EMGS FOURTH QUARTER 2014.

Highlights in the fourth quarter 2014

Operational highlights

- Signed contracts for BOA Thalassa with IOC in Malaysia, and with PTTEP in Thailand and Myanmar
- Large contract with BG Group in Uruguay
- Record-high multi-client sales from the Barents Sea library
- Commenced new 3D EM multi-client campaign and expanded partnership with TGS in Barents Sea
- First sale from multi-client library in Foz do Amazonas in Brazil
- New and improved charter agreement for EM Leader

Financial highlights

- Revenues of USD 52.5 million for Q4 and USD 198.0 million for FY 2014
- EBITDA of USD 18.6 million for Q4 and USD 61.0 million for 2014

Recent events

- Bjarte Bruheim appointed CEO
- 23rd licensing round in Norway announced on 20 January, EMGS well positioned

Key financial figures

USD million (except per share data)	**Q4 2014**	Q4 2013	2014	2013	Q3 2014
Contract sales	**25.5**	40.1	137.2	111.3	29.8
Multi-client sales	**27.0**	4.8	60.8	33.3	11.9
Total revenues	**52.5**	**44.9**	**198.0**	**144.6**	**41.7**
Operating profit/ (loss)	**9.7**	1.1	30.1	(12.3)	5.4
Income/ (loss) before income taxes	**15.2**	1.4	33.2	(13.2)	7.0
Net income/ (loss)	**15.1**	1.3	27.9	(15.1)	7.0
Earnings/ (loss) per share	**0.08**	0.01	0.14	(0.08)	0.03
Average number of shares outstanding (in thousands)	**199 766**	199 512	199 639	199 310	199 766
EBITDA	**18.6**	6.5	61.0	17.5	11.0
Multi-client investment	**5.2**	1.5	30.6	26.3	11.6
Adjusted EBITDA	**13.4**	5.0	30.4	(8.8)	(0.6)

Financial review

Revenues and operating expenses

EMGS recorded revenues of USD 52.5 million in the fourth quarter of 2014, up from USD 44.9 million reported for the fourth quarter of 2013. Contract sales totalled USD 25.5 million, while multi-client sales came in at USD 27.0 million in the quarter, after adjustment for TGS' share of the revenues from joint projects between the two companies. The cash contribution from TGS related to joint projects in the Barents Sea is not recognised as revenue, but reduces the carrying value of the multi-client data library balance. For the fourth quarter 2013, the contract sales totalled USD 40.1 million and the multi-client sales USD 4.8 million.

The Company recorded 9.9 vessel months in the fourth quarter of 2014 as opposed to 11.1 in the fourth quarter of 2013. Vessel utilisation came in at 63%, with an allocation of 39% to contract and 24% to multi-client programmes. For the corresponding period of 2013, the Company had a total utilisation of 50%, with 46% allocated to contract and 4% to multi-client programmes.

Revenues for the full year 2014 came in at USD 198.0 million compared with USD 144.6 million in 2013. For the full year 2014, the vessel utilisation ended at 69%, while the utilisation was at 67% for the full year 2013. EMGS recorded 44.0 vessel months in 2014 as opposed to 42.5 in 2013.

Charter hire, fuel and crew expenses totalled USD 15.8 million in the fourth quarter of 2014, down from USD 20.3 million in the corresponding quarter of 2013. The decrease is mainly related to increased capitalisation of multi-client costs from USD 1.5 million in the fourth quarter of 2013 to USD 5.2 million this quarter, and a reduction in vessel lease expenses of USD 1.2 million related to the yard stay of Atlantic Guardian.

For the full year 2014, charter hire, fuel and crew expenses came in at USD 61.3 million, up from USD 51.2 million in 2013. This is mainly due to increase in vessel months, involving higher vessel lease, fuel and crew expenses.

Employee expenses decreased from USD 12.9 million in the fourth quarter of 2013 to USD 12.7 million in the fourth quarter of 2014. EMGS replaced its defined benefit plan by a defined contribution plan for Norwegian employees in EMGS ASA as of 1 December 2014. The change in pension plan means that the defined benefit plan is terminated by issuance of paid-up policies for previously earned rights in the plan. The gain related to the termination of the defined benefit plan is calculated to USD 2.4 million. The gain is recorded as reduction in employee expenses in the fourth quarter of 2014. The reduction is partly offset by a higher allocation to bonus payment this year than last year.

The employee expenses totalled USD 55.2 million for the full year 2014, up from USD 54.3 million the previous year.

