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SEABIRD EXPLORATION FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2017

BDO

SEABIRD EXPLORATION FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2017

CONTENTS

SEABIRD EXPLORATION FINANCE LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Myria Georgiou (appointed on 1/1/2018) Christophe Pierre Yves Debouvry Kjell Normann Mangeroy Per Nils Christian Haugestad Robert Ross Clounis (resigned on 30/12/2017) Helen Georgiades (resigned on 30/12/2017)
Company Secretary:	Kiki Savvidou 14 Andrea Tselepou Street 8201 Yeroskipou Paphos, Cyprus
Independent Auditors:	BDO Ltd Certified Public Accountants (CY) and Registered Auditors 236 Strovolou Avenue P.C. 2048 Strovolos Nicosia, Cyprus
Registered office:	25 Kolonakiou Street ZAVOS KOLONAKIOU SHOPPING CTR, Office101 BLOCK B, 4103 Linopetra, Limassol Cyprus

SEABIRD EXPLORATION FINANCE LIMITED

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2017.

Principal activity and nature of operations of the Company
The company's principal activity is to provide financial services to the seismic and maritime companies in the SeaBird group, and to offer banking and funding solutions such as working capital, ship and equipment finance. The company is part of the SeaBird Exploration Group.

Review of current position, future developments and performance of the Company's business
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Company are disclosed in note 3 of the financial statements.

Results and Dividends
The Company's results for the year are set out on page 6. The Board of Directors, following consideration of the availability of profits for distribution as well as the liquidity position of the Company, does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital
There were no changes in the share capital of the Company during the year under review.

Board of Directors
The members of the Company's Board of Directors as at 31 December 2017 and at the date of this report are presented on page 1. Mr. Robert Ross Clounis and Mrs. Helen Georgiades were resigned on 30 December 2017 and on 1 January 2018 Mrs. Myria Georgiou was appointed in their place.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 19 to the financial statements.

Independent Auditors
The Independent Auditors, BDO Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Myria Georgiou
Director

Nicosia, Cyprus
25/4/ 2018

BDO

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Independent Auditor's Report
To the Members of Seabird Exploration Finance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Seabird Exploration Finance Limited (the "Company"), which are presented in pages 6 to 26 and comprise the statement of financial position as at 31 December 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 18 of the financial statements which sets forth the conditions, along with other matters, which indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of 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.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the management report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

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 69 of the Auditors Law of 2017 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.

Panicos Constantinou
Certified Public Accountant and Registered Auditor
for and on behalf of
BDO Ltd
Certified Public Accountants (CY) and Registered Auditors
Nicosia, Cyprus

25/4/ 2018

SEABIRD EXPLORATION FINANCE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2017

	Note	**2017** **US$000**	2016 US$000
Selling, general and administration expenses	6	**(169)**	122
Finance income	7	**6,332**	10,315
Finance costs	7	**(7,413)**	(12,619)
Restructuring gain	5	**1,263**	-
Profit/(loss) before tax		**13**	(2,182)
Tax	8	**-**	(25)
Net profit/(loss) for the year		**13**	(2,207)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**13**	(2,207)

The notes on pages 10 to 25 form an integral part of these financial statements.

SEABIRD EXPLORATION FINANCE LIMITED

STATEMENT OF FINANCIAL POSITION
31 December 2017

	Note	2017 US$000	2016 US$000
ASSETS			
Current assets			
Trade and other receivables	9	94,383	71,521
Cash and cash equivalents	10	5,534	13,229
		99,917	84,750
Total assets		99,917	84,750
EQUITY AND LIABILITIES			
Equity			
Share capital	11	1	1
Retained earnings		902	889
Total equity		903	890
Non-current liabilities			
Borrowings	12	4,420	23,262
		4,420	23,262
Current liabilities			
Trade and other payables	13	94,344	53,218
Borrowings	12	225	7,355
Current tax liabilities	14	25	25
		94,594	60,598
Total liabilities		99,014	83,860
Total equity and liabilities		99,917	84,750

On ..25.|4...... 2018 the Board of Directors of Seabird Exploration Finance Limited authorised these financial statements for issue.

