EMGS FOURTH QUARTER 2015.

emgs

Highlights in the fourth quarter.

Operational highlights

- Signed new contract in India worth USD 15 million
- Completed extension of contract in Malaysia worth USD 7 million
- Agreement on new terms for the BOA vessels
- Cost reductions ahead of target
- Christiaan Vermeijden appointed as the new CEO
- Hege A. Veiseth appointed as the new CFO

Financial highlights

- Financial restructuring completed:
  - New equity of USD 31.5 million
  - Amendments and partial payback of the bond loan yielding a financial gain of USD 2 million
- Q4 revenues of USD 20.5 million
- EBITDA of negative USD 8.0 million
- Multi-client impairments of USD 8.6 million

Recent events

- New CEO took office on 1 February 2016

Key financial figures

USD million (except per share data)	**Q4 2015**	Q4 2014	2015	2014	Q3 2015
Contract sales	**9.0**	25.5	45.0	137.2	9.1
Multi-client sales	**11.5**	27.0	36.1	60.8	7.2
Total revenues	**20.5**	52.5	81.1	198.0	16.3
Operating profit/ (loss)	**-23.4**	7.7	-69.3	28.1	-21.5
Income/ (loss) before income taxes	**-22.1**	13.2	-73.0	31.2	-23.8
Net income/ (loss)	**-24.1**	13.1	-76.7	25.9	-25.4
Earnings/ (loss) per share	**-0.03**	0.07	-0.10	0.13	-0.13
Average number of shares outstanding (in thousands)	**755 766**	199 766	755 766	199 639	199 766
EBITDA	**-8.0**	16.6	-16.7	59.0	-10.0
Multi-client investment	**-**	5.2	34.4	30.6	8.4
Adjusted EBITDA	**-8.0**	**11.4**	**-51.1**	**28.4**	**-18.3**

Financial review.

Revenues and operating expenses

EMGS recorded revenues of USD 20.5 million in the fourth quarter of 2015, down from USD 52.5 million reported for the fourth quarter of 2014. Contract sales totalled USD 9.0 million, while multi-client sales came in at USD 11.5 million in the quarter. For the fourth quarter 2014, the contract sales totalled USD 25.5 million and the multi-client sales amounted to USD 27.0 million.

The Company recorded 9.0 vessel months in the fourth quarter of 2015 as opposed to 9.9 in the fourth quarter of 2014. Vessel utilisation came in at 21% in the last quarter of 2015, where all utilised time was allocated to contract work. For the corresponding period in 2014, the Company had a total utilisation of 63%, with 39% allocated to contract and 24% to multi-client programmes.

Revenues for the full year 2015 came in at USD 81.1 million, compared with USD 198.0 million for the full year of 2014.

Charter hire, fuel and crew expenses ended at USD 11.8 million in the fourth quarter of 2015, compared with USD 15.8 million in the fourth quarter of 2014. The Company capitalised multi-client expenses of USD 5.2 million in the fourth quarter of 2014, while no multi-client investments were made in the fourth quarter of 2015. The main reason for the decreased expenses is the reduced activity, resulting in lower vessel lease, fuel, vessel crew and other related costs.

For the full year 2015, EMGS recorded charter hire, fuel and crew expenses of USD 32.4 million, down from USD 61.3 million for the full year 2014. The reduction is mainly explained by a reduced activity level in 2015 compared with 2014, as well as an increase in capitalisation of multi-client costs from USD 30.6 million in 2014 to USD 34.4 million in 2015.

Employee expenses amounted to USD 11.2 million in the fourth quarter this year, including a provision related to restructuring charges of USD 1.3 million and one-off expenses of USD 1.4 million. This is a decrease from the USD 12.7 million reported in the fourth quarter 2014, when the expenses were reduced by a reversal of USD 1.8 million related to pension insurance. The decrease is mainly explained by a reduction in the number of employees from 308 at the end of 2014 to 239 at the end of 2015.

