



## TGS EARNINGS RELEASE

### 1<sup>st</sup> QUARTER RESULTS

#### 1<sup>st</sup> QUARTER FINANCIAL HIGHLIGHTS

(All amounts in USD 1,000s)	Q1 2016	Q1 2015
<b>Net operating revenues</b>	<b>63,749</b>	<b>171,590</b>
- Net prefunding revenues	22,574	93,641
- Net late sales revenues	37,751	71,711
- Net proprietary revenues	3,424	6,238
<b>EBIT</b>	<b>(21,331)</b>	<b>37,368</b>
- EBIT margin	-33%	22%
<b>Pre-tax profit</b>	<b>(20,320)</b>	<b>36,018</b>
<b>Net income</b>	<b>(20,196)</b>	<b>28,666</b>
<b>EPS (fully diluted)</b>	<b>(0.20)</b>	<b>0.28</b>
<b>Operational investments in new projects</b>	<b>52,774</b>	<b>162,522</b>
- Pre-funding % on operational investments	43%	58%
Amortization <sup>(1)</sup>	(61,757)	(104,511)
<b>MC library ending net book value</b>	<b>829,931</b>	<b>876,144</b>
Return on average capital employed	-8%	23%
Equity ratio	85%	81%
Cash flow from operations	144,775	260,385
Free cash flow (after MC investments)	63,075	109,775
<b>Cash balance</b>	<b>209,580</b>	<b>351,768</b>

1) The 2016 amortization reflects the new amortization policy for seismic surveys effective from 1 January 2016

- Continued weak market conditions lead to substantial drop in revenues and profitability
- Strong cash collection and lower investments result in increasing cash balance
- As the new amortization policy effective 1 January 2016 is broadly unrelated to revenues, the amortization rate has increased significantly in Q1 2016 compared to last year
- Quarterly dividend maintained at USD 0.15 per share (subject to renewal of the Board authorization at AGM on 10 May 2016)
- Challenging market outlook – cautious spending by oil companies implies that market for seismic data is likely to remain weak in 2016
- Financial guidance for 2016 remains unchanged

## REVENUE BREAKDOWN

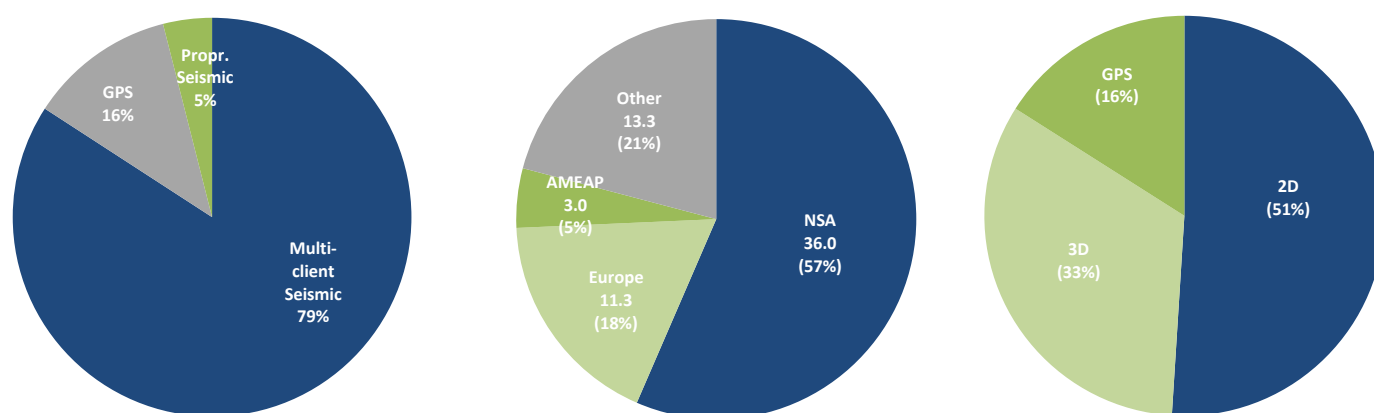
Net late sales for the quarter amounted to USD 37.8 million compared to USD 71.7 million in Q1 2015. Net pre-funding revenues in the quarter totaled USD 22.6 million, a decrease of 76% from Q1 2015. The pre-funding revenues recognized in the first quarter funded 43% of the operational investments of USD 52.8 million in the multi-client library.

Proprietary contract revenues during the quarter totaled USD 3.4 million compared to USD 6.2 million in Q1 2015.

In Q1 2016, 16% of net multi-client seismic revenues came from fully amortized projects.

