EMGS FIRST QUARTER 2018.

Highlights in the First Quarter.

Operational highlights

- Two multi-client surveys in Indonesia completed
- 37% utilisation of the vessels

Financial highlights

- Revenues of USD 4.3 million
- EBITDA of negative USD 6.4
- Rights issue of up to USD 12.5 million and convertible bond of USD 32.5 million approved

Subsequent events

- Comprehensive refinancing:
  - start of subscription period under rights issue and convertible bond issue on 20 April 2018, with end on 4 May 2018
  - proceeds from the rights issue expected on or around 15 May 2018
- Existing bond called in full

Key financial figures

Amounts in USD million (except per share data)	**Q1 2018 Unaudited**	Q1 2017 Unaudited	2017 Unaudited
		Restated*	Restated*
Contract sales	**0.1**	0.7	2.6
Multi-client sales	**3.5**	3.5	30.4
Other revenue	**0.7**	0.0	0.9
Total revenues	**4.3**	4.2	33.9
Operating profit/ (loss)	**-11.2**	-9.2	-17.8
Income/ (loss) before income taxes	**-12.1**	-10.2	-22.8
Net income/ (loss)	**-12.1**	-10.2	-23.2
Earnings/ (loss) per share	**-0.13**	-0.31	-0.39
Average number of shares outstanding (in thousands)	**91,429**	32,794	59,782
EBITDA	**-6.4**	-5.5	2.9
Multi-client and JIP test investments	**1.7**	1.0	9.6
Adjusted EBITDA	**-8.1**	-6.4	-6.6

*** See Accounting principles under Notes**

EBITDA = Operating profit /(loss) + Depreciation and ordinary amortisation + Multi-client amortisation + Impairment of long-term assets

Financial Review.

Revenues and operating expenses

EMGS recorded revenues of USD 4.3 million in the first quarter of 2018, up from USD 4.2 million reported for the corresponding quarter of 2017. Contract and other sales totalled USD 0.8 million, while multi-client sales amounted to USD 3.5 million. For the first quarter of 2017, contract sales totalled USD 0.7 million, while multi-client sales amounted to USD 3.5 million, net of an adjustment for a share of revenues from joint projects between EMGS and TGS.

The Group applied, for the first time in the first quarter of 2018, IFRS 15 Revenue from Contracts with Customers using the full retrospective method which requires a restatement of the previous financials. For contract sales and late sales, there are no effects following the implementation of IFRS 15. The new standard's impact on recognition of multi-client pre-funding revenues has still not been concluded. However, the current interpretation of the new standard within the industry is that multi-client prefunding revenues should be recognised at the point in time when the final product is delivered to the customer and not based on the so-called Percentage of Completion (POC) principle, which was used prior to 1 January 2018.The effects are further described in the Accounting principles under Notes and Definitions - Alternative Performance Measures.

The Company recorded 6.0 vessel months in the first quarter of 2018. In the same quarter last year, the Company also recorded 6.0 vessel months. Vessel utilisation was 37% for the first quarter of 2018. The vessels were allocated 37% to multi-client projects and no time was spent on proprietary work. In the comparable quarter of 2017, the vessel utilisation was 92% and the vessels were allocated 92% to multi-client projects and no time was spent on proprietary work.

Charter hire, fuel and crew expenses totalled USD 4.3 million in the first quarter this year, compared with USD 2.8 million in the first quarter of 2017. The Company capitalised USD 1.7 million in multi-client expenses in the quarter, while USD 1.0 million was capitalised in the first quarter of 2017. In addition, the Company reversed an accrual for Q1 Thalassa vessel lease expenses of USD 1.4 million in the first quarter last year. The charter hire, fuel and crew expenses have increased from USD 5.2 million in the first quarter of 2017 to USD 6.0 million in same period this year when adding back the capitalised multi-client expenses and the vessel lease provision recorded in the first quarter last year. The main reason for the increased expenses is that BOA Thalassa was idle in the first quarter of 2017, while she has been operating in Indonesia in the first quarter this year.

Employee expenses amounted to USD 5.1 million in the first quarter of 2018, down from USD 5.2 million in the same quarter in 2017.

Other operating expenses totalled USD 1.3 million in the first quarter this year. In the first quarter last year, other operating expenses amounted to USD 1.7 million.

Depreciation, amortisation and impairment

Depreciation and ordinary amortisation totalled USD 2.1 million in the first quarter of 2018, up from USD 1.4 million in the first quarter of 2017.The increase is mainly a result of depreciation of the DeepBlue source, which was moved from assets under construction to property, plant and equipment in the third quarter last year.

Multi-client amortisation amounted to USD 2.7 million this quarter, compared with USD 2.3 million in the first quarter of 2017. The Company uses straight-line amortisation for its completed multi-client projects, assigned over the useful life time of 4 years.

Net financial items

Net financial items ended at negative USD 0.8 million in the first quarter of 2018, compared with negative USD 1.0 million in the corresponding quarter last year. In the first quarter of 2018, the Company recorded a net currency loss of USD 1.8 million, compared with a currency loss of USD 1.0 million in the first quarter of 2017. The gain on financial assets totalled USD 2.1 million in the first quarter of 2018, up from a gain of USD 1.0 million in the first quarter of 2017.

Income/(loss) before income taxes

Loss before income taxes amounted to USD 12.1 million in the first quarter 2018, compared with a loss before income taxes of USD 10.2 million in the corresponding quarter in 2017.

Income tax expenses

Income tax expenses of USD 3 thousand were recorded in the first quarter of 2018, compared with an income tax expense of USD 33 thousand in the first quarter of 2017.

Net income for the period

Loss for the first quarter of 2018 amounted to USD 12.1 million, down from a loss of USD 10.2 million in the same period last year.

Cash flow and balance sheet

In the first quarter 2018, net cash flow from operating activities was negative USD 2.9 million, compared with negative net cash flow of USD 0.1 million in the first quarter of 2017. The cash flow from operating activities this quarter was mainly affected by a negative EBITDA of USD 6.4 million and a positive change in trade receivables of USD 7.6 million.

EMGS applied USD 1.9 million in investing activities in the first quarter this year, compared with USD 1.4 million in the first quarter of last year. The Company invested USD 0.2 million in equipment and USD 1.7 million in the multi-client library in the first quarter 2018.

The carrying value of the multi-client library was USD 16.3 million at 31 March 2018, down from USD 17.3 million at 31 December 2017 and USD 21.6 million at 31 March 2017.

Cash flow from financial activities was USD 0.1 million in the first quarter of 2018, compared with a positive cash flow of USD 0.4 million in the same quarter last year. The positive cash flow this year included proceeds from drawing on the short-term loan from Siem Investments Inc. of USD 1.0 million.

The Company had a net decrease in cash, excluding restricted cash, of USD 4.7 million during the first quarter of 2018. At 31 March 2018, cash and cash equivalents totalled USD 18.9 million, including USD 7.1 million in restricted cash.

Financing

Total borrowings were USD 33.5 million at 31 March 2018, up from USD 30.6 million at 31 December 2017 and up from USD 32.3 million at 31 March 2017. This includes the Company's bond loan, which had a carrying value of USD 31.8 million at 31 March 2018, USD 29.8 million at 31 December 2017 and USD 28.4 million at 31 March 2017.

The bond loan contains the following two financial covenants; free cash and cash equivalents of at least USD 10 million and capital employed ratio of minimum 1/3. In addition, the bond agreement has restrictions regarding the Company's ability to sell the multi-client library, declare or make dividend payments, incur additional indebtedness, change its business or enter into speculative financial derivative agreements. As of 31 March 2018, the free cash and cash equivalents totalled USD 11.8 million, while the capital employed ratio equalled 40%.

Operational Review.

	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Contract	**0%**	0%	0%	0%	0%
Multi-client	**37%**	13%	72%	85%	92%
Funded R&D project	**0**	0%	5%	0%	0%
Total utilisation	**37%**	**13%**	**77%**	**85%**	**92%**

Vessel utilisation and fleet allocation

The vessel utilisation for the first quarter 2018 was 37% compared with 92% in the corresponding quarter in 2017.

The vessels were allocated 37% to multi-client projects in the first quarter of 2018 and no time was spent on proprietary work. In the comparable quarter of 2017, the vessels were allocated 92% to multi-client projects and no time was spent on proprietary work.

EMGS recorded 6.0 vessel months in the quarter. In the first quarter 2017, the Company also recorded 6.0 vessel months.

Vessel activity in the first quarter

	Utilisation Q1 2018	Status Q1 2018	Firm charter period	Period
BOA Thalassa	**45%**	Idle	1 October 2019	3 x 6 months
Atlantic Guardian	**30%**	In operation	30 September 2021	5 x 12 months

Atlantic Guardian

The Atlantic Guardian was idle until mid-February 2018, after which she conducted a sea trial of the DeepBlue equipment. Following this, the vessel commenced a multi-client survey in the Barents Sea at the beginning of March 2018. The multi-client survey was completed in April 2018.

BOA Thalassa

The BOA Thalassa acquired data on pre-funded multi-client surveys offshore Indonesia from the beginning of January 2018 to mid-February 2018. Following that, the vessel returned to Malaysia.

Backlog

As of 31 March 2018, EMGS' backlog was USD 3.1 million compared with a backlog of approximately USD 4.5 million at the end of the first quarter 2017. USD 3.0 million of the backlog as of 31 March 2018 is related to pre-funding and late sales, while the remaining USD 0.1 million is related to processing, interpretation and other projects.

Events during the first quarter of 2018

Multi-client revenues related to the APA 2017 awards

On 16 January 2018, the Norwegian Ministry of Petroleum and Energy announced the awards of new production licenses through the Awards in Pre-defined Areas (APA 2017) licensing round. Based on the offered awards, EMGS realised net uplift revenues of approximately USD 1 million from data-licensing agreements related to the Company's multi-client library in the first quarter of 2018.

Comprehensive refinancing

On 2 March, the Board of Directors of EMGS called for an extraordinary general meeting in the Company to propose a comprehensive refinancing plan (the Comprehensive Refinancing) to the shareholders. The Comprehensive Refinancing consists of two elements; (i) a rights issue (the Rights Issue) with gross proceeds of up to USD 12.5 million, whereof USD 10.0 million is underwritten; and (ii) issuance of a new, fully underwritten convertible bond loan (the Convertible Bond Issue) with a nominal amount of up to USD 32.5 million.

The Comprehensive Refinancing was approved at the extraordinary general meeting (EGM) of the Company held on 23 March 2018.

Subsequent events

Comprehensive Refinancing

On 19 April 2018, the Company published a prospectus (the Prospectus) covering; (i) the issuance of the new shares to be issued under the Rights Issue; (ii) the subsequent listing of such new shares; (iii) the issuance of the convertible bonds under the Convertible Bond Issue; and (iv) the subsequent listing on the Oslo stock exchange of the convertible bonds. Following the issuance of the Prospectus, the subscription period under the Rights Issue and the Convertible Bond Issue was initiated on 20 April 2018, with listing of the subscription on the Oslo stock exchange under the ticker "EMGS S" on the same date.

In accordance with the time schedule published by the Company in connection with the Comprehensive Refinancing, the trade in the subscription rights on the Oslo stock exchange ended on 2 May 2018, and the subscription period will end on 4 May 2018. The Rights Issue and the Convertible Bond Issue are expected to be completed with the registration of the new shares and delivery of the convertible bonds on 15 May 2018.

On 20 April, the Company announced that it had called, in full, the Company's existing bond, in accordance with the terms of the existing bond and the Company's exercise notification, the existing bond will be repaid in full by the Company at 103% of par value (plus accrued interest) on 7 June 2018.

Revenues related to prefunding for multi-client acquisitions and various service projects

On 1 May 2018, the Company announced that it had entered into multi-client prefunding and various service agreements. These agreements represent combined revenues of approximately USD 2.2 million. The prefunding revenue is related to 3D CSEM multi-client data surveys in the North Sea using the DeepBlue source. The surveys are expected to be executed in Q2 and/or Q3 2018.

Share information

EMGS was listed at the Oslo Stock Exchange in March 2007. During the first quarter 2018, the EMGS share was traded between NOK 2.71 and NOK 5.00 per share. The last closing price before 31 March 2018 was NOK 3.29.

As of 31 March 2018, the Company had a total of 91,428,874 shares outstanding.

Risks and uncertainty factors

EMGS is subject to a number of risk factors, of which the most important is the demand for EM services. Since 2014, there has been a substantial decline in E&P spending, as a result of a fall in the oil price, and a corresponding sharp deterioration of the market for geophysical services, including EMGS' services.

Through comprehensive cost reduction measures, EMGS has reduced the operational cost base from USD 143 million in 2015 down to USD 42 million in 2017. EMGS continues its cost focus in 2018 and targets a cost base around USD 50 million for 2018, subject to inter alia operational activity.

Based on the Company's low backlog and the current market situation, there is material uncertainty related to the expected level of revenues going forward. EMGS' management follows the Company's liquidity risk closely, including weekly updates of the Company's sales forecast and vessel schedule, in addition to a corresponding update of the cost and free cash forecast. The existing bond loan contains a financial covenant requiring free cash and cash equivalents of at least USD 10 million.

Once completed, the Comprehensive Refinancing will provide the Company with between approximately USD 9.3 million and USD 12.2 million in net proceeds to be used for general corporate purposes. Furthermore, the refinancing and replacement of the Company's existing bond issue through the Convertible Bond Issue will inter alia reduce the USD 10.0 million free cash financial covenant (described above) with a USD 2.5 million free cash financial covenant and replace the current maturity of the existing bond issue in June 2019 with a new maturity date in May 2023. Thus, in aggregate, the Comprehensive Refinancing is expected to materially improve the Company's financial position and secure a longer financial runway.

The ever-changing exogenous factors in the industry will impact the business and risk factors going forward and they represent added uncertainties. In addition, there are risks associated with EM marine operations which might affect the profitability of projects. Examples include: changes in governmental regulations affecting EMGS' markets, technical downtime, adverse weather conditions, licensing and permitting, as well as delays in closing revenue-generating contracts. Reference is made to the Annual Report of 2017 for a further description of other relevant risk factors.

Outlook

The market outlook for oil services is challenging and characterised by high uncertainty. The Company expects market fundamentals to remain weak in 2018. However, EMGS has noted an increase in commercial activity. In particular, the Company is experiencing increased interest and early stage commercial and technical discussions to more and potentially substantial proprietary and pre-funded multi-client acquisitions outside of Norway.

The Company expects that the 24th licensing round will trigger some additional multi-client sales in 2018. Otherwise, sales efforts are ongoing to secure backlog in all regions.

Based on the current operational forecast, EMGS expects to operate two vessels in 2018. The Company expects to keep one vessel in Asia in 2018, while the other vessel is expected to operate in Europe, Africa and the Americas. EMGS will continue to invest in its multi-client library in selected areas. Capital investment plans are limited to maintenance of existing equipment and to the Deep Blue source.

Oslo, 2 May 2018
Board of Directors and CEO

Consolidated Income Statement.

Amounts in USD 1 000	Q1 2018 Unaudited	Q1 2017 Unaudited Restated*	2017 Unaudited Restated*
Operating revenues			
Contract sales	114	701	2,583
Multi-client pre-funding	2,540	1,075	11,295
Multi-client late sales	963	2,386	19,132
Other revenue	679	0	886
Total revenues	**4,296**	**4,162**	**33,896**
Operating expenses			
Charter hire, fuel and crew expenses	4,296	2,766	7,655
Employee expenses	5,085	5,172	16,964
Depreciation and ordinary amortisation	2,122	1,407	6,779
Multi-client amortisation	2,717	2,292	10,345
Impairment of long-term assets	0	0	3,626
Other operating expenses	1,324	1,682	6,334
Total operating expenses	**15,545**	**13,319**	**51,703**
Operating profit/ (loss)	**-11,248**	**-9,157**	**-17,807**
Financial income and expenses			
Interest income	92	14	193
Interest expense	-1,228	-1,053	-4,088
Net gains/(losses) of financial assets and liabilities	2,126	1,026	2,143
Net foreign currency income/(loss)	-1,795	-1,016	-3,292
Net financial items	**-805**	**-1,029**	**-5,043**
Income/ (loss) before income taxes	**-12,054**	**-10,185**	**-22,850**
Income tax expense	3	33	356
Income/ (loss) for the period	**-12,056**	**-10,219**	**-23,206**

*** See Accounting principles under Notes**

Consolidated Statement of Comprehensive Income.

Amounts in USD 1 000	Q1 2018 Unaudited	Q1 2017 Unaudited Restated*	2017 Unaudited Restated*
Income/ (loss) for the period	**-12,056**	**-10,219**	**-23,206**
Oher comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	26	-8	-8
Net (loss)/gain on available-for-sale (AFS) financial assets	0	0	0
Oher comprehensive income	**26**	**-8**	**-8**
Actuarial gains/(losses) on defined benefit plans	0	0	0
Other comprehensive income	**26**	**-8**	**-8**
Total other comprehensive income/ (loss) for the period	**-12,031**	**-10,227**	**-23,214**

*** See Accounting principles under Notes**

Consolidated Statement of Financial Position.

Amounts in USD 1 000	31 March 2018 Unaudited	31 March 2017 Unaudited Restated*	31 December 2017 Unaudited Restated*
ASSETS			
Non-current assets			
Multi-client library	16,309	21,643	17,317
Other intangible assets	1,717	2,399	1,559
Property, plant and equipment	34,578	12,874	36,281
Assets under construction	2,782	28,353	3,112
Restricted cash	3,510	3,706	3,524
Total non-current assets	**58,896**	**68,974**	**61,793**
Current assets			
Spare parts, fuel, anchors and batteries	7,148	7,565	7,200
Trade receivables	3,521	3,336	11,075
Other receivables	7,219	6,337	5,957
Cash and cash equivalents	11,812	12,995	16,548
Restricted cash	3,616	1,074	2,997
Total current assets	**33,315**	**31,307**	**43,778**
Total assets	**92,211**	**100,282**	**105,571**
EQUITY			
Capital and reserves attributable to equity holders			
Share capital, share premium and other paid-in equity	336,784	319,272	336,764
Other reserves	-1,591	-1,615	-1,617
Retained earnings	-320,817	-295,774	-308,761
Total equity	**14,375**	**21,884**	**26,386**
LIABILITIES			
Non-current liabilities			
Provisions	20,333	19,645	20,670
Financial liabilities	572	4,479	2,993
Borrowings	32,241	29,042	30,288
Total non-current liabilities	**53,146**	**53,166**	**53,950**
Current liabilities			
Trade payables	5,824	4,850	6,882
Current tax liabilities	6,158	5,841	6,299
Other short term liabilities	11,405	11,258	11,763
Borrowings	1,302	3,285	290
Total current liabilities	**24,690**	**25,234**	**25,234**
Total liabilities	**77,836**	**78,399**	**79,184**
Total equity and liabilities	**92,211**	**100,282**	**105,571**

*** See Accounting principles under Notes**

Consolidated Statement of Cash Flows.

Amounts in USD 1 000	Q1 2018 Unaudited	Q1 2017 Unaudited Restated*	2017 Unaudited Restated*
Net cash flow from operating activities			
Income/(loss) before income taxes	**-12,054**	**-10,185**	**-22,850**
Adjustments for:			
Withholding tax expenses	0	4	-359
Total taxes paid	-144	-49	449
Depreciation and ordinary amortisation	2,122	1,406	6,779
Multi-client amortisation and impairment	2,717	2,292	10,345
Impairment of other long term assets	0	0	3,626
Cost of share-based payment	20	-11	55
Change in trade receivables	7,554	5,198	-2,541
Change in inventories	52	289	654
Change in trade payables	-1,058	-1,822	210
Change in other working capital	-2,772	3,013	3,524
Financial gain on bond repayment	0	-836	-836
Amortisation of interest	655	605	2,464
Net cash flow from operating activities	**-2,908**	**-96**	**1,520**
Investing activities:			
Purchase of property, plant and equipment	-238	-428	-2,521
Investment in multi-client library and JIP test	-1,709	-963	-9,588
Cash used in investing activities	**-1,947**	**-1,391**	**-12,109**
Financial activities:			
Financial lease payments - principal	-50	-43	-228
Proceeds from new loan	1,000	3,013	8,500
Repayment/settlement of loan and FRA	-296	-1,954	-10,454
Proceeds from rights issue	0	0	17,426
Payment of interest on bonds	-535	-572	-2,145
Cash used in/provided by financial activities	**119**	**444**	**13,099**
Net change in cash	**-4,736**	**-1,043**	**2,510**
Cash balance beginning of period	16,548	14,038	14,038
Cash balance end of period	11,812	12,995	16,548
Net change in cash	**-4,736**	**-1,043**	**2,510**

*** See Accounting principles under Notes**

Consolidated Statement of Changes in Equity.

Amounts in USD 1 000	Share capital share premium and other paid-in-	Foreign currency translation reserves	Available-for-sale reserve	Retained earnings	**Total equity**
Balance as of 1 January 2017 (Restated)*	**319,283**	**-1,607**	**0**	**-285,554**	**32,121**
Income/(loss) for the period (Restated*)	0	0	0	-10,219	-10,219
Other comprehensive income	0	-8	0	0	-8
Total comprehensive income	**0**	**-8**	**0**	**-10,219**	**-10,227**
Cost of share-based payments	-11	0	0	0	-11
Balance as of 31 March 2017 (Unaudited) (Restated*)	**319,272**	**-1,615**	**0**	**-295,773**	**21,884**

*** See Accounting principles under Notes**

Amounts in USD 1 000	Share capital share premium and other paid-in-	Foreign currency translation reserves	Available-for-sale reserve	Retained earnings	**Total equity**
Balance as of 1 January 2018 (Unaudited)(Restated*)	**336,764**	**-1,617**	**0**	**-308,761**	**26,386**
Income/(loss) for the period	0	0	0	-12,056	-12,056
Other comprehensive income	0	26	0	0	26
Total comprehensive income	**0**	**26**	**0**	**-12,056**	**-12,030**
Cost of share-based payments	20	0	0	0	20
Balance as of 31 March 2018 (Unaudited)	**336,784**	**-1,591**	**0**	**-320,817**	**14,375**

*** See Accounting principles under Notes**

Notes.

Accounting principles

These interim consolidated financial statements of the Group have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as of 31 December 2017, which is available on www.emgs.com.

IFRS 15 Revenue from contract with customers

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers using the full retrospective method which requires a restatement of previous financials. As required by IAS 34, the nature and effect of these changes are disclosed below.

For contract sales and late sales, there were no material effects following the implementation of IFRS 15. The new standard's impact on recognition of multi-client pre-funding revenues has still not been finally concluded. The current interpretation of the new standard within the industry is that multi-client prefunding revenues should be recognised at the point in time when final product is delivered to the customer and not based on the so-called Percentage of Completion (POC) principle, which was used prior to 1 January 2018. As a consequence of the change in POC revenue, the Group has also capitalised multi-client projects with only one customer that were previously expensed as incurred (converted contracts). For these, the full amortisation of the book value is now recorded at the point in time when the revenues are recognised at delivery to the customer.

The Group adopted IFRS 15 using the full retrospective method of adoption. The effect of adopting IFRS 15 is as follows:

Impact on the statement of Consolidated Income Statement:

	Q1 2017	2017
Amounts in USD 1 000	Unaudited	Unaudited
	Restated*	Restated*
Movement pre-funding revenues from previous periods	579	579
Movement pre-funding revenues to subsequent periods	-335	-2,540
Adjustment on Multi-client pre-funding	**245**	**-1,961**
Increased capitalised multi-client expenses	0	-2,769
Increased multi-client amortisation	0	1,732
Adjustment on Total operating expenses	**0**	**-1,037**
Adjustment on Income/ (loss) for the period	**245**	**-924**

Impact on the statement of financial position:

Amounts in USD 1 000	31 December 2017 Audited	Adjustments IFRS 15	31 December 2017 Unaudited Restated*
ASSETS			
Non-current assets			
Multi-client library	16,280	1,037	17,317
Other	44,476	0	44,476
Total non-current assets	**60,756**	**1,037**	**61,793**
Total current assets	**43,778**	**0**	**43,778**
Total assets	**104,534**	**1,037**	**105,571**
EQUITY			
Capital and reserves attributable to equity holders			
Retained earnings	-336,764	-1,503	-338,267
Other	364,653	0	364,653
Total equity	**27,889**	**-1,503**	**26,386**
LIABILITIES			
Total non-current liabilities	**53,950**	**0**	**53,950**
Current liabilities			
Other short term liabilities	9,223	2,540	11,763
Other	13,471	0	13,471
Total current liabilities	**22,694**	**2,540**	**25,234**
Total liabilities	**76,644**	**2,540**	**79,184**
Total equity and liabilities	**104,534**	**1,037**	**105,571**

Amounts in USD 1 000	31 March 2017 Audited	Adjustments IFRS 15	31 March 2017 Unaudited Restated*
ASSETS			
Non-current assets			
Multi-client library	21,643	0	21,643
Other	47,331	0	47,331
Total non-current assets	**68,974**	**0**	**68,974**
Total current assets	**31,307**	**0**	**31,307**
Total assets	**100,282**	**0**	**100,282**
EQUITY			
Capital and reserves attributable to equity holders			
Retained earnings	-295,439	-335	0
Other	317,657	0	0
Total equity	**22,218**	**-335**	**21,884**
LIABILITIES			
Total non-current liabilities	**53,166**	**0**	**53,166**
Current liabilities			
Other short term liabilities	10,923	335	1,000
Other	13,976	0	0
Total current liabilities	**24,899**	**335**	**25,234**
Total liabilities	**78,064**	**335**	**78,399**
Total equity and liabilities	**100,282**	**0**	**100,282**

There is no material impact on the statement of cash flows.

Segment reporting

EMGS reports its sales revenue as one reportable segment. The sales revenues and related costs are incurred worldwide.

The amounts below show sales revenues reported by geographic region.

Amounts in USD million	**Q1 2018 Unaudited**	Q1 2017 Unaudited Restated*	2017 Unaudited Restated*
Americas	**2,6**	0,2	1,2
Asia/Pacific	**0,0**	0,2	0,5
EAME	**1,7**	3,8	32,2
Total	**4,3**	**4,2**	**33,9**

*** See Accounting principles under Notes**

Multi-client library

The multi-client library consists of electromagnetic data acquired through multi-client surveys, i.e. EMGS owns the data. The EM data can be licensed to customers on a non-exclusive basis. Directly attributable costs associated with multi-client projects such as acquisition costs, processing costs, and other direct project costs are capitalised.

Amounts in USD million	**Q1 2018 Unaudited**	Q1 2017 Unaudited	2017 Unaudited
Opening carrying value	17,3	24,3	24,3
Additions	1,7	1,0	8,3
Amortisation charge	-2,7	-2,3	-10,3
Impairment	0,0	0,0	-3,6
Cash contribution from partners	0,0	-1,4	-1,4
Closing carrying value	**16,3**	**21,6**	**17,3**

Disclaimer for forward-looking statements

This quarterly report includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. Such forward-looking information and statements are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for EMGS ASA and its subsidiaries. These expectations, estimates and projections are generally identifiable by statements containing words as “expects”, “believes”, “estimates” or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for EMGS’ businesses, oil prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time. Although EMGS ASA believes that its expectations and the information in this report were based upon reasonable assumptions at the time when they were made, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in this report. EMGS ASA nor any other company within the EMGS Group is making any representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the information in the report, and neither EMGS ASA, any other company within the EMGS Group nor any of their directors, officers or employees will have any liability to you or any other persons resulting from your use of the information in the report. EMGS ASA undertakes no obligation to publicly update or revise any forward-looking information or statements in the report.

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Definitions – Alternative Performance Measures.

EMGS' financial information is prepared in accordance with IFRS. In addition, EMGS provides alternative performance measures to enhance the understanding of EMGS' performance. The alternative performance measures presented by EMGS may be determined or calculated differently by other companies.

EBITDA

EBITDA means Earnings before interest, taxes, amortisation, depreciation and impairments. EMGS uses EBITDA because it is useful when evaluating operating profitability as it excludes amortisation, depreciation and impairments related to investments that occurred in the past. Also, the measure is useful when comparing the Company's performance to other companies.

Amounts in USD 1 000	**Q1 2018** **Unaudited**	Q1 2017 Unaudited	2017 Unaudited
		Restated*	Restated*
Operating profit / (loss)	-11,248	-9,157	-17,807
Depreciation and ord. amortisation	2,122	1,407	6,779
Multi-client amortisation	2,717	2,292	10,345
Impairment of long term assets	0	0	3,626
EBITDA	**-6,409**	**-5,458**	**2,943**

*** See Accounting principles under Notes**

Capital employed ratio

Capital employed ratio means the ratio of equity to equity plus net interest-bearing debt. Net interest-bearing debt is defined as interest bearing debt less any cash and cash equivalents. Capital employed ratio provides an indicator of the overall balance sheet strength. This measure is used in one of the Company's bond loan covenants.

Amounts in USD 1 000	**Q1 2018** **Unaudited**	Q1 2017 Unaudited	2017 Unaudited
		Restated*	Restated*
Borrowings	33,543	32,327	30,578
Cash and cash equivalents	11,812	12,995	16,548
Net interest bearing debt	**21,731**	**19,332**	**14,030**
Total equity	14,375	21,884	26,386
Capital employed ratio	**40%**	**53%**	**65%**

*** See Accounting principles under Notes**

Backlog

Backlog is defined as the total value of future revenue from signed customer contracts.

Pre-funding revenues using POC principle

The current interpretation of the new revenue recognition standard within the industry is that multi-client prefunding revenues should be recognised at the point in time final data is delivered to the customer and not based on the so-called Percentage of Completion (POC) principle, which were used prior to 1 January 2018.

The table below shows a reconciliation of pre-funding revenues using the current interpretation of IFRS 15 and pre-funding revenues using the POC principle:

Amounts in USD 1 000	**Q1 2018** **Unaudited**	Q1 2017 Unaudited	2017 Unaudited
Pre-funding revenues using current interpretation of IFRS 15	4,296	1,075	11,295
IFRS 15 adjustments	-253	-245	1,961
Pre-funding revenues based on POC principle	**4,043**	**830**	**13,256**

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