For the full year 2015, employee expenses amounted to USD 44.8 million, compared with USD 55.2 million for 2014. The reduction is explained by the reduction in number of employees.

Other operating expenses ended at USD 5.5 million in the fourth quarter, including legal costs related to patent issues amounting to USD 2.1 million. For the fourth quarter of 2014 other operating expenses ended at USD 7.4 million.

In 2015, other operating expenses came in at USD 20.6 million, down from the USD 22.5 million reported in 2014.

Depreciation, amortisation and impairment

Depreciation and ordinary amortisation totalled USD 2.7 million in the fourth quarter of 2015, down from USD 3.9 million in the same quarter of 2014.

Depreciation and ordinary amortisation ended at USD 12.7 million in 2015, compared with USD 16.3 million in 2014.

Multi-client amortisation amounted to USD 4.2 million this quarter, compared with USD 5.0 million in the fourth quarter of 2014.

In the full year 2015, EMGS recorded USD 8.6 million in multi-client amortisation, down from USD 12.6 million in 2014. The reason for the decrease is lower multi-client sales in 2015.

Based on updated sales forecasts, the Company estimates the recoverable amount for the Daybreak multi-client project in the US Gulf of Mexico, the Foz de Amazonas multi-client project in Brazil, and the multi-client project in Canada to be lower than the carrying amount of these libraries. As a result, a multi-client impairment of USD 8.6 million was done in the fourth quarter 2015. In the corresponding period of 2014, no impairment was done.

In 2015, EMGS also recorded impairment of long-term assets of a total of USD 31.3 million, compared with a total of USD 2.0 million in 2014. The amount includes impairment of goodwill of USD 14.4 million, impairment of equipment of USD 1.6 million and impairment of the multi-client library of USD 15.3 million.

Net financial items

Net financial items ended at USD 1.3 million in the fourth quarter of 2015, compared with USD 5.4 million in the fourth quarter of 2014. The difference is mainly related to a gain on foreign currency of USD 6.6 million in the fourth quarter 2014, compared with a currency gain of USD 1.5 million in 2015. Also, the Company had a gain on the repayment of the bond loan of USD 2.2 million and a recorded loss on the forward rate agreement this quarter of USD 1.4 million. The forward rate agreement was entered into in the first quarter of 2015 to hedge the currency exposure related to the Company's bond loan.

For the full year 2015, net financial items was negative USD 3.7 million, compared with a positive USD 3.1 million in 2014.

Income/(loss) before income taxes

Loss before income taxes came in at USD 22.1 million in the fourth quarter 2015, compared with an income before income taxes of USD 13.2 million in the corresponding quarter in 2014.

For 2015, the loss before income taxes ended at USD 73.0 million, down from a profit before income taxes of USD 31.2 million in 2014.

Income tax expenses

Income tax expenses of USD 2.0 million were recorded in the fourth quarter of 2015, compared with an income tax expense of USD 0.1 million in the fourth quarter of 2014. The tax expenses mainly relate to reversal of deferred tax asset in Brazil of USD 1.8 million.

For the full year 2015, the Company recorded income tax expenses of USD 3.7 million, compared with USD 5.3 million in 2014.

Net income for the period

Loss for the fourth quarter of 2015 ended at USD 24.1 million, down from an income of USD 13.1 million in the same period last year.

For 2015, the loss ended at USD 76.7 million, down from a profit of USD 25.9 million in 2014.

Cash flow and balance sheet

In the fourth quarter of 2015, net cash flow from operating activities was negative USD 11.2 million, compared with negative USD 2.0 million in the fourth quarter 2014. The negative cash flow in the quarter is mainly caused by the negative EBITDA. The cash flow is positively affected by a change in other working capital of USD 4.3 million and negatively affected by an increase in trade receivables and decrease in trade payables of USD 3.3 million and USD 5.6 million respectively.

Net cash flow from operating activities was USD 28.3 million for the full year 2015, compared with USD 31.7 million for the full year 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 47.0 million this year.