Other operating expenses increased from USD 5.1 million in the fourth quarter of 2013 to USD 5.4 million in the fourth quarter of 2014. For the full year 2014, other operating expenses came in at USD 20.5 million, down from USD 21.5 million in 2013.

Depreciation and amortisation

Depreciation and ordinary amortisation totalled USD 3.9 million in the fourth quarter 2014, down from USD 4.3 million in the same quarter in 2013. Depreciation and ordinary amortisation decreased from USD 17.5 million for the full year 2013 to USD 16.3 million for the full year 2014.

Multi-client amortisation totalled USD 5.0 million in the fourth quarter of 2014, up from USD 1.1 million in the fourth quarter of 2013. For the full year 2014, multi-client amortisation came in at USD 12.6 million, up from USD 12.3 million in 2013.

Net financial items

Interest expenses increased from USD 1.1 million in the fourth quarter of 2013 to USD 1.2 this quarter. The Company recorded a gain on net foreign currency of USD 6.6 million this quarter, while a gain of USD 1.2 million was recorded in the corresponding quarter in 2013. Net financial items ended at positive USD 5.4 million, compared with a positive USD 0.3 million in the fourth quarter of 2013. For the full year 2014, net financial items came in at USD 3.1 million, up from a negative USD 0.9 million for 2013.

Income/(loss) before income taxes

Income before income taxes came in at USD 15.2 million in the fourth quarter 2014, compared with USD 1.4 million in the corresponding quarter in 2013. For the full year, the Company recorded an income before income taxes of USD 33.2 million, up from a loss before income taxes of USD 13.2 million the previous year.

Income tax expenses

Income tax expenses of USD 0.1 million were recorded in the fourth quarter of 2014, the same amount as in the fourth quarter of 2013. These taxes relate to results in foreign jurisdictions. For the full year 2014, an income tax expense of USD 5.3 million was recorded, compared with USD 1.9 million for the full year 2013.

Net income for the period

Net income for the fourth quarter of 2014 ended at USD 15.1 million, up from USD 1.3 million in the same period of 2013. The net income for the full year 2014 was USD 27.9 million, up from a loss USD 15.1 million in 2013.

Cash flow and balance sheet

In the fourth quarter of 2014, net cash flow from operating activities was negative USD 2.0 million, compared with positive USD 18.6 million in the same period the previous year. The negative cash flow in the fourth quarter of 2014 is mainly caused by an increase in trade receivables of USD 24.0 million, caused by a record-high sales in December 2014. The increase is partly offset by a positive EBITDA for the quarter. For the full year 2014, net cash flow from operating activities was USD 31.7 million. This is mainly caused by a positive EBITDA of USD 61.0 million and an increase in trade receivables of USD 34.0 million.

EMGS applied USD 12.6 million in investing activities in the fourth quarter of 2014, compared with USD 7.7 in the fourth quarter 2013. The investments in the fourth quarter 2014 consist of USD 5.2 million in multi-client library and USD 7.4 million in property, plant and equipment. For the full year 2014, cash used in investing activities amounted to USD 59.5 million, consisting of USD 30.6 million in multi-client library, USD 19.8 million in property, plant and equipment and USD 9.0 in shares in North Energy ASA. The ending multi-client library balance was USD 33.8 million at 31 December 2014, down from USD 35.9 million at 30 September 2014 and up from USD 28.1 million at 31 December 2013.

Cash flow from financial activities was negative USD 2.1 million in the fourth quarter of 2014, compared with a negative USD 1.4 million in the same period of 2013. The Company applied USD 2.3 million in financial activities in the full year 2014. Total borrowings were USD 48.5 million at 31 December 2014, down from USD 57.0 million at 30 September 2014 and USD 56.8 million at 31 December 2013.

Cash decreased by USD 16.7 million during in the fourth quarter of 2014 and by USD 30.1 million during the full year 2014. At 31 December 2014, cash and cash equivalents totalled USD 26.6 million, including USD 1.4 million restricted cash.

Operational review

Vessel utilisation

	Q4 2014	Q3 2014	Q2 2014	Q3 2013	Q4 2013
Contract	**39%**	31%	38%	56%	46%
Multi-client	**24%**	38%	37%	10%	4%
Total utilisation	**63%**	69%	75%	66%	50%

Vessel utilisation and fleet allocation

Vessel utilisation for the fourth quarter 2014 came in at 63% compared with 50% for the fourth quarter 2013.

