizational restructuring, closing of the Dubai office and the associated move of business activities.

At 31 December 2014, the company had the following cost provisions:

	2014	Restated 2013
Geo Pacific cost provision	7,343	–
Voyager Explorer cost provision	1,640	–
Organizational restructuring cost	597	–
Total provisions	**9,580**	–

17. INTEREST BEARING LOANS AND BORROWINGS

	Coupon rate	Maturity	2014	2013
NON-CURRENT				
Bond loan - SBX03	6.0%	2015	–	72,008
			–	**72,008**
CURRENT				
Loan from Perestroika	1.0%	2014	14,950	13,957
Capital lease obligations (Note 27)	10.87%	2014	5,051	9,305
Bond loan - SBX03	6.0%	2015	82,216	4,000
			102,217	**27,262**
Total			**102,217**	**99,270**

Convertible loan from Perestroika
In September 2010, the company issued a three-year NOK 120.0 million convertible, nontransferable loan in favor of Perestroika AS. In March 2011, the convertible loan was renegotiated and the denomination of the loan was changed from NOK to USD. The maturity was extended to 30 September 2014. Part of the convertible loan was redeemed as part of the financial restructuring carried out in 2011, see section Senior secured callable bond – SBX03 below. The loan was not settled at maturity and the company was in breach of the loan agreement as of 31 December 2014. Subsequent to the annual closing, the company announced an agreed restructuring proposal to reduce indebtedness and provide additional funding. Please refer to the subsequent events section for further details.

Senior secured callable bond – SBX03
In connection with the divestment of the OBN business, a financial restructuring of SeaBird's debt took place in December 2011, whereby the outstanding secured creditors, Standard Chartered Bank and Sparebanken 1 SMN/Glitnir, were repaid in full. In connection with the restructuring, the bond loans SBX01 and SBX02, the PGS convertible loan and the Perestroika convertible loan were repaid approximately 31.4% of their outstanding principal amounts, respectively. The remaining balance of the bonds SBX01, SBX02 and PGS convertible loan were merged into a new senior secured bond (with inter alia 1st priority pledge in the vessels Northern Explorer, Osprey Explorer, Harrier Explorer and Aquila Explorer), SBX03, at an interest rate of 6.0% per annum. The SBX03 bond had an initial maturity date on 19 December 2015 and principal amortization due in semi-annual increments of $2.0 million, starting 19 December 2012, with a balloon repayment on maturity of $77.9 million. SeaBird was in breach of the SBX03 bond agreement as of 31 December 2014. The principal outstanding, including accrued interest was $82.2 million. Subsequent to the annual closing, the company announced an agreed restructuring proposal to reduce indebtedness and provide additional funding. Please refer to the subsequent events section for further details.

18. OTHER FINANCIAL ITEMS, NET

	2014	2013
Net foreign exchange gain/(loss)	(548)	(402)
Other financial income/(expense)	(239)	(427)
Total other financial items	**(787)**	**(829)**

19. OTHER INCOME (EXPENSES), NET

	2014	Restated 2013
Profit/(loss) on sale of property, plant and equipment	(1,541)	–
Other income	3,030	1,538
Total other income (expense)	**1,489**	**1,538**

Other income (expense) was positive $1.5 million in 2014 (positive $1.5million in 2013), resulting from rechargeable income partially offset by a net loss on insurance claims of $1.5 million relating to the Osprey streamer incident.

20. EXPENSES BY NATURE

	2014	Restated 2013
Charter hire	17,060	20,071
Crew	44,861	49,693
Seismic and marine expenses	45,390	56,217
Other operating expenses	677	1,842
Total charter hire and operating expenses	**107,988**	**127,823**
Staff cost and directors' remuneration	12,506	11,546
Legal and professional	3,930	2,866
Provision for bad debts	8,114	180
Other expenses	6,090	4,773
Total selling, general and administrative expenses	**30,640**	**19,365**

21. EMPLOYEE BENEFIT EXPENSE

	2014	2013
Crew salaries and benefits	25,604	27,288
Staff cost	12,245	11,304
Directors' remuneration	238	254
Total employee benefit expense	**38,087**	**38,846**
Including accrued costs relating to the employee stock option plan	229	545
Average number of employees	556	516

22. FINANCE EXPENSE

	2014	2013
Finance lease borrowings	843	1,241
Bond loans	8,936	10,331
Loss on bond loan	5,102	–
Interest on supplier account	2,064	468
Bank loans	33	–
Total finance expense	**16,978**	**12,040**

As of 31 December 2014 the company was in breach of covenants on its convertible loan from Perestroika and the SBX03 bond. Consequently, the SBX03 bond was booked at face value, which triggered a $5.1 million loss on bond loan (the remaining unamortized part of the bond loan).

23. EARNINGS PER SHARE

Basic
Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year (Note 14).

	2014	Restated 2013
Profit/(loss) attributable to equity holders of the company	(98,803)	(3,953)
Weighted average number of ordinary shares in issue	57,581	45,077
Basic earnings per share ($ per share)	(1.72)	(0.09)
Weighted average number of diluted shares	57,581	45,077
Basic earnings per share ($ per share)	(1.72)	(0.09)
BASIC EARNINGS PER SHARE		
From continuing operations	(1.73)	(0.16)
From discontinued operations	0.02	0.07
Total basic earnings per share	**(1.72)**	**(0.09)**
DILUTED EARNINGS PER SHARE		
From continuing operations	(1.73)	(0.16)
From discontinued operations	0.02	0.07
Total diluted earnings per share	**(1.72)**	**(0.09)**

A description of share transactions that have occurred after the balance sheet date and which will affect the calculation of earnings per share in the future is given in note 29.

24. DIVIDENDS

No dividend was distributed for 2013 and no dividend will be distributed for the year ended 31 December 2014.

25. BUSINESS COMBINATIONS AND DISCONTINUED OPERATIONS

Business combinations
In June 2006, SeaBird closed the acquisition of SeaBed (the OBN business). The total purchase price of $16.0 million was allocated to capital work in progress and property, plant and equipment ($4.0 million), patent technology ($4.4 million), deferred tax asset ($6.1 million) and various other assets and liabilities (net liabilities of $2.0 million). The excess value of the business was calculated at $2.7 million, representing the value of the organization and non-identifiable intangible assets, which, in accordance with IFRS, are classified as goodwill. Property, plant and equipment are presented at historical cost. Patent technology (intellectual property rights) is valued based on the cost method and is expected to have a remaining life time of 20 years from 2004. The accounts have been consolidated from June 2006.

Part of the purchase price was financed through warrants (share options granted) to sellers and key personnel. The value of the options has been calculated and presented as equity under share options granted until divestment of SeaBed in December 2011.

Discontinued operations
On 18 November 2011, SeaBird entered into a share purchase agreement with Fugro Norway AS concerning the sale of SeaBird's shareholding in Fugro OBN Technologies AS (former SeaBird Technologies AS) and SeaBed Navigation Company Ltd, which collectively held all of SeaBird's rights and assets related to the OBN business. On 8 December 2011, the transaction was fulfilled and the rights, title and interest in the shares were transferred from SeaBird to Fugro against the agreed consideration.

