EMGS THIRD QUARTER 2015.

emgs

Highlights in the Third Quarter.

Operational highlights

- LOA from oil company in Malaysia worth USD 4 million
- Permits received for multi-client surveys in Mexico
- Permits received for multi-client surveys in India
- Cost reduction program expanded, further reduction in vessel capacity and employees
- Stig Eide Sivertsen appointed CEO of EMGS until a permanent CEO is in place

Financial highlights

- Revenues of USD 16.3 million
- EBITDA of negative USD 10.0 million

Recent events

- Extension of contract in Malaysia worth USD 7 million
- Agreement on new terms for the BOA vessels
- CFO Svein Knudsen tendered his resignation

Key financial figures

USD million (except per share data)	**Q3 2015**	Q3 2014	YTD 2015	YTD 2014	2014	Q2 2015
Contract sales	**9.1**	29.8	36.0	111.7	137.2	4.8
Multi-client sales	**7.2**	11.9	24.6	33.8	60.8	7.3
Total revenues	**16.3**	41.7	60.6	145.5	198.0	12.1
Operating profit/ (loss)	**(21.5)**	5.4	(45.9)	20.4	28.1	(25.2)
Income/ (loss) before income taxes	**(23.8)**	7.0	(50.9)	18.0	31.2	(25.9)
Net income/ (loss)	**(25.4)**	7.0	(52.6)	12.8	25.9	(26.0)
Earnings/ (loss) per share	**(0.13)**	0.03	(0.26)	0.06	0.13	(0.13)
Average number of shares outstanding (in thousands)	**199 766**	199 766	199 766	199 639	199 639	199 766
EBITDA	**(10.0)**	11.0	(8.7)	42.4	59.0	(6.0)
Multi-client investment	**8.4**	11.6	34.4	25.5	30.6	14.0
Adjusted EBITDA	**(18.3)**	**(0.6)**	**(43.1)**	**16.9**	**28.4**	**(19.9)**

Financial Review.

Revenues and operating expenses

EMGS recorded revenues of USD 16.3 million in the third quarter of 2015, down from USD 41.7 million reported for the third quarter of 2014. Contract sales totalled USD 9.1 million, while multi-client sales came in at USD 7.2 million in the quarter. For the third quarter 2014, the contract sales totalled USD 29.8 million and the multi-client sales USD 11.9 million.

The Company recorded 9.0 vessel months in the third quarter of 2015 as opposed to 11.4 in the third quarter of 2014. Vessel utilisation came in at 64% in the third quarter of 2015, with an allocation of 16% to contract and 48% to multi-client programmes. For the corresponding period in 2014, the Company had a total utilisation of 69%, with 31% allocated to contract and 38% to multi-client programmes.

Revenues for the first nine months of 2015 came in at USD 60.6 million, compared with USD 145.5 million in the corresponding period of 2014.

Charter hire, fuel and crew expenses totalled USD 9.3 million in the third quarter of 2015. This includes a total provision for onerous contract according to IFRS, IAS 37.10, of USD 3.2 million. The provision relates to the remaining charter period of the EM Leader. An onerous contract is defined as a contract in which the costs of meeting the obligation under the contract exceeds the economic benefits expected to be received. As a result of declined demand for geophysical data, EMGS has implemented cost reductions, including demobilisation of the EM Leader. The vessel is not expected to generate revenues for the remaining charter period and the charter agreement is thus defined as an onerous contracts. The charter hire, fuel and crew expenses for the quarter compares to the USD 11.1 million reported in the corresponding quarter of 2014. The capitalisation of multi-client costs has decreased from USD 11.6 million in the third quarter of 2014 to USD 8.4 million this quarter. The provision for onerous contract and decreased capitalisation of multi-client costs imply an underlying decrease in charter hire, fuel and crew expenses of USD 8.2 million. This is mainly explained by a reduction of USD 5.4 million in expenses related to vessel lease, fuel and crew compared with the third quarter in 2014. In addition, expenses related to the patent case with PGS has been reclassified to "Other operating expenses". Also, agent fees, maintenance and withholding taxes are lower this year than in the same quarter last year.

So far this year, the Company has recorded charter hire, fuel and crew expenses of USD 20.6 million, down from USD 45.5 million for the first nine months of 2014. The reduction is mainly explained by an increase in capitalisation of multi-client costs from USD 25.5 million last year to USD 34.4 million this year, in addition to reduced activity level.

Employee expenses decreased from USD 14.6 million in the third quarter of 2014 to USD 11.2 million in the third quarter of 2015. The decrease is mainly explained by a reduction in the number of employees and lower allocation to bonus payment this year than last year. The employee expenses in the third quarter this year includes a provision related to restructuring charges of USD 1.4 million.

For the first nine months of 2015, employee expenses amounted to USD 33.6 million, compared with USD 42.4 million for the same period of 2014.

Other operating expenses increased from USD 5.0 million in the third quarter of 2014 to USD 5.7 million in the third quarter of 2015. The main reason for the increase, is a reclassification of expenses related to the patent case with PGS.

For the first nine months of 2015, other operating expenses came in at USD 15.1 million, which was in line with the USD 15.1 million reported in 2014.

Depreciation and amortisation

Depreciation and ordinary amortisation totalled USD 3.5 million in the third quarter of 2015, down from USD 3.8 million in the same quarter of 2014.

Depreciation and ordinary amortisation ended at USD 10.0 million for the first nine months of 2015, compared with USD 12.4 million for the corresponding period in 2014.

Multi-client amortisation totalled USD 2.6 million this quarter, up from USD 1.8 million in the third quarter of 2014.

So far this year, the Company has recorded USD 4.5 million in multi-client amortisation, down from USD 7.6 million for the first three quarters of 2014. The reason for the decrease is lower multi-client sales.

Based on an updated sales forecast, the Company estimates the recoverable amount for the Sunshine, Ceara and Foz projects to be lower than the carrying amount of the libraries, resulting in a multi-client impairment of USD 3.9 million in the quarter. In the corresponding period of 2014, no impairment was done. EMGS has also done an impairment of USD 1.6 million on equipment that will no longer be in use in the third quarter of 2015.

For the first nine months of 2015, EMGS has recorded multi-client impairment of USD 6.8 million, compared with USD 2.0 million in 2014. In addition, goodwill of USD 14.4 million and equipment of USD 1.6 million have been impaired, no such impairment was done in the same period last year.

Net financial items

Net financial items ended at negative USD 2.4 million in the third quarter of 2015, compared with a positive USD 1.6 million in the third quarter of 2014.

So far this year, net financial items is negative USD 5.0 million, compared with negative USD 2.3 million in the same period last year.

Income/(loss) before income taxes

Loss before income taxes came in at USD 23.8 million in the third quarter 2015, compared with an income before income taxes of USD 7.0 million in the corresponding quarter in 2014.

Loss before income taxes for the first nine months of 2015 came in at USD 50.9 million, down from a profit before income taxes of USD 18.0 million for the first nine months of 2014.

Income tax expenses

Income tax expenses of USD 1.5 million were recorded in the third quarter of 2015, compared with an income tax expense of USD 0.0 million in the third quarter of 2014. This tax expenses mainly relate to reversal of deferred tax asset in Brazil of USD 1.2 million.

Year to date, the Company has recorded USD 1.7 million in income tax expenses, compared with USD 5.3 million in 2014.

Net income for the period

Loss for the third quarter of 2015 ended at USD 25.4 million, down from an income of USD 7.0 million in the same period last year.

For the first three quarters of 2015, the loss ended at USD 52.6 million, down from a profit of USD 12.8 million in the same period last year.

Cash flow and balance sheet

In the third quarter of 2015, net cash flow from operating activities was negative USD 7.1 million, compared with a positive USD 23.6 million in the same period last year. The negative cash flow in this quarter is mainly caused by a negative EBITDA. The cash flow is positively affected by a change in other working capital of USD 2.9 million.

Net cash flow from operating activities was USD 39.5 million for the first nine months of 2015, compared with USD 33.7 million for the same period in 2014. While the positive cash flow last year mainly came from a positive income, the positive cash flow this year mainly results from a reduction in trade receivables of USD 50.2 million so far this year.

EMGS applied USD 10.1 million in investing activities in the third quarter of 2015, compared with USD 20.0 million in the same quarter last year. The investments in the third quarter of 2015 consist of USD 8.4 million in the multi-client library and USD 1.7 million in property, plant and equipment. The carrying value of the multi-client library was USD 53.1 million at 30 September 2015, up from USD 51.2 million at 30 June 2015.

Cash flow from investing activities for the first nine months this year amounted to USD 41.8 million, of which USD 34.4 million relates to investment in the Company's multi-client library, while cash flow from investing activities in the same period last year amounted to USD 46.8 million, including multi-client investments of USD 25.5 million

Cash flow from financial activities was negative USD 1.1 million in the third quarter of 2015, compared with a negative USD 1.3 million in the same period of 2014. Total borrowings were USD 47.6 million at 30 September 2015, down from USD 47.9 million at 30 June 2015. This includes the Company's NOK 350 million bond loan, which has a carrying value of USD 41.2 million.

Cash flow from financial activities was negative USD 2.7 million for the period from 1 January to 30 September, down from a negative USD 0.3 million for the same period last year.

Cash decreased by USD 18.3 million during in the third quarter of 2015. At 30 September 2015, cash and cash equivalents totalled USD 22.9 million, including USD 2.7 million restricted cash.

Operational Review.

	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Contract	**16%**	5%	24%	39%	31%
Multi-client	**48%**	63%	52%	24%	38%
Total utilisation	**64%**	68%	76%	63%	69%

Vessel utilisation and fleet allocation

Vessel utilisation for the third quarter 2015 came in at 64% compared with 69% for the third quarter in 2014. For the first nine months this year, the vessel utilisation was 70%, the same as for the corresponding period last year.

In the third quarter of 2015, the Company's vessels were allocated 16% to contract and 48% to multi-client programmes. In the third quarter of 2014, the allocation was 31% and 38% respectively.

EMGS recorded 9.0 vessel months in the third quarter of 2015, compared with 11.4 vessel months in the third quarter of 2014.

Vessel activity

BOA Thalassa

The BOA Thalassa has been in Asia for the full third quarter. The vessel was idle from the beginning of the quarter, until commencement of the announced contract in Malaysia on 12 September. The contract was completed on 9 October and the vessel started operating on the extension of the contract on 22 October. The extension is expected to have a duration of approximately one and a half month. The vessel's utilisation for the third quarter was 26%.

BOA Galatea

The BOA Galatea acquired 3D EM data on the multi-client project called Lightning Bolt from 3 April to 15 July and from 28 July to 3 September. From 16 to 27 July, the vessel acquired data on the multi-client project called Stratus. On 11 September the vessel started acquiring 3D EM data on the contract for PEMEX in Mexico. The survey for PEMEX was completed on 6 October. The vessel's utilisation came in at 81% this quarter.

Atlantic Guardian

The Atlantic Guardian commenced a campaign in the Hammerfest basin on 15 April. The campaign had a short break from 4 to 8 July and was completed on 16 September. The survey was extended and ended up covering approximately 22 blocks in the Barents Sea and 5 in the Norwegian Sea. After this, the vessel started on a short survey in the Norwegian Sea on 17 September. The survey was completed on 2 October and the vessel was laid up in Bergen from 3 October until the beginning of December. The vessel's utilisation for the second quarter was 84%.

EM Leader

The EM Leader has been off-hire since 15 May.

Vessel overview

	Utilisation Q3	Status Q3	Firm charter period	Optional charter period
BOA Thalassa	**26%**	In operation	1 April 2017	
BOA Galatea	**81%**	In operation	15 December 2015	
Atlantic Guardian	**84%**	In operation	18 December 2017	3 x 12 months
EM Leader	**N/A**	Off-hire from 15 May	8 December 2016	2 x 12 months

Backlog

As of 30 September 2015, EMGS' backlog was at USD 9 million. After the end of the quarter, the Company has signed agreements for a total of approximately USD 10 million.

Important events in the third quarter

Cost reduction measures

EMGS implemented a cost reduction program mid-June. On 29 September, the Company announced an extensive expansion of the ongoing program.

The key elements of the new cost reductions are a further reduction of the vessel capacity by one vessel, from three to two, and a corresponding reduction in support functions. The Company has also reduced its R & D capacity.

The Company expects that the additional cost reductions will reduce the annual operational cost level by approximately USD 35 million. Hence, the results from the total reductions implemented in 2015 are expected to amount to USD 70 million, reducing the annual operational cost level to below USD 100 million.

The initiatives are currently being implemented and will yield effects gradually.

Letter of award in Malaysia

On 7 August, EMGS announced that the Company had received a letter of award (LOA) worth approximately USD 4.2 million from an oil company for 3D EM data acquisition over their operated area in Malaysia. After completion of the survey, EMGS received an extension of the contract worth USD 7.0 million (see more information under "Recent events").

The two parties entered into a two-year contract, of which the first LOA constituted the commitment for the first and initial phase.

Permits for multi-client surveys in Mexico

On 16 July, EMGS announced that the Company had received permits from Mexico's Comisión Nacional de Hidrocarburos (CNH) authorizing the acquisition of up to approximately 88,000 square km 3D EM multi-client data in the Salina de Itsmo Basin in Mexico. EMGS will prioritise acquiring EM data for the future bid rounds in Mexico.

Change of CEO

On 24 August, EMGS announced that Bjarte Bruheim had decided to step down as Chief Executive Officer (CEO). Bjarte held the position as executive chairman of EMGS from 2004 to December 2014 and as CEO since 7 January 2015.

The Board of EMGS appointed Stig Eide Sivertsen as new CEO until a permanent CEO is in place. As the CEO cannot be a member of the Board, according to the Norwegian Public Limited Liability Companies Act, Sivertsen resigned from the EMGS Board.

EMGS has initiated a search for a new CEO.

Recent events

Extension of contract in Malaysia

On 21 October, EMGS announced that the Company had signed a contract extension worth approximately USD 7 million with an oil company in Malaysia.

New terms for the charter agreements for the BOA vessels

On 2 October, EMGS signed an extended charter agreement for the vessel BOA Thalassa with BOA SBL AS (owner of the vessel) at new and improved commercial terms. The new terms were valid from 1 October 2015.

Following the agreement, EMGS will re-deliver the BOA Galatea on 15 December, which originally was the expiry date for BOA Thalassa. The charter agreement for BOA Thalassa is extended until 1 April 2017.

The agreement provides EMGS with improved commercial terms and includes different rates for when the vessel is in operation, idle or laid up.

CFO tendered his resignation

On 28 October, EMGS announced that Svein Knudsen, the Chief Financial Officer (CFO) of the Company, had tendered his resignation. Svein has held the position as CFO of EMGS since January 2005.

Share information

EMGS was listed at the Oslo Stock Exchange in March 2007. During the third quarter 2015, the EMGS share was traded between NOK 1.83 and NOK 0.62 per share. The last closing price before 30 June 2015 was NOK 0.62.

The Company had a total of 199,765,555 shares outstanding at 30 September 2015.

Risks and uncertainty factors

EMGS is subject to a number of risk factors, of which the most important is the demand for EM services. The low oil price has resulted in a substantial decline in the E&P spending, and a corresponding sharp deterioration of the market for geophysical services, including EMGS services.

EMGS Board and management have implemented comprehensive cost reduction measures in 2015, to adjust the Company's cost level to the current market situation. The Company is, however, still subject to the risk of not being able to reduce cost as quickly as the fall in demand for its services. The Company works to mitigate this risk.

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' markets, technical downtime, adverse weather conditions, licenses and permitting, as well as delays in closing revenue-generating contracts. For a further description of other relevant risk factors, please refer to the Annual Report for 2014.

Outlook

The market outlook is hard to predict. Contract negotiations are delayed and the oil companies' spending and budgets are further revised and reduced. In this environment, the geophysical market is currently not very receptive in adopting new technology albeit the Company believes that positive responses will materialise in higher demand for EM services when the oil market returns to equilibrium. To meet the current market conditions, EMGS Board and management continues the work to reduce the Company's cost level, preserve cash and mitigate balance sheet risk.

Oslo, 4 November 2015
Board of Directors and CEO

Consolidated Income Statement.

Amounts in USD 1 000	**Q3 2015 Unaudited**	Q3 2014 Unaudited	Year to date 2015 Unaudited	Year to date 2014 Unaudited	2014 Audited
Operating revenues					
Contract sales	**9 110**	29 828	36 008	111 745	137 222
Multi-client pre-funding	**2 454**	2 338	3 546	7 988	13 140
Multi-client late sales	**4 741**	9 537	21 089	25 777	47 661
Total revenues	**16 305**	**41 703**	**60 643**	**145 510**	**198 023**
Operating expenses					
Charter hire, fuel and crew expenses	**9 329**	11 064	20 595	45 548	61 300
Employee expenses	**11 209**	14 607	33 599	42 428	55 172
Depreciation and ordinary amortisation	**3 459**	3 830	9 973	12 385	16 291
Multi-client amortisation	**2 571**	1 830	4 475	7 623	12 595
Impairment of long-term assets	**5 473**	-	22 775	2 003	2 003
Other operating expenses	**5 719**	5 004	15 146	15 141	22 534
Total operating expenses	**37 760**	36 335	106 563	125 128	169 895
Operating profit/(loss)	**-21 455**	**5 368**	**-45 920**	**20 382**	**28 128**
Financial income and expenses					
Interest income	**108**	492	325	651	687
Interest expense	**-1 021**	-1 471	-3 041	-4 744	-5 926
Change in fair value of conversion rights	**-**	-715	-	-210	-210
Net gains/(losses) of financial assets	**-**	-	-	415	416
Net foreign currency income/(loss)	**-1 461**	3 299	-2 273	1 543	8 121
Net financial items	**-2 374**	**1 605**	**-4 989**	**-2 345**	**3 088**
Income/(loss) before income tax	**-23 829**	**6 973**	**-50 909**	**18 037**	**31 216**
Income tax expense	**1 540**	-15	1 685	5 272	5 330
Income/(loss) for the period	**-25 369**	**6 988**	**-52 594**	**12 765**	**25 886**

Consolidated Statement of Comprehensive Income.

Amounts in USD 1 000	**Q3 2015 Unaudited**	Q3 2014 Unaudited	Year to date 2015 Unaudited	Year to date 2014 Unaudited	2014 Audited
Income/ (loss for the period	**-25 369**	**6 988**	**-52 594**	**12 765**	**25 886**
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	**36**	51	28	948	-34
Net (loss/gain on available-for-sale (AFS financial assets	**-84**	-1 200	-2 868	-1 200	-3 984
Other comprehensive income	**-48**	-1 149	-2 840	-252	-4 018
Total comprehensive income/ (loss for the period	**-25 417**	**5 839**	**-55 434**	**12 513**	**21 868**

Consolidated Statement of Financial Position.

Amounts in USD 1 000	**30 Sept 2015 Unaudited**	30 Sept 2014 Unaudited	2014 Audited
ASSETS			
Non-current assets			
Goodwill	**-**	14 422	14 422
Deferred tax asset	**1 846**	1 900	3 008
Multi-client library	**53 129**	35 912	33 758
Other intangible assets	**4 169**	2 221	3 220
Property, plant and equipment	**17 867**	22 052	19 247
Assets under construction	**27 540**	25 977	31 164
Financial assets	**1 898**	7 550	4 766
Total non-current assets	**106 449**	**110 034**	**109 585**
Current assets			
Spare parts, fuel, anchors and batteries	**12 716**	15 236	14 906
Trade receivables	**15 343**	41 438	65 531
Other receivables	**17 661**	15 601	18 649
Cash and cash equivalents	**20 223**	41 882	25 213
Restricted cash	**2 718**	654	1 400
Total current assets	**68 661**	**114 811**	**125 699**
Total assets	**175 110**	**224 845**	**235 284**
EQUITY			
Capital and reserves attributable to equity holders			
Share capital, share premium and other paid-in equity	**287 635**	286 983	287 398
Other reserves	**-6 066**	540	-3 227
Retained earnings	**-210 535**	-171 058	-157 937
Total equity	**71 034**	**116 465**	**126 234**
LIABILITIES			
Employee benefit obligations	**-**	3 240	-
Provisions	**16 875**	9 567	15 299
Borrowings	**635**	53 936	46 859
Total non-current liabilities	**17 510**	**66 743**	**62 158**
Current liabilities			
Trade payables	**16 068**	14 568	13 362
Current tax liabilities	**4 733**	3 698	4 573
Other short term liabilities	**18 763**	20 310	27 270
Borrowings	**47 002**	3 061	1 687
Total current liabilities	**86 566**	**41 637**	**46 892**
Total liabilities	**104 076**	**108 380**	**109 050**
Total equity and liabilities	**175 110**	**224 845**	**235 284**

Consolidated Statement of Cash Flows.

Amounts in USD 1 000	**Q3 2015 Unaudited**	Q3 2014 Unaudited	Nine months ended 30 Sept 2015 Unaudited	Nine months ended 30 Sept 2014 Unaudited	2014 Audited
Net cash flow from operating activities					
Income/ (loss) before income taxes	**-23 829**	6 973	-50 909	18 037	31 216
Adjustments for:					
Witholding tax expenses	**-**	376	-	3 318	3 353
Total taxes paid	**-287**	-370	-364	-5 889	-3 853
Depreciation and ordinary amortisation	**3 459**	3 830	9 973	12 385	16 291
Multi-client amortisation and impairment	**6 443**	1 830	11 227	9 626	14 598
Impairment other long-term assets	**1 601**	-	16 023	-	-
Non-cash portion of pension expense	**-**	-261	-	-212	-3 452
Cost of share-based payment	**141**	331	237	1 712	2 127
Change in trade receivables	**946**	6 619	50 188	-9 918	-34 011
Change in inventories	**1 026**	-1 869	2 190	-2 246	-1 916
Change in trade payables	**-413**	-5 568	2 705	-1 374	-2 581
Change in other working capital	**2 942**	10 497	-4 561	4 559	5 187
Amortisation of interest	**909**	1 213	2 806	3 681	4 755
Net cash flow from operating activities	**-7 062**	**23 601**	**39 515**	**33 679**	**31 714**
Investing activities					
Purchase of property, plant and equipment	**-1 711**	-3 456	-7 470	-12 382	-19 835
Investment in multi-client library	**-8 395**	-11 570	-34 379	-25 455	-30 634
Investment in financial assets	**-**	-5 023	-	-8 999	-8 999
Cash used in investing activities	**-10 106**	**-20 049**	**-41 849**	**-46 836**	**-59 468**
Financial activities					
Financial lease payments - principal	**-79**	-56	-229	-119	-185
Proceeds from issuance of ordinary shares	**-**	-	-	22	22
Proceeds from new loan	**-**	-	945	3 310	3 310
Repayment of loan	**-262**	-168	-906	-168	-1 224
Payment of interest on bonds	**-806**	-1 092	-2 466	-3 312	-4 261
Cash provided by financial activities	**-1 147**	**-1 316**	**-2 656**	**-267**	**-2 338**
Net increase in cash	**-18 314**	**2 237**	**-4 990**	**-13 423**	**-30 092**
Cash balance beginning of period	**38 537**	39 645	25 213	55 305	55 305
Cash balance end of period	**20 223**	41 882	20 223	41 882	25 213
Increase in cash	**-18 314**	**2 237**	**-4 990**	**-13 423**	**-30 092**

Consolidated statement of changes in equity.

Amounts in USD 1 000	Share capital share premium and other paid-in equity	Foreign currency translation reserves	Available-for-sale reserve	Actuarial gains/(losses)	Retained earnings	Total equity
Balance at 1 January 2014 (Audited)	**285 249**	**-1 717**	**-**	**2 508**	**-183 823**	**102 217**
Income/(loss) for the period	-	-	-	-	8 239	**8 239**
Other comprehensive income	-	723	-	-	-	**723**
Total comprehensive income	-	723	-	-	8 239	**8 962**
Cost of share-based payment	**920**	-	-	-	-	**920**
Balance at 31 March 2014 (Unaudited)	**286 169**	**-994**	**-**	**2 508**	**-175 584**	**112 100**
Income/(loss) for the period	-	-	-	-	-2 461	**-2 461**
Other comprehensive income	-	174	-	-		**174**
Total comprehensive income	-	174	-	-	-2 461	**-2 287**
Cost of share-based payment	**461**	-	-	-	-	**461**
Proceeds from shares issued - private placement and options exercised	**22**	-	-	-	-	**22**
Balance at 30 June 2014 (Unaudited)	**286 652**	**-819**	**-**	**2 508**	**-178 046**	**110 295**
Income/(loss) for the period	-	-	-	-	6 988	**6 988**
Other comprehensive income	-	51	-1 200	-	-	**-1 149**
Total comprehensive income	-	51	-1 200	-	6 988	**5 839**
Cost of share-based payment	**331**	-	-	-	-	**331**
Balance at 30 September 2014 (Unaudited)	**286 983**	**-768**	**-1 200**	**2 508**	**-171 058**	**116 465**
Income/(loss) for the period	-	-	-	-	13 120	**13 120**
Other comprehensive income	-	-982	-2 784	-	-	**-3 766**
Total comprehensive income	-	-982	-2 784	-	13 120	**9 354**
Cost of share-based payment	**415**	-	-	-	-	**415**
Balance at 31 December 2014 (Audited)	**287 398**	**-1 750**	**-3 984**	**2 508**	**-157 938**	**126 234**
Income/(loss) for the period	-	-	-	-	-1 217	**-1 217**
Other comprehensive income	-	-	-2 559	-	-	**-2 559**
Total comprehensive income	-	-	-2 559	-	-1 217	**-3 776**
Cost of share-based payment	**-69**	-	-	-	-	**-69**
Balance at 31 March 2015 (Unaudited)	**287 328**	**-1 750**	**-6 543**	**2 508**	**-159 155**	**122 388**
Income/(loss) for the period	-	-	-	-	-26 011	**-26 011**
Other comprehensive income	-	-8	-225	-	-	**-233**
Total comprehensive income	-	-8	-225	-	-26 011	**-26 244**
Cost of share-based payment	**166**	-		-	-	**166**
Balance at 30 June 2015 (Unaudited)	**287 494**	**-1 758**	**-6 768**	**2 508**	**-185 166**	**96 310**
Income/(loss) for the period	-	-	-	-	-25 369	**-25 369**
Other comprehensive income	-	36	-84	-		**-48**
Total comprehensive income	-	**36**	**-84**	**-**	**-25 369**	**-25 417**
Cost of share-based payment	**141**	-		-	-	**141**
Balance at 30 September 2015 (Unaudited)	**287 635**	**-1 722**	**-6 852**	**2 508**	**-210 535**	**71 034**

Notes to the Financial Statements.

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 2014. The Group has applied the same accounting policies as in the Group's Annual Financial Statements for the year ended 31 December 2014.

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.

USD million	**Q3 2015 Unaudited**	Q3 2014 Unaudited	Year to date 2015 Unaudited	Year to date 2014 Unaudited	2014 Audited
Americas	**5.3**	6.5	31.2	67.2	80.8
Asia/Pacific	**7.4**	0.2	7.4	5.4	18.0
EAME	**3.6**	35.0	22.0	72.9	99.2
Total	**16.3**	**41.7**	**60.6**	**145.5**	**198.0**

Multi-client library

The multi-client library consists of electromagnetic data acquired through multi-cient surveys, i.e. EMGS owns the data. The electromagnetic 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.

Updated sales forecast for three multi-client project, Sunshine, Ceara and Foz, indicated possible impairments. The recoverable amounts for these project were therefore calculated, and the carrying amount of the libraries exceeded the recoverable amounts by USD 3.9 million. An equivalent impairment charge has therefore been booked in the third quarter of 2015.

USD 1000	**Q3 2015 Unaudited**	Q3 2014 Unaudited	Year to date 2015 Unaudited	Year to date 2014 Unaudited	2014 Audited
Opening carrying value	**51 178**	30 185	33 758	28 108	28 108
Additions	**8 395**	11 570	34 379	25 455	28 272
Amortisation charge	**-2 571**	-1 830	-4 475	-7 623	-12 595
Impairment	**-3 872**	-	-6 752	-2 003	-2 002
Cash contribution from partners	**-**	-4 013	-3 781	-8 025	-8 025
Closing carrying value	**53 129**	**35 912**	**53 129**	**35 912**	**33 758**

Impairment of long-term assets

USD 1000	Q3 2015 Unaudited	Q3 2014 Unaudited	Year to date 2015 Unaudited	Year to date 2014 Unaudited	2014 Audited
Goodwill impairment	-	-	14 422	-	-
Multi-client impairment	3 872	-	6 752	2 003	2 003
Impairment of property, plant and equipment	1 601	-	1 601	-	-
Total	**5 473**	**-**	**22 775**	**2 003**	**2 003**

The reduction from four to two vessels in operation has resulted in an impairment of EM equipment of USD 1.6 million.

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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