### Revenue distribution

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Source: TGS

## OPERATIONAL COSTS

As from 1 January 2016, the amortization method for seismic multi-client libraries has changed. After a project is completed, TGS applies a straight-line amortization over a remaining useful life. For most offshore projects, the useful life after completion is considered to be four years, while a seven-year amortization period is applied for most onshore projects. The straight-line amortization is distributed evenly through the financial year independently of sales during the quarter. During the work in progress phase, amortization continues to be based on total estimated cost versus forecasted total revenues of the project.

The amortization of the multi-client library for Q1 2016 amounted to USD 61.8 million, (USD 104.5 million in Q1 2015).

Cost of goods sold (COGS) were USD 0.01 million for the quarter, down from USD 0.5 million in Q1 2015. Including USD 2.1 million in non-recurring expenses related to severance provisions, personnel costs in the quarter were USD 13.2 million compared to USD 16.5 million in Q1 2015. The decrease is due to the 2015 reductions of the global workforce, as well as lower costs related to employee incentive schemes. Other operating expenses were USD 7.0 million compared to USD 8.6 million in Q1 2015.

## **EBITDA AND EBIT**

Reported EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) for the quarter ended 31 March 2016 was USD 43.4 million, which corresponds to 68% of net revenues, down 70% from USD 145.4 million in Q1 2015. Operating profit (EBIT) for the quarter amounted to USD -21.3 million, which is down from USD 37.4 million in Q1 2015.

## **FINANCIAL ITEMS**

The Company recorded a net currency exchange gain of USD 1.6 million in Q1 2016, which is mainly due to net gains related to translating local currency bank accounts into USD. TGS holds NOK bank accounts primarily to pay taxes and dividends in NOK.

## **TAX**

TGS reports tax charges in accordance with the Accounting Standard IAS 12. Taxes are computed based on the USD value of the appropriate tax provisions according to local tax regulations and currencies in each jurisdiction. The tax charges are influenced not only from local profits, but also from fluctuations in exchange rates between the local currencies and USD. This method makes it difficult to predict tax charges on a quarterly or annual basis. Currency effects within the current year are classified as tax expenses.

Management assesses that the normalized operating consolidated tax rate is approximately 28%. The tax rate reported for the quarter is at 1% compared to 20% last year. The low tax rate is mainly due to currency effects. The Norwegian taxes are settled in NOK on an annual basis and the USD/NOK exchange variation will impact the quarterly calculations of taxes. Also, the exchange effects of translating intercompany balances into NOK are taxable in Norway. Accordingly the tax expense is impacted by items which are not recognized in the consolidated income statement.

## **NET INCOME AND EARNINGS PER SHARE (EPS)**

Net income for Q1 2016 was USD -20.2 million (-32% of net revenues), down from USD 28.7 million in Q1 2015. Quarterly earnings per share (EPS) were USD -0.20 fully diluted (USD -0.20 undiluted), which is down from USD 0.28 fully diluted (USD 0.28 undiluted) in Q1 2015.

## **BALANCE SHEET AND CASH FLOW**

The net cash flow from operations for the quarter, after taxes and before investments, totaled USD 144.8 million compared to USD 260.4 million in Q1 2015. As of 31 March 2016, the Company's total cash holdings amounted to USD 209.6 million compared to USD 162.7 million at 31 December 2015.

Total equity per 31 March 2016 was USD 1,163.1 million, representing 85% of total assets. During the quarter, the Company transferred 10,000 treasury shares to cover the exercise of options by key employees. As of 31 March 2016, TGS held 663,600 treasury shares.

## **BACKLOG**

TGS' backlog amounted to USD 125.4 million at the end of Q1 2016, a decrease of 35% from Q1 2015 and 13% lower than last quarter. The decrease is mainly due to high production on the regional 2D seismic survey in the Gulf of Mexico.

## **DIVIDEND**

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.

As 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 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 Board will resolve a dividend of USD 0.15 per share to be paid in Q2 2016 subject to a renewal of the Board's authorization to distribute quarterly dividends at the Annual General Meeting on 10 May 2016. The share is expected to trade ex-dividend on 18 May 2016, with payments due on 1 June 2016.

## **OPERATIONAL HIGHLIGHTS**

Vessels operating for TGS during all or parts of Q1 2016 included five 2D vessels, a multibeam vessel and a core sampling vessel. In addition, one land crew operated on a 100% owned TGS project in the quarter.

