



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2016 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 980 464 989
Organisasjonsform: Aksjeselskap
Foretaksnavn: CGG MARINE RESOURCES NORGE AS
Forretningsadresse: Lilleakerveien 6A
0283 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2016 - 31.12.2016

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Nei

Regnskapsregler

Regler for små foretak benyttet: Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Randi Navdal
Dato for fastsettelse av årsregnskapet: 30.06.2017

Grunnlag for avgivelse

År 2016: Årsregnskapet er elektronisk innlevert
År 2015: Tall er hentet fra elektronisk innlevert årsregnskap fra 2016

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 19.11.2020



Resultatregnskap

Beløp i: NOK	Note	2016	2015
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt			-54 008
Sum inntekter			-54 008
Kostnader			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer		745	55 178
Annen driftskostnad		71 366	103 301
Sum kostnader		72 111	158 479
Driftsresultat		-72 111	-212 487
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		833 374	757 711
Annen finansinntekt		714	73 584 393
Sum finansinntekter		834 088	74 342 104
Nedskrivning av finansielle eiendeler		40 938 499	167 094 000
Annen rentekostnad		82	3 014 440
Annen finanskostnad		90	1 273 977
Sum finanskostnader		40 938 671	171 382 417
Netto finans		-40 104 583	-97 040 312
Ordinært resultat før skattekostnad		-40 176 694	-97 252 800
Skattekostnad på ordinært resultat		78 485	
Ordinært resultat etter skattekostnad		-40 255 179	-97 252 800
Årsresultat		-40 255 179	-97 252 800
Årsresultat etter minoritetsinteresser		-40 255 179	-97 252 800
Totalresultat		-40 255 179	-97 252 800
Overføringer og disponeringer			



Resultatregnskap

Beløp i: NOK	Note	2016	2015
Overføringer til/fra annen egenkapital		-40 255 179	-97 252 800
Sum overføringer og disponeringer		-40 255 179	-97 252 800



Balanse

Beløp i: NOK	Note	2016	2015
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap		48 945 002	89 883 501
Sum finansielle anleggsmidler		48 945 002	89 883 501
Sum anleggsmidler		48 945 002	89 883 501
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		5 328	1 446 161
Sum fordringer		5 328	1 446 161
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		35 124	9 027
Sum bankinnskudd, kontanter og lignende		35 124	9 027
Sum omløpsmidler		40 452	1 455 188
SUM EIENDELER		48 985 454	91 338 689
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		1 340 919	1 340 919
Beholdning av egne aksjer		99 088 554	99 088 554
Sum innskutt egenkapital		100 429 473	100 429 473
Opptjent egenkapital			
Annen egenkapital		-49 213 544	-10 218 324



Balanse

Beløp i: NOK	Note	2016	2015
Sum opptjent egenkapital		-49 213 544	-10 218 324
Sum egenkapital		51 215 929	90 211 148
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		11 774	21 486
Annen kortsiktig gjeld		-2 242 249	1 106 055
Sum kortsiktig gjeld		-2 230 474	1 127 541
Sum gjeld		-2 230 474	1 127 541
SUM EGENKAPITAL OG GJELD		48 985 454	91 338 689



CGG Marine Resources Norge AS

Org nr. 980 464 989

Oslo (Norway)

Financial Report 2016



Annual report

1 Operations and locations

CGG Marine Resources Norge AS (the "Company") is a limited liability company, registered in Norway. All issued shares of the Company are held by CGG S.A, Paris (France). CGG S.A. together with its subsidiaries and associates forms the CGG Group ("CGG" or "Group"). The Company has its seat in Oslo, Norway.

CGG is a fully integrated Geoscience company providing geological, geophysical and reservoir capabilities to its broad base of customers primarily from the global oil and gas industry. Through its three complementary business segments of Equipment, Contractual Data Acquisition and Geology, Geophysics & Reservoir (GGR), CGG brings value across all aspects of natural resource exploration and exploitation.

CGG is listed on the Euronext (Compartment B) Paris (ISIN Code FR000013181864) and the New York Stock Exchange (NYSE) (in the form of American Depositary Shares) (NYSE: CGG).

In the context of financing CGG, the Company has been designated as a guarantor under various financing agreements.

