

## TGS EARNINGS RELEASE

### 4<sup>th</sup> QUARTER RESULTS

#### 4<sup>th</sup> QUARTER HIGHLIGHTS

- Consolidated net revenues were USD 298 million, compared to USD 271 million in Q4 2013.
- Net late sales totaled USD 226 million, up 4% from USD 218 million in Q4 2013.
- Net pre-funding revenues were USD 62 million, up 44% from Q4 2013, funding 49% of the Company's operational multi-client investments during Q4 (investments of USD 126 million, up 37% from Q4 2013).
- Proprietary revenues were USD 9 million, compared to USD 10 million in Q4 2013.
- Operating profit (EBIT) was USD 47 million (16% of net revenues), compared to USD 120 million (44% of net revenues) in Q4 2013. Following a decision to close the Reservoir Solutions business, TGS made an impairment in Q4 2014 of USD 54.4 million (USD 50.2 million after reversal of a related deferred tax liability recognized as tax income). Also, an impairment of USD 9.5 million has been recognized related to a fair-value assessment of other non-current assets. Adjusted for the impairment costs, operating profit was USD 111 million (37% of net revenues).
- Cash flow from operations was USD 131 million, compared to USD 215 million in Q4 2013.
- Earnings per share (fully diluted) were USD 0.31, down from USD 0.81 in Q4 2013.

#### FULL YEAR 2014 FINANCIAL HIGHLIGHTS

- Consolidated net revenues were USD 915 million, up from USD 883 million in 2013.
- Net late sales from the multi-client library totaled USD 631 million, down 1% from USD 638 million in 2013.
- Net pre-funding revenues were USD 247 million, up 33% from 2013, funding 53% of the Company's operational multi-client investments during 2014 (investments of USD 462 million, up 5% from 2013).
- Proprietary revenues were USD 37 million, compared to USD 59 million in 2013.
- Operating profit (EBIT) was USD 295 million (32% of net revenues), compared to USD 387 million (44% of net revenues) in 2013. Adjusted for the impairment costs related to the closure of the Reservoir Solutions business and the re-assessment of the fair value of other non-current assets, operating profit was USD 358 million (39% of net revenues).
- Cash flow from operations was USD 605 million compared to USD 543 million in 2013, an increase of 11%.
- Earnings per share (fully diluted) were USD 2.09, down from 2.59 in 2013.

"We are very pleased to announce a record fourth quarter and end of year 2014, which helped us to reach our annual guidance despite challenging market conditions. Q4 was marked by continued strong late sales from our high-quality data library and we set a new record for late sales in the quarter. For 2015, we expect continued downward pressure on exploration spending based on lower oil prices. TGS is entering into 2015 with a record high order backlog and will continue to capitalize on the asset-light business model and strong balance sheet," TGS' CEO Robert Hobbs stated.

## KEY FIGURES

(All amounts in USD 1,000s)	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Net operating revenues	297,805	271,367	914,785	883,444
EBIT	47,235	120,252	294,516	386,976
Pre-tax profit	35,668	117,565	288,327	381,460
Net income	32,029	84,055	216,074	269,106
EBIT margin	16%	44%	32%	44%
Return on capital employed	22%	32%	22%	32%
Equity ratio	76%	74%	76%	74%
MC library opening net book value	837,449	773,990	758,093	651,165
Investments in new projects	126,187	92,363	462,318	438,869
Amortization	(142,757)	(106,985)	(396,666)	(329,829)
Exchange rate adjustments	(2,747)	(1,275)	(5,613)	(2,112)
MC library ending net book value	818,132	758,093	818,132	758,093
Pre-funding % on operational investments	49%	47%	53%	42%

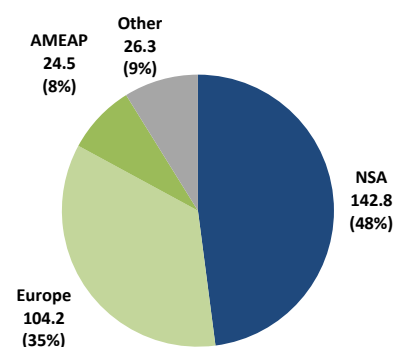
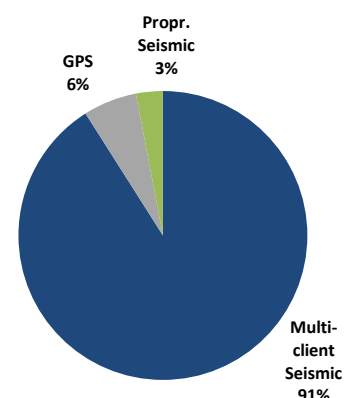
## REVENUE BREAKDOWN

TGS' largest business activity is developing, managing, conducting and selling multi-client seismic surveys. This activity accounted for 91% of the Company's business during the quarter. Geological Products and Services (GPS) accounted for 6% of net revenues in the fourth quarter, while proprietary seismic revenues accounted for 3% of net revenues.

Net late sales for the quarter amounted to USD 226.0 million compared to USD 218.3 million in Q4 2013. Net late sales for the full year 2014 were USD 630.7 million representing a decrease of 1% from 2013. Net pre-funding revenues in the quarter totaled USD 62.4 million, an increase of 44% from Q4 2013. The pre-funding revenues recognized in the fourth quarter funded 49% of the operational investments of USD 126.2 million in the multi-client library. During 2014, pre-funding amounted to USD 246.9 million (53% of operational investments) representing an increase of 33% compared to 2013. Proprietary contract revenues during the quarter totaled USD 9.4 million compared to USD 9.6 million in Q4 2013. For the full year 2014, proprietary revenues totaled USD 37.1 million, compared to USD 59.4 million in 2013. The Company was involved in a proprietary 2D acquisition project in the first half of 2013 leading to the unusually high proprietary revenue levels during 2013.

