2015

Annual Report

TGS

ENERGY STARTS WITH US

To make the right exploration decisions, energy companies must see the energy they seek in its precise location. TGS gives them this vision through exceptional energy information and expertise so that our clients can pursue exploration with confidence.

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FINANCIAL HIGHLIGHTS

2015 Financial Highlights

(All amounts in USD 1,000s apart from EPS, ratios and dividend per share)

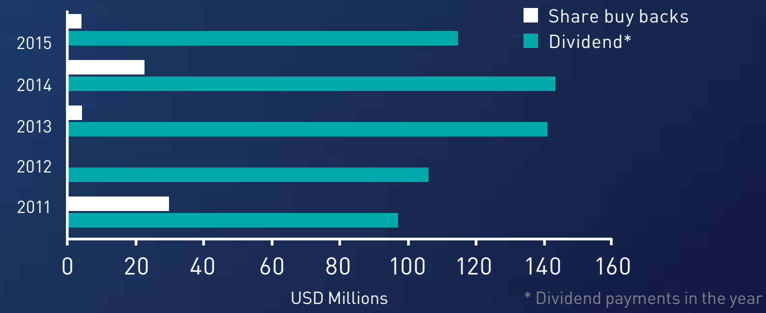
	2015	2014	2013	2012	2011
Net operating revenues	**612,347**	914,785	883,444	932,239	608,568
EBIT	**(21,230)**	294,516	386,976	402,304	240,402
Pre-tax profit	**(24,505)**	288,327	381,460	407,550	241,146
Net income	**(28,347)**	216,074	269,106	284,533	170,688
EBIT margin	**-3%**	32%	44%	43%	40%
Net income margin	**-5%**	24%	30%	31%	28%
Return on average capital employed*	**-2%**	28%	42%	55%	38%
Earnings per share	**(0.28)**	2.12	2.63	2.79	1.67
Earnings per share fully diluted	**(0.28)**	2.09	2.59	2.76	1.65
Total assets	**1,455,247**	1,767,618	1,736,257	1,660,721	1,333,182
Shareholders equity	**1,198,088**	1,339,201	1,292,979	1,168,360	973,021
Equity ratio	**82%**	76%	74%	70%	73%
Share buy back	**4.8**	24.6	5.0	-	30.0
Dividend per share (paid in year)	**NOK 8.5**	NOK 8.5	NOK 8	NOK 6	NOK 5

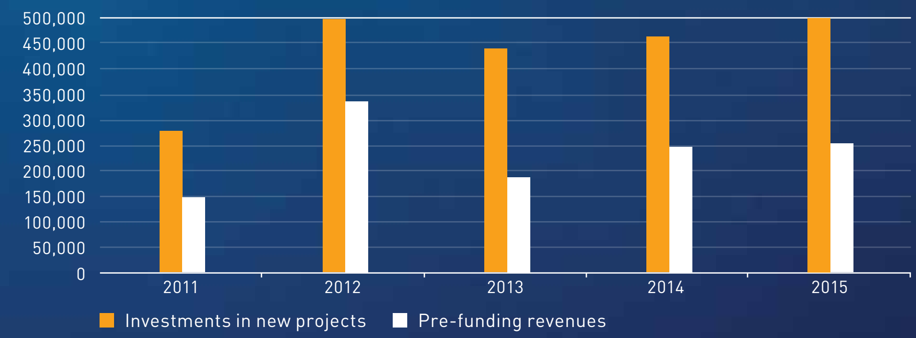
** Return on average capital employed = EBIT/Average capital employed. Capital employed = Equity + Net interest bearing debt*

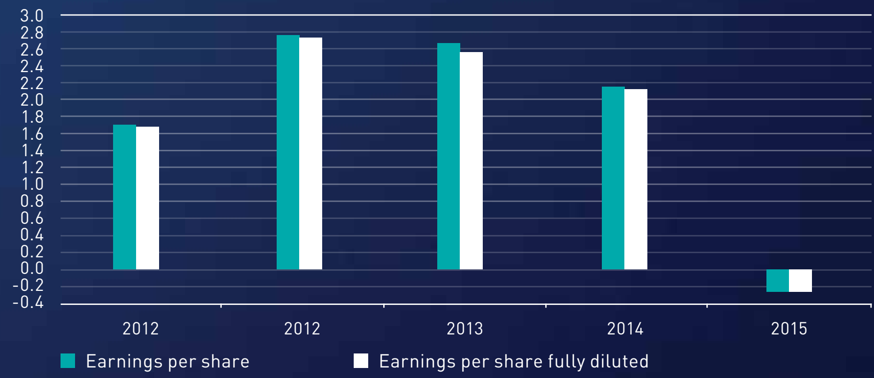
Multi-client Library

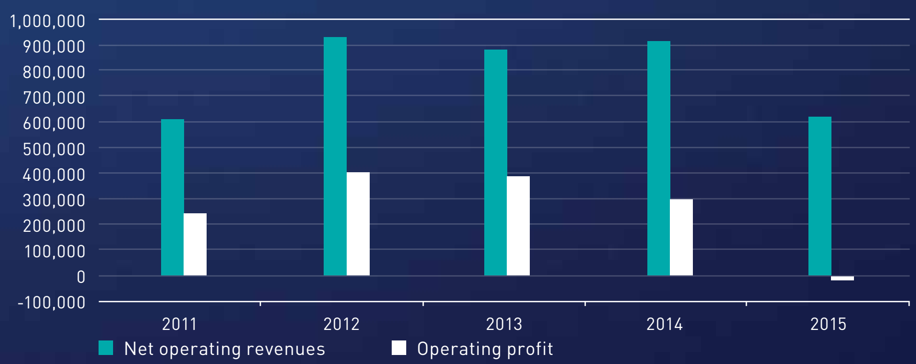
	2015	2014	2013	2012	2011
Multi-client data purchased from third parties	26,407	-	-	31,100	-
Investments in new projects	501,653	462,318	438,869	496,240	276,942
Ending net book value	838,916	818,132	758,093	651,165	511,131
Prefunding % on operational investments	51%	53%	42%	68%	53%

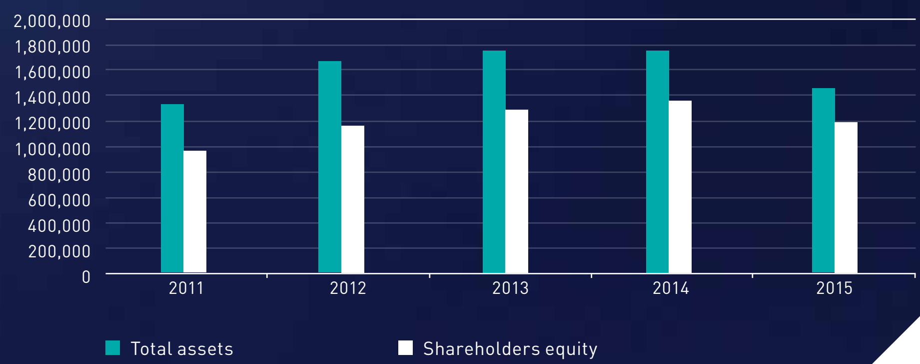
Cash Distribution to Shareholders











OUR VISION

Energy starts with us.

TGS will be the leading energy information company with the best people, quality and service.

Kristian Johansen, CEO

Dear Shareholders

2015 proved to be one of the most difficult periods in history for the energy exploration industry. Energy companies were facing commodity prices that remained at levels not seen in almost a decade. In an effort to preserve cash, most energy companies slashed exploration spending. Sharply reduced exploration had a particularly negative impact on demand for seismic data which is a product primarily utilized within the exploration market.

Despite the resiliency of TGS' business model, our performance was also impacted by this decline in exploration spending. Revenues for 2015 were USD 612 million, down 33% from 2014.

True to TGS' historic ability to utilize its strong balance sheet, the Company was able to once more take a countercyclical investment posture in 2015. Investment in the multi-client library increased 9% to USD 502 million as our project developers identified attractive investment opportunities and we were able to take advantage of seismic acquisition economics that were very favorable for TGS. We are particularly proud of our leadership position in Mexico where we announced and commenced the largest single multi-client 2D survey in this promising play. In addition, the Company completed its 6th season of 2D acquisition off the coasts of Newfoundland and Labrador. Customer interest in this play and government-driven license rounds encouraged TGS to invest in the first two multi-client surveys in the region.

In the Asia Pacific region, TGS completed the second acquisition season on a large 3D survey in the Great Australian Bight and participated as a partner in two additional 3D surveys. The Company also expanded its extensive library coverage of seismic and well data in the Barents Sea off Norway. The Company's growing seismic library played an important role in assisting energy companies in evaluating prospects included in the 23rd Norwegian Exploration Round.

TGS acquired 2D data off the coasts of Greenland and New Zealand in support of energy company interest in acreage already licensed and license rounds to be held. The Company also pushed the limits of subsurface imaging technology, acquiring electromagnetic data offshore Norway and seabed seismic in the Gulf of Mexico.

Our growth strategy was not just limited to organic investments. It also included acquiring new data assets and new businesses. In August, the Company closed on the acquisition of the majority of the data library of Polarcus. In October, TGS also acquired Digital Petrodata, a company that provides field and pool-level GIS data to the energy industry.

In this period of weak exploration spending, the Company has an extraordinary focus on cost management. Operating costs were reduced 26% from the previous year, head count was reduced by approximately 28%, and offices in some markets were closed or consolidated. The staff reductions were particularly difficult but necessary in what is one of the worst exploration spending climates in decades. TGS must resize its operations to fit this market.

TGS' flexible, asset light business model and ability to adjust costs rapidly continues to allow it to deliver significant shareholder value even in a difficult market. In February, the TGS Board elected to pay its first quarterly dividend of USD 0.15 per share. In May, the Board will propose to the AGM authorization to pay further quarterly dividends for the following 12 months. Management's focus is to deliver long-term shareholder growth.

All cycles in the upstream energy business look different and the current cycle of lower exploration and seismic demand looks likely to persist at least through 2016. What is certain is that hydrocarbons will continue to be the major supplier of energy to a world in which energy demand will grow.

When energy companies return to the business of replacing the reserves that they are producing, they will need geoscience information. TGS' unique culture, people and quality library assures that it will be the leading company providing this information when energy companies return to exploring for hydrocarbons.

Finally, I would like to thank my predecessor, Robert Hobbs for the strong leadership and great contribution he has made during his eight years with TGS. Under his guidance, TGS has become the largest and most successful multi-client geoscientific data provider in the world. The employees of TGS are strongly committed to our core values of quality, service, integrity and growth. Our financial platform and a highly competent organization position us well to handle both the up and down cycles in the industry.

Kristian Johansen
Chief Executive Officer / TGS

2015 Highlights

Offshore Marine Library

- Successful completion of 2015 seismic acquisition season, in partnership with PGS, offshore Newfoundland Labrador. The biggest season yet with acquisition of approximately 28,000 km of 2D multi-client seismic data and two multi-client 3D surveys, both in excess of 4,000 km²
- Continued the acquisition of the second year of a multi-year 2D program offshore northeast Greenland. Good ice conditions and excellent operational performance allowed TGS to acquire 7,500 km of this program in 2015 with only 1,800 km remaining to be acquired in 2016
- Another very active year in Norwegian Barents Sea with the acquisition of the 4,100 km² Ringvassøy 3D survey (in partnership with Dolphin Geophysical), 2,900 km² Europa 3D survey and 3,000 km² Hjalmar 3D survey. In addition TGS extended its Barents Sea library of P-Cable data (in partnership with WGP) and electromagnetic data (in partnership with EMGS)
- Completed the acquisition of the second season of the Nerites 3D survey in the Great Australian Bight bringing total coverage in this highly prospective area to 21,300 km² of data. Also acquired, in partnership with Dolphin Geophysical, the 2,500 km² Monuments 3D survey in Australia's North Carnarvon Basin
- Completed a 17,500 km 2D survey offshore Northeast New Zealand ahead of scheduled licensing round
- Commencement of the Gigante regional survey in offshore Mexico, which includes 186,000 km of 2D seismic and 600,000 km² of multibeam, coring and geochemical analysis
- Completed acquisition and fast track volume available as of year-end for Declaration MWAZ survey, an expansion of current WAZ 3D projects which will cover over 9,000 km² in the Mississippi Canyon and Viosca Knoll protraction areas in the Gulf of Mexico
- Completed acquisition of the first two ocean-bottom projects on the U.S. Gulf of Mexico shelf in collaboration with Fairfield Nodal
- Delivery of final processed data from Explorer Series acquisition program in the deep water Gulf of Mexico. 6,700 km² Francisco survey along the Sigsbee escarpment and 11,500 km² Panfilo survey in the deep water Abyssal plains region which represents the first 3D data volume over the extinct spreading ridge of the Gulf of Mexico
- Delivery of Phase 52, new 12,000 km long-offset 2D multi-client survey in the ultra-deepwater Gulf of Mexico including new long offset data in the Alaminos Canyon protraction area. All new data was strategically acquired to complement and tie critical well data and the Gigante regional 2D Mexico offshore grid. Completion of these projects in 2016 will provide TGS with the only regional 2D data set spanning the entire Gulf of Mexico basin.
- Delivery of new reprocessed data volumes for Sophie's Resolve and Eastern Delta, both providing new detailed information on close in shallow water exploration and development opportunities

Onshore Seismic Library

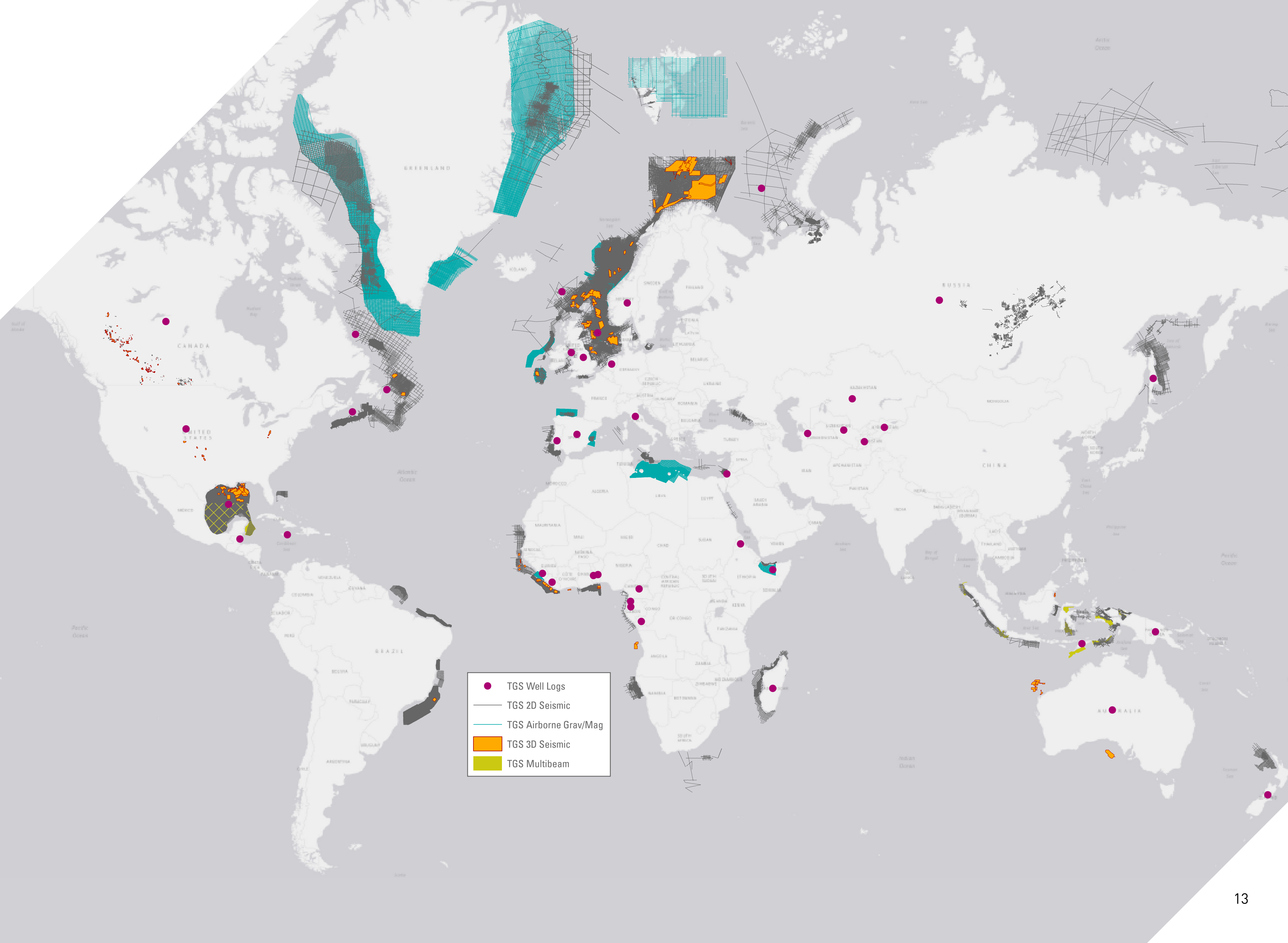
- Completed acquisition of 722 km² multi-client 3D/3C Kaybob-Bigstone survey in the Duvernay unconventional trend in Western Canada
- Continued growth in U.S. onshore seismic library with the acquisition of the 1,777 km² Freeport 3D survey in the Utica play, central Ohio
- Completed acquisition of 1,100 km² Blanchard 3D survey in the South Central Oklahoma Oil Play (SCOOP)
- Purchased 500 km² Kingfisher 3D survey from group of oil and gas companies adjacent to TGS' existing Loyal survey in the STACK play fairway, Oklahoma

Geological Data Library

- Added over 253,000 new Log ASCII Standard (LAS) wells, 327,000 validated well headers, 346,000 raster logs, 13,500 LAS+ wells, and 12,000 DS+ directional surveys
- Acquired Digital Petrodata in October 2015 thereby adding GIS Field, Pool, and Formation data to the geological data library as well as GEONEWS, a georeferenced, deeply tagged archive of E&P news
- Completed 17 new multi-client interpretation studies globally including studies in Europe, North America, and Africa. Another 6 studies were in progress at year end
- Basin Temperature Model's, East Coast, new LAS+ packages, Gulf of Mexico PWA, new Gulf of Mexico products (mud & Lithology LAS), Digital Petrodata, Validated Well Header

Technology

- Processed our first land multi-component 3C3D survey (1,528 km² Loyal survey in the Woodford Shale, Oklahoma)
- Acquired data products using latest acquisition techniques such as Full Azimuth Nodal (FAN), P-Cable seismic, Controlled Source Electromagnetics and geochemical seafloor sampling and seep studies to complement seismic and well data
- Further expansion of the Houston data center. This super computer is among the top 20 clustered capacity centers in the world
- Continued to advance TGS' seismic processing algorithms and imaging technologies including 2DCube™, image guided tomography, depth imaging multiple attenuation and multi-component processing


TGS Well Logs
TGS 2D Seismic
TGS Airborne Grav/Mag
TGS 3D Seismic
TGS Multibeam
GREENLAND
CANADA
RUSSIA
CHINA
BRAZIL

THIS IS TGS

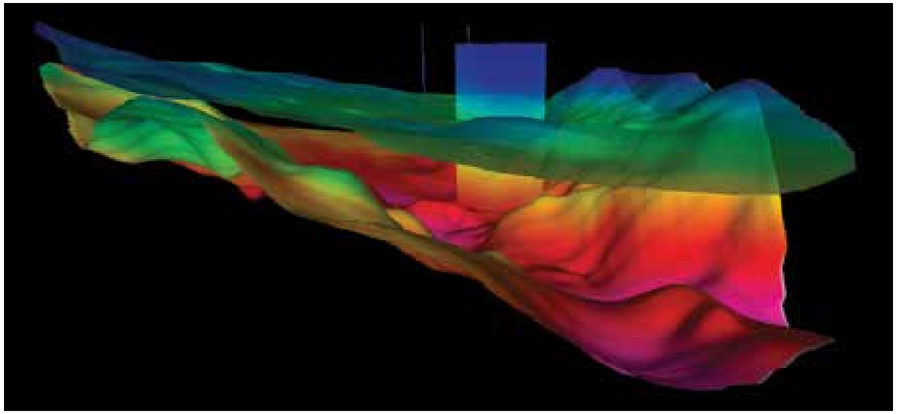
The Business of Better Decisions

TGS provides the industry with the right data, at the right time, in the right place. Our geoscience driven business allows us to focus purely on anticipating and exceeding the needs of our clients. We make strategic, unencumbered business decisions so our clients can do the same.

Our mission is to provide unmatched value to our clients. We help them solve challenges and make informed decisions. Every move our clients make has enormous financial and strategic implications. Giving them insight to succeed ensures our own success as well.

This is TGS

TGS is headquartered in Oslo, Norway, and publicly traded on the Oslo Stock Exchange. Our other main offices are in Calgary, Houston, London and Perth, and we have employees in cities around the globe. Our primary business is to provide geoscience data to energy companies worldwide. We offer extensive global libraries that include seismic data, magnetic and gravity data, multibeam and coring data, digital well logs, production data and directional surveys. Additionally, we offer advanced processing and imaging services, interpretation products and data integration solutions.



A Brief History

TGS was founded in Houston in 1981 and over time built the dominant 2D multi-client data library in the Gulf of Mexico. The company expanded further into North America and West Africa and added a substantial 3D portfolio in the Gulf of Mexico. Also in 1981, NOPEC was founded in Oslo and began building an industry-leading multi-client 2D database in the North Sea, with additional operations in Australia and the Far East. In 1997, NOPEC went public on the Oslo Stock Exchange. In 1998, the companies merged to form TGS-NOPEC Geophysical Company (TGS), creating a winning combination for investors, customers and employees. Since then, TGS has set the standard for geoscientific data around the world. Clients have come to trust us because we push beyond conventional thinking to help them pursue their greatest aspirations.

Multi-client: Our Distinct Approach

Deepwater offshore wells cost hundreds of millions of dollars to drill. Before taking on this risk, energy companies often look for assurance in the form of seismic and other geophysical data. These data types are becoming even more valuable as exploration moves into more geologically, environmentally and operationally challenging areas.

Typically, seismic data is either proprietary or multi-client. For proprietary, the energy company contracts a seismic service company to acquire and process data on its behalf. By contrast, TGS works in the multi-client realm. We retain ownership and control of the data and can license it to multiple parties.

Energy companies often prefer multi-client over proprietary because the cost is substantially lower. Typically, one or more clients will commit to licensing the data before acquisition begins, which is called "pre-funding". Licenses sold after data acquisition has commenced are called "late sales".

TGS applies a firm definition to pre-funding, so our stakeholders can assess the level of risk in our business by seeing how much of our new project investments are covered by client commitments. TGS capitalizes its seismic investments to the balance sheet and amortizes each project during the work in progress (WIP) phase based on total cost versus forecasted total revenues. As from 2016, a straight-line amortization is applied after a project is completed. The straight-line amortization will be assigned over a remaining useful life, which for most projects is expected to be four years. Geological data investments are also booked to the balance sheet and amortized on a straight-line basis over seven years.

Our Competitive Advantages

Focus

Last year, 96% of our revenues came from multi-client data sales. This is our lifeblood, and our entire company is intensely focused on developing the best multi-client projects to maximize returns and achieve long-term profitable growth. Our culture drives achievement because all employees have common goals and share in our success through profit-related bonuses.

Asset-Light

TGS does not own acquisition equipment. Nor do we have seismic crews on the payroll. All data acquisition is outsourced, which gives us flexibility to execute only those projects that meet our investment criteria and align with client goals. We are not influenced by vessel or crew utilization targets. Instead, we only access these resources when needed, and we're free to use the most appropriate vendors and technologies to tackle specific imaging challenges. TGS is asset-light, which means low overhead and high stability regardless of industry cycles.

Quality Processing

While acquisition is outsourced, TGS processes the data in-house. This is how we ensure our customers are getting the highest quality. Energy companies often consider processing capabilities when assessing whether to commit pre-funding to a project. As one of the industry's leading processing companies, we give them confidence to move forward. We also maintain our competitive edge by continuously investing in new computer capacity and R&D. Plus we use custom developed algorithms to re-process old data sets at low cost to attract additional sales from our library.

ROI Discipline

TGS typically targets projects that will earn sales returns between 2 and 2.5 times the investment. On projects with lower targeted returns we require high levels of pre-funding to keep the investment attractive. An example of this is a project on acreage that has already been largely awarded to energy companies, meaning that late sales opportunities are later in the cycle when farm-ins, relinquishments and M&A create new activity. Conversely, we may accept lower pre-funding on projects where our confidence in rapid late sales is much higher, such as when we make an investment in a region with frequent license rounds and high customer interest.

Renowned Library

TGS has one of the largest and best performing multi-client data libraries in the world. This provides an ongoing revenue stream and re-processing opportunities. Exploring our own library also helps our project developers and interpretation teams to identify high-profile prospects for new surveys. In fact, most of our 3D seismic investments are in areas where we previously acquired 2D data.

Active Portfolio Management

The multi-client business is a portfolio business. Some projects may underperform and others exceed expectations. A 3D project is a significant financial undertaking, and TGS has the means to invest in a broad portfolio of projects to balance risks and rewards.

Geographic Diversity

TGS has a truly global data library. We strive to build and maintain leadership positions in both mature and frontier basins around the world. Our library covers a wide variety of exploration plays including deep water, pre-salt geologies, the Arctic and North America onshore. This diversity gives us significant stability and business continuity in the face of shifting markets, regional economic strain, and catastrophic events such as the Deepwater Horizon (Macondo) incident in 2010.

Superior Team

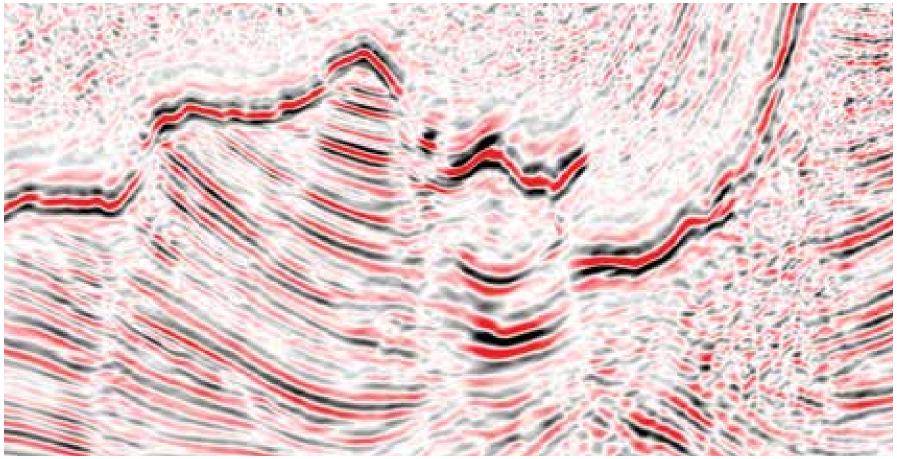
Our most important competitive advantage is our people. The outstanding work of our project developers, geologists, geoscientists, data processors, sales and support people has made TGS the leading multi-client player. They're the reason TGS delivers superior project quality and financial performance year after year.

Strategic Acquisitions

While most of our growth has been organic, TGS has also expanded its business through acquisitions. These opportunities allow us to add data processing capabilities and new geoscience data types to our library. TGS will also purchase other multi-client libraries when the price is attractive and we see strong potential returns.

Core Product Lines

Geophysical Multi-client Data

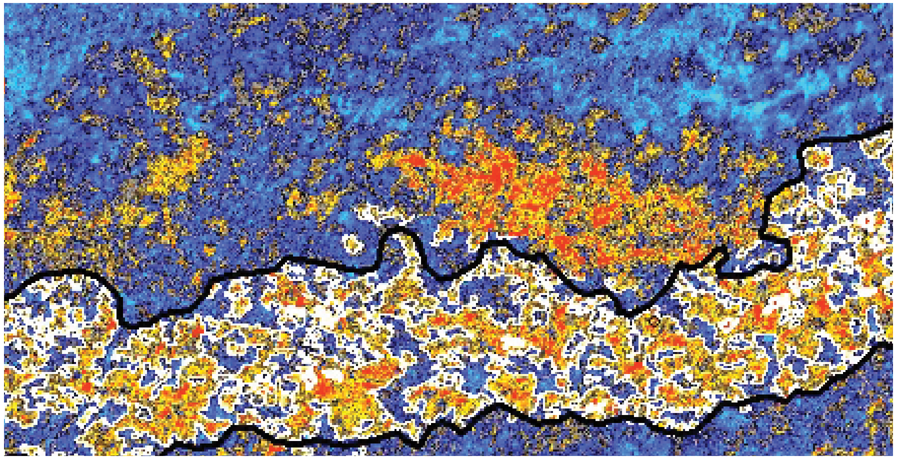


For more than 30 years, TGS has provided multi-client seismic data to energy companies globally. Over that time we have built experience in exploration areas worldwide, established a vast global database, and become the leading multi-client data provider. We offer the most current data, acquired and imaged with the latest technologies.

In addition to seismic data, our geophysical library includes gravity, magnetics, seep, geothermal, controlled-source electromagnetic and multibeam data. This library generates over 90% of our revenues and is organized by region: North and South America, Europe and Russia, Africa, Middle East and Asia Pacific.

Our multi-client success begins with a professional, geoscience and commercial approach to project development. When planning new seismic surveys, our first priority is to gain thorough geological and geophysical understanding. Our experienced geoscientists evaluate all available seismic, gravity and magnetic data to set the project objectives and optimize the survey design. We also work closely with energy companies, local governments and geoscience specialists to address each survey's specific challenges. Our process ensures we acquire the right data to meet our clients' needs.

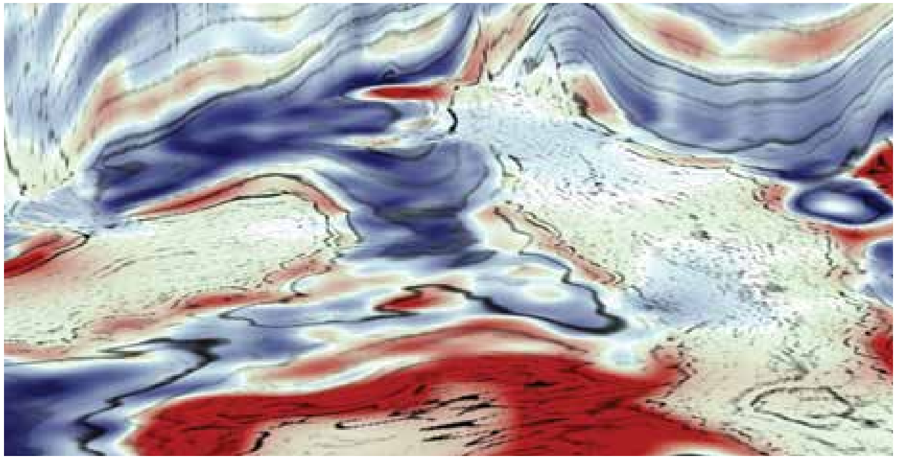
Geological Multi-client Data

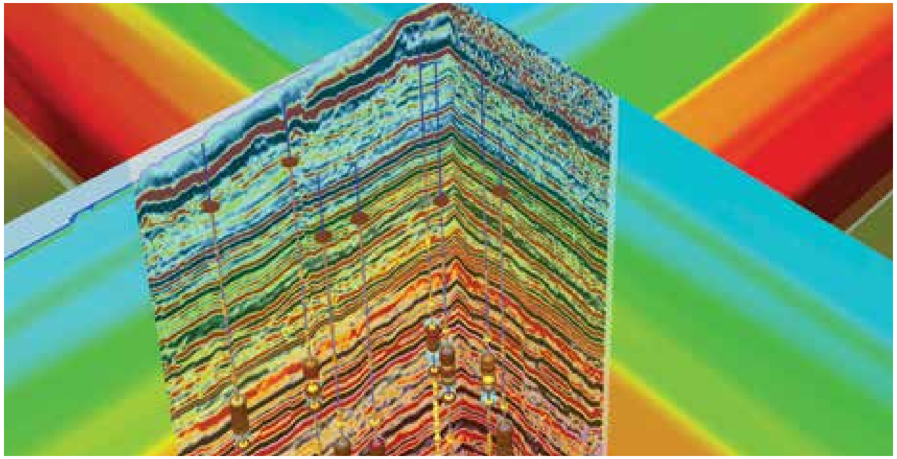


TGS also offers well data products, interpretive studies and services to help energy companies find hydrocarbons. We have the industry's largest global collection of digital well logs, and our U.S. library has expanded to include nationwide production data, directional surveys and a custom well file database. Additionally, we offer clients robust data-application integration, with advanced platforms, interfaces and adapters.

In 2015, we added over 253,000 new Log ASCII Standard (LAS) wells, 327,000 validated well headers, 346,000 raster logs, 13,500 LAS+ wells, and 12,000 DS+ directional surveys. This solidifies our position as one of the largest providers of well data in North America and in more than 30 countries worldwide.

Imaging Services





TGS employs the latest processing technologies to deliver the imaging products energy companies demand. We invest substantially in developing new proprietary technologies and workflows, which we use to provide imaging solutions directly to clients and to process our own global multi-client database.

TGS has offerings for both 2D and 3D, including depth and time imaging, marine, land, ocean bottom cable and nodes, anisotropic imaging, transition zone, multi-component, shear wave, 4D time-lapse and wide azimuth (WAZ) data processing. Our imaging teams have direct access to our well log database to calibrate seismic and well data.

In 2015 we processed over 400,000 km of 2D marine data, 70,000 km^2 of 3D marine data, 30,000 km^2 of onshore data and 25,000 km^2 of WAZ/Node data from basins around the world. Most of the projects focused on WAZ and broadband processing and anisotropic depth imaging. During 2015 TGS maintained its position as one of the largest (top 20) compute centers globally. TGS also continued to advance its' seismic processing algorithms and imaging technologies.

Recent TGS imaging advances include:

- 2DCube™: a high fidelity interpolation algorithm that generates a 3D volume from a sparse set of 2D data
- IG Tomo: an image-guided approach to tomography that produces a higher resolution velocity model and better conforms to the structural geology
- Least Squares RTM (LSRTM), Orthorhombic Kirchhoff, Beam and RTM, and Full Waveform Inversion: the latest depth-imaging technologies
- Shear wave splitting analysis, fracture detection and converted wave imaging: for multi-component data processing
- Common offset RTM (COR) gathers delivering improved accuracy in sub-salt velocity model building

Executive Management

Kristian Johansen
CEO

Kristian joined TGS in 2010 as Chief Financial Officer and became Chief Operating Officer in early 2015 before being appointed Chief Executive Officer in March 2016. Prior to joining TGS, Kristian was the Executive Vice President and CFO of EDB Business Partner in Oslo (now Evry). Mr. Johansen also has experience from executive positions in the construction, banking and oil industries. A native of Norway, Kristian earned his undergraduate and Master's degrees in business administration from the University of New Mexico in 1998 and 1999.

Sven Børre Larsen
CFO

Sven Børre Larsen, joined TGS in September 2015 as Chief Financial Officer. Prior to joining TGS, Sven was CFO of Prosafe, the world's leading owner and operator of semi-submersible accommodation vessels for the offshore oil and gas industry. He has also been CFO of Prosafe Production, which was one of the world's leading FPSO contractors. Sven holds a M.S. degree in Business with a specialization in finance from Bodo Graduate School of Business in Norway.

John A. Adamick
Sr. VP GPS

John joined TGS in 1986 and has served the company in a variety of capacities. Most recently, he served as Vice President, Business Development before being appointed Senior Vice President Geological Products & Services in 2008. John holds a B.S. degree in Geology from Texas A&M University, an M.S. degree in Geology from Stephen F. Austin, and an Executive M.B.A. from Harvard University.

Katja Akentieva
Sr. VP Western Hemisphere

Katja joined TGS in 2012 with the acquisition of Arcis and was appointed Managing Director Arcis and North American Arctic. Prior to joining Arcis in 2008, Katja spent 11 years with Schlumberger where she held various positions within geophysics, sales and business development based in the UK, Norway and Canada. Katja received her Master's degree in geology and geophysics from Moscow State University in 1996, she also holds a Bachelor's degree in Foreign Languages from Moscow State University and an MBA from the Erasmus University in the Netherlands.

Stein Ove Isaksen
Sr. VP Eastern Hemisphere

Stein Ove joined TGS in 2001 as VP New Ventures South Europe and later VP Sales Europe and Russia. In April 2012, he was appointed Senior Vice President Eastern Hemisphere. Stein Ove has more than 27 years' industry experience including 15 years spent with Schlumberger in various managing and technical positions in Europe, Asia and North and South America. Stein Ove holds an M.S. degree in Geophysics from University of Bergen, Norway.

Zhiming Li
Sr. VP Data Processing & Research and Development

Zhiming joined TGS in 2007 as Senior VP of Data Processing, Research & Development. He has 32 years' experience in energy companies, geophysical companies and academia. In 2003, he became one of the partners of Parallel Data Systems, a premier depth imaging company acquired by TGS in 2007. He received a B.S. degree in Exploration Geophysics from East China Petroleum Institute in 1982 and a Ph. D. degree in Geophysics from Stanford University in 1986.

Knut Agersborg
VP Global Services

Knut joined TGS in 2005 as Manager of Operations. In December 2008, he was appointed Vice President Global Services. Knut has more than 30 years of industry experience including 22 years with Schlumberger/WesternGeco where he held senior managerial positions in Operations and Human Resources in Europe and North America. Knut graduated from Narvik University College in 1979 with a degree in Electronic Engineering.

Genie Erneta
VP Human Resources

Genie joined TGS in 2008 as VP of Human Resources. Genie has over 20 years of international Human Resources experience predominantly in the Oil & Gas industry. Previous to TGS, she spent four years in a senior HR role at Marathon Oil Company following six years at Veritas DGC, Inc. in a number of progressive HR management roles. Genie has a B.S. degree in Psychology from the University of Houston and holds an M.B.A. from Texas A&M University.

Tana Pool
VP General Counsel and Corporate Secretary

Tana joined TGS in 2013 as VP General Counsel and Corporate Secretary. She has over 23 years of legal experience, with significant knowledge of the energy and construction industries. Tana's previous experience includes over nine years of private practice in corporate and transactional law with several global law firms, including most recently Akin Gump Strauss Hauer & Feld LLP. Tana received her BBA degree in Accounting from Texas Tech University and her JD degree from the University of Houston Law Center.

Board of Directors

Henry H. Hamilton III
Chairman

Born 1959. Mr. Hamilton served as CEO of TGS from 1995 through June 2009. He started his career as a Geophysicist with Shell Offshore (1981-1987) before he became employed by Schlumberger (1987-1995), where he ultimately held the position of VP and General Manager for all seismic product lines in North and South America. Mr. Hamilton joined TGS as its CEO in 1995 and remained in the position following the 1998 merger with NOPEC International that created the initial public listing for TGS. Mr. Hamilton serves as a board member for Odfjell Drilling and for two non-profit organizations: the University of North Carolina College of Arts and Sciences Foundation and Defy Ventures. He was first elected as a director in 1998 and as Chairman in 2009.

Wenche Agerup
Director

Born 1964. Ms. Agerup is an Executive Vice President and Chief Corporate Affairs Officer in Telenor ASA. Ms. Agerup's experience includes leading roles with Norsk Hydro ASA from 1997 to 2015, including Executive Vice President, Corporate Staffs & General Counsel and member of the Corporate Management Board, Project Director at Hydro UMC Joint Venture (Australia), and Plant Manager at Årdal Metal Plant (Norway).In her most recent role as Executive Vice President of Norsk Hydro ASA, she reported to the CEO and was the head of Corporate HR & Organisation, Health, Safety, Security and Environment, Corporate Social Responsibility, Legal Department, Compliance and the Technology Office. Ms. Agerup also serves on the board of Statoil. She was first elected as a TGS director in 2015.

Elisabeth Grieg
Director

Born 1959. Ms. Grieg is currently CEO of Grieg International AS, board chair of Grieg Star Group and co-owner of the Grieg Group, and serves as a member on the board of several of the other Grieg Group companies. She is also board chair of Snoehetta Design AS and a board member of SOS-Children's Villages, Norway. Ms. Grieg chaired the board of GIEK (Norwegian Guarantee Institute for Export Credits), and has been a member of the board of Nordea Bank AB. She was the first female President of the Norwegian Shipowners' Association as well as a member of the corporate assembly of Orkla ASA. Previously she served as a board member for many prominent Scandinavian companies, such as Statoil, Norsk Hydro and Nordea AB. She was elected director in 2015.

Elisabeth Harstad
Director

Born 1957. Ms. Harstad is acting CEO of DNVGL Energy in the Netherlands, a subsidiary of DNVGL. She has held various positions within DNV since 1981, including Corporate Director for Research and Innovation from 2006-2011 and COO for the Oil and gas business area from 2002-2006.

Mark Leonard

Director

Born 1955. Mr. Leonard is currently the President of Leonard Exploration, Inc. He retired in 2007 from Shell Oil Company after 28 years of service. During his tenure at Shell, Mr. Leonard held a number of executive positions including Director of New Business Development in Russia/CIS, Director of Shell Deepwater Services, Director of Shell E&P International Ventures and Chief Geophysicist for Gulf of Mexico. He was first elected as a director in 2009.

Vicki Messer

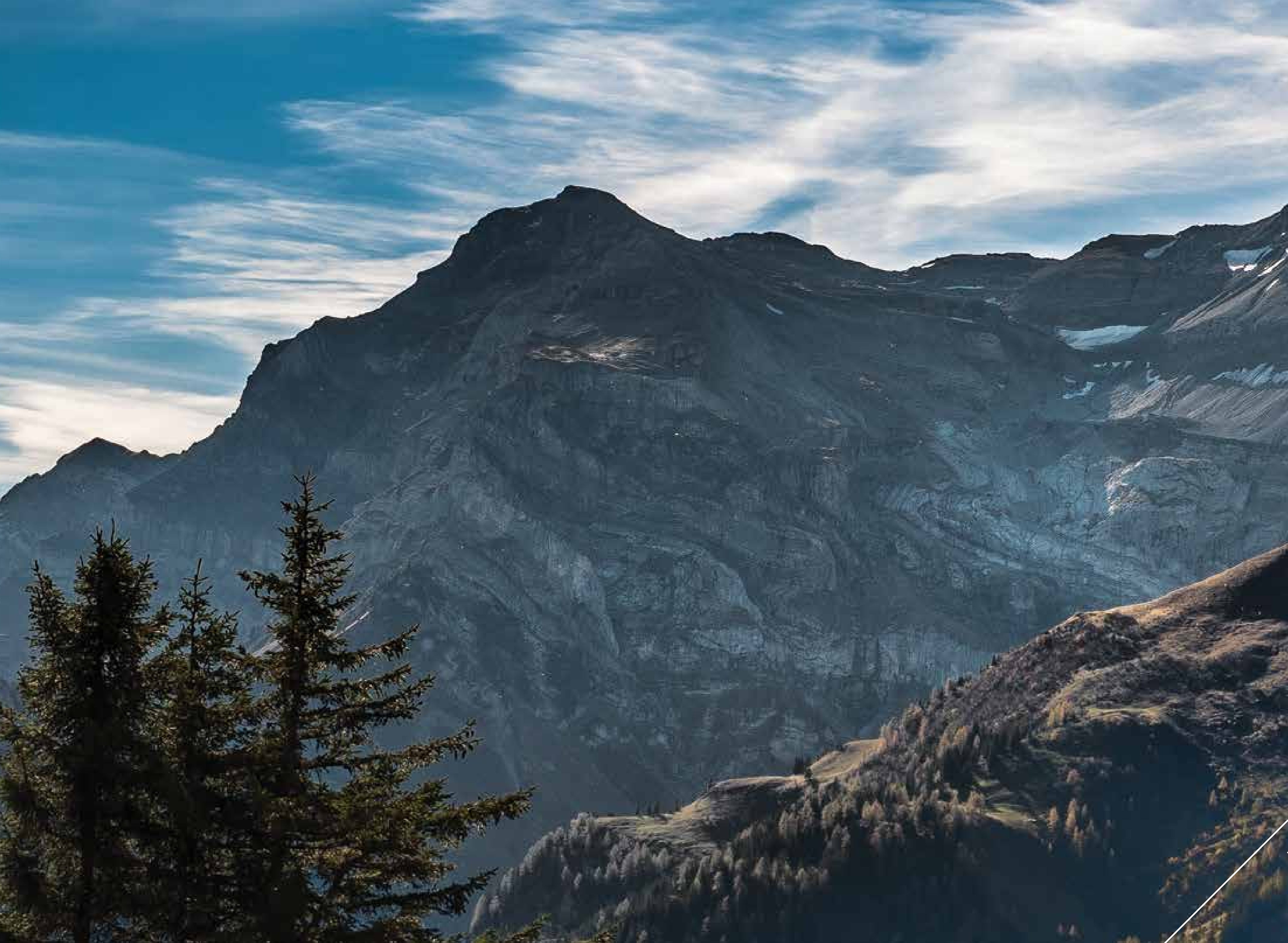
Director

Born 1949. Mrs. Messer is currently an independent consultant. She has 32 years of geophysical industry experience in various executive, management and supervisory positions for CGG Veritas, Veritas DGC, Halliburton Energy Services/Halliburton Geophysical, and Geophysical Services Inc. She was first elected as a director in 2011.

Tor Magne Lønnum

Director

Born 1967, Mr. Lønnum is currently Group CFO in Tryg AS and Tryg Forsikring AS. Previously he held the positions of CFO in Skipper Electronics AS, Accountant in Samarbeidende Revisorer AS, Manager in KPMG, Group CFO and Group Director in Gjensidige NOR Insurance, Deputy CEO and Group CFO in Gjensidige Forsikring ASA. Mr. Lønnum serves as a board member for Bakkafrost. He was first elected as a director in 2013.



BOARD OF DIRECTORS REPORT

2015 Board of Directors' Report

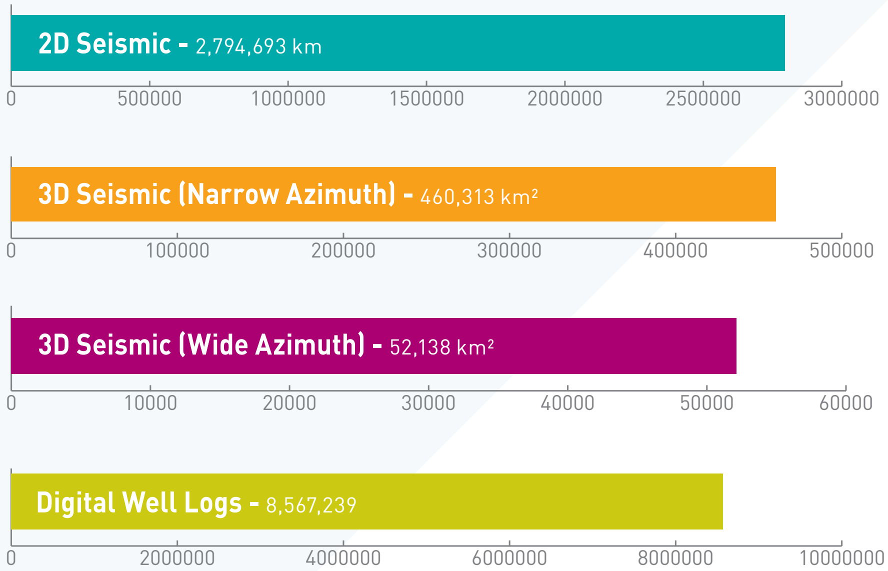
TGS-NOPEC Geophysical Company ASA (the Parent Company, and together with its subsidiaries, TGS or the Company) is a leading resource for global geoscientific data products and services in the oil and gas industry. TGS specializes in the design, acquisition and processing of multi-client seismic surveys worldwide. In addition to extensive global geophysical and geological data libraries that include multi-client seismic data, magnetic and gravity data, digital well logs, production data and directional surveys, TGS also offers advanced processing and imaging services, interpretation products, and data integration solutions. TGS operates globally and is presently active in North and South America, Europe, Russia, Africa, Asia and Australia.

The corporate headquarters of the Parent Company and TGS are located in Asker, Norway. Its primary subsidiary, TGS-NOPEC Geophysical Company, is based in Houston, Texas, U.S.A. TGS also has regional offices in the United Kingdom, Canada, Australia, Brazil, Mexico, Singapore and elsewhere in the U.S. All financial statements in this report are presented on the basis of a "going concern" assumption in accordance with the Norwegian Accounting Act section 3-3a, and the Board of Directors confirms that it is of the opinion that the prerequisites for a going concern assumption are indeed present. To the best of the Directors' knowledge, no subsequent events that would impact the accounts as presented for 2015 have occurred since 31 December 2015.

Operations

As a consequence of declining returns and lower oil prices, energy companies continued to reduce spending through 2015, leading to further downward pressure on demand for seismic data. As a result of the difficult market conditions, TGS experienced a decline of 33% in net operating revenues.

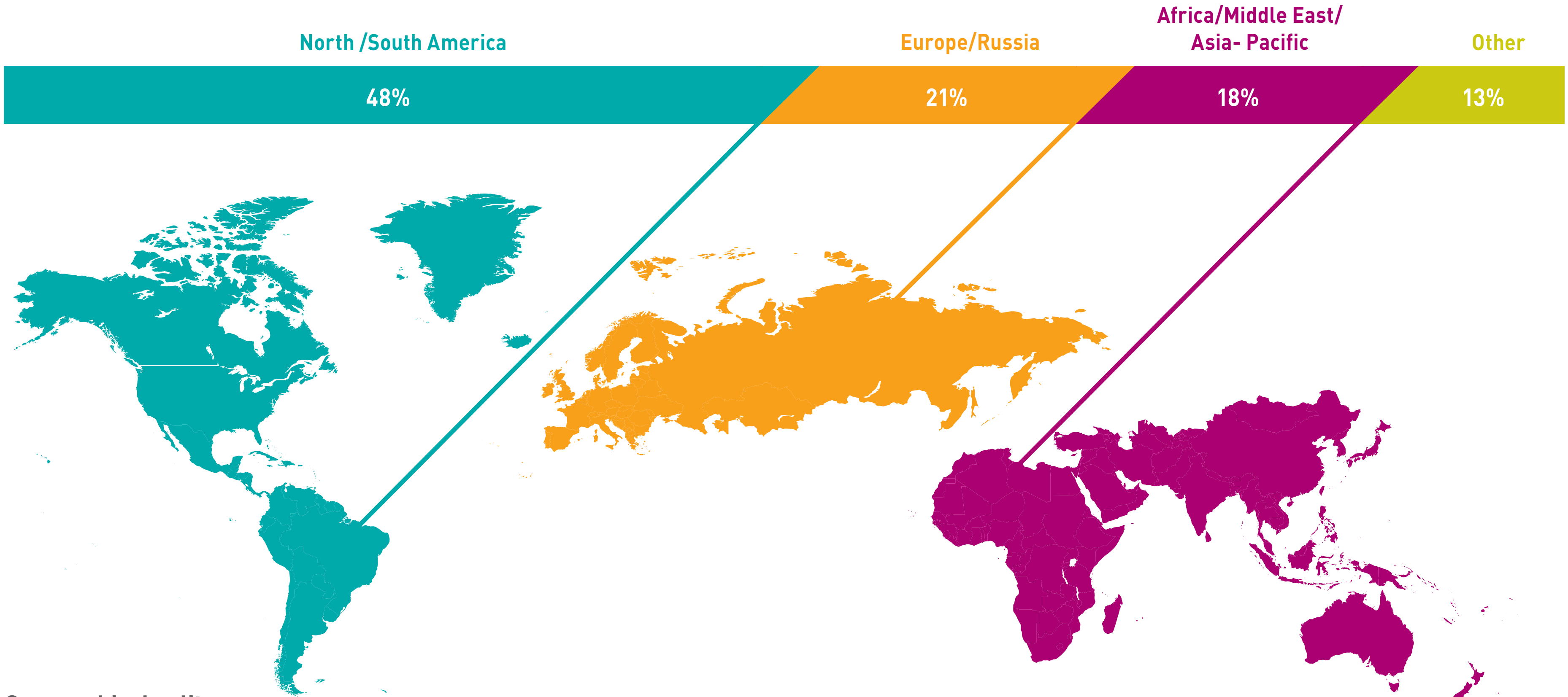
TGS' geoscientific data library is one of the industry's most comprehensive multi-client resources, encompassing a wide range of geophysical, geological, gravity, magnetic and bathymetry data. The following table summarizes the data inventory at year-end.



TGS' primary focus is developing, managing and selling licenses of the Company's multi-client geoscientific data, which accounted for over 96% of revenues in 2015. Customer pre-funding of new multi-client projects reduces the Company's investment exposure, while late sales from its library of data products have historically provided the bulk of the revenue stream. Net late sales after partner share decreased 47% to USD 333.9 million in 2015. Pre-funding revenues on new projects of USD 256.7 million, representing an increase of 4% from USD 246.9 million in 2014, funded 51% of the operational investments in multi-client data for 2015, compared to 53% in 2014. Proprietary contract revenues decreased by 41% due to lower proprietary acquisition activity, and represented 4% of total net revenues in 2015 (2014: 4%).

Revenue split

TGS continues to generate multi-client revenues from a well-balanced mix of products. Comparing 2015 to 2014, multi-client 2D seismic revenues decreased 26%, multi-client 3D seismic revenues decreased 38%, and multi-client revenues from geological products decreased 14%.



Geographical split

TGS generates revenues from a geographically diversified portfolio. In 2015, revenues from North and South America (NSA) decreased by 34% from 2014. Revenues from Africa, Middle East and Asia Pacific (AMEAP) decreased by 10% as compared to 2014, while revenues from Europe and Russia (EUR) decreased 48% from 2014.

Multi-client Geoscientific Data Library

TGS' library of multi-client seismic data, data and integrated products represents 58% of the total assets as of 31 December 2015 (46% in 2014). Seismic data, representing 91% of the library's net book value at year-end, is amortized on a project-by-project basis as a function of sales. Minimum amortization criteria are applied if sales do not match expectations so that each project is fully amortized within a four-year period following its completion. Historically, the Company has delivered sales in excess of internal forecasts. As a result, vintages of the library have generally been amortized more quickly than required by the Company's minimum amortization policy. Consequently, the library's current net book value is heavily weighted toward the most recent and most modern projects.

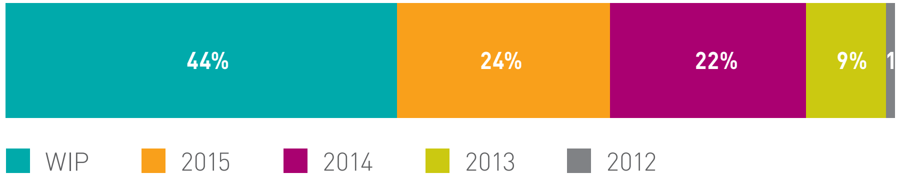
Due to the market conditions and a revision of the underlying assumptions for fair value considerations, impairments of certain multi-client projects in the amount of USD 176 million, restructuring costs of USD 12 million and provisions related to bad debt and other commercial activities of USD 12 million were recognized in 2015. The impaired surveys, which were all acquired during the peak of the market with substantially higher cost levels than seen currently, fall into two categories: projects in frontier areas where demand deterioration has been greater than the general market demand trends; and projects in areas with greater political and regulatory risk, which typically have attracted lower customer interest in the current challenging market.

The well data library is amortized on a straight-line basis over seven years, while data purchased from third-parties follow a straight-line amortization profile over the remaining useful life.

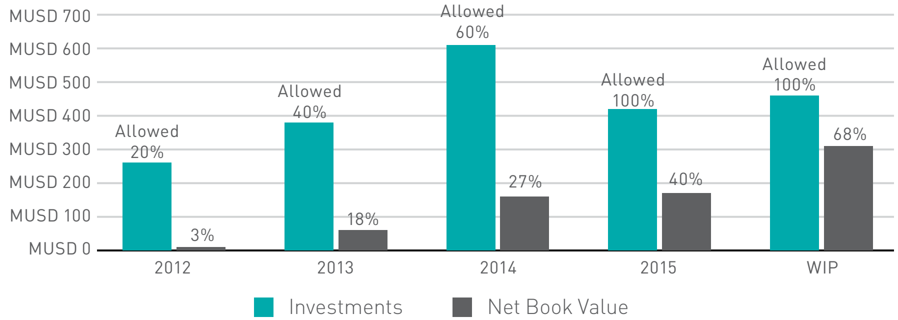
Due to an amendment in IAS 38, the accounting practice with respect to amortization of the multi-client library will change with effect from 1 January 2016 as follows:

- During the work in progress (WIP) phase, amortization will continue to be based on total cost versus forecasted total revenues of the project.
- After a project is completed, a straight-line amortization will be applied. The straight-line amortization will be assigned over the remaining useful life, which for most projects is expected to be four years. The straight-line amortization will be distributed evenly through the financial year independently of sales during the quarters.
- The minimum amortization policy applied in 2015 and prior years will no longer be relevant.

Net Book Value of Seismic Library by Year as a Percentage of Total

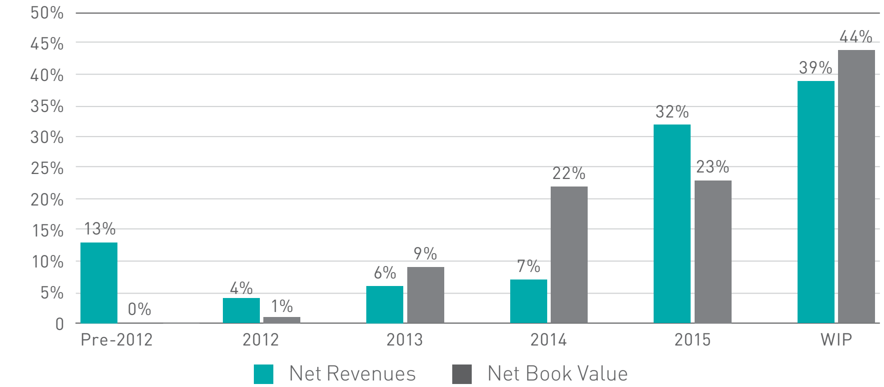


Net Book Value vs. Investments per Vintage



- In relation to allowed net book value at year-end 2015 (in accordance with minimum amortization policy)

2015 Annual Net Revenues vs. Net Book Value per Vintage



Commitments to Seismic Acquisition Capacity

TGS secures all seismic acquisition capacity from external suppliers, for both offshore and onshore projects. At year-end 2015, the Company had entered commitments for seven 2D vessels, one icebreaker, one multibeam vessel and one coring vessel. All these commitments will expire in 2016. The total committed amount is USD 199 million.

Results from Operations, Operating Cash flows and Financial Position

Net revenues in 2015 were USD 612.3 million, a decrease of 33% compared to 2014 (USD 914.8 million). Operating loss (EBIT) for 2015 was USD 21.2 million, which is 107% lower than the operating profit of USD 294.5 million in 2014.

Due to the weak market conditions, the underlying assumptions for considerations of recoverable amounts were revised during 2015. As a result total impairments of USD 176 million were charged to the multi-client library in 2015 (2014: USD 71 million). As a response to the weak market, two restructuring processes were implemented during the year, which resulted in total restructuring charges of USD 12 million. The 2015 EBIT margin was -3% compared to 32% in 2014. Pre-tax loss in 2015 was USD 24.5 million, a decrease of 108% from pre-tax profit in 2014 of USD 288.3 million. Net loss in 2014 was USD 28.3 million, which represents a decrease of 113% compared to net income of USD 216.1 million in 2014.

TGS' operating cash flow in 2015 was USD 566.5 million, a decline of 6% from USD 605.0 million in 2014. Operating cash flow is significantly higher than the operating profit as amortization of the multi-client library, a non-cash expense, is the Company's largest expense item. In addition, the impairments discussed above are also non-cash items that do not impact the operating cash flow.

In 2015, TGS paid dividends of USD 112.9 million (NOK 8.5 per share), down from USD 144.8 million (NOK 8.5 per share) paid in 2014. The decrease in dividend payments were due to the NOK depreciation compared to USD as the dividends were paid in Norwegian kroner. In addition to the dividends, the Company repurchased shares totaling USD 4.8 million during 2015, compared to repurchases of USD 24.0 million in 2014.

At year-end 2015, TGS had cash and cash equivalents of USD 162.7 million compared to USD 256.4 million at the end of 2014. TGS held current assets of USD 471.2 million at 31 December 2015 and current liabilities of USD 218.2 million. In addition, TGS had USD 52.0 million in undrawn credit facilities at year-end 2015. In January 2016, the Company entered into an amended and restated revolving credit facility to expand its primary facility to USD 75.0 million.

As of 31 December 2015, total equity amounted to USD 1,198.1 million, corresponding to an equity ratio of 82% (2014: 76%).

Shareholders value metrics	2015	2014
Net revenues	612,347	914,785
Operating profit (EBIT) margin	-3%	32%
Multi-client net revenues / average netbook value ratio	0.71	1.11
Pre-tax return on average capital employed (ROCE)	-2%	28%
Cash flow from operations after multi-client investments	62,901	168,471
Shareholders equity as % of total assets	82%	76%

Mergers and Acquisitions

In 2015 TGS took advantage of the challenging market situation and acquired, Polarcus' multi-client library, with the exception of some projects in Australia and West Africa, for a price of USD 24.6 million. The acquired data consists of 3D seismic surveys in Northwest Europe and West Africa.

TGS also acquired all the outstanding equity of Digital Petrodata LLC for USD 2.1 million. Digital Petrodata is a small GIS technology company based in Denver, U.S.A., providing integrated GIS data and cloud solutions for E&P companies.

Investments, Capital, Financing and Dividends

TGS is listed on the Oslo Stock Exchange with a market capitalization of USD 1.6 billion on 31 December 2015. As of year-end, TGS was the 17th largest company on the Oslo Stock Exchange and is part of the OBX index consisting of the 25 most liquid stocks in Norway. TGS did not issue any new equity during 2015, other than shares issued as part of employee stock option programs. The Board does not anticipate issuing any new shares during 2016, apart from exercises of stock options to employees, unless investment plans are increased substantially, either as a result of potential acquisitions or unforeseen organic investment opportunities, or the balance sheet develops in a significantly different manner than anticipated.

During 2015, TGS invested USD 501.7 million (compared to USD 462.3 million during 2014) in organic growth of its multi-client library and acquired multi-client data from third parties for USD 26.4 million, bringing the net book value of the multi-client library to USD 838.9 million at 31 December 2015 as compared to USD 818.1 million at 31 December 2014.

The Company announced on 6 February 2014 a share buy-back program from the open market of USD 30 million in accordance with the Safe Harbour provisions of the EU Commission Regulations for buy-back programs. The Company completed the purchase of shares in early 2015, and canceled 1,048,298 of the repurchased shares in accordance with the approval from the May 2015 Annual General Meeting.

From 2016, TGS has commenced paying quarterly dividends in accordance with the resolution made by the Annual General Meeting on 6 May 2015. The aim will be to keep a stable quarterly dividend in US dollars through the year, but the actual level paid will be subject to continuous evaluation of the underlying development of the Company and the market.

In its meeting on 1 February 2016, the Board of Directors resolved to pay a dividend of USD 0.15 per share (NOK equivalent of 1.30 per share) in Q1 2016 from the 2014 financial statements. The dividends were paid on 23 February 2016.

The Board will propose to the May 2016 Annual General Meeting that the Board should be authorized to distribute quarterly dividends on the basis of the 2015 financial statements.

Risk Management and Internal Control

TGS' activities are heavily dependent on the spending budgets of its clients, which are exploration and production companies in the oil and gas industry. These budgets are in turn largely a function of actual and/or expected shifts in oil and gas prices. Consequently, TGS' activities, opportunities and profitability are linked to the development of these prices. Under TGS' business model, discretionary investments in new multi-client projects are by far the largest use of cash. Because the Company outsources mostly short-term vessel and land crew contracts for the vast majority of these discretionary investments and the prices of such contracts are becoming more favourable, TGS is able to actively manage the cash flow risks associated with fluctuations in market conditions.

TGS is exposed to other financial risks such as currency, liquidity and credit risk. TGS' operational exposure to currency risk is low as significant portions of its revenues earned and costs incurred are in USD. However, as, dividends and the bulk of taxes are calculated and paid in NOK, fluctuations between the NOK and the USD result in currency exchange gains or losses. From 2016, the quarterly dividend payments will be linked to USD which will reduce the NOK exposure significantly going forward.

Liquidity risk arises from a lack of correlation between cash flow from operations and financial commitments. As of 31 December 2015, TGS held current assets of USD 471.2 million, of which cash and cash equivalents represented USD 162.7 million, while current liabilities were USD 218.2 million. TGS also had unused credit facilities of USD 52.0 million at 31 December 2015. The Company entered into an amended and restated credit agreement to expand its primary facility to USD 75 million in January 2016. As a result, the Company considers its liquidity risk to be low.

TGS is exposed to credit risk through sales and receivables and uses its best efforts to manage this risk by monitoring receivables and implementing credit checks and other actions as deemed appropriate. In addition, excess cash is placed in either bank deposits or financial instruments that have a minimum rating of "investment grade". The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets, accounts receivables and other short-term receivables. TGS evaluates the concentration of risk with respect to trade receivables as low due to the Company's credit rating policies and as the clients are mainly large energy companies considered to be financially sound. Due to the current market situation, TGS has also increased focus on credit checks and monitoring of receivables.

TGS is highly focused on maintaining adequate internal controls. The Company's primary business activity is building its multi-client geoscientific data library, which represents its largest financial asset, through multiple investments in new data for licensing to clients. TGS utilizes custom investment proposal models and reporting tools in order to assess and monitor the status and performance of the Company's multi-client projects. Reference is made to Note 13 to the financial statements and the more detailed information on risk management and internal control in the Corporate Governance section of the Annual Report.

Organization, Working Environment and Equal Opportunity

In order to adapt to the prevailing market conditions, TGS had to undertake two restructuring processes during 2015 with the effect that the global workforce has been reduced by almost 30% the last year. Despite the turbulent times the employees of TGS continue to perform at a high level, which is a testimony of the strong dedication and talent in the organization.

The Parent Company had 47 employees as of 31 December 2015. At year-end, TGS had a total of 747 employees in the following locations: 461 employees in the United States, 47 employees in Norway, 152 employees in the United Kingdom, 60 employees in Canada, 22 employees in Australia and 5 employees in other countries. The average number of employees during 2015 was 846.

The Board considers the working environment in the Company to be good. The Board and management believe that employees of diversified gender, ethnicity and nationality are provided with equal opportunity and treated fairly within the Company, and have not considered it necessary to take special measures to correct any discrimination.

At the end of 2015, women comprised 41% of the total workforce in the Company, which is the same as at the end of 2014. The corresponding figure for managers is 26% at the end of 2015 compared to 28% at the end of 2014.

Health, Safety and Environmental Issues

TGS interacts with the external environment through the collection of seismic, gravity and magnetic data and the operation of offshore vessels, land crews and aircraft. TGS is dedicated to safeguarding and maintaining the environment in which the Company works and providing a safe and healthy workplace for employees and contractors through the active implementation of a comprehensive HSE Management System that includes appropriate policies and procedures. Not only does TGS comply with mandated legislation and local regulations, the Company also works closely with industry associations in an effort to investigate ways to mitigate the impact of seismic operations on the environment. TGS typically conducts environmental impact assessments as part of the permitting process prior to initiating seismic data acquisition. Additionally TGS works with the vessel owners and seismic contractors through the Subcontractor Management System to ensure compliance under the TGS sustainability program.

In 2015, TGS employees worked 1,562,934 man-hours without incurring a single lost time injury. The sickness absence frequency for TGS in 2015 was 0.53% as compared to 0.57 % in 2014.

As part of the continuous improvement strategy, Management participates in audits of office locations, and all TGS staff are assessed on active HSE commitment during annual performance reviews.

In 2015, TGS implemented a Contractor Management System that defines how TGS qualifies, evaluates, selects and manages Contractors, Vendors and Suppliers so that associated HSE risks are identified and properly managed and applicable legislative, regulatory and industry standards are adhered to. TGS also utilizes TGS-managed field observers to monitor the HSE activity of suppliers and contractors.

Corporate Social Responsibility Report

TGS has prepared a Corporate Social Responsibility Report in accordance with the Norwegian Accounting Act, section 3-3c. It is the opinion of the Board of Directors that the Company complies with the requirements. The report TGS' Corporate Social Responsibility Policy is included as a separate section of the Annual Report and on TGS' website at www.tgs.com.

Board Structure and Corporate Governance

The Board of Directors consists of seven directors, each serving a one-year term. The Board's Audit and Compensation Committees are composed exclusively by independent directors. No material transactions other than the remuneration disclosed in note 7 have occurred in 2015 between the Company and its management, Directors or shareholders.

The independent Nomination Committee, elected by the shareholders, consists of the following members:

Tor Himberg-Larsen (Chairman), Christina Stray, and Jarle Sjo.

Himberg-Larsen and Stray were elected for a two-year term at the Annual General Meeting on 6 May 2015, while Sjo was elected for a two-year term on 3 June 2014.

TGS emphasizes independence and integrity in all matters among the Board, management and the shareholders.

TGS conducts an active compliance program designed to continually inform and educate employees on ethical and legal issues.   The Company employs a full-time Board-appointed compliance officer who reports quarterly on progress on compliance activities and objectives.

TGS has based its corporate governance policies and practices on the Norwegian Code of Practice for Corporate Governance published on 30 October 2014. It is the opinion of the Board of Directors that the Company complies in all areas with the Code of Practice and any subsequent amendments. A more detailed description of how TGS complies with the Code of Practice and the Norwegian Accounting Act's requirements for reporting on corporate governance is included in the Report on Corporate Governance included in this Annual Report and on TGS' website at www.tgs.com.

Salary and Other Compensation

TGS compensates its employees according to market conditions that are reviewed on an annual basis by the Compensation Committee. Compensation includes base salary, insurance and retirement benefit programs, a profit-sharing bonus plan based on the Company's performance and, in certain cases stock options plans or other long-term incentive programs. For further details please refer to item 12 in the Report on Corporate Governance.

The members of the Board of Directors do not participate in any bonus plan, profit-sharing plan or stock option plan. In recent years, the directors' compensation has been composed of both a fixed fee and a number of restricted

TGS shares. The remuneration is not related to the Company's financial result. Note 7 to the Consolidated Financial Statements for details on the remuneration for 2015.

Significant Litigation

The Board is regularly updated on significant litigation matters. As a result, at each meeting the Board receives an update on the Økokrim criminal charges and investigation as well as related civil claims. See note 21 to the Consolidated Financial Statements for further details.

Outlook

Low oil prices continue to put oil companies' returns under pressure, and oil companies have guided for further exploration spending reductions in 2016, in addition to the substantial cuts implemented in 2015. Consequently, 2016 is likely to be a challenging year for the seismic business, with further downward pressure on late sales and book values, as well as continued difficulties in gathering prefunding to support investments in new surveys.

Despite these near-term market challenges, TGS' positive view on the long-term outlook of its asset-light multi-client strategy has been reinforced:

- Quality seismic data is improving the success rate in exploration for hydrocarbon resources and is thus contributing to reduced cost of the oil companies' exploration efforts.
- Sharing the cost of geophysical surveys and geological products with others through the multi-client business model is the most efficient way for oil companies to access data.
- An asset light model provides TGS with maximum flexibility with regards to both cost structure and selection of the best suited geophysical technologies.
- A strong balance sheet, facilitated by the asset light business model, has proven to result in a lower cost of capital than comparable companies over time.

TGS has a strong financial position to support its activities, and currently has no interest- bearing debt. In an environment where several competitors are struggling with weak balance sheets, TGS should be well placed to further enhance its relative position in the market. Moreover, it means that the Company should be able to take advantage of any attractive acquisition opportunities that may arise going forward.

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks, uncertainties and assumptions that are difficult to predict because they relate to events, and depend on circumstances, that will occur in the future.

Events after the Balance Sheet Date

On 11 March 2016 Kristian Johansen succeeded Robert Hobbs as TGS' Chief Executive Officer. After eight years with TGS, including nearly seven years as CEO, Mr. Hobbs decided to retire.

The Board is deeply grateful to Robert Hobbs for the leadership he has demonstrated and the invaluable contributions he has made since joining the TGS team in 2008. Under his guidance, TGS has become the largest and most successful multi-client geoscientific data provider in the world.

Annual result of the Parent Company and Allocation of Profit

The Board proposes that the Parent Company's net loss of USD 63.6 million shall be allocated as follows:

Covered by Other Equity	63.6 million

The Board of Directors resolved on 1 February 2016 to pay a quarterly dividend of USD 15.2 million (NOK equivalent of 1.30 per share) which is covered by other equity.

18 March 2016

Henry H. Hamilton III
Chairman

Mark S. Leonard
Director

Wenche Agerup
Director

Tor Magne Lønnum
Director

Elisabeth Grieg
Director

Vicki Messer
Director

Elisabeth Harstad
Director

Kristian Johansen
Chief Executive Officer

Confirmation from the Board of Directors and CEO

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 31 December 2015 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that this report of the Board of Directors with references to the notes to the accounts and the Corporate Governance section of the Annual Report includes a true and fair review of the development and performance of the business and the position of TGS, together with a description of the principal risks and uncertainties facing the Company.

18 March 2016

Henry H. Hamilton III
Chairman

Elisabeth Grieg
Director

Mark S. Leonard
Director

Vicki Messer
Director

Wenche Agerup
Director

Elisabeth Harstad
Director

Tor Magne Lønnum
Director

Kristian Johansen
Chief Executive Officer

GROUP FINANCIALS

TGS is not restricted by owning vessels or seismic equipment. We invest our capital in passionate people who spend their days building one of the largest and most sought-after seismic data libraries in the world. We utilize precisely the right technologies for each survey aligning our goals directly with our clients.

Consolidated Statement of Comprehensive Income

(All amounts in USD 1,000s unless noted otherwise)

	Note	2015	2014
Net revenues	15,22	**612,347**	**914,785**
Cost of goods sold - proprietary and other		**1,012**	**4,021**
Amortization and impairment of the multi-client library	5,15	**507,276**	**396,666**
Personnel costs	7	**63,246**	**88,003**
Cost of stock options	7,8	**1,782**	**5,003**
Other operating expenses	16	**47,421**	**55,753**
Impairment of Reservoir Solutions		**-**	**54,427**
Depreciation, amortization and impairment	4,5	**12,840**	**16,395**
Total operating expenses		**633,577**	**620,268**
Operating profit		**(21,230)**	**294,516**
Financial income	23	**6,265**	**5,828**
Financial expenses	23	**(516)**	**(1,147)**
Net exchange losses	23	**(9,024)**	**(12,381)**
Gains on financial investments	23	**-**	**1,511**
Net financial items		**(3,275)**	**(6,189)**
Profit before taxes		**(24,505)**	**288,327**
Taxes	24	**3,842**	**72,253**
Net income		**(28,347)**	**216,074**
Other comprehensive income:			
Exchange differences on translation of foreign operations		**(924)**	**(8,648)**
Net (loss)/gain on available for sale financial assets		**-**	**(328)**
Other comprehensive income/(loss), net of tax	24	**(924)**	**(8,977)**
Total comprehensive income for the period		**(29,272)**	**207,097**
Net income attributable to the owners of the parent		**(28,368)**	**215,676**
Net income attributable to non-controlling interests		**21**	**398**
		(28,347)	**216,074**
Total comprehensive income attributable to the owners of the parent		**(29,293)**	**206,699**
Total comprehensive income attributable to non-controlling interests		**21**	**398**
		(29,272)	**207,097**
Earnings per share (USD)	9	**(0.28)**	**2.12**
Earnings per share, diluted (USD)	9	**(0.28)**	**2.09**

Consolidated Balance Sheet

As of 31 December (All amounts in USD 1,000s unless noted otherwise)

	Note	2015	2014
Assets			
Non-current assets			
Goodwill	5,6	67,647	67,361
Multi-client library	5	838,916	818,132
Other intangible non-current assets	5,6	9,260	9,349
Deferred tax asset	24	12,941	7,992
Buildings	4	8,427	9,568
Machinery and equipment	4	21,756	33,608
Other non-current assets	14	25,102	43,882
Total non-current assets		984,049	989,892
Current assets			
Accounts receivable	16	135,384	241,519
Accrued revenues	16	142,263	235,781
Other receivables	16	30,818	44,010
Cash and cash equivalents	11	162,733	256,416
Total current assets		471,198	777,726
Total assets		1,455,247	1,767,618

Consolidated Balance Sheet

As of 31 December (All amounts in USD 1,000s unless noted otherwise)

	Note	2015	2014
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	10	3,657	3,702
Treasury shares	10	(26)	(76)
Share premium		58,107	58,107
Other paid-in equity		34,728	32,915
Total paid-in capital		96,466	94,648
Other equity		1,101,063	1,244,014
Equity attributable to owners of the parent		1,197,528	1,338,662
Non controlling interests		560	539
Total equity		1,198,088	1,339,201
Liabilities			
Non-current liabilities			
Other non-current liabilities	14	6,182	7,149
Deferred tax	24	32,797	28,752
Total non-current liabilities		38,979	35,901
Current liabilities			
Accounts payable and debt to partners	17	97,798	163,282
Taxes payable, withheld payroll tax, social security	24	2,767	98,696
Other current liabilities	17	117,615	130,538
Total current liabilities		218,180	392,516
Total liabilities		257,159	428,417
Total equity and liabilities		1,455,247	1,767,618

18 March 2016

Henry H. Hamilton III
Chairman

Mark S. Leonard
Director

Wenche Agerup
Director

Tor Magne Lønnum
Director

Elisabeth Grieg
Director

Vicki Messer
Director

Elisabeth Harstad
Director

Kristian Johansen
Chief Executive Officer

Consolidated Statement of Changes in Equity

As of 31 December (All amounts in USD 1,000s unless noted otherwise)

	Attributable to the owners of the parent									
	Share Capital	Treasury Shares	Share Premium	Other Paid-in Capital*	Available for Sale Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total	Non-controlling Interest	Total Equity
Balance 1 January 2015	**3,702**	**(76)**	**58,107**	**32,915**	**-**	**(21,123)**	**1,265,136**	**1,338,662**	**539**	**1,339,201**
Net income	-	-	-	-	-	-	(28,368)	(28,368)	21	**(28,347)**
Other comprehensive income	-	-	-	-	-	(924)	-	(924)	-	**(924)**
Total comprehensive income	-	-	-	-	-	(924)	(28,368)	(29,292)	21	**(29,272)**
Distribution of treasury shares	-	10	-	-	-	-	4,435	4,445	-	**4,446**
Cancellation of treasury shares	(45)	45	-	-	-	-	-	-	-	**-**
Purchase of treasury shares	-	(6)	-	-	-	-	(4,839)	(4,846)	-	**(4,844)**
Cost of stock options	-	-	-	1,813	-	-	-	1,813	-	**1,813**
Dividends	-	-	-	-	-	-	(113,254)	(113,254)	-	**(113,254)**
Balance 31 December 2015	**3,657**	**(26)**	**58,107**	**34,728**	**-**	**(22,047)**	**1,123,110**	**1,197,528**	**560**	**1,198,088**

	Attributable to the owners of the parent									
	Share Capital	Treasury Shares	Share Premium	Other Paid-in Capital*	Available for Sale Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total	Non-controlling Interest	Total Equity
Balance 1 January 2014	**3,716**	**(62)**	**57,206**	**27,924**	**328**	**(12,475)**	**1,216,200**	**1,292,839**	**141**	**1,292,979**
Net income	-	-	-	-	-	-	215,676	215,676	398	**216,074**
Other comprehensive income	-	-	-	-	(328)	(8,648)	-	(8,977)	-	**(8,977)**
Total comprehensive income	-	-	-	-	(328)	(8,648)	215,676	206,699	398	**207,097**
Paid-in equity through exercise of stock options	3	-	901	-	-	-	-	904	-	**904**
Distribution of treasury shares	-	5	-	-	-	-	2,009	2,014	-	**2,014**
Cancellation of treasury shares	(17)	17	-	-	-	-	-	-	-	**-**
Purchase of treasury shares	-	(35)	-	-	-	-	(23,963)	(23,999)	-	**(23,999)**
Cost of stock options	-	-	-	4,991	-	-	-	4,991	-	**4,991**
Dividends	-	-	-	-	-	-	(144,786)	(144,786)	-	**(144,786)**
Balance 31 December 2014	**3,702**	**(76)**	**58,107**	**32,915**	**-**	**(21,123)**	**1,265,136**	**1,338,662**	**539**	**1,339,201**

* Other Paid-in Capital consists of costs related to stock options.

Consolidated Statement of Cash Flow

(All amounts in USD 1,000s unless noted otherwise)

	Note	2015	2014
Cash flow from operating activities			
Received payments from customers		763,612	859,135
Payments for salaries, pensions, social security tax		(68,708)	(90,027)
Payments of other operational costs		(34,749)	(49,961)
Paid taxes	24	(93,642)	(114,136)
Net cash flow from operating activities [1]		566,513	605,011
Cash flow from investing activities			
Investments in tangible and intangible assets		(7,398)	(27,004)
Investments in multi-client library		(503,612)	(436,540)
Investments through mergers and acquisitions		(26,363)	-
Proceeds from sale of short-term investments		-	4,875
Payments made to aquire debts instruments		(5,000)	-
Interest received		5,603	5,728
Net cash flow from investing activities		(536,770)	(452,941)
Cash flow from financing activities			
Interest paid		(168)	(777)
Dividend payments	10	(112,861)	(144,786)
Purchase of treasury shares		(4,844)	(23,999)
Proceeds from share issuances		4,021	2,918
Net cash flow from financing activities		(113,852)	(166,644)
Net change in cash and cash equivalents		(84,109)	(14,575)
Cash and cash equivalents at the beginning of the period	11	256,416	280,688
Net unrealized currency gains/(losses)		(9,574)	(9,697)
Cash and cash equivalents at the end of the period	11	162,733	256,416
1) Reconciliation			
Profit before taxes		(24,505)	288,327
Depreciation/amortization/impairment	4,5,6	520,116	467,488
Net impairment of long-term receivable	14	-	9,513
Changes in accounts receivables and accrued revenues		199,654	(73,739)
Unrealized currency gain/(loss)		8,640	15,910
Changes in other receivables		20,860	6,837
Changes in other balance sheet items		(64,610)	4,811
Paid taxes	24	(93,642)	(114,136)
Net cash flow from operating activities		566,513	605,011

Notes to Consolidated Financial Statements

(All amounts in USD 1,000s unless noted otherwise)

1. General Accounting Policies

General Information

TGS-NOPEC Geophysical Company ASA (the Parent Company) is a public limited liability company incorporated in Norway on 21 August 1996. The address of its registered office is Lensmannslia 4, 1386 Asker, Norway. TGS-NOPEC Geophysical Company ASA is listed on the Oslo Stock Exchange.

TGS-NOPEC Geophysical Company ASA and its subsidiaries (TGS or the Company) provide multi-client geoscience data to oil and gas exploration and production companies worldwide. In addition to extensive global geophysical and geological data libraries that include multi-client seismic data, magnetic and gravity data, digital well logs, production data and directional surveys, TGS also offers advanced processing and imaging services, interpretation products and data integration solutions.

The consolidated financial statements of TGS were authorized by the Board of Directors on 18 March 2016.

Basis of Preparation

The consolidated financial statements of TGS have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) in effect as of 31 December 2015 and consist of the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and notes to the consolidated financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except financial investments available for sale and financial investments through profit and loss that have been measured at fair value. The financial statements of the subsidiaries have been prepared for the same reporting year as the Parent Company, using consistent accounting policies.

Principles of Consolidation

Companies Consolidated

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2015. Control is achieved when TGS is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, TGS controls an investee if and only if TGS has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Consolidation of a subsidiary begins when TGS obtains control over the subsidiary and ceases when TGS loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date TGS gains control until the date TGS ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of TGS are eliminated in full on consolidation.

If TGS loses control over a subsidiary, the Company derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any retained investment is accounted for in accordance with the applicable IFRS.

Presentation Currency

TGS presents its consolidated financial reports in USD. The majority of TGS' revenues and expenses are denominated in USD, and USD is the functional currency for most of the entities in TGS, including the Parent Company. The financial statements of the Parent Company are presented separately in this Annual Report.

For presentation in consolidated accounts, the assets and liabilities of subsidiaries with functional currency other than USD are translated into USD at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions.

Exchange rate differences arising from the translation to presentation currency are recognized in OCI.

Foreign Currency

Transactions in foreign currency are translated to the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in non-functional currencies are translated into functional currency spot rate of exchange ruling at the date of the balance sheet. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in non-functional currencies are recognized in the income statement.

Significant Accounting Judgments, Estimates and Assumptions

In the process of applying TGS' accounting principles, management is required to make estimates, judgments and assumptions that affect the amount reported in the consolidated financial statements and accompanying notes. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which will form the basis for making judgments on carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The key sources of judgment and estimation of uncertainties at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Multi-client Library Amortization and Impairment

TGS determines the amortization expense of the multi-client library based on the proportion of net book value versus estimated future revenue for each individual project. The underlying estimates that form the basis for the sales forecast depend on variables such as number of oil and gas exploration and production (E&P) companies operating in the area that would be interested in the data, the overall E&P spending, expectations regarding hydrocarbons in the sector, whether licenses to perform exploration in the sectors exist or will be given in the future, expected farm-ins to licenses, relinquishments, etc. Changes in these estimates may potentially affect the estimated amount of future sales and the amortization rates used materially. The future sales forecasts are also the basis for the impairment evaluations. The revenue estimates are evaluated regularly and changes in amortization rate and impairments are recognized in the period they occur. Due to the weak market conditions during 2015, TGS has put additional focus in reviewing the length of the market downturn when considering the sales forecasting to make sure that the updated expectations were properly reflected in the impairment evaluations. The projects with recognized impairments in 2015 were all acquired during the peak of the market with substantially higher cost levels than seen at the end of 2015. The impaired projects have fallen into two categories: Projects in frontier areas where demand deterioration has been greater than the general market trends, and projects in areas with greater political and regulatory risk which typically attract lower customer interest in the current market.

A 10% reduction in the net present value of estimated future revenues for all multi-client projects as of 31 December 2015 would have resulted in further impairments of USD 25 million in 2015.

For details about the book value, amortization and impairment of the multi-client library, see Note 5.

For a detailed description of the accounting policies for the multi-client library see Summary of Significant Accounting Policies below.

Impairment of Goodwill

TGS determines whether goodwill is impaired at least on an annual basis or when there are indicators that the carrying amount may not be recoverable. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Variables such as estimated future revenues, margins and estimated long-term growth are the key drivers for the basis of the value in use calculations. Future cash flows also depend on general development in E&P spending, the number of market participants and technological developments.

For details about the goodwill and impairment, see Note 6.

Deferred Tax Assets

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Deferred tax assets are recognized for temporary deductible differences and carry forward tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

For details about the deferred tax assets, see Note 24.

Provision for Impairment of Accounts Receivables

TGS has made provisions for impairment losses of specific accounts receivables deemed uncollectible. When assessing the need for provisions, TGS uses all available information about the various outstanding receivables, including the payment history and the credit quality of the actual companies.

For details about the provision of impairment losses of accounts receivables, see Note 16.

Share–based Payments

TGS measures the cost of stock options and other share-based payment plans granted to employees by reference to the fair value of the equity instruments at the date at which they are granted (equity-settled transactions) or at the end of each reporting period (cash-settled transactions). Estimating fair value requires an appropriate valuation model to value the share-based instruments. The values are dependent on the terms and conditions of the granted share-based instruments. This also requires determining the appropriate assumptions in the valuation models including the expected life of the instruments, volatility and dividend yield.

For details about the share-based payments, see Note 8.

Acquisition of Multi-client library assets from Polarcus

TGS acquired certain multi-client library assets from Polarcus in 2015. It has been considered that the acquisition is not regarded as a business combination, but rather as an acquisition of intangible assets. If being recognized as a business combination, it is expected that the accounting effects would not have been significantly different.

Summary of Significant Accounting Policies

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits from a transaction will flow to TGS and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received, net of discounts and sales taxes or duty. The following describes the specific principles:

Work in Progress (WIP)

Sales in the form of prefunding commitments from customers under binding contracts are recognized as revenue on a percentage of completion (POC) basis, normally measured according to the acquired and processed volume of data in relation to the estimated total size of the project. Sales made prior to commencement of acquisition for each project are recognized on POC basis and presented as pre-funding revenues. Sales after the commencement, but while projects are in progress are also recognized on a POC basis progress and presented as POC late sales revenues. The amount of revenues for in progress projects not yet invoiced, is presented as accrued revenues in the balance sheet.

Finished Data

Revenue is recognized for sales of finished data at the time of the transaction; i.e. when the client has gained access to the data under a binding agreement.

Volume Sales Agreements

In certain situations TGS grants licenses to the customer for access to a specified number of blocks of multi-client library within an area. These licenses typically enable the customer to select and access the specific blocks over a period of time. Revenue recognition for volume sales agreements is based on a proportion of the total volume sales agreement revenue, measured as the customer gains access to the data.

Revenue Sharing

TGS shares certain multi-client revenues with other companies (see joint arrangements below) and governments. Revenues are recognized on a net basis in accordance with applicable recognition principles.

Proprietary Contracts

Revenue from proprietary contracts for clients is recognized in the same way as work in progress (POC) in accordance with the specific agreement.

Royalty Income

Royalty income is recognized on an accruals basis in accordance with the substance of the relevant agreements.

Cost of Goods Sold (COGS) – Proprietary Contracts and Other

Cost of goods sold consists of direct costs related to proprietary contract work and costs related to delivery of geoscientific data.

Multi-client Library

The multi-client library includes completed and in-progress geophysical and geological data to be licensed on a non-exclusive basis to oil companies. The costs directly attributable to data acquisition and processing are capitalized and included in the library value. Costs directly attributable to data acquisition and processing includes mainly vessel costs, payroll and hardware/software costs. Data acquisition costs include mobilization costs incurred when relocating vessels to the survey areas. The library also includes the cost of data purchased from third parties. The library of finished multi-client seismic data and interpretations is presented at cost reduced by accumulated amortization and impairment.

Amortization Related to Sales of Seismic Data

When establishing amortization rates for the multi-client seismic library, management bases their views on estimated future sales for each individual survey. Estimates are adjusted over time with the development of the market. Amortization is recorded in line with how revenues are recognized for each project, in proportion to the remaining net book value versus the estimated future revenue from that project. The revenue estimates are regularly updated and fully reviewed quarterly. For work in progress, the amortization is based on estimated total cost versus forecasted total revenues of the project.

The consolidated amortization expense reported may vary considerably from one period to another depending on the actual mix of projects sold and changes to estimates.

Minimum Amortization Policy on Seismic Data

A minimum amortization criterion is applied: The maximum net book value of an individual survey one year after completion is 60% of original cost. Thereafter, the maximum net book value is reduced by 20% of the original cost each year, with the result that each survey is fully amortized in the balance sheet by the end of the fourth year following its completion.

Amortization Policy on Seismic Data Purchased from Third Parties

When purchasing seismic data from third parties, a straight-line amortization over the remaining useful life is recognized. The straight-line amortization is based on the fair value of the seismic data recognized on the date of the purchase.

Amortization Policy on Well Data Products

The library of multi-client well logs is presented at cost, reduced by accumulated amortization. Amortization is recorded as a straight-line amortization over seven years.

Impairment Test Multi-client Library

When there are indicators that the net book value may not be recoverable, the library is tested for impairment either individually per project (seismic and interpretation reports) or at the cash generating unit level (well logs), as appropriate. Any impairment of the multi-client library is recognized immediately and presented as "Amortization of the multi-client library" in the statement of profit or loss.

For further information about impairment testing, see "Impairment of Non-Financial Assets" below.

For details about impairments of the multi-client library, see Note 5.

Joint arrangements

A joint arrangement is a contractual arrangement whereby the TGS and other parties undertake an economic activity that is subject to joint control. That is when the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures, depending on the rights to the assets and obligations for the liabilities of the parties to the arrangements. If the parties to the joint arrangement have rights to the net assets of the arrangement, the arrangement is a joint venture. If the parties have rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. Interests in joint ventures are accounted for using the equity method.

For certain multi-client library projects, TGS invests in the project with other parties and has cooperation agreements whereby revenues will be shared with other companies. These agreements are initiated and agreed as joint operations where both parties have rights to the assets and share in the liabilities. TGS recognizes its share of the investment in multi-client library, its share of revenues from the sale of the multi-client library, related amortization, and expenses. When TGS has a license to market and sell the seismic project, TGS enters into the license contracts with customers and invoices and collects payments from the customer. The related account receivable is presented gross, while the portion due to the partner upon collection from the customer is presented as debt to partners. Similarly, when a partner holds the license and invoices and collects from the customer, TGS recognizes its share of related accounts receivables.

Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The straight-line amortization method is used for most intangible assets as this best reflects the consumption of the assets.

Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when TGS can demonstrate:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the product will generate future economic benefits;
- Adequate technical, financial or other resources to complete the development and to use the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When TGS acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities but excluding future restructuring) of the purchased business at fair value. This includes the separation of embedded derivatives in host contracts by acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with IAS 39 either in profit or loss or as a change to OCI. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill from a business combination is, from the acquisition date, allocated to each of TGS' cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of TGS are assigned to those units. Each unit, or group of units to which the goodwill is allocated, represents the lowest level within TGS at which the goodwill is monitored for internal management purposes.

Should part of an operation carrying goodwill be disposed of, the goodwill which is associated with the disposed operation is then included in book value of the operation when determining the gain or loss on the disposal. The goodwill disposed of in this circumstance is determined measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the book value of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Tangible Non-Current Assets

Tangible non-current assets are presented at historical cost less accumulated depreciation and accumulated impairment losses. Purchases which are expected to have a technical and economic life of more than one year are capitalized as tangible non-current assets. Depreciation begins when the assets are available for use. Tangible non-current assets held for sale are stated at the lower of book value and presumed market value and are not subject to depreciation.

Impairment of Non-Financial Assets

Disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Significant Accounting Judgments, Estimates and Assumptions - Note 1
- Tangible Non-Current Assets - Note 4
- Impairment Testing of Goodwill - Note 6

TGS assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, TGS estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows calculated in USD are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

TGS bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of TGS' CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, TGS estimates the asset's or the CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

For further information about impairment testing of the multi-client library, see "Impairment Test Multi-client Library" above and Note 5.

Provisions and Contingencies

Provisions are made when TGS has a current obligation (legal or constructive) as result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are possible obligations as a result of a past event where the existence of the liability depends on the occurrence, or not, of a future event. An existing obligation, in which it is not likely that the entity will have to dispose economic benefits, or where the obligation cannot be measured with sufficient reliability, is also considered a contingent liability. Contingent liabilities are not recognized in the financial statements, but if material, disclosed in the accompanying notes. A contingent asset is not recognized in the financial statement, but disclosed if there is a certain degree of probability that it will be an advantage of TGS.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where TGS operates and generates taxable income.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities have been recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable company and the same taxation authority. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

The Parent Company pays its tax obligation in NOK and the fluctuations between the NOK and the USD impact the financial items. TGS' legal entities that do not have their tax base in USD are exposed to changes in the USD/tax base-currency rates. Effects within the current year are classified as tax expense.

Share-based Payments

Key employees of TGS receive remuneration in the form of share-based payments whereby employees render services as consideration for stock options, Performance Share Units (PSUs) and Restricted Share Units (RSUs).

The cost of equity-settled transactions (stock options, PSUs and the 2015 plan of RSUs) is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external value using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and TGS' best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognized at the beginning and end of that period. No expense is recognized for awards that do not ultimately vest. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 9).

In some tax jurisdictions, TGS receives a tax deduction in respect of remuneration in the form of stock options to employees. The tax deduction is not received until the stock options are exercised and is based on the intrinsic value of the award at the date of exercise. In accordance with IAS 12, the tax relief must be allocated between profit or loss and equity so that the amount of the tax deduction exceeding the cumulative cost of stock options expensed by the Company is recognized directly to equity.

The RSUs granted in 2014 are cash settled share-based payments. The fair value of the RSUs are measured at the end of each reporting period and are accrued over the period until the employees have earned an unconditional right to receive them. These fair values are expensed over the period until the vesting date with recognition of a corresponding liability. The ultimate cost of such a cash-settled transaction will be the actual cash paid by TGS, which will be the fair value at settlement date. The fair values of the RSUs are recognized as personnel costs.

Financial Investments and Other Financial Instruments

TGS classifies financial investments in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on characteristics of the instruments and the purpose for which the investments were acquired. Management determines the classification at initial recognition. When financial assets or financial liabilities are recognized initially, they are measured at fair value plus, for all financial investments other than those at fair value through profit or loss, directly attributable transaction costs. The purchases and sales of financial assets or financial liabilities are recognized at the date of trade.

TGS does not have any hedge arrangements which qualify for hedge accounting.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The losses arising from impairment are recognized in the statement of profit or loss in finance costs for loans and in other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on loan and receivables, refer to Note 14 and 16.

Available-for-Sale Financial Assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any other category. After initial measurement, the available-for-sale financial assets held are measured at fair value with unrealized gains or losses being recognized as OCI in the available-for-sale reserve, until the investment is derecognized or considered impaired at which time the cumulative loss is recognized in the income statement in finance cost and removed from the available-for-sale reserve. The investment is determined to be impaired when a negative development is considered significant or prolonged.

The fair value of financial investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined applying commonly used valuation techniques.

Derecognition of Financial Assets and Liabilities

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired, or
- TGS has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Impairment of Financial Assets

TGS assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or TGS of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Pensions

TGS operates defined-contribution plans in Norway, UK, USA (401k) and Australia where the Company covers the superannuation. Contributions are expensed to the income statement as they become payable.

Leases – TGS as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The evaluation is based on the substance of the transaction at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases are recorded as assets and liabilities, and lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the income statement.

Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term.

Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash in bank accounts and on hand and short-term deposits with an original maturity of three months or less.

Accounts Receivable and Other Receivables

Receivables are measured at cost less any amounts expected to be uncollectible. Sales with deferred payments due to be settled more than twelve months or later are presented as non-current receivables.

Treasury Shares

TGS' equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of TGS' own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium reserve.

Dividends

A dividend approved by TGS' shareholders is recognized as a liability in TGS' financial statements. A corresponding amount is recognized directly in equity.

Cash Flow Statement

The cash flow statement is compiled using the direct method.

Changes in Accounting Policy and Disclosures

TGS has adopted the following new and amended standards that are effective.

- Annual Improvements to IFRS - 2010-2012 Cycle and 2011-2013 Cycle
  The adoption of the improvements made in the 2010-2012 Cycle has required additional disclosures in the segment note. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

New Standards and Interpretations Issued, but not Yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of the issuance of TGS' financial statements are disclosed below. TGS intends to adopt these standards, if applicable, when they become effective.

- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
  The amendments to these standards clarifiy that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. TGS has considered the impact of the amendment and will implement the following changes to amortization of the multi-client library from 1 January 2016:
  - During the work in progress (WIP) phase, amortization will continue to be based on total cost versus forecasted total revenues of the project.
  - After a project is completed, a straight-line amortization is applied. The straight-line amortization will be assigned over a remaining useful life, which for most projects is expected to be 4 years. The straight-line amortization will be distributed evenly through the financial year independently of sales during the quarters.
- IFRS 9 Financial Instruments
  In July 2014 the IASB issued the final version of IFRS 9. IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement and previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. IFRS 9 is not yet approved by EU. Retrospective application is required, but comparative information is not compulsory. The amendments are not expected to impact TGS' financial position or performance.
- IFRS 15 Revenue from Contracts with Customers
  The IASB and the FASB have issued their joint revenue recognition standard, IFRS 15. The standard replaces existing IFRS and US GAAP revenue requirements. The core principle of IFRS 15 is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard applies to all revenue contracts and provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment) and might have implications for how to recognize prefunding arrangements. The standard is effective from 1 January 2018, but is not yet approved by the EU. TGS is currently assessing the impact of IFRS 15, and the current revenue recognition principles for prefunding arrangements might be impacted.
- IFRS 16 Leases
  IFRS 16 Leases replaces existing IFRS leases requirements, IAS 17 Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). The new leases standard requires lessees to recognize assets and liabilities for most leases, which is a significant change from current requirements. For lessor, IFRS 16 substantially carries forward the accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The standard is effective from 1 January 2018, but is not yet approved by the EU. TGS is currently assessing the impact of IFRS 16 which is effective from 1 January 2019.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on TGS.

2. Business Combinations

No significant business combinations, either individually or collectively, took place in 2015 or in 2014.

3. Segment Information

TGS' reporting structure, as reported to the executive management, is broken down into the geographic areas forming the operating segments, North and South America (NSA), Europe and Russia (EUR) and Africa, Middle-East and Asia Pacific (AMEAP).

TGS' land seismic projects in North America and the Arcis business unit are reported under the business segment NSA. This is due to the executive management structure and common economic characteristics like a similar core client base, common sales resources, and long-term rights to market and sell data in North America.

In addition to the operating segments, TGS has segments that do not individually meet the quantitative thresholds to produce reportable segments. The segments which are aggregated and form "Other segments/Corporate costs" include GPS Well Logs, GPS Interpretation, Global Services, Imaging, G&A and Corporate.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to the operating segments.

Transactions between operating segments are on an arm's length basis in a manner similar to transactions with third parties. No inter-segment sales between the reportable segments have taken place during 2015 or 2014. Employee bonuses and cost related to share options are recognized within "Corporate costs".

2015	North & South America	Europe & Russia	Africa Middle East & Asia/ Pacific	Other segments/Corporate costs	Consolidated
Net operating revenues	295,388	125,179	112,866	78,914	612,347
Net external revenues	**295,388**	**125,179**	**112,866**	**78,914**	**612,347**
Costs of goods sold-proprietary & other	855	-	20	136	1,012
Amortization and impairment of multi-client library	247,237	69,462	166,340	24,239	507,276
Operational costs	8,800	5,186	14,956	83,511	112,452
Depreciation, amortization and impairment	501	44	168	12,128	12,840
Operating profit	**37,995**	**50,487**	**(68,616)**	**(41,098)**	**(21,230)**

2014	North & South America	Europe & Russia	Africa Middle East & Asia/ Pacific	Other segments/Corporate costs	Consolidated
Net operating revenues	444,291	241,832	126,107	102,554	914,785
Net external revenues	**444,291**	**241,832**	**126,107**	**102,554**	**914,785**
Costs of goods sold-proprietary & other	3,322	69	256	374	4,021
Amortization and impairment of multi-client library	129,667	90,986	153,927	22,086	396,666
Operational costs	9,860	16,085	9,356	113,459	148,761
Impairment of Reservoir Solutions	-	-	-	54,427	54,427
Depreciation, amortization and impairment	531	23	131	15,709	16,395
Operating profit	**300,911**	**134,669**	**(37,563)**	**(103,500)**	**294,516**

A reconciliation of Operating profit to Profit before taxes is provided as follows:

	2015	2014
Operating profit for reportable segments	19,867	398,017
Operating profit for other segments/corporate costs	(41,098)	(103,500)
Total segments	**(21,230)**	**294,516**
Financial income	6,265	5,828
Financial expenses	(516)	(1,147)
Exchange gains/losses	(9,024)	(12,381)
Gains on financial investments	-	1,511
Profit before taxes	**(24,505)**	**288,327**

Total assets are not a part of the information regularly provided to executive management. TGS does not report a measure of liabilities for the reportable segments.

As the operating segments reported are broken down to geographic areas, there is no further breakdown of revenues to the customer's country of domicile.

Net revenues from one customer was above 10% of total revenues and amounted to USD 109.7 million in 2015, arising from sales in all the geographic areas (NSA, EUR and AMEAP). In 2014, net revenues from one customer amounted to USD 99.1 million.

Analysis of external revenues:

	2015	2014
2D seismic	165,267	222,405
3D seismic	386,110	621,504
Well logs and integrated products	60,970	70,876
Total net revenues	**612,347**	**914,785**
Prefunding	256,658	246,947
Late sales	333,936	630,745
Proprietary	21,752	37,092
Total net revenues	**612,347**	**914,785**

4. Tangible Non-Current Assets

2015

Acquisition Cost and Depreciation:	Machinery and Equipment	Buildings [2]	Total
Cost as of 1 January 2015	139,161	12,703	151,864
Reclassification	31	(31)	-
Additions	5,064	612	5,676
Disposals [1]	(3,603)	(337)	(3,940)
Cost as of 31 December 2015	140,653	12,947	153,600
Accumulated depreciation as of 1 January 2015	105,553	3,135	108,688
Depreciation for the year	8,094	1,462	9,556
Accumulated amortization/depreciation on disposals [1]	(3,253)	(216)	(3,469)
Capitalized to the multi-client library	8,503	139	8,642
Accumulated depreciation as of 31 December 2015	118,897	4,520	123,417
Net book value as of 31 December 2015	21,756	8,427	30,183
Useful life	2 to 7 years	3 to 12 years	

[1] No gains or losses on disposals were recognized during the year [2] The category mainly consists of leasehold improvements

2014

Acquisition Cost and Depreciation:	Machinery and Equipment	Buildings [2]	Total
Cost as of 1 January 2014	132,057	11,789	143,846
Reclassification	(2,781)	-	(2,781)
Additions	19,410	1,483	20,893
Disposals [1]	(9,525)	(571)	(10,096)
Exchange adjustment	-	2	2
Cost as of 31 December 2014	139,161	12,703	151,864
Accumulated depreciation as of 1 January 2014	89,180	1,865	91,045
Reclassification	(327)	-	(327)
Depreciation for the year	8,278	1,558	9,836
Impairment for the year (Reservoir Solutions)	4,956	-	4,956
Accumulated amortization/depreciation on disposals [1]	(9,517)	(341)	(9,858)
Capitalized to the multi-client library	12,931	-	12,931
Exchange adjustment	52	53	105
Accumulated depreciation as of 31 December 2014	105,553	3,135	108,688
Net book value as of 31 December 2014	33,608	9,568	43,176
Useful life	2 to 7 years	3 to 12 years	

[1] Loss on disposal during the year was USD 0.2 million [2] The category mainly consists of leasehold improvements

5. Intangible Assets

2015

Acquisition Cost and Depreciation:	Goodwill	Multi-client Library	Other Intangible Assets	Total
Cost as of 1 January 2015	117,966	3,352,824	124,361	3,595,151
Acquisition of assets from third-parties	286	26,407	-	26,693
Additions	-	501,653	3,625	505,278
Disposals [1]	-	-	(43,000)	(43,000)
Cost as of 31 December 2015	118,252	3,880,884	84,986	4,084,122
Accumulated depreciation and impairment as of 1 January 2015 [2]	50,606	2,534,692	115,012	2,700,310
Amortization for the year	-	331,213	-	331,213
Depreciation for the year	-	-	3,284	3,284
Impairment for the year	-	176,063	-	176,063
Accumulated amortization/depreciation on disposals [1]	-	-	(43,000)	(43,000)
Capitalized to the multi-client library	-	-	430	430
Accumulated depreciation and impairment as of 31 December 2015	50,606	3,041,968	75,726	3,168,300
Net book value as of 31 December 2015	67,647	838,916	9,260	915,822
Useful life			3 to 7 years	

[1] Gain on disposal during the year was USD 0.8 million [2] Accumulated depreciation comes from previous GAAPs

2014

Acquisition Cost and Depreciation:	Goodwill	Multi-client Library	Other Intangible Assets	Total
Cost as of 1 January 2014	119,774	2,913,872	119,906	3,153,552
Reclassification	-	-	2,781	2,781
Additions	-	462,318	2,735	465,053
Disposals	-	-	(149)	(149)
Exchange adjustment	(1,808)	(23,366)	(912)	(26,086)
Cost as of 31 December 2014	117,966	3,352,824	124,361	3,595,151
Accumulated depreciation and impairment as of 1 January 2014 [2]	35,011	2,155,779	73,155	2,263,945
Reclassification	-	-	327	327
Amortization for the year	-	325,252	-	325,252
Depreciation for the year	-	-	6,559	6,559
Impairment for the year	15,595	71,414	33,874	120,883
Accumulated amortization/depreciation on disposals [1]	-	-	(99)	(99)
Capitalized to the multi-client library	-	-	1,584	1,584
Exchange adjustment	-	(17,753)	(388)	(18,141)
Accumulated depreciation and impairment as of 31 December 2014	50,606	2,534,692	115,012	2,700,310
Net book value as of 31 December 2014	67,361	818,132	9,349	894,841
Useful life			3 to 7 years	

[1] No gains or losses on disposals were recognized during the year [2] Accumulated depreciation comes from previous GAAPs

Due to the weak market conditions during 2015 and the uncertainty in the market, TGS has carefully analyzed the underlying assumptions and uncertainties when performing the impairment tests. Accordingly, the future sales forecast for some multi-client projects have been reduced to reflect the increased uncertainty in the market. An impairment of USD 176.1 million is recognized on the net book value of the multi-client library in 2015, compared to USD 71.4 million in 2014. The net present values of estimated future revenues for the respective multi-client projects were discounted by using a 12% (pre-tax) discount rate.

See the Summary of Significant Accounting Policies for the amortization policies of the multi-client library and for an explanation of the relevant accounting judgments, estimates and assumptions.

For a description of the impairment testing of goodwill and other intangible assets, see Note 6.

6. Impairment Testing of Goodwill and Other Intangible Assets

The table below shows goodwill by cash generating unit.

Specification of goodwill:	Imaging	GPS Well Logs	GPS Interpretation	Arcis	Other	Total
NBV as of 1 January 2015	27,928	12,219	7,558	18,581	1,076	67,361
Additions	-	286	-	-	-	286
NBV as of 31 December 2015	27,928	12,505	7,558	18,581	1,076	67,647

In accordance with IFRS, TGS tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The test is performed at year-end.

Goodwill acquired through business combinations has been allocated to individual cash generating units (CGU) as referred to in the table above. GPS Well Logs, GPS Interpretation, Imaging and Reservoir Solutions form operating segments which are included in "Other segments/Corporate costs", while Arcis is part of "NSA" in Note 3.

Goodwill for all the CGUs has been tested for impairment. Based on the impairment testing performed, no impairments have been recognized during 2015 (2014: USD 15.6 million).

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. TGS bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of TGS' CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

GPS Well Logs

The Geological Products & Services (GPS) GPS Well Logs CGU offers the industry's largest collection of digital well logs. The well data library includes US production data, directional surveys and a custom well file database. The CGU does also offer data integration services.

Following the acquisition of the outstanding shares of Digital Petrodata LLC in 2015,an additional goodwill of USD 0.3 million has been recognized to GPS Well Logs.

The value in use of GPS Well Logs has been determined based on revenue and cash flow projections from financial estimates prepared by management of the business unit. The approved budget has been used for 2016. The value in use calculations has not assumed any growth in 2017. For the subsequent three years, an expected growth rate of 3% has been used, which is lower than the actual growth in recent years and reflects the increased uncertainty.

A terminal value in 2020 of the business unit was determined by discounting the projected cash flow in 2020 assuming a nominal growth of 3% limited to 20 years. The applied growth is lower than the actual growth in recent years and reflects increased uncertainty. The terminal value and the cash flows in the five year projection period were discounted using a 14% (pre-tax) discount rate.

The impairment calculations are most sensitive to the changes in the forecasted growth rates, which are mainly influenced by future E&P spending and demand for TGS' products. In addition the impairment calculations are sensitive to the discount rate. Management does not see any reasonable changes in key assumptions that would cause the value in use to be lower than its carrying value.

Imaging

The Imaging CGU processes both 2D and 3D seismic data, with relevant products and services. In addition, research and development professionals are continually developing new technology and workflows for seismic imaging, as well as enhancing existing ones.

The value in use of the division has been determined based on revenue and cash flow projections from financial estimates prepared by management of the business unit. The approved budget has been used for 2016. The value in use calculations has not assumed any growth in 2017. For the subsequent three years, an expected growth rate of 3% has been used, which is lower than the actual growth in recent years and reflects the increased uncertainty.

A terminal value in 2020 of the business unit was determined by discounting the projected cash flow in 2020 assuming a nominal growth of 3%, which is lower than the actual growth in recent years and reflects increased uncertainty. The terminal value and the cash flows in the five year projection period were discounted using a 14% (pre-tax) discount rate.

The impairment calculations are sensitive to the changes in the forecasted growth rates, which are mainly influenced by future E&P spending and demand for TGS' products. In addition the impairment calculations are sensitive to the discount rate.

GPS Interpretation

The Geological Products & Services (GPS) Interpretation CGU offers interpretive studies and services to help energy companies find hydrocarbons.

The recoverable amount of GPS Interpretation has been determined based on additional sales of the multi-client library deriving from the external interpretation work carried out by GPS Interpretation. The additional sales are estimated to be in the range of USD 3-5 million annually for the next five years. The lowest estimate has been used in the calculations together with a discount rate of 12% (pre-tax).

A terminal value in 2020 of the business unit was determined by discounting the projected cash flow in 2020 assuming a nominal growth of 3%.

Management does not see any reasonable changes in the key assumptions that would cause the value in use to be lower than its carrying value.

Arcis

The Arcis CGU comprises a land seismic business in Canada.

The value in use of Arcis has been determined based on revenue and cash flow projections from financial estimates prepared by management of the business unit. The approved budget has been used for 2016. The value in use calculations has not assumed any growth in 2017. For the subsequent three years, a growth rate of 3% has been used which is viewed as conservative based on current market expectations.

A terminal value in 2020 of the business unit was determined by discounting the projected cash flow in 2020 assuming a nominal growth of 3%. The terminal value and the cash flows in the five year projection period were discounted using a 12% (pre-tax) discount rate.

The impairment calculations are sensitive to the changes in the forecasted growth rates which are mainly influenced by future E&P spending and demand for TGS' products. In addition the impairment calculations are sensitive to the discount rate.

7. Personnel costs / Number of Employees / Remuneration to Executive Management, Board of Directors and Auditors

	2015	2014
Payroll	83,360	109,194
Social security costs	6,940	8,500
Pension costs	4,621	5,581
Other employee related costs	11,449	6,994
Salaries capitalized to developed software	(1,465)	(1,586)
Salaries capitalized to multi-client library	(41,659)	(40,680)
Personnel costs	63,246	88,003
Cost of stock options (see Note 8)	1,782	5,003
Personnel costs and cost of stock options	65,028	93,006

The following table provides the stock and stock options held by executive management:

Executive Management	No. of Shares Held 31/12/2015	No. of Options Held 31/12/2015	No. of Options Granted in 2015	No. of Options Exercised in 2015	WAEP [1] (in NOK)
Robert Hobbs (CEO)	34,250	101,000	-	25,000	113.80
Kristian Johansen (COO)	1,500	51,500	-	14,000	113.80
Sven B Larsen (CFO)	600	-	-	-	-
John Adamick (SVP Geological Products and Services)	36,000	56,400	-	-	-
Knut Agersborg (VP Global Services)	2,100	42,000	-	21,000	113.80
Genevieve Erneta (VP Human Resources)	-	49,200	-	-	-
Katja Akantieva (SVP Western Hemisphere)	-	10,100	-	-	-
Stein Ove Isaksen (SVP Eastern Hemisphere)	2,000	42,000	-	14,400	113.80
Zhiming Li (SVP Data Processing and Research & Development)	105,694	56,000	-	14,000	113.80
Tana Pool (VP General Counsel and Corporate Secretary)	-	-	-	-	-

[1] WAEP: Weighted average exercise prices on options exercised

Executive Management 2015

Executive Management	Salary	Bonuses	LTIP 2014-plan	Other Benefits	Share-based Payments Expensed	Total Remunerations
Robert Hobbs	506	593	49	19	259	1,425
Kristian Johansen [1]	435	187	22	153	163	960
Sven B Larsen (From 1 September 2015)	167	-	-	7	27	201
John A. Adamick	235	188	27	17	122	589
Knut Agersborg	172	73	18	21	130	415
Genevieve Erneta	207	64	27	17	122	437
Katja Akantieva (SVP Western Hemisphere from 17 February 2015) [1]	212	68	-	74	41	395
Stein Ove Isaksen	236	107	18	20	122	504
Zhiming Li	308	206	27	19	130	690
Tana Pool	287	95	27	19	16	445

[1] Other benefits include compensation for relocation expenses

Executive Management 2014

Executive Management	Salary	Bonuses	LTIP 2014-plan	Other Benefits	Share-based Payments Expensed	Total Remunerations
Robert Hobbs	498	1,185	41	26	362	2,112
Kristian Johansen	402	337	22	25	233	1,019
John A. Adamick	230	378	23	24	192	847
Knut Agersborg	218	188	18	26	201	651
Martin Bett	267	107	20	36	163	593
Genevieve Erneta	193	127	23	18	171	532
Rod Starr (Resigned in January 2015)	268	326	23	24	201	841
Stein Ove Isaksen	300	273	18	28	171	790
Zhiming Li	298	406	23	21	201	948
Tana Pool	282	128	23	26	-	459

The number of employees per 31 December 2015 was 747 versus 943 per 31 December 2014. No loans to employees are outstanding as of 31 December 2015 or 31 December 2014.

TGS has a profit sharing plan for all full-time employees following a six month trial period. The profit sharing (bonus) is payable quarterly, and is calculated as a function of operating profit versus budget and the individual employee's relative share which is based on several factors, such as performance, responsibility, etc. All bonuses earned in 2015 have been paid or accrued as of 31 December 2015.

In 2015, a limited number of performance share units (PSUs) were issued to the executive managers. The 2015 PSU expenses are reported within the "Share-based Payments Expensed" in the table above, and the plan is further described in the section "Remuneration policy – Executive Management" below. Each of the PSUs represent the right to receive the maximum of one share, and the plan is equity settled.

Together with the other members of the executive management, Robert Hobbs participates in TGS' profit sharing bonus plan in the same manner that all other Company employees participate. Mr. Hobbs receives a bonus that is proportional to TGS' annual operating profit before bonus charges and the target amount of each year's annual bonus is determined by the Board of Directors.

The contractual amount payable to Mr. Hobbs in case of termination of his employment by the Board of Directors is equal to three times the highest annual base salary of the preceding three years spread over an ensuing three year period. The amount payable in the case of termination following a "change of control" event is three times the highest gross annual compensation received by Mr. Hobbs during the three years immediately preceding the "change of control" event.

For each Mr. Johansen and Mr. Larsen the maximum amount payable in case of termination of employment is one times the highest annual base salary of the preceding three years spread over an ensuing one year period, The amount payable in the case of termination following a "change of control" event is one times the highest gross annual compensation received during the three years immediately preceding the "change of control" event.

No other members of the executive management team have employment agreements providing termination benefits.

The members of executive management participate in the profit sharing cash bonus plan described above. The target amount of each year's annual bonus is determined by the Board.

The following set forth the compensation paid to the Board of Directors:

Board of Directors 2015

	Director's Fee [1]	Value of Shares Received [2]	Total Remunerations
Hank Hamilton (Chairman of the Board)	220	-	220
Elisabeth Harstad	79	-	79
Mark Leonard	37	30	67
Vicki Messer	37	30	67
Tor Magne Lønnum	18	30	48
Wenche Agerup (Director from May 2015)	18	30	48
Elisabeth Grieg (Director from September 2015) [3]	4	15	19
Bengt Lie Hansen (Director until May 2015)	18	-	18
Colette Lewiner (Director until May 2015)	37	-	37
Jørgen C. Arentz Rostrup (Director from May 2015 until September 2015) [3]	15	12	26

Board of Directors 2014

	Director's Fee [1]	Value of Shares Received [2]	Total Remunerations
Hank Hamilton (Chairman of the Board)	215	-	215
Colette Lewiner	23	42	65
Elisabeth Harstad	97	-	97
Mark Leonard	47	42	89
Bengt Lie Hansen	70	42	112
Vicki Messer	47	42	89
Tor Magne Lønnum	47	42	89

[1] The tables include Director's fees paid during the year. Directors receive fees on a bi-annual basis as decided by the AGM. Deviations in individual fees are related to the timing of the bi-annual payments.

[2] In May 2015, each of the Directors, other than the Chairman received 1,650 restricted shares in TGS. One of the Directors was not permitted by her employer to own shares in other companies and will receive cash in lieu of restricted shares in an amount equal to the amount the other Directors will be able to sell their restricted shares for at the closing share price on the first day that a sale is permitted.

[3] Jørgen C. Arentz Rostrup was elected as a Director by the AGM in May 2015. After accepting a job opportunity outside the European Economic Area (EEA), which would cause the Board to no longer fulfil the resident requirements set out in the Norwegian regulation, Mr Rostrup decided to resign from his position on the Board. An extraordinary general meeting was held in September 2015, and Elisabeth Grieg was elected to the Board of Directors in replacement of Jørgen C. Arentz Rostrup.

	No. of Restricted Shares Received during 2015	No. of Shares Held 31/12/2015
Hank Hamilton (Chairman of the Board)	-	1,352,400
Elisabeth Harstad (Director)	-	-
Mark Leonard (Director)	1,650	17,200
Vicki Messer (Director)	1,650	8,100
Tor Magne Lønnum (Director)	1,650	4,900
Wenche Agerup (Director)	1,650	1,650
Elisabeth Grieg (Director)	995	995

Compensation to the members of the Nomination Committee [1]	2015	2014
Tor Himberg-Larsen (Chairman)	24	26
Christina Stray	14	13
Jarle Sjo (Member from June 2014)	14	-

[1] The table shows compensation paid during the year.

Determination of Salary and Other Remuneration to Executive Management

TGS' Total Compensation Philosophy, as approved by the Board, is to provide a robust and competitive total rewards package that attracts and retains exceptionally talented people and provides the greatest rewards for its employees who consistently and continually demonstrate the highest levels of performance.

This policy statement applies for the coming financial year, see section 6-16a (2) of the Norwegian Public Limited Companies Act. Additional and more comprehensive details about the 2016 executive management remuneration will be presented to the AGM in May 2016.

TGS uses a blend of components: base salary, incentive compensation (short-term and long-term awards) and non-financial rewards. TGS base salaries are targeted below the median of the compensation peer group. TGS' total actual cash compensation, defined as base salary and short-term incentives (an annual performance cash bonus directly linked to the TGS Group's operating profit), is intended to exceed the market average in years where the company performs above market (target above 50th and up to 75th percentile of the market). It is also heavily weighted in variable pay so that employees share in the same risk and rewards as its shareholders. The Board of Directors believes that the issuance of long –term incentives is a valuable tool to aid in the retention of key employees and serves to reinforce the importance of maintaining a longer-term focus towards shareholder value creation.

Executive Remunerations

It is critical to TGS' continued success to attract and retain highly engaged executives with great vision, global experience and a strong drive for results. The compensation program for executive officers consists of industry competitive benefit programs, base salaries, short-term incentives and long-term incentives such as stock options, share appreciation rights (SARs) or other share-based awards. The various compensation elements are balanced in a way that recognizes the individual executive's responsibilities and his or her abilities to influence the short and long-term profitable growth of the Company. Base salaries are consciously set low for executives (around 25th percentile of our competitive group) while the short-term incentive can be comparatively high.

Short Term Incentives (STI)

A percentage of TGS Group's operating profit is designated as the pool for employee annual performance cash bonuses (executive and non-executive). In 2015, less than 1% of TGS' budgeted operating profit (included within the 'pool') was designated for executives. Based on the annual budget, individual bonus targets are set at the beginning of each plan year. Employees are assigned a factor of their base salary that is influenced by individual level of responsibility in the organization, individual contribution, performance in the previous year and other criteria. This individual factor may go up or down from year to year. The total of all factored bonus targets are compared to the budgeted pool to calculate and apply an adjustment ratio. The resulting adjusted bonus amount is the individual's annual target cash performance bonus. The CEO's target bonus amount is limited to a multiple of three times base salary. All other executives are limited to two times base salary.

Individual STI targets as a percentage of base salary can vary from year to year depending upon several factors including individual performance, contribution and responsibility in the organization. The STI payout is capped at two times an individual's annual STI target. Over the last 20 years, the maximum STI plan payout has been 1.46 times target and the minimum payout has been 0.28 times target. The actual bonus amounts are paid quarterly and are directly proportional to the actual quarterly operating profit. This ensures that there is short term direct linkage to Company performance.

In 2015, TGS made operating profit in the first 3 quarters, however, TGS had a negative operating profit for all of 2015 due to large impairments taken in the 4th quarter. These impairments only became apparent to TGS' management and the Board in the 4th quarter, prior to the normal 3rd quarter bonus payments, so TGS elected to not pay a Q3 bonus even though a 3rd quarter operating profit was achieved. Likewise, no executive bonuses were paid for Q4 results either (payment usually occurring in Q1 2016). The bonus payments for Q1 and Q2 results amounted to 27% of the total target bonus originally planned for 2015.

TGS did not attempt to "clawback" the bonuses already paid for Q1 and Q2 results for competitive and legal reasons.

For executive team members, TGS reserves the right to demand the repayment of any cash performance bonus that has been paid on the basis of facts that were incorrect, or as the result of misleading information supplied by the individual in question

Long-Term Incentives (LTI)

A limited amount of share-based awards are usually issued each year upon the approval of and authority from shareholders at the Annual General Meeting (AGM). Subsequently, a detailed plan incorporating the terms approved by the AGM is then subject to the review and approval by the Board of Directors.

For the 2015 plan, the Board has set a maximum limit for the amounts which may be earned by the individual participants in the share-based LTI at 3X base salary for the CEO and 2X base salary for all others.

The Company historically issued stock options as long-term incentives, but decided to replace the stock options program in 2014 with a system that is both more performance-based and more tightly coupled to long term shareholder interests. For past stock option programs, the Compensation Committee recommended to the Board of Directors the amount of stock options to be issued to executives. The number of stock options granted was directly linked to Company and individual performance. As a general policy, stock options were issued at market price when granted, vested over a four-year period starting on the third anniversary of the grant and expired five years after the stock option pool was approved by shareholders at the AGM. Under Norwegian law and the respective resolutions from the AGM, five years is the maximum lifetime of a warrant to secure a stock option.

Remuneration in 2015

In the 2015 plan each executive was granted Performance Share Units (PSUs) based on his or her individual performance, span of responsibility and ability to execute the TGS business plan. The plan was in line with how it was presented to the AGM in May 2015. Three years from the date of grant the PSUs will be converted to a number of TGS shares depending on how certain metrics are achieved. Threshold limits are set based on TGS performance at the end of 2014, and no shares will be earned in each category if final values are below these thresholds. At any time prior to date where the actual shares are delivered to the holder, the Board of Directors may determine that the 2015 PSU holders are eligible for an additional discretionary cash bonus.

There are three metrics, one relative (Multi-client Revenue Market Share) and two absolute (ROACE and HSE).

Metric	Values		% of Grant Awarded
Multi-client Revenue Market Share	26%	<Threshold	0%
	29%	Target	22.5%
	32%	Stretch	45%
ROACE	25%	<Threshold	0%
	30%	Target	22.5%
	35%	Stretch	45%
Health, Safety & Environment (HSE) - Lost Time Incents (LTI)	>0	Threshold	0%
	0	Target	10%

For 2015, the CEO was granted 40,000 PSUs, the COO and CFO were each granted 20,000 PSUs and the remaining executives were granted an average of 12,000 PSUs each.

If an executive's employment is terminated for any reason prior to the vesting date, the executive forfeits any awarded PSUs and any right to the underlying shares, unless the Board of Directors provides otherwise.

Executive Share Ownership Guidelines

In 2014, the Board implemented share ownership guidelines for executives. These guidelines are designed to encourage long-term share ownership and to ensure that executives hold stock. The CEO is required to hold three times base salary in TGS stock, the COO and CFO are each required to hold two times their base salary and all other members of the executive team are required to hold one time their base salaries in TGS stock. Executives have until 12 August 2019 or, if later, five years from the date the executive is first subject to the guidelines, to meet the ownership requirement. If an executive does not meet the Executive Share Ownership Guidelines, the Executive must retain all shares awarded from any LTI plan until the requirement is satisfied.

Governance

The CEO is responsible for proposing the compensation packages (excluding his own) for all executive officers for Compensation Committee review and Board approval. The Compensation Committee is composed of completely independent directors: Mark Leonard (Chair), Elisabeth Harstad and Wenche Agerup.

The Compensation Committee is also responsible for recommending the CEO's compensation package to the Board for final review and approval. This includes the CEO's target bonus, which is specifically set by the Board.

The Board believes executive compensation should be reasonable and fair according to prevailing industry standards in the geographical markets where the TGS Group operates, and should be understandable relative to scale, complexity and performance. The Board strives to ensure that executive compensation is administered consistently according to the TGS Total Compensation Philosophy.

The Compensation Committee retains an independent third party compensation benchmarking firm to assess and recommend changes to TGS' executive compensation practices relative to its peer group. The peer group is composed of several competitors and international oil and gas services companies. The peer group is determined by considering a combination of relative factors including annual revenue, EBITDA, market capitalization, return on equity (ROE) and return on invested capital (ROI). This independent executive compensation analysis is conducted annually.

2015 Executive Remuneration Peer Group		
Aker Solutions*	Core Laboratories*	Fred Olsen Energy*
Hunting PLC	Pason Systems	Shawcor
Carbo Ceramics*	Dril Quip*	Gulfmark Offshore
ION Geophysical*	Petroleulm Geo-Services*	Songa Offshore*
CGG*	Forum Energy Technologies	Helix Energy Solutions*
Oil States International	Prosafe SE*	Tesco Drilling

*Denotes in peer group previous year

The peer group for executive remuneration will be updated in 2016.

In the event of a Change of Control, as defined in each LTI plan document, and subject to the provisions of each plan, the LTI award shall become immediately vested and/or exercisable in full, without limitation to exercise period.

Auditor's fee	2015	2014
Statutory audit	599	647
Other attestation services	2	9
Tax advisory services	16	38
Other services outside the audit scope	16	2
Total fees	**633**	**696**

All amounts are exclusive of VAT.

8. Long Term Incentive Plans

In 2014 and 2015, TGS has issued performance-based incentive plans which are tied to long-term share performance. Prior to 2014 TGS issued stock options as long-term incentives.

When stock options are exercised, TGS issues new shares or transfers treasury shares. Options granted under the 2011 plan and the 2012 plan are secured by treasury shares. Options granted under the 2013 plan are secured by free-standing warrants.

In 2014 a limited amount of restricted share units (RSUs) were issued to key employees other than the executive management. The 2014 RSU plan is a cash-settled plan measured at the end of each reporting period. These RSUs will vest and pay out three years after grant. The cash value of each RSU will not exceed two times the fair market value of a share on the last trading day prior to the date of grant which was NOK 184.90.

In 2015, a limited number of performance share units (PSUs) were issued to executives, while a limited amount of restricted share units (RSUs) were issued to key employees other than the executive management. Each of the PSUs and RSUs represent the right to receive the maximum of one share, and the plans are equity settled. The PSUs and the RSUs will vest three years after grant. At any time prior to date where the actual shares are delivered to the holder, the Board of Directors may determine that the 2015 RSU and PSU holders are eligible for an additional discretionary cash bonus.

The actual number of shares to be received by holders of the PSUs are dependent on three performance metrics which are measured for the period 1 January 2015 through 31 December 2017;

- Multi-client market share
- Return on average capital employed
- Health, social and environmental metric

If all the performance metrics are fully earned, the payout percentage will be at 100% which is equal to a total of 164,000 PSUs. The fair value of the PSUs is measured based on the market value of the shares at the end of each reporting period, reduced by the net present value of expected dividends during the vesting period. The fair value does reflect the expected result of the performance metrics.

The holders of the RSUs are eligible to receive one share per RSU on the vesting date, and the fair value of the RSUs granted in 2015 is measured based on the market value of the shares at the end of each reporting period, reduced by the net present value of expected dividends during the vesting period. A total of 124,000 RSUs were granted in 2015.

The fair value of the RSUs granted in 2014 is measured based on the market value of the shares at the end of each reporting period. The model also includes a component which adjusts for the cap of the cash value at two times the market value of the share at the date prior to the grant. A total of 107,774 RSUs were granted in 2014.

The expense recognized for employee services during the year is shown in the following table:

	2015	2014
Expense arising from equity-settled share-based payment plans	2,202	5,003
Expense arising from cash-settled share-based payment plans	752	1,000

TGS' shares are traded in NOK at the Oslo Stock Exchange. TGS' functional currency is USD and the share-based payment plans will expose TGS for currency risk in relation to the amount of costs booked with fluctuations between NOK and USD.

The strike price of the outstanding share options is equal to the market price of the share at market close the day prior to grant. The contractual life of an option is five years and there are no cash settlement alternatives.

The fair value of share options granted is estimated at the date of the grant using the Black & Scholes model, taking into account the vesting pattern of each option.

The following table illustrates the number (No.) and weighted average prices (WAEP) of, and movements in, stock options, SARs (2010 plan, none is outstanding per 31 December 2015), RSUs and PSUs during the year:

	2015		2014	
	No.	WAEP (NOK)	No.	WAEP (NOK)
Outstanding at 1 January	1,789,749	146.93	2,054,813	145.01
Granted during the year	288,000	0.00	107,774	0.00
Adjusted quantity due to performance criteria	(45,100)		-	
Forfeited during the year	(204,250)	150.50	(24,000)	116.56
Exercised during the year	(373,375)	107.23	(348,838)	92.35
Expired during the year	-		-	
Outstanding at 31 December	1,455,024	132.08	1,789,749	146.93
Exercisable at 31 December	384,200		262,975	

The weighted average remaining contractual life for the stock options outstanding on 31 December 2015 is 1.89 years (2014: 2.42 years).

The weighted average fair value of the PSUs and RSUs granted during 2015 was NOK 135.98. The weighted average fair value of the RSUs granted during 2014 was NOK 168.60.

The range of strike prices for options at the end of the year was NOK 113.80 - NOK 181.90 (2014: NOK 86.15 - NOK 181.90).

The following table lists the input to the Black & Scholes model used for calculation of the share options granted in 2013:

	2013
Expected volatility	
For options vested after 3 year	0.41
For options vested after 4 year	0.48
Expected risk-free interest rate	
For options vested after 3 year	1.75%
For options vested after 4 year	1.90%
Expected life of options beyond vesting period (years)	1.00
Expected annual turnover of employees	1.00%
Dividend yield	0.00%
Model used	Black & Scholes

The expected life of the options is based on historical data and management's assessment. This is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility is indicative of future trends, which may also deviate from the actual outcome

The option plans are equity-settled and the fair values are measured at grant date.

The fair values of the PSUs and the RSUs are measured at every reporting date, and per 31 December 2015, the liabilities arising from the plans amounted to USD 1.2 million (2014: USD 0.3 million).

Outstanding Stock Options as of 31 December 2015:

No. of Options	Exercise dates	Holders	Price/ conditions	Granted
146,200	See below[1]	Key employees	NOK 113.80 Secured by treasury shares. Options expiring on 7 June 2016	11 August 2011
465,625	See below[2]	Key employees	NOK 174.40 Secured by treasury shares. Options expiring on 5 June 2017	9 August 2012
508,700	See below[3]	Key employees	NOK 181.90 Warrants expiring on 4 June 2018	8 August 2013
1,120,525				

Outstanding PSUs and RSUs as of 31 December 2015:

No. of PSUs/RSUs	Exercise dates	Holders	Price/ conditions	Granted
94,964	See below[4]	Key employees	Fair market value (FMV) of a share capped at two times the FMV when granted (NOK 184.90)	12 August 2014
110,260	See below[5]	Key employees	Fair market value (FMV) of a share reduced for expected dividend	5 August 2015
164,000	See below[6]	Executive management	Fair market value (FMV) of a share reduced for expected dividend, adjusted for performance criteria	5 August 2015
369,224				

[1] The holders may request shares in exchange for the stock options as follows: Up to 50% beginning 11 August 2014 and 100% beginning 11 August 2015 less previously exercised.

[2] The holders may request shares in exchange for the stock options as follows: Up to 50% beginning 9 August 2015 and 100% beginning 9 August 2016 less previously exercised.

[3] The holders may request shares in exchange for the stock options as follows: Up to 50% beginning 8 August 2016 and 100% beginning 8 August 2017 less previously exercised.

[4] The holders will receive a cash settlement based on the share price on 12 August 2017.

[5] The holders will receive one share per unit on 5 August 2018.

[6] The holders will receive maximum one share per unit on 5 August 2018.

All stock options, PSUs and RSUs become immediately exercisable should a change of control occur as defined in the plan documents. The company, at its sole discretion, may permit terminated employees to exercise vested options and/or exchange warrants if an active exercise period is in progress at the time employment is terminated or, provided the employment was not terminated for cause, during the first exercise period that begins after the termination date.

9. Earnings per Share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of TGS by the weighted average number of ordinary shares outstanding (net of treasury shares) during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of TGS by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares (stock options) into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2014	2014
Net profit attributable to ordinary equity holders of the Parent	(28,368)	215,676
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	101,340	101,889
Effect of dilution:		
Share options, RSUs and PSUs	881	1,310
Weighted average number of ordinary shares (excluding treasury shares) adjusted for effect of dilution	102,221	103,199
Basic earnings per share	(0.28)	2.12
Diluted earnings per share	(0.28)	2.09

On 18 February 2016, a total of 10,000 stock options were exercised. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

10. Equity and Shareholders Authorizations

Ordinary Shares Issued and Fully Paid

	Number of shares	USD
1 January 2014	103,521,724	3,716
Issued 25 February 2014 for cash on exercise of stock options	31,500	1
Issued 14 May 2014 for cash on exercise of stock options	37,250	2
Cancelled 406,186 treasury shares held, 25 July 2014	(406,186)	(17)
31 December 2014	103,184,288	3,702
Cancelled 1,048,298 treasury shares held, 23 June 2015	(1,048,298)	(45)
31 December 2015	102,135,990	3,657

Treasury Shares

TGS, from time to time, buys back shares under authorizations given by the shareholders. The shares may be held in treasury, used as payment in M&A transactions, used in relation to exercise of employees' stock options, or eventually cancelled. As of 31 December 2015 TGS held 673,600 treasury shares, 0.7% of the total shares issued (2014: 1,843,512 shares, 1.8%).

The following table shows the movement of treasury shareholdings:

	Number of shares	USD
1 January 2014	1,416,200	62
Treasury shares used to cover exercises and distributed to Board members (Note 7 and 8)	(105,050)	(5)
Cancellation of treasury shares in 2014	(406,186)	(17)
Shares bought back in 2014	938,548	35
31 December 2014	1,843,512	76
Treasury shares used to cover exercises and distributed to Board members (Note 7 and 8)	(292,850)	(10)
Treasury shares distributed as final payment to former owners of Volant Solutions	(8,764)	(1)
Cancellation of treasury shares in 2015	(1,048,298)	(45)
Shares bought back in 2015	180,000	6
31 December 2015	673,600	26

Shareholders' Authorization to the Board to Increase Share Capital in the Company

By resolution of the Annual General Meeting held 6 May 2015, the Board is authorized to, on behalf of the Company, increase share capital of the Company with up to NOK 2,579,607 by issuance of up to 10,318,428 new shares, each at the par value of NOK 0.25. This authorization shall be valid until the Annual General Meeting in 2016, but no later than until 30 June 2016. The Board of Directors may resolve that the shareholders shall not have their pre-emption rights to subscribe for the new shares as stipulated in the Norwegian Public Limited Companies Act section 10-14. This authority includes capital increase by issuance of new shares both against payment in cash and against payment in kind. The authorization can be used in connection with a merger in accordance with the Norwegian Public Limited Companies Act section 13-5.

Shareholders' Authorization to the Board to Buy Back Shares in the Company

By resolution of the Annual General Meeting held 6 May 2015, the Board is authorized to, on behalf of the Company, acquire the Company's own shares for an aggregate par value of NOK 2,600,000, provided that the total amount of own shares at no time exceed 10% of the Company's share capital. The lowest price to be paid per share shall be NOK 0.25 and the highest price to be paid per share shall be the price as quoted on the stock exchange at the time of acquisition plus 5%. Acquisition and sale of the Company's own shares can take place in the manner which the Board of Directors considers to be in the Company's best interest, but not through subscription of new shares. This authorization shall be valid until the Annual General Meeting in 2016, however no longer than until 30 June 2016.

The Company did not acquire any shares for treasury between 6 May 2015 and 31 December 2015.

Shareholders' Authorization to the Board to Distribute Dividends

The Annual General Meeting held 6 May 2015 authorized the Board of Directors to distribute quarterly dividends on the basis of the 2014 financial statements. The authorization shall be valid until the Company's next Annual General Meeting.

On 1 February 2016 the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.15 per shares (NOK 1.30) to the shareholders.

The Annual General Meeting held 6 May 2015 did also approve the Board of Directors' proposal to distribute dividends for 2014 of NOK 8.5 per share.

The 20 Largest Shareholders as of 31 December 2015 as Registered with VPS:

Name	Country		Shares	%
BNY MELLON SA/NV	BELGIUM	NOM	7,150,000	7.0%
FOLKETRYGDFONDET	NORWAY		5,848,350	5.8%
THE NORTHERN TRUST CO.	GREAT BRITAIN	NOM	4,087,852	4.0%
STATE STREET BANK & TRUST COMPANY	U.S.A.	NOM	3,994,558	3.9%
CLEARSTREAM BANKING S.A.	LUXEMBOURG	NOM	3,489,872	3.4%
STATE STREET BANK & TRUST CO.	U.S.A.	NOM	3,114,701	3.1%
J.P. MORGAN CHASE BANK N.A. LONDON	GREAT BRITAIN	NOM	3,113,964	3.1%
THE BANK OF NEW YORK MELLON	U.S.A.	NOM	2,947,182	2.9%
DEUTSCHE BANK AG	GREAT BRITAIN	NOM	2,899,927	2.9%
STATE STREET BANK & TRUST COMPANY	U.S.A.	NOM	2,123,803	2.1%
EUROCLEAR BANK S.A./N.V. ('BA')	BELGIUM	NOM	2,100,415	2.1%
RBC INVESTOR SERVICES TRUST	GREAT BRITAIN	NOM	2,072,143	2.0%
SWEDBANK ROBUR SMABOLAGSFOND	GREAT BRITAIN		2,054,767	2.0%
SANTANDER SECURITIES SERVICES, S.A	SPAIN	NOM	1,751,021	1.7%
HSBC TRINKAUS & BURKHARDT AG	GERMANY	NOM	1,589,828	1.6%
STATE STREET BANK AND TRUST CO.	U.S.A.	NOM	1,530,122	1.5%
J.P. MORGAN BANK LUXEMBOURG SA	GREAT BRITAIN	NOM	1,505,432	1.5%
BROWN BROTHERS HARRIMAN &CO	U.S.A.	NOM	1,483,445	1.5%
PARETO AKSJE NORGE	NORWAY		1,435,200	1.4%
SWEDBANK ROBUR NORDENFON	GREAT BRITAIN		1,391,509	1.4%
20 largest shareholders			**55,684,091**	**54.9%**
Total number of shares, par value of NOK 0.25			**101,462,390**	**100.0%**

Norwegian shareholders held 17,437,682 (17.2%) of TGS' outstanding shares (excluding treasury shares) at 31 December 2015. Shares held in treasury at 31 December 2015 were 673,600.

Following this approval, dividend payments totalling USD 112.9 million were made.

11. Cash and Cash Equivalents

Cash nd cash equivalents include demand deposits and high liquid instruments purchased with maturities of three months or less.

Cash and cash equivalent	2015	2014
Bank deposits	162,479	255,891
Restricted cash deposits	254	525
Total cash bank deposits	162,733	256,416

The bank deposits are mainly denominated in USD and NOK. Restricted cash deposits are for employee tax withholdings.

12. Related Parties

Terms and Conditions of Transactions with Related Parties

No material transactions took place during 2015 or 2014 with related parties. See Note 7 for further information of the remuneration to the Board of Directors and to the executive management.

See Note 25 for further information about the subsidiaries. Internal transactions are eliminated in the consolidated financial statements and do not represent transactions with related parties.

13. Financial Risk Management Objectives and Policies

TGS has various financial assets such as accounts receivables, cash and financial investments available for sale, which arise directly from its operations. These are mainly held in USD, which is the functional currency to most of TGS' entities. TGS' principal financial liabilities comprise of trade payables and other current liabilities. TGS does not hold any currency or interest rate swaps.

It is, and has been, TGS' policy that no trading in derivatives shall be undertaken. The main risks arising from the financial risk management are currency risk, liquidity risk and credit risk.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized to the right.

Currency Risk

Major portions of TGS' revenues and costs are in US dollars. Due to this, TGS' operational exposure to exchange rate fluctuation is low. However, as the Parent Company pays taxes in Norwegian kroner to Norwegian Tax Authorities and dividends to shareholders in Norwegian kroner, fluctuations between the NOK and the USD impact currency exchange gains or losses on the tax expense and financial items of the consolidated accounts. For deferred tax assets calculated in NOK, a change of 10% on the NOK/USD currency exchange rate could have an impact on net income of approximately USD 3.1 million (2014: USD 2.1 million) with a corresponding effect to profit or loss.

Liquidity Risk

Liquidity risk arises from a lack of correlation between cash flow from operations and financial commitments. Per the balance sheet date, TGS held current assets of USD 471.2 million, of which cash and cash equivalents represent USD 162.7 million and other current assets represent USD 308.5 million. In comparison current liabilities amounted to USD 218.2 million. TGS had USD 52.0 million in undrawn credit facilities. As of 31 December 2015, TGS considers the liquidity risk to be low.

The table shows a maturity analysis for the different financial items:

2015	0-6 months	6-12 months	> 1 year	Total
Accounts payable and debt to partners	94,330	3,468	-	97,798
Other non-current liabilities	-	-	6,182	6,182
Total	**94,330**	**3,468**	**6,182**	**103,980**
2014	0-6 months	6-12 months	> 1 year	Total
Accounts payable and debt to partners	160,863	2,419	-	163,282
Other non-current liabilities	-	-	7,149	7,149
Total	**160,863**	**2,419**	**7,149**	**170,431**

Credit Risk

All placements of excess cash are either bank deposits or in financial instruments that at minimum carry an "investment grade" rating. TGS' clients are oil and gas companies. TGS is exposed to credit risk through sales and uses best efforts to manage this risk. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the table below and the carrying value of the accounts receivables and other short-term receivables disclosed in note 16. TGS evaluates the concentration of risk with respect to trade receivables as low due to the company's credit rating policies and as the clients are mainly large oil and gas companies considered to be financially sound.

TGS from time to time accepts extended payment terms on parts of firm commitments from clients. To the extent these terms do not carry an interest compensation to be paid by clients, the revenues recognized by TGS are discounted to reflect this element. TGS may also seek extra security from the clients in certain cases, such as pledges, overriding royalty interest agreements (ORRIs) or carried interests in an exploration license held by the client or a conversion right to equity.

At 31 December 2015, none of the outstanding accounts receivables were secured by ORRIs (2014: USD 0 million).

For details of the accounts receivables including aging, please see note 16.

For details on other financial assets, please see note 14.

Capital Management

The goals for TGS' capital management of funds held are to:

1. Protect and preserve investment principal
2. Provide liquidity
3. Return a market rate of return or better

As per 31 December 2015, total equity represented 82% of total assets (2014: 76%) and TGS had no interest bearing debt.

It is the ambition of TGS to pay a cash dividend that is in line with its long-term underlying cash flow. When deciding the dividend amount, the TGS Board of Directors will consider expected cash flow, investment plans, financing requirements and a level of financial flexibility that is appropriate for the TGS business model. In addition to paying a cash dividend, TGS may also buy back its own shares as part of its plan to distribute capital to shareholders.

From 2016, TGS has started paying quarterly dividends in accordance with the resolution made by the Annual General Meeting on 6 May 2015. The aim will be to keep a stable quarterly dividend through the year, but the actual level paid will be subject to continuous evaluation of market outlook, cash flow expectations and balance sheet development.

On 1 February 2016, the Board of Directors resolved to pay a quarterly dividend of USD 0.15 (NOK 1.30) per share. The dividend was paid to the shareholders on 23 February 2016.

Fair Value of Financial Instruments

Set out below is a comparison by class of the book value and fair value of the financial instruments that are carried in the financial statements.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, accounts receivables and other short term receivables approximate their carrying amounts largely due to the short-term maturities of these instruments
- Fair value of other financial non-current assets is evaluated by TGS based on parameters such as interest rates and the individual creditworthiness of the counterparty
- Fair value of other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities

Fair Value Hierarchy

TGS uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Other non-current assets comprise account receivables with extended payment terms and loans. Any revenue share associated with these receivables is presented as "Other non-current liabilities". Fair values of the two loans (see note 14) and the receivables with extended payment terms have been determined by using a level 3-technique. The fair values are considered to be equal to net book values as the discount rate applied is consistent with the current interest rate.

No financial income or expense was recognized in 2015 with respect to fair value adjustments of other non-current assets or non-current liabilities. In 2014, TGS recognized USD 1.5 million as a financial income in the statement of comprehensive income with respect to the available for sale investments which were sold in 2014 and with no financial expense incurred for 2014. USD 0.3 million was recognized as a loss in other comprehensive income in 2014 with respect to the available for sale investments.

				Financial Instruments by Category				
2015	Note	Carrying Amount	Fair Value	Cash and Cash Equivalents	Loans and Receivables	Assets/Liabilities at Fair Value Through the Profit and Loss	Available for Sale	Other Financial Liabilities
Financial Assets								
Other non-current assets	14	25,102	25,102	-	25,102	-	-	-
Total		**25,102**	**25,102**	**-**	**25,102**	**-**	**-**	**-**
Financial Liabilities								
Other non-current liabilities	14	6,182	6,182	-	-	-	-	6,182
Total		**6,182**	**6,182**	**-**	**-**	**-**	**-**	**6,182**

				Financial Instruments by Category				
2014	Note	Carrying Amount	Fair Value	Cash and Cash Equivalents	Loans and Receivables	Assets/Liabilities at Fair Value Through the Profit and Loss	Available for Sale	Other Financial Liabilities
Financial Assets								
Other non-current assets	14	43,882	43,882	-	43,882	-	-	-
Total		**43,882**	**43,882**	**-**	**43,882**	**-**	**-**	**-**
Financial Liabilities								
Other non-current liabilities	14	7,149	7,149	-	-	-	-	7,149
Total		**7,149**	**7,149**	**-**	**-**	**-**	**-**	**7,149**

14. Other Non-current Assets and Liabilities

Other Other non-current assets comprise account receivables with extended payment terms and loans. Any revenue share associated with these receivables is presented as "Other non-current liabilities".

None of the non-current receivables are due as per 31 December 2015.

Other non-current liabilities are due in 2017 (USD 5.4 million) and in 2018 (USD 0.8 million).

On 3 March 2015, TGS signed an agreement to participate as a new lender in the restructuring of SeaBird Exploration. SeaBird issued to TGS a USD 5.0 million secured bond carrying a 12% interest p.a. and maturing on 3 March 2018. The bond is primarily secured by certain multi-client data assets of the SeaBird Group.

The bond is classified as a non-derivative financial asset in the category "Loans and receivables" and is included in Other non-current assets.

Also, TGS has interest bearing loans to E&P Holding AS and Skeie Energy AS. The two loans with a total value of gross USD 42.1 million (net to TGS of USD 29.4 million) are recognized at USD 0 million as of 31 December 2015 (31 December 2014: USD 0 million).

Other Non-current Assets and Non-current Liabilities

	2015	2014
Other non-current receivables	25,102	43,882
Interest bearing loans	42,128	42,128
- Provision for impairment of other non-current receivables	-	-
- Provision for impairment of interest bearing loans	(42,128)	(42,128)
Total other non-current assets	**25,102**	**43,882**

Movements on TGS' provision for impairment of loans are as follows:

	2015	2014
At 1 January	42,128	28,314
Provision for impairment of loans	-	13,814
At 31 December	**42,128**	**42,128**

Non-current Liabilities

As per 31 December 2015, TGS has recognized other non-current liabilities of USD 6.2 million which primarily represent revenue share liabilities related to the receivables presented as "Other non-current receivables".

15. Joint Operations

As part of its multi-client business, TGS invests in some of the multi-client projects as joint operations. Projects considered as joint operations are typically seismic projects organized between two parties where a vessel owning company provides the vessel used to acquire the seismic, while TGS provides the data processing services. Both parties have rights to the assets and liabilities relating to these arrangements.

TGS has not established any material legal entities together with other companies with the purpose of acquiring a seismic project.

The table below provides TGS' share of revenues, amortization, impairment and net book value of the multi-client library at year-end for projects considered as joint operations:

	2015	2014
Gross revenues (projects invoiced by TGS)	268,643	395,734
Revenue share (projects invoiced by TGS)	(113,057)	(190,853)
Net revenues (projects invoiced by TGS)	155,586	204,880
Net revenues (projects invoiced by partner)	34,179	31,262
Net revenues joint operations	189,765	236,142
Amortization	82,982	69,074
Impairment	10,031	10,459
Net book value of multi-client library (joint operations) at 31 December (recognized by TGS)	206,785	163,285

16. Accounts Receivables and Other Current Receivables

Accounts receivables are stated in the balance sheet at net realizable value.

The amount of revenues for in progress projects not yet invoiced, is presented as accrued revenues in the balance sheet.

Other short-term receivables consist primarily of prepayments made for multi-client projects during the seismic data acquisition phase.

For certain multi-client library projects, TGS has cooperation agreements whereby revenues are shared with other companies and or governments. In such situations accounts receivables are presented gross for projects where TGS issues the licence agreement and is responsible for invoicing, while the related partnershare is presented within "Accounts payable and debt to partners". See note 22 for a breakdown of gross revenues and revenue share and note 15 for gross revenues and revenue share from projects considered as joint operations.

In cases where extended payment terms have been agreed, the implied interest is reflected in the stated amount.

	2015	2014
Accounts receivables	143,033	245,081
- Provision for impairment of accounts receivables	(7,649)	(3,562)
Accounts receivables - net	135,384	241,519
Accrued revenues	142,263	235,781
Other current receivables	30,818	44,010
Total	**308,465**	**521,310**

The aging of the accounts receivables is as follows:

	Total	Not due	< 30 days	30 - 60 days	60 - 90 days	Over 90 days
2015	285,296	243,652	16,026	7,643	486	17,489
	Total	Not due	< 30 days	30 - 60 days	60 - 90 days	Over 90 days
2014	241,519	173,369	31,685	16,024	3,880	16,561

Provisions for accounts receivables are based on an individual assessment. Receivables with impairment provisions are all within the aging group "Over 90 days".

Movements on TGS' provision for impairment of accounts receivables are as follows:

	2015	2014
At 1 January	3,562	7,135
Provision for receivables impairment	5,891	3,000
Receivables written off during the year as uncollectible	(1,804)	(3,829)
Amount collected	-	(2,744)
At 31 December	**7,649**	**3,562**

The provision for impaired receivables has been included in "Other operating expense" in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

For a description of credit risk, see Note 13.

17. Accounts Payables and Other Current Liabilites

	2015	2014
Accounts payable and debt to partners	97,798	163,282
Other current liabilities	117,615	130,538
Total accounts payable and other payables	**215,413**	**293,820**

Accounts payables are non-interest bearing and are normally settled on 30-day terms.

Other current liabilities consist of accrued expenses and deferred revenues.

18. Bank Overdraft Facility and Guarantees

3 Year Term Secured Revolving Credit Facility:

In December 2014, TGS entered into a credit facility with a limit of USD 50.0 million. The terms were Libor + 1.75% per annum for any outstanding borrowings. Per 31 December 2015 TGS had not drawn on the facility.

In January 2016, TGS entered into an amended and restated revolving credit facility of USD 75.0 million. The terms for Eurodollar borrowings range from Libor +1.75% to Libor +2.25%, depending on TGS' Leverage Ratio, multiplied by the Statutory Reserve Rate. For unused commitments, TGS will pay a facility fee between 0.20% and 0.30% per annum, depending on the company's Leverage Ratio. TGS has the right to prepay Eurodollars borrowings with a 3 day notice. USD 10.0 million of the committed amount of USD 75.0 million is contingent on an additional security in the form of a USD 10.0 million deposit. The amended and restated revolving credit facility supersedes TGS' prior revolving credit facility which had a limit of USD 50.0 million.

The facility is secured by a lien on the assets of TGS-NOPEC Geophysical Company (US), A2D Technologies Inc. and Volant Solution Inc. and is guaranteed by TGS-NOPEC Geophysical Company ASA and certain wholly owned subsidiaries.

Demand Revolving Credit Facility (Canada):

The Revolving Credit Facility (Canada) has a limit of CAD 2.0 million which was equivalent to USD 1.4 million at 31 December 2015 (31 December 2014: CAD 2.0 million equivalent to USD 1.7 million). The facility can be drawn through CAD direct advances at Canadian Prime, or USD direct advances at USD direct advances at US Base Rate, CAD Bankers Acceptances and Letter of Credit. The terms are CAD Prime and US Base Rate + 0.75% per annum on drawn amounts. For CAD Bankers Acceptances and Letters of Credit, the terms are at CAD Prime +2.00% per annum on drawn amounts. Per 31 December 2015, TGS had not drawn on the facility (2014: USD 0.1 million).

The facility is secured by a general security agreement over all of Arcis Seismic Solutions Corp.'s assets which totalled USD 126.5 million at 31 December 2015.

Bank Guarantees

Per 31 December 2015, two bank guarantees have been issued on behalf of TGS of a total of USD 0.8 million related to seismic programs.

19. Commitments and Contingencies

Operating Leases

TGS has entered into commitments for seven 2D vessels, one icebreaker, one multibeam vessel and one coring vessel. All these commitments will expire in 2016, and the amount committed, including contractual lease agreements, total USD 199 million (2014: USD 240 million).

In addition TGS has entered into commercial leases on certain office premises, office equipment and hardware. The leases for premises expire between 1-10 years and have renewal options. There are no restrictions placed upon TGS by entering into these leases.

Operating leases of USD 11.9 million were recognized as expenses in 2015 (2014: USD 10.7 million).

Future minimum payments for operating leases at 31 December are as follows:

	2015	2014
Within one year	19,270	19,185
After one year but not more than five years	30,988	36,184
More than five years	23,661	31,168
	73,919	**86,537**

20. Events After the Balance Sheet Date

On January 2016, TGS entered into an amended and restated revolving credit facility of USD 75.0 million. See also note 18 for further information about the credit facility.

On 1 February 2016 the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.15 per share (NOK 1.30) to the shareholders. The dividend payments were made on 23 February 2016.

On 11 March 2016, Kristian Johansen succeeded Robert Hobbs as the Company's Chief Executive Officer. After eight years with TGS, including nearly seven years as CEO, Mr. Hobbs has decided to retire.

To the best of the management's and the directors' knowledge, no other significant subsequent events not described in this Annual Report have occurred since 31 December 2015 that would impact the financial statements as presented for 2015.

21. Contingent Liabilities

Økokrim Investigation

On 6 May 2014, Økokrim, the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime, presented a criminal charge against TGS for violations of the Norwegian Tax Assessment Act and the Norwegian Securities Trading Act related to a seismic license agreement entered into in 2009 with Skeie Energy AS, later known as E&P Holding AS (Skeie). The charge claims that TGS contributed to an unwarranted tax refund received by Skeie through the Norwegian Petroleum Tax Act, as a result of the license of seismic data to Skeie, which included a license to existing TGS multi-client data primarily in the North Sea and the Barents Sea and prefunding of a large 3D survey in the Hoop area of the Barents Sea. The surveys licensed by Skeie have since been licensed to multiple customers. The payment for the transaction was made through a combination of a cash payment and two loans with a total value of gross USD 42.1 million (net to TGS of USD 29.4 million) that matured at year end 2010 which were restructured in 2011. Due to Skeie's failed attempt to raise new capital, the loans were not repaid according to the agreement at the maturity date. Following this default, TGS is actively pursuing collection of the receivables.

In connection with the transactions with Skeie, TGS has received notice of potential claims of joint responsibility from Skeie and two affiliated parties, all of which are predicated on whether the parties making the claims are ultimately held responsible and suffer damages that can be attributed to TGS.

Since the charges were presented, Økokrim is conducting an investigation of the matter. The company has cooperated fully in the matter. At this stage of the investigation, it is impracticable to render an outcome, however TGS believes the charges against it by Økokrim and the related possible claims of liability from other parties are not supported by evidence and is proactively and vigorously developing its defense against the charges and possible claims and no provisions have been made.

22. Gross and Net Revenues

TGS shares certain multi-client revenue with other companies (joint operations – see note 15) and the government in certain countries. Operating revenue is presented net of portion shared. The table below provides the breakdown of gross revenue for 2014 and 2015.

	2015	2014
Gross revenues from sales	726,038	1,128,371
Revenue sharing	(113,691)	(213,586)
Net revenues	**612,347**	**914,785**

Revenue sharing does also include amounts not considered to be classified as joint operations as reported in Note 15.

23. Financial Items

	2015	2014
Interest income	5,603	5,728
Exchange gains	262	1,838
Gain on financial investments available for sale	-	1,511
Other financial income	662	100
Total financial income	6,527	9,177
Interest expense	(168)	(777)
Exchange loss	(9,286)	(14,219)
Other financial expenses	(348)	(370)
Total financial expenses	(9,802)	(15,366)
Net financial items	**(3,275)**	**(6,189)**

24. Tax Expense and Deferred Tax

	2015	2014
Profit before taxes		
Norway	(73,945)	167,154
Outside Norway	49,440	121,173
Total profit before taxes	(24,505)	288,327
Current taxes		
Norway	1,318	79,424
Outside Norway	5,634	51,328
Total current taxes	6,952	130,752
Changes in deferred taxes		
Norway	(14,439)	(42,141)
Outside Norway	11,328	(16,358)
Total changes in deferred taxes	(3,110)	(58,499)
Income tax expense reported in the income statement	**3,842**	**72,253**

Tax expense related to other comprehensive income	2015	2014
Items related to deferred tax:		
Unrealized gain/loss on available for sale financial assets	-	177
Exchange differences on translation of foreign operations	-	-
Tax expense - other comprehensive income	-	177

	2015	2014
Profit before taxes:	(24,505)	288,327
Expected income taxes according to corporate income tax rate in Norway	(6,595)	77,850
Tax rates outside Norway different from 27%	5,915	14,821
Adjustment in respect of current income tax of previous year	342	81
Deferred tax asset related to stock options	504	397
Change in deferred tax asset not recognized	1,055	2,453
Non-taxable income	(6,143)	(3,302)
Tax effect on exchange gain/(loss) on dividend	632	(805)
Non-deductible expenses	519	6,485
Currency effects	7,614	(25,727)
Income tax expense	**3,842**	**72,253**
Effective tax rate in %	**-16%**	**25%**

Comments on Selected Line Items in the Preceding Table

Tax Rates Different from the Norwegian Tax Rate

The tax rates for subsidiaries outside Norway are on average higher than the Norwegian 27% tax rate. The most significant effects relate to the US subsidiaries, which have a tax rate of 35%.

Deferred Tax Asset Related to Stock Options

In some tax jurisdictions, TGS receives a tax deduction in respect of remuneration in the form of stock options. TGS recognizes an expense for employee services in accordance with IFRS 2 which is based on the fair value of the award at the date of the grant. The tax deduction is not received until the stock options are exercised and is based on the intrinsic value of the award at the date of exercise. In accordance with IAS 12, the tax relief must be allocated between profit or loss and equity so that the amount of the tax deduction exceeding the cumulative cost of stock options expensed by TGS is recognized directly to equity.

Tax Effect on Exchange Gain/(Loss) on Dividend

The Parent Company recognized an exchange loss/gain related to the dividend accrual due to financial statements reported in accordance with general accepted accounting practices in Norway. The exchange loss/gain is deductible/taxable for the Parent Company, but the exchange loss/gain does not qualify for recognition according to IFRS.

Deferred Tax Asset Not Recognized

Deferred tax assets are not recognized for carry forward of unused tax losses when TGS cannot demonstrate that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

TGS has unused tax losses and deductible temporary differences of USD 23.6 million (2014: 18.4 million) where no deferred tax asset is recognized in the balance sheet, all outside Norway

Currency Effects

TGS' units that do not have their tax base in USD are exposed to changes in the USD/tax base-currency rates. Effects within the current year are classified as tax expense.

Tax Effect of Temporary Differences and Tax Loss Carry-forwards as of 31 December

	2015	2014
Differences that give raise to a deferred asset or a deferred tax liability:		
Multi-client library/well logs	23,438	5,867
Fixed assets	(25,444)	(21,474)
Revenues on WIP seismic projects	(46,848)	(35,402)
Goodwill and intangibles	(2,475)	(757)
Accruals	3,779	5,793
Accounts receivable	8,595	10,388
Tax losses carried forward	16,835	16,662
Deferred revenue	495	(3,574)
Stock options	141	645
Financial instruments	-	947
Withholding taxes carried forward	1,371	-
Other	257	144
Total net deferred tax liability	**(19,856)**	**(20,760)**
Of which:		
Deferred tax asset	**12,941**	**7,992**
Deferred tax liability	**32,797**	**28,752**

Change in net deferred tax liability	2015	2014
As of 1 January	20,760	78,407
Recognized in profit or loss	(3,110)	(58,499)
Withholding taxes recognized as deferred tax assets	1,371	-
Currency effects	835	852
As of 31 December	**19,856**	**20,760**

Tax Treatment of Multi-client Projects

TGS reached a settlement with the Norwegian Tax Authorities in 2014, which implies that taxable revenue recognition and depreciation of multi-client projects should not commence until the final product is ready for delivery to a client. Further, the multi-client projects' depreciation rates for tax purposes follow the depreciation profile in the financial statements. The settlement does not have any impact on the tax expenses except for foreign gains/losses resulting from calculating taxes in NOK and translating them into USD.

25. Subsidiaries

TGS consists of:

Company Name	Country of Incorporation	Shareholding and voting power
TGS-NOPEC Geophysical Company ASA	Norway	Parent Company
TGS AP Investments AS	Norway	100%
Maglight AS	Norway	100%
TGS Contracting AS	Norway	100%
Marine Exploration Partners AS	Norway	100%
Aceca Norge AS	Norway	100%
TGS-NOPEC Geophysical Company , Ltd.	UK	100%
TGS Geophysical Investments, Ltd.	UK	100%
Aceca Ltd.	UK	100%
TGS Geophysical Company (UK) Ltd	UK	100%
Magsurvey, Ltd.	UK	100%
TGS-NOPEC Geophysical Company	USA	100%
A2D Technologies, Inc.	USA	100%
Parallel Data Systems, Inc.	USA	100%
Volant Solutions Inc.	USA	100%
Digital Petrodata LLC	USA	100%
TGS Alaska Company	USA	100%
TGS Mexico Contracting LLC	USA	100%
Calibre Seismic Company	USA	50%
TGS do Brasil Ltda	Brasil	100%
TGS-NOPEC Geophysical Company PTY, Ltd.	Australia	100%
TGS-NOPEC Geophysical Company PTE, Ltd.	Singapore	100%
TGS Canada Ltd.	Canada	100%
Arcis Seismic Solutions Corp.	Canada	100%
Arcis International Ltd.	Cyprus	100%
MxP Marine Seismic Services Ltd.	Cyprus	100%
Rimnio Shipping,	Cyprus	100%
TGS-NOPEC Geophysical Company Moscow, Ltd.	Russia	100%
NOPEC Geophysical Company S. de R.L. de C.V.	Mexico	100%
TGS-Petrodata Offshore Services Ltd.	Nigeria	49%

PARENT COMPANY FINANCIALS

We are responsible to our shareholders. Our business must make a profit. Growth is fundamental to our success. We will continue to expand our product and service offerings to the benefit of future shareholder value. When we operate according to these principles, the shareholders should realize a fair return.

Income Statement

All amounts in USD 1,000s

	Note	2015	2014
Net revenues	17	313,963	567,967
Net revenues		**313,963**	**567,967**
Cost of goods sold - proprietary and other		99	572
Amortization and impairment of the multi-client library	3	330,732	238,610
Personnel costs	4	8,666	12,046
Cost of stock options	4	216	821
Other operating expenses	13, 18	51,961	85,265
Depreciation, amortization and impairment	2, 3	748	688
Total operating expenses		**392,421**	**338,002**
Operating profit/(loss)		**(78,485)**	**229,965**
Interest income	15	2,178	2,772
Financial Income	15	862	124
Exchange gains/losses	15	(488)	(15,664)
Interest expenses	15	(2,803)	(1,584)
Financial expenses	15	(143)	(23,376)
Net financial items		**(394)**	**(37,728)**
Profit/(loss) before taxes		**(78,852)**	**192,238**
Tax expense	16	(15,279)	34,653
Net income/(loss)		**(63,572)**	**157,585**
Profit for the year is proposed allocated as follows:			
Dividends	6	-	115,634
To/from other equity	6	(63,572)	41,951
Total allocated		**(63,572)**	**157,585**

Balance Sheet

As of 31 December. All amounts in USD 1,000s

	Note	2015	2014
Assets			
Non-current assets			
Intangible non-current assets			
Goodwill	3	-	-
Multi-client library	3	584,630	620,769
Deferred tax asset	16	8,077	-
Total intangible non-current assets		**592,707**	**620,769**
Tangible non-current assets			
Machinery and equipment	2	2,079	2,493
Total tangible non-current assets		**2,079**	**2,493**
Financial non-current assets			
Investments in subsidiaries	7	141,792	96,108
Other non-current assets	19	11,767	43,773
Total financial non-current assets		**153,559**	**139,880**
Total non-current assets		**748,345**	**763,143**
Current assets			
Receivables			
Accounts receivable	9	192,915	350,631
Current receivables group companies	10	27,626	41,937
Other receivables	9	10,221	32,784
Total receivables		**230,762**	**425,352**
Cash and cash equivalents	8	45,323	100,216
Total current assets		**276,086**	**525,569**
Total assets		**1,024,431**	**1,288,711**

Balance Sheet

As of 31 December. All amounts in USD 1,000s

	Note	2015	2014
Equity and Liabilities			
Equity			
Paid-in capital			
Share capital	5, 6	3,656	3,702
Treasury shares held	5, 6	(24)	(75)
Share premium	6	58,107	58,107
Other paid-in capital	6	5,361	5,145
Total paid-in capital		**67,100**	**66,878**
Retained earnings			
Other equity	6	210,940	290,015
Total retained earnings		**210,940**	**290,015**
Total equity		**278,040**	**356,893**
Liabilities			
Non-current liabilities			
Other non-current liabilities	19	2,652	4,965
Deferred tax	16	-	5,126
Total non-current liabilities		**2,652**	**10,091**
Current liabilities			
Accounts payable and debt to partners		46,782	116,341
Current liabilities group companies	10	637,202	564,908
Taxes payable	16	-	73,487
Social security, VAT and other duties		435	1,060
Provisions for dividends	6	15,219	115,634
Other current liabilities	11	44,100	50,298
Total current liabilities		**743,738**	**921,727**
Total liabilities		**746,391**	**931,818**
Total equity and liabilities		**1,024,431**	**1,288,711**

18 March 2016

Henry H. Hamilton III
Chairman

Mark S. Leonard
Director

Wenche Agerup
Director

Tor Magne Lønnum
Director

Elisabeth Grieg
Director

Vicki Messer
Director

Elisabeth Harstad
Director

Kristian Johansen
Chief Executive Officer

Cash Flow

All amounts in USD 1,000s

	Note	2015	2014
Cash flow from operating activities			
Received payments from customers		534,463	616,213
Payments for salaries, pensions, social security tax		(8,051)	(10,935)
Other operational costs		(56,680)	(86,031)
Paid taxes		(56,571)	(76,117)
Net cash flow from operating activities [1)]		**413,161**	**443,129**
Cash flow from investing activities			
Investment in tangible assets	2	(334)	(782)
Investments in multi-client library	3	(298,154)	(315,508)
Investments in subsidiaries	7	(45,684)	(1,400)
Interest received	15	2,178	2,772
Net cash flow from investing activities		**(341,993)**	**(314,918)**
Cash flow from financing activities			
Interest paid	15	(2,803)	(1,584)
Dividend payments	6	(112,861)	(144,786)
Purchase of treasury shares	6	(4,844)	(23,999)
Proceeds from share offerings	6	4,021	2,918
Net cash flow from financing activities		**(116,487)**	**(167,451)**
Net change in cash and cash equivalents		**(45,319)**	**(39,239)**
Cash and cash equivalents at the beginning of the period	8	100,216	149,153
Exchange rate effects		(9,574)	(9,697)
Cash and cash equivalents at the end of the period		**45,323**	**100,216**
1) Reconciliation			
Profit/(loss) before taxes	16	(78,852)	192,238
Depreciation/amortization/impairment	2, 3	331,480	239,298
Impairment shares in subsidiaries and receivables	7, 10	3,393	28,873
Unrealized currency gain/(loss)		9,697	5,967
Changes in accounts receivables and accrued revenue		185,760	2,167
Changes in other receivables		9,245	7,009
Changes in other balance sheet items		9,010	43,694
Paid taxes		(56,571)	(76,117)
Net cash flow from operating activities		**413,161**	**443,129**

Notes to Parent Company Financials

All amounts in USD 1,000s unless noted otherwise.

1. General Accounting Policies

General Information

TGS-NOPEC Geophysical Company ASA (TGS or the Company) is a public limited company incorporated in Norway on 21 August 1996. The address of its registered office is Lensmannslia 4, 1386 Asker, Norway. The Company is listed on the Oslo Stock Exchange.

The Company's financial statements were authorized by the Board of Directors on 18 March 2016.

TGS has been granted exemption from the Norwegian Tax Authority to publish its Annual Report in English only.

Reporting Currency

The Parent Company, TGS-NOPEC Geophysical Company ASA, reports its financial results in USD, which is the Company's functional currency.

General Accounting Policies

The financial statements are prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The notes are an integral part of the financial statements.

Significant Accounting Judgments, Estimates and Assumptions

In the process of applying the Company's accounting principles, management is required to make estimates, judgments and assumptions that affect the amount reported in the financial statements and accompanying notes. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which will form the basis for making judgments on carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The key sources of judgment and estimation of uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Multi-client Library Amortization and Impairment

The Company determines the amortization expense of the multi-client library based on the proportion of net book value versus estimated future revenue for each individual project. The underlying estimates that form the basis for the sales forecast depend on variables such as number of oil and gas exploration and production (E&P) companies operating in the area that would be interested in the data, the overall E&P spending, expectations regarding hydrocarbons in the sector, whether licenses to perform exploration in the sectors exist or will be given in the future, expected farm-ins to licenses, relinquishments, etc. Changes in these estimates may potentially affect the estimated amount of future sales and the amortization rate used materially. The future sales forecasts are also the basis for the impairment evaluations. The revenue estimates are evaluated regularly and changes in amortization rate and impairments are recognized in the period they occur. Due to the weak market conditions during 2015, TGS has put additional focus in reviewing the length of the market downturn when considering the sales forecasting to make sure that the updated expectations were properly reflected in impairment evaluations. The projects with recognized impairments in 2015 were all acquired during the peak of the market with substantially higher cost levels than seen at the end of 2015. The impaired projects have fallen into two categories: Projects in frontier areas where demand deterioration has been greater than the general market trends, and projects in areas with greater political and regulatory risk which typically attract lower customer interest in the current market.

For details about the book value, amortization and impairment of the multi-client library, see Note 3.

Provision for Impairment of Accounts Receivables

The Company has made provisions for impairment losses of specific accounts receivables deemed uncollectible. When assessing the need for provisions, the Company uses all available information about the various outstanding receivables, including the payment history and the credit quality of the actual companies.

Share–based Payments

The Company measures the cost of stock options and other share-based payment plans granted to employees by reference to the fair value of the equity instruments at the date at which they are granted (equity-settled transactions) or at the end of each reporting period (cash-settled transactions) in accordance with NRS 15A (IFRS 2). Estimating fair value requires appropriate valuation model to value the share-based instruments. The values are dependent on the terms and conditions of the granted share-based instruments. This also requires determining the appropriate assumptions in the valuation models including the expected life of the instruments, volatility and dividend yield.

Summary of Significant Accounting Policies

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits from a transaction will flow to the Company and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received, net of discounts and sales taxes or duty. The following describes the specific principles:

Work in Progress (WIP)

Sales in the form of prefunding commitments from customers under binding contracts are recognized as revenue on a percentage of completion (POC) basis normally measured according to the acquired and processed volume of data in relation to the estimated total size of the project. Sales made prior to commencement of acquisition for each project are recognized on a POC basis and presented as pre-funding revenues. Sales after the commencement, but while projects are in progress are also recognized on a POC basis progress and presented as POC late sales revenues. The amount of revenues for in progress projects not yet invoiced, is presented as accrued revenues in the balance sheet.

Finished Data

Revenue is recognized for sales of finished data at the time of the transaction; i.e. when the client has gained access to the data under a binding agreement.

Volume Sales Agreements

In certain situations TGS grants licenses to the customer for access to a specified number of blocks of multi-client library within an area. These licenses typically enable the customer to select and access the specific blocks over a period of time. Revenue recognition for volume sales agreements is based on a proportion of the total volume sales agreement revenue, measured as the customer gains access to the data.

Revenue Sharing Arrangements

TGS shares certain multi-client revenues with other companies and governments. Revenues are recognized on a net basis in accordance with applicable recognition principles.

Proprietary Contracts

Revenue from proprietary contracts for clients is recognized in the same way as work in progress (POC) in accordance with the specific agreement.

Interest Income

Interest income is recognized as interest accrues. Interest income is included in the financial items in the income statement.

Royalty Income

Royalty income is recognized on an accruals basis in accordance with the substance of the relevant agreements.

Cost of Goods Sold (COGS) – Proprietary Contracts and Other

Cost of goods sold includes only direct cost related to proprietary contract work, and costs related to delivery of geoscientific data.

Multi-client Library

The multi-client library includes completed and in-progress geophysical data to be licensed on a non-exclusive basis to oil and gas exploration and production companies. The costs directly attributable to data acquisition and processing are capitalized and included in the inventory value. Costs directly attributable to data acquisition and processing includes mainly vessel costs, payroll and hardware/software costs. Directly attributable costs do also include mobilization costs when relocating a vessel to the survey area. The library also includes the cost of data purchased from third parties. The library of finished multi-client seismic data and interpretations is presented at cost reduced by accumulated amortization.

Amortization Related to Sales of Seismic Data

When establishing amortization rates for the multi-client seismic library, management bases their views on estimated future sales for each individual survey. Estimates are adjusted over time with the development of the market. Amortization is recorded in line with how revenues are recognized for each project, in proportion to the remaining net book value versus the estimated future revenue from that project. The revenue estimates are frequently updated and fully reviewed quarterly. For work in progress, the amortization is based on estimated total cost versus forecasted total revenues of the project.

The amortization expense reported may vary considerably from one period to another depending on the actual mix of projects sold and changes to estimates.

Minimum Amortization Policy on Seismic Data

A minimum amortization criterion is applied: The maximum net book value of an individual survey one year after completion is 60% of original cost. The minimum cumulative amortization increases by 20% of cost each year thereafter, with the result that each survey is fully amortized in the balance sheet by the end of the fourth year following its completion.

Impairment Test Multi-client Library

When there are indicators that the net book value may not be recoverable, the library is tested for impairment individually per project. Any impairment of the multi-client library is recognized immediately and presented as "Amortization of the multi-client library" in the statement of profit or loss.

TGS assesses, at each reporting date, whether there is an indication that a project may be impaired. If any indication exists, TGS estimates the project's recoverable amount. A project's recoverable amount is the higher of a project's fair value less costs of disposal and its value in use. When the carrying amount of a project exceeds its recoverable amount, the project is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the project.

Goodwill

Goodwill is depreciated over ten years. In addition goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Tangible Non-current Assets and Principles of Depreciation

Tangible non-current assets are presented at historical cost less accumulated depreciation and impairment charges. If an indication of impairment exists, an impairment test is performed. If the fair value of a tangible non-current asset is lower than book value, the asset will be written down to the higher of fair value less cost to sell and value in use. Depreciation is determined in light of the asset's economic life. Purchases which are expected to have a technical and economic life of more than one year are capitalized as tangible non-current assets. Depreciation begins when the assets are available for use.

Exchange Rate Adjustments

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary assets, receivables and liabilities are translated at the exchange rate on the balance sheet date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period.

Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the product will generate future economic benefits;
- Adequate technical, financial or other resources to complete the development and to use the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Provisions

Provisions are made when the Company has a current obligation (legal or constructive) as result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are possible obligations as a result of a past event where the existence of the liability depends on the occurrence, or not, of a future event. An existing obligation, in which it is not likely that the entity will have to dispose economic benefits, or where the obligation cannot be measured with sufficient reliability, is also considered a contingent liability. Contingent liabilities are not recognized in the financial statements, but if material, disclosed in the accompanying notes. A contingent asset is not recognized in the financial statement, but disclosed if there is a certain degree of probability that it will be an advantage of the Company.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities have been recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable company and the same taxation authority. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

The Company pays its tax obligation in Norwegian Kroner (NOK), and the fluctuations between the NOK and the USD impact the financial items. Exchange rate fluctuations related to the basis for current year income tax expense are classified as tax expense.

Share-based Payments

Key employees of the Company receive remuneration in the form of share-based payment, whereby employees render services as consideration for stock options and, Performance Share Units (PSUs) and Restricted Share Units (RSUs).

The cost of equity-settled transactions (stock options, PSUs and the 2015 plan of RSUs) is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external value using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized at the beginning and end of that period. No expense is recognized for awards that do not ultimately vest.

The RSUs granted in 2014 are cash settled share-based payments. The fair value of the RSUs are measured at the end of each reporting period and are distributed over the period until the employees have earned an unconditional right to receive them. These fair values are expensed over the period until the vesting date with recognition of a corresponding liability. The ultimate cost of such a cash-settled transaction will be the actual cash paid by the Company, which will be the fair value at settlement date. The fair values of the vested part of the RSUs are recognized as personnel costs.

Pensions

The Company operates defined-contribution plans in Norway. Contributions are expensed to the income statement as they become payable.

Leases – TGS as Lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The evaluation is based on the substance of the transaction at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases are recorded as assets and liabilities, and lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the income statement.

Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash in bank accounts and on hand and short-term deposits with an original maturity of three months or less.

Accounts Receivable and Other Receivables

Receivables are measured at cost less any amounts expected to be uncollectible. Sales with deferred payments due to be settled more than twelve months or later are presented as non-current receivables.

Investments in Subsidiaries and Associated Companies

Investments in subsidiaries and investments in associates are valued at cost in the Company's financial statements. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognized if the impairment is not considered temporary, in accordance with the generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognized in the same year as they are recognized in the financial statement of the provider. If dividends/group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the Parent Company.

Dividends

The dividends are recognized as a liability in the financial statements when proposed by the Board of Directors.

Financial Instruments

Financial instruments are valued at the lower of historical cost and market value.

Loans are recognized at the amount received, net of transactions costs. The loans are thereafter recognized at amortized costs using the effective interest rate method.

Treasury Shares

TGS' equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of TGS' own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium.

Cash Flow Statement

The cash flow statement is compiled using the direct method.

2. Tangible Non-Current Assets

2015

Acquisition cost and depreciation:	Machinery and Equipment
Cost as of 1 January 2015	**4,531**
Additions	334
Disposals [1]	(53)
Cost as of 31 December 2015	**4,812**
Accumulated depreciation as of 1 January 2015	**2,038**
Depreciation for the year	748
Accumulated depreciation on disposals [1]	(53)
Accumulated depreciation as of 31 December 2015	**2,732**
Net book value as of 31 December 2015	**2,079**
Straight-line depreciation percentage	14% - 33.3%
Useful life	3 - 7 years

[1] Profit on disposals during the year was USD 0.

2014

Acquisition cost and depreciation:	Machinery and Equipment
Cost as of 1 January 2014	**3,755**
Additions	782
Disposals [1]	(6)
Cost as of 31 December 2014	**4,531**
Accumulated depreciation as of 1 January 2014	**1,356**
Depreciation for the year	688
Accumulated depreciation on disposals [1]	(6)
Accumulated depreciation as of 31 December 2014	**2,038**
Net book value as of 31 December 2014	**2,493**
Straight-line depreciation percentage	14% - 33.3%
Useful life	3 - 7 years

[1] Profit on disposals during the year was USD 0.

3. Intangible Non-Current Assets

2015

Acquisition cost and depreciation:	Goodwill	Multi-client Library [1]	Total
Cost as of 1 January 2015	**3,073**	**2,674,213**	**2,677,287**
Additions	-	294,593	294,593
Disposals	-	-	-
Cost as of 31 December 2015	**3,073**	**2,968,806**	**2,971,879**
Accumulated amortization as of 1 January 2015	**3,073**	**2,053,444**	**2,056,518**
Amortization for the year	-	330,732	330,732
Accumulated amortization on disposals	-	-	-
Accumulated amortization as of 31 December 2015	**3,073**	**2,384,176**	**2,387,250**
Net book value as of 31 December 2015	**-**	**584,630**	**584,630**
Straight-line amortization percentage	10%		
Useful life	10 years [2]	max 5 years	

[1] Multi-client Library: See the "General Accounting Policies", for the policies on amortization of this asset.
[2] Goodwill paid for in acquisitions of companies is amortized over the first ten years after the date of the acquisition.

2014

Acquisition cost and depreciation:	Goodwill	Multi-client Library [1]	Total
Cost as of 1 January 2014	**3,073**	**2,376,855**	**2,379,928**
Additions	-	297,358	297,358
Disposals	-	-	-
Cost as of 31 December 2014	**3,073**	**2,674,213**	**2,677,287**
Accumulated amortization as of 1 January 2014	**3,073**	**1,814,834**	**1,817,908**
Amortization for the year	-	238,610	238,610
Accumulated amortization on disposals	-	-	-
Accumulated amortization as of 31 December 2014	**3,073**	**2,053,444**	**2,056,518**
Net book value as of 31 December 2014	**-**	**620,769**	**620,769**
Straight-line amortization percentage	10%		
Useful life	10 years [2]	max 5 years	

[1] Multi-client Library: See the "General Accounting Policies", for the policies on amortization of this asset.
[2] Goodwill paid for in acquisitions of companies is amortized over the first ten years after the date of the acquisition.

For the year ended 31 December 2015, USD 154.8 million of impairments of the multi-client library is included in the amortization for the year (2014: USD 38.2 million)

4. Salaries/Number of Employees/Benefits/ Employee Loans/Pensions

	2015	2014
Payroll	7,326	10,054
Social security costs	972	1,432
Pension costs	322	394
Other employee related costs	137	166
Salaries capitalized	(92)	-
Personnel costs	**8,666**	**12,046**
Cost of stock options	216	821
Payroll and cost of stock options	**8,882**	**12,867**
Number of employees at 31 December	47	50
Average number of employees	50	52

As of 31 December 2015, the Company had 47 employees: 29 male employees and 18 female employees.

The Company operates defined contribution plans in Norway. The plans fulfill the requirements of the Norwegian law.

Auditor Fees	2015	2014
Statutory audit	195	203
Other attestation services	2	9
Tax advisory services	6	0
Other services outside the audit scope	11	2
Total fees	**214**	**213**

All amounts are exclusive VAT.

Information about remuneration of the Board of Directors and the executive management is included in Note 7 to the consolidated financial statements.

For information about share-based payment plans, see Note 8 to the consolidated financial statements.

5. Share Capital and Shareholder Information

The share capital of TGS-NOPEC Geophysical Company ASA as of 31 December 2015 was NOK 25,533,997.50 consisting of 102,135,990 ordinary shares at NOK 0.25 per share. The Company's shares have equal voting rights

For information of treasury shares, shareholders' authorization and the 20 largest shareholders, see Note 10 to the consolidated financial statements.

6. Equity Reconciliation

Equity Reconciliation	Share Capital	Treasury shares	Share premium	Other Reserves	Retained Earnings	Total Equity
Balance 1 January 2015	**3,702**	**(75)**	**58,107**	**5,145**	**290,015**	**356,893**
Capital increase during 2015	-	-	-	-	-	-
Purchase of treasury shares	-	(7)	-	-	(4,838)	(4,844)
Treasury shares distributed	-	13	-	-	4,433	4,446
Treasury shares cancelled	(45)	45	-	-	-	-
Cost of stock options	-	-	-	216	-	216
Variance of provisions for dividends and paid dividends	-	-	-	-	122	122
Provisions for dividends (USD 0.15 per share)*	-	-	-	-	(15,219)	(15,219)
Profit/(loss) for the year	-	-	-	-	(63,572)	(63,572)
Balance 31 December 2015	**3,656**	**(24)**	**58,107**	**5,361**	**210,940**	**278,040**

Balance 1 January 2014	**3,716**	**(61)**	**57,206**	**4,324**	**269,270**	**334,454**
Capital increase during 2014	3	-	901	-	-	904
Purchase of treasury shares	-	(35)	-	-	(23,963)	(23,999)
Treasury shares distributed	-	5	-	-	2,009	2,014
Treasury shares cancelled	(17)	17	-	-	-	-
Cost of stock options	-	-	-	821	-	821
Variance of provisions for dividends and paid dividends	-	-	-	-	748	748
Provisions for dividends (NOK 8.50 per share)	-	-	-	-	(115,634)	(115,634)
Profit for the year	-	-	-	-	157,585	157,585
Balance 31 December 2014	**3,702**	**(75)**	**58,107**	**5,145**	**290,015**	**356,893**

*) The Annual General Meeting held 6 May 2015 authorized the Board of Directors to distribute quarterly dividends on the basis of the 2014 financial statements. The authorization shall be valid until the Company's next Annual General Meeting.

On 1 February 2016, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.15 per shares (NOK 1.30) to the shareholders.

7. Investments in Subsidiaries

As of 31 December 2015, the Parent Company had the following investments in subsidiaries:

Included in the Balance Sheet as:	Registered Office	Share Capital of Company	Number of Shares	Book Value	Shareholder and Voting Power
Maglight AS	Asker, Norway	NOK 100,000	100,000	180	100%
TGS AP Investments AS	Asker, Norway	NOK 200,000	1,000	35,214	100%
Marine Exploration Partners AS	Asker, Norway	NOK 800,000	800,000	-	100%
TGS Contracting AS	Asker, Norway	NOK 100,000	1,000	147	100%
TGS-NOPEC Geophysical Company	Houston, U.S.A.	USD 1,000	1,000	1,483	100%
TGS-NOPEC Geophysical Company (UK) Ltd.	Bedford, UK	GBP 50,100	50,100	956	100%
Aceca Ltd.	Surbiton, UK	GBP 50,762	507,620	14,023	100%
TGS Geophysical Investments Ltd.	Surbiton, UK	USD 100,000	100,000	-	100%
TGS Geophysical Company (UK) Ltd.	Surbiton, UK	GBP 166,035.34	16,603,534	-	100%
TGS-NOPEC Geophysical Company Pty Ltd	Perth, Australia	AUD 1	1	0	100%
TGS-NOPEC Geophysical Company Pte Ltd	Singapore	SGD 0	0	-	100%
TGS do Brasil Ltda.	Rio de Janeiro, Brazil	BRL 43,400,200	39,060,180	17,318	90%
Arcis Seismic Solutions Corp.	Calgary, Canada	CAD 73,945	100,000	72,471	100%
TGS-NOPEC Geophysical Company Moscow Ltd	Moscow, Russia	RUB 300,000	1	-	100%
Nopec Geophysical Company, S. de R.L. de C.V.	Mexico City, Mexico	MXN 1,000	1	-	90%
MxP Marine Seismic Services Ltd	Limassol, Cyprus	USD 133,278	25,000	-	100%
Riminio Shipping Ltd.	Limassol, Cyprus	CYP 1,000	1,000	-	100%
Balance sheet value				141,792	

The Parent Company has direct or indirect 100% voting rights in all subsidiaries.

8. Restrictions on Bank Accounts

As of 31 December 2015, USD 0.3 million of cash and cash equivalents are restricted to meet the liability arising from payroll taxes withheld. (2014: USD 0.5 million).

9. Accounts Receivable and Other Receivables

Accounts receivable, included accrued revenues, is stated in the balance sheet at net realizable value and totaled USD 192.9 million as of 31 December 2015 (2014: USD 350.6 million). The Company has made a bad debt provision of USD 7.5 million in 2015 (2014: USD 3.5 million). The Company expects to collect the stated balance of receivables as of 31 December 2015. Realized losses on trade receivables in 2015 amounted to USD 1.9 million (2014: USD 3.7 million). Prepayments to suppliers and other short-term receivables totaled USD 10.2 million as of 31 December 2015 (2014: USD 32.8 million).

10. Current Receivables and Liabilities Group Companies

	2015		2014	
Company	Receivables	Liabilities	Receivables	Liabilities
Maglight AS	-	14	-	35
TGS AP Investments AS	73	-	-	754
Aceca Norge AS	-	4,777	-	2,830
TGS-NOPEC Geophysical Company	-	632,293	-	545,005
A2D Technologies Inc.	-	118	-	-
TGS Geophysical Company (UK) Ltd.	12,972	-	-	14,516
TGS-NOPEC Geophysical Company PTY Ltd	5,933	-	19,943	-
TGS-NOPEC Geophysical Company Pte	10	-	-	-
Arcis Seismic Solutions Corp.	8,452	-	6,332	1,768
TGS do Brasil Ltda.	186	-	15,661	-
Total	**27,626**	**637,202**	**41,937**	**564,908**

The Company has entered into an intercompany credit revolving facility with TGS-NOPEC Geophysical Company (USA), which matures at 31 December 2018. Per the agreement, the lender may require the borrower to repay all or any portion of the outstanding facility within 30 days. Accordingly, the facility has been classified as a short-term liability. The interest is equal to the monthly short-term Applicable US Federal Rate.

Realized losses on intercompany receivables in 2015 amounted to USD 0.6 million (2014: USD 0 million).

11. Other Current Liabilities

	2015	2014
Deferred revenues	2,616	19,028
Accrued project costs	33,276	26,273
Other accrued expenses	8,208	4,996
Total other current liabilities	**44,100**	**50,298**

12. Interest-Bearing Loans and Borrowings

Bank Guarantees

As of 31 December 2015, one bank guarantee has been issued on behalf of the Company of USD 0.2 million for one country's authorities related to seismic work program.

The Company has, together with other TGS companies, guaranteed for a 3 year term secured revolving credit facility of USD 50.0 million entered into in December 2014 by one the subsidiaries.

In January 2016, the subsidiary entered into an amended and restated revolving credit facility of USD 75.0 million which has also been guaranteed by the Company together with other TGS companies.

13. Commitments and Contingencies

Operating Leases - Company as Lessee

The Company has entered into commitments for one 2D seismic acquisition vessel, and one icebreaker. These commitments will expire in 2016, and the amounts committed, including contractual lease agreements, total USD 78.9 million.

The Company has an operating lease commitment relating to premises. The commitment expires 31 January 2022 with no termination before expiry date.

Rental expense for operating leases was USD 0.5 million for the year ended 31 December 2015 (2014: USD 0.6 million). Future minimum payments for operating leases as of 31 December 2015 are as follows:

	2015	2014
Within one year	443	500
After one year but not more than five years	1,746	2,033
More than five years	482	1,017
Total other current liabilities	**2,671**	**3,549**

The Company does not have any financial leases.

14. Related Parties

No material transactions took place during 2015 with related parties, other than operating business transactions between the companies in the TGS. All companies within TGS are 100% owned, directly or indirectly by the Company, except for Calibre Seismic Company which is owned 50% by one of the subsidiaries. Business transactions between the entities of TGS were performed at arm's length principles. The main business transactions can be aggregated as follows:

	2015	2014
Data processing costs	41,072	52,927
Brokerage fees	27,479	49,783
Management fees	15,980	13,740

For information about intercompany interest income and expense, see Note 15.

The Company has no liabilities in the form of mortgages, other collateral or guarantees in favour of entities within the TGS Group.

For a specification of intercompany receivables and liabilities, see Note 10.

15. Financial Items

Financial income/expense:	2015	2014
Interest income	1,837	2,382
Interest income subsidiaries	342	390
Exhange gain	6,892	3,706
Other financial income	733	124
Total financial income	**9,803**	**6,602**
Interest expense	(71)	(203)
Interest expense subsidiaries	(2,732)	(1,381)
Exchange loss	(7,380)	(19,370)
Other financial expenses	(14)	(23,375)
Total financial expense	**(10,197)**	**(44,330)**
Net financial items	**(394)**	**(37,728)**

16. Tax Expense

Current tax:	2015	2014
Profit/(loss) before taxes	(78,852)	192,238
Permanent differences [1]	407	23,548
Changes in temporary differences	18,330	144,608
Tax loss carried forward	40,195	-
Currency exchange effects on base for current tax	19,919	(88,219)
Basis for current tax	**-**	**272,174**

Total tax expense for the year:		
Deferred tax - changes	(11,832)	(39,044)
Taxes payable	-	73,485
Adjustment in respect of current income tax of previous year	(3,447)	-
Tax outside Norway	-	212
Total tax expense for the year	**(15,279)**	**34,653**
Effective average tax rate	**19%**	**18%**

Taxes payable	2015	2014
Taxes payable on current year profit	-	73,487
Total taxes payable	-	**73,487**

Specification of basis for deferred taxes:

Temporary differences:	2015	2014
Non-current assets and liabilities	107,570	82,383
Intangible non-current assets	(94,198)	(63,396)
Loss carried forward	(40,195)	-
Total	**(26,824)**	**18,987**
Deferred tax liability/(asset) based on temporary differences	(6,706)	5,126
Withholding taxes carried forward	(1,371)	-
Deferred tax liability/(asset) recognized	**(8,077)**	**5,126**

Explanation of total tax expense versus nominal tax rate on pre-tax profit:	2015	2014
Tax calculated using nominal tax rate on pre-tax profit	(21,290)	51,904
Effect of permanent differences [1]	110	6,358
Effect tax outside Norway	-	212
Effect of change in tax rate [2]	536	-
Exchange gain/loss reported as tax expense	5,364	(23,821)
Total tax expense recorded in income statement	**(15,279)**	**34,653**

[1] Permanent differences related to non-tax deductible items. In 2015 the main items relates to bad debts of USD 0.6 million and cost of stock options - USD 0.2 million.

[2] From the income year 2016, the nominal tax rate on ordinary income has been reduced to 25%. The basis for deferred taxes per 31 December 2015 was calculated with the new tax rate.

Tax Treatment of Multi-client Projects

TGS reached a settlement with the Norwegian Tax Authorities in 2014, which implies that taxable revenue recognition and depreciation of multi-client projects should not commence until the final product is ready for delivery to a client. Further, the multi-client projects' depreciation rates for tax purposes will follow the depreciation profile in the financial statements. The settlement does not have any impact on the tax expenses except for foreign gains/losses resulting from calculating taxes in NOK and translating them into USD.

17. Gross and Net Revenues

TGS shares certain multi-client revenue with other companies and the government in certain countries. Operating revenue is presented net of portion shared. The table below provides the breakdown of gross revenue for 2014 and 2015.

	2015	2014
Gross revenues from sales	387,287	760,004
Revenue sharing	(73,324)	(192,036)
Net revenues	**313,963**	**567,967**

18. Financial Risk Management

Currency Risk

Functional currency for the Company is USD. Major portions of the Company's revenues and costs are in US dollars, except for personnel and administrative costs. Due to this, the Company's operational exposure to exchange fluctuations is low. However, as the Company pays taxes in Norwegian kroner to Norwegian Tax Authorities and dividends to shareholders in Norwegian kroner, fluctuations between the NOK and the USD impact currency exchange gains or losses on tax expense and financial items.

Liquidity Risk

Liquidity risk arises from lack of correlation between cash flow from operations and financial commitments. Management considers the liquidity risk as low. As of balance sheet date, the Company held current assets of USD 276.1 million, of which cash and cash equivalents represents USD 45.3 million, and current liabilities of USD 777.9 million, of which debt to subsidiaries represents USD 637.2 million. As of 31 December 2015, TGS considers the liquidity risk to be low.

Credit Risk

All placements of excess cash are either bank deposits or in financial instruments that at minimum carry an "investment grade" rating. The Company's clients are oil and gas companies. The Company is exposed to credit risk through sales and use best efforts to manage this risk. As of 31 December 2015, the Company made a provision of USD 7.5 million against certain accounts receivables. The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets, the carrying value of the accounts receivables and other short-term receivables. TGS evaluates the concentration of risk with respect to trade receivables as low due to the Company's credit rating policies and as the clients are mainly large oil and gas companies considered to be financially sound.

The Company from time to time accepts extended payment terms on parts of firm commitments from clients. To the extent these terms do not carry an interest compensation to be paid by clients, the revenues recognized by the Company are discounted to reflect this element.

19. Other Non-current Assets and Liabilities

Other non-current assets comprise account receivables with extended payment terms and loans. Any revenue share associated with these receivables is presented as "Other non-current liabilities".

None of the non-current receivables is due as per 31 December 2015.

TGS has interest bearing loans to E&P Holding AS and Skeie Energy AS. The two loans with a total value of gross USD 42.1 million (net to TGS of USD 29.4 million) are recognized at USD 0 million as of 31 December 2015 (31 December 2014: USD 0 million).

20. Events after the Balance Sheet Date

On 1 February 2016, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.15 per shares (NOK 1.30) to the shareholders. The dividend payments were made on 23 February 2016. For further information about the dividend provision, see Note 6.

On 11 March 2016, Kristian Johansen succeeded Robert Hobbs as the Company's Chief Executive Officer. After eight years with TGS, including nearly seven years as CEO, Mr. Hobbs has decided to retire.

To the best of the management's and the directors' knowledge, no other significant subsequent events not described in this Annual Report have occurred since 31 December 2015 that would impact the financial statements as presented for 2015.

21. Contingent Liabilities

Økokrim Investigation

On 6 May 2014, Økokrim, the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime, presented a criminal charge against TGS for violations of the Norwegian Tax Assessment Act and the Norwegian Securities Trading Act related to a seismic license agreement entered into in 2009 with Skeie Energy AS, later known as E&P Holding AS (Skeie). The charge claims that TGS contributed to an unwarranted tax refund received by Skeie through the Norwegian Petroleum Tax Act, as a result of the license of seismic data to Skeie, which included a license to existing TGS multi-client data primarily in the North Sea and the Barents Sea and prefunding of a large 3D survey in the Hoop area of the Barents Sea. The surveys licensed by Skeie have since been licensed to multiple customers. The payment for the transaction was made through a combination of a cash payment and two loans with a total value of gross USD 42.1 million (net to TGS of USD 29.4 million) that matured at year-end 2010 which were restructured in 2011. Due to Skeie's failed attempt to raise new capital, the loans were not repaid according to the agreement at the maturity date. Following this default, TGS is actively pursuing collection of the receivables.

In connection with the transactions with Skeie, TGS has received notice of potential claims of joint responsibility from Skeie and two affiliated parties, all of which are predicated on whether the parties making the claims are ultimately held responsible and suffer damages that can be attributed to TGS.

Since the charges were presented, Økokrim is conducting an investigation of the matter. The company has cooperated fully in the matter. At this stage of the investigation, it is impracticable to render an outcome, however TGS believes the charges against it by Økokrim and the related possible claims of liability from other parties are not supported by evidence and is proactively and vigorously developing its defense against the charges and possible claims and no provisions have been made.

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To the Annual Shareholders' Meeting of
TGS-NOPEC Geophysical Company ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of TGS-NOPEC Geophysical Company ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2015, the statements of income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2015, the statements of comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of TGS-NOPEC Geophysical Company ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the reports on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 18 March 2016
ERNST & YOUNG AS

Nina Rafen

Nina Rafen
State Authorised Public Accountant (Norway)

CORPORATE GOVERNANCE

Report on Corporate Governance

1. Implementation and Reporting on Corporate Governance

TGS-NOPEC Geophysical Company ASA (TGS or the Company) actively promotes a culture designed to build confidence and trust among its stakeholders. Key elements of this culture include open and honest communication, a well-developed system of controls and policies and a compliance program. It is the opinion of the Board of Directors that TGS in general complies with the Norwegian Code of Practice of Corporate Governance published 30 October 2014. The Code of Practice covers 15 topics. Further details of how TGS operates in accordance with each of these topics, including any deviations, is further explained in this Report on Corporate Governance. The Code of Practice may be found at www.nues.no. In accordance with the Norwegian Accounting Act section 3-3b, TGS is required to give an annual account of the principles and practices related to corporate governance in the Board of Directors' report or a document referred to in the Board's report. TGS refers to this document in the Board of Directors' Report included elsewhere in this Annual Report.

The Company emphasizes independence and integrity in all matters between its Board of Directors, management and shareholders. These same principles of independence and integrity also apply in business relations with all interest groups, including customers, suppliers and other business partners. As guidelines for its Board members and employees, TGS has developed a **Statement of Values** and a **Code of Conduct**, both available at: www.tgs.com/about-tgs. TGS has also developed and implemented a compliance program that is managed by a full-time Board-appointed compliance officer. The compliance officer provides quarterly and annual reports to the Board.

TGS believes that corporate social responsibility is a fully compatible and integrated part of conducting business successfully. TGS' long-standing **Statement of Values** recognizes that the Company is responsible to a number of stakeholder groups, and describes the principles to which the Company adheres. A more detailed description of TGS' Corporate Social Responsibility Policy is included as a separate section in the Annual Report and on TGS' website: www.tgs.com.

Code of Conduct

In addition to TGS' **Statement of Values** and policies on health, safety, environment and human resources, the Company has developed a **Code of Conduct** that further defines expectations on ethical behavior. Each employee and director is required to read and acknowledge his or her understanding of its contents on an annual basis. The Code requires employees to report any known or suspected ethical irregularities and ensures that no retaliation will be levied against employees who file reports. TGS conducts an active compliance program designed to continually inform and educate employees on ethical issues. The Company employs a full time Board-appointed compliance officer who reports quarterly on progress of compliance activities and objectives.

Comprehensive Approach

The leadership of TGS actively promotes a culture designed to build confidence and trust among its stakeholders. Good corporate governance together with the values, policies and control systems described in this report provide a comprehensive approach to corporate social responsibility in TGS.

2. Business

The business objective of TGS-NOPEC Geophysical Company ASA is defined in the Company's Articles of Association, which state that the principal business of the Company is in the provision, procurement and sale of seismic and geophysical data. The Company's Articles of Association are published in the Investor Relations Section on the TGS website at www.tgs.com. TGS' operations are described in the Board of Directors Report and the Annual Report for 2015 and on www.tgs.com.

TGS pursues a long-term strategy of generating value for its shareholders. The Company constantly strives to understand and exceed customer expectations in delivering a quality product on time. The commitment to quality must be apparent in every product and service that is sold. Service to customers, whether internal or external, must be professional, accurate, timely and friendly. TGS is dedicated to making a profit and delivering a solid return to its shareholders. Growth is fundamental to the success of the Company.

3. Equity and Dividends

Equity

As of 31 December 2015, total equity amounted to USD 1,198.1 million including a share capital of USD 3.7 million. This corresponds to an equity ratio of 82%, which the Board considers to be satisfactory. The adequacy of the Company's capital is monitored closely with respect to the Company's objectives, strategy and risk profile.

Dividend Policy

Because of the highly cyclical nature of the oil services industry, TGS' Board of Directors remains confident that the Company's unique business model and strong balance sheet and cash position are essential to its financial health, risk management and future growth. With this in mind, the Board continues to carefully evaluate investment opportunities for growth.

It is the ambition of TGS to pay a cash dividend that is in line with its long-term underlying cash flow. When deciding the dividend amount, the TGS Board of Directors considers expected cash flow, investment plans, financing requirements and a level of financial flexibility that is appropriate for the TGS business model. In addition to paying a cash dividend, TGS may also buy back its own shares as part of its plan to distribute capital to shareholders.

From 2016, TGS has started to pay quarterly dividends in accordance with the resolution made by the Annual General Meeting on 6 May 2015. The aim will be to keep a stable quarterly dividend in US dollars through the year, but the actual level paid will be subject to continuous evaluation of the underlying development of the company and the market.

The ex-dividend date will normally be seven days after the announcement of the dividend in connection with the release of quarterly financial statements, with the payment date 14 days after the ex-dividend date.

At its quarterly meeting on 1 February 2016, the Board of Directors resolved to distribute a quarterly dividend of USD 0.15 per share (equivalent to NOK 1.30 per share) of outstanding common stock from the Company's 2014 earnings. The quarterly dividends were paid on 23 February 2016.

The Annual General Meeting ("AGM") held 6 May 2015 approved the Board of Directors' proposal to distribute a dividend for 2014 of NOK 8.5 per share. Following this approval, dividend payments totaling USD 112.9 million were made.

In 2015, the Company completed a share buy-back program announced in 2014. The shares were purchased from the open market and in accordance with the Safe Harbour provisions of the EU Commission Regulations for buy-back programs. Total share buy-backs in 2015 totaled USD 4.8 million.

Board Authorizations

The Board of Directors' authorizations to increase share capital are limited to specified purposes. Authorizations to increase share capital and to undertake share buybacks are granted for a period no longer than until the next AGM.

Following the AGM held on 6 May 2015, the Board received the following shareholder authorizations:

- To issue up to 10,318,428 new shares in the Company; and
- To acquire, on behalf of the Company, the Company's own shares for an aggregate par value of NOK 2,600,000, provided that the total amount of its own shares at no time exceeds 10% of the Company's share capital. The lowest price to be paid per share shall be NOK 0.25 and the highest price to be paid per share shall be the price as quoted on the stock exchange at the time of the acquisition plus 5%. Acquisition and sale of the Company's own shares can take place in the manner which the Board of Directors considers to be in the Company's best interest, but not through subscription of new shares.

The authority is valid until the AGM in 2016.

In the AGM held on 6 May 2015, the Board was also authorized to distribute quarterly dividends on the basis of the 2014 financial statements. The authorization shall be valid until the Company's next Annual General Meeting.

For further information on these shareholder authorizations, please refer to Note 10 to the Consolidated Financial Statements.

4. Equal Treatment of Shareholders and Transactions with Related Parties

Equal Treatment

The Articles of Association do not impose any restrictions on voting rights, and all shares have equal rights. The Company has only one class of shares and each share gives the right to one vote at the AGM. The Board of Directors emphasizes, to the extent possible, disclosing and describing the topics of the agenda and the proposed resolutions in the call for the assembly to allow the shareholders adequate time to prepare for the meeting.

Transactions in Treasury Shares

TGS' transactions in its own shares are carried out at market price. TGS, from time to time, buys back shares under authorizations given by the shareholders. The shares may be held in treasury, used as payment in merger and acquisition transactions, used in relation to the exercise of employees' stock options, or eventually cancelled. In 2015, the Company purchased 180,000 of its own shares in the market. The Company held 673,600 treasury shares on 31 December 2015. At the 6 May 2015 Annual General Meeting, the shareholders voted to cancel 1,048,298 treasury shares.

There have been no share capital increases in the Company in recent years except for shares issued in connection with the Company's stock option program. Should the Board wish to propose that the AGM depart from the preemptive right of existing shareholders relating to capital increase, such a proposal will be justified by the common interest of the Company and the shareholders, and the reasons for the proposal will be presented in the notice of the AGM as well as publicly disclosed in a separate stock exchange announcement.

Transactions with Related Parties

There are no shareholder agreements between any of the Company's shareholders. None of the Board members represent companies that are significant customers or suppliers of TGS. There were no material transactions taking place with related parties in 2015, but any transaction with close associates is required to be conducted on market terms. Information about transactions with related parties is also disclosed in Note 12 to the Consolidated Financial Statements. The Board has guidelines (under the Code of Conduct) to ensure that senior executives inform their manager and/or the Board if they have a material interest, directly or indirectly, in any agreement entered into by the Company.

5. Freely Negotiable Shares

Freely Negotiable Shares

All TGS shares carry equal rights and are freely negotiable. No special limitations on transactions are described in TGS' Articles of Association. Transactions in TGS' shares are described in more detail in Note 10 to the Consolidated Financial Statements.

All but one of the independent members of the Board have received shares as a part of their compensation, which must be held for at least two years before they can be traded. Refer to Note 7 to the Consolidated Financial Statements for further information. Beyond this, there are no other limitations to trading of shares imposed by the Company, other than Insider Trading Rules applicable to employees and the directors.

6. General Meetings

The General Meeting is the Company's ultimate corporate body. The Board strives to ensure that general meetings are an effective forum for communication between shareholders and the Board. The Board of Directors, the nomination committee and the Chief Executive Officer are all present at the Annual General Meetings as well as the Company's auditor. The minutes of general meetings are made available for inspection by shareholders at the Company's offices in Asker, Norway. These minutes are also made available on the Company's website shortly after the date of the general meeting.

The next Annual General Meeting (AGM) will be held on 10 May 2016. The notice calling the AGM and any Extraordinary General Meeting and all supporting documentation are made available on the Company's website (www.tgs.com) no later than three weeks in advance of the meeting. The notice and supporting documentation will also be mailed to any shareholders who request this service. The notice and supporting documentation include all the necessary information to allow shareholders to form a view on the matters to be considered. The Annual Report for 2015 is available on the Company's website.

In accordance with the Company's Articles of Association, the deadline for shareholders to notify the Company of their intention to attend the General Meeting is at the latest three days before the day of the meeting. The Company's financial calendar is notified to the market by issuing a stock exchange announcement and is also published on its website.

Each General Meeting appoints a chairperson for the meeting, thereby ensuring that the General Meeting has an independent chairperson in accordance with the recommendations of the Norwegian Code of Practice of Corporate Governance.

The General Meeting is open for all shareholders, and any shareholder not in attendance can give proxy to vote on his/her behalf. Forms of Proxy are made available on the Company's website and are mailed to any shareholders who request this service, together with the notice of the call for the meeting. The Form of Proxy allows separate voting instructions to be given for each matter to be considered by the meeting. The proceedings in the General Meeting follow the agenda outlined in the call for the meeting. Shareholders who wish to raise a topic in the General Meeting have the option to do so, but must notify the Board of Directors of this in writing and in reasonable time before the call for the meeting is dispatched. The AGM cannot decide for a higher dividend than the Board of Directors has proposed for that year.

Shareholders are given the opportunity to vote separately either in person or by proxy for each candidate nominated for election to the Company's Board. The Board of Directors may also resolve that the shareholders may, within a limited time period prior to the shareholders' meeting, deliver their votes in writing, which shall include the use of electronic means. The right to vote in writing prior to the shareholders' meeting is conditioned upon that an adequately secure method to authenticate the sender exists. The Board of Directors may lay down guidelines for advance voting in writing. The notice to the shareholders' meeting shall provide information about whether the shareholders may vote in advance in writing, and about the guidelines that apply to such voting.

Shareholders are currently not allowed to participate in the General Meeting through the internet.

In accordance with the Norwegian Public Limited Liability Companies Act, the AGM is required to approve the annual financial statements, the Board of Directors' report and the distribution of dividends. The AGM should also deal with the Board of Directors' declaration relevant to the guidelines for determination of compensation to executive personnel and an advisory vote shall be held at the AGM following the Board of Directors' guidelines for the determination of salary and other remuneration to senior managers. The AGM shall also deal with the report on corporate governance.

The last Ordinary General Meeting was on 6 May 2015, and the minutes are available on www.tgs.com

Any other matters to be dealt with in the AGM will follow from the notice.

As one of the Directors of the Board, Jørgen C. Arentz Rostrup, elected in the AGM on 6 May 2015 accepted a new job outside the European Economic Area (EEA), the Board did not fulfill the resident requirements set out in the Norwegian Public Limited Liability Companies Act. Accordingly, Mr Rostrup decided to resign from his position on the Board. An Extraordinary General Meeting (EGM) was held on 28 September 2015 to elect a new director. Elisabeth Grieg was proposed by the Nomination Committee and was elected as a new director by the shareholders in the EGM.

7. Nomination Committee

As required in the Company's Articles of Association, the Nomination Committee is responsible for the nomination of directors to the Board and the recommended remuneration payable to the directors. The Annual General Meeting stipulates guidelines for the duties of the Nomination Committee.

The Nomination Committee consists of a chairman and two members elected by and amongst the shareholders who also determine the Nomination Committee's own remuneration. The members serve for a period of two years. The members of the Nomination Committee currently are Tor Himberg-Larsen (Chair), Jarle Sjo and Christina Stray, all independent of the Board of Directors and executive personnel. Himberg-Larsen and Stray were elected for a two-year term at the Annual General Meeting on 6 May 2015, while Sjo was elected for a two-year period at the Annual General Meeting on 3 June 2014.

The Company posts an invitation to shareholders at www.tgs.com prior to the Annual General Meeting every year to propose to the committee candidates as directors and members of the Nomination Committee.

As part of its work, the Nomination Committee meets at least annually with the Board of Directors and members of the executive management. Also, the committee consults relevant shareholders to ensure that its recommendations have their support.

The committee's recommendation provides a justification of how its recommendations take into account the interests of shareholders in general and the Company's requirements. The justification includes information on each candidate's competence, capacity and independence. If the committee recommends the re-election of a member of the Board of Directors, the justification also provides information on how long the candidate has been a member of the Board of Directors and his or her record in respect of attendance at Board meetings. If the recommendation includes candidates for election to the Nomination Committee, it also includes relevant information on these candidates.

In accordance with Section 6 above, the Nomination Committee's recommendations and report are made available in accordance with the 21-day deadline for the notice calling a general meeting.

8. Board of Directors: Composition and Independence

The Board of Directors currently consists of seven members, six of which are independent. The Board members are elected by the shareholders for a term of one year.

The members of the Board of Directors are proposed by the Nomination Committee and elected by the AGM. The Chairman of the Board is also elected by the AGM.

The constitution of the Board reflects a strong background that balances specific industry experience with broader industrial, financial and management experience.

The former Chief Executive Officer of the Company, Henry H. Hamilton III, is a member of the Board. Following his resignation as CEO in 2009, Mr. Hamilton was elected Chairman by the General Meeting in June 2009. Prior to the merger between TGS and NOPEC International in 1998 that created TGS as a listed company, Mr. Hamilton was a significant shareholder in TGS. As of 31 December 2015, he holds approximately 1.3% of the Company's outstanding shares. Because he was formerly a member of the Company's executive personnel, Mr. Hamilton does not meet the independence criteria. Accordingly he does not serve on the Board's Compensation or Audit committees.

All directors, with the exception of one, are shareholders of TGS. Information on shares in TGS held by members of the Board can be found in Note 7 to the Consolidated Financial Statements.

A brief background description for each board member is listed below:

Henry H. Hamilton III, Chairman

Born 1959. Mr. Hamilton served as CEO of TGS from 1995 through June 2009. He started his career as a Geophysicist with Shell Offshore (1981-1987) before he became employed by Schlumberger (1987-1995), where he ultimately held the position of VP and General Manager for all seismic product lines in North and South America. Mr. Hamilton joined TGS as its CEO in 1995 and remained in the position following the 1998 merger with NOPEC International. He also serves on the Board of Odfjell Drilling. Mr. Hamilton was first elected as a director in 1998 and as Chairman in 2009.

Elisabeth Harstad, Director (Independent)

Born 1957. Ms. Harstad is acting CEO of DNVGL Energy in the Netherlands, a subsidiary of DNVGL. She has held various positions within DNV since 1981, including Corporate Director for Research and Innovation from 2006-2011 and COO for the Oil and gas business area from 2002-2006. She was first elected as a director in 2007.

Mark Leonard, Director (Independent)

Born 1955. Mr. Leonard is currently the President of Leonard Exploration, Inc. He retired in 2007 from Shell Oil Company after 28 years of service. During his tenure at Shell, Mr. Leonard held a number of executive positions including Director of New Business Development in Russia/CIS, Director of Shell Deepwater Services, Director of Shell E&P International Ventures and Chief Geophysicist for Gulf of Mexico. He was first elected as a director in 2009.

Vicki Messer, Director (Independent)

Born 1949. Mrs. Messer is currently an independent consultant. She has 32 years of geophysical industry experience in various executive, management and supervisory positions for CGG Veritas, Veritas DGC, Halliburton Energy Services/ Halliburton Geophysical, and Geophysical Services Inc. She was first elected as a director in 2011.

Tor Magne Lønnum (Independent)

Born 1967, Mr. Lønnum is currently Group CFO in Tryg AS and Tryg Forsikring AS. Previously he held the positions of CFO in Skipper Electronics AS, Accountant in Samarbeidende Revisorer AS, Manager in KPMG, Group CFO and Group Director in Gjensidige NOR Insurance, Deputy CEO and Group CFO in Gjensidige Forsikring ASA. Mr. Lønnum serves as a board member of Bakkafrost. He was first elected as a director in 2013.

Wenche Agerup (Independent)

Born 1964, Ms. Agerup is an Executive Vice President and Chief Corporate Affairs Officer in Telenor ASA. Agerup was the Executive Vice President for Corporate Staffs and the General Counsel of Norsk Hydro ASA from 2010 to 31 December 2014. She has held various executive roles in Hydro since 1997, including within the company's M&A-activities, the business area Alumina, Bauxite and Energy, as a plant manager at Hydro's metal plant in Årdal and as a project director for a Joint Venture in Australia where Hydro cooperated with the Australian listed company UMC. Ms. Agerup serves as a board member of Statoil. She was elected as a director in 2015.

Elisabeth Grieg (Independent)

Born 1959, Ms. Grieg is currently CEO of Grieg International AS, co-owner of the Grieg Group and a member of the founding family. Ms. Grieg serves on the board of several of the Grieg Group companies. She has also been a board member of many prominent Scandinavian companies, such as Statoil, Norsk Hydro and Nordea AB, as well as a member of the corporate assembly of Orkla ASA. Ms. Grieg has chaired the board of GIEK (Norwegian Guarantee Institute for Export Credits) and been the President of the Norwegian Shipowners' Association. She was elected as a director in 2015.

9. The Work of the Board Of Directors

The Board of Director's tasks include the overall management and supervision of the Company. The Board is responsible for establishing control systems and for ensuring that TGS operates in compliance with laws and regulations, with TGS' Statement of Values and Code of Conduct, as well as in accordance with the owners' expectations of good corporate governance. The board emphasizes the safeguarding of the interests of all shareholders, but also the interests of TGS' other stakeholders.

The Board prepares an annual plan for its work, emphasizing goals, strategies and execution.

The Board operates under specific rules of procedure, which define the duties, tasks and responsibilities of the Board of Directors and individual members of the Board, and also states guidelines for the CEO's work and duties of the Board of Directors.

The Board of Directors currently consists of seven members, six of which are independent. (refer to section 8).

The Board normally schedules seven regular meetings each year but typically holds additional meetings as circumstances dictate. Three of the regularly scheduled board meetings deal with strategic issues and last for two days. On at least a monthly basis the CEO updates the entire Board on the financial progress of the Company as well as other significant matters. The Board also sets specific objectives for the CEO on an annual basis.

The Board conducted a total of eleven meetings in 2015: three physical meetings, three by videoconference, four by teleconference and one by circulation. All three physical meetings lasted two days. Tor Magne Lønnum and Elisabeth Grieg were each unable to attend one of the meetings. All other directors attended all meetings.

Board Committees

The following committees, composed entirely of the Company's independent directors, are established by the Board to monitor and guide certain activities. Each committee operates under a defined charter that may be viewed at: www.tgs.com/about-tgs/policies/corporate-governance.

Audit Committee

The Audit Committee is appointed by the Board, and its primary responsibility is to supervise the Company's internal controls over financial reporting and to ensure that the Company's external auditor is independent. Further the responsibility of the committee is to ensure that the annual accounts provide a fair picture of the financial results and financial condition of the Company in accordance with generally accepted accounting practice. The Audit Committee receives reports on the work of the external auditor and the results of the audit.

The Audit Committee conducted a total of seven meetings in 2015, and all members attended all meetings.

The members of the Audit Committee with effect from the 2015 EGM are:

- Tor Magne Lønnum, Chairman
- Vicki Messer
- Elisabeth Grieg

Jørgen C. Arentz Rostrup was a member of the Audit Committee from the 2015 AGM until he resigned from his position on the Board in September 2015. After being elected as a new director by the shareholders in the EGM on 28 September 2015, Elisabeth Grieg became a member of the Audit Committee.

Compensation Committee

The Compensation Committee reviews the compensation practices of TGS and its peer group and makes proposals to the Board on the employment terms and conditions and total remuneration of the CEO and other executive personnel. These proposals are also relevant for other employees.

The Compensation Committee conducted a total of eight meetings in 2015 and all members attended all meetings.

The members of the Compensation Committee with effect from the 2015 AGM are:

- Mark Leonard, Chairman
- Elisabeth Harstad
- Wenche Agerup

The Board of Directors carries out an annual evaluation of its own performance, working arrangements and competence. The assessment is made available to the Nomination Committee. The Board also carries out an annual evaluation of the CEO's performance.

10. Risk Management and Internal Control

The Board of Directors monitors TGS' risk exposure, and the Company continually strives to maintain and improve its internal control processes.

Executive management carries out an annual risk evaluation process to assess total enterprise risk in the Company. Through risk workshops a number of strategic and operational risk factors are evaluated and prioritized in a risk matrix. Action plans are developed to manage any significant risk factors, and the process is made continuous with annual workshops and quarterly updates regarding action plan status. The key risk factors and related action plans are part of the annual Board presentation on risk management and internal control by the CEO and CFO. The Board also considers the need for any further measures in relation to the risk factors identified.

The Company's Audit Committee reviews the Company's routines for financial risk management and internal control which includes documentation for internal control and financial reporting procedures. Neither TGS' executive management nor its Audit Committee reported any material weaknesses in the related internal control systems at 31 December 2015.

TGS has implemented a regime with a Corporate Authorization Matrix and guidelines to specify the level of authority granted to management. The matrix is part of the Financial Manual which is approved by the Board, and the CEO has operational responsibility for ensuring that it is enforced.

TGS has a separate legal department, managed by corporate General Counsel who reports to the CEO. Procedures and guidelines are in place to ensure that the legal department is involved in matters that could represent a material legal risk for the Company, including entering into material agreements. The Company has standard policies for contract terms and conditions.

TGS is committed to compliance with all legal and ethical requirements and standards of the geoscientific industry and the communities where TGS employees live and work. TGS considers its values based culture and environment a key element in continued success as a company.

As a function within the TGS executive team, the Compliance Program sets ethical standards, provides training and educational resources and responds to all concerns raised by TGS' internal and external stakeholders. The TGS Compliance Officer provides quarterly and annual reports to the Board of Directors, and the TGS CEO provides updates on a regular basis. The Board has endorsed and fully supports the continued implementation of the compliance program. All compliance reports are maintained as confidential to the extent possible, and no retaliation is allowed against reporting persons.

TGS investigates all potential violations of its Statement of Values and Code of Conduct, such as illegal acts, conflicts of interest, financial fraud, corruption issues or breaches of TGS' corporate policies. TGS also engages internal or external legal counsel as needed, in dealing with possible violations of its corporate policies. Employees are encouraged to report any violation of TGS' values or policies to the Corporate Compliance Officer or through the TGS hotline.

All agents, officers and key employees working for the Company must sign an annual anti-corruption compliance certification. Each employee of the Company must read and acknowledge the Company's Code of Conduct, Statement of Values and Policy on Insider Trading on an annual basis.

11. Remuneration of Board of Directors

The remuneration to the Board of Directors is designed to attract and retain an optimal Board structure in a competitive environment. Procedurally, the directors' compensation is recommended by the Nomination Committee and determined by the shareholders at the Annual General Meeting each year.

In recent years, the directors' compensation has been composed of both a fixed fee and a number of restricted TGS shares. The remuneration is not related to the Company's financial result. Note 7 to the Consolidated Financial Statements details the remuneration for 2015. TGS believes the remuneration reflects the Board's responsibility, expertise, time commitment and the complexity of the Company's activities.

No Board member has taken on specific assignments for the Company in addition to their appointment as a member of the Board.

12. Remuneration of Executive Personnel

Philosophy

TGS' Total Compensation Philosophy, as approved by the Board, is to provide a robust and competitive total rewards package that attracts and retains exceptionally talented people and provides the greatest rewards for its employees who consistently and continually demonstrate the highest levels of performance. TGS uses a blend of components: base salary, incentive compensation (short-term and long-term awards) and non-financial rewards. TGS base salaries are targeted below the median of the compensation peer group. TGS' total actual cash compensation, defined as base salary and short-term incentives (an annual performance cash bonus directly linked to the TGS Group's operating profit), is intended to exceed the market average in years where the company performs above market (target above 50th and up to 75th percentile of the market). It is also heavily weighted in variable pay so that employees share in the same risk and rewards as its shareholders. The Board of Directors believes that the issuance of long –term incentives is a valuable tool to aid in the retention of key employees and serves to reinforce the importance of maintaining a longer-term focus towards shareholder value creation.

Executive Remuneration

It is critical to TGS' continued success to attract and retain highly engaged executives with great vision, global experience and a strong drive for results. The compensation program for executive officers consists of industry competitive benefit programs, base salaries, short-term incentives and long-term incentives such as stock options, or other share-based awards. The various compensation elements are balanced in a way that recognizes the individual executive's responsibilities and his or her abilities to influence the short and long-term profitable growth of the Company. Base salaries are consciously set low for executives (around 25th percentile of our competitive group) while the short-term incentive can be comparatively high.

Governance

The CEO is responsible for proposing the compensation packages (excluding his own) for all executive officers for Compensation Committee review and Board approval. The Compensation Committee is composed of completely independent directors: Mark Leonard (Chair), Elisabeth Harstad and Wenche Agerup.

The Compensation Committee is also responsible for recommending the CEO's compensation package to the Board for final review and approval. This includes the CEO's target bonus, which is specifically set by the Board.

The Board believes executive compensation should be reasonable and fair according to prevailing industry standards in the geographical markets where the TGS Group operates, and should be understandable relative to scale, complexity and performance. The Board strives to ensure that executive compensation is administered consistently according to the TGS Total Compensation Philosophy.

The Compensation Committee retains an independent third party compensation benchmarking firm to assess and recommend changes to TGS' executive compensation practices relative to its peer group. The peer group is composed of several competitors and international oil and gas services companies. The peer group is determined by considering a combination of relative factors including annual revenue, EBITDA, market capitalization, return on equity (ROE) and return on invested capital (ROI). This independent executive compensation analysis is conducted annually.

In accordance with the Norwegian Public Limited Liabilities Act § S6-16a, the Board will present a statement regarding the Company's policies for executive compensation to the Annual General Meeting on 10 May 2016.

For further information on executive management compensation, please refer to Note 7 of the Consolidated Financial Statements.

13. Information And Communications

TGS' investor relations policy is designed to inform the stock market and all shareholders of the Company's activities and status in a timely and accurate manner. The Company submits quarterly and annual financial reports to the OSE. In addition, any interim information of significance for assessing the Company's value is distributed as stock exchange announcements through InPublic – Nasdaq OMX, a commercial publisher of financial information. This information is also available via the Company's website www.tgs.com.

The Company places great emphasis on complying with the Stock Exchange regulations by providing the same information to all investors, national and international. The Company uses the Code of Practice for Reporting of IR information issued by Oslo Børs and the Norwegian Investor Relations Association (NIRA) as a guideline for IR reporting. All press releases and news are published in English only and the Company has been granted exemption from the Norwegian Tax Authority to publish its Annual Report in English only.

The Company's quarterly earnings presentations are recorded and made available as webcasts or slide presentations in real time. The Company also makes national and international presentations and conducts road shows throughout the year to inform existing and potential investors about TGS.

The financial calendar displaying the dates for the coming years' interim reports and General Meetings for shareholders is posted at: www.tgs.com/investor-center/financial-reports/financial-calendar/

14. Take-Overs

The Board of Directors has established guiding principles for how it will act in the event of a take-over bid received.

During the course of a take-over process, the Board of Directors and management of both the party making the offer and the target company are responsible to help ensure that shareholders in the target company are treated equally and the target company's business activities are not disrupted unnecessarily. The Board is particularly responsible to ensure that shareholders are given sufficient information and time to form a view of the offer.

The Board of Directors will not hinder or obstruct take-over bids for the Company's activities or shares.

In the event of a take-over bid for the Company's shares, the Board of Directors will not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the General Meeting following announcement of the bid.

Any agreement with the bidder that acts to limit the Company's ability to arrange other bids for TGS shares will only be entered into where it is self-evident that such an agreement is in the common interest of TGS and its shareholders. This provision shall also apply to any agreement on the payment of financial compensation to the bidder if the bid does not proceed. Any financial compensation will be limited to the costs the bidder has incurred in making the bid.

If an offer is made for TGS' shares, the Board of Directors will issue a statement evaluating the offer and making a recommendation as to whether shareholders should or should not accept the offer. If the Board finds itself unable to give a recommendation to shareholders on whether or not to accept the offer, it will explain the background for not making such a recommendation. The Board's statement on a bid will make it clear whether the views expressed are unanimous, and if this is not the case, the Board will explain the basis on which specific members of the Board have excluded themselves from the Board's statement. The Board will arrange for a valuation of TGS from an independent expert and the valuation will be made public no later than at the time of the public disclosure of the board's statement. If any member of the Board or executive management, or close associates of such individuals, or anyone who has recently held such a position, is either the bidder or has a particular personal interest in the bid, the Board will arrange an independent valuation in any case. This will also apply if the bidder is a major shareholder. Any such valuation will be either appended to the Board's statement, be reproduced in the statement or be referred to in the statement.

Any transaction that is in effect a disposal of the Company's total activities shall be decided by a General Meeting.

15. Auditor

The Board of Directors has determined the procedure for the external auditor's regular reporting to the Board. The auditor attends at least one meeting each year with the Audit Committee of the Board as well as the Board of Directors where the Company's management is not represented. In addition, the auditor participates at meetings of the Board relating to the preliminary annual financial statements. If there are any significant changes from the preliminary accounts, the auditor will also participate in the meeting that approves the annual financial statements. In 2015, the auditor has participated in the majority of the Audit Committee meetings, and in all meetings relating to the unaudited quarterly financial statements.

The Company's external auditor presents the primary features of the plan for the execution of the audit to the Audit Committee and reports on the key accounting principles and estimates and the results of the audit to the Audit Committee and the Board of Directors. The auditor also presents to the Audit Committee and the Board any internal control weaknesses and improvement opportunities.

TGS has established guidelines for the right of management to use the external auditor for services other than auditing. The Audit Committee receives an annual summary from the external auditor of services other than auditing that have been provided to TGS. The auditor also presents any threats to his/her independence and documents measures implemented to reduce these, as required by the Audit and Auditors Act Section 5a-3 3. The external auditor provides the Audit Committee with an annual written confirmation of independence. The Board of Directors reports the remuneration paid to the auditor at the annual general meeting, including details of the fee paid for audit work and any fees paid for other assignments.

The auditor's fee is determined at the Annual General Meeting. Refer to Note 7 to the Consolidated Financial Statements for auditor's compensation for 2015.

The auditor is required to attend a General Meeting if the business to be transacted is of such a nature that his or her attendance must be considered necessary. In addition, the auditor is, in any case, entitled to participate in the General Meeting

CORPORATE SOCIAL RESPONSIBILITY

"TGS is responsible to our customers, our employees, the communities in which we live and work, to the world community and to our shareholders. Living the TGS Values every day, in everything that we do, helps us to meet or exceed the expectations of our stakeholders both today and in the future, and is critical to delivering sustainable growth over the long term."

– Hank Hamilton, Chairman

Sustainability Report

1. Report on Corporate Social Responsibility

The term "Corporate Social Responsibility" (CSR) is often used interchangeably with "Corporate Sustainability." The Dow Jones World Sustainability Index defines Corporate Sustainability as "a business approach that creates long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments."

TGS has prepared a CSR report to communicate to stakeholders how it integrates sustainability priorities within its business operations and strategy. Specifically the report covers TGS' CSR policies, actions, results and future ambitions and plans, focusing on our People and our Conduct, namely our anti-corruption, health and safety, and environmental efforts within the Company and with our Stakeholders. Our commitments, activities and performance on the priorities identified by TGS are set forth in the case studies, facts and figures set forth below. It is the opinion of the Board of Directors that this report complies with the CSR requirements of the Norwegian Accounting Act section 3-3c.

2. Responsibilities Towards Our Stakeholders

TGS believes that Corporate Social Responsibility is a fully compatible and integrated part of conducting business successfully. The foundation of our Company's superior business performance is built on our long-standing values of honesty, integrity, accountability, and respect for others. In order for TGS to prosper, we need the trust and respect of our customers, shareholders, employees, and the communities in which we work and live. These values have long been a fundamental part of how TGS has chosen to do business and the Company has developed and refined these values over time. The purpose of the TGS Statement of Values is to provide a moral and ethical compass to assist and guide the Company in business situations that arise every day. These standards apply to all its activities in every market that TGS serves.

Honesty, integrity and fairness form the cornerstones of TGS' relationships inside and outside the Company.

__Honesty__, __integrity__ and __fairness__ form the cornerstones of TGS' relationships inside and outside the Company.

TGS is responsible to its customers. Through quality and service, the Company consistently strives to meet or exceed the expectations of customers, both promptly and profitably

TGS is responsible to its employees. TGS' single greatest asset is its employee base. The Company considers each employee as an individual, and recognizes and respects the dignity, culture and merit of each employee. TGS aims to provide equal opportunity for employment, development and advancement. The Company's human resources policies are designed to ensure fair and equitable treatment and to encourage personal growth. The TGS health, safety and environmental management system (HSE-MS) is designed to ensure that all Company operations are conducted in the absence of significant risk, by continuously identifying and controlling hazards which may arise through any aspect of the Company's operations.

TGS is responsible to the communities and environment in which it operates and works and to the world community as well. TGS monitors its environmental performance versus plans and is dedicated to the continuous improvement of its environmental programs and standards for all of its operations. TGS works with its suppliers to ensure that their health, safety, and environmental standards are consistent with that of TGS. The Company actively supports reputable charitable programs and organizations, as well as local social welfare programs within the countries in which seismic data acquisitions are performed, that serve people and communities in need by providing ongoing financial donations. In addition, TGS implemented a program that encourages employees to donate their time and energy to help those in society who are less fortunate. The largest contributions were donated to organizations that work with underprivileged youth, homeless families and organizations that provide medical and humanitarian assistance in disease plagued regions. TGS supports the United Nations Universal Declaration of Human Rights and strives to apply the declaration's principles regarding the freedom, rights, dignity and worth of the human person and promotion of equality irrespective of gender, race or religion throughout business operations.

TGS is responsible to its shareholders and expects that they should realize a fair return. The Company understands that its main contribution to society comes from operating and growing a profitable and thriving business that creates value over the long term.

3. Priority Identification

In identifying CSR priorities for TGS, it is important that the Company considers how its business impacts stakeholders across the value chain, from planning projects and consulting with local communities and regulatory authorities (including permitting requirements), to selecting and working with partners, agents and contractors, to managing HSE risks in geophysical operations, and to ensuring compliance with the TGS Code of Conduct and anti-corruption program in dealings with third parties.

On an annual basis, TGS conducts a risk assessment process whereby risks from across the business (including CSR risks) are assessed by different groups within TGS: Strategic, Operations, Legal and Compliance, and Finance. These groups identify the top risks, along with the current mitigation measures in place for each of those risks, and rank the risks based upon their impact to TGS, likelihood, and whether the risk is increasing, stable or decreasing. From these analyses, TGS' Executive Team identifies the top risks to TGS, some of which may relate to CSR risks, and implements a mitigation plan to address these risks for the coming year. In addition, all TGS departments, including Human Resources, Compliance, and Health, Safety and Environment, set annual goals for each year, and TGS executive team and Board of Directors participate in reviews of compliance, health, safety and environmental performance on at least a quarterly basis.

TGS also seeks feedback from regular meetings with shareholders, customers, other stakeholders and the International Association of Geophysical Contractors (IAGC).

From these inter-related processes TGS identified its CSR priority areas, set the CSR goals, plans and actions for 2015. The challenging market conditions in the oil and gas industry and the significant changes to both the market and internal business operations, resulted in a renewed focus by TGS to remain steadfast in our commitment to:

- **People:** Engaging and developing employees in difficult market conditions,
- **Anti-Corruption:** Employing the best practices to ensure anti-corruption compliance in all our operations,
- **Health, Safety & Environment:** Promoting safe, healthy, and environmentally sound practices within the company and by our vendors and suppliers,
- **Human Rights:** Advocating for responsible labor practices by our vendors and suppliers.

4. People

4.1. Who We Are

TGS strives to promote and maintain a work environment in which people are treated with dignity, decency and respect. TGS expects all relationships among persons in the workplace will be business-like and free of unlawful bias, prejudice and harassment. It is TGS' policy to ensure equal employment opportunity without discrimination or harassment on the basis of race, color, national origin, religion, sex, age, disability, or any other status protected by law.

TGS Code of Conduct prohibits discrimination and harassment in the workplace. All TGS employees must annually attend Code of Conduct training, which includes training on TGS' anti-discrimination and anti-harassment policies, and new TGS employees must complete an online training focused on maintaining a workplace free from discrimination or harassment.

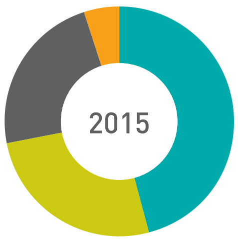
4.2. What We Did in 2015

Employee engagement is critical to the long-term sustainability of TGS. TGS seeks to maintain high levels of employee engagement while complying with labor rights and providing favorable work conditions. 2015 was a particularly challenging year in the oil industry and due to the difficult market conditions,

Employee Statistics	2015	2014
Total # of Employees at year end	747	943
New Hires	31	121
Internal Job Fill	56%	29%
Employee Turnover	10%	9%

Tenure

0 - 5	2014 / 59%	2015 / **46%**
5 - 10 years	2014 / 22%	2015 / **26%**
10 - 20 years	2014 / 16%	2015 / **23%**
+20 years	2014 / 3%	2015 / **5%**



Gender – Management

74%

2015 / Male 74%
2014 / Male 72%

26%

2015 / Female 26%
2014 / Female 28%

Gender – Total Employee Population

59%

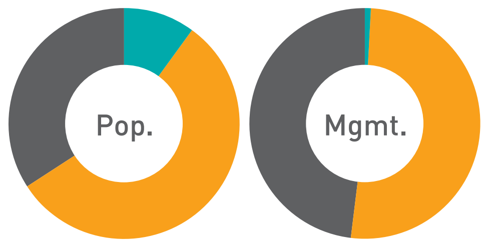
2015 / Male 59%
2014 / Male 59%

41%

2015 / Female 41%
2014 / Female 41%

Age / 2015

- 30 y/o	Total Pop. / **10%**	Mgmt. / **1%**
30 – 50 y/o	Total Pop. /**56%**	Mgmt. / **51%**
50+ y/o	Total Pop. / **34%**	Mgmt. / **48%**



TGS announced reductions in the global workforce and implemented a global cost reduction and efficiency plan aimed at identifying organizational efficiencies across the company. During this challenging time, TGS focused on keeping employees engaged and motivated and maintaining internal communications on the state of the industry through town hall sessions and other means. In addition, TGS continued to provide learning and professional development opportunities for employees, both internally and externally, aimed at encouraging employee advancement.

It is TGS' policy to ensure equal employment opportunity without discrimination or harassment on the basis of race, color, national origin, religion, sex, age, disability, or any other status protected by law

4.2.1. Employee Engagement

Communication across the organization is vital to maintaining an informed and engaged workforce in which employees are motivated to contribute and improve performance. Therefore, it is necessary for TGS' leaders to be visible and accessible to the entire workforce and employees be encouraged to share their opinion on important issues facing the organization. TGS holds quarterly employee meetings across all of its key offices, which include a Q&A session with the CEO and presentations from various projects or business units on their operations. New employees are invited to breakfast meetings with the CEO. Additionally, all business groups and departments hold a multi-day planning session at the start of the year in which members of that department participate in planning and discussing business objectives and goals for the coming year.

One of TGS' priorities in 2015 focused on keeping employees engaged and motivated to contribute and perform in these challenging market conditions. TGS actively sought feedback and input from the workforce and continued to communicate with employees to address their concerns. Several additional town hall meetings, in addition to the quarterly employee meetings, were held throughout the year across the offices that specifically focused on the state of the oil industry and the company and provided employees a forum to raise additional questions or concerns. TGS also created Go-Teams in 2015 that were comprised of both management and employees across all departments and offices to focus and report upon topics such as efficiency, market strategies, and new ventures. These Go-Teams' reports and recommendations were presented to the Board of Directors and Executive Team and incorporated into TGS' strategies for the upcoming year.

4.2.2. Professional Development

TGS is committed to strengthening our culture of excellence, and providing professional development opportunities for our workforce is a cornerstone to that end. Building upon long-term corporate objectives, TGS continued to provide general management skills and business acumen courses and technical training at each of its core offices in 2015.

TGS employees participate in an annual performance and professional development review, whereby the employee and his or her manager discuss the progress on last year's goals, establish goals for the upcoming year, discuss the employee's performance over the past year, review career aspirations and identify opportunities for further development. TGS recognizes that this process is critical to ensuring that its employees continue to develop the necessary skills to grow with the company.

TGS offers both onsite and out-of-office professional development training opportunities to employees, encourages employee participation in industry events, supports internal career profession, and provides tuition assistance for higher education courses for employees. TGS also continued its Executive Mentorship program for talented individuals to be mentored by members of the Executive management team.

2,006 hrs

2015 was the second full year of TGS' revamped technical training program, and employees participated in over 2,006 hours of in-house geological and imaging courses and lunch-and-learn sessions.

Additionally, TGS provides technical training to its employees through onsite training programs and lunch and learns as well as encourages employees to participate in industry events. Employees participated in over 2,006 hours of in-house geological and imaging courses and lunch-and-learn sessions, including 240 hours of virtual training from Society of Exploration Geophysicists (SEG) (down from 3,214 hours in 2014 due to cost saving measures). TGS employees also participated in eleven University Consortia around the world in 2015.

4.3. Our Ambitions and Plans

TGS recognizes the value of having an engaged workforce and will continue to actively identify opportunities to improve engagement, provide professional development, encourage career discussions, and maintain open communication in 2016. TGS' commitment will be further reinforced through the implementation of a core curriculum that reinforces TGS' culture of excellence as well as supports the TGS Strategic Leadership Competencies. Following the internal restructuring and work force reductions in 2015, TGS will hold office team-building and kick-off sessions that focus on the future of TGS. These events will include presentations by each business group of their 2016 plans and projects as well as the overall goals for the company in coming year. Each session will provide an opportunity for TGS employees to engage with different departments and to provide feedback to management on the future of TGS. Finally, TGS will conduct its 3rd Global Employee Engagement Survey in 2016 and will use the results of that survey to identify additional areas for improvement and success.

5. Anti-Corruption and Compliance

5.1. Our Code of Conduct

TGS expects the highest levels of personal conduct from its Board of Directors, its entire staff, regardless of position, and its agents and contractors. The TGS Code of Conduct sets the standard of responsible conduct for every TGS employee and serves as the Company's ethical roadmap – ensuring all employees perform their duties with honesty and integrity and in accordance with the law.

As a function within the TGS executive team, the Compliance Program endeavors to foster an open, transparent and ethical environment in accordance with the TGS Code of Conduct. The TGS Compliance Officer reports to the Board of Directors and the CEO and provides updates on at least a quarterly basis. The Compliance Officer aims to educate TGS employees on potential compliance concerns as well as implement policies, procedures, and guidelines to detect and prevent potential compliance concerns. In January of each year, an annual letter from the CEO is issued to all TGS employees that outline TGS' expectations regarding ethical and compliant conduct.

All TGS employees are to complete an annual certification that represents each employee's personal pledge that he or she has read, understood, and will uphold the Code in his or her business activities, as well as to participate in annual live Code of Conduct trainings, either held in-person or via video-conference, and other online compliance training initiatives.

TGS provides multiple avenues for TGS' internal and external stakeholders to discuss or report potential non-compliance. Employees are encouraged to report any violation of TGS' values or policies to their supervisor, the Compliance Officer, or through the TGS hotline, which allows employees to report suspected instances of non-compliance anonymously. TGS wants to know about potential problems before they become serious, and policies are in place that prohibit retaliation against reporting employees. TGS investigates all potential violations of its Statement of Values and Code of Conduct, such as illegal acts, conflicts of interest, financial fraud, corruption issues or breaches of TGS' corporate policies. TGS will also engage internal or external legal counsel as needed in dealing with possible violations of its corporate policies.

5.2. What We Did in 2015:

As a Company that operates throughout the world, TGS recognizes that bribery and corruption is a serious risk in today's business environment. TGS works to ensure that its employees understand that when conducting business in other countries, employees must be sensitive to the legal requirements that apply to foreign operations, including the U.S. Foreign Corrupt Practices Act, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business, and the U.K. Bribery Act.

100% of TGS employees completed:

- Code of Conduct certification
- Code of Conduct training
- Online anti-corruption training

TGS' Anti-Corruption policy applies to both TGS employees and third parties acting on behalf of TGS and expressly prohibits bribery, kickbacks and other illegal payments, as well as facilitation payments and political contributions on behalf of the company. Review and prior approval is required for gifts, entertainment, or travel expenses provided to government officials, as well as charitable or social welfare contributions to be made by or on behalf of TGS. TGS conducts due diligence on third party relationships based upon various risk factors, including but not limited to the location of where services are to be performed, the types of services to be performed, and the entity performing the services. TGS includes anti-corruption provisions in agreements with third parties providing services on behalf of the company, and third parties deemed to be high-risk must complete annual anti-corruption training and certification requirements.

Finally, TGS continually conducts assessments of its anti-corruption policies, procedures, and guidelines to identify weaknesses and areas for improvements. International agents are periodically audited to ensure their compliance with their agreement to TGS and applicable anti-corruption laws.

To support the concept that compliance starts at the executive level and to ensure that all aspects of the business are up-to-date on anti-corruption best practices, the Compliance Director provided quarterly and ad hoc presentations to the management team on global developments in anti-corruption laws and enforcement actions in 2015.

In 2015, TGS focused on updating policies and procedures to address all the risks relating to third party relationships and charitable and social welfare contributions in an effort to establish consistent and global procedures for vetting, retaining, and monitoring third party relationships, charitable contributions and social welfare contributions. The updated third party due diligence process formalizes the internal approval requirements, establishes a tiered, risk-based due diligence review for potential third party relationships, and mechanisms to oversee and monitor the third party relationship. The new charitable and social welfare contribution policies set forth TGS' charitable giving initiatives, establish preventative measures to ensure donations are made to legitimate, tax-exempt non-profits or charitable entities that do not present a conflict of interest, and include mechanisms to monitor social welfare contributions made as part of business development efforts. In the coming years, TGS will conduct audits to monitor compliance with these new policies.

Each year, all TGS employees are required to certify their compliance to TGS' Code of Conduct and participate in live Code-of-Conduct training, both of which include a focus on TGS' anti-corruption efforts. One-hundred percent of TGS employees completed both the Code of Conduct certification and Code of Conduct training for 2015. In addition to the Code of Conduct training, which includes discussion of TGS' Anti-Corruption policy, TGS administered an online anti-corruption training program to all employees that included training on the updated TGS policies discussed above. One-hundred percent (100%) of active TGS employees completed the online anti-corruption training (up from 95% in 2014). Key TGS employees and managers who interact with government officials or oversee employees who interact with government officials are also required to annually certify compliance with TGS' Anti-Corruption policy and in 2015, one-hundred percent (100%) of TGS employees completed their anti-corruption certification (same as 2014). No employee-related corruption or any other corruption issues arose during 2015 (same as 2014).

TGS continued to work with its third party agents to stress the importance of and ensure compliance with international anti-corruption laws in 2015. One focus for 2015 was to update the due diligence information for international agents whose previously provided information was older than three years, and all international agents who met that criteria provided updated due diligence information. All of TGS' international agents are required to annually certify compliance with TGS' Anti-Corruption policy and complete online anti-corruption training. One-hundred percent (100%) of TGS' international agents completed their annual certification of compliance with TGS' Anti-Corruption policy and anti-corruption training in the past year (same as 2014).

5.3. Our Ambitions and Plans:

TGS will continue to be active in monitoring the international developments and "best practices" in anti-corruption compliance. Going forward TGS intends to further the actions undertaken during 2015 with a continued emphasis on monitoring both the payments made to and relationships with TGS' international agents, and will maintain its hands-on approach to ensure our international agents understand and abide by TGS' anti-corruption policy. TGS will continue to aim for 100% compliance by both key TGS employees and international consultants with TGS' anti-corruption training and certification requirements. In the coming years as part of its monitoring of international agents, TGS will continue to review and update international agent due diligence information on a periodic basis so as to maintain current and accurate information for all international agents. Periodic reviews and assessments will be conducted on the policies related to anti-corruption implemented in 2014 to assess compliance with those policies and identify areas of improvement. Finally, TGS will continue to stay committed to internationally accepted "best practices" for anti-corruption compliance, and will work to update policies and procedures accordingly.

6. Health and Safety

6.1. What We Believe

TGS is dedicated to the continuous improvement of health, safety and security standards for its people and insists on the same policy from its contractors. TGS has defined safe operating procedures and guidelines in the HSE Management System that are designed to meet or exceed all appropriate legal requirements and, in the absence of any defined standards, to meet or exceed generally accepted industry-wide "best operating practices." TGS actively participates with all relevant client/contractor associations and relevant authorities in developing HSE standards.

TGS maintains a high level of safety awareness by means of safety meetings, internal auditing, review meetings and general communications. All employees and contractors are actively encouraged to participate in the conduct, management and

Employee Health & Safety Statistics	2015	2014
Man-hours	1,562,934	1,661,076
Fatalities	0	0
Lost Time Injuries (LTI)	0	0
Medical Treatment Cases	0	2
Restricted Work Cases	1	1
Recordable Case Frequency*	0.64	1.81
LTI Frequency*	0.00	0.00
Working Days Lost	1,040	1,192
Sickness Absence Frequency	0.53%	0.57%

continuous improvement of safety. TGS requires all employees and contractors to be accountable for and committed to their own health and safety as well as for those with whom they work. Employees and contractors are empowered to intervene and STOP any operation or activity that they feel is unsafe or hazardous, with the knowledge that such action will be supported by management.

Both the TGS HSE Director and senior management have responsibility for the communication and implementation of TGS health and safety policies, including provision of information, training and resources to employees.

6.2. What We Did in 2015: HSE Reviews and Training

TGS conducts quarterly HSE reviews with the executive team. TGS continues to promote a top-down message of health and safety by making its senior management responsible for ensuring that all employees completed at least two HSE training modules during 2015. Management also participated in audits of all office locations, and all TGS staff are assessed on active HSE commitment during annual performance reviews.

In 2015, TGS implemented a Contractor Management System that defines how TGS qualifies, evaluates, selects and manages Contractors, Vendors and Suppliers so that associated HSE risks are identified and properly managed and applicable legislative, regulatory and industry standards are adhered to. This system is intended to ensure that only contractors who's HSE Managements Systems are compatible with, or have an equal or greater standard than that of TGS, are utilized for critical operations and project activities. This process is intended to assess all field operations contractors prior to the commencement of work, and requires a written agreement or master services agreement which will require the contractor to at a minimum comply with TGS' HSE standards.

Contractor Health & Safety Statistics	2015	2014
Man-hours	6,466,840	4,646,905
Fatalities	0	0
Lost Time Injuries (LTI)	1	3
Medical Treatment Cases	11	13
Restricted Work Cases	13	17
Recordable Case Frequency*	3.87	7.10
LTI Frequency*	0.15	0.65

*Per million man-hours

By the end of 2015, all active land and marine crews in use by TGS were vetted by and successfully participated in TGS Contractor Management System.

There was one lost time incident for contractor field crews in 2015. An investigation was performed and remedial measures were put in place to prevent similar incidents from occurring in the future. With respect to TGS employees (primarily office-based), there were no lost time incidents in 2015.

There were 43 field visits from senior management and operations managers during 2015, and full compliance with vessel and land crew audit requirements was achieved. Additionally, 31 inspections were performed at TGS office locations globally.

One hundred percent (100%) of employees completed both HSE training courses offered in 2015.

6.3. Our Ambitions and Plans

TGS management will continue to champion TGS' HSE training initiatives by increasing management's presence at both land and marine operations and by having management conduct facility inspections at TGS' offices. HSE is included as one of the performance measures in TGS executive managements' long-term incentive plans. TGS will continue to require all land and marine contractors to participate in TGS' Contractor Management System for both land and marine surveys. Additionally, all TGS employees will be required to complete two HSE training courses during 2016. Finally, TGS has set as targets for 2016 of zero lost time injuries across all operations, and a total recordable incident rate of less than 3.0 and a motor vehicle accident rate goal of less than 2.0 for land seismic operations.

7. Environment

7.1. What We Believe

TGS is committed to leading the industry in minimizing the impact of its activity on the environment. To achieve this, TGS continually assesses its impact on the environment and endeavors to plan operations that minimize environmental impact. TGS typically conducts environmental impact assessments as part of the permitting process prior to initiating seismic data acquisition. TGS monitors its environmental performance versus plans and is dedicated to the continuous improvement of its environmental programs and standards for all of its operations.

TGS strives for zero spills and unplanned releases to the marine environment during seismic vessel operations and zero reportable spills in the onshore environment. Through TGS' charters of the seismic vessels, TGS influences and aims to ensure our contractors comply with all applicable environmental laws and regulations. Seismic vessels chartered by TGS undergo audits from the International Marine Contractors Association/Offshore Vessel Inspection Database (IMCA/OVID audits), either conducted by TGS, the vessel, or another third party, that evaluate compliance with all applicable health, safety, and environmental regulations and industry requirements, and ensure that all required health, safety, and environmental permits and certificates are valid.

TGS understands the importance of working with local governments, regulatory authorities, and non-government organizations, and therefore, TGS maintains positive communication with regulatory authorities and other governmental and non-governmental organizations to help identify, understand and mitigate environmental risks associated with geophysical activities.

Finally, we work to implement improved environmental awareness in office locations and minimize waste and manage waste output, minimize carbon emissions by survey design, guard against accidental and operational pollution, and mitigate against any active or operational pollution.

7.2. What We Do

TGS continues to include environmental aspects within IMCA/OVID accredited audits on all chartered seismic vessel and monitor spills and unplanned releases during seismic operations. TGS assesses and reports upon biologically-important areas, which include marine mammal migration paths, spawning grounds, sanctuary areas, or other ecologically sensitive locations where TGS has activities. In 2015, 20 IMCA/OVID audits were conducted on seismic vessels chartered by TGS, and no unresolved environmental issues were identified. Further, there were no recordable spills or unplanned releases to the marine environment and no reportable spills or releases to the onshore environment.

TGS actively supports the IAGC both financially and through employee participation in committees and projects. In 2015, TGS employees, including the CEO, General Counsel, and HSE Director actively served and participated in IAGC boards and committees. Through its work with the IAGC, TGS seeks to positively influence sensible and sustainable legislation and address environmental misconceptions associated with the geophysical industry. TGS supports the IAGC's efforts to create standards and protocols for seismic in frontier areas, and to plan seismic surveys to minimize environmental implications and liaise with stakeholders (including local fishing industry). TGS is also involved with the International Association of Oil & Gas Producers (IOGP) and supports its efforts to improve safety, environment and social performance and promote responsible and sustainable operations within the oil and gas industry. Each year, TGS participates in IOGP's global forum, which includes both clients and competitors, to share best practices and to troubleshoot challenges that may have arisen in the industry.

One example of TGS' efforts in 2015 to work with stakeholders, including regulatory authorities and other governmental and non-governmental organizations, on identifying, understanding and mitigating environmental risks associated with geophysical activities is the Nerites 3D survey in the Great Australian Bight off the Southern Coast of Australia. Prior to initiating the survey, TGS identified and consulted with over 100 stakeholder groups, including the fishing community, conservation groups, and local indigenous communities, to understand and address their concerns regarding the survey. Additionally, throughout the survey, TGS continued to engage the local fishing community to ensure that the seismic operations would have minimal effect and arranged vessel visits with local groups so as to explain the scope and impact of the survey on the marine environment. TGS' efforts were to engage with and support the local community were positively acknowledged both by the fishing industry and the customer following the completion of the survey mid-2015.

With respect to TGS Gigante 2D survey in Mexico's Gulf of Mexico, which began in 2015, TGS retained an environmental consulting firm to advise TGS on the potential environmental impact and mitigation measures. In addition, TGS has developed a procedure with local port officials in Mexico to address the potential impact the seismic, multibeam, and seaseep operations may have on the fishing community.

7.3. Our Ambitions and Plans

Going forward TGS intends to continue its work with the IAGC and IOGP to develop and ensure compliance with environmentally sound practices in the seismic industry. As with prior years, TGS will continue to aim for zero spills and unplanned releases to the marine environment during seismic vessel operations and zero reportable spills in the onshore environment. Further, TGS has set a goal in 2016 for each chartered vessel will undergo an IMCA/OVID audit within six months of hire and every twelve months thereafter, and an audit within four weeks of start for land seismic crews. Finally, TGS will continue to ensure its marine and land contractors participate in and abide by the environmental standards set forth in TGS Contractor Management System.

8. Human Rights

TGS supports the UN Universal Declaration of Human Rights and aims to apply its principles throughout our business operations. These principles include recognition of the freedom, the rights, the dignity and the worth of the human person and promotion of equality irrespective of gender, race or religion. TGS will not use or support child labor or slavery in any of its offices. TGS also works with contractors and vendors to ensure that our field and seismic vessel operators abide by the UN Universal Declaration of Human Rights and do not use or support child labor or slavery in their operations for TGS. To that end, TGS' Contractor Management System requires vendors, contractors and suppliers to provide TGS their policies regarding their human rights and labor practices so that TGS may review and ensure that any contractors or third parties with whom TGS contracts maintain the same commitment to human rights as TGS. By the end of 2015, all active land and marine crews in use by TGS were vetted by and successfully participated in TGS Contractor Management System.

9. Community and Charitable Relations

Through the TGS Charitable Contributions Committee and in accordance with its charitable contributions guidelines, TGS actively supports reputable charitable programs and organizations that serve people in need by providing ongoing financial donations as well as encouraging employees to donate their time and energy to help those in society who are less fortunate.

In 2015, TGS developed a charitable contributions policy that formally establishes TGS' charitable contribution goals and initiatives. TGS is committed to supporting local, nonprofit community organizations and charities that focus their services on people and are dedicated to (i) providing access to healthcare, medical services, and helping to fight disease; (ii) assisting underprivileged, underrepresented, or at-risk communities or groups; (iii) providing humanitarian aid or disaster relief; (iv) addressing environmental issues; or (v) promoting geophysics and geoscience educational experiences to children.

TGS consults with local communities to seek input and address concerns relating to seismic data acquisition projects, especially in relation to onshore seismic activities, areas sensitive to the fishing industry and the Arctic.

Significant contributions were made to over 43 charitable organizations during 2015. The largest charitable contributions were made to organizations that help underprivileged youth, fund medical research and access to healthcare, and provide humanitarian aid. Donations were also made to organizations that help homeless families and organizations promoting geophysics and geoscience educational experiences to children. TGS employees reported that they had spent more than 405 hours (up from 360 in 2014) on TGS-supported charitable activities during 2015. TGS will continue to support local charities and non-profits in the communities in which we operate and to encourage TGS employees to do the same.

INVESTOR RELATIONS

Investor Relations

TGS Shareholder Facts

Symbol: TGS

Listing: Oslo Stock Exchange (member of the OBX index)

ADR: TGSGY (traded on the U.S. over-the-counter market)

Analyst coverage: 22 firms; for list see www.tgs.com/investor-center/stock-information/analyst-coverage/

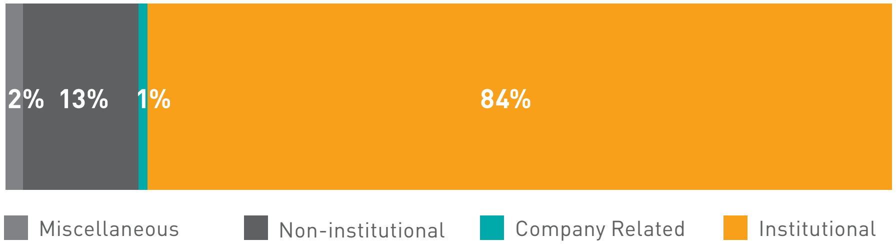
Volume traded on the OSE during 2015: 146,884,972 shares

Average daily trading volume in 2015: 585,199 shares

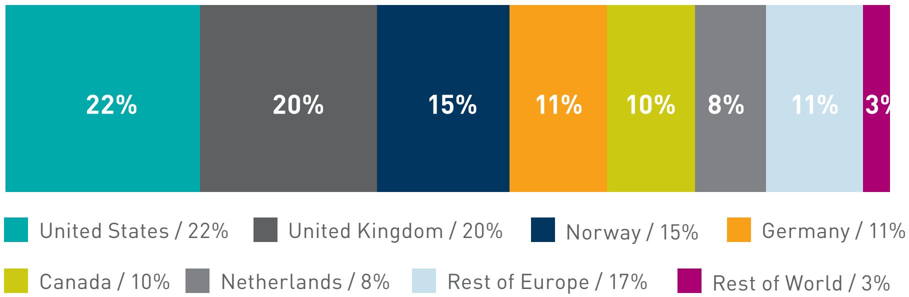
Shareholder Facts	2015	2014	2013	2012	2011
Market Value at 31 December (USD 1000s)	**1,637,076**	2,236,444	2,742,148	3,358,639	2,298,358
Total Equity at 31 December (USD 1000s)	**1,198,088**	1,339,201	1,292,979	1,168,360	973,021
Shares Outstanding 31 December	**102,135,990**	103,184,288	103,521,724	103,431,474	103,424,374
of which Treasury Shares 31 December	**673,600**	1,843,512	1,416,200	1,317,200	1,816,250
Volume Traded on the OSE	**146,884,972**	155,149,403	118,438,925	133,452,000	188,639,796
Average Daily Trading volume	**585,199**	620,598	475,658	531,681	748,571
Share Price at 31 December (NOK)	**141.40**	161.70	160.80	181.50	132.50
Share Price High (NOK at close)	**201.70**	209.70	229.30	198.90	164.10
Share Price Low (NOK at close)	**136.20**	145.40	140.00	136.30	97.00
Earnings per Share (Fully Diluted)	**(0.28)**	2.09	2.59	2.76	1.65
Dividend per Share (NOK)	**8.5**	8.5	8.5	8.0	6.0
Yield (% closing price at day of announcement)	**5.2%**	5.2%	4.9%	4.0%	3.9%
Market Price/Earnings per Share (P/E)	**(57.75)**	10.37	10.23	11.77	13.47
Market Price/Equity per Share (P/B)	**1.37**	1.67	2.12	2.87	2.36
Enterprise Value/Operating profit (EV/EBIT)	**(69.45)**	6.72	6.36	7.52	8.18

Distribution of Share Holdings*:

TGS Shareholder Composition



TGS Shareholder Composition



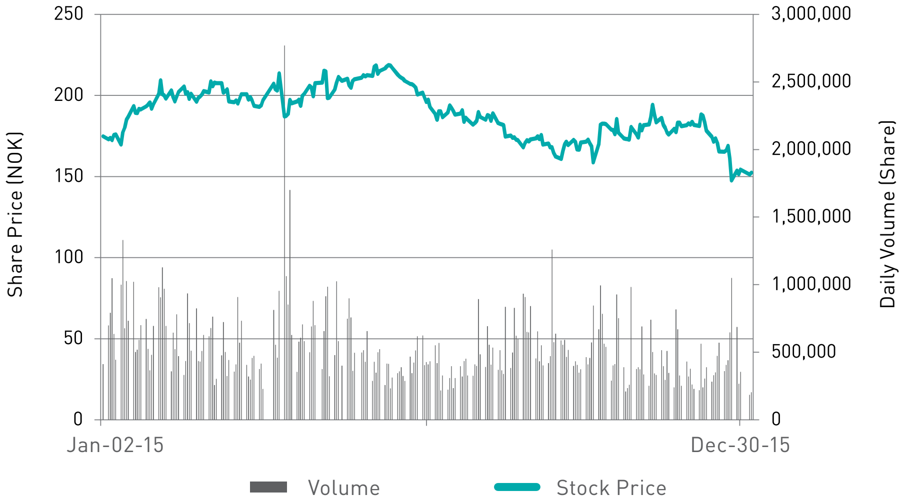
*Based on location of beneficial owners of TGS shares rather than location of nominee accounts at 31/12/2015

Stock Performance and Total Return to Shareholders

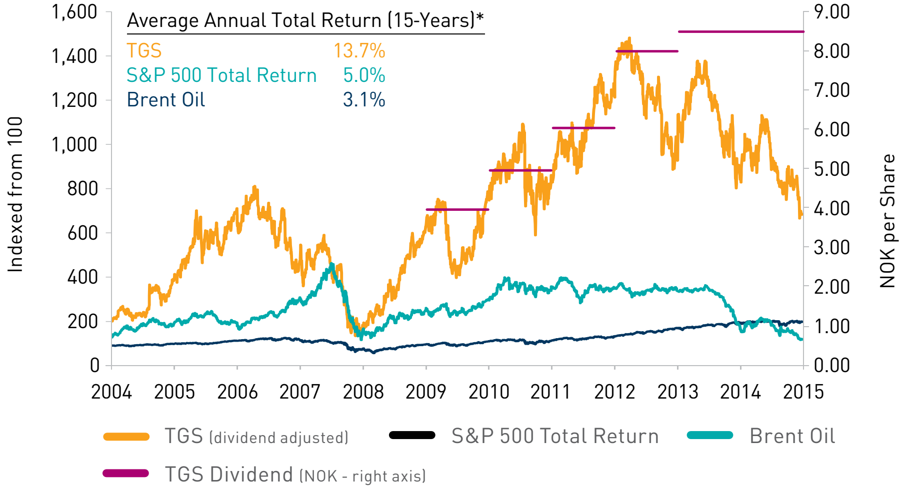
TGS is listed on the Oslo Stock Exchange and also has an American Depositary Receipt (ADR) facility managed by The Bank of New York Mellon. TGS is part of the OBX index, being among the 25 most liquid stocks in Norway.

TGS share price declined by 12% during 2015, closing at NOK 161.70 (at 31 December 2014). However the stock performed well relative to both peers and oil price (the latter declining by more than 30% during the same period.

TGS Share Price and Volume



TGS Share 15 Year Total Return vs. Benchmarks



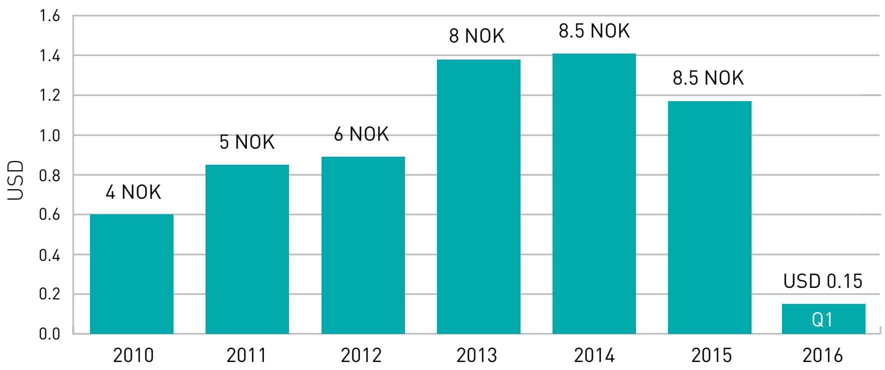
* Dividend adjusted return since 31 December, 2000

The total return from TGS stock has proven very attractive over the long term. The Total Return chart on page 125 shows total return from TGS stock over a 15 year period with share price adjusted for dividend distributions. The average annual total return during this period is 13.7% which is significantly above the total return from the S&P 500 (5.0%) and Brent oil (3.1%).

Capital Distribution to Shareholders

The Company is constantly evaluating the best use of its cash flow from operations for continued shareholder growth. The Company uses cash for organic investments in the multi-client library, historically providing healthy returns. In addition, the company from time to time uses cash for inorganic investment opportunities. This can include the acquisition of third party libraries or complementary businesses that add value to the TGS offering.

Dividend Paid* (2010-2016)



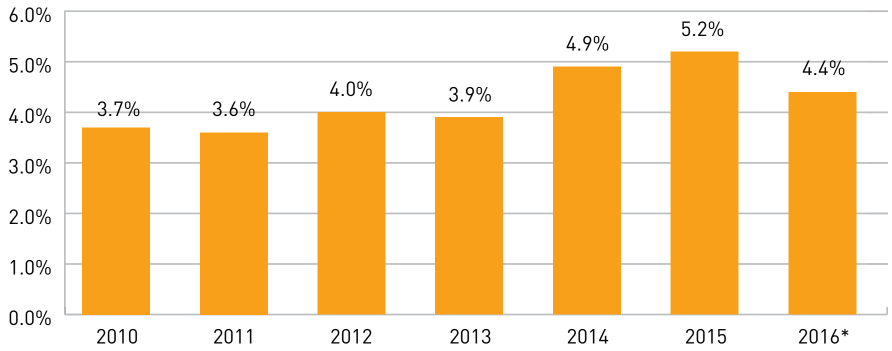
* Quarterly Dividends, defined in USD from 2016
Historical NOK dividends converted to USD using FX rate on ex-dividend date

It is the ambition of TGS to pay a cash dividend that is in line with its long-term underlying cash flow. When deciding the dividend amount, the TGS Board of Directors will consider expected cash flow, investment plans, financing requirements and a level of financial flexibility that is appropriate for the TGS business model.

In addition to paying a cash dividend, TGS may also buy back its own shares as part of its plan to distribute capital to shareholders.

From 2016, TGS has started paying quarterly dividends in accordance with the resolution made by the Annual General Meeting on 6 May 2015. The aim will be to keep a stable quarterly dividend through the year, but the actual level paid will be subject to continuous evaluation of market outlook, cash flow expectations and balance sheet development.

Dividend Yield (2010-2016)



*2016 Dividend Yield is based on an assumption of flat quarterly dividends which is subject to continuous evaluation

The ex-dividend date will normally be seven days after the announcement of the dividend in connection with the release of quarterly financial statements, with the payment date 14 days after the ex-dividend date.

The TGS Board of Directors resolved to pay a dividend of USD 0.15 per share in Q1 2016. The share traded ex-dividend on 9 February 2016 and the dividend was paid in the form of NOK 1.30 per share on 23 February 2016.

Investor Relations at TGS

TGS places great emphasis on providing accurate and timely information to the market and shareholders. The earnings reports and press releases are issued only in English to ensure simultaneous and consistent information to all shareholders.

The full year financial reporting calendar is published and posted on the TGS website. This calendar is updated annually following the second quarter earnings release. The quarterly earnings results are either presented and webcast live in Oslo, Norway or they are pre-recorded and published prior to the market opening on the date of the release. TGS entertains questions at the live presentations and the CEO and CFO hosts a conference call allowing questions and answers on the day of the release. All presentation material, including the question and answer sessions, are published on the TGS website in near real time. In addition to the quarterly and annual financial reports, TGS also provides interim information of significance through press releases to aid in the assessment of the Company's value. TGS management maintains a quiet period on discussing significant business during intervals spanning the last weeks of a financial quarter and the announcement of the results of that financial period.

The general shareholders meetings for TGS are held in Oslo, Norway. All shareholders are invited to attend. Shareholders who want to attend a shareholders meeting must notify the Company about their attendance at the latest three business days before the day of the meeting. Shareholders who have not given notice of attendance can be denied the right to meet and vote at a shareholders meeting. Documents concerning matters to be considered at the general shareholders meetings are made available on the Company's website prior to the event. To vote at an annual or extraordinary general meeting, a shareholder must be registered as a holder of title to the shares to be voted in the share register maintained at the Norwegian Central Securities Depository (VPS), in due time before the shareholders meeting.

TGS Executive Management is available for direct contact with investors, potential investors and analysts on an ongoing basis and regularly participates in road shows and investor conferences in both Europe and North America. Historical financial reports can be found on the TGS website at http://www.tgs.com/investor-center/financial-reports/.

For more information regarding TGS, contact Sven Børre Larsen or Will Ashby

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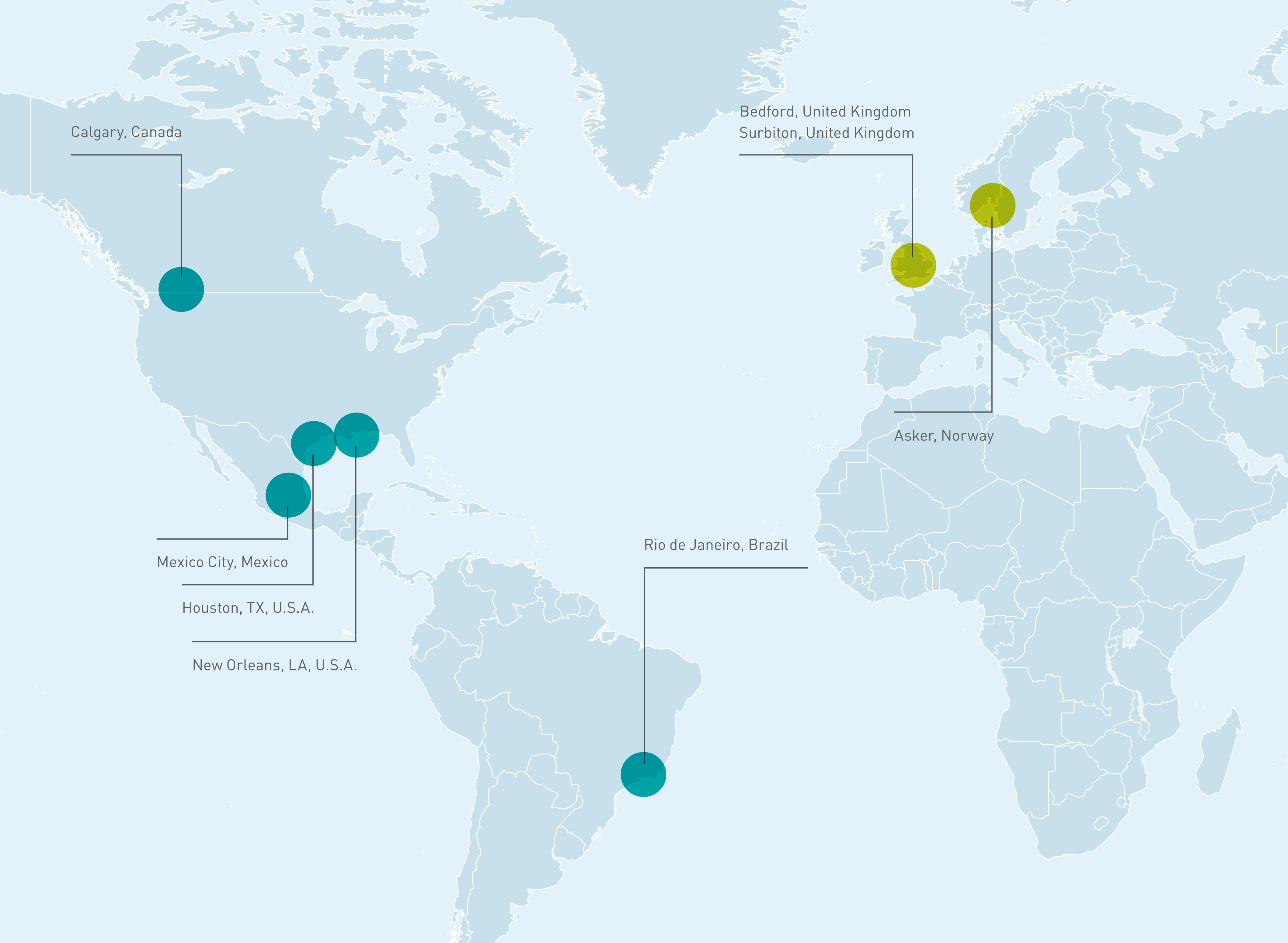
Calgary, Canada
Bedford, United Kingdom
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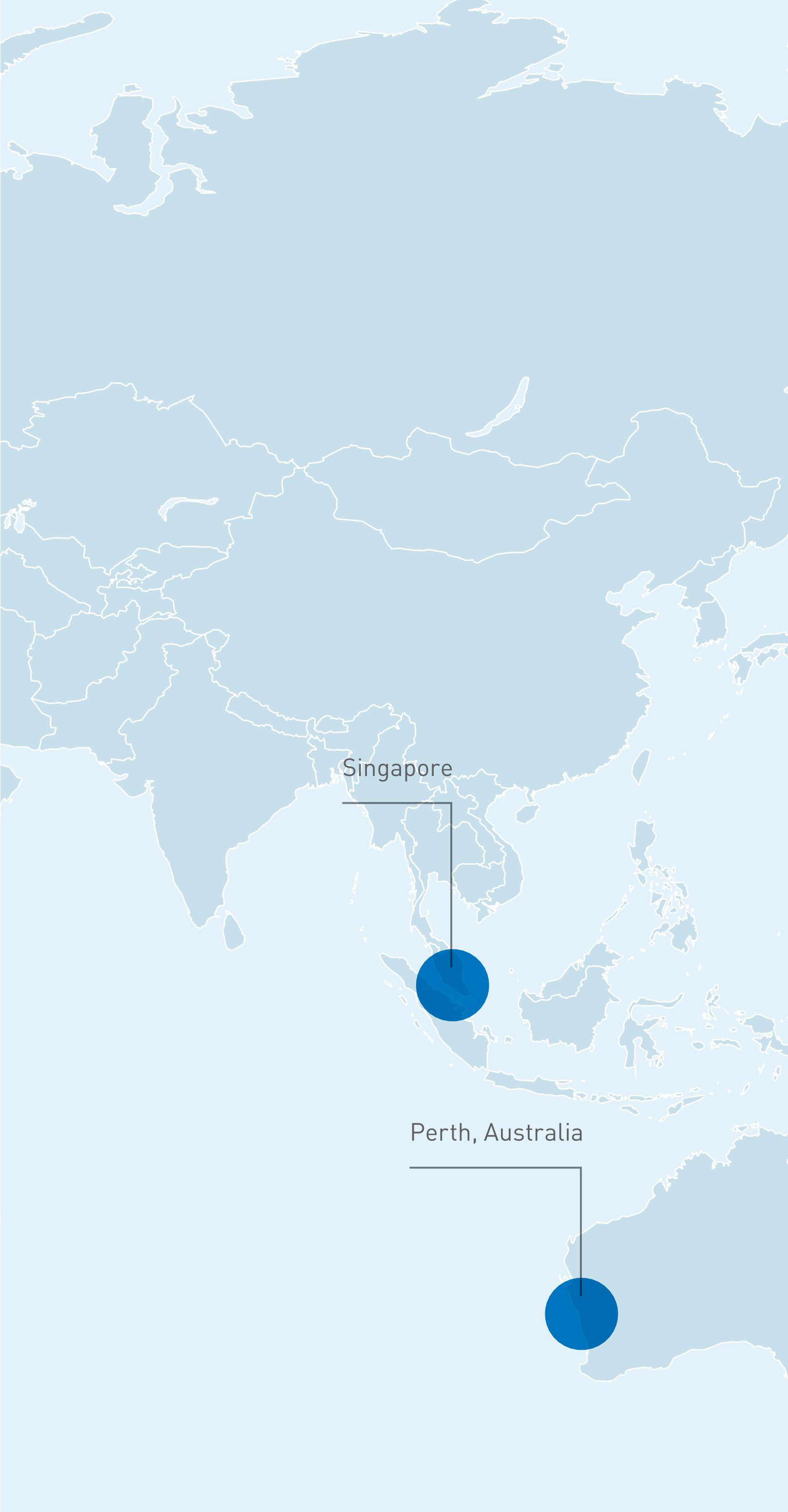
Asker, Norway
Mexico City, Mexico
Houston, TX, U.S.A.
New Orleans, LA, U.S.A.
Rio de Janeiro, Brazil



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TGS

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