2 Significant events

The Company is heavily impacted by the global market situation in the Marine seismic acquisition market. This market has proven to be more difficult over the past year as the global oil industry is reducing their spending on Exploration & Production. This leads to postponements and cancellation of projects combined with a strong focus on reducing prices.

The Company took impairment on the shares in subsidiaries of USD 41 million in 2016 (2015: USD 167 million) based upon an assessment of the future income of the operation of the fleet.

3 Going concern assumption

In accordance with the Accounting Act § 3-3a, we confirm that there are uncertainties regarding going concern.

The CGG Group is facing material uncertainties that may cast substantial doubt upon its ability to continue as a going concern, including the future non-respect of certain provisions of its various financing agreements (High Yield Bonds, Term Loan B, US & French Revolving Credit Facilities).

In the light of the Group's cash flow projections based on the current operations, early 2017 CGG SA entered into negotiations with the lenders about the financial restructuring necessary to allow the Group to face its capital structure constraints.

In the meantime, some interests became overdue and, on June 14, 2017, CGG SA filed for a *Sauvegarde* proceeding in France and for a Chapter 15 proceeding in the US.

On the same day, all guarantor companies under these various financing agreements (including the Company) entered into a Chapter 11 process in the US in order to preserve their liquidity as well as the value of the business.

As of the date of these financial statements, there has been no claims from the debt holders against the Company, as guarantor of the Group's debt. However, there may be uncertainties regarding going concern in the Company, which remain subject to the success in the implementation of the Group's restructuring plan.



For further information regarding the process, see note 15.

4 Future development

The assets held by the subsidiaries of the Company are operating in the high end of the exploration market capacity, hence the Board does assess that the Company is well positioned once the market rebounds.

5 Comments related to the financial statements

The net profit increased from a loss of USD 97.3 million in 2015 to a loss of USD 40.3 million in 2016.

Total cash flow from operating activities was USD 2.0 million in 2016 compared to USD -5.4 million in 2015.

The Company's liquidity reserve as of 31 December 2016 amounted to USD 35 thousand compared to USD 9 thousand in 2015. The Company has access to cash through the CGG cash pooling and has at year end 2016 a receivable of USD 2.2 million to this pool. Current liabilities at year end 2015 were USD 1.1 million.

Total assets at yearend 2016 were USD 51.2 million, compared to USD 91.3 million last year. The equity ratio was 100 % as of 31 December 2016, compared to 99 % the year before.

The Company has not directly taken part in any activities relating to research and development in 2016 or 2015.

6 Risk analysis

General

During the normal course of business, the Company uses various financial instruments that expose the Company to interest rate, liquidity, exchange rate, credit and fair value risks. These relate to financial instruments that are reported on the balance sheet. If the counterparty fails to meet its payment obligations to the Company, the resulting losses are limited to the fair value of the instruments in question. The contract value or principal amount of the financial instruments serve only as an indication of the extent to which such financial instruments are used, and not of the value of the credit or market risks.

Interest rate risk

The Company has no loan and is not exposed to changes in interests.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay its liabilities on time. This risk is mitigated by having immediate access to funds within the Group.

Exchange rate risk

The Company's financing is denominated in USD. Exposure to exchange rates risk can arise in cases where the Company would need to settle a current tax liability, which is denominated in NOK.

Credit risk

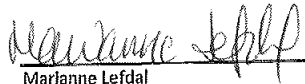
As a holding company, the company is not exposed to credit risk.


Fair value risk

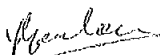
The fair value of most of the financial instruments stated on the balance sheet, including current assets as well as current liabilities and ownership in subsidiaries approximates their carrying amounts.



30 June 2017


Marianne Lefdal
Chairman of the Board/ Managing Director


Eva Rudin
Deputy Chairman


Yves Louÿs P. Goulard
Board member



Statement of comprehensive income

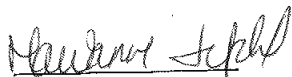
	2015	2016	2015
Net Loss on sale of assets		-	(54)
Other operating expenses, net		(72)	(158)
Operating result		(72)	(212)
Interest and similar income	3	834	1 116
Interest and similar expenses	3	-	(4 288)
Impairment loss on participating interests	4	(40 938)	(167 094)
Dividend from affiliated entities		-	73 226
Financial result		(40 104)	(97 041)
Profit before taxation		(40 176)	(97 253)
Income tax expense	8	79	-
Income for the year		(40 255)	(97 253)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(40 255)	(97 253)
Allocation of total comprehensive income	6		
Transferred from other equity		(40 255)	(97 253)
Total allocations and equity transfers		(40 255)	(97 253)

