

**EMGS
THIRD
QUARTER
2014.**

Highlights in the third quarter 2014

Operational highlights

- Contracts signed with Petrobras, Statoil, OMV (Norge) and Norske Shell
- Commenced 3D multi-client survey offshore Canada and completed the surveys in the Barents Sea and US GoM.
- Convertible bond loan to North Energy settled

Financial highlights

- Revenues of USD 41.7 million
- EBITDA of USD 11.0 million

Recent events

- Contract award in Malaysia with IOC
- LOI from new customer, PTTEP International, in Asia worth USD 7.0 million

Key financial figures

USD million (except per share data)	Q3 2014	Q3 2013	Year to date 2014	Year to date 2013	2013	Q2 2014
Contract sales	29.8	21.5	111.7	71.2	111.3	35.5
Multi-client sales	11.9	2.1	33.8	28.5	33.3	7.0
Total revenues	41.7	23.6	145.5	99.7	144.6	42.5
Operating profit/ (loss)	5.4	(9.4)	20.4	(13.4)	(12.3)	2.3
Income/ (loss) before income taxes	7.0	(11.8)	18.0	(14.6)	(13.2)	(0.6)
Net income/ (loss)	7.0	(12.2)	12.8	(16.4)	(15.1)	(2.5)
Earnings/ (loss) per share	0.03	(0.06)	0.06	(0.08)	(0.08)	(0.01)
Average number of shares outstanding (in thousands)	199 766	199 110	199 639	199 082	199 310	199 639
EBITDA	11.0	(3.5)	42.4	11.0	17.5	10.9
Multi-client investment	11.6	10.2	25.5	30.5	32.0	10.7
Adjusted EBITDA	(0.6)	(13.7)	16.9	(19.5)	(14.5)	0.2

Financial review

Revenues and operating expenses

EMGS recorded revenues of USD 41.7 million in the third quarter of 2014, up from USD 23.6 million reported for the third quarter of 2013. Contract sales totalled USD 29.8 million, while multi-client sales came in at USD 11.9 million in the quarter, after adjustment for TGS' share of the revenues from the joint projects between the two companies. The cash contribution from TGS related to the project in the Barents Sea is not recognised as revenue, but reduces the carrying value of the multi-client data library balance. For the third quarter 2013, the contract sales totalled USD 21.5 million and the multi-client sales USD 2.1 million.

The Company recorded 11.4 vessel months in the third quarter of 2014 as opposed to 9.9 in the third quarter of 2013. Vessel utilisation came in at 69% in the third quarter of 2014, with an allocation of 31% to contract and 38% to multi-client programmes. For the corresponding period of 2013, the Company had a total utilisation of 77%, with 35% allocated to contract and 42% to multi-client programmes.

Charter hire, fuel and crew expenses totalled USD 11.1 million in the third quarter of 2014, up from USD 8.9 million in the corresponding quarter of 2013. The increase is mainly related to the increase in vessel months, involving higher fuel and crew expenses.

Employee expenses increased from USD 13.1 million in the third quarter of 2013 to USD 14.6 million in the third quarter of 2014. The increase is related to higher allocation to bonus payments this year than last year.

Other operating expenses decreased from USD 5.1 million in the third quarter of 2013 to USD 5.0 million in the third quarter of 2014.

Depreciation and amortisation

Depreciation and ordinary amortisation totalled USD 3.8 million in the third quarter 2014, down from USD 4.5 million in the same quarter in 2013.

Multi-client amortisation totalled USD 1.8 million in the third quarter of 2014, up from USD 1.4 million in the third quarter of 2013.

Net financial items

In the first quarter of 2014, North Energy ASA bought EM data from EMGS' existing multi-client data library in the Barents Sea. The payment of NOK 75 million was in form of a convertible bond issued by North Energy ASA. The bond was settled in August. The bond had a strike price of NOK 4.15, coupon of 6% and a maturity of 6 months. According to IFRS, the conversion right of the bond was subject to

a "fair value adjustment" related to changes in North Energy ASA's share price. The share price was NOK 4.50 as of 30 June 2014 and NOK 3.98 as of the settlement date, 19 August, resulting in a negative adjustment of USD 0.7 million in the third quarter of 2014, recorded as a financial loss. After the settlement date, changes in the value of the shares in North Energy ASA of negative USD 1.2 million are recognised in Other comprehensive income.