EMGS applied USD 0.2 million in investing activities in the fourth quarter of 2015, compared with USD 12.6 million in the fourth quarter of 2014. The investments in the quarter relates to purchase of equipment. No investments were made in the multi-client library.

Cash flow from investing activities for the full year 2015 amounted to USD 42.0 million, of which USD 34.4 million relates to investment in the Company's multi-client library. In 2014, EMGS applied a total of USD 59.5 million in investing activities, including multi-client investments of USD 30.6 million, purchase of property, plant and equipment of USD 19.8 million and investments in financial assets of USD 9.0 million.

The carrying value of the multi-client library was USD 42.3 million at 31 December 2015, down from USD 53.1 million at 30 September 2015 and up from USD 33.8 million at 31 December 2014.

Cash flow from financial activities was USD 22.9 million in the fourth quarter of 2015, including proceeds from issuance of new shares of USD 31.5 million and partial repayment of the bond loan of USD 8.0 million (see further details on the financial restructuring below). In the fourth quarter 2014, the cash provided by financial activities was negative USD 2.1 million.

For the full year 2015, cash flow from financial activities ended at USD 20.3 million, compared with a negative USD 2.3 million for 2014.

Total borrowings were USD 31.5 million at 31 December 2015, down from 47.6 million at 30 September 2015 and from USD 48.5 million at 31 December 2014. This includes the Company's NOK 270 million bond loan, which has a carrying value of USD 30.3 million. The maturity of the bond was extended by three years in November 2015, resulting in a re-classification of the loan from current to non-current liabilities. The Company's forward rate agreement is classified as a financial liability on the balance sheet.

Cash increased by USD 11.5 million during in the fourth quarter of 2015. At 31 December 2015, cash and cash equivalents totalled USD 38.4 million, including USD 6.7 million restricted cash.

Operational review.

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Contract	**21%**	16%	5%	24%	39%
Multi-client	**-**	48%	63%	52%	24%
Total utilisation	**21%**	64%	68%	76%	63%

Vessel utilisation and fleet allocation

Vessel utilisation for the fourth quarter 2015 came in at 21% compared with 63% for the fourth quarter in 2014. For the full year 2015, the vessel utilisation was 59%, whereas the utilisation for the full year 2014 ended at 69%.

In the fourth quarter of 2015, the Company's vessels were allocated 21% to contract and no time were spent on multi-client programmes. In the fourth quarter of 2014, the allocation was 39% on contract work and 24% on multi-client programmes.

EMGS recorded 9.0 vessel months in the fourth quarter, compared with 9.9 vessel months in the last quarter of 2014.

Vessel activity

BOA Thalassa

The BOA Thalassa worked on two contracts in Malaysia in the fourth quarter. The first contract was completed on 8 October, while the second contract commenced on 23 October and was completed on 6 December. Between the two contracts, the vessel had a yard stay for five days. The vessel started the announced contract work in India on 4 January 2016.

The vessel's utilisation for the fourth quarter was 55%.

BOA Galatea

The BOA Galatea completed the announced contract work for Pemex in Mexico on 6 October. From 12 October to 11 December the vessel worked on a Proof of Concept (PoC) study in the Mexican sector of the Gulf of Mexico. This is not included in the utilisation. Following the PoC study, the vessel started its transit back to the Fosen shipyard in Norway, were the vessel was delivered back to its owner mid-January.

The vessel's utilisation came in at 6% for the fourth quarter.

Atlantic Guardian

The Atlantic Guardian acquired data on a small survey in the Norwegian Sea on 1st and 2nd of October. Following this, the vessel was laid up in Bergen for the rest of the quarter.

The vessel's utilisation for the fourth quarter was 3%.

EM Leader

The EM Leader has been laid up since 15 May.