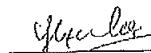


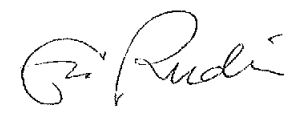
Statement of financial position as at 31. December

		2016	2015
Financial non-current assets			
Participating interests in affiliated entities	4	48 045	89 004
Total financial non-current assets		<u>48 045</u>	<u>89 004</u>
Total non-current assets		<u>48 045</u>	<u>89 004</u>
Current assets			
Group contribution receivable	6	0	1 304
Other receivables		5	83
Cash advance to affiliated entity		2 242	0
Cash and cash equivalents	5	35	9
Total current assets		<u>2 283</u>	<u>1 455</u>
Total current assets		<u>2 283</u>	<u>1 455</u>
TOTAL ASSETS		<u>51 228</u>	<u>91 339</u>
SHAREHOLDERS EQUITY AND LIABILITIES			
Shareholders equity			
Share capital (10,0000 shares at NOK 30,000)	6	1 341	1 341
Share premium	6	49 076	88 070
Total paid-in capital		<u>51 218</u>	<u>90 212</u>
Total shareholders equity		<u>51 218</u>	<u>90 212</u>
Liabilities			
Current liabilities			
Accounts payable		12	21
Cash advance from affiliated entity	7	0	1 106
Total current liabilities		<u>12</u>	<u>1 127</u>
Total liabilities		<u>12</u>	<u>1 127</u>
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		<u>51 228</u>	<u>91 339</u>

30 June 2017


Marianne Løfdal
Chairman of the Board / Managing Director


Yves Louis P. Gouillard
Board member


Eva Rudin
Deputy Chairman



Cash Flow Statement

	2016	2015
Operating activities		
Income/loss for the year	(40 255)	(97 253)
Net Loss on sale of assets	-	54
Depreciation	-	-
Income taxes expense	-	-
Impairment loss	40 938	167 094
Interest expense	-	3 014
Dividend from affiliated entities	-	(73 226)
Increase/decrease in accounts receivable	-	-
Increase/decrease in accounts payable	(9)	(5 078)
Changes in other receivables and other liabilities	1 338	(4)
Net cash provided by operating activities	2 011	(5 397)
Investing activities		
Proceeds from sale of assets	-	1 190
Proceeds from compensation received	-	-
Purchases of tangible assets	-	-
Net cash consumed by investing activities	-	1 190
Financing activities		
Proceeds from capital increase	-	100 000
Changes in long-term loan	-	(150 000)
Interest paid	-	(3 014)
Group contribution received	1 364	21 337
Dividend from affiliated entities	-	73 226
Dividend to shareholder	-	(25 407)
Changes in cash advance from affiliated entity	(3 349)	(12 000)
Cash provided by financing activities	(1 985)	4 142
Net change in cash equivalents	26	(65)
Cash equivalents at 01.01	9	74
Cash equivalents as at 31.12	<u>35</u>	<u>9</u>



CGG Marine Resources Norge AS

Notes to the Financial Statements

Note 1 Description of Company and operations

CGG Marine Resources Norge AS (the "Company") is a limited liability company, registered in Norway. All issued shares of the Company are held by CGG SA, Paris (France). CGG SA together with its subsidiaries and associates forms the CGG Group ("CGG" or "Group"). The Company has its seat at Oslo (Norway).

CGG is a fully integrated geoscience company providing geological, geophysical and reservoir capabilities to its broad base of customers primarily from the global oil and gas industry. Through its three complementary business segments of Equipment, Contractual Data Acquisition and Geology, Geophysics & Reservoir (GGR), CGG brings value across all aspects of natural resource exploration and exploitation.

CGG is listed on the Euronext (Compartment B) Paris (ISIN Code FR000013181864) and the New York Stock Exchange (NYSE) (in the form of American Depositary Shares) (NYSE: CGG).

In the context of financing CGG, the Company has been designated as a guarantor under various financing agreements.