During Q1 2016 TGS continued acquisition of Gigante 2D, a 186,000 km regional 2D seismic survey in the vast offshore sector of Mexico. The survey covers the proposed license rounds in the Perdido, Campeche and Mexican Ridges regions, and line ties will be made in to the US Gulf of Mexico regional grids previously acquired by TGS. Progress on the Gigante 2D survey has been good with up to five vessels working on this project during the quarter (reduced to four vessels in January). By the end of Q1 2016, more than 120,000 km of 2D data was acquired of which a majority has already been delivered to clients as fast-track data.

In conjunction with the Gigante 2D seismic survey, TGS is acquiring the Gigante multibeam, coring and geochemical survey over an area of approximately 600,000 km<sup>2</sup>. The multibeam crew commenced acquisition in Mexican waters in Q4 2015 with coring operations commencing during Q1 2016. The Gigante multibeam, coring and geochemical project is estimated to be completed in Q4 2016. Interpretation of data will integrate with the 2D seismic survey and enhance the value proposition to clients.

During Q1 2016 TGS undertook a 3C-3D multi-client survey covering 206 km<sup>2</sup> in West Central Alberta, Canada. The survey, which is called Chickadee, represents an expansion of TGS' existing coverage along the Duvernay fairway and is adjacent to the 722 km<sup>2</sup> Kaybob-Bigstone 3D survey which was acquired in 2015.

The Geologic Products and Services Division continued to add to its inventory of multi-client products in the quarter. The well data library grew with the addition of 25,000 new digital well logs, 1,900 new enhanced digital well logs and over 108,000 new Validated Well Headers. The division also had ongoing multi-client interpretive projects geared towards supplying customers with information on stratigraphy, structure and basin maturity in Norway, UK, Mexico, Canada and the US.

## **OTHER MATTERS**

On 11 March 2016 Kristian Johansen succeeded Robert Hobbs as CEO of TGS. The Board is deeply grateful to Robert for the leadership he has demonstrated and the invaluable contributions he has made since joining the TGS team in 2008. He became CEO in 2009 and under his guidance, TGS has become the largest and most successful multi-client geoscientific data provider in the world.

Kristian Johansen joined TGS in 2010 as Chief Financial Officer and was appointed Chief Operating Officer in February of 2015. Prior to joining TGS, Kristian was the Executive Vice President and CFO of EDB Business Partner (now Evry) in Oslo, which is one of the largest IT groups in the Nordic region. Kristian also has experience 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.

## **OUTLOOK**

The oil price remained at a low level in the first three months of 2016, leading to further reductions of oil companies' exploration and production (E&P) spending. Based on public communication from a number of the largest oil companies, TGS expects a decline of 20-30% in E&P spending in 2016, in addition to a similar percentage reduction experienced in 2015. There are currently few tangible signs that a recovery is imminent and the market for seismic data is likely to remain weak in 2016. Furthermore oil companies are likely to prioritize their seismic spend in areas with more favorable economics and payback times as well as areas where they have current work programs and license obligations. This could result in greater variability of seismic spend between quarters and across regions in the near term.

The difficult market conditions have resulted in substantial cost reduction efforts both in the E&P sector and in the oil services industry. For example, over the past year TGS has reduced its underlying cash operating expenses by more than 25% in addition to reducing cash investments for 2016 by more than 50%. This will further strengthen the company's competitiveness and improve cash flow. The lower cost level in the industry means that the marginal cost of future developments has come significantly down, implying that the hurdle for a recovery in E&P spending has been lowered.

TGS is uniquely positioned to further enhance its leading position in the seismic market. Capitalizing on the strong balance sheet, the company has substantially increased its library during this down cycle, taking advantage of low acquisition rates under favorable contractual arrangements to invest counter-cyclically in highly prospective regions such as the US and Mexican Gulf of Mexico, East Canada, the Barents Sea, Greenland, Australia and North American onshore. TGS continues to see client interest in these markets today but also expects long term ongoing activity such that these recent investments should position TGS well once the market starts to recover and oil companies ramp up their exploration activities again.

TGS is planning for a lower activity level in 2016 with operational multi-client investments being reduced by more than 50% compared to 2015. Oil companies have become less willing to prefund new surveys and TGS' core philosophy remains to only invest in high quality projects that meet the Company's investment hurdles. However, it should also be noted that average vessel day rates will be substantially lower in 2016. Therefore even with reduced cash investment, TGS continues the counter-cyclical investment philosophy with the objective of growing market share through a disciplined focus on project quality.