In the fourth quarter of 2014, the Company's vessels were allocated 39% to contract and 24% to multi-client programmes. Included in the time spent on contract is approximately 2% allocated to paid R&D, which is testing of the new equipment set ("the JIP"). For the fourth quarter 2013, the allocation was 46% and 4% respectively.

For the full year 2014, the vessel utilisation ended at 69%, while the utilisation was at 67% for the full year 2013.

EMGS recorded 9.9 vessel months this quarter, compared with 11.1 in the fourth quarter of 2013. For the full year, 44.0 vessel months was recorded in 2014, compared with 42.5 vessel months in 2013.

Vessel activity

BOA Thalassa

The BOA Thalassa had its transit to Asia in the beginning of the quarter and started working on the announced contract in Malaysia on 23 October. After completion of this contract on 12 November, the vessel spent six days testing for the new equipment set ("the JIP"), before transit to Thailand. The vessel worked on the project for PTTEP International in Thailand from 2 to 11 December, transited to Myanmar and completed the project for the same customer here from 13 to 24 December.

The vessel's utilisation for the fourth quarter was 43%.

BOA Galatea

The BOA Galatea worked on the multi-client campaign offshore Canada from 24 July to 4 December. The start-up of the campaign was delayed due to a yard stay, which resulted in tougher weather conditions and reduced efficiency in the acquisition, explaining the extension of the campaign. The vessel had a short yard stay in Charleston, before it started acquisition on a new phase of the multi-client project, the Daybreak, in the US Gulf of Mexico on 22 December.

The vessel's utilisation came in at 73% this quarter.

Atlantic Guardian

The Atlantic Guardian acquired data on projects for Statoil and North Energy in September and October, after which the vessel had its planned yard stay from 13 October to 19 December. In this period, the vessel was off-hire (EMGS does not pay charter). The vessel started acquisition of the new Barents Sea campaign on 26 December.

The vessel's utilisation for the fourth quarter was 57%.

EM Leader

The EM Leader completed the contract for Petrobras on 8 November. The vessel spent a few days doing an audit for BG Group, before commencing on the announced research project for the Pontifical Catholic University (PUCRS) of Rio Grande do Sul and Petrobras' Research and Development Center called CENPES on 18 November. This project was completed on 3 December. The EM Leader started on the 3.5 month contract for BG Group on 16 December.

The vessel's utilisation was 74% in the fourth quarter.

Also, the Company signed an extended charter agreement for the vessel with Seatrans (owner of the vessel) at new and improved commercial terms when the previous agreement was up for renewal.

EMGS charters the vessel for 2 years and has 2 x 1 year options for extension. The agreement includes different rates for when the vessel is in operation, idle or laid up. The new operational rate represent a significant saving compared to the previous.

Backlog

As of 31 December 2014, EMGS' backlog was at USD 44.2 million. Of this, USD 14.6 million is related to the PEMEX contract.

Vessel overview

	Utilisation Q4	Status Q4	Firm charter period	Optional charter period
BOA Thalassa	**43%**	In operation	15 December 2015	
BOA Galatea	**73%**	In operation	17 July 2016	1 x 12 months
Atlantic Guardian	**57%**	In operation	1 March 2016	3 x 12 months
EM Leader	**74%**	In operation	8 December 2016	2 x 12 months

Important events

3D EM multi-client campaign in the Alaminos Canyon in the US Gulf of Mexico

In February 2014, EMGS commenced its first 3D EM multi-client campaign in the US Gulf of Mexico. The project, named "Daybreak", cover blocks in the Alaminos Canyon protraction of the US Gulf of Mexico.

The first part of the project was completed on 20 August 2014, covering approximately 156 blocks and 3,600 square kilometres. Another phase of the project was started 22 December and completed on 26 January 2015. EMGS now has a coverage of 215 blocks and approximately 5,000 square kilometres.

Barents Sea campaign

On 26 December, EMGS and TGS in cooperation, commenced a new campaign in the Barents Sea, covering 10 new blocks in the Nordkapp and Tiddly areas. The campaign has an expected duration of 2 months.

The Companies have a 50% ownership each in the data that is acquired and the campaign is supported by industry funding. The contribution from TGS related to the campaign will be booked as a reduction of the carrying value of EMGS existing multi-client library.

Multi-client campaign in Canada

EMGS started on a 3D multi-client campaign offshore Canada on 25 July, using the vessel BOA Galatea, targeting the Flemish Pass Basin, where recent major oil discoveries have been made. The BOA Galatea worked in the region until 4 December.