Note 2 Summary of significant accounting policies

General

The financial statements have been prepared in accordance with Simplified IFRS. In summary these Simplified IFRS require the application of the (de-) recognition and measurement requirements of IFRS and the application of the presentation and disclosure requirements in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting policies. Simplified IFRS, unlike IFRS (IAS 10 par. 12 and 13), provides the option to treat management's decision after the reporting date regarding tax group contribution as well as the declaration of dividends as adjusting events. This simplification has been used in the preparation of these financial statements.

The financial statements are presented in USD, the Company's functional and reporting currency. The Company's ultimate shareholder CGG SA prepares consolidated financial statements in accordance with International Financial Reporting Standards. These consolidated financial statements are available at www.cgg.com and are deposited at the Chamber of Commerce in Paris (France) and at Lilleakerveien 6 A, 0283 Oslo (Norway). In accordance with the Norwegian Accounting Act the Company can choose not to prepare its own consolidated financial statements, and has chosen not to.

Basis of preparation

The financial statements have been prepared under the historical cost convention. Unless mentioned otherwise, assets and liabilities are stated at nominal value, income and expenses are determined and reported on an accrual basis.

Classification of assets and liabilities

Assets intended to serve the Company beyond the current period are presented as non-current. All other assets (including the portion of long-term receivables due within one year) are presented as current. Non-current liabilities include amounts due beyond one year.

Foreign currency

Transactions denominated in currencies other than USD are recorded at the closing rate of the preceding month. Monetary assets and liabilities denominated in currencies other than USD are revalued at year-end exchange rates and any resulting unrealised exchange gains and losses are included in income.

Estimates

The preparation of financial statements in accordance with simplified IFRS requires management to make estimates, assumptions and judgment that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. As a holding company the main assets in the company is ownership in subsidiaries. The value of these ownerships are first checked against equity in the subsidiaries and then value in use.

Revenue

Revenues are recognised when they can be measured reliably, and when it is likely that the economic benefits associated with the transaction will flow to the entity, which is at the point that such revenues have been realised or are considered realisable.

Tangible assets

Tangible assets are carried at historical cost less accumulated depreciation and impairment charges. Tangible assets include vessels (hull, capitalised dry-dock and rigging expenditures) and equipment (maritime equipment mounted to the vessel). Capitalised dry-dock and rigging expenditures include expenditures that are directly attributable to the project. Depreciation is recorded on a straight-line basis:



Hull and capitalised rigging expenditures	30 years
Capitalised dry-dock rigging expenditures	30 months
Marine equipment	8-15 years

Tangible assets are tested for impairment if there are any indicators and written down to lower recoverable amounts in the event of a non-temporary diminution of value.

Participating interests

Participating interests are recorded at cost or at lower recoverable values. If the equity at yearend defend the recorded value of the participating interest from last year no additional assessment done. If equity is lower a detailed value in use calc is prepared based on future operational activity.

Account receivables

Accounts receivable are stated at nominal value less an allowance for non-recoverable amounts.

Bank deposits

Bank deposits are deposits held at call with banks.

Taxation

Taxes on income are recognised in the same period as the revenue and the expenses to which these relate. Taxes on income are determined in the lawful currency of the jurisdiction the company is subject to tax (pre-dominantly NOK).

Tax related to equity transactions e.g. group contribution, is recognised directly in equity.

Deferred taxation is provided for using the asset and liability method of accounting for income taxes based on provisions of enacted tax laws.

Recognition is given to deferred tax asset and liability for the expected future consequences of events that have been recognised in either the financial statements or tax returns. Expected future events are taken into consideration in estimating these tax consequences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax asset is reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax asset and deferred tax liability are presented net in the statement of financial position.

Provisions

A provision is recognised when the company has a present obligation (legal or constructive) as a result of a past event for which it is probable that an outflow of resources embodying economic benefits (that can be reliably determined) will be required to settle the obligation.

Contingent liabilities

Contingent liabilities are disclosed in these financial statements unless occurrence is remote.

Cash flow statement

The cash flow statement is prepared using the indirect method.

As a holding company in Norway the cash related operational activity are limited. Cash related to purchase and financing of ownership of shares in subsidiaries will be the main activity.

Events after the reporting period

Events providing evidence of conditions that existed at the end of the reporting period and occurring after the reporting period and before authorisation of the financial statements through the management board are reflected in the financial statements.