....
Myria Georgiou
Director

....
Per Nils Christian Haugestad
Director

The notes on pages 10 to 25 form an integral part of these financial statements.

SEABIRD EXPLORATION FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2017

	Share capital US$000	Retained earnings US$000	Total US$000
Balance at 1 January 2016	**1**	**3,096**	**3,097**
Comprehensive income			
Net loss for the year	-	(2,207)	(2,207)
Balance at 31 December 2016/ 1 January 2017	**1**	**889**	**890**
Comprehensive income			
Net profit for the year	-	13	13
Balance at 31 December 2017	1	902	903

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 10 to 25 form an integral part of these financial statements.

SEABIRD EXPLORATION FINANCE LIMITED

STATEMENT OF CASH FLOWS
Year ended 31 December 2017

	Note	2017 US$000	2016 US$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**13**	(2,182)
Adjustments for:			
Interest income	7	**(5,460)**	-
Interest expense	7	**7,310**	3,918
Gain on restructuring		**-**	-
		1,863	1,736
Changes in working capital:			
Decrease in trade and other receivables		**9**	36
Increase/(Decrease) in trade and other payables		**25**	(17)
(Increase)/Decrease in balances with related companies		**(8,301)**	11,170
Decrease in borrowings from restructuring		**-**	-
Cash (used in)/generated from operations		**(6,404)**	12,925
CASH FLOWS FROM INVESTING ACTIVITIES		**-**	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts/repayments on borrowings		**(1,291)**	(1,229)
Interest paid		**-**	(2,320)
Net cash used in financing activities		**(1,291)**	(3,549)
Net (decrease)/increase in cash and cash equivalents		**(7,695)**	9,376
Cash and cash equivalents at beginning of the year		**13,229**	3,853
Cash and cash equivalents at end of the year	10	**5,534**	13,229

The notes on pages 10 to 25 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

1. Incorporation and principal activities

Country of incorporation

The Company Seabird Exploration Finance Limited (the "Company") was incorporated in Cyprus as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 25 Kolonakiou Street, ZAVOS KOLONAKIOU SHOPPING CTR, Office101, BLOCK B, 4103 Linopetra, Limassol, Cyprus.

The company is a subsidiary of SeaBird Exploration Group, listed on the Oslo stock exchange. The company's parent is SeaBird Exploration Plc, incorporated in Cyprus.

Principal activity

The company's principal activity is to provide financial services to the seismic and maritime companies in the SeaBird group, and to offer banking and funding solutions such as working capital, ship and equipment finance. The company is part of the SeaBird Exploration Group.

2. Significant accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113.

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 financial statements are disclosed in Note 4.

Adoption of new and revised IFRSs

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 2017. This adoption did not have a material effect on the accounting policies of the Company.

Standards issued but not yet effective

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

(i) Issued by the IASB and adopted by the European Union

New standards	**Effective for annual periods beginning on or after:**
• *IFRS 9 "Financial Instruments"*	1 January 2018
• *IFRS 15 "Revenue from Contracts with Customers"*	1 January 2018

2. Significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

(ii) Issued by the IASB but not yet adopted by the European Union

New standards	**Effective for annual periods beginning on or after:**
• *IFRS 16 "Leases"*	1 January 2019
• *IFRS 17 "Insurance Contracts"*	1 January 2021
Amendments	
• *Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions*	1 January 2018
• *Amendments to IFRS 4: Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"*	1 January 2018
• *Clarifications to IFRS 15 "Revenue from Contracts with Customers"*	1 January 2018
• *Annual Improvements to IFRSs 2014-2016 Cycle (issued on 8 December 2016)*	1 January 2018
• *Amendments to IAS 40: "Transfers of Investment Property"*	1 January 2018
New IFRICs	**Effective for annual periods beginning on or after:**
• *IFRIC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"*	1 January 2018
• *IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments"*	1 January 2019

The above are expected to have no significant impact on the Company's financial statements when they become effective.