Patent infringement claims against PGS

On 18 December 2013 EMGS announced that the Company had issued claims against Petroleum Geo-Services (PGS) in the High Court of Justice, Patent Court, in London, UK. In April, similar claims were filed in Norwegian courts. The basis for the claims was the evaluation by EMGS that PGS has used the Towed Streamer EM in the United Kingdom, Ireland and in the Norwegian territory in violation of one of EMGS' patents.

The hearing of the Norwegian case took place in October and November 2014.

The same Patent was successfully defended by EMGS against claims of invalidity from Schlumberger Holding Ltd in the Netherlands, in February 2008 and in the UK Court of Appeal in July 2010 and through several oppositions in the European Patent Office appeal division in December 2011.

New Board of Directors

On 23 December 2014, an extraordinary general meeting was held in EMGS. The shareholder elected members of the Board, proposed by the Company's nomination committee on 18 December 2014, was elected.

The new Board comprise of the following; Eystein Eriksrud (Chairman), Stig Eide Sivertsen (Deputy Chairman), Petteri Soininen, Johan Mikkelsen, Guro Høyaas Løken, Mimi Berdal and Tone Østeinsen.

In addition to the shareholder elected directors, the Board includes three employee representatives elected by and among the employees.

Recent events

Change of CEO

On 7 January 2015, the new Board of Directors of EMGS appointed Bjarte Bruheim as new CEO of the Company. Bjarte Bruheim has served as Executive Chairman of EMGS since July 2004, and he has extensive experience from the oil service sector over the past 30 years.

Consequently, the Company and Roar Bekker agreed that Bekker resigns from the Company. He has held the position as CEO of EMGS since 26 May 2009. Bekker is entitled to severance pay corresponding to 18 months' remuneration.

In addition, Mr. Bekker has the right to exercise the 670,000 options vested as of 7 January 2015 until the expiry of these options. The remainder of the options held at the time of the resignation, a total of 570,000 option, will lapse.

Share information

EMGS was listed at the Oslo Stock Exchange in March 2007. During the fourth quarter 2014, the EMGS share was traded

[1]Including Petroleum Geo-Services ASA, PGS Exploration (UK) Limited and PGS Geophysical AS

between NOK 3.39 and NOK 4.50 per share. The last closing price before 31 December 2014 was NOK 4.02.

The Company had a total of 199,765,555 shares outstanding at 31 December 2014.

Risks 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.

The demand from the oil and gas companies for EM services might, in the short term, be affected by the reduced and low oil price, and the current negative sentiment in the oil service market.

EMGS intends to maintain a proper cost level and funding to match the future demand for its products and services. The Company has, for a number of years, had a clear strategy to keep a flexible cost structure. As a result, the Company has several possible available actions that can be made effective shortly if deemed necessary.

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 2013.

Outlook

2014 was a successful year for EMGS as the industry's adoption of the EM technology was significantly strengthened. The Company had a number of new customers and the multi-client projects made an increasingly important contribution to the business.

On the other hand, the negative market sentiment for the oil service industry creates a challenging environment with increased uncertainty. EMGS has a strong balance sheet and can utilize its flexible cost structure to adjust its cost level to the shifting market conditions.

Based on the current operational forecast and in line with the Company's strategy to expand its multi-client library, the Company expects to allocate its vessel capacity with 30-40% to multi-client projects in 2015, with an average prefunding level in excess of 50%.

EMGS expects capital expenditures of less than USD 20 million in 2015, in addition to multi-client investments.

