EMGS SECOND QUARTER & FIRST HALF YEAR 2010 REPORT

26 / 08 / 2010

emgs

HIGHLIGHTS SECOND QUARTER 2010

Important events in the quarter:

- Total revenues at USD 14.7 million for the quarter
- EBITDA gain of USD 1.2 million
- EMGS awarded contract in Asia worth USD 7.5 million
- Pre-funding from Statoil for Barents Sea multi-client campaign
- EMGS awarded survey worth minimum USD 150 million
- Successful completion of private placement resulting in gross proceeds of USD 30 million

Subsequent important events:

- EMGS signed abovementioned USD 150 million contract with PEMEX
- EMGS secured USD 20 million bond
- EMGS won patent dispute launched by Schlumberger

KEY FINANCIAL FIGURES

USD million (except per share data)	Q2 2010	Q2 2009	First half year 2010	First half year 2009	2009	Q1 2010
Revenues	**14.7**	30.8	25.4	36.7	59.0	10.7
Operating profit/(loss)	**(5.8)**	2.2	(19.0)	(21.3)	(63.4)	(13.2)
Income/(loss) before income taxes	**(4.6)**	(7.0)	(18.3)	(31.7)	(81.4)	(13.7)
Earnings per share	**(0.03)**	(0.08)	(0.13)	(0.35)	(0.76)	(0.11)
Average number of shares outstanding (in thousands)	**139 580**	91 567	137 577	91 569	106 572	123 577
EBITDA	**1.2**	8.1	(6.4)	(9.6)	(39.7)	(7.6)
Multi-client investment	**5.5**	-	7.9	-	-	2.4
Adjusted EBITDA	**(4.3)**	8.1	(14.3)	(9.6)	(39.7)	(10.0)

Information related to shares is for ordinary shares. The number of ordinary shares outstanding at 30 June 2010, was 153 580 261.

FINANCIAL REVIEW

Revenues and EBITDA

EMGS recorded revenues of USD 14.7 million in the second quarter of 2010 compared with USD 30.8 million in the second quarter of 2009, corresponding to a decrease of 52 per cent. The decrease is mainly due to the uplift revenues on the multi-client sales in the Barents Sea in the second quarter last year, amounting to USD 15.0 million. The multi-client sales in the second quarter this year ended at USD 5.9 million, which was mostly related to the pre-funding from Statoil for the 2010 multi-client survey.

Revenues for the first half year of 2010 were at USD 25.4 million, while the corresponding figure in 2009 was USD 36.7 million, giving a decrease of 31 per cent.

Charter hire, fuel and crew expenses totalled USD 5.0 million in the second quarter 2010 compared with USD 12.0 million in the corresponding quarter in 2009, giving a decrease of 58 per cent. The main effect is the capitalisation of multi-client costs amounting to USD 5.5 million in the second quarter 2010.

In the first half year 2010 charter hire, fuel and crew expenses amounted to USD 12.8 million, compared to USD 24.2 million in the first half of 2009. This represents a decrease of 47 per cent and is mainly due to the capitalisation of multi-client costs of USD 7.9 million in the first half 2010, compared to no such capitalisation in the same period last year.

Employee expenses decreased from USD 7.6 million in the second quarter of 2009 to USD 5.9 million in the second quarter 2010. The decrease of 22 per cent is due to the decreased number of employees and costs associated with this. The Group has reduced the number of employees from 229 at the end of the second quarter last year to 170 at the end of the second quarter this year.

For the first half year 2010, employee expenses amounted to USD 13.2 million, a decrease of 14 per cent compared to USD 15.4 million for the corresponding period last year. The reason for the decrease is the lower number of employees.

Other operational costs decreased by 16 per cent in the second quarter 2010 over the same period last year, from USD 3.2 million to USD 2.7 million. The decrease from 2009 to 2010 is related to reduced activity level and some residual effects of the cost reduction program.

Other operational costs decreased from the first half 2009 to the first half 2010, going down from USD 6.6 million to USD 5.9 million. The decrease of 11 per cent is mainly to effects of the cost reduction program.

Depreciation and amortisation

Depreciation and ordinary amortisation was USD 4.9 million in the second quarter 2010, down from 5.9 USD million in the corresponding quarter in 2009. The reduction is due to the reduced capital expenditure throughout 2009 to date, along with some assets becoming fully depreciated. Multi-client amortisation amounted to USD 2.1 million in the second quarter 2010, while there was no such amortisation in the corresponding period in 2009.