The purchase price for 100% of the shares in each of Fugro OBN Technologies AS and SeaBed Navigation Company Limited was $125.0 million on a cash and debt free basis, payable in cash. Fugro acquired on 3 October 2011 11% of the shares in Fugro OBN Technologies AS and SeaBed Navigation Company Ltd to improve the liquidity situation of SeaBird. The purchase price paid for the 11% stake was deducted from the total purchase price for 100% of the two companies at closing.

25. BUSINESS COMBINATIONS AND DISCONTINUED OPERATIONS

Statement of income for discontinued operations

	Year ended 31 December	
	2014	2013
Revenues	161	823
Cost of sales	768	(1,163)
Selling, general and administrative expenses	(7)	(86)
Other income (expenses), net	170	212
Earnings before interest, tax, depreciation and amortization (EBITDA)	**1,092**	**(214)**
Earnings before interest and taxes (EBIT)	**1,092**	**(214)**
Interest expense	–	–
Profit/(loss) before income tax	**1,092**	**(214)**
Income tax	(77)	3,259
Profit/(loss) from discontinued operations	**1,015**	**3,045**
Gain/(loss) on sale of OBN business	–	–
Profit/(loss) for the period	**1,015**	**3,045**
PROFIT/(LOSS) ATTRIBUTABLE TO		
Shareholders of the parent	1,015	3,045
EARNINGS PER SHARE DISCONTINUED OPERATIONS		
– basic	0.02	0.07
– diluted	0.02	0.07

Consolidated statement of discontinued cash flow

	2014	2013
Net cash from operating activities	–	–
Net cash from investing activities	–	–
Net cash from financing activities	–	–
Net cash inflow/(outflow)	**-**	**-**

Net assets disposed:

	2014	2013
Adjustment related to buyback transaction	–	–
Net assets disposed	–	–
Gain/(loss) on sale	**-**	**-**

26. COMMITMENTS AND CONTINGENCIES

SeaBird's bareboat charter contract with Kondor Explorer expired on 28 February 2014. The company has attempted to redeliver the vessel to its owner, a Ukrainian company. However, redelivery of the vessel has been delayed due to the ongoing unrest in Ukraine. SeaBird is seeking to redeliver this vessel as soon as possible. The operating and management costs incurred by the company from the period of expiry until the end of the year are considered to be approximately the same as the costs of any claim the owner would have against SeaBird for redelivery costs (including reinstatement of the vessel to the necessary condition). Therefore, the company considers that it is unlikely that an additional significant liability exists for such owner claims as at 31 December 2014. Further, SeaBird does not expect to be able to recover any excess costs over the claim the owner may have, and therefore has not recognized any amounts potentially receivable in respect of any possible contingent asset which may have arisen as at 31 December 2014.

27. LEASES

Financial lease commitments:
The future aggregate minimum lease payments under non-cancellable financial leases are as follows:

	2014	2013
No later than 1 year	5,371	9,890
Later than 1 year and no later than 5 years	–	–
Later than 5 years	–	–
Total financial lease commitments	**5,371**	**9,890**

Reconciliation between the future minimum lease payments at the balance sheet date and their present value:

	Minimum lease payments		Present value of minimum lease payment	
	2014	2013	2014	2013
No later than 1 year	5,371	9,890	4,666	9,305
Later than 1 year and no later than 5 years	–	–	385	–
Later than 5 years	–	–	–	–
	5,371	**9,890**	**5,051**	**9,305**
Less: future finance charges	(320)	(585)	–	–
Present value of minimum lease payment	**5,051**	**9,305**	**5,051**	**9,305**

	2014	2013
Included in the consolidated financial statements as:		
– current borrowings	5,051	9,305
– non-current borrowings	–	–
	5,051	**9,305**

During the third quarter 2014, the company extended the Hawk Explorer charter agreement and postponed the delivery of the vessel to February 2016. The ownership will be transferred to the company on maturity.

Operating lease commitments:
The group leases various vessels and seismic equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2014	2013
No later than 1 year	16,769	15,003
Later than 1 year and no later than 5 years	21,348	25,842
Later than 5 years	–	4,020
Total operating lease commitments	**38,117**	**44,865**

Lease rentals amounting to $17.1 million (2013: $20.1 million) relating to operating leases are recognized for the year ended 31 December 2014.

The company charters the 3D vessel Geo Pacific from Fugro, through a subsidiary of Ordinat Shipping AS initially on a three-year bareboat charter from January 2013 to December 2015 with four one-year options to extend the contract between the company and the subsidiary of Ordinat Shipping AS. Furthermore, SeaBird has purchase options on the vessel in year three and, as far as the lease is extended, year four. The firm portion of the charter period expires on 31 December 2015.

As a post balance day event, the concerned parties Fugro, Ordinat Shipping AS and SeaBird, have agreed to replace the existing charter parties. The new agreement reduces the charter hire and releases Ordinat Shipping AS from its obligations towards SeaBird as Charterer and Fugro as Head Owners. Please refer to the subsequent events note for additional details.

28 . RELATED-PARTY TRANSACTIONS

The following transactions were carried out with related parties:

I) Key management compensation

	2014	2013
Salaries and other short-term employee benefits	2,834	2,305
Bonus payments	–	–
Post employment benefits	25	27
Total key management compensation	**2,859**	**2,332**

Key management is defined as Dag Reynolds (CEO from April 2012), Alexander Holst (General Counsel from March 2006), Kjell Mangerøy (VP Business Development from February 2008), Graham Stark (VP HSSEQ from July 2011), Nils Haugestad (CFO from April 2012), Babak Jabbari (VP Operations until July 2014) and Steinar Fjeldbo (VP Operations from July 2014).

II) Loans to related parties
SeaBird has no loans to related parties.

III) Commitments and contingencies to related parties
SeaBird has neither commitments nor contingencies to related parties.

IV) Shareholding
Management (as defined 31 December 2014 under i) and the Board, as of 31 December 2014 held the following shares on own account):

Name	Title	Shares†	Options	Total
Åge Korsvold	Chairman	–	–	–
Kjell H. Mathiassen	Board Member	1,818,833	–	1,818,833
Kitty Hall	Board Member	59,025	–	59,025
Melvin Teigen	Board Member	–	–	–
Dag Reynolds	CEO	100,000	1,000,000	1,100,000
Nils Haugestad	CFO	9,770	421,941	431,711
Alexander Holst	General Counsel	2,500	33,334	35,834
Kjell Mangerøy	VP Business Development	2,990	33,334	36,324
Graham Stark	VP HSSEQ	–	16,667	16,667
Steinar Fjeldbo	VP Operations	–	–	–

† Direct includes shares held by spouses, dependent children or companies in which the person has such influence as referred to in the Norwegian Public Limited Liability Companies Act §1-3.