Based on this the financial guidance for 2016 is reiterated:

- TGS expects multi-client investments of approximately USD 220 million
- Multi-client investments are expected to be prefunded 45% to 50%

### **Asker, 20 April 2016**

The Board of Directors of TGS-NOPEC Geophysical Company ASA

## ABOUT TGS

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TGS provides 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.

TGS-NOPEC Geophysical Company ASA is listed on the Oslo Stock Exchange (OSLO:TGS).

TGS sponsored American Depositary Shares trade on the U.S. over-the-counter market under the symbol "TGSGY".

Website: [www.tgs.com](http://www.tgs.com)

## CONTACT FOR ADDITIONAL INFORMATION

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*All statements in this earnings release other than statements of historical fact are forward-looking statements, which are subject to a number of risks, uncertainties and assumptions that are difficult to predict, and are based upon assumptions as to future events that may not prove accurate. These factors include TGS' reliance on a cyclical industry and principal customers, TGS' ability to continue to expand markets for licensing of data, and TGS' ability to acquire and process data products at costs commensurate with profitability. Actual results may differ materially from those expected or projected in the forward-looking statements. TGS undertakes no responsibility or obligation to update or alter forward-looking statements.*

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## Interim Consolidated Statement of Comprehensive Income

(All amounts in USD 1,000s unless noted otherwise)	Note	2016 Q1 Unaudited	2015 Q1 Unaudited
<b>Net revenues</b>	4	<b>63,749</b>	<b>171,590</b>
<i>Operating expenses</i>			
Cost of goods sold - proprietary and other		14	513
Amortization and impairment of multi-client library	2	61,757	104,511
Personnel costs		13,242	16,534
Cost of stock options		48	549
Other operating expenses		7,044	8,590
Depreciation, amortization and impairment		2,975	3,526
<b>Total operating expenses</b>		<b>85,081</b>	<b>134,222</b>
<b>Operating profit</b>	4	<b>-21,331</b>	<b>37,368</b>
<i>Financial income and expenses</i>			
Financial income		304	2,381
Financial expenses		-903	-34
Other financial items		1,610	-3,697
<b>Net financial items</b>		<b>1,011</b>	<b>-1,350</b>
<b>Profit before taxes</b>		<b>-20,320</b>	<b>36,018</b>
Taxes		-125	7,353
<b>Net income</b>		<b>-20,196</b>	<b>28,666</b>
<b>EPS USD</b>		<b>-0.20</b>	<b>0.28</b>
<b>EPS USD, fully diluted</b>		<b>-0.20</b>	<b>0.28</b>
<i>Other comprehensive income:</i>			
Exchange differences on translation of foreign operations		240	-194
Other comprehensive income for the period, net of tax		240	-194
Total comprehensive income for the period		-19,956	28,471



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## Interim Consolidated Balance Sheet

(All amounts in USD 1,000s)	Note	2016 31-Mar Unaudited	2015 31-Mar Unaudited	2015 31-Dec Audited
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		67,647	67,361	67,647
Multi-client library	2	829,931	876,144	838,916
Other intangible non-current assets		9,583	9,221	9,260
Deferred tax asset		14,422	6,268	12,941
Buildings		8,029	9,438	8,427
Machinery and equipment		20,190	29,307	21,756
Other non-current assets		15,921	24,307	25,102
<b>Total non-current assets</b>		<b>965,723</b>	<b>1,022,045</b>	<b>984,049</b>
<b>Current assets</b>				
Accounts receivable		49,022	141,617	135,384
Accrued revenues		104,252	120,365	142,263
Other receivables		35,831	50,214	30,818
Cash and cash equivalents		209,580	351,768	162,733
<b>Total current assets</b>		<b>398,685</b>	<b>663,964</b>	<b>471,198</b>
<b>TOTAL ASSETS</b>		<b>1,364,408</b>	<b>1,686,009</b>	<b>1,455,247</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		3,633	3,624	3,632
Other equity		1,159,460	1,361,376	1,194,455
<b>Total equity</b>	3	<b>1,163,093</b>	<b>1,365,000</b>	<b>1,198,088</b>
<b>Non-current liabilities</b>				
Other non-current liabilities		4,814	8,519	6,182
Deferred tax		28,885	30,286	32,797
<b>Total non-current liabilities</b>		<b>33,700</b>	<b>38,805</b>	<b>38,979</b>
<b>Current liabilities</b>				
Accounts payable and debt to partners		70,375	118,092	97,798
Taxes payable, withheld payroll tax, social security		1,795	47,827	2,767
Other current liabilities		95,445	116,285	117,615
<b>Total current liabilities</b>		<b>167,615</b>	<b>282,203</b>	<b>218,180</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,364,408</b>	<b>1,686,009</b>	<b>1,455,247</b>





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## Interim Consolidated Statement of Cash flow

(All amounts in USD 1,000s)	Note	2016 Q1 Unaudited	2015 Q1 Unaudited
<b>Cash flow from operating activities:</b>			
Received payments from customers		174,811	337,024
Payments for salaries, pensions, social security tax		-16,367	-22,126
Payments of other operational costs		-10,637	-9,103
Paid taxes		-3,032	-45,410
<b>Net cash flow from operating activities <sup>1</sup></b>		<b>144,775</b>	<b>260,385</b>
<b>Cash flow from investing activities:</b>			
Investments in tangible and intangible assets		-2,863	-2,449
Investments in multi-client library		-81,700	-150,610
Payments made to acquire debt instruments		-	-5,000
Interest received		271	1,972
<b>Net cash flow from investing activities</b>		<b>-84,292</b>	<b>-156,087</b>
<b>Cash flow from financing activities:</b>			
Interest paid		-8	-18
Dividend payments		-15,387	-
Purchase of treasury shares		-	-4,844
Proceeds from share issuances	3	133	1,558
<b>Net cash flow from financing activities</b>		<b>-15,262</b>	<b>-3,304</b>
<b>Net change in cash and cash equivalents</b>		<b>45,221</b>	<b>100,993</b>
Cash and cash equivalents at the beginning of period		162,733	256,416
Net unrealized currency gains/(losses)		1,626	-5,643
<b>Cash and cash equivalents at the end of period</b>		<b>209,580</b>	<b>351,768</b>
<b>1) Reconciliation</b>			
Profit before taxes		-20,320	36,018
Depreciation/amortization/impairment		64,732	108,037
Changes in accounts receivables and accrued revenues		124,372	215,319
Unrealized currency gain/(loss)		-1,386	5,423
Changes in other receivables		11,429	14,488
Changes in other balance sheet items		-31,020	-73,490
Paid taxes		-3,032	-45,410
<b>Net cash flow from operating activities</b>		<b>144,775</b>	<b>260,385</b>



## Interim Consolidated Statement of Changes in Equity

(All amounts in USD 1,000s)	Foreign Currency						
	Share Capital	Treasury Shares	Share Premium	Other Paid-In Capital	Translation Reserve	Retained Earnings	Total Equity
<b>Opening balance 1 January 2016</b>	<b>3,657</b>	<b>-26</b>	<b>58,107</b>	<b>34,728</b>	<b>-22,047</b>	<b>1,123,670</b>	<b>1,198,088</b>
Net income	-	-	-	-	-	-20,196	-20,196
Other comprehensive income	-	-	-	-	240	-	240
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>240</b>	<b>-20,196</b>	<b>-19,956</b>
Paid-in-equity through exercise of stock options	-	0.4	-	-	-	132	133
Cost of stock options	-	-	-	48	-	-	48
Dividends	-	-	-	-	-	-15,219	-15,219
<b>Closing balance per 31 March 2016</b>	<b>3,657</b>	<b>-26</b>	<b>58,107</b>	<b>34,776</b>	<b>-21,807</b>	<b>1,088,387</b>	<b>1,163,093</b>

(All amounts in USD 1,000s)	Foreign Currency						
	Share Capital	Treasury Shares	Share Premium	Other Paid-In Capital	Translation Reserve	Retained Earnings	Total Equity
<b>Opening balance 1 January 2015</b>	<b>3,702</b>	<b>-76</b>	<b>58,107</b>	<b>32,915</b>	<b>-21,123</b>	<b>1,265,675</b>	<b>1,339,201</b>
Net income	-	-	-	-	-	28,666	28,666
Other comprehensive income	-	-	-	-	-194	-	-194
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-194</b>	<b>28,666</b>	<b>28,471</b>
Paid-in-equity through exercise of stock options	5	-	1,553	-	-	-	1,558
Purchase of treasury shares	-	-7	-	-	-	-4,838	-4,844
Cost of stock options	-	-	-	549	-	-	549
Deferred tax asset related to stock options	-	-	-	-	-	65	65
<b>Closing balance per 31 March 2015</b>	<b>3,707</b>	<b>-83</b>	<b>59,660</b>	<b>33,464</b>	<b>-21,317</b>	<b>1,289,568</b>	<b>1,365,000</b>