TGS' reporting structure is broken down in the following seismic business segments; North and South America (NSA), Europe (EUR) and Africa, Middle East and Asia Pacific (AMEAP). In addition to these areas, several business units are aggregated to form an "Other" segment. This segment includes GPS Well Data, GPS Interpretations, Global Services and Imaging. The Company's land seismic projects in North America are reported under the business segment NSA.

Sales from NSA totaled USD 142.8 million in Q4 2014 (USD 124.6 million in Q4 2013). Sales from EUR amounted to USD 104.2 million in Q4 2014 (USD 104.4 million in Q4 2013), while AMEAP had total sales of USD 24.5 million in Q4 2014 (USD 17.2 million in Q4 2013).



## OPERATIONAL COSTS

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The amortization of the multi-client library for Q4 2014 amounted to USD 142.8 million, (USD 107.0 million in Q4 2013) which corresponds to 49% (41% in Q4 2013) of the net revenues from the multi-client library for the quarter. The high amortization rate in Q4 2014 is mainly due to impairments recognized on projects in the AMEAP business due to current market conditions. Amortization fluctuates from quarter to quarter, depending on the sales mix of projects. The amortization rate for the full year of 2014 was 45% compared to 40% in 2013. In Q4 2014, 8% of net multi-client revenues came from pre-2010 vintages, which are fully amortized in line with the Company's amortization policy.

Cost of goods sold (COGS) were USD 1.1 million for the quarter, compared to USD 1.5 million in Q4 2013. The decrease is due to lower proprietary seismic activity in Q4 2014 compared to Q4 2013. Personnel costs expensed during the quarter were USD 22.6 million compared to USD 22.3 million in Q4 2013. The increase is mainly due to an increased number of employees and redundancy costs caused by the closure of the Reservoir Solutions business. Due to uncertain market conditions for the Permanent Reservoir Monitoring market, TGS has decided to exit the Reservoir Solutions business. Accordingly, the related net assets have been fully impaired in Q4 2014. The net effect of the impairment is USD 50.2 million, of which USD 54.4 million is recognized as an operating expense, while USD 4.2 million relates to a reversal of a deferred tax liability and is recognized as tax income.

Other operating expenses were USD 24.2 million compared to USD 13.7 million in Q4 2013. The fair value assessments of the loans to E&P Holding AS and Skeie Energy AS are based on estimated future proceeds from sale of assets with certain milestone payments. The oil price development in H2 2014 has caused significant delays and uncertainties related to oil companies' plans for development and production which have negatively impacted the timing and probability of realizing the proceeds related to the milestone payments. Due to the increased uncertainty, the Company has recognized an impairment of USD 9.5 million in Q4 2014. As of 31 December 2014, TGS does not have any balance sheet exposure to E&P Holding AS and Skeie Energy AS.

## EBITDA AND EBIT

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Reported EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) for the quarter ended 31 December 2014 was USD 248.9 million, which corresponds to 84% of net revenues, up 7% from USD 232.7 million in Q4 2013. Operating profit (EBIT) for the quarter amounts to USD 47.2 million, which is down from USD 120.3 million in Q4 2013. Adjusted for the impairment costs related to the closure of the Reservoir Solutions business and the re-assessment of the fair value of non-current assets, operating profit was USD 111 million (37% of net revenues).

## FINANCIAL ITEMS

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The Company recorded a currency exchange loss of USD 12.0 million in Q4 2014, which is mainly due to unrealized losses related to translating local currency bank accounts into USD. TGS holds NOK bank accounts to pay taxes and dividends in NOK during 2015. These bank accounts are translated into USD at the balance sheet date and represent a significant unrealized loss during Q4 2014.

## TAX

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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 30%. The tax rate reported for the quarter is at 10% compared to 29% last year. The lower tax rate in Q4 is influenced by the impairment of the Reservoir Solutions business of which a deferred tax liability of USD 4.2 million is recognized as tax income. Further, most of TGS' taxable income is taxed in Norway where the taxes are calculated on an annual basis and paid in NOK. During Q4 2014, the USD appreciated by 15% compared to NOK

(21% for the full year of 2014). Of TGS' total taxes payable at 31 December 2014, taxes payable in Norway represents more than 75%. As the Norwegian taxes are settled on an annual basis, the YTD exchange variation will impact the quarterly calculations of taxes. Accordingly, the very low tax rate in Q4 2014 is due to YTD 2014 currency effects for the Parent Company on the taxes payables and to changes in temporary differences measured in NOK.

## NET INCOME AND EARNINGS PER SHARE (EPS)

Net income for Q4 2014 was USD 32.0 million (11% of net revenues), down from USD 84.1 million in Q4 2013. Quarterly earnings per share (EPS) were USD 0.31 fully diluted (USD 0.32 undiluted), which is down 61% from Q4 2013.

## MULTI-CLIENT INVESTMENTS AND LIBRARY

MUSD	Q4 2014	Q4 2013	2014	2013	2012	2011
Beginning net book value	837.4	774.0	758.1	651.2	511.1	475.7
Non-operational investments	-	-	-	-	31.1	-
Operational investments	126.2	92.4	462.3	438.9	496.2	276.9
Amortization	(142.8)	(107.0)	(396.7)	(329.8)	(387.3)	(241.5)
Exchange Rate Adjustment	(2.7)	(1.3)	(5.6)	(2.1)	-	-
Ending net book value	818.1	758.1	818.1	758.1	651.2	511.1

MUSD	Q4 2014	Q4 2013	2014	2013	2012	2011
Net MC revenues	288.4	261.8	877.7	824.1	902.0	566.9
Change in MC revenue	10%	-3%	7%	-9%	59%	4%
Change in MC investment	37%	-3%	5%	-17%	90%	-7%
Amort. in % of net MC revs.	49%	41%	45%	40%	43%	43%
Change in net book value	-2%	-2%	8%	16%	27%	7%

*Exchange rate adjustments are related to libraries with functional currencies other than USD*

## BALANCE SHEET AND CASH FLOW

The net cash flow from operations for the quarter, after taxes, before investments, totaled USD 131.4 million compared to USD 214.6 million in Q4 2013. Following a strong operating cash flow in Q3 2014, the lower Q4 2014 cash flow from operations is mainly due to sales occurring in the latter portion of Q4 2014. As of 31 December 2014, the Company's total cash holdings amounted to USD 256.4 million compared to USD 280.7 million at 31 December 2013.