V) Purchase of services
All related party transactions have been entered into on an arm's length basis. The company is leasing the Munin Explorer from Ordinat Shipping AS which is indirectly owned by John Olav Økland (22.8%) and the rest by the Økland family. Ordinat Shipping AS is a major shareholder and Mr. Økland was a member of the board of directors of SeaBird Exploration Plc until his resignation 6 November 2014. Ordinat Shipping AS was not a shareholder and Mr. Økland was not a board member at the commencement of the charter agreement.

In Q4 2013, SeaBird extended the bareboat charter for the Munin Explorer from 1 November 2014 to 31 October 2019. In connection with the bareboat extension, the charter rate was reduced from $20,271 per day to $12,000 per day, commencing 1 February 2014. The charter rate will escalate with 2% per year throughout the charter period, in accordance with the original agreement. The company also charters the 3D vessel Geo Pacific from Fugro, through a subsidiary of Ordinat Shipping AS initially on a three-year bareboat charter from January 2013 to December 2015 with four one-year options to extend the contract between the company and the subsidiary of Ordinat Shipping AS. Furthermore, SeaBird has purchase options on the vessel in year three and, as far as the lease is extended, year four.

As a post balance day event, the concerned parties Fugro, Ordinat Shipping AS and SeaBird, have agreed to replace the existing charter parties. The new agreement reduces the charter hire and releases Ordinat Shipping AS from its obligations towards SeaBird as Charterer and Fugro as Head Owners.

The amount of charter hire recognized in cost of sales to related parties during 2014 was $12.1 million (2013: $14.8 million).

29. SUBSEQUENT EVENTS

Subsequent to annual closing, the company announced an agreed restructuring proposal to reduce indebtedness and provide additional funding.

- Issue new equity for a total of approximately $11.6 million or 884,687,500 new shares and 884,687,500 new 3-year warrants to acquire one share per warrant at an exercise price of NOK 0.10 per share.

- Issue a new 3-year secured bond in two tranches ("SBX04") subscribed by TGS-NOPEC Geophysical company ASA for $5.0 million in tranche A and $24.3 million in tranche B, originating from a debt conversion of the existing SBX03 bond, Perestroika convertible bond, charter hire and financial advisory payables. The bond is secured against certain assets of the SeaBird group. The SBX04 bond Tranche A is carrying an interest rate of 12.0% per annum and Tranche B is carrying an interest rate of 6.0% per annum. Interest will be paid quarterly, commencing in August 2015. The first principal payment date will occur two years after the date of settlement, which is expected in Q1 2015, at which time $2.0 million shall be payable on that interest payment date and quarterly on each following interest payment date with a bullet payment to be made on maturity.

- Issue a 3-year secured credit facility of $2.4 million. The facility will carry an interest rate of 6.0% per annum and will be secured against certain assets of the SeaBird group. The facility amount will be reducing from April 2017 and at each interest repayment date thereafter at the same proportion as the installment amounts under SBX04. Interest will be payable quarterly in arrears, with the first interest payment date falling three months after settlement date.

- Issue a $2.1 million unsecured loan. The loan will carry an interest rate of 6.0% per annum and has a maturity date of 1 January 2018. The principal will be repayable in nine equal installments commencing 1 January 2016. Interest will be payable quarterly in arrears, with the first interest payment date falling due April 2015.

Approximately $16.2 million of the outstanding amount under the SeaBird Exploration Plc Senior Secured Callable Bond Issue 2011/2015 ("SBX03") is to be converted into SBX04 and the remaining approximately $64.7 million of SBX03 is to be converted into equity at NOK 0.30 per share. Further, approximately $3.0 million of the company's convertible loan with Perestroika AS to be converted into SBX04 and the remaining approximately $11.9 million of the Perestroika loan to be converted into equity at NOK 0.30 per share. Additionally, the outstanding charter hire for the Munin Explorer, Geo Pacific, Hawk Explorer and Voyager Explorer (the "Charterers") is to be partially converted into SBX04 or a loan, partially converted into equity and/or partially written down and the ongoing charter obligations to undergo certain amendments, including a reduction in total charter hire of above $25,000 per day, yielding an annual pre-tax cash flow improvement of above $9 million. Moreover, $0.7 million of restructuring advisory fees are to be converted into SBX04 and $2.8 million of restructuring advisory fees are to be converted into equity at NOK 0.30 per share. In addition, $11.6 million of equity is to be raised from certain investors, at NOK 0.10 per share, (which includes a subscription by SBX03 holders of all monies standing to the credit of a bond service account pledged in favor of SBX03), and where each new share thus subscribed will entitle the subscriber to a 3-year warrant to subscribe for another share at a subscription price of NOK 0.10 per share. Fuel vendors' outstanding balances of $3.4 million are to be converted into SBX04 Tranche B and $2.4 million to be converted to the secured credit facility.

On 18 February 2015, the bondholders of SBX03 approved the restructuring proposal with the requisite majority in a bondholder meeting. Furthermore, on 3 February 2015, the company called for an extraordinary general meeting ("EGM1") on 19 February 2015, for the creation of a new Class A of shares, conversion of debt into equity and exclusion of preemption rights in relation to new shares, all in order to carry out the restructuring as proposed. Additionally, on February 11, the company called for a second extraordinary general meeting ("EGM2") that was held on 5 March 2015 to approve conversion of Class A shares into ordinary shares and reduction in capital with simultaneous increase of authorized capital to its former amount. In the general meetings, all proposals on the agenda were adopted with requisite majority.

On 3 March 2015, the company announced that the conditions for the restructuring were fulfilled. Further, preferred shares were issued to certain creditors and the restructuring as set out in the preceding paragraphs was implemented. As a part of the transaction, the company issued 6,015,693 preference shares each with a par value US$0.1. Each preference share carries 500 times the rights of the common shares. The preference shares is to be automatically converted into common shares following the approved reduction of the company's authorized and issued share capital, through the reduction of the nominal value of its shares from US$0.1 to US$0.0001 (the "reduction"). The conversion of the shares is estimated to occur during Q2 2015. After confirmation of the reduction, the preference shares will be converted at an exchange rate of 500: 1 common shares per preference share, hence a total of 3,007,846,500 shares will be issued to preferred shareholders following the Reduction. Post conversion of the preference shares, the total outstanding amount of common shares in the company will be 3,065,427,746. The company has also issued 1,769,375 warrants, convertible into 884,687,500 ordinary shares after the reduction. There will be no preference shares outstanding in the company following the reduction.

We refer to press releases issued by the company to provide further details on the announced restructuring.