For the first half year 2010, depreciation and ordinary amortisation amounted to USD 10.1 million, down from USD 11.7 million the same period last year. In the first half 2010 there was, in addition, multi-client amortisation of USD 2.4 million, compared to zero multi-client amortisation in the first half 2009.

Share of profit of joint venture

The share of profit in joint venture in the second quarter of 2010 amounted to USD 0.0 million. The corresponding figure for the second quarter 2009 was negative 8.5 USD million as a write down of the investment in KJT Inc found place in that quarter.

For the first half year 2010 share of profit of joint venture ended at USD 0.0 million, compared to USD 8.3 million for the corresponding period in 2009.

Net financial items

Net financial items in the second quarter of 2010 amounted to a gain of USD 1.1 million, while an expense of USD 0.6 million was reported in the corresponding period in 2009. The comparable figure for the first half 2010 is positive USD 0.6 million, while the expense ended at USD 2.1 in the same period last year.

Result before income tax

EMGS recorded a loss of USD 4.6 million before income tax in the second quarter 2010, compared with a loss of USD 7.0 million in the corresponding quarter in 2009. For the half year 2010 the loss amounted to USD 18.3 million and a loss of USD 31.7 million was recorded for the same period last year.

Income tax expense

Income tax expenses of USD 0.1 million were recorded in the second quarter of 2010, which is identical to the USD 0.1 million in the second quarter of 2009. These taxes relate to profits earned in foreign jurisdictions.

Tax expenses for the first half year of 2010 were USD 0.1 million, the same as for the corresponding period for 2009.

Net result for the period

The net loss in the second quarter of 2010 was USD 4.7 million, compared with a loss of USD 7.1 million in the same period last year. For the first half year 2010 the loss amounted to USD 18.5 million, compared with a loss of USD 31.8 million for the first half year 2009.

Balance sheet and cash flow

Cash and cash equivalents totalled USD 34.4 million at 30 June 2010, compared with USD 24.9 million at 30 June 2009. In the first quarter 2010 a subsequent offering (to the fourth quarter's private placement) was fully subscribed, which resulted in gross proceeds of NOK 18 million (approximately USD 3 million). In the second quarter 2010 a private placement was successfully performed, increasing the equity by approximately USD 29 million. This private placement increased EMGS's equity ratio and the company was therefore, as of 30 June, no longer in breach of the covenants on the company's two bonds. Thus, the bonds could be reclassified from current liabilities, as presented in the first quarter 2010, to non-current liabilities.

Trade receivables were USD 6.6 million at 30 June 2010, down from USD 20.1 million at 30 June 2009.

Net cash flow from operating activities was negative by USD 15.0 million for the half year ended 30 June 2010, compared with a negative net cash flow from operating activities of USD 25.8 million in the first half year of 2009.

Cash applied in investing activities in the second quarter of 2010 amounted to USD 8.1 million, the majority of which was in the multi-client library. This compares to USD 1.6 million in the same period in 2009.

Cash flow from financial activities was positive by USD 27.9 million in the first half year of 2010 owing to proceeds from the subsequent offering and the private placement. The comparable amount in the first half year of 2009 was positive USD 24.1 million due to the two new bonds that were established.

OPERATIONAL REVIEW

EMGS defines 'utilisation' as vessel time spent on contracted or committed work, including paid mobilisation. The company's vessel utilisation in 2009 and 2010 were as follows:

	Q1	Q2	Q3	Q4
2009	46%	47%	32%	27%
2010	69%	66%	-	-

During the second quarter 2010, EMGS had three vessels in operation: BOA Galatea, BOA Thalassa and Siem Mollie. BOA Galatea spent most of the quarter in West Africa providing 3D EM data acquisition services. She subsequently mobilised for a survey in Asia which started towards the end of the quarter. BOA Thalassa worked on the 3D EM multi-client campaign in the Barents Sea for the whole quarter. Siem Mollie was cold stacked in April and subsequently sub-leased for two weeks in the beginning of May before being mobilised for EM activity. The vessel transferred to the Barents Sea, where she for the remainder of the second quarter supported BOA Thalassa in the acquisition of multi-client 3D EM data ahead of Norway's 21st exploration licensing round.

Atlantic Guardian was sub-leased for the whole of the period.