Oslo, 4 February 2015

Board of Directors and CEO

Electromagnetic Geoservices Group

Consolidated income statement

Amounts in USD 1 000	Q4 2014 Unaudited	Q4 2013 Unaudited	2014 Unaudited	2013 Audited
Operating revenues				
Contract sales	**25 477**	40 094	137 222	111 284
Multi-client pre-funding	**5 152**	81	13 140	2 927
Multi-client late sales	**21 884**	4 716	47 661	30 387
Total operating revenues	**52 513**	**44 891**	**198 023**	**144 598**
Operating expenses				
Charter hire, fuel and crew expenses	**15 752**	20 309	61 300	51 219
Employee expenses	**12 744**	12 920	55 172	54 344
Depreciation and ordinary amortisation	**3 906**	4 318	16 291	17 495
Multi-client amortisation	**4 972**	1 100	12 595	12 337
Multi-client impairment	**-**	-	2 003	-
Other operating expenses	**5 393**	5 122	20 534	21 488
Total operating expenses	**42 767**	**43 769**	**167 895**	**156 883**
Operating profit/(loss)	**9 746**	**1 122**	**30 128**	**-12 285**
Financial income and expenses				
Interest income	**36**	216	687	477
Interest expense	**-1 182**	-1 089	-5 926	-7 204
Change in fair value of conversion rights	**-**	-	-210	-
Net gains/(losses) of financial assets	**-**	-	416	-
Net foreign currency income/(loss)	**6 578**	1 154	8 121	5 782
Net financial items	**5 432**	**281**	**3 088**	**-945**
Income/(loss) before income tax	**15 178**	**1 403**	**33 216**	**-13 230**
Income tax expense	**58**	106	5 330	1 865
Income/(loss) for the year	**15 120**	**1 297**	**27 886**	**-15 095**

Consolidated statement of comprehensive income

Amounts in USD 1 000	**Q4 2014 Unaudited**	Q4 2013 Unaudited	2014 Unaudited	2013 Audited
Income/(loss) for the period	**15 120**	**1 297**	**27 886**	**-15 095**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	**-982**	-240	-34	-255
Net (loss)/gain on available-for-sale (AFS) financial assets	**-2 784**	-	-3 984	-
Items not to be reclassified to profit or loss in subsequent periods:				
Actuarial gain/(losses) on defined benefit plans	**-**	-1 055	-	-1 055
Other comprehensive income	**-3 766**	-1 295	-34	-1 310
Total comprehensive income/(loss) for the year	**11 354**	2	27 852	-16 405

Consolidated statement of financial position

Amounts in USD 1 000	31 December 2014 Unaudited	31 December 2013 Audited
ASSETS		
Non-current assets		
Goodwill	**14 422**	14 422
Deferred tax asset	**3 008**	3 202
Multi-client library	**33 758**	28 108
Other intangible assets	**3 220**	3 353
Property, plant and equipment	**19 247**	27 683
Assets under construction	**31 164**	19 200
Financial assets	**4 766**	-
Total non-current assets	**109 585**	**95 967**
Current assets		
Spare parts, fuel, anchors and batteries	**14 906**	12 990
Trade receivables	**65 531**	31 520
Other receivables	**18 649**	17 138
Cash and cash equivalents	**25 213**	55 305
Restricted cash	**1 400**	1 240
Total current assets	**125 699**	**118 193**
Total assets	**235 284**	**214 160**
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital, share premium and other paid in equity	**287 398**	285 249
Other reserves	**-3 226**	791
Retained earnings	**-155 938**	-183 823
Total equity	**128 234**	**102 217**
LIABILITIES		
Non-current liabilities		
Employee benefit obligations	**-**	3 452
Non-current tax liability	**-**	35
Provisions	**13 299**	7 164
Borrowings	**46 859**	56 628
Total non-current liabilities	**60 158**	**67 279**
Current liabilities		
Trade payables	**13 362**	15 942
Current tax liabilities	**4 573**	2 299
Other short term liabilities	**27 270**	26 295
Borrowings	**1 687**	128
Total current liabilities	**46 892**	**44 664**
Total liabilities	**107 050**	**111 943**
Total equity and liabilities	**235 284**	**214 160**