Interest expenses were stable USD 1.5 million in the third quarter of 2013 and 2014. The Company recorded a gain on net foreign currency of USD 3.3 million this quarter, while a loss of USD 1.1 million was recorded in the corresponding quarter in 2013. Net financial items ended at positive USD 1.6 million, compared with a loss of USD 2.5 million in the third quarter of 2013.

Income/(loss) before income taxes

Income before income taxes came in at USD 7.0 million in the third quarter 2014, compared with a loss before income taxes of USD 11.8 million in the corresponding quarter in 2013.

Income tax expenses

No income tax expenses were recorded in the third quarter of 2014, while an income tax expense of USD 0.4 million was recorded in the third quarter of 2013. These taxes relate to results in foreign jurisdictions.

Net income for the period

Income for the third quarter of 2014 ended at USD 7.0 million, up from a loss of USD 12.2 million in the same period last year.

Cash flow and balance sheet

In the third quarter of 2014, net cash flow from operating activities was positive USD 23.6 million, compared with positive USD 30.8 million in the same period last year. The positive cash flow in 2014 is mainly caused by a positive EBITDA, a reduction in trade receivables of USD 6.6 million, and a positive change in other working capital of USD 10.5 million which is including the repayment of the North Energy loan. The cash flow is negatively affected by a decrease in trade payables of USD 5.6 million and an increase in inventory of USD 1.9 million.

EMGS applied USD 20.0 million in investing activities in the third quarter of 2014. The investments consist of USD 11.6 million in multi-client library, USD 3.5 million in property, plant and equipment and USD 5.0 million in North Energy shares as part of the settlement of the convertible loan. The ending multi-client library balance was USD 35.9 million at 30 September 2014, up from USD 30.2 million at 30 June 2014. The carrying value of the multi-client

library balance was in the third quarter reduced by USD 4.0 million through the cash contribution from TGS to the joint project in the Barents Sea. In the same period in 2013, cash applied in investing activities amounted to USD 13.8 million.

Cash flow from financial activities was negative USD 1.3 million in the third quarter of 2014, compared with negative USD 16.1 million in the same period of 2013. In the third quarter of 2013, USD 14.9 million was used to repay the remaining part of the NOK 250 million bond which matured in May 2014. Total borrowings were USD 57.0 million at 30 September 2014, down from USD 61.3 million at 30 June 2014.

Cash increased by USD 2.2 million during in the third quarter of 2014. At 30 September 2014, cash and cash equivalents totalled USD 42.5 million, including USD 0.7 million restricted cash.

Operational review

Vessel utilisation

	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Contract	31%	38%	56%	46%	35%
Multi-client	38%	37%	10%	4%	42%
Total utilisation	69%	75%	66%	50%	77%

Vessel utilisation and fleet allocation

Vessel utilisation for the third quarter 2014 came in at 69% compared with 77% for the corresponding quarter in 2013.

The Company's vessels were allocated 31% to contract and 38% to multi-client programmes, whereas the allocation was 35% and 42% respectively in the third quarter last year.

EMGS recorded 11.4 vessel months this quarter, compared with 9.9 in the third quarter of 2013.

The vessel utilisation so far this year was 70% and 73% for the first nine months of 2013.

Vessel activity

BOA Thalassa

The BOA Thalassa worked on different contracts in Norway in July and August, and started its transit to Asia on 9 September. The vessel's utilisation for the third quarter was 65%.

BOA Galatea

The BOA Galatea completed its planned yard stay on 9 July and headed towards Canada on 10 July. The announced multi-client campaign offshore Canada started on 24 July and continued throughout the quarter. The vessel's utilisation came in at 63% for this quarter.

Atlantic Guardian

The Atlantic Guardian has acquired data on the Company's multi-client campaign in the Barents Sea in the quarter, as well as completed contracts for Statoil and OMV. The vessel's utilisation for the quarter was 91%.

EM Leader

The EM Leader completed the multi-client campaign in the US Gulf of Mexico on 20 August, after which the vessel transited to St Thomas

for a short stay, off charter, before further transit to Brazil. The vessel commenced the contract for Petrobras on 25 September. The EM Leader had an utilisation of 55% on 2.4 vessel months in the third quarter.

Backlog

As of 30 September 2014, EMGS' backlog was at USD 25.5 million. Of this, USD 14.6 million is related to the PEMEX contract.

Since the end of the third quarter, the Company has signed agreements for a total of approximately USD 12.2 million.