Vessel overview

	Utilisation Q3	Status Q3	Firm charter period	Optional charter period
BOA Thalassa	**55%**	In operation	1 April 2017	
BOA Galatea	**6%**	In operation	15 December 2015	
Atlantic Guardian	**3%**	In operation	18 December 2017	3 x 12 months
EM Leader	**N/A**	Laid up from 15 May	8 December 2016	2 x 12 months

Backlog

As of 31 December 2015, EMGS' backlog was at USD 21 million, compared with a backlog of USD 44 million at the end of 2014.

Important events in the fourth quarter

Financial restructuring

On 5 November, the Board of Directors of EMGS called for an extraordinary general meeting in the Company to propose to the shareholders to increase the share capital through the issuance of new shares with preferential and tradable subscription rights. Further, the Board announced a proposal to the bondholders of the Company to amend certain terms of the bondholder agreement.

The proposed changes to the bondholder agreement were approved in a bondholder meeting on 19 November and the extraordinary general meeting held on 26 November approved the proposed Rights Issue.

The Rights Issue was completed on 15 December and resulted in a gross proceeds of NOK 278 million through the issuance of 1,112,000,000 new shares. The proceeds were planned to be used for two separate purposes; (i) NOK 214 million will be used to strengthen the Company's financial position and for general corporate purposes and (ii) NOK 64 million was used (in December) to fund buy-back of a portion of the Company's outstanding bond loan.

The amendments to the bond loan agreement included, amongst others, a three year maturity extension, from June 2016 to June 2019, and a buy-back of NOK 80 million of the nominal value of the bond loan at a price of 80% of each bond for a total consideration of NOK 64 million. Following the buy-back, the outstanding value of the bond loan was NOK 270 million as at 31 December 2015.

Changes in the principles for multi-client amortisation

Based on amendment to IAS 38, effective from 1 January 2016, EMGS has changed its principles for multi-client amortisation as follows:
After a project is completed, a straight-line amortisation will be applied. The straight-line amortisation will be assigned over the useful life, which is set at 4 years. The straight-line amortisation will be distributed evenly through the financial year independently of sales during the quarters.

During the work in progress (WIP) phase, amortisation will continue to be based on total cost versus forecasted total revenues of the project.

New contract in India

On 5 November, EMGS announced that the Company had signed a letter of award with a repeat customer in India worth approximately USD 15.3 million. The vessel BOA Thalassa commenced the survey, which is located off the eastern coast of India, on 4 January 2016. The acquisition phase is estimated to have a duration of approximately 2 months.

Extension of contract in Malaysia

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

New terms for the BOA vessels

On 2 October, EMGS signed an agreement with BOA SBL AS (owner of the BOA vessels) that included amendments to the terms for the vessels BOA Thalassa and BOA Galatea. Following the agreement, EMGS re-delivered the BOA Galatea in mid-January, while the charter agreement for BOA Thalassa was extended until 1 April 2017 at new and improved commercial terms. The agreement provides EMGS with different rates for when the vessel is in operation, idle or laid up. The new terms were valid from 1 October 2015.

Organisational changes

On 11 November, the Board of EMGS announced that it had appointed Christiaan A. Vermeijden as new Chief Executive Officer (CEO) of the Company. Christiaan started in his position as CEO of EMGS on 1 February 2016.

Vermeijden is 42 years old and comes from the position as Global Offshore Geotechnical Director of Fugro N.V., where he was part of the Executive Management Team. Vermeijden has worked for Fugro since 2000 in several challenging management positions around the world, and brings with him extensive international experience and knowledge of the oil and gas service industry. He holds a Master in Science (MSc) degree in Physical Geography from the University of Amsterdam and a Master in Business Administration (MBA) from the Rotterdam School of Management.

Stig Eide Sivertsen, the CEO of EMGS since Bjarte Bruheim stepped down in August 2015, resumed his non-executive directorship at the Board of EMGS on 1 February 2016, when Vermeijden started as the CEO of EMGS. Sivertsen's directorship was approved by the extraordinary general meeting held on 26 November 2015.

On 17 December, EMGS announced that the Company had appointed Hege A. Veiseth as acting Chief Financial Officer (CFO) of the company effective from 1 January 2016, following the resignation of Svein Knudsen.