Following the closure of the Reservoir Solutions business, the Company has recognized impairments to goodwill and other non-current assets of USD 54.4 million during Q4 2014.

TGS currently does not have any interest bearing debt.

Total equity per 31 December 2014 was USD 1,339.2 million, representing 76% of total assets. During the quarter, the Company transferred 20,000 treasury shares to cover the exercise of options by key employees. Further, the Company bought back 365,000 shares for the treasury. As of 31 December 2014, TGS held 1,843.512 treasury shares.

## BACKLOG

TGS' backlog amounted to USD 293.1 million at the end of Q4 2014, an increase of 4% from Q4 2013 and 13% higher than last quarter. The increase from last quarter is mainly due to signed customer commitments for several onshore seismic projects in North America in Q4.

## **OPERATIONAL HIGHLIGHTS**

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Vessels under TGS' control through charter during all or parts of Q4 included two 3D vessels, three 2D vessels and one Wide Azimuth (WAZ) 3D crew. TGS was also a participant in two 2D marine joint venture projects, and one 3D ocean bottom seismic joint venture project. In addition, four land crews operated under TGS control in Q4 2014.

### **North and South America**

TGS, in partnership with PGS, completed acquisition of a 37,000 km 2D survey off the coast of Newfoundland-Labrador. A second 2D vessel joined this survey in July. Production was very good during the two-vessel campaign in 2014 and the partnership was able to acquire over 20% more data in the season compared to the original plan. The Company continued acquisition of the Snipe Phase 52 2D survey in the deep water US Gulf of Mexico. Acquisition of this 12,000 km survey is expected to be complete in early Q1 2015.

In early Q4, the Company commenced acquisition of its latest multi-wide azimuth (M-WAZ) program in the Mississippi Canyon area of the Central Gulf of Mexico. The survey, Declaration, utilizes a variation of CGG's StagSeis™ technology to integrate with previously acquired wide azimuth data. The resulting dataset will provide long-offset, rich azimuth imaging in one of the most prolific hydrocarbon basins in the world.

TGS commenced an 11,500 km<sup>2</sup> 3D survey in the deep water Gulf of Mexico designed to image the emerging basin floor fan play. Acquisition of the survey, Panfilo, will continue through Q1 2015.

In collaboration with FairfieldNodal, TGS commenced work on the Nessie FAN (Full Azimuth Node) project in the South Timbalier area of the US Gulf of Mexico shelf. When complete in Q1 2015, this survey will cover almost 900 km<sup>2</sup>.

TGS completed the 295 km<sup>2</sup> Waterford 3D survey in eastern Ohio. The Company then commenced acquisition of the adjacent 1,777 km<sup>2</sup> Freeport 3D survey. Recording of this survey will be complete in Q3 of 2015. The Waterford and Freeport surveys add to TGS' growing coverage in the Utica liquids shale play. Acquisition of the 1,526 km<sup>2</sup> Loyal 3D survey completed in Q4 2014. This survey is located in the STACK play fairway in Oklahoma. Finally, the Company commenced acquisition of a 722 km<sup>2</sup> 3D survey in the Alberta Duvernay play called Kaybob/Bigstone. This survey will be complete in mid-Q1 2015.

### **Europe and Russia**

During Q4, TGS completed the 2014 acquisition season of a multi-year 2D program offshore northeast Greenland. During this season, the Company was able to acquire 5,400 km of this program. This was 10% more than planned for the season and is due to excellent operational performance of the acquisition crew.

### **Africa, Middle East and Asia Pacific**

TGS commenced a 17,500 km 2D survey offshore northeast New Zealand. Recording is expected to be complete in early Q2 2015. In addition, the Company started acquisition of the second phase of its Nerites survey in the Great Australian Bight of Australia. This 13,000 km<sup>2</sup> survey will be complete in Q2 2015.

### **Other Segments**

The Geologic Products and Services Division continued the growth of TGS' well log data library with the addition of 32,042 new digital well logs, and 3,111 new enhanced digital well logs. TGS also made significant progress in building its new Validated Well Header database with the addition of 53,753 new headers to the inventory. The division commenced work on a number of interpretive projects geared towards supplying customers with critical information regarding basin maturity and drilling risk in the Anadarko Basin, Tuscaloosa Play, and the deep water Gulf of Mexico.

## **OTHER MATTERS**

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The Company announced on 6 February 2014 a buy-back program of USD 30 million. The shares will be purchased from the open market and in accordance with the Safe Harbour provisions of the EU Commission Regulations for buy-back programs. The plan to repurchase stock started 7 February 2014 and the authorization expires at the 2015 General Meeting on 6 May 2015. As of 31 December 2014, TGS had purchased 938,548 shares as part of this program for a total value of USD 25 million and expects to purchase additional shares during Q1 2015.

## **OUTLOOK**

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Near-term uncertainty in exploration spending has increased further with Brent oil price dropping 55% during the last six months. It is anticipated that this drop will negatively impact seismic spending, as energy companies continue their efforts to reduce capital expenditures and become more selective when prioritizing investments such as seismic programs. Recently published 2015 E&P spending forecasts by E&P equity research analysts have a wide range indicating declines of 10-30%.