## Largest Shareholders per 15 April 2016

			Shares	%
1	FOLKETRYGDFONDET	NORWAY	8,232,460	8.1%
2	BNY MELLON SA/NV	BELGIUM	7,672,017	7.6%
3	DEUTSCHE BANK AG	GREAT BRITAIN	4,854,359	4.8%
4	THE NORTHERN TRUST CO.	GREAT BRITAIN	4,363,051	4.3%
5	J.P. MORGAN CHASE BANK N.A. LONDON	GREAT BRITAIN	4,296,197	4.2%
6	THE BANK OF NEW YORK MELLON	U.S.A.	3,449,539	3.4%
7	STATE STREET BANK & TRUST COMPANY	U.S.A.	3,221,833	3.2%
8	CLEARSTREAM BANKING S.A.	LUXEMBOURG	2,924,033	2.9%
9	STATE STREET BANK & TRUST CO.	U.S.A.	2,840,483	2.8%
10	J.P. MORGAN BANK LUXEMBOURG SA	GREAT BRITAIN	2,206,859	2.2%
<b>10 Largest</b>			<b>44,060,831</b>	<b>43%</b>
<b>Total Shares Outstanding *</b>			<b>101,472,390</b>	<b>100%</b>

\* Total shares outstanding are net of shares held in treasury per 15 April 2016

## Average number of shares outstanding for Current Quarter \*

Average number of shares outstanding during the quarter	101,467,115
Average number of shares fully diluted during the quarter	101,886,317

\* Shares outstanding net of shares held in treasury per 31 March 2016 (663,600 TGS shares), composed of average outstanding TGS shares during the full quarter

## Share price information

Share price 31 March 2016 (NOK)	126.30
USD/NOK exchange rate end of period	8.27
Market capitalization 31 March 2016 (NOK million)	12,900



## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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### Note 1 General information

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

### Note 2 Basis for Preparation

The condensed consolidated interim financial statements of TGS have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as approved by EU and additional requirements in the Norwegian Securities Trading Act. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with TGS' annual report for 2015 which is available on [www.tgs.com](http://www.tgs.com).

As from 1 January 2016, the following amendments to the accounting standards have become effective:

- **IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets**

The amendments to these standards clarify 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 clarify 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 implemented 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 marine projects is expected to be 4 years. For onshore projects, the remaining useful life after completion of a project is considered to be 7 years for most projects.

The straight-line amortization will be distributed evenly through the financial year independently of sales during the quarters.

The amendments have prospective effects, and the comparative financial figures have not been changed.

Except for the amendments described above, the same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements for 2015. None of the other new accounting standards or amendments that came into effect from 1 January 2015 has a significant impact on the presentation of the financial statements during the first quarter of 2016.

### Note 3 Share capital and equity

Ordinary shares	Number of shares
<b>1 January 2016</b>	<b>102,135,990</b>
<b>31 March 2016</b>	<b>102,135,990</b>

Treasury shares	Number of shares
<b>1 January 2016</b>	<b>673,600</b>
18 February 2016, treasury shares transferred to cover exercise of stock options	(10,000)
<b>31 March 2016</b>	<b>663,600</b>

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 share (NOK 1.30) to the shareholders. The dividends were paid on 23 February 2016.

### Note 4 Segment information

	North & South America	Europe & Russia	Africa, Middle East & Asia/Pacific	Other segments/ Corporate costs	Consolidated
<b>2016 Q1</b>					
Net external revenues	36,028	11,348	3,032	13,341	<b>63,749</b>
Operating profit	3,352	-5,512	-7,426	-11,745	<b>-21,331</b>

	North & South America	Europe & Russia	Africa, Middle East & Asia/Pacific	Other segments/ Corporate costs	Consolidated
<b>2015 Q1</b>					
Net external revenues	57,060	19,067	72,895	22,569	<b>171,590</b>
Operating profit	24,616	13,270	6,995	-7,511	<b>37,368</b>

There are no intersegment revenues between the reportable operating segments.

The Company does not allocate all cost items to its reportable operating segments during the year. Unallocated cost items are reported as "Other segments/Corporate costs".

### Note 5 Related parties

No material transactions with related parties took place during the first quarter of 2016.

### Note 6 Økokrim investigation

Note 21 to the 2015 Annual Report described the Økokrim investigation that was initiated in 2014. In connection with the transactions with Skeie Energy AS (later known as E&P Holdings AS) (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 has conducted 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.

**Note 7 Three year term secured revolving credit 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.

Per 31 March 2016 TGS has not drawn on the facility.