Important events

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

In February, 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 project was firstly expected to cover 80 blocks in 2014, but further industry interest resulted in an extension of the project. The Daybreak was completed on 20 August, covering approximately 156 blocks and 3,600 square kilometres.

Agreement with North Energy

EMGS signed an agreement with North Energy in January 2014 worth NOK 100 million (USD 16.1 million). The payment for the 3D EM data of NOK 75 million was made in the form of a convertible bond with a strike price of NOK 4.15. On 19 August, the convertible bond loan was settled. EMGS converted NOK 28.4 million of the loan into 6,851,463 shares in North Energy at a strike price of NOK 4.1451 (adjusted conversion price). In addition, the Company received interest of NOK 0.9 million.

EMGS subscribed for 5,000,000 shares in North Energy's private placement in the first quarter. After settlement of the convertible bond loan, EMGS owns 11,851,463 shares, representing 9.96% of the outstanding shares in North Energy.

Vessel overview

	Utilisation Q3	Status Q3	Firm charter period	Optional charter period
BOA Thalassa	65%	In operation	15 December 2015	1 x 12 months
BOA Galatea	63%	In operation	17 July 2016	1 x 12 months
Atlantic Guardian	91%	In operation	1 March 2016	3 x 12 months
EM Leader	55%	In operation	Not applicable	Optional 1-, 3-, 6- or 12-month charters until 9 March 2015

The remaining of the convertible bond loan, NOK 46.6 million plus interest of NOK 1.5 million was settled in cash on the settlement date 2 September 2014.

2014 Barents Sea campaign

During the second and third quarter 2014, EMGS has expanded the Company's multi-client library in the Barents Sea with 14 blocks in the southeast area and 5 in the vicinity of the Hoop Fault Complex. The campaign was completed in August and has been done in partnership with TGS.

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 campaign is expected to be completed by mid-November.

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 evaluation was based on technical and commercial papers published by PGS as well as other public documents issued by PGS. PGS has countered with claims of invalidity of this Patent.

The hearing of the Norwegian case takes 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.

Other recent events

New contracts

On 22 October, EMGS announced that the Company had received a letter of award from an International Oil Company for 3D EM

data acquisition in Malaysia. The survey commenced on 24 October, using the vessel *BOA Thalassa*.

On 31 October, EMGS announced that the Company had received a letter of intent worth USD 7.0 million from the national oil company, PTTEP International, for 3D EM acquisition in Thailand and Myanmar. The survey is expected to commence late November, after the *BOA Thalassa* has completed the ongoing survey in Malaysia.

Share information

EMGS was listed at the Oslo Stock Exchange in March 2007. During the third quarter 2014, the EMGS share was traded between NOK 6.36 and NOK 3.70 per share. The last closing price before 30 September 2014 was NOK 3.91.

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

Also, the demand from the oil and gas companies for EM services might, in the short term, be affected by 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.

For the Company's annual revenue guiding, uncertainty is in particular related to the closing of multi-client late sales in the fourth quarter.

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

The Company has continued to invest in its multi-client projects in the third quarter. The projects in the US Gulf of Mexico and the Barents Sea have been completed during the quarter, while the new multi-client project offshore Canada commenced late July. These investments are expected to yield good returns, both in the fourth quarter 2014 and in the years to come.

Despite the negative sentiment and the current challenges in the oil service industry, the Company still view its full year revenue guiding to be achievable. The revenue for the full year will be dependent on the multi-client late sales in the fourth quarter.

Currently the Company is engaged in numerous negotiations and project plans which will increase visibility into 2015.

The long-term outlook for the adoption of EM technology is positive and the Company reiterates its goal to achieve industry-wide integration of EM into the exploration workflow.