Despite these near-term market challenges, TGS believes the long-term future of its business, and particularly the Company's focused asset light multi-client model, is strong. Energy companies continue to demand higher resolution subsurface images in mature basins as well as new regional data in frontier basins to guide their exploration efforts. Companies exploring and producing unconventional shale plays continue to seek high quality wellbore-based information to guide their petro-physical analysis. TGS' customers see multi-client data as being more cost effective and therefore can be more attractive in challenging markets.

For 2015, the Company has secured adequate land and marine crew capacity at very favorable arrangements. This has encouraged TGS to continue investments in prolific areas with proven returns. This countercyclical approach has historically proven successful and TGS will continue to take advantage of the asset light business model combined with a strong balance sheet.

For 2015, TGS' guidance is as follows:

- TGS expects multi-client investments of approximately USD 420 million and additional Capex of USD 15 million
- The Company targets revenues of approximately USD 750 million
- TGS targets an EBIT of approximately USD 260 million
- The Board will propose to the AGM in May a dividend of NOK 8.5 per share

### **Asker, 4 February 2015**

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

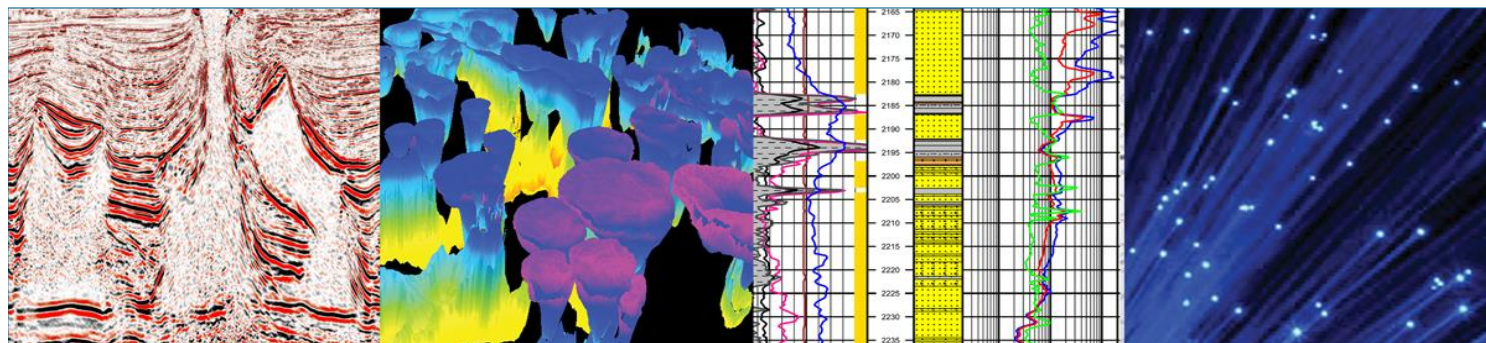
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*All statements in this earnings release other than statements of historical fact are forward-looking statements, which are subject to a number of risks, uncertainties and assumptions that are difficult to predict, and are based upon assumptions as 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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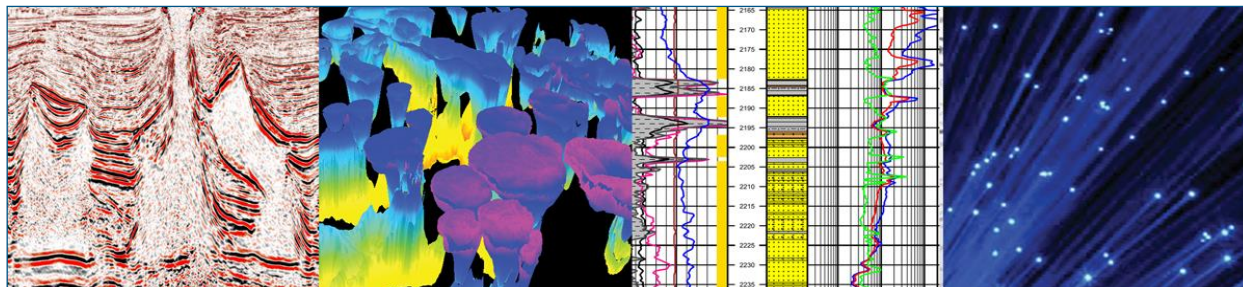