EVENTS IN THE QUARTER

On 8 April, EMGS was awarded a contract worth USD 7.5 million to provide 3D electromagnetic (EM) data acquisition, processing and interpretation services in Asia. The survey commenced towards the end of the second quarter of 2010. This is the second part of a global 3D EM campaign for a major oil company, the first part of which was a Caribbean contract announced in mid-December.

On 19 April, EMGS announced that it had secured pre-funding from Statoil to start an extensive multi-client 3D EM survey in the Barents Sea, ahead of Norway's 21st exploration licensing round.

On 20 May, EMGS reported that it had requested and received sufficient pre-acceptance from bondholders in the 9.00 per cent EMGS ASA Senior Unsecured Convertible Bond Issue 2009/2011 (ISIN NO 001050965.6) for a temporary waiver of the equity ratio covenant in the loan agreement.

On 2 June, The Annual General Meeting of EMGS approved the appointment of Stig Eide Sivertsen as Director to the Board. Stig Eide Sivertsen has extensive management experience gained from a number of senior positions. He served as chief financial officer of Petroleum Geo-Services (PGS) from 1993 to 1996, following a four-year period in the same role for Schibsted AS. He founded Nettavisen in 1996 before joining Telenor ASA where he was a member of the global executive management team for more than ten years, among other as chief executive officer of Telenor Broadcast Holding AS. Mr Sivertsen has served on a number of boards, including several listed companies.

On 19 June, EMGS announced the award of a multi-year contract worth a minimum of USD 150 million by one of the world's largest oil companies. EMGS anticipated that the contract, by far the largest ever within marine EM, will generate 2010 revenues in the range of USD 20 - 25 million. The remaining contract value will be recognised in 2011 and 2012. The 3D EM campaign will employ one of EMGS's purpose-built 3D EM vessels continuously throughout the duration of the contract period, providing substantially improved vessel utilisation levels.

On 22 June, EMGS successfully completed a private placement whereby the Company received orders for and resolved to allocate 28,000,000 new shares. The subscription price in the Private Placement was NOK 7.00 per share and was set by the Board of EMGS following a book-building process. Gross proceeds amounted to NOK 196 million (approximately USD 30 million). EMGS reported that the proceeds from the Private Placement will increase the financial strength of the Company and thereby support its growth plans and will be used for general corporate purposes, including working capital in relation to the letter of award announced on 19 June 2010.

RECENT EVENTS

On 2 July, EMGS was awarded a USD 1 million-contract to provide marine EM services for independent oil and gas company EnQuest. This is the first time EMGS has worked with EnQuest, which focuses on production and development on the UK Continental Shelf.

On 6 July, EMGS reported, with reference to the abovementioned announcement on 19 June, that it had signed a multi-year contract worth a minimum of USD 150 million with repeat customer PEMEX, one of the world's largest national oil companies. The work program, which is located in the Mexican sector of the Gulf of Mexico, consists of approximately 30 deep water 3D EM surveys. Data acquisition will be performed using the purpose-built 3D EM vessel BOA Thalassa, with mobilisation towards the end of August.

On 20 July, EMGS announced that it had signed a bond agreement for a USD 20 million senior secured bond with Norsk Tillitsmann ASA on behalf of Fugro as sole bondholder. The bonds will yield quarterly coupons of LIBOR + 8.0 percentage points, and will, unless previously redeemed or purchased, mature 3.5 years after the settlement date. EMGS reported that the proceeds from the bonds would be used in relation to the issuance of a performance guarantee, required according to the contract with PEMEX announced on 6 July 2010, and for general corporate purpose.

On 28 July, EMGS reported that the Court of Appeal in London had ruled in favor of EMGS in a patent dispute launched by Schlumberger, where Schlumberger sought to invalidate two of EMGS's basic method patents. The decision overturned a ruling by the High Court in London handed down on 19 January 2009. Consequently, the two method patents are confirmed valid in the UK. EMGS has been awarded its costs of the appeal in full and majority of its costs at first instance, the total figure for which will be determined by the Court if not agreed between the parties. In the meantime, Schlumberger has been ordered to make an initial payment on account of these costs to EMGS of £2.3 million (approximately USD 3.5 million). The Court of Appeal has refused Schlumberger permission to appeal to the Supreme Court. EMGS welcomes the decision by the Court of Appeal, which confirms that EMGS was the inventor of the marine EM method to detect hydrocarbon reservoirs beneath the seabed.