30. FINANCIAL INSTRUMENTS

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2014	2013
LOANS AND RECEIVABLES:			
Trade receivables	10	14,215	24,712
Due from related parties	28	–	–
Other current assets	11	21,692	16,942
Total loans and receivables		**35,907**	**41,654**
Cash and cash equivalents	13	6,972	12,155
Total credit risk		**42,879**	**53,809**

Impairment losses
The aging of trade receivables at the reporting date was:

	2014		2013	
	Gross	Impairment	Gross	Impairment
Not past due	8,976	2,676	9,106	–
Past due 0–30 days	6,754	–	7,017	–
Past due 31–120 days	1,234	335	594	–
More than 120 days	15,683	15,421	19,774	11,779
Total impairment losses	**32,647**	**18,432**	**36,491**	**11,779**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2014	2013
Balance at 1 January	11,779	11,213
Impairment loss recognized (net)	6,653	566
Balance at 31 December	**18,432**	**11,779**

The group have generally few and large customers; hence individual evaluations for impairment are done for all overdue receivables. There have been no further impairment losses recognized in 2014.

30. FINANCIAL INSTRUMENTS

Liquidity Risk
Ultimate responsibility for risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the group's short, medium and long term funding and liquidity requirements.
The group manages liquidity risk by maintaining sufficient cash and marketable securities, ensuring the availability of funding through an adequate amount of available debt funding, and by continuously monitoring forecast and actual cash flows.

The table below summarised the maturity profile of the group's financial liabilities at 31 December 2014 on contractual undiscounted payments:

	On demand	Less than 12 months	1 to 5 years	Total
Interest-bearing loans and borrowings	97,166	–	–	97,166
Capital lease obligations	5,051	–	–	5,051
Interest payment	–	–	–	–
Trade and other payables	–	63,631	–	63,631
Provisions	–	9,580	–	9,580
Tax liabilities	–	6,479	–	6,479
Total financial liabilities	**102,217**	**79,691**	**-**	**181,907**

The table below summarised the maturity profile of the group's financial liabilities at 31 December 2013 on contractual undiscounted payments:

	On demand	Less than 12 months	1 to 5 years	Total
Interest-bearing loans and borrowings	–	17,957	72,008	89,965
Capital lease obligations	–	9,305	–	9,305
Interest payment	–	5,763	4,384	10,147
Trade and other payables	–	25,254	–	25,254
Tax liabilities	–	6,128	–	6,128
Total financial liabilities	**-**	**64,407**	**76,392**	**140,799**

See note 15 and 16 for further information.

Currency risk
The group's exposure to foreign currency risk was as follows based on notional amounts per 31 December 2014:

	EURO	NOK	AUD	GBP	SEK	SGD	Other†
Trade receivables	–	–	–	597	–	–	–
Trade and other payables	1,196	10,567	1,904	642	1,411	222	1,095
Gross balance sheet exposure	**1,196**	**10,567**	**1,904**	**1,239**	**1,411**	**222**	**1,095**

† USD equivalents

30. FINANCIAL INSTRUMENTS

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2014	2013	2014	2013
USD				
EURO 1	1.3223	1.3277	1.2143	1.3768
AUD 1	0.9003	0.9565	0.8187	0.8874
NOK 1	0.1583	0.1703	0.1346	0.1644
GBP 1	1.6439	1.5636	1.5575	1.6491

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Norwegian kroner, Euro, AUD and GBP. Sensitivity of operating cost and revenues depends on the mix of contracts and the related cost structure and is therefore difficult to quantify.

Interest rate risk

	2014	2013
Fixed rate financial liabilities - Bond loans:		
SBX03	82,216	76,008
Perestroika bond	14,950	13,957
Total interest rate risk	**97,166**	**89,965**

In addition cash and cash equivalents of $7.0 million at 31 December 2014 and $12.2 million at 31 December 2013 are interest bearing assets with variable rates.

The group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss or equity.

Fair value versus carrying amounts
SeaBird has reviewed the fair value of financial assets and liabilities compared to carrying amount at 31 December 2014. In general, this evaluation shows no material difference.

31. RESTATEMENT OF COMPARATIVES

As of 1 January 2014, the company changed its accounting policy on the recognition and measurement of revenue and cost related to seismic surveys. Revenues and costs are recognized in line with project duration starting from first shot point in the seismic survey and ending at demobilization. Under IAS 8, this change has been retrospectively applied to the prior comparative accounting period. Management believes that this method is more in line with current seismic industry practice and more appropriately matches revenue and costs throughout the life of the project.

As a result of the change in accounting policy, the company has made the following restatements for the financial year 2013:

RESTATEMENT FULL YEAR 2013	FY 2013	Adj.	Restated FY 2013
RESTATEMENT OF CONSOLIDATED STATEMENT OF INCOME			
Revenue	177,805	(535)	177,270
Cost of sales	(128,036)	213	(127,823)
Selling, general and administrative expenses	(19,377)	12	(19,365)
RESTATEMENT OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Other current assets	16,372	570	16,942
Trade and other payables	24,719	535	25,254
Retained earnings	(138,495)	35	(138,460)
Total equity	**57,631**	**35**	**57,666**

UNCONSOLIDATED FINANCIAL ACCOUNTS 2014

Parent company:

Notes to the financial statements:

STATEMENT OF FINANCIAL POSITION

All figures in $000's	Note	As of 31 December 2014	2013
ASSETS			
Non-current assets			
Shares in subsidiaries	13	88,753	75,725
Due from related parties	15	88,513	152,569
Total non-current assets		**177,266**	**228,294**
Current assets			
Other current assets	4	13	105
Cash and cash equivalents	5	3	4,718
Total current assets		**16**	**4,823**
Total Assets		**177,282**	**233,117**
EQUITY			
Shareholders equity			
Paid in capital	6	189,125	189,125
Equity component of convertible loan		6,296	6,296
Other Equity Reserves		–	–
Currency translation reserve		12	12
Share options granted	6	1,326	1,097
Retained earnings		(237,683)	(135,056)
Total Equity		**(40,924)**	**61,474**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	8	–	72,008
Due to related parties	15	119,384	81,170
Total non-current liabilities		**119,384**	**153,178**
Current liabilities			
Trade and other payables	7	1,656	508
Loans and borrowings	8	97,166	17,957
Total current liabilities		**98,822**	**18,465**
Total liabilities		**218,206**	**171,643**
Total equity and liabilities		**177,282**	**233,117**

On 24 March 2015, the board of directors of SeaBird Exploration Plc authorized these financial statements for issue.