Hege has worked for EMGS since 2007 and prior to taking on the CFO role, she was the Group Finance Manager of the Company. Before she joined EMGS, Hege worked as an auditor for EY for 7 years, including as EMGS' auditor. Hege has a MSc in Economics and Business Administration from the Norwegian School of Economics (NHH) and a MSc in Accounting and Auditing from the Norwegian Business School (BI).

Cost reduction measures

During 2015, EMGS implemented comprehensive cost reduction measures to align to the current market climate and consequently lower activity level.

The Company has reduced its vessel capacity from four to two vessels, re-negotiated charter agreements and other lease agreements, reduced its global headcount and reduced its R & D capacity and projects.

Most of the measures have been implemented and will yield effects gradually. The Company expects the measures to have full effect from the second quarter of 2016.

Subsequent events

On 19 January 2016, EMGS sold its 11,851,463 shares in North Energy ASA at a price of NOK 1.02 per share. Following the transaction, EMGS holds no shares in North Energy ASA. The sale results in a loss on financial assets of approximately USD 7 million and is booked in the accounts for January 2016.

Share information

EMGS was listed at the Oslo Stock Exchange in March 2007. In the fourth quarter 2015, EMGS completed a Rights Issue of 1,112,000,000 new shares at a subscription price of NOK 0.25 per share. The share traded between NOK 0.49 and NOK 0.24 per share in the quarter and the last closing price before 31 December 2015 was NOK 0.34. The Board will propose to the annual general meeting to do a reversed share split of 1 to 40 shares with a new par value of NOK 10.00.

Following the issue of new shares, EMGS had a total of 1,311,765,555 shares outstanding at 31 December 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.

During 2015, EMGS Board and management implemented comprehensive cost reduction measures and completed a financial restructuring to improve the Company's financial position. The measures undertaken have been deemed necessary and sufficient, but the ever changing exogenous factors in the industry will impact the business and risk factors going forward and they represent added uncertainties.

In addition, there are risks associated with EM marine operations which might affect the profitability of projects. Examples include: 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 for oil services is challenging and characterised by high uncertainty. Oil companies have continued to announce further reductions in their spending for 2016 compared to 2015 as a response to the sharp decline in oil price. The interest in the EM technology from the oil companies is healthy, although challenged by the reduced budgets.

Based on the current operational forecast, EMGS expects to operate two vessels in 2016 with an option to include a third vessel if certain prospects materialise. The Company expects to keep one vessel in Asia throughout 2016, while the other vessel is expected to operate in Europe and the Americas. EMGS will continue to invest in its multi-client library in selected areas.

Most of the cost reduction measures announced in 2015 have been implemented. The Company expects the measures to have full effect from the second quarter of 2016. Capital investments are mainly limited to the joint industry project (JIP).

Oslo, 10 February 2016
Board of Directors and CEO

Consolidated Income Statement.

Amounts in USD 1 000	Q4 2015 Unaudited	Q4 2014 Unaudited	2015 Unaudited	2014 Audited
Operating revenues				
Contract sales	**9 001**	25 477	45 008	137 222
Multi-client pre-funding	**-**	5 152	3 546	13 140
Multi-client late sales	**11 498**	21 884	32 586	47 661
Total revenues	**20 499**	**52 513**	**81 140**	**198 023**
Operating expenses				
Charter hire, fuel and crew expenses	**11 807**	15 752	32 402	61 300
Employee expenses	**11 227**	12 744	44 826	55 172
Depreciation and ordinary amortisation	**2 705**	3 906	12 679	16 291
Multi-client amortisation	**4 156**	4 972	8 631	12 595
Impairment of long-term assets	**8 569**	-	31 344	2 003
Other operating expenses	**5 461**	7 393	20 607	22 534
Total operating expenses	**43 925**	**44 767**	**150 489**	**169 895**
Operating profit/(loss)	**-23 426**	**7 746**	**-69 349**	**28 128**
Financial income and expenses				
Interest income	**28**	36	352	687
Interest expense	**-1 014**	-1 182	-4 055	-5 926
Change in fair value of conversion rights	**-**	-	-	-210
Net gains/(losses) of financial assets and liabilities	**795**	-	-4 106	416
Net foreign currency income/(loss)	**1 526**	6 578	4 155	8 121
Net financial items	**1 335**	**5 432**	**-3 654**	**3 088**
Income/(loss) before income tax	**-22 091**	**13 178**	**-73 003**	**31 216**
Income tax expense	**2 027**	58	3 712	5 330
Income/(loss) for the period	**-24 118**	**13 120**	**-76 715**	**25 886**