RISK AND UNCERTAINTY FACTORS

EMGS is subject to a number of risk factors, of which the most important is the demand for EM services. EM technology is still a technology in its adoption phase, and considerable effort has to be undertaken in order to strengthen the market's awareness, adoption and integration of the services offered. EMGS has initiated a strategy which it believes addresses this challenge. Furthermore, the Company intends to maintain a proper cost level and funding to match the future demand for its products and services.

The demand from the oil and gas companies is also dependent upon a number of factors that affect offshore exploration and production expenditures in general.

In addition there are risks associated with EM marine operations which might affect the profitability of projects. Examples include: Change in governmental regulations affecting EMGS's markets, technical downtime, adverse weather conditions and licenses and permitting. For a further description of other relevant risk factors, please refer to the Annual Report for 2009.

OUTLOOK

The USD 150 million PEMEX-contract, which provides profitable back-log for one vessel through 2012, represents a turning point for EMGS. This contract win is the result of a focused, long-term marketing strategy that involves targeting national and major oil companies. The main ingredients are sales and marketing at several levels (from technical to executive), extensive customer training and active involvement by competent local partners. The success of this strategy, which is designed to enhance commercial adoption of the company's 3D EM technology, is also demonstrated by the global campaign EMGS initiated for a major oil company earlier this year.

EMGS has strengthened its balance sheet considerably during the quarter. Moreover, EMGS is pleased to see that its financial results have shown gradual improvements during the last three financial quarters. The company anticipates an improvement in second half 2010 revenues. Thus, EMGS expects to deliver operational profits for the financial year 2010, providing the company is successful in its efforts to secure more backlog for the vessel BOA Galatea in Asia as well as additional late sales from the Barents Sea 2010 multi-client 3D EM library.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2010, which has been prepared in accordance with IAS 34 –Interim Financial Reporting, gives a true and fair view of Electromagnetic Geoservices ASA's consolidated assets, liabilities, financial position and results of operations. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Board of Directors
Oslo, 25 August 2010

Bjarte H. Bruheim
Chairman of the Board

Stig Eide Sivertsen

Berit Svendsen

Jeffrey Alan Harris

Grethe Høiland

Friedrich Roth

Cecilie Arentz

CONSOLIDATED INCOME STATEMENT

Amounts in USD 1 000	Q2 2010 Unaudited	Q2 2009 Unaudited	First half year 2010 Unaudited	First half year 2009 Unaudited	2009 Audited
Operating revenues					
Contract sales	**8 806**	30 837	19 184	36 650	39 593
Multi-client sales	**5 915**	-	6 225	-	19 385
Total operating revenues	**14 721**	**30 837**	**25 409**	**36 650**	**58 978**
Operating expenses					
Charter hire, fuel and crew expenses	**4 968**	12 027	12 787	24 216	55 211
Employee expenses	**5 872**	7 594	13 156	15 444	30 194
Depreciation and ordinary amortisation	**4 863**	5 907	10 086	11 726	23 707
Multi-client amortisation	**2 102**	-	2 447	-	-
Other operating expenses	**2 688**	3 151	5 888	6 560	13 308
Total operating expenses	**20 493**	**28 679**	**44 364**	**57 946**	**122 420**
Operating profit (loss)	**-5 772**	**2 158**	**-18 955**	**-21 296**	**-63 442**
Share of profit of joint venture	**-**	-8 499	-	-8 314	-10 746
Financial income and expenses					
Interest income	**111**	193	113	215	375
Interest expenses	**-1 737**	-1 017	-3 169	-1 338	-4 517
Change in fair value of conversion rights	**263**	1 938	244	1 938	1 212
Net foreign currency income/(loss)	**2 510**	-1 738	3 440	-2 907	-4 286
Net financial items	**1 147**	**-624**	**628**	**-2 092**	**-7 217**
Income/(loss) before income tax	**-4 625**	**-6 965**	**-18 327**	**-31 702**	**-81 404**
Income tax expenses	**79**	89	141	102	-109
Income/(loss) for the year	**-4 704**	**-7 054**	**-18 468**	**-31 804**	**-81 295**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Income/(loss) for the period	**-4 704**	**-7 054**	**-18 468**	**-31 804**	**-81 295**
Exchange differences on translation of foreign operations	**-8**	14	18	19	8
Total comprehensive income/(loss) for the period	**-4 712**	**-7 040**	**-18 450**	**-31 785**	**-81 287**

CONSOLIDATED BALANCE SHEET

Amounts in USD 1 000	Half year ended 30 June 2010 Unaudited	Half year ended 30 June 2009 Unaudited	Year ended 31 Dec 2009 Audited
ASSETS			
Non-current assets			
Intangible assets	**6 144**	3 269	2 862
Property, plant and equipment	**28 904**	37 751	32 117
Assets under construction	**8 733**	15 361	10 533
Investments in joint venture	**3 015**	4 966	3 015
Total non-current assets	**46 796**	**61 347**	**48 527**
Current assets			
Inventories	**8 897**	9 120	8 147
Trade receivables	**6 633**	20 129	9 930
Other receivables	**5 119**	4 629	6 924
Cash and cash equivalents	**34 409**	24 850	29 578
Total current assets	**55 058**	**58 728**	**54 579**
Total assets	**101 854**	**120 075**	**103 106**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and other paid equity	**182 210**	245 581	149 739
Other reserves	**-200**	-207	-218
Retained earnings	**-143 249**	-194 122	-124 780
Total equity	**38 761**	**51 252**	**24 741**
LIABILITIES			
Non-current liabilities			
Employee benefit obligations	**4 411**	5 575	5 462
Borrowings	**31 994**	31 423	4 263
Total non-current liabilities	**36 405**	**36 998**	**9 725**
Current liabilities			
Trade payables	**13 894**	14 840	14 570
Current tax liabilities	**2 017**	2 943	2 047
Provisions	**1 045**	-	6 718
Other short term liabilities	**7 067**	10 191	10 806
Borrowings	**2 665**	3 851	34 499
Total current liabilities	**26 688**	**31 825**	**68 640**
Total liabilities	**63 093**	**68 823**	**78 365**
Total equity and liabilities	**101 854**	**120 075**	**103 106**