Oslo, 5 November 2014
Board of Directors and CEO

Consolidated income statement

Amounts in USD 1 000	Q3 2014 Unaudited	Q3 2013 Unaudited	Year to date 2014 Unaudited	Year to date 2013 Unaudited	2013 Audited
Operating revenues					
Contract sales	29 828	21 526	111 745	71 190	111 284
Multi-client pre-funding	2 338	2 046	7 988	2 846	2 927
Multi-client late sales	9 537	38	25 777	25 671	30 387
Total operating revenues	41 703	23 610	145 510	99 707	144 598
Operating expenses					
Charter hire, fuel and crew expenses	11 064	8 947	45 548	30 910	51 219
Employee expenses	14 607	13 065	42 428	41 424	54 344
Depreciation and ordinary amortisation	3 830	4 504	12 385	13 177	17 495
Multi-client amortisation	1 830	1 370	7 623	11 237	12 337
Multi-client impairment	-	-	2 003	-	-
Other operating expenses	5 004	5 080	15 141	16 366	21 488
Total operating expenses	36 335	32 966	125 128	113 114	156 883
Operating profit/(loss)	5 368	-9 356	20 382	-13 407	-12 285
Financial income and expenses					
Interest income	492	150	651	261	477
Interest expense	-1 471	-1 526	-4 744	-6 115	-7 204
Change in fair value of conversion rights	-715	-	-210	-	-
Net gains/(losses) of financial assets	-	-	415	-	-
Net foreign currency income/(loss)	3 299	-1 106	1 543	4 628	5 782
Net financial items	1 605	-2 482	-2 345	-1 226	-945
Income/(loss) before income tax	6 973	-11 838	18 037	-14 633	-13 230
Income tax expense	-15	376	5 272	1 759	1 865
Income/(loss) for the year	6 988	-12 214	12 765	-16 392	-15 095

Consolidated statement of comprehensive income

Amounts in USD 1 000	Q3 2014 Unaudited	Q3 2013 Unaudited	Year to date 2014 Unaudited	Year to date 2013 Unaudited	2013 Audited
Income/(loss) for the period	6 988	-12 214	12 765	-16 392	-15 095
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	51	-289	948	-15	-255
Net (loss)/gain on available-for-sale (AFS) financial assets	-1 200	-	-1 200	-	-
Items not to be reclassified to profit or loss in subsequent periods:					
Actuarial gain/(losses) on defined benefit plans	-	-	-	-	-1 055
Other comprehensive income	-1 149	-289	948	-15	-1 310
Total comprehensive income/(loss) for the year	5 839	-12 503	13 713	-16 407	-16 405

Consolidated statement of financial position

Amounts in USD 1 000	30 Sept 2014 Unaudited	30 Sept 2013 Unaudited	31 December 2013 Audited
ASSETS			
Non-current assets			
Goodwill	14 422	14 422	14 422
Deferred tax asset	1 900	-	3 202
Multi-client library	35 912	30 977	28 108
Other intangible assets	2 221	3 812	3 353
Property, plant and equipment	22 052	25 934	27 683
Assets under construction	25 977	18 344	19 200
Financial assets	7 550	-	-
Total non-current assets	110 034	93 489	95 967
Current assets			
Spare parts, fuel, anchors and batteries	15 236	13 980	12 990
Trade receivables	41 438	27 357	31 520
Other receivables	15 601	20 073	17 138
Cash and cash equivalents	41 882	45 852	55 305
Restricted cash	654	1 002	1 240
Total current assets	114 811	108 265	118 193
Total assets	224 845	201 754	214 160
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and other paid in equity	286 983	284 351	285 249
Other reserves	540	2 087	791
Retained earnings	-171 058	-185 122	-183 823
Total equity	116 465	101 317	102 217
LIABILITIES			
Non-current liabilities			
Employee benefit obligations	3 240	2 268	3 452
Non-current tax liability	-	88	35
Provisions	9 567	5 513	7 164
Borrowings	53 936	57 922	56 628
Total non-current liabilities	66 743	65 791	67 279
Current liabilities			
Trade payables	14 568	15 569	15 942
Current tax liabilities	3 698	1 962	2 299
Other short term liabilities	20 310	16 463	26 295
Borrowings	3 061	650	128
Total current liabilities	41 637	34 645	44 664
Total liabilities	108 380	100 436	111 943
Total equity and liabilities	224 845	201 754	214 160

Consolidated statement of cash flows

Amounts in USD 1 000	Q3 2014 Unaudited	Q3 2013 Unaudited	Nine months ended 30 Sept 2014 Unaudited	Nine months ended 30 Sept 2013 Unaudited	2013 Audited
Net cash flow from operating activities:					
Income/(loss) before income tax	6 973	-11 838	18 037	-14 633	-13 230
Adjustments for:					
Withholding tax expenses	376	439	3 318	1 723	3 231
Total taxes paid	-370	-242	-5 889	-3 901	-5 180
Depreciation and ordinary amortisation	3 830	4 504	12 385	13 177	17 495
Multi-client amortisation and impairment	1 830	1 371	9 626	11 237	12 337
Non-cash portion of pension expense	-261	118	-212	-17	1 167
Cost of share-based payment	331	645	1 712	4 650	5 173
Change in trade receivables	6 619	21 206	-9 918	19 643	15 480
Change in inventories	-1 869	-2 073	-2 246	-1 106	-116
Change in trade payables	-5 568	2 363	-1 374	5 953	6 326
Change in other working capital	10 497	12 331	4 559	-2 533	3 955
Amortisation of interest	1 213	1 975	3 681	4 858	5 273
Net cash flow from operating activities	23 601	30 799	33 679	39 051	51 911
Investing activities:					
Purchase of property, plant and equipment	-3 456	-3 580	-12 382	-12 767	-10 707
Purchase of intangible assets	-	-	-	-	-8 306
Investment in multi-client library	-11 570	-10 202	-25 455	-30 562	-26 319
Investment in financial assets	-5 023	-	-8 999	-	-
Cash used in investing activities	-20 049	-13 782	-46 836	-43 329	-45 332
Financial activities:					
Financial lease payments - principal	-56	-300	-119	-1 097	-1 753
Proceeds from issuance of ordinary shares	-	314	22	418	792
Proceeds of bond offering	-	-	-	56 550	56 550
Proceeds from new loan	-	-	3 310	-	-
Repayment of loan	-168	-14 945	-168	-41 873	-41 873
Payment of interest on bonds	-1 092	-1 161	-3 312	-3 127	-4 249
Cash provided by financial activities	-1 316	-16 092	-267	10 871	9 467
Net increase in cash	2 237	925	-13 423	6 593	16 046
Cash balance beginning of period	39 645	44 927	55 305	39 259	39 259
Cash balance end of period	41 882	45 852	41 882	45 852	55 305
Net change in cash	2 237	925	-13 423	6 593	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 1 January 2013	279 283	-1 461	-	3 563	-168 730	112 655
Income/(loss) for the period	-	-	-	-	-2 536	-2 536
Other comprehensive income	-	237	-	-	-	237
Total comprehensive income	-	237	-	-	-2 536	-2 299
Cost of share-based payment	1 718	-	-	-	-	1 718
Balance at 31 March 2013 (Unaudited)	281 001	-1 225	-	3 563	-171 265	112 075
Income/(loss) for the period	-	-	-	-	-1 642	-1 642
Other comprehensive income	-	37	-	-	-	37
Total comprehensive income	-	37	-	-	-1 642	-1 605
Cost of share-based payment	2 287	-	-	-	-	2 287
Proceeds from shares issued - private placement and options exercised	104	-	-	-	-	104
Balance at 30 June 2013 (Unaudited)	283 392	-1 188	-	3 563	-172 907	112 860
Income/(loss) for the period	-	-	-	-	-12 213	-12 213
Other comprehensive income	-	-289	-	-	-	-289
Total comprehensive income	-	-289	-	-	-12 213	-12 502
Cost of share-based payment	645	-	-	-	-	645
Proceeds from shares issued - private placement and options exercised	314	-	-	-	-	314
Balance at 30 September 2013 (Unaudited)	284 351	-1 477	-	3 563	-185 120	101 317
Income/(loss) for the period	-	-	-	-	1 297	1 297
Other comprehensive income	-	-240	-	-1 055	-	-1 295
Total comprehensive income	-	-240	-	-1 055	1 297	2
Cost of share-based payment	523	-	-	-	-	523
Proceeds from shares issued - private placement and options exercised	374	-	-	-	-	374
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

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 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 has 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 will be settled in cash.

The loan was settled in August. The conversion right of the loan was subject to a "fair value adjustment" according to IFRS. This adjustment is affected by changes in North Energy ASA's share price. For the third quarter, the negative effect totals USD 0.7 million owing to a decrease in the North Energy ASA's share price.

After the settlement date, changes in the value of the shares in North Energy ASA of USD 1.2 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	Q3 2014 Unaudited	Q3 2013 Unaudited	Year to date 2014 Unaudited	Year to date 2013 Unaudited	2013 Audited
Americas	6.5	3.2	65.4	6.5	29.8
Asia/Pacific	0.2	18.3	5.3	67.7	76.4
EAME	35.0	2.1	74.8	25.5	38.5
Total	41.7	23.6	145.5	99.7	144.6

Disclaimer for forward-looking statements

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