COMPANY REGISTRATION NUMBER 03077211

SEISMIC EXPLORATION (CANADA) LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2015

SEISMIC EXPLORATION (CANADA) LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

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SEISMIC EXPLORATION (CANADA) LIMITED

REPORT AND FINANCIAL STATEMENTS

COMPANY INFORMATION

Directors	C Steen-Nilsen G Langseth J Reinhardsen
Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF
Registered office	4, The Heights Brooklands Weybridge Surrey KT13 0NY
Registered number	03077211

SEISMIC EXPLORATION (CANADA) LIMITED
STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2015.

Principal activities
The principal activity of the company is the provision of seismic services to the oil and gas industry.

The company is a member of the Petroleum Geo-Services Group ("the group"), a Norwegian registered oil services group providing geophysical services worldwide. The group provides a broad range of geophysical and reservoir services, including seismic data acquisition, processing, interpretation and field evaluation. It also possesses a substantial international MultiClient seismic data library.

Business review
The loss for the year after taxation is $486,000 (2014: profit of $3,812,000). The directors do not recommend payment of a dividend (2014: $nil).

During the year the company transitioned from United Kingdom Generally Accepted Accounting Practice ('UK GAAP') to FRS 101 - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The company's parent undertaking, Petroleum Geo-Services (UK) Limited, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. There were no material recognition or measurement differences arising on the adoption of FRS 101.

During 2014, the company performed a 4D contract seismic acquisition survey offshore Angola, with the data processing element of this contract continuing in 2015. Profit margins are variable from project to project and therefore fluctuate from one year to another, and the level of activity carried out by the company will vary significantly depending upon deployment of the fleet of vessels within the group.

In all other respects the company has continued to operate in a similar way to previous years. No significant change in the type of business activities is expected in the immediate foresceable future. Market conditions have been challenging throughout 2015, and demand for seismic services is not expected to improve during 2016. Looking further out, the long-term prospects for the seismic industry remain favourable, as energy companies continue their search for new hydrocarbon resources in regions featuring deeper waters, harsher environments, extreme reservoir depths and complex geologies.

Principal risks and uncertainties of the company
From the perspective of the company, the principal risks and uncertainties are so integrated with the principal risks of the group that they are not managed separately. Accordingly, the principal risks and uncertainties of the Petroleum Geo-Services Group, which include those of the company, are discussed below.

Principal risks and uncertainties of the group
The group is exposed to adverse changes in interest rates, which is managed through financial instruments such as interest rate swaps.

A portion of the group's foreign currency exchange risk on cash flows related to sales, expenses, financing and investing transactions in currencies other than the US dollar are hedged through forward currency exchange contracts.

Credit risk relating to the group's trade receivables is relatively limited due to the nature of the customer base and the historic low level of losses on trade receivables. Ongoing credit evaluations of customers are used to manage exposure to this type of risk.

SEISMIC EXPLORATION (CANADA) LIMITED
STRATEGIC REPORT *(continued)*

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Petroleum Geo-Services Group had a substantial liquidity reserve including unutilized drawings of the Revolving Credit Facility of $556.6million as of 31 December 2015, which can be used to meet the Group's funding commitments if called upon.

By operating seismic vessels, the group is exposed to commodity risk in the form of fuel price fluctuations. The group seeks to pass fuel price risk to customers on a majority of contract work.

Demand for the group's products and services are heavily influenced by oil and gas prices and the focus areas of oil and gas companies' spending. The profitability of the group is subject to a number of operational risks, including increased competition, attractiveness of technology, changes in governmental regulations, licences and permits and adverse weather conditions.

The principal risks and uncertainties of the Petroleum Geo-Services Group, which include those of the company, are discussed in more detail on pages 42 to 44 of the group's annual report.

Key performance indicators ("KPIs")
The directors of the Petroleum Geo-Services Group manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Seismic Exploration (Canada) Limited. The development, performance and position of the group, which includes the company, is discussed on pages 37 to 46 of the group's annual report which does not form part of this report.

Signed on behalf of the Board by:

Gottfred Langseth

G Langseth
Director

12 December 2016

SEISMIC EXPLORATION (CANADA) LIMITED
DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 2015.

Results and dividends
The loss for the year after taxation is $486,000 (2014: profit of $3,812,000). The directors do not recommend payment of a dividend (2014: $nil).

The company has received assurance from its ultimate parent company that it will continue to receive financial support for a period of at least 12 months from the signing of the accounts in order to meet its obligations as they fall due.

Directors of the company
The directors who held office during the year were as follows:

C Steen-Nilsen

G Langseth

J Reinhardsen

Employee involvement, disabled persons, health & safety
The company has developed a network for communicating with employees, including those in remote locations or at sea. Pertinent and topical information is distributed on a regular basis and channels for feedback are clearly established. Financial information is available from the parent company's web site and industry and technical news items are distributed and discussed at regular intervals.

The company will always give due consideration for job vacancies to disabled persons and, should an employee working in a harsh environment become disabled, full consideration will be given to retaining that person in alternative work wherever possible.

The company aspires to the highest standards of health, safety and regard for the environment. It participates in industry forums and maintains an active information and reporting system for areas of operation with particular risks.

Charitable and political donations
The company made no political or charitable donations during 2015 (2014: $nil)..

Disclosure of information to the auditor
Each of the directors at the date of approval of this report confirms that:

1. So far as the director is aware, there is no relevant audit information of the which the auditor is unaware; and
2. the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor
Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

Signed on behalf of the Board by:

G Langseth
Director

12 December 2016

SEISMIC EXPLORATION (CANADA) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEISMIC EXPLORATION (CANADA) LIMITED

We have audited the financial statements of Seismic Exploration (Canada) Limited for the year ended 31 December 2015 which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEISMIC EXPLORATION (CANADA) LIMITED *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

William Binns (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

1 More London Place
London
SE1 2AF

Date: 12-12-16

SEISMIC EXPLORATION (CANADA) LIMITED
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2015

	Note	2015 $ 000	2014 $ 000
Turnover	5	2,288	62,532
Cost of sales		(2,204)	(55,266)
Gross profit		**84**	**7,266**
Administrative expenses		(825)	(434)
Operating (loss)/profit	6	**(741)**	**6,832**
Interest receivable	7	502	232
(Loss)/profit before taxation		**(239)**	**7,064**
Taxation	8	(247)	(3,252)
(Loss)/profit for the year		**(486)**	**3,812**
Other comprehensive income		-	-
Total comprehensive (loss)/income		(486)	3,812

The company's results are derived from continuing operations.

SEISMIC EXPLORATION (CANADA) LIMITED
BALANCE SHEET
31 DECEMBER 2015

	Note	2015 $ 000	2014 $ 000
Fixed assets			
Investments	10	-	-
Current assets			
Debtors	11	8,289	14,928
Cash at bank and in hand		19	1
		8,308	14,929
Creditors: Amounts falling due within one year	12	(1,523)	(7,658)
Net current assets		**6,785**	**7,271**
Net assets		**6,785**	**7,271**
Capital and reserves			
Called up share capital	13	1,137	1,137
Profit and loss account		5,648	6,134
Shareholders' funds		**6,785**	**7,271**

These financial statements were approved by the Board on 12 December 2016 and signed on its behalf by:

C Steen-Nilsen

Director

Registered number: 03077211

The notes on pages 11 to 19 form an integral part of these financial statements.

SEISMIC EXPLORATION (CANADA) LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2015

	Share capital $ 000	Profit and loss account $ 000	Total $ 000
At 1 January 2015	1,137	6,134	7,271
Loss for the year	-	(486)	(486)
Other comprehensive income	-	-	-
Total comprehensive income	-	(486)	(486)
At 31 December 2015	**1,137**	**5,648**	**6,785**

	Share capital $ 000	Profit and loss account $ 000	Total $ 000
At 1 January 2014	1,137	2,322	3,459
Profit for the year	-	3,812	3,812
Other comprehensive income	-	-	-
Total comprehensive income	-	3,812	3,812
At 31 December 2014	**1,137**	**6,134**	**7,271**

SEISMIC EXPLORATION (CANADA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

1 General information

Seismic Exploration (Canada) Limited provides seismic services to the oil and gas industry. The company is a private company and is incorporated and domiciled in England and Wales. The address of its registered office is 4, The Heights, Brooklands, Weybridge, Surrey KT13 0NY.

2 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Seismic Exploration (Canada) Limited (the "company") for the year ended 31 December 2015 were authorised for issue by the board of directors on 12 December 2016 and the balance sheet was signed on the board's behalf by C Steen-Nilsen.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The Company's financial statements are presented in US dollars as this is the currency in which the company operates.

3 Accounting policies

The following accounting policies have been consistently applied in deciding the items which are considered material in relation to the financial statements.

Basis of preparation
The Company transitioned from UK Generally Accepted Accounting Practice ("UK GAAP") to FRS 101 for all periods presented. There were no material amendments on the adoption of FRS 101.

The Company has been determined to meet the criteria of a 'qualifying entity' under the definition in FRS 101. The financial statements in which the company is consolidated are available from the ultimate parent company as detailed in note 15.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015.

Summary of disclosure exemptions
The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- the requirements of IFRS 7 Financial Instruments: Disclosures,
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:

  (i) paragraph 79(a)(iv) of IAS 1;
  (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  (iii) paragraph 118(e) of IAS 38 Intangible Assets;

- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;

3 Accounting policies (continued)

- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Petroleum Geo-Services ASA ("PGS"), the company's ultimate parent undertaking. PGS has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. The directors of the Company are satisfied with the ability of PGS to meet their undertaking

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. In May 2016, PGS received consent from the required lenders of the Revolving Credit Facility ("RCF") to amend the total leverage ratio maintenance covenant ("TLR") through September 30, 2017, creating significantly more headroom and preserving a strong liquidity reserve.

In the current weak market it is likely that PGS will need to make additional drawings on the RCF during the coming year, and there is a risk that the TLR may exceed the maximum during 2017 as a consequence of the maximum TLR reverting to the level prior to amendment for Q4 2017. PGS expects to be able, if and when such risk becomes significant, to agree further amendments to ensure that the RCF is available for drawing or to implement other available measures, such as refinancing or raising equity capital, to avoid a covenant breach.

If PGS ends up breaching the TLR covenant, this would represent an event of default under the loan agreement. In such case PGS may be able to continue to access the RCF if it receives a waiver of the breach or if PGS implements remedial actions, such as refinancing or raising equity capital, acceptable for the banks. Should a breach continue without a waiver or re-mediation by PGS, the RCF agent or a majority of the RCF banks could ultimately declare default and demand a repayment of drawings on the RCF which again would represent an event of default in most of PGS' other loan agreements. However, this scenario is in PGS' view highly unlikely since (i) the risk of an eventual breach will tend to be quite late in 2017; (ii) PGS believes that it has plans and available measures to avoid an event of default and; (iii) even in an event of default, several viable alternatives to avoid acceleration would exist.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On the basis of their assessment of the company's financial position and available liquidity resources, including the current structure and terms of the ultimate parent company debt, the company's directors have a reasonable expectation that the company has sufficient funding and liquidity to be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

3 Accounting policies (continued)

Group accounts

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, Petroleum Geo-Services ASA, a company registered in Norway.

The financial statements contain information about Seismic Exploration (Canada) Limited as an individual company and do not contain consolidated financial information as the parent of a group.

Revenue recognition

The Company recognises revenue when (i) a legally binding sale arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the sales price is fixed or determinable and collection is reasonably assured. The Company defers the unearned component of payments received from customers for which the revenue recognition requirements have not been met. Consideration is generally allocated among the separate units of accounting based on their estimated relative fair values when elements have stand alone value. If an element of a customer agreement does not have stand alone value, revenue is deferred and recognised over the period services are provided. The Company's revenue recognition policy is described in more detail below.

Sales of MultiClient library data

Late sales - The company grants a license to a customer, which entitles the customer to have access to a specifically defined portion of the MultiClient data library. The Company recognises revenue for late sales on completed surveys when the customer executes a valid license agreement and has received the underlying data or has the right to access the licensed portion of the data, the customer's license payment is fixed and determinable and collection is reasonably assured.

Pre-funding arrangements - The company obtains funding from a limited number of customers before a seismic project is completed. In return for prefunding, the customer typically gains the ability to direct or influence the project specifications, to access data as it is being acquired and to pay discounted prices. The Company recognises prefunding revenue on surveys-in-progress as the services are performed on a proportional performance basis. Progress is measured in a manner generally consistent with the physical progress on the project, and revenue is recognised based on the ratio of the project's progress to date, provided that all other revenue recognition criteria are satisfied.

Proprietary sales/contract sales

The company performs seismic services under contract for a specific customer, whereby the seismic data is owned by that customer. The company recognises proprietary/contract revenue as the services are performed and become chargeable to the customer on a proportionate performance basis over the term of each contract. Progress is measured in a manner generally consistent with the physical progress of the project, and revenue is recognised based on the ratio of the project's progress to date, provided that all other revenue recognition criteria are satisfied.

Other services

Revenue from other services is recognised as the services are performed, provided all other recognition criteria are satisfied.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the USD exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into USD at the rates prevailing on the reporting period date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of realized and unrealized monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3 Accounting policies (continued)

Taxation

The income tax expense recognised in the income statement is comprised of the sum of current tax expense (or benefit) plus the change in deferred tax liabilities and assets during the period, except for current and deferred income tax relating to items recognised in profit or loss, in which case the tax is also recognised in profit or loss.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are calculated using the liability method for all temporary differences between the carrying amount of assets and liabilities in the financial statements and for tax purposes, including tax losses carried forward.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that estimated future taxable profit will be sufficient to recover all or part of the deferred tax asset. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent it has become probable that estimated future taxable profit is sufficient to recover the deferred tax asset. The probability assessment is based on management's judgment and estimates of future taxable income, including the estimated effect of tax planning opportunities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the estimated year of realisation or settlement, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes are related to the same taxable entity and the same taxation authority.

Investments

Investments in subsidiaries are held at cost less accumulated impairment losses.

Financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes party to the contractual obligations of the financial instrument and are initially recognised at fair value.

Financial assets and liabilities are classified into categories as follows:

Financial assets and liabilities measured at fair value through profit or loss

This category is comprised of financial assets and liabilities held-for-trading and financial assets and liabilities designated upon initial recognition as measured at fair value through the profit or loss.
Financial assets and liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. Derivatives are classified as held-for-trading unless designated as effective hedging instruments.

After initial recognition, financial assets and liabilities in this category are measured at fair value with unrealised gains and losses recognised through profit or loss.

3 Accounting policies (continued)

Financial assets and liabilities measured at amortised cost

This category is comprised of loans and receivables and other non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. These financial assets and liabilities are initially recognised at fair value, with additions for directly attributable transaction costs. After initial measurement, they are carried at amortised cost using the effective interest method less any allowance for impairment.

Financial assets and liabilities measured at fair value through the statement of other comprehensive income

This category is comprised of financial assets and liabilities that are non-derivatives and are either designated as available-for-sale or not classified in any of the other categories. After initial measurement, they are measured at fair value with unrealised gains or losses recognised in profit or loss. When the asset or liability is disposed of, the cumulative gain or loss previously recorded in profit or loss is reversed and recognised in profit or loss.

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market's transaction, reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis or other valuation models.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity instruments designated as available-for-sale, a significant or prolonged decline in the fair value of the instrument below its cost is an indication of impairment. If such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any previously recognised impairment - is reversed through profit or loss and recognised in profit or loss. Impairment recognized in profit or loss on equity instruments is not reversed.

4 Critical accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with FRS 101 requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities. In many circumstances, the ultimate outcome related to the estimates, assumptions and judgments may not be known for several years after the preparation of the financial statements. Actual amounts may differ materially from these estimates due to changes in general economic conditions, changes in laws and regulations, changes in future operating plans and the inherent imprecision associated with estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition

The Company recognises proprietary contract revenue as the services are performed and become chargeable to the customer on a proportionate performance basis over the term of each contract. As contracts often contain more than one deliverable, the stage of completion estimation requires significant judgement. Cost estimation is based upon the nature and complexity of the work to be performed and availability and productivity of labour, and relies upon the knowledge and experience of the project managers, finance and commercial professionals and the company's contract management processes.

5 Revenue

Turnover recognised in the statement of profit and loss and other comprehensive income is analysed as follows:

	2015	2014
	$ 000	$ 000
Revenue from geophysical services	2,288	62,532
Interest receivable	502	232

The company performs geophysical services on a project by project basis. An analysis of turnover by geographical area is given below:

	2015	2014
	$ 000	$ 000
Africa	2,288	62,532

6 Operating profit/(loss)

Arrived at after charging/(crediting)

	2015 $ 000	2014 $ 000
Foreign exchange gains/(losses)	807	(169)
Auditor's remuneration		
- Audit of the financial statements	8	11

7 Interest receivable

	2015 $ 000	2014 $ 000
Interest receivable on group loans	502	232

8 Income tax

(a) Analysis of tax charged/(credited)

	2015 $ 000	2014 $ 000
Current taxation		
UK corporation tax		
- current year	-	1,442
- double taxation relief	-	(1,442)
	-	-
Foreign tax on income for the year	247	3,252
Total current income tax	247	3,252
Deferred taxation		
Total deferred taxation	-	-
Tax expense	247	3,252

(b) Factors affecting current tax charge

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2014 - higher than the standard rate of corporation tax in the UK) of 20% (2014 - 21.5%).

The differences are reconciled below:

	2015 $ 000	2014 $ 000
(Loss)/profit before tax	(239)	7,064
Corporation tax at standard rate	(48)	1,519
Expenses not deductible for tax purposes	13	-
Effect of foreign tax rates	247	1,809
Expenses not deductible for tax purposes due to branch election	41	(22)
Group relief surrendered/(claimed) for nil consideration	(6)	(54)
Total tax charge	247	3,252

An election was made to exempt the branch profits from UK tax with effect from 1 January 2012.

9 Directors' remuneration

There were no employees other than the directors employed during the year. None of the directors received any fees or remunerations for services as a director of the company during the financial year (2014: Nil).

The remuneration of the directors is paid by the parent company, which makes no recharges to the company. The directors act in a group capacity only and do not allocate specific time to the company and therefore it is not possible to make an accurate apportionment of their emoluments in respect of the company.

10 Investments

The company owned a 98% share in Smart Technical Solutions Services Company S.A de C.V., a company incorporated in Mexico, at cost of $75. In June 2016, these shares were transferred to Petroleum Geo-Services ASA for a consideration of $75.

11 Debtors

	2015 $ 000	2014 $ 000
Trade debtors	160	1,988
Amounts receivable from ultimate parent undertaking	8,062	12,220
Amounts receivable from group undertakings	23	-
Accrued income	-	720
Other debtors	44	-
	8,289	14,928

Amounts owed by the ultimate parent undertaking, Petroleum Geo-Services ASA, are repayable on demand and unsecured, and bear interest at 3-month LIBOR plus 3% per annum.

Amounts receivable from other group undertakings are treated as trading balances and do not bear any interest.

12 Creditors

	2015 $ 000	2014 $ 000
Trade creditors	-	6
Amounts owed to other group undertakings	14	4,524
Accrued expenses	1,499	3,110
Foreign tax	10	18
	1,523	7,658

Amounts owed to other group undertakings are treated as trading balances and do not bear any interest.

13 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	No.	$ 000	No.	$ 000
Ordinary shares of £1 each	791,239	1,137	791,239	1,137

14 Related party transactions

As a wholly owned subsidiary of Petroleum Geo-Services ASA the company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with other wholly owned group companies. There were no other related party transactions.

15 Ultimate parent undertaking

The company's immediate parent undertaking is Petroleum Geo-Services (UK) Limited, a company incorporated in the United Kingdom. The ultimate parent and controlling party is Petroleum Geo-Services ASA, a company registered in Norway.

The smallest and largest group in which the results of the company are consolidated is that headed by Petroleum Geo-Services ASA. These financial statements are available upon request from Petroleum Geo-Services ASA, Lilleakerveien 4C, P.O. Box 251 Lilleaker, 0216 Oslo, Norway.

SEISMIC EXPLORATION (CANADA) LIMITED
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Adoption of FRS 101

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. For all periods up to and including the year ended 31 December 2014, the company prepared its financial statements in accordance with UK GAAP. Accordingly, the company has prepared financial statements which comply with FRS 101 applicable for periods ending on 31 December 2015, together with the comparative period data as at and for the year ended 31 December 2014. There were no adjustments required to the Statement of Profit and Loss and Other Comprehensive Income or the Balance Sheet as a result of the transition from UK GAAP to FRS 101.

Reconciliation of balance sheet as at 1 January 2014

	UK GAAP	Adjustment	FRS 101
	$ 000	$ 000	$ 000
Fixed assets			
Investments	-	-	-
Current assets			
Debtors	7,837	-	7,837
Cash at bank and in hand	8	-	8
	7,845	-	7,845
Creditors: Amounts falling due within one year	(4,386)	-	(4,386)
Net current assets	3,459	-	3,459
Net assets	3,459	-	3,459
Capital and reserves			
Share capital	1,137	-	1,137
Profit and loss account	2,322	-	2,322
Shareholders' funds	3,459	-	3,459

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Reconciliation of balance sheet as at 31 December 2014

	Note	UK GAAP $ 000	Adjustment $ 000	FRS 101 $ 000
Fixed assets				
Investments	a	-	-	-
Current assets				
Debtors		14,928	-	14,928
Cash at bank and in hand		1	-	1
		14,929	-	14,929
Creditors - amounts falling due within one year		(7,658)	-	(7,658)
Net current assets		7,271	-	7,271
Net assets		7,271	-	7,271
Capital and reserves				
Share capital		1,137	-	1,137
Profit and loss account		6,134	-	6,134
Total shareholders' funds		7,271	-	7,271

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Reconciliation of statement of profit and loss and other comprehensive income for the year ended 31 December 2014

		UK GAAP	Adjustment	FRS101
	Note	$000	$000	$000
Turnover	a	62,532	-	62,532
Cost of sales		(55,266)	-	(55,266)
Gross profit		7,266	-	7,266
Administrative expenses		(434)	-	(434)
Operating profit		6,832	-	6,832
Interest receivable		232	-	232
Profit before taxation		7,064	-	7,064
Taxation		(3,252)	-	(3,252)
Profit for the year		3,812	-	3,812
Other comprehensive income		-	-	-
Total comprehensive income		3,812	-	3,812

Explanatory notes to FRS 101 adjustments
a. Existing revenue recognition policies under UK GAAP were in line with principles in *IAS 18: Revenue.* No adjustments were required to prior or current year figures.