Åge Korsvold
Chairman

Kitty Hall
Director

Kjell H Mathiassen
Director

Melvin Teigen
Director

STATEMENT OF INCOME

All figures in $000's	Note	Year ended 31 December 2014	2013
Revenues		19	–
Selling, general and administrative expenses, net	10	(4,533)	(110)
Impairment on group receivables	15	(61,128)	–
Impairment on investments in subsidiaries	13	(31,062)	–
Earnings before interest, tax, depreciation and amortization (EBITDA)		**(96,704)**	**(110)**
Depreciation and amortization		–	–
Earnings before interest and taxes (EBIT)		**(96,704)**	**(110)**
Finance expense	11	(15,439)	(14,546)
Other financial items, net	9	14,629	12,714
Loss on bond loan	11	(5,102)	–
Profit/(loss) before income tax		**(102,616)**	**(1,942)**
Income tax	3	(10)	1,586
Profit/(loss) for the year		**(102,626)**	**(356)**

STATEMENT OF COMPREHENSIVE INCOME

All figures in $000's	Note	Year ended 31 December 2014	2013
Profit/(loss)		**(102,626)**	**(356)**
Other comprehensive income			
Net movement in currency translation reserve and other changes		–	–
Group contribution		–	–
Changes in revaluation reserve		–	–
Total other comprehensive income, net of tax		**-**	**-**
Total comprehensive income		**(102,626)**	**(356)**
Total comprehensive income attributable to:			
Shareholders of the parent		(102,626)	(356)
Total		**(102,626)**	**(356)**

STATEMENT OF CHANGES IN EQUITY

All figures in $000's	Paid in capital	Other equity reserves	Equity component of convertible loan	Share options granted	Retained earnings	Currency translation reserve	Total
Balance at 1 January 2013	**180,761**	**-**	**6,296**	**8,497**	**(142,419)**	**12**	**53,147**
Revaluation surplus	–	–	–	–	–	–	–
Currency translation difference	–	–	–	–	–	–	–
Net income/(loss) recognized directly in equity	–	–	–	–	–	–	–
Income for the year	–	–	–	–	(356)	–	(356)
Total recognized income/(loss) for the year	–	–	–	–	(356)	–	(356)
Share issue	8,364	–	–	–	–	–	8,364
Equity component of convertible loan	–	–	–	–	–	–	–
Share option granted/cancelled	––	–	–	(7,400)	7,719	–	319
Balance at 31 December 2013	**189,125**	**-**	**6,296**	**1,097**	**(135,056)**	**12**	**61,474**
Balance at 1 January 2014	**189,125**	**-**	**6,296**	**1,097**	**(135,056)**	**12**	**61,474**
Revaluation surplus	–	–	–	–	–	–	–
Currency translation difference	–	–	–	–	–	–	–
Net income/(loss) recognized directly in equity	–	–	–	–	–	–	–
Income for the year	–	–	–	–	(102,627)	–	(102,627)
Total recognised income /(loss) for the year	–	–	–	–	(102,627)	–	(102,627)
Share issue	–	–	–	–	–	–	–
Equity component of convertible loan	–	–	–	–	–	–	–
Share option granted/cancelled	–	–	–	229	–	–	229
Balance at 31 December 2014	**189,125**	**-**	**6,296**	**1,326**	**(237,683)**	**12**	**(40,924)**

STATEMENT OF CASH FLOW			
		Year ended 31 December	
All figures in $000's	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before income tax		(102,616)	(1,942)
Adjustments for:			
Amortization of interest		8,935	10,325
Impairment on group receivables		61,128	–
Impairment on investments in subsidiaries		31,062	–
Paid income tax		–	–
Loss on bond loan		5,102	–
Earned on employee stock option plan		229	319
(Increase)/decrease in trade and other receivables		92	(79)
(Increase) in due from related parties		(2,948)	(4,517)
Increase/(decrease) in trade and other payables		(1,062)	54
Net cash from operating activities		**(78)**	**4,160**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures		–	–
Net cash used in investing activities		**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares		–	–
Currency fluctuation in borrowings		–	–
Receipts from borrowings		–	–
Repayment of borrowings		(2,000)	–
Movements in borrowings		–	8,364
Interest paid		(2,637)	(9,355)
Equity component of convertible bond loan		–	–
Net movement in currency fluctuations		–	–
Net cash from financing activities		**(4,637)**	**(991)**
Net increase/(decrease) in cash and cash equivalents		**(4,715)**	**3,169**
Cash and cash equivalents at beginning of the period		**4,718**	**1,549**
Cash and cash equivalents at end of the period	**5**	**3**	**4,718**

1. GENERAL INFORMATION

Country of incorporation
The company was incorporated in British Virgin Islands as a limited liability company. The company redomiciled to Cyprus on 18 December 2009. The primary business address of the company is 333, 28th October Street, Ariadne House, Limassol, Cyprus.

Principal activities
The principal activity of the company, which is unchanged from last year, is ownership of companies operating within the seismic industry, including providing financing to subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SeaBird Exploration Plc has prepared its financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The accounting policies are consistent with those applied in the consolidated financial statements.

For the discussion of risk factors, financial risk management, and critical accounting estimates and judgments; please refer to Note 3 and 4 of the consolidated financial statements.

Shares in subsidiaries (see Note 13) are stated at cost less any provision for impairment.

3. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS

Current tax	2014	2013
Current period	10	(1,586)
Adjustment for prior periods	–	–
Total current tax	**10**	**(1,586)**

	2014	2013
Profit/(loss) before income tax	(102,617)	(1,942)
Tax arising at the rate of 27.0% (28.0% in 2013)	(27,707)	(544)
Tax effect of adjustments in Norway	27,717	(1,042)
Corporate in tax in other jurisdictions	–	–
Withholding tax in other jurisdictions	–	–
Total tax expense attributable to continued operations	**10**	**(1,586)**

4. OTHER CURRENT ASSETS

	2014	2013
Prepaid expenses	13	105
Total other current assets	**13**	**105**

5. CASH AND CASH EQUIVALENTS

	2014	2013
Cash at bank and in hand	**3**	**4,718**

There were no short-term bank deposits in 2014 (2013: nil).
Cash and cash equivalents included no restricted cash at 31 December 2014 (2013: $0.2 million).

6. SHARE CAPITAL AND SHARE OPTIONS

	Number of shares
At 1 January 2013	42,425,972
New shares issued in 2013	15,155,274
At 31 December 2013 Basic	57,581,246
New shares issued in 2014	–
At 31 December 2014 Basic	**57,581,246**
At 31 December 2014 Diluted	**57,581,246**

SeaBird uses stock options as an incentive for key employees. On 20 February 2012, as part of his employment contract Mr. Reynolds received 3,000,000 share options at a strike price of NOK 2.50 (equalling the average share price on the trading day 6 February 2012 plus approximately 10%).

Furthermore, on 13 August 2012 a total of 2,065,822 share options were granted to a total of 13 employees. The options had an exercise price of NOK 3.95, which represented the closing price for the SeaBird (SBX) share on the Oslo Stock Exchange the last day before the grant, 10 August 2012.

On 4 November 2013, employees in SeaBird Exploration exercised their rights to purchase from the company 1,655,268 shares in SeaBird Exploration Plc at a pre-agreed price. Each such share was issued at the applicable strike price and had a weighted average price of NOK 3.07. This transaction represented 1/3 of the options that were exercisable from 13 August 2013. The remaining options granted may be exercised with 1/3 from 13 August 2014 and 1/3 from 13 August 2015. All options must be exercised by 1 November 2015, or, if resolved by the board of directors, at the latest on the date of the first quarterly report of the company after such date.

As at 31 December 2014, there are a total of 1,621,945 share options outstanding to 11 employees.

During the year 100,000 options with a weighted average strike price of 3.95 kroner were forfeited and 1,621,942 options with a weighted average strike price of 3.06 kroner expired.