Consolidated Statement of Comprehensive Income.

Amounts in USD 1 000	Q4 2015 Unaudited	Q4 2014 Unaudited	2015 Unaudited	2014 Audited
Income/ (loss for the period	**-24 118**	**13 120**	**-76 715**	**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	-	-982	28	-34
Net (loss)/gain on available-for-sale (AFS) financial assets	-350	-2 784	-3 218	-3 984
Other comprehensive income	**-350**	**-3 766**	**-3 190**	**-4 018**
Total comprehensive income/ (loss for the period	**-24 468**	**9 354**	**-79 905**	**21 868**

Consolidated Statement of Financial Position.

Amounts in USD 1 000	31 December 2015 Unaudited	31 December 2014 Audited
ASSETS		
Non-current assets		
Goodwill	-	14 422
Deferred tax asset	-	3 008
Multi-client library	42 267	33 758
Other intangible assets	3 703	3 220
Property, plant and equipment	16 773	19 247
Assets under construction	26 566	31 164
Financial assets	1 387	4 766
Total non-current assets	**90 696**	**109 585**
Current assets		
Spare parts, fuel, anchors and batteries	11 754	14 906
Trade receivables	18 580	65 531
Other receivables	5 665	18 649
Cash and cash equivalents	31 749	25 213
Restricted cash	6 680	1 400
Total current assets	**74 428**	**125 699**
Total assets	**165 124**	**235 284**
EQUITY		
Capital and reserves attributable to equity holders		
Share capital, share premium and other paid-in equity	319 038	287 398
Other reserves	-6 416	-3 227
Retained earnings	-234 652	-157 937
Total equity	**77 970**	**126 234**
LIABILITIES		
Non-current liabilities		
Provisions	17 371	15 299
Borrowings	30 848	46 859
Total non-current liabilities	**48 219**	**62 158**
Current liabilities		
Trade payables	10 439	13 362
Current tax liabilities	5 257	4 573
Other short term liabilities	16 243	27 270
Financial liabilities	6 326	-
Borrowings	670	1 687
Total current liabilities	**38 935**	**46 892**
Total liabilities	**87 154**	**109 050**
Total equity and liabilities	**165 124**	**235 284**

Consolidated Statement of Cash Flows.