Note 3 Financial items, net

	2016	2015
Guarantee fee charged to affiliated entity (see note 14)	833	758
Foreign currency gains	1	358
Total interest and similar income	834	1 116
Interest expense to affiliated entity (see note 10 and 11)	-	(3 014)
Foreign currency losses	-	(1 274)
Other financial losses	-	-
Total interest and similar expense	-	(4 288)
Dividend from affiliated entities	-	73 226
Impairment loss on participating interests	(40 938)	(167 084)
Financial items, net	(40 104)	(97 041)



Note 4 Participating interest in affiliated entities

The historic cost and key financial figures for 2016 are as follows:

	Acquired	Head office	Value share	Ownership share
Exploration Investment Resources II AS	2009	Oslo	100 %	100 %
CGG Geo Vessels AS	2013	Oslo	100 %	100 %

In 2016 Exploration Vessel Resources AS merged with Exploration Resources II AS

Financial information

The Company carries Interests at historic cost, key financial information and historic cost are as follows:

(in thousands)	Income	Expenses	Historic cost	Carrying amount
Exploration Investment Resources II AS	19 433	12 649	319 200	48 045
CGG Geo Vessels AS	(5 204)	(4 319)	87 778	-

In 2016, the Company recorded an USD 40,055k (2015: USD 11,000k) Impairment on its participating interest into Exploration Investment Resources II AS and USD 884k (2015: 86,894k) USD Impairment on participating interest into CGG Geo Vessels AS. To determine the carrying value in the subsidiaries a Value In use calculation have been prepared.

In addition to guaranteeing CGG Geo Vessels AS' debt to financial institutions the Company has pledged its shares as security to these institutions.

Note 5 Bank deposits

The Company has no restrictions on its bank deposits.

Note 6 Shareholders' equity

The share capital of the Company as at 31 December 2016 is NOK 10,000,000 (USD 1,340,917) and consists of 100 shares with a nominal value of NOK 100,000 per share. All shares have equal rights.

(in million NOK)	Share capital	Share premium	Other reserves	Other equity	Total equity
Balance at 1 January 2015	429	-	16 551	73 189	90 169
Group contribution received				22 700	22 700
Dividend				(25 407)	(25 407)
Capital Increase	912	99 089			100 000
Result for the year				(97 252)	(97 252)
Reclassification		(10 219)	(16 551)	26 770	-
Balance at 31 December 2015	1 341	88 870	-	-	90 211
Group contribution received				1 260	1 260
Dividend				-	-
Capital Increase					
Result for the year				(40 255)	(40 255)
Reclassification					-
Balance at 31 December 2016	1 341	88 870	-	(38 995)	51 216

After adoption of its 2015 financial statement, the Company received group contribution from Geomar NUF for USD 1.260k



Note 7 Cash advance payable to affiliated entity

The Company entered into a cash advance agreement with CGG Holding B.V., Schiphol (the Netherlands) allowing the Company to invest or to draw from this facility. Interest is settled quarterly at LIBOR+ 3% for amounts drawn and LIBOR for amounts invested.

Amounts outstanding under this facility are subordinated to CGG Geo Vessel AS' debt to financial institutions.

Note 8 Taxation

	2016	2015		
Current income tax:				
Income/(loss) before taxation	(40 176)	(97 253)		
Permanent differences - Other	(77)	-		
Permanent differences - Investment Impairment	40 938	167 094		
Permanent differences - Dividend from affiliated entities	-	(73 226)		
Change in temporary differences	(2 322)	(20 110)		
Translation differences	1 637	23 504		
Taxable profit/(loss)	-	-		
Income tax payable for current period	-	-		
Income Tax expense	-	-		
Current income tax payable	-	-		
Change in deferred tax	-	-		
Income tax expense	-	-		
Reconciliation from nominal to effective income tax rate				
Profit/(loss) before tax	(40 176)	(97 253)		
Expected income tax expense at 25% (2015: 27%)	(10 044)	(28 258)		
Deviation	10 044	26 258		
Explanations of deviations:				
Permanent difference - Investment Impairment	10 235	45 115		
Permanent differences - Dividend from affiliated entities	-	(19 771)		
Permanent differences - Other	(19)	-		
Translation differences	409	6 346		
Valuation allowance	(680)	(6 432)		
Total	10 044	26 258		
Specification of temporary differences				
	2016	2015		
	Benefit	Liability	Benefit	Liability
Tangible assets	8 241	-	10 068	-
Gain/loss account	3 455	-	4 221	-
Losses	21 373	-	21 288	-
Interest	8 095	-	7 911	-
Total	41 164	-	43 488	-
Valuation allowance	(41 164)	-	(43 488)	-
Net deferred benefit/liability in the balance sheet 24%	-	-	-	-

Note 9 Audit fees

Remuneration to Ernst & Young AS and their associates is USD 31,810 (2015: USD 44,352). All amounts are exclusive VAT.