CONSOLIDATED STATEMENT OF CASH FLOW

Amounts in USD 1 000	**Half year ended 30 June 2010 Unaudited**	Half year ended 30 June 2009 Unaudited	Year ended 31 Dec 2009 Audited
Net cash flow from operating activities:			
Income/(loss) before income tax	**-18 327**	-31 701	-81 404
Adjustments for:			
Witholding tax expenses	**307**	544	410
Total taxes paid	**-478**	-539	-1 090
Depreciation and ordinary amortisation	**10 086**	11 726	23 707
Multi-client amortisation	**2 447**	-	-
Share of net (profit)/loss of joint venture	**-**	-269	2 643
Impairment of disposal of property, plant and equipment	**121**	-4	-
Non-cash portion of pension expenses	**-1 051**	1 183	1 070
Cost of share-based payments	**769**	457	1 185
Change in trade receivables	**3 297**	-6 206	3 993
Change in inventories	**-750**	419	1 392
Change in trade payables	**-676**	-4 674	-4 944
Change in other working capital	**-10 174**	-3 566	5 331
Change in fair value of conversion rights	**-244**	-1 938	-616
Currency effect on convertible loans	**- 2 851**	-	-
Write down of investment in JV	**-**	8 103	8 103
Amortisation of interest	**2 549**	711	4 861
Net cash flow from operating activities	**-14 975**	**-25 754**	**-35 395**
Investing activities:			
Purchases of property, plant and equipment	**-1 708**	-1 122	-4 940
Purchases of intangible assets	**-331**	-503	-2 507
Proceeds from sales of assets	**280**	54	119
Investment in multi-client library	**-6 308**	-	-
Cash used in investing activities	**-8 067**	**-1 571**	**-7 328**
Financial activities:			
Financial lease payments-principal	**-2 692**	-1 482	-2 578
Proceeds from convertible loans	**-**	27 364	27 364
Proceeds from issuance of ordinary shares	**33 368**	-	22 264
Cost of rights issue	**-1 666**	-	-
Payment of interest on bonds	**-1 137**	-	-1 027
Payment of bank borrowings	**-**	-1 819	-1 834
Cash provided by financial activities	**27 873**	**24 063**	**44 189**
Net increase in cash	**4 831**	**-3 262**	**1 466**
Cash balance beginning of period	**29 578**	28 112	28 112
Cash balance end of period	**34 409**	24 850	29 578
Increase in cash	**4 831**	**-3 262**	**1 466**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in USD 1 000	Share capital, share premium and other paid-in equity	Other reserves	Retained earnings	**Total equity**
Balance at 31 December 2008 (Audited)	**244 961**	**-226**	**-162 319**	**82 416**
Currency translation differences	-	19	-	**19**
Loss for the period	-	-	-31 802	**-31 802**
Total comprehensive income	-	19	-31 802	**-31 783**
Cost of share-based payment	493	-	-	**493**
Cost of rights issue	-36	-	-	**-36**
Equity component of convertible loan	163	-	-	**163**
Balance at 30 June 2009 (Unaudited)	**245 581**	**-207**	**-194 121**	**51 253**
Currency translation differences	-	-11	-	**-11**
Loss for the period	-	-	-49 493	**-49 493**
Total comprehensive income	**-**	**-11**	**-49 493**	**-49 504**
Cost of share-based payment	692	-	-	**692**
Transfer of share payment to retained earnings	-118 834	-	118 834	**-**
Cost of private placement	-1 192	-	-	**-1 192**
Proceeds from shares issued - private placement and options exercised	23 492	-	-	**23 492**
Balance at 31 December 2009 (Audited)	**149 739**	**-218**	**-124 780**	**24 741**
Currency translation differences	-	26	-	**26**
Loss for the period	-	-	-13 765	**-13 765**
Total comprehensive income	**-**	**26**	**-13 765**	**-13 739**
Cost of share-based payment	211	-	-	**211**
Cost of private placement	-243	-	-	**-243**
Proceeds from shares issued - private placement and options exercised	3 086	-	-	**3 086**
Balance at 31 March 2010 (Unaudited)	**152 793**	**-192**	**-138 545**	**14 056**
Currency translation differences	-	-8	-	**-8**
Loss for the period	-	-	-4 704	**-4 704**
Total comprehensive income	-	**-8**	**-4 704**	**-4 712**
Cost of share-based payment	558	-	-	**558**
Cost of private placement	-1 427	-	-	**-1 427**
Proceeds from shares issued - private placement and options exercised	30 285	-	-	**30 285**
Balance at 30 June 2010 (Unaudited)	**182 210**	**-200**	**-143 249**	**38 761**

NOTES TO THE FINANCIAL STATEMENTS

Accounting principles

The group has applied the same accounting standards and policies as in the group's financial statements at 31 December 2009, and has implemented standards, interpretations and amendments which were effective from 1 January 2010.

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 1 000	Q2 2010	Q2 2009	Year to date 2010 Unaudited	Year to date 2009 Unaudited	2009
Americas	**0.0**	10.3	5.0	10.5	21.0
Asia	**1.3**	0.2	1.3	5.0	5.1
Europe	**8.5**	17.2	14.2	18.1	29.6
Africa	**4.8**	3.1	4.8	3.1	3.3
Australia	**-**	-	-	-	-
Total	**14.7**	**30.8**	**25.4**	**36.7**	**59.0**

Statement of compliance
These condensed consolidated interim accounts have been prepared in accordance with IAS 34 and should be read in conjunction with the consolidated financial statements for the group for the year ending 31 December 2009. The group's financial statements are available upon request from the company's registered office in Trondheim or at emgs.com.

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 such 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 the EMGS's 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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EMGS uses its proprietary electromagnetic (EM) technology to support oil and gas companies in their search for offshore hydrocarbons. The company is the EM market leader and provides Clearplay, the world's first fully integrated EM system.

Three service offerings - Clearplay Find, Test and Evaluate - have been designed to assist operators in the exploration and production phase. Clearplay supports each stage in the workflow, from survey design and data acquisition to processing and interpretation. The services enable integration of EM data with seismic and other geophysical and geological information to give explorationists a clearer and more complete understanding of the subsurface. This improves exploration efficiency, and reduces risk and finding costs per barrel.

EMGS operates the world's first purpose-built 3D EM vessel fleet and has conducted more than 450 surveys to improve drilling success rates across the world's mature and frontier offshore basins. The company operates on a worldwide basis with main offices in Trondheim and Stavanger, Norway; Houston, USA; and Kuala Lumpur, Malaysia.

Please visit *EMGS.COM* for the latest news and in-depth information about EMGS and EM technology.

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