Amounts in USD 1 000	**Q4 2015 Unaudited**	Q4 2014 Unaudited	2015 Unaudited	2014 Audited
Net cash flow from operating activities				
Income/ (loss) before income taxes	**-22 091**	13 178	-73 003	31 216
Adjustments for:				
Witholding tax expenses	**987**	35	987	3 353
Total taxes paid	**-644**	2 036	-1 008	-3 853
Depreciation and ordinary amortisation	**2 705**	3 906	12 679	16 291
Multi-client amortisation and impairment	**12 725**	4 972	23 952	14 598
Impairment other long-term assets	**-**	-	16 023	-
Non-cash portion of pension expense	**-**	-3 240	-	-3 452
Cost of share-based payment	**-133**	415	104	2 127
Change in trade receivables	**-3 237**	-24 093	46 951	-34 011
Change in inventories	**962**	330	3 152	-1 916
Change in trade payables	**-5 629**	-1 207	-2 924	-2 581
Change in other working capital	**4 328**	627	-229	5 187
Financial gain on bond repayment	**-2 088**	-	-2 088	-
Amortisation of interest	**903**	1 074	3 709	4 755
Net cash flow from operating activities	**-11 212**	**-1 967**	**28 305**	**31 714**
Investing activities				
Purchase of property, plant and equipment	**-188**	-7 453	-7 658	-19 835
Investment in multi-client library	**-**	-5 179	-34 379	-30 634
Investment in financial assets	**-**	-	-	-8 999
Cash used in investing activities	**-188**	**-12 632**	**-42 037**	**-59 468**
Financial activities				
Financial lease payments - principal	**-70**	-66	-299	-185
Proceeds from issuance of ordinary shares	**31 536**	-	31 536	22
Proceeds from new loan	**-**	-	945	3 310
Repayment of loan	**-7 991**	-1 056	-8 898	-1 224
Payment of interest on bonds	**-549**	-949	-3 015	-4 261
Cash provided by financial activities	**22 926**	**-2 071**	**20 269**	**-2 338**
Net increase in cash	**11 526**	**-16 669**	**6 536**	**-30 092**
Cash balance beginning of period	**20 223**	41 882	25 213	55 305
Cash balance end of period	**31 749**	25 213	31 749	25 213
Increase in cash	**11 526**	**-16 669**	**6 536**	**-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 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**
Income/(loss) for the period	-	-	-	-	-24 118	**-24 118**
Other comprehensive income	-	-	-350	-		**-350**
Total comprehensive income	-	**-**	**-350**	**-**	**-24 118**	**-24 468**
Cost of share-based payment	**-133**	-	-	-	-	**-133**
Proceeds from shares issued	**31 536**	-	-	-	-	**31 536**
Balance at 31 December 2015 (Unaudited)	**319 038**	**-1 722**	**-7 202**	**2 508**	**-234 653**	**77 970**

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	**Q4 2015 Unaudited**	Q4 2014 Unaudited	2015 Unaudited	2014 Audited
Americas	**5.9**	15.4	37.1	80.8
Asia/Pacific	**7.4**	12.7	14.8	18.0
EAME	**7.3**	24.4	29.3	99.2
Total	**20.5**	**52.5**	**81.1**	**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 the Daybreak multi-client project in the US Gulf of Mexico, the Foz multi-client project in Brazil, and the multi-client project in Canada, indicated possible impairments. The recoverable amounts for these projects were therefore calculated, and the carrying amount of the libraries exceeded the recoverable amounts by USD 8.6 million. An equivalent impairment charge has therefore been booked in the fourth quarter of 2015.

USD 1000	**Q4 2015 Unaudited**	Q4 2014 Unaudited	2015 Unaudited	2014 Audited
Opening carrying value	**53 129**	35 912	33 758	28 108
Additions	**2 433**	5 179	36 812	28 272
Amortisation charge	**-4 156**	-4 972	-8 631	-12 595
Impairment	**-8 569**	-	-15 321	-2 002
Cash contribution from partners	**-569**	-2 361	-4 351	-8 025
Closing carrying value	**42 267**	**33 758**	**42 267**	**33 758**

Impairment of long-term assets

USD 1000	Q4 2015 Unaudited	Q4 2014 Unaudited	2015 Unaudited	2014 Audited
Goodwill impairment	-	-	14 422	-
Multi-client impairment	8 569	-	15 321	2 003
Impairment of property, plant and equipment	-	-	1 601	-
Total	**8 569**	**-**	**31 344**	**2 003**

Financial restructuring

A rights issue was completed in December resulting in a gross proceeeds of NOK 278 million (USD 31.5 million).
In addition, the Company has extended the maturity of the bond loan from June 2016 to June 2019, and has performed a buy-back of NOK 80 million of the nominal value of the bond loan at a price of 80% of each bond for a total consideration of NOK 64 million, resulting in a financial gain of USD 2.2 million. Following the buy-back, the outstanding value of the bond loan was NOK 270 million as at 31 December 2015.

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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