## Interim Consolidated Statement of Comprehensive Income

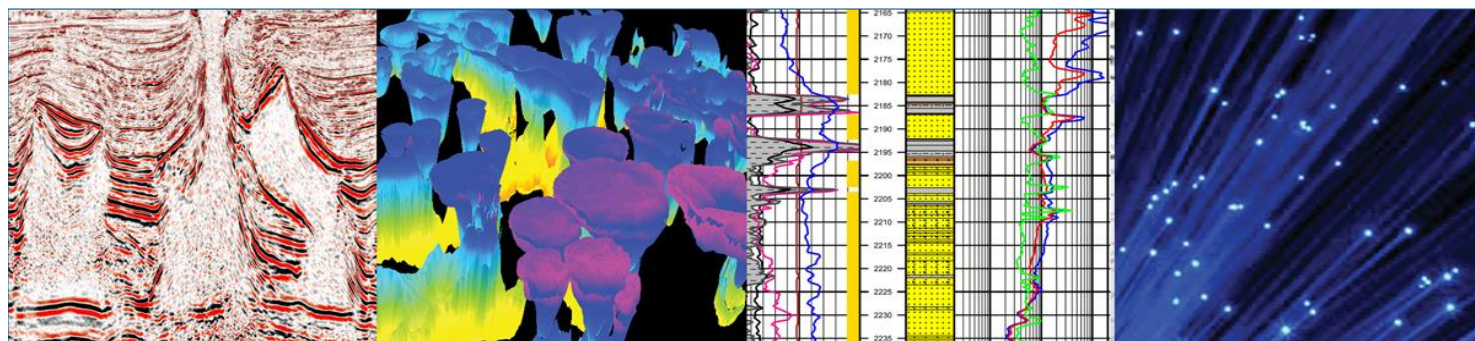
(All amounts in USD 1,000s unless noted otherwise)	Note	2014 Q4 Unaudited	2013 Q4 Unaudited	2014 YTD Unaudited	2013 YTD Audited
<b>Net operating revenues</b>	4	<b>297,805</b>	<b>271,367</b>	<b>914,785</b>	<b>883,444</b>
<i>Operating expenses</i>					
Cost of goods sold - proprietary and other		1,104	1,548	4,021	19,949
Amortization of multi-client library		142,757	106,985	396,666	329,829
Personnel costs		22,570	22,336	88,003	80,835
Cost of stock options		976	1,077	5,003	4,445
Other operating expenses	6	24,228	13,747	55,753	45,036
Impairment of Reservoir Solutions	7	54,427	-	54,427	-
Depreciation and amortization		4,509	5,422	16,395	16,374
<b>Total operating expenses</b>		<b>250,570</b>	<b>151,115</b>	<b>620,268</b>	<b>496,467</b>
<b>Operating profit</b>	4	<b>47,235</b>	<b>120,252</b>	<b>294,516</b>	<b>386,976</b>
<i>Financial income and expenses</i>					
Financial income		1,191	2,275	7,339	7,411
Financial expense		-742	-203	-1,147	-3,654
Other financial items		-12,016	-4,759	-12,381	-9,273
<b>Net financial items</b>		<b>-11,567</b>	<b>-2,687</b>	<b>-6,189</b>	<b>-5,516</b>
<b>Profit before taxes</b>		<b>35,668</b>	<b>117,565</b>	<b>288,327</b>	<b>381,460</b>
Tax expense	7	3,639	33,510	72,253	112,354
<b>Net income</b>		<b>32,029</b>	<b>84,055</b>	<b>216,074</b>	<b>269,106</b>
<b>EPS USD</b>		<b>0.32</b>	<b>0.82</b>	<b>2.12</b>	<b>2.63</b>
<b>EPS USD, fully diluted</b>		<b>0.31</b>	<b>0.81</b>	<b>2.09</b>	<b>2.59</b>
<i>Other comprehensive income:</i>					
Exchange differences on translation of foreign operations		-4,136	-3,050	-8,648	-5,984
Net (loss)/gain on available-for-sale financial assets		-	116	-328	116
Other comprehensive income for the period, net of tax		-4,136	-2,934	-8,977	-5,868
<b>Total comprehensive income for the period, net of tax</b>		<b>27,893</b>	<b>81,121</b>	<b>207,097</b>	<b>263,238</b>





## Interim Consolidated Balance Sheet

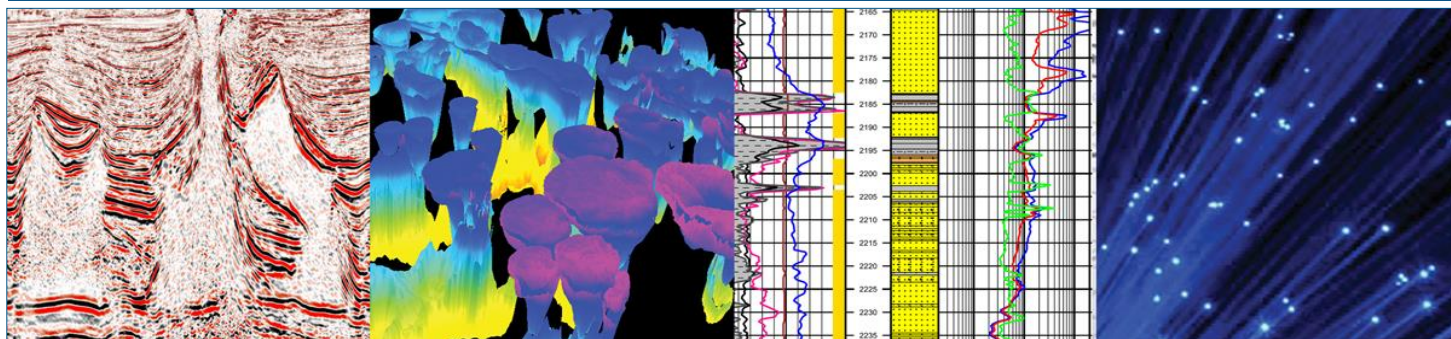
(All amounts in USD 1,000s)	Note	2014 31-Dec Unaudited	2013 31-Dec Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	7	67,361	84,764
Multi-client library		818,132	758,093
Other intangible non-current assets	7	9,349	46,751
Deferred tax asset		7,992	6,645
Buildings		9,568	9,924
Machinery and equipment	7	33,608	42,877
Other non-current assets	6	43,882	56,018
<b>Total non-current assets</b>		<b>989,892</b>	<b>1,005,072</b>
<b>Current assets</b>			
Financial investments available for sale		-	3,868
Accounts receivable		241,519	234,339
Accrued revenues		235,781	172,493
Other short-term receivables		44,010	39,798
Cash and cash equivalents		256,416	280,688
<b>Total current assets</b>		<b>777,727</b>	<b>731,186</b>
<b>TOTAL ASSETS</b>		<b>1,767,618</b>	<b>1,736,257</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		3,626	3,654
Other equity		1,335,574	1,289,325
<b>Total equity</b>	3	<b>1,339,201</b>	<b>1,292,979</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	6	7,149	16,698
Deferred tax liability	7	28,752	85,052
<b>Total non-current liabilities</b>		<b>35,901</b>	<b>101,751</b>
<b>Current liabilities</b>			
Accounts payable and debt to partners		163,282	160,795
Taxes payable, withheld payroll tax, social security		98,696	80,651
Other current liabilities		130,538	100,081
<b>Total current liabilities</b>		<b>392,516</b>	<b>341,527</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,767,618</b>	<b>1,736,257</b>



## Interim Consolidated Statement of Cash flow

(All amounts in USD 1,000s)	<b>2014 Q4 Unaudited</b>	<b>2013 Q4 Unaudited</b>	<b>2014 YTD Unaudited</b>	<b>2013 YTD Audited</b>
<b>Cash flow from operating activities:</b>				
Received payments from customers	166,276	239,208	859,135	811,918
Payments for salaries, pensions, social security tax	-19,797	-19,878	-90,027	-83,628
Other operational costs	-15,519	-13,395	-49,961	-61,735
Paid taxes	406	8,614	-114,136	-123,616
<b>Net cash flow from operating activities <sup>1</sup></b>	<b>131,366</b>	<b>214,550</b>	<b>605,011</b>	<b>542,940</b>
<b>Cash flow from investing activities:</b>				
Received payments from sale of tangible assets	-	961	-	961
Investments in tangible and intangible assets	-6,260	-3,461	-27,004	-38,958
Investments in multi-client library	-116,535	-115,596	-436,540	-422,318
Proceeds from sales of short-term financial investments	-	-	4,875	-
Interest received	1,127	2,376	5,728	6,758
<b>Net cash flow from investing activities</b>	<b>-121,668</b>	<b>-115,720</b>	<b>-452,941</b>	<b>-453,557</b>
<b>Cash flow from financing activities:</b>				
Interest paid	-484	-21	-777	-3,342
Dividend payments	-	-	-144,786	-142,164
Purchase of treasury shares	-8,251	-4,958	-23,999	-4,958
Proceeds from share offerings	337	90	2,918	2,556
<b>Net cash flow from financing activities</b>	<b>-8,398</b>	<b>-4,889</b>	<b>-166,644</b>	<b>-147,908</b>
<b>Net change in cash and cash equivalents</b>	<b>1,300</b>	<b>93,941</b>	<b>-14,575</b>	<b>-58,526</b>
Cash and cash equivalents at the beginning of period	264,283	187,491	280,688	338,673
Exchange rate effects *	-9,166	-745	-9,697	540
<b>Cash and cash equivalents at the end of period</b>	<b>256,416</b>	<b>280,688</b>	<b>256,416</b>	<b>280,688</b>
<b>1) Reconciliation</b>				
Profit before taxes	35,668	117,565	288,327	381,459
Depreciation/amortization/impairment	201,693	112,406	467,488	346,203
Net impairment of long-term receivable	9,513	-	9,513	-
Changes in accounts receivables and accrued revenues	-151,874	-4,877	-73,739	4,311
Unrealised currency gain/loss	15,379	292	15,910	-993
Changes in other receivables	4,511	-39,649	6,837	-41,263
Changes in other balance sheet items	16,070	20,198	4,811	-23,162
Paid taxes	406	8,614	-114,136	-123,616
<b>Net cash flow from operating activities</b>	<b>131,366</b>	<b>214,550</b>	<b>605,011</b>	<b>542,940</b>

\* Exchange rate effects from translating bank accounts into USD have been separated on a single line item as from Q4 2014 with comparable information for prior periods



## Interim Consolidated Statement of Changes in Equity

(All amounts in USD 1,000s)	Share-Capital	Own Shares Held	Share Premium Reserve	Other Paid-In Equity	Available for Sale Reserve	Foreign Currency		Retained Earnings	Total Equity
						Translation Reserve			
<b>Opening balance 1 January 2014</b>	<b>3,716</b>	<b>-62</b>	<b>57,206</b>	<b>27,924</b>	<b>328</b>	<b>-12,475</b>		<b>1,216,341</b>	<b>1,292,979</b>
Net income	-	-	-	-	-	-		216,074	<b>216,074</b>
Other comprehensive income	-	-	-	-	-328	-8,648		-	<b>-8,977</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-328</b>	<b>-8,648</b>		<b>216,074</b>	<b>207,097</b>
Paid-in-equity	3	-	901	-	-	-		-	<b>904</b>
Distribution of treasury shares	-	5	-	-	-	-		2,009	<b>2,014</b>
Cancellation of treasury shares held	-17	17	-	-	-	-		-	<b>-</b>
Purchase of treasury shares	-	-35	-	-	-	-		-23,963	<b>-23,999</b>
Cost of stock options	-	-	-	4,991	-	-		-	<b>4,991</b>
Dividends	-	-	-	-	-	-		-144,786	<b>-144,786</b>
Deferred tax asset related to stock options	-	-	-	-	-	-		-	<b>-</b>
<b>Closing balance per 31 December 2014</b>	<b>3,702</b>	<b>-76</b>	<b>58,107</b>	<b>32,915</b>	<b>-</b>	<b>-21,123</b>		<b>1,265,675</b>	<b>1,339,201</b>

(All amounts in USD 1,000s)	Share-Capital	Own Shares Held	Share Premium Reserve	Other Paid-In Equity	Available for Sale Reserve	Foreign Currency		Retained Earnings	Total Equity
						Translation Reserve			
<b>Opening balance 1 January 2013</b>	<b>3,712</b>	<b>-57</b>	<b>56,008</b>	<b>23,595</b>	<b>212</b>	<b>-6,491</b>		<b>1,091,380</b>	<b>1,168,360</b>
Net income	-	-	-	-	-	-		269,106	<b>269,106</b>
Other comprehensive income	-	-	-	-	116	-5,984		-	<b>-5,868</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116</b>	<b>-5,984</b>		<b>269,106</b>	<b>263,238</b>
Paid-in-equity	4	-	1,198	-	-	-		-	<b>1,202</b>
Distribution of treasury shares	-	3	-	-	-	-		1,351	<b>1,354</b>
Purchase of treasury shares	-	-8	-	-	-	-		-4,951	<b>-4,959</b>
Cost of stock options	-	-	-	4,329	-	-		-	<b>4,329</b>
Dividends	-	-	-	-	-	-		-140,029	<b>-140,029</b>
Deferred tax asset related to stock options	-	-	-	-	-	-		-516	<b>-516</b>
<b>Closing balance per 31 December 2013</b>	<b>3,716</b>	<b>-62</b>	<b>57,206</b>	<b>27,924</b>	<b>328</b>	<b>-12,475</b>		<b>1,216,341</b>	<b>1,292,979</b>

## Largest Shareholders per 30 January 2015

		Shares	%
1 STATE STREET BANK & TRUST COMPANY	U.S.A.	6,728,574	6.6%
2 THE BANK OF NEW YORK MELLON	U.S.A.	6,698,012	6.6%
3 FOLKETRYGDFONDET	NORWAY	4,747,732	4.7%
4 J.P. MORGAN CHASE BANK N.A. LONDON	GREAT BRITAIN	4,250,613	4.2%
5 J.P. MORGAN CHASE BANK N.A. LONDON	GREAT BRITAIN	4,218,738	4.2%
6 THE NORTHERN TRUST CO.	GREAT BRITAIN	3,738,484	3.7%
7 CLEARSTREAM BANKING S.A.	LUXEMBOURG	3,382,932	3.3%
8 BROWN BROTHERS HARRIMAN & CO	U.S.A.	2,599,445	2.6%
9 EUROCLEAR BANK S.A./N.V. ('BA')	BELGIUM	2,433,430	2.4%
10 SANTANDER SECURITIES SERVICES, S.A	SPAIN	2,149,797	2.1%
<b>10 Largest</b>		<b>40,947,757</b>	<b>40%</b>
<b>Total Shares Outstanding *</b>		<b>101,280,776</b>	<b>100%</b>

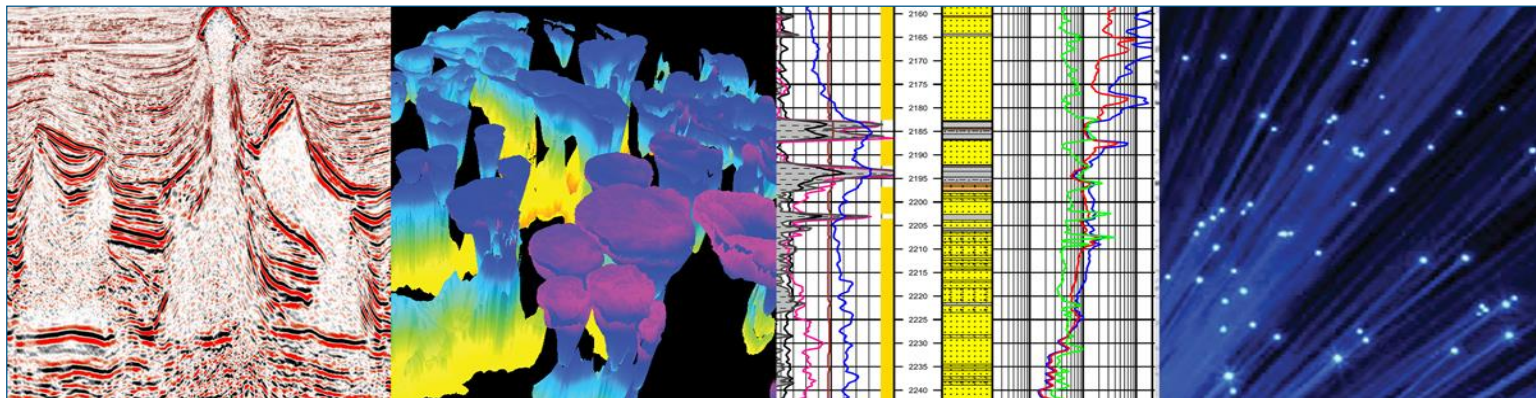
\* Total shares outstanding are net of shares held in treasury per 30 January 2015

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

Average number of shares outstanding during the quarter	101,501,200
Average number of shares fully diluted during the quarter	101,946,400

\* Shares outstanding net of shares held in treasury per 31 December 2014 (1,843,512 TGS shares), composed of average outstanding TGS shares during the full quarter





### Note 1 General information

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

### Note 2 Basis for Preparation

The condensed consolidated interim financial statements of the TGS Group 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 same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements for 2013. None of the new accounting standards or amendments that came into effect from 1 January 2014 have a significant impact on the presentation of the financial statements during 2014. The annual report for 2013 is available on [www.tgs.com](http://www.tgs.com).

### Note 3 Share capital and equity

Ordinary shares	Number of shares
<b>1 January 2014</b>	<b>103,521,724</b>
25 February 2014, shares issued for cash on exercise of stock options	31,500
14 May 2014, shares issued for cash on exercise of stock options	37,250
25 July 2014, cancellation of treasury shares	(406,186)
<b>31 December 2014</b>	<b>103,184,288</b>

Treasury shares	Number of shares
<b>1 January 2014</b>	<b>1,416,200</b>
18 February 2014, shares bought back	15,000
25 February 2014, shares bought back	15,000
27 February 2014, shares bought back	5,000
3 March 2014, shares bought back	15,000
5 March 2014, shares bought back	15,000
13 March 2014, shares bought back	15,000
14 March 2014, shares bought back	15,000
17 March 2014, shares bought back	10,000
20 March 2014, shares bought back	10,000
4 June 2014, distribution of shares to board members	(8,250)
25 July 2014, cancellation of treasury shares	(406,186)
1 August 2014, shares bought back	20,000
4 August 2014, shares bought back	15,000
5 August 2014, shares bought back	14,548
6 August 2014, shares bought back	15,000
8 August 2014, shares bought back	15,000
12 August 2014, shares bought back	15,000
14 August 2014, treasury shares transferred to cover exercise of stock options	(76,800)
18 August 2014, shares bought back	18,000
19 August 2014, shares bought back	20,000
22 August 2014, shares bought back	20,000
25 August 2014, shares bought back	20,000
26 August 2014, shares bought back	18,000
27 August 2014, shares bought back	20,000
28 August 2014, shares bought back	20,000
29 August 2014, shares bought back	30,000
1 September 2014, shares bought back	18,000
2 September 2014, shares bought back	27,000
3 September 2014, shares bought back	26,000
4 September 2014, shares bought back	23,000
5 September 2014, shares bought back	20,000
8 September 2014, shares bought back	23,000
10 September 2014, shares bought back	21,000
11 September 2014, shares bought back	20,000
30 September 2014, shares bought back	20,000
1 October 2014, shares bought back	20,000
2 October 2014, shares bought back	20,000
3 October 2014, shares bought back	20,000
6 October 2014, shares bought back	20,000
24 October 2014, shares bought back	25,000
27 October 2014, shares bought back	25,000
29 October 2014, shares bought back	20,000
31 October 2014, shares bought back	25,000
10 November 2014, treasury shares transferred to cover exercise of stock options	(20,000)
13 November 2014, shares bought back	11,000
14 November 2014, shares bought back	14,000
19 November 2014, shares bought back	20,000
4 December 2014, shares bought back	20,000
5 December 2014, shares bought back	15,000
8 December 2014, shares bought back	5,000
9 December 2014, shares bought back	20,000
10 December 2014, shares bought back	20,000
16 December 2014, shares bought back	15,000
19 December 2014, shares bought back	20,000
30 December 2014, shares bought back	30,000
<b>31 December 2014</b>	<b>1,843,512</b>

The Annual General Meeting on 3 June 2014 approved a dividend of NOK 8.5 per share for outstanding common stock. Total dividend payments of USD 144.8 million were made to the shareholders during June and July.

The Annual General Meeting on 3 June 2014 also approved the cancellation of 406,186 treasury shares held at that date. The cancellation became effective on 25 July 2014.

#### Note 4 Segment information

	North & South America	Europe & Russia	Africa, Middle East & Asia/Pacific	Other segments/ Corporate costs	Consolidated
<b>2014 Q4</b>					
Net external revenues	142,770	104,156	24,531	26,349	<b>297,805</b>
Operating profit	82,474	57,279	-23,290	-69,228	<b>47,235</b>
<b>2014 YTD</b>					
Net external revenues	444,291	241,832	126,107	102,554	<b>914,785</b>
Operating profit	300,911	134,669	-37,563	-103,500	<b>294,516</b>
<b>2013 Q4</b>					
Net external revenues	124,570	104,414	17,179	25,204	<b>271,367</b>
Operating profit	78,770	57,058	-1,112	-14,465	<b>120,252</b>
<b>2013 YTD</b>					
Net external revenues	430,594	279,609	75,612	97,629	<b>883,444</b>
Operating profit	280,007	146,925	1,546	-41,501	<b>386,976</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

On 10 November 2014, members of the executive management exercised 14,000 options and sold the same number of shares. No other material transactions with related parties took place during the fourth quarter of 2014.

During the fourth quarter of 2014, members of the executive management acquired in total 1,480 shares in the Company.

#### Note 6 Loans to E&P Holding AS and Skeie Energy AS

Reference is made to TGS' Q2 2014 interim financials' note 6 and to TGS' 2013 Annual Report note 14.

Based on the restructuring agreements signed on 23 December 2011, the Company reconsidered the fair value of the loans. As a result, the subsequent fair value assessments of TGS' net exposure to E&P Holding AS and Skeie Energy AS were at USD 9.5 million per 31 December 2013. The fair value assessments of the loans to E&P Holding AS and Skeie Energy AS are based on estimated proceeds related to sale of assets with certain milestone payments.



The negative oil price development in H2 2014 has caused significant delays and uncertainties related to oil companies' plans for development and production. This has impacted the timing and probability of realizing the proceeds related to milestone payments. Due to the increased uncertainty, TGS has reconsidered the fair value of the loans, and has recognized an impairment. The effect of profit and loss in Q4 2014 amounts to USD 9.5 million. As of 31 December 2014, TGS does not have any balance sheet exposure to E&P Holding AS and Skeie Energy AS.

#### **Note 7 Impairment of Reservoir Solutions**

Due to uncertain market conditions for the Permanent Reservoir Monitoring market, TGS has decided to exit the Reservoir Solutions business. Accordingly, TGS has recognized an impairment in the fourth quarter of 2014 of USD 50.2 million, with USD 54.4 million expensed through operating expenses, while a related deferred tax liability of USD 4.2 million is recognized as tax income.

#### **Note 8 Credit Facility**

In December 2014, TGS entered into a new 3 year term secured credit facility with a limit of USD 50 million, replacing the former multi-currency bank overdraft facility with a limit of USD 10 million. The interest rate for any outstanding borrowings is at Libor + 1.75% per annum. TGS also pays a fee of 0.20% per annum for unused commitments. Per 31 December 2014 TGS had not drawn on the credit facility.