Consolidated statement of cash flows

Amounts in USD 1 000	Q4 2014 Unaudited	Q4 2013 Unaudited	2014 Unaudited	2013 Audited
Net cash flow from operating activities:				
Income/(loss) before income tax	**15 178**	1 403	33 216	-13 230
Adjustments for:				
Witholding tax expenses	**35**	1 509	3 353	3 231
Total taxes paid	**2 036**	-1 279	-3 853	-5 180
Depreciation and ordinary amortisation	**3 906**	4 318	16 291	17 495
Multi-client amortisation and impairment	**4 972**	1 100	14 598	12 337
Non-cash portion of pension expense	**-3 240**	1 184	-3 452	1 167
Cost of share-based payment	**415**	523	2 127	5 173
Change in trade receivables	**-24 093**	-4 163	-34 011	15 480
Change in inventories	**330**	990	-1 916	-116
Change in trade payables	**-1 207**	373	-2 581	6 326
Change in other working capital	**-1 373**	12 225	3 186	3 955
Amortisation of interest	**1 074**	414	4 755	5 273
Net cash flow from operating activities	**-1 967**	**18 597**	**31 713**	**51 911**
Investing activities:				
Purchase of property, plant and equipment	**-7 453**	-5 391	-19 835	-10 707
Purchase of intangible assets	**-**	-855	-	-8 306
Investment in multi-client library	**-5 179**	-1 494	-30 634	-26 319
Investment in financial assets	**-**	-	-8 999	-
Cash used in investing activities	**-12 632**	**-7 740**	**-59 468**	**-45 332**
Financial activities:				
Financial lease payments - principal	**-66**	-656	-185	-1 753
Proceeds from issuance of ordinary shares	**-**	374	22	792
Proceeds of bond offering	**-**	-	-	56 550
Proceeds from new loan	**-**	-	3 310	-
Repayment of loan	**-1 056**	-	-1 224	-41 873
Payment of interest on bonds	**-949**	-1 122	-4 261	-4 249
Cash provided by financial activities	**-2 071**	**-1 404**	**-2 338**	**9 467**
Net increase in cash	**-16 669**	**9 453**	**-30 092**	**16 046**
Cash balance beginning of period	**41 882**	45 852	55 305	39 259
Cash balance end of period	**25 213**	55 305	25 213	55 305
Net change in cash	**-16 669**	**9 453**	**-30 092**	**16 046**

Consolidated statement of changes in equity

Attributable to equity holders of the Company

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 31 December 2013 (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	-	-	-	-	15 120	**15 120**
Other comprehensive income	-	-982	-2 784	-	-	**-3 766**
Total comprehensive income	-	-982	-2 784	-	15 120	**11 354**
Cost of share-based payment	415	-	-	-	-	**415**
Balance at 31 December 2014 (Unaudited)	287 398	-1 750	-3 984	2 508	-155 938	**128 234**

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 conjuction with the Group's annual financial statements as of 31 December 2013. The Group has applied the same accounting policies as in the Group's Annual Financial Statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014 as described below:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interest in other entities

IFRS 10 Consolidated Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. In accordance with IFRS 10, an investor controls another entity when it is exposed, or has rights, to variable returns from its involvement with the other entity, and has the ability to affect those returns through its power over the entity. IFRS 10 had no impact on the consolidation of investments held by the Group.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. All entities meeting the definition of a joint venture must be accounted for using the equity method. IFRS 11 had no impact on the Group's financial statements.

IFRS 12 Disclosure of Interest in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. IFRS 12 replaces the disclosure requirements that were previously included in IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interest in Joint Ventures. None of these disclosure requirements are applicable for interim consolidated financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

North Energy agreement

EMGS and North Energy ASA signed an agreement in January 2014. The agreement includes sale of 3D EM data from EMGS' existing multi-client data library in the Barents Sea and sale of services related to EM inversion and integrated interpretation. In addition, North Energy ASA committed to pre-funding of USD 1.6 million.

The payment for the 3D EM data was in the form of a convertible bond issued by North Energy ASA with a strike price of NOK 4.15, coupon of 6% and with a maturity of 6 months. The remaining part of the payment was settled in cash. The conversion right of the loan was subject to a "fair value adjustment" according to IFRS.

The loan was settled in August. After the settlement date, changes in the value of the shares in North Energy ASA of USD 2.8 million are recognised in Other comprehensive income.

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	**Q4 2014 Unaudited**	Q4 2013 Unaudited	2014 Unaudited	2013 Audited
Americas	**15.4**	23.3	80.8	29.8
Asia/Pacific	**12.7**	8.7	18.0	76.4
EAME	**24.4**	13.0	99.2	38.5
Total	**52.5**	**44.9**	**198.0**	**144.6**

Pensions

EMGS has replaced its defined benefit plan by a defined contribution plan for Norwegian employees in EMGS ASA as of 1 December 2014. The change in pension plan means that the defined benefit plan is terminated by issuance of paid-up policies for previously earned rights in the plan. The gain related to the termination of the defined benefit plan is calculated to USD 2.4 million. The gain is recorded as reduction in pension expenses in the fourth quarter of 2014.

The new defined contribution plan implies that EMGS pays a quarterly amount to the employees' pension account. The following contribution rates are defined; 7 % contribution for salaries between 0 and 7.1 G and 25.1 % contribution for salaries between 7.1 and 12 G (G=NOK 88 370). In connection with the termination of the defined benefit plan, the Company introduced a compensation agreement for employees that suffered a calculated loss as a result of the replacement.

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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