Note 10 Related party transactions

Other companies in the Group are classified as related parties. In the ordinary course of business the Company enters into transactions with affiliated and associated companies (see notes 3 and 7). These transactions are at arms' length terms.

As of December 31, 2016, the Company fully owned the shares in CGG Geo Vessel AS, which shares were pledged in favor of Nordea Bank. The Company receives guarantee fees related to the role as a guarantor under Group's financing agreements, mainly serving as Guarantor under the High Yield Bonds, Term Loan & US RCF and French RCF.

The Company is included in the VAT group registration of CGG Services (Norway) AS, in Oslo (Norway).



Note 11 Staff

As at 31 December 2015 and 2016, the Company had no employees. The Company is not required to have an occupational pension plan.

Note 12 Board remuneration

No member of the Board of Directors of the Company received any remuneration in the capacity as a member of the Board of Director.

Note 13 Financial risk

General

During the normal course of business, the Company uses various financial instruments that expose the Company to interest rate, liquidity, exchange rate, credit and fair value risks. These relate to financial instruments that are reported in the balance sheet. If the counterparty fails to meet its payment obligations to the Company, the resulting losses are limited to the fair value of the Instruments in question. The contract value or principal amount of the financial instruments serve only as an indication of the extent to which such financial instruments are used, and not of the value of the credit or market risks.

Interest rate risk

The Company has no loan and is just limited exposed to changes in interest through the internal Cash-pool arrangement.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay its liabilities on time. This risk is mitigated by having immediate access to funds within the Group.

Exchange rate risk

The Company's financing as well as revenues are denominated in USD. Exposure to exchange rates risk can arise in cases where the Company would need to settle a current tax liability, which is denominated in NOK.

Credit risk

The Company has very limited exposure to credit risk as under the terms of the rental agreements with affiliated entities, monthly rental fees are due within 30 days.

Fair value risk

The fair value of most of the financial instruments stated on the balance sheet, including current assets as well as current liabilities and ownership in subsidiaries approximates their carrying amounts.

Note 14 Exchange rates

Rates of exchange ("FoE) are as follows:

NOK / USDollar	01. Jan 2015	Average 2015	01. Jan 2016	Average 2016	31 Dec 2016
	7,4475	8,0739	8,8206	8,4162	8,6200

Note 15 Events after the end of the reporting period

On March 3, 2017, CGG SA, the top holding company of the CGG Group, entered into a financial restructuring process with the aim of significantly reducing the debt levels and related cash interest costs to align them with its cash flows. In order to facilitate such restructuring discussions with its various creditors, a mandataire ad hoc has been appointed by the President of the French Court of Commerce. Since then, CGG SA and its creditors have been engaged in extensive discussions over several weeks on the terms of a financial plan to address its capital structure constraints.

On June 2, 2017, CGG SA announced that an agreement-in-principle has been reached with key financial creditors. This agreement-in-principle is in line with the CGG SA's corporate interest, preserves the Group's integrity, provides a framework for long-term sustainability for the Group's business, employees and customers, and offers CGG SA's current shareholders an opportunity to participate in the recovery.

On June 14, CGG SA announced that following execution of legally binding agreements in support of the terms of the agreed-in-principle with key financial creditors announced in June 2, 2017, it has begun legal processes to implement a comprehensive pre-arranged restructuring, with the opening of a Sauvegarde proceeding in France and Chapter 11 and Chapter 15 filing in the U.S.



In that context, all guarantor companies under various financing agreements (including CGG Marine Resources Norge AS) entered into a Chapter 11 process on the same day, in order to preserve their liquidity as well as the value of the business. This may cast doubt on the company's ability as a going concern. We refer to the Board of Directors report for further description.