The company completed a private placement of 12 million new shares in December 2013. The placement was made at a subscription price of NOK 3.00 per share. Total gross proceeds from the private placement were NOK 36.0 million ($5.9 million).

2014 Option plan	Outstanding options			Vested options	
Exercise price	Outstanding options per 31.12.2014	Weighted average remaining contractual life	Weighted average exercise price	Vested options 31.12.2014	Weighted average exercise price
0.00 - 3.00	1,000,000	1.39	2.50	–	–
3.00 - 5.00	621,945	1.39	3.95	–	–
5.00 -	–	–	–	–	–
Total	**1,621,945**	**1.39**	**3.08**	**-**	**-**

Estimated value of the share options granted, reduced for services not rendered as per 31 December 2014, is presented in equity as share options granted. Outstanding options at 31 December 2014 is representing in total 1,621,945 shares.

	Number of outstanding options
At 1 January 2014	3,343,888
Granted during the year	–
Forfeited during the year	(100,001)
Exercised in year	–
Expired in year	(1,621,942)
At 31 December 2014	**1,621,945**

6. SHARE CAPITAL AND SHARE OPTIONS

Share based payments effect on the group's profit or loss amounts to $0.2 million for 2014 and $0.5 million for 2013 (see note 15).

The total value of share options granted is calculated using the Black-Scholes model, assuming that all the options will be exercised. The fair value determined at the grant date is expensed over the vesting period of the options. The calculation is based on:

- expected volatility of 60%
- weighted average exercise price of NOK 3.08
- three year option life
- no dividends are expected
- a risk free interest rate ranging from 1.35 to 1.78%

The expected volatility of the options are based on the implied volatility from exchange traded options on the company's shares, the historical volatility of the share price over the most recent period that corresponds with the expected life of the option, and the historical or implied volatility of similar entities. The expected life of the option is based on the maturity date and is not necessarily indicative of exercise pattern that may occur. The options include a service condition as the individuals participating in the plan must be employed by the company for a certain period of time in order to earn the right to exercise the share options. The options include no performance conditions.

7. TRADE AND OTHER PAYABLES

	2014	2013
Trade payables	259	14
Accrued interest expense	2	87
Accrued expenses and other payables	1,395	407
Total trade and other payables	**1,656**	**508**

8. LOANS AND BORROWINGS

	Coupon rate	Maturity	2014	2013
NON-CURRENT				
Bond loan - SBX03	6.0%	2015	–	72,008
Total non-current interest-bearing loans and borrowings			**-**	**72,008**
CURRENT				
Convertible loan from Perestroika	1.0%	2014	14,950	13,957
Bond loan - SBX03	6.0%	2015	82,216	4,000
Total current interest-bearing loans and borrowings			**97,166**	**17,957**
Total interest-bearing loans and borrowings			**97,166**	**89,965**

8. LOANS AND BORROWINGS

Convertible loan from Perestroika

In September 2010, the company issued a three-year NOK 120.0 million convertible, nontransferable loan in favor of Perestroika AS. In March 2011, the convertible loan was renegotiated and the denomination of the loan was changed from NOK to USD. The maturity was extended to 30 September 2014. Part of the convertible loan was redeemed as part of the financial restructuring carried out in 2011, see section Senior secured callable bond – SBX03 below. The loan was not settled at maturity and the company was in breach of the loan agreement as of 31 December 2014. Subsequent to the annual closing, the company announced an agreed restructuring proposal to reduce indebtedness and provide additional funding. Please refer to the subsequent events section for further details.

Bond loan – SBX03

In connection with the divestment of the OBN business, a financial restructuring of SeaBird's debt took place in December 2011, whereby the outstanding secured creditors, Standard Chartered Bank and Sparebanken 1 SMN/Glitnir, were repaid in full. In connection with the restructuring, the bond loans SBX01 and SBX02, the PGS convertible loan and the Perestroika convertible loan were repaid approximately 31% of their outstanding principal amounts, respectively. The remaining balance of the bonds SBX01, SBX02 and PGS convertible loan were merged into a new senior secured bond (with inter alia 1st priority pledge in the vessels Northern Explorer, Osprey Explorer, Harrier Explorer and Aquila Explorer), SBX03, at an interest rate of 6.0% per annum. The SBX03 bond had an initial maturity date on 19 December 2015 and principal amortization due in semi-annual increments of $2.0 million, starting 19 December 2012, with a balloon repayment on maturity of $77.9 million. SeaBird was in breach of the SBX03 bond agreement as of 31 December 2014. The principal outstanding, including accrued interest less restricted cash in the bond service account was $82.2 million. The restricted cash in the bond service account has been presented net against the loan as SeaBird was not in a position to administer these funds. Subsequent to the annual closing, the company announced an agreed restructuring proposal to reduce indebtedness and provide additional funding. Please refer to the subsequent events section for further details.

9. OTHER FINANCIAL ITEMS, NET

	2014	2013
Interest income intercompany borrowings	13,958	12,710
Net foreign exchange gain/(loss)	(80)	41
Dividends received	773	–
Other financial income/(expense)	(22)	(37)
Total other financial items	**14,629**	**12,714**

10. EXPENSES BY NATURE

	2014	2013
Staff cost and Directors' remuneration	260	350
Share option expense	–	–
Legal and professional	2,831	1,985
Management fee to group companies	1,360	(2,284)
Other expenses	82	59
Total selling, general and administrative expenses	**4,533**	**110**

11. FINANCE EXPENSE

	2014	2013
Interest on bank borrowings, bond loans, and leases	8,970	10,331
Interest on intercompany borrowings	6,469	4,215
Loss on bond loan	5,102	–
Total interest expense	**20,541**	**14,546**

As of 31 December 2014 the company was in breach of covenants on its convertible loan from Perestroika and the SBX03 bond. Consequently, the SBX03 bond was booked at face value, which triggered a $5.1 million loss on bond loan (the remaining unamortized part of the bond loan).

12. DIVIDENDS

No dividend was distributed for 2013 and no dividend will be distributed for the year ended 31 December 2014.

13. SHARES IN SUBSIDIARIES

Company	Principal activity	Country of incorporation	Shareholding and voting rights
Aquila Explorer Inc.	Vessel holding company	Panama	100%
Arna Shipping Limited	Dormant	Cyprus	100%
Baruka Management Limited	Crewing company	Cyprus	100%
Biliria Marine Company Ltd	Vessel holding company	Cyprus	100%
Byrd Investments Limited	Dormant	Cyprus	100%
Dimas Navigation Company Limited	Dormant	Cyprus	100%
GeoBird Management AS	Operating company	Norway	100%
GeoBird Management M.E. FZ-LLC	Dormant	UAE	100%
Harrier Navigation Company Limited	Vessel holding company	Cyprus	100%
Hawk Navigation Company Limited	Vessel holding company	Cyprus	100%
Munin Navigation Company Limited	Vessel holding company	Cyprus	100%
Oreo Navigation Company Limited	Vessel holding company	Cyprus	100%
Osprey Navigation Company Inc	Vessel holding company	Panama	100%
Raven Navigation Company Limited	Operating company	Cyprus	100%
Sana Navigation Company Limited	Vessel holding company	Cyprus	100%
SeaBed Navigation Company Limited	Dormant	Cyprus	100%
SeaBird Exploration Americas Inc.	Management company	USA	100%
SeaBird Exploration Asia Pacific PTE Ltd	Management/operating company	Singapore	100%
SeaBird Exploration Cyprus Ltd	Management/operating company	Cyprus	100%
SeaBird Exploration Finance Ltd	Finance company	Cyprus	100%
SeaBird Exploration FZ-LLC	Management company	UAE	100%
SeaBird Exploration Multi-Client Ltd	Multi-client company	Cyprus	100%
SeaBird Exploration Norway AS	Management company	Norway	100%
SeaBird Exploration Shipping AS	Operating company	Norway	100%
Seaship Holding Services Limited	Vessel holding company	Cyprus	100%
Silver Queen Maritime Limited	Dormant	Malta	100%
Velodyne Shipping Limited	Dormant	Cyprus	100%

The company made impairment on shares in subsidiaries of $31.1 million for 2014 (nil in 2013).

14. COMMITMENTS AND CONTINGENCIES

No commitments or contingencies as of 31 December 2014 (no commitments or contingencies in 2013).

15. RELATED-PARTY TRANSACTIONS

I) Purchases of services and expenses recharged to group companies

Expenses amounting to $1.4 million were recharged from group companies during 2014 (2013: $2.3 million recharged to group companies).

15. RELATED-PARTY TRANSACTIONS

II) Key management personnel compensation

	2014	2013
Salaries and other short-term employee benefits	238	244
	238	**244**

III) Loans to related parties

	2014	2013
Loans to companies within SeaBird group:		
At beginning of year	152,569	135,112
Additional loans/(loans repaid during year)	(15,637)	77,307
Interest charged	12,709	12,710
Impairment of group receivables	(61,128)	(72,560)
At end of year	**88,513**	**152,569**

The above loan is provided at 6.0% weighted average interest rate (6.2% in 2013) and is repayable on demand.

IV) Loans from related parties

	2014	2013
Loans from companies within SeaBird group:		
At beginning of year	81,170	68,222
Additional loans/(loans repaid during year)	31,745	8,733
Interest charged	6,469	4,215
At end of year	**119,384**	**81,170**

The above loan is provided at 6.0% weighted average interest rate (6.2% in 2013) and is repayable on demand.

V) Commitments and contingencies

The company has neither commitments nor contingencies to related parties.

VI) Shareholding

Management and the board, as of 31 December 2014, held the following shares on own account:

Name	Title	Shares†	Options	Total
Åge Korsvold	Chairman	–	–	–
Kjell H. Mathiassen	Board Member	1,818,833	–	1,818,833
Kitty Hall	Board Member	59,025	–	59,025
Melvin Teigen	Board Member	–	–	–
Dag Reynolds	CEO	100,000	1,000,000	1,100,000
Nils Haugestad	CFO	9,770	421,941	431,711
Alexander Holst	General Counsel	2,500	33,334	35,834
Kjell Mangerøy	VP Business Development	2,990	33,334	36,324
Graham Stark	VP HSSEQ	–	16,667	16,667
Steinar Fjeldbo	VP Operations	–	–	–

† Direct includes shares held by spouses, dependent children or companies in which the person has such influence as referred to in the Norwegian Public Limited Liability Companies Act §1-3.

16. SUBSEQUENT EVENTS

Subsequent to annual closing, the company announced an agreed restructuring proposal to reduce indebtedness and provide additional funding.

- Issue new equity for a total of approximately $11.6 million or 884,687,500 new shares and 884,687,500 new 3-year warrants to acquire one share per warrant at an exercise price of NOK 0.10 per share.

- Issue a new 3-year secured bond in two tranches ("SBX04") subscribed by TGS-NOPEC Geophysical company ASA for $5.0 million in tranche A and $24.3 million in tranche B, originating from a debt conversion of the existing SBX03 bond, Perestroika convertible bond, charter hire and financial advisory payables. The bond is secured against certain assets of the SeaBird group. The SBX04 bond Tranche A is carrying an interest rate of 12.0% per annum and Tranche B is carrying an interest rate of 6.0% per annum. Interest will be paid quarterly, commencing in August 2015. The first principal payment date will occur two years after the date of settlement, which is expected in Q1 2015, at which time $2.0 million shall be payable on that interest payment date and quarterly on each following interest payment date with a bullet payment to be made on maturity.

- Issue a 3-year secured credit facility of $2.4 million. The facility will carry an interest rate of 6.0% per annum and will be secured against certain assets of the SeaBird group. The facility amount will be reducing from April 2017 and at each interest repayment date thereafter at the same proportion as the installment amounts under SBX04. Interest will be payable quarterly in arrears, with the first interest payment date falling three months after settlement date.

- Issue a $2.1 million unsecured loan. The loan will carry an interest rate of 6.0% per annum and has a maturity date of 1 January 2018. The principal will be repayable in nine equal installments commencing 1 January 2016. Interest will be payable quarterly in arrears, with the first interest payment date falling due April 2015.

Approximately $16.2 million of the outstanding amount under the SeaBird Exploration Plc Senior Secured Callable Bond Issue 2011/2015 ("SBX03") is to be converted into SBX04 and the remaining approximately $64.7 million of SBX03 is to be converted into equity at NOK 0.30 per share. Further, approximately $3.0 million of the company's convertible loan with Perestroika AS to be converted into SBX04 and the remaining approximately $11.9 million of the Perestroika loan to be converted into equity at NOK 0.30 per share. Additionally, the outstanding charter hire for the Munin Explorer, Geo Pacific, Hawk Explorer and Voyager Explorer (the "Charterers") is to be partially converted into SBX04 or a loan, partially converted into equity and/or partially written down and the ongoing charter obligations to undergo certain amendments, including a reduction in total charter hire of above $25,000 per day, yielding an annual pre-tax cash flow improvement of above $9 million. Moreover, $0.7 million of restructuring advisory fees are to be converted into SBX04 and $2.8 million of restructuring advisory fees are to be converted into equity at NOK 0.30 per share. In addition, $11.6 million of equity is to be raised from certain investors, at NOK 0.10 per share, (which includes a subscription by SBX03 holders of all monies standing to the credit of a bond service account pledged in favor of SBX03), and where each new share thus subscribed will entitle the subscriber to a 3-year warrant to subscribe for another share at a subscription price of NOK 0.10 per share. Fuel vendors' outstanding balances of $3.4 million are to be converted into SBX04 Tranche B and $2.4 million to be converted to the secured credit facility.

On 18 February 2015, the bondholders of SBX03 approved the restructuring proposal with the requisite majority in a bondholder meeting. Furthermore, on 3 February 2015, the company called for an extraordinary general meeting ("EGM1") on 19 February 2015, for the creation of a new Class A of shares, conversion of debt into equity and exclusion of preemption rights in relation to new shares, all in order to carry out the restructuring as proposed. Additionally, on February 11, the company called for a second extraordinary general meeting ("EGM2") that was held on 5 March 2015 to approve conversion of Class A shares into ordinary shares and reduction in capital with simultaneous increase of authorized capital to its former amount. In the general meetings, all proposals on the agenda were adopted with requisite majority.

On 3 March 2015, the company announced that the conditions for the restructuring were fulfilled. Further, preferred shares were issued to certain creditors and the restructuring as set out in the preceding paragraphs was implemented. As a part of the transaction, the company issued 6,015,693 preference shares each with a par value US$0.1. Each preference share carries 500 times the rights of the common shares. The preference shares is to be automatically converted into common shares following the approved reduction of the company's authorized and issued share capital, through the reduction of the nominal value of its shares from US$0.1 to US$0.0001 (the "reduction"). The conversion of the shares is estimated to occur during Q2 2015. After confirmation of the reduction, the preference shares will be converted at an exchange rate of 500: 1 common shares per preference share, hence a total of 3,007,846,500 shares will be issued to preferred shareholders following the Reduction. Post conversion of the preference shares, the total outstanding amount of common shares in the company will be 3,065,427,746. The company has also issued 1,769,375 warrants, convertible into 884,687,500 ordinary shares after the reduction. There will be no preference shares outstanding in the company following the reduction.

We refer to press releases issued by the company to provide further details on the announced restructuring.

17. FINANCIAL INSTRUMENTS

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2014	2013
Loans and receivables:			
Due from related parties		88,513	152,569
Trade receivables		–	–
Other current assets		13	105
Total loans and receivables		**88,526**	**152,674**
Cash and cash equivalents		3	4,718
Total credit risk		**88,529**	**157,392**

Liquidity risk
Ultimate responsibility for risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the group's short, medium and long term funding and liquidity requirements.
The group manages liquidity risk by maintaining sufficient cash and marketable securities, ensuring the availability of funding through an adequate amount of available debt funding, and by continuously monitoring forecast and actual cash flows.

The table below summarised the maturity profile of the company's financial liabilities at 31 December 2014 on contractual undiscounted payments:

	On demand	Less than 12 months	1 to 5 years	Total
Interest-bearing loans and borrowings	97,166	–	–	97,166
Interest payment	–	–	–	–
Trade and other payables	–	1,656	–	1,656
Total liquidity risk	**97,166**	**1,656**	**-**	**98,822**

The table below summarised the maturity profile of the company's financial liabilities at 31 December 2013 on contractual undiscounted payments:

	On demand	Less than 12 months	1 to 5 years	Total
Interest-bearing loans and borrowings	–	17,957	72,008	89,965
Interest payment	–	5,168	4,384	9,552
Trade and other payables	–	508	–	508
Total liquidity risk	**-**	**23,633**	**76,392**	**100,025**

17. FINANCIAL INSTRUMENTS

Currency risk
The company's exposure to foreign currency risk was as follows based on notional amounts per 31 December 2014:

	EURO	NOK	SGD	GBP	COP	NGN	Other†
Trade receivables	–	–	–	–	–	–	–
Trade and other payables	70	–	937	–	–	–	–
Gross balance sheet exposure	**70**	**-**	**937**	**-**	**-**	**-**	**-**

† USD equivalents

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2014	2013	2014	2013
USD				
EURO 1	1.3223	1.3277	1.2143	1.3768
AUD 1	0.9003	0.9565	0.8187	0.8874
NOK 1	0.1583	0.1703	0.1346	0.1644
GBP 1	1.6439	1.5636	1.5575	1.6491

The company and its subsidiaries operate internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Norwegian kroner, Euro and GBP.

Interest rate risk	2014	2013
Fixed rate financial liabilities – Bond loans:		
SBX03	82,216	76,008
Loan from Perestroika	14,950	13,957
Total interest rate risk	**97,166**	**89,965**

In addition cash and cash equivalents of $0.0 million at 31 December 2014 and $4.7 million at 31 December 2013 are interest bearing assets with variable rates. The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss or equity.

Fair value versus carrying amounts
The company has reviewed the fair value of financial assets and liabilities compared to carrying amount at 31 December 2014.
In general, this evaluation shows no material difference.

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Independent Auditor's Report

To the Members of Seabird Exploration Plc

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Seabird Exploration Plc (the ''Company'') and its subsidiaries (the "Group') which comprise the consolidated statement of financial position sheet as at 31 December 2014, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Seabird Exploration Plc and its subsidiaries as at 31 December 2014, and of its financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2.22 to the financial statements which indicates that as at 31 December 2014 the Group's current assets totalled $47.3m whilst its current liabilities totalled $181.9m. As detailed in notes 17 and 29, the Group was in default of several of its borrowing facilities as at 31 December 2014 and has since announced the successful completion of the restructuring of these facilities and other liabilities. The Group also incurred a loss of $99.8m on continuing operations for the year ended 31 December 2014 including impairment charges totalling $38.3m. These conditions, along with other matters set forth in note 2.22 indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the Report of the Board of Directors is consistent with the consolidated financial statements.

Pursuant to the requirements of the Directive DI190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a corporate governance statement has been made for the information relating to paragraphs (a), (b), (c), (f) and (g) of article 5 of the said Directive, and it forms a special part of the Report of the Board of Directors.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Terence Kiely
Certified Public Accountant and Registered Auditor
for and on behalf of

BDO Ltd
Certified Public Accountants and Registered Auditors

Nicosia, Cyprus
24 March 2015

STATEMENT OF DIRECTORS AND OTHER RESPONSIBLE PERSONS

Statement of the members of the board of directors and other responsible persons of the company for the financial statements

In accordance with Article 9, sections (3) (C) and (7) of the Transparency Requirements (Securities for Trading on regulated Market) Law of 2007 of the Republic of Cyprus ("Law"), we the members of the board of directors and the other responsible persons for the consolidated financial statements of SeaBird Exploration Plc for the year ended 31 December 2014 confirm that, to the best of our knowledge:

(A) the accompanying annual consolidated and separate financial statements:

(I) were prepared in accordance with the International Financial Reporting Standards, and in accordance with the provisions of Article 9, section (4) of the Law, and

(II) give a true and fair view of the assets and liabilities, the financial position and the profit or losses of SeaBird Exploration Plc and the businesses that are included in the consolidated accounts as a total, and

(B) the directors' report gives a fair review of the developments and the performance of the business as well as the financial position of SeaBird Exploration Plc and the businesses that are included in the consolidated accounts as a total, together with a description of the principal risks and uncertainties that they are facing.

Members of Board of Directors:

Åge Korsvold
Chairman

Melvin Teigen
Director

Kitty Hall
Director

Kjell H Mathiassen
Director

Management:

Dag Reynolds
Chief Executive Officer

Nils Haugestad
Chief Financial Officer

24 March 2015

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