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Interest income**

  Interest income is recognised on a time-proportion basis using the effective interest method.

Finance income

Finance income includes interest income which is recognized based on the effective interest method.

Foreign currency translation

(1) Functional and presentation currency
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US$000), which is the Company's functional and presentation currency.

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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.

2. Significant accounting policies (continued)

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. The company periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and 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 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.

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.

<u>Trade receivables</u>

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 the company 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. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets

(1) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- 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.

- 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.

- 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.

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.

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.

2. Significant accounting policies (continued)

Financial instruments (continued)

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 the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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.

Trade payables

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

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.

Dividend distribution

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

3. Risk factors and financial risk management

Financial risk factors
The company's activities are exposed to a variety of financial risks: market risk (including currency 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 financial 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 the company.

3.1 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 US dollar, Norwegian kroner, Euro, British Pound, Swedish krona and 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.

The company did not enter into any foreign exchange contracts in 2016 and 2017.

ii. Price risk

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

3.2 Cash flow and fair value interest rate risk
As the company 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.

The company'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.

At the reporting date the interest rate profile of interest- bearing financial instruments was:

	2017	2016
	US$000	US$000
Fixed rate instruments		
Financial assets	**94,376**	71,505
Financial liabilities	**(98,792)**	(83,801)
	(4,416)	(12,296)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

3. Risk factors and financial risk management (continued)

3.2 Cash flow and fair value interest rate risk (continued)

In addition cash and cash equivalents of US$5.534 thousand at 31 December 2017 and cash and cash equivalents of US$13.229 thousand at 31 December 2016 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.

A change of 100 basis points in interest rate at the reporting date would have decreased equity and profit or loss by US$42 thousand. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

3.3 Credit risk
The company 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.

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

	2017	2016
	US$000	US$000
Other receivables	**7**	15
Cash at bank	**5,534**	13,229
Receivables from fellow subsidiaries	**94,376**	71,505
Shareholders' current account - debit balances	**-**	1
	99,917	84,750

3.4 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, the company has been aiming to maintain flexibility in funding by a mixture of debt and equity financing.

Based on the group's current business plan and the projected cash flow from operations, the company will be dependent on the continuing support of the group in order to meet its liabilities as they fall due.

The table below summarizes the maturity profile of the company's financial liabilities at 31 December 2016 on contractual undiscounted payments:

31 December 2017	Carrying amounts	Contractual cash flows	On demand	Less than 12 months	1-2 years	2-5 years	More than 5 years
	US$000	US$000	US$000	US$000	US$000	US$000	US$000
SBX04 secured bond loan - tranche B	4,035	4,639	-	-	-	4,639	-
Unsecured note	225	225	-	225	-	-	-
Secured credit facility	385	443	-	-	-	443	-
Trade and other payables	197	197	-	197	-	-	-
Payables to fellow subsidiaries	94,147	94,147	-	94,147	-	-	-
	98,989	**99,651**	**-**	**94,569**	**-**	**5,082**	**-**

3. Risk factors and financial risk management (continued)

3.4 Liquidity risk (continued)

31 December 2016	Carrying amounts US$000	Contractual cash flows US$000	On demand US$000	Less than 12 months US$000	1-2 years US$000	2-5 years US$000	More than 5 years US$000
SBX04 secured bond loan - tranche A	4,960	5,652	-	593	5,059	-	-
SBX04 secured bond loan - tranche B	22,594	24,171	-	1,352	22,819	-	-
Unsecured note	886	939	-	53	886	-	-
Secured credit facility	2,177	2,329	-	130	2,199	-	-
Trade and other payables	34	34	-	34	-	-	-
Payables to fellow subsidiaries	53,184	53,184	-	53,184	-	-	-
	83,835	86,309	-	55,346	30,963	-	-

3.5 Risks related to debt arrangements

The company'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.

3.6 Other risks factors

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

The group is exposed to the economic cycle, as changes in the general economic situation could affect demand for the group'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 group's products and services. Furthermore, recoveries in oil and gas prices do not immediately increase exploration, development and production spending, so improving demand for the group's services will generally lag oil and gas price increases.

The group'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 the group's business strategy could have a material adverse effect on the group's business, operating results, or financial condition.

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

The group 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 the group will be able to secure contracts at such rates and utilization rates that are needed. In addition, the company may experience significant off-hires between charters.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

3. Risk factors and financial risk management (continued)

3.6 Other risks factors (continued)

Furthermore, disputes under the charter parties may occur, which can result in responsibility and losses for the group.

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.

The group'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 group. 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. The group 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 and other business interruptions, property and equipment damage, pollution and environmental damage. The group may be subject to claims as a result of these hazards. The group 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 group's operating results and financial position. If for example a vessel is rendered a total loss, the charter party will be void and the group will under such circumstances lose income that would otherwise come from operating this vessel. Additionally, the occurrence of any of these risks could hurt the group's reputation.

The group is subject to taxation in Cyprus as well as in various other jurisdictions because of its global operations. The group 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.

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 the company 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. The company 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 the company 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.

- **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 the company 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. The company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

- **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.

- **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.

- **SBX04 bond facility financial covenants**

  All bond covenants were suspended for the remaining term of the SBX04 bond as a part of the restructuring implemented in quarter three. Hence, the SeaBird group is not subject to any covenant tests as per 31 December 2017. As per 31 December 2016, the SeaBird group agreed to maintain, at all times, a minimum free liquidity (cash andcash equivalents) requirement of USD 5,000,000. Further, the group agreed to maintain a leverage ratio not exceeding 2.5:1.0. The leverage ratio is net interest bearing debt (excluding finance leases) to adjusted EBITDA. The covenants were tested at each quarter end-date. SeaBird was in compliance with both covenants as of 31 December 2016.

5. Group restructuring gain

	2017	2016
	US$000	US$000
Restructuring gain	1,263	-
	1,263	-

On 1 August 2017, the Group of which the company is a member announced that all required consents for its proposed financial restructuring had been obtained:

The group signed an agreement with Glander where upon $1,911,896 of the principal amount and all accrued interest as of 3 June 2017 owed to Glander under the Glander Credit Facility shall be irrevocably repaid and discharged upon the issuance of SeaBird shares to Glander at NOK 5.00 per share and that the remaining claim of Glander under the Glander Credit Facility of $440,591 will be amended with the maturity date being extended until 30 June 2020, no principal payments until 30 June 2020 and the introduction of payment-in-kind interest for all interest payments to be made under the Glander Credit Facility.

The group entered into an Exchange Agreement and a confirmation with TGS that all SBX04 Bonds outstanding under Tranche A shall be transferred to the group and that any interest on such SBX04 Bonds shall be irrevocably discharged in exchange for the transfer of title to the majority of the group's multi client library assets to TGS, and confirmation that the group has cancelled all SBX04 Bonds under Tranche A. As part of the agreement there will be a post-closing due diligence period ending in quarter four where TGS will have the opportunity to return to SeaBird certain parts of the multi-client libraries that they may elect not to take ownership of. The post-closing due diligence period, whereby TGS may return to SeaBird certain parts of the multi-client library, was completed subsequent to year-end. Two multi-client surveys in the South East Asia region and one survey in West-Africa will remain with SeaBird. The return of the multi-client surveys to SeaBird was booked in quarter four as a $0.2 million reclassification between restructuring gain and impairment loss on multi-client libraries. In relation to this agreement between the company and TGS there has also been established an Income Distribution Agreement between TGS and the Bond Trustee that will secure the Tranche B bondholders and Glander 25% of the income from any utilization, sale or other disposal of the multi-client libraries by TGS, less costs (defined as10% of sales).

The group entered into an agreement with the SBX04 bond holders to convert ~81.5% of tranche B of the SBX04 bond loan including accrued interest, as of 3 June 2017, in an aggregate amount of approximately $20.15 million into equity (33,731,959 shares) at an offer price reflecting a subscription price of equity at NOK 5.00 per share and that the remaining claim of SBX04, tranche B be of $4,559,409 will be amended with the maturity date being extended until 30 June 2020, no principal payments until 30 June 2020 and the introduction of payment-in kind interest for all interest payments to be made under the SBX04 bond loan.

The group also entered into an addendum to the Munin Charter Contract pursuant to which the charter period for the Munin Charter Contract will be extended to 30 June 2020, the charter hire will be reduced to $2,088 per day for the period from 3 June 2017 until 30 June 2020 and where the new charter hire can, at the group's discretion, be accumulated and not paid in cash before 30 June 2020. In accordance with this addendum, the difference between the new charter hire of $2,088 per day and the remaining and unpaid previous charter hire were converted into 17,398,123 shares at NOK 5.00 per share in accordance with the terms of the restructuring.

On 6 June 2017, the bond holders of SBX04 approved the restructuring proposal with the requisite majority in a bondholder meeting. Furthermore, on 13 June 2017, the group held an extraordinary general meeting to approve the conversion of debt into equity and to approve the restructuring. All proposals on the agenda were adopted with requisite majority.

On 1 August 2017, the group announced that all consents required for the restructuring had been obtained. The group effectuated the closing of the restructuring on 7 August, including the issuance of 54,389,711 new shares. The total number of shares in the group after issuance of the new shares was 57,455,145. The group will as a consequence of the restructuring reduce its debt and lease burden by approximately $37.5 million, have $5.7 million nominal value in outstanding financial debt and have no significant debt maturities until 30 June 2020. Additionally, all financial covenants throughout the term of the SBX04 bond agreement have been suspended.

5. Group restructuring gain (continued)

The group booked a net operational restructuring loss of $5.5 million and a $0.9 million financial restructuring gain during the year. The SBX04 Tranche A bond loan was exchanged for the multi-client library as a part of the agreement with TGS resulting in a $3.2 million operational restructuring gain offset by a $8.6 million operational restructuring loss related to the modification of the Munin lease and settlement of Munin charter hire payables. The issuance of shares to partly settle the debt owed to Glander resulted in a $0.03 million operational restructuring gain. The group also incurred $0.6 million in transaction costs, of which $0.2 million was allocated to the operational restructuring loss account. Moreover, the group booked a net $0.9 million financial restructuring gain related to the issuance of shares to SBX04 Tranche B bondholders and amendment of the remaining SBX04 debt. The amount includes $0.4 million in allocated financial advisory cost. All share transactions in the restructuring has been booked at fair value using a share price of NOK 4.45 (closing share price at 1 August 2017) while the contractual share price in the restructuring agreements was NOK 5.00 and the remaining debt has been valued at amortized cost using 13% as the estimated market cost of debt. The issuance of the new shares in relation the restructuring increased the group's share capital by $30.6 million.

6. Selling, general and administration expenses

	2017	2016
	US$'000	US$'000
Legal and professional	71	8
Management fee	-	-
Other expenses	98	(130)
Total selling, general and administration expenses	**169**	(122)

7. Finance income/cost

	2017	2016
	US$000	US$000
Other financial income	800	-
Intercompany interest income (Note 15.1)	5,460	10,278
Exchange profit	72	37
Finance income	6,332	10,315
Exchange losses	(21)	(65)
Intercompany interest expense (Note 15.2)	(4,619)	(8,565)
Other interest expense	(2,691)	(3,918)
Other finance expenses	(82)	(71)
Finance costs	(7,413)	(12,619)
Net finance costs	(1,081)	(2,304)

8. Tax

	2017	2016
	US$000	US$000
Corporation tax - current year	-	25
Charge for the year	-	25

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Year ended 31 December 2017

8. Tax (continued)

The tax on the Company's profit before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2017 US$000	2016 US$000
Profit/(loss) before tax	13	(2,182)
Tax calculated at the applicable tax rates	2	(273)
Tax effect of expenses not deductible for tax purposes	(1)	343
Tax effect of allowances and income not subject to tax	(1)	(24)
Tax effect of tax losses brought forward	-	(23)
10% additional charge	-	2
Tax charge	-	25

The corporation tax rate is 12,5%.

The Company is benefiting from Group relief in Cyprus that reduces the actual tax liability.

9. Trade and other receivables

	2017 US$000	2016 US$000
Receivables from fellow subsidiaries (Note 15.1)	94,376	71,505
Shareholders' current accounts - debit balances	-	1
Other receivables	7	15
	94,383	71,521

The fair values of net trade receivables are regarded as approximate at cost adjusted for provision for impairments.

10. Cash and cash equivalents

Cash balances are analysed as follows

	2017 US$000	2016 US$000
Cash at bank and in hand	5,534	13,229
	5,534	13,229

11. Share capital

	2017 Number of shares	2017 US$000	2016 Number of shares	2016 US$000
Authorised				
Ordinary shares of €1 each	10,000	13	10,000	13
		US$000		US$000
Issued and fully paid				
Balance at 1 January	1,000	1	1,000	1
Balance at 31 December	1,000	1	1,000	1

12. Borrowings

	2017	2016
	US$000	US$000
Current borrowings		
SBX04 secured bond loan - tranche A	-	1,068
SBX04 secured bond loan - tranche B	-	5,087
Secured credit facility	-	493
Unsecured note	225	707
	225	7,355
Non-current borrowings		
SBX04 secured bond loan - tranche A	-	3,892
SBX04 secured bond loan - tranche B	**4,035**	17,507
Secured credit facility	**385**	1,684
Unsecured note	-	179
	4,420	23,262
Total	4,645	30,617

Bond loan - SBX04 (Tranche A)
The company exchanged the SBX04 secured bond loan (Tranche A) with the majority of the company's multi-client library assets to TGS as a part of the company's restructuring that was implemented in quarter three.

Bond loan - SBX04 (Trance B)
The SBX04 secured bond loan (issued as "SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2018 Tranche B") is recognized in the books at amortized cost of $4.0 million per Q4 2017 (nominal value of $4.6 million plus payment in kind interest of $0.1 million plus accrued interest of $0.0 million plus amortized interest of $0.0 million less fair value adjustment of $0.7 million). The SBX04 secured bond loan (Tranche B) is due 30 June 2020, and it is carrying an interest rate of 6.0%. Interest may be paid in kind and deferred until 30 June 2020. The outstanding loan balance is scheduled to be paid at the maturity date. The bond is listed on Nordic ABM, and it is traded with ticker SBEF02 PRO. This bond is secured with an unconditional and irrevocable on-demand guarantee over the vessels Aquila Explorer, Osprey Explorer, Northern Explorer and Harrier Explorer.

Secured credit facility
The secured credit facility is recognized at amortized cost of $0.4 million (nominal value of $0.4 million plus accrued interest of $0.0 million plus amortized interest $0.0 million less fair value adjustment of $0.1 million). Coupon interest rate is 6.0%. Interest may be paid in kind and due on 30 June 2020. The facility's maturity date is 30 June 2020. The credit facility is secured by the same security as the security to be provided in respect of the SBX04 bond, however so that the credit facility's rights to full recovery shall be pari passu with the bondholders.

Unsecured note
The three year unsecured loan is recognized at amortized cost of $0.22 million (initial nominal value of $2.1 million plus amortized interest $0.0 million less fair value adjustment of $0.0 million less principal repayments of $1.8 million). Coupon interest rate is 6.0%. Stated maturity is 1 January 2018. The three year unsecured loan was repaid subsequent to year-end.

Covenants
All bond covenants were suspended for the remaining term of the SBX04 bond as a part of the restructuring implemented in quarter three. Hence, the SeaBird group is not subject to any covenant tests as per 31 December 2017. As per 31 December 2016, the SeaBird group agreed to maintain, at all times, a minimum free liquidity (cash and cash equivalents) requirement of USD 5,000,000. Further, the group agreed to maintain a leverage ratio not exceeding 2.5:1.0. The leverage ratio is net interest bearing debt (excluding finance leases) to adjusted EBITDA. The covenants were tested at each quarter end-date. SeaBird was in compliance with both covenants as of 31 December 2016.

13. Trade and other payables

	2017	2016
	US$000	US$000
Trade payables	197	34
Payables to fellow subsidiaries (Note 15.2)	94,147	53,184
	94,344	53,218

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

14. Current tax liabilities

	2017	2016
	US$000	US$000
Corporation tax	25	25
	25	25

15. Related party transactions

The company is a subsidiary of SeaBird Exploration Group, listed on the Oslo stock exchange. The company's parent is SeaBird Exploration Limited incorporated in Cyprus.The following transactions were carried out with related parties:

15.1 Receivables from companies within SeaBird group (Note 9)

	2017	2016
	US$000	US$000
Opening balance	71,505	143,790
Net Additions / (Repayments)	17,411	(82,563)
Interest charged (Note 7)	5,460	10,278
	94,376	71,505

The above receivables bear interest at 6.66% (2016: 7.48%) per annum and are repayable on demand. The intercompany interest rate is calculated as the actual weighted average interest rate of face value of external loans plus an administration margin of 0.05% to cover administration of all external and internal loans. Therefore the intercompany interest rate is considered to be arm's length.

15.2 Payables to companies within SeaBird group (Note 13)

	2017	2016
	US$000	US$000
Opening balance	53,184	114,332
Net Additions / (Repayments)	36,344	(69,713)
Interest charged (Note 7)	4,619	8,565
	94,147	53,184

The above payables bear interest at 7.06% (2016: 7.48%) per annum and are repayable on demand. The intercompany interest rate is calculated as the actual weighted average interest rate of face value of external loans plus an administration margin of 0.35% to cover administration of all external and internal loans. Therefore the intercompany interest rate is considered to be arm's length.

16. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2017.

17. Commitments

The SBX04 bond is secured with an unconditional and irrevocable on-demand guarantee over the vessels Aquila Explorer, Osprey Explorer, Northern Explorer and Harrier Explorer. In addition, the bondholders have a guarantee from SeaBird Exploration Plc, pledge on all material operating subsidiaries, assignment of charters, assignment of insurances, assignment of earnings and a floating charge. The credit facility is secured by the same security as the security to be provided in respect of the SBX04 bond, however so that the credit facility's rights to full recovery shall be pari passu with the bondholders. The SeaBird group is disputing a legal claim put forth by an Australian ship owner, and expect a ruling during 2018. Given the amount of the claim and the fact that SeaBird has set forth its own counter claim, the company has not made any specific contingencies.

The Company had no other capital or other commitments as at 31 December 2017.

18. Going concern assumption

The company is a subsidiary of Seabird Exploration Plc Ltd, and the main function of the company is internal and external financing of the SeaBird Group. The SeaBird group completed its financial restructuring in Q3 2017, substantially reducing its financial indebtedness while also raising additional equity capital. The group had a negative result amounting to $49.9 million for the 2017 period. As at 31 December 2017, the company has current liabilities in excess of its current assets by $7.9 million. The company's management has implemented a comprehensive cost reduction program and expects the financial results and cash flow from operations to improve going forward. The group plans to fund its operations by planning to achieve a positive EBITDA, limiting its capital expenditures as well as carefully managing its working capital position.

The company's accounts have been prepared on the basis of a going concern assumption. In the view of the board of directors, the continued challenging market conditions create a material risk to this assumption. In the event that new backlog cannot be secured on satisfactory rates or at all, the company would need to sell assets or raise additional financing, which may not be available at that time. Alternatives may exist to sell or otherwise monetize certain assets, but the ability to sell or otherwise monetize assets, being primarily made up of owned vessels, would require consent from lenders as all such assets are held as security for loan arrangements, and may therefore not be available within a short time frame or at all. Should none of these financing arrangements be available at that time, such circumstance would have a significant negative effect on SeaBird's financing situation and its ability to continue operations. In such a scenario, the company would 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 significantly lower than their carrying values.

19. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 3 to 5