In April 2017, the Group entered into agreements with Eidesvik Shipping AS ("Eidesvik"), the lenders under the Group's Nordic credit facility and the lenders under the credit facility of Eidesvik Seismic Vessels AS ("ESV") and Oceanic Seismic Vessel AS ("OSV") in order to change ownership structure of the Group's marine fleet and restructure the related financial obligations under the Nordic credit facility related thereto (the "Marine Fleet Restructuring").

In this framework, the following transactions were completed by the company:

- The company's share capital has been increased of NOK 10 000 000 from NOK 10 000 000 to NOK 20 000 000 through conversion of new debt.
- The company increased its investment in Exploration Investment Resources II, by transferring ownership of Geo Vessel AS. The debt arising from the transaction were converted into new shares



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Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of CGG Marine Resources Norge AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CGG Marine Resources Norge AS, which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements 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 2016 and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

According to Note 15 in the financial statements and the Board of Director's report, there is a material uncertainty related to the going concern assumption. Marine Resources Norge AS has issued a guarantee for the debt in the parent company CGG SA. CGG SA Group has commenced legal processes to implement a comprehensive pre-arranged restructuring, with the opening of a Sauvegarde proceeding in France and Chapter 11 and Chapter 15 filings in the U.S. For the Company there is a risk of claims related to the guarantee. There is no accrual for a potential claim in the annual accounts as of 31 December 2016. Our opinion is not qualified in respect of this matter.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Managing Director (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally



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accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit 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 Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Independent auditor's report - CGG Marine Resources Norge AS

A member firm of Ernst & Young Global Limited



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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 management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 30 June 2017
ERNST & YOUNG AS

Asbjørn Rødal
State Authorized Public Accountant (Norway)

Independent auditor's report - CGG Marine Resources Norge AS

A member firm of Ernst & Young Global Limited



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 29.09.2011	Vår dato 14.10.2011
Telefon 22078139	Deres referanse Marianne Lefdal	Vår referanse 2011/951234

CGG VERIT AS SERVICES (NORWAY) AS
Carl Konows gate 34
5162 LAKSEVÅG

Dispensasjon fra kravet om årsregnskap og årsberetning på norsk språk for CGG Veritas

Det vises til deres brev av 29. september 2011 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk. Søknaden gjelder for følgende selskaper;

Wavefield Inseis AS	org. nr. 983 811 310
CGG Marine Resources Norge AS	org. nr. 980 464 989
CGG Veritas Services (Norway) AS	org. nr. 987 264 020
Exploration Vessels Resources AS	org. nr. 953 047 225
Exploration Investment Resources II AS	org. nr. 984 670 303
Exploration Vessel Resources II AS	org. nr. 996 311 341
Multifield Geophysics AS	org. nr. 990 886 482
CGG Veritas International SA (NUF)	org. nr. 985 625 794
CGG Veritas Services Norge (NUF)	org. nr. 985 846 855

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Bakgrunn

Selskapene er direkte eller indirekte eiet 100 % av det franske børsnoterte selskapet CGG Veritas SA med unntak for Multifield Geophysics AS som er eiet med 90,9 % og CGG Veritas International SA og CGG Veritas Services Norge som er norskregistrerte utenlandske foretak. Konsernspiss er det franske selskapet Compagnie Générale de Géophysique -Veritas. Konsernet er en av verdens største leverandører av geofysiske tjenester samt utstyr til bruk i geofysikkindustrien. Konsernet opererer i mange sektorer globalt, der engelsk er det klart dominerende språket og det daglige arbeidsspråket derfor også er engelsk. Morselskapets aksjonærer er i all hovedsak utenlandske personer eller selskaper, og morselskapet henvender seg jevnlig til potensielle investorer som er basert i utlandet. All kommunikasjon med konsernets primære kunder og kreditorer foregår på engelsk. Den norske versjonen av årsregnskapet utarbeides kun for å tilfredsstille regnskapsloven.

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland 0134 Oslo	Se www.skatteetaten.no Org. nr: 996250318	800 80 000 Telefaks
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60



Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering om det skal gis dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

I denne vurderingen har Skattedirektoratet lagt vekt på at selskapene er eiet av et fransk selskap og aksjonærene forstår ikke norsk språk. Morselskapet henvender seg jevnlig til potensielle investorer som er basert i utlandet. Videre er det vektlagt at selskapets virksomhet er utpreget internasjonal og arbeidsspråket er engelsk.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland