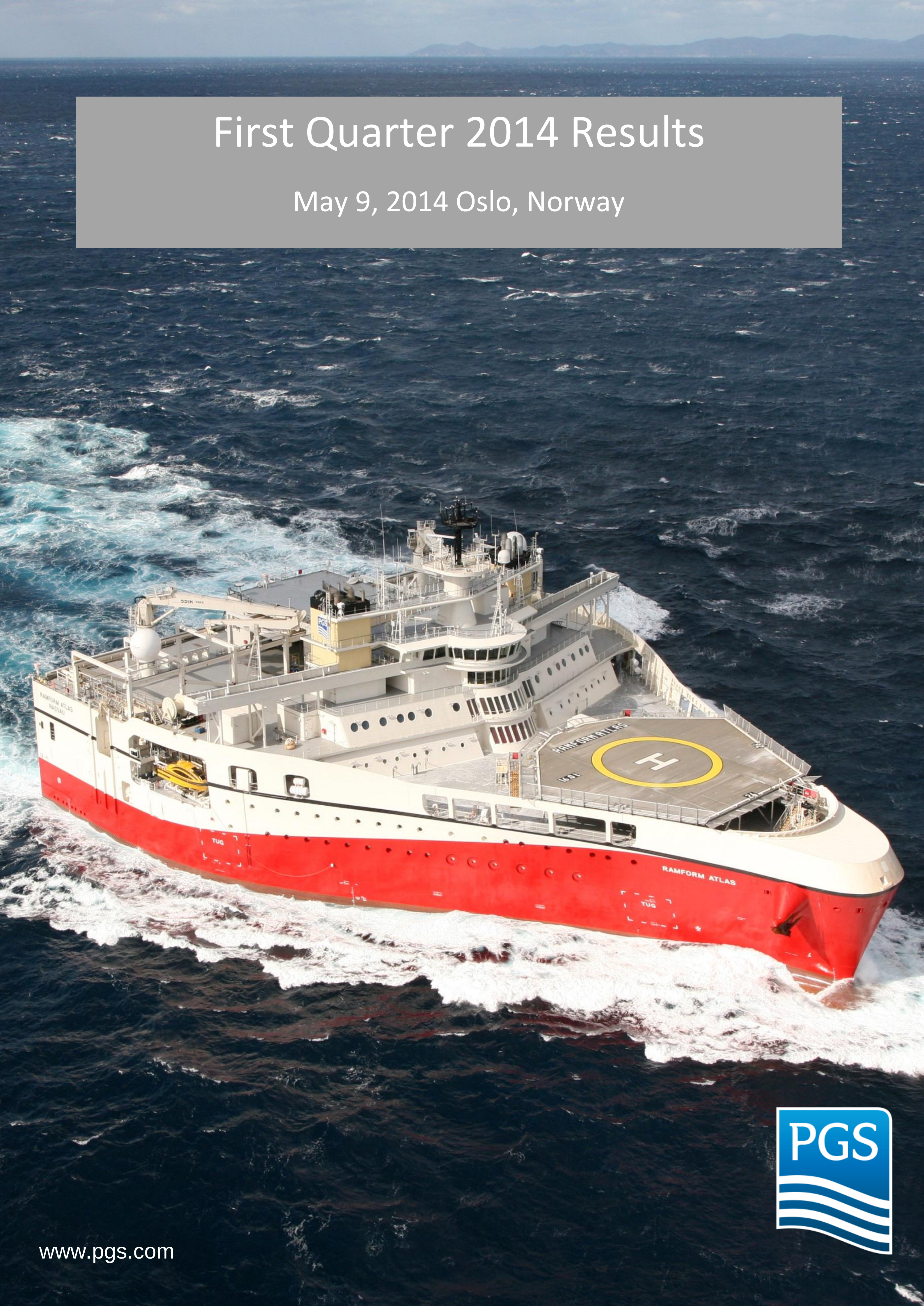
First Quarter 2014 Results

May 9, 2014 Oslo, Norway



www.pgs.com

Soft Quarter as Guided – Strong Cash Flow
Full Year Guidance Reiterated

Highlights Q1 2014

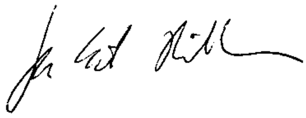
- Revenues of $292.5 million, compared to $394.8 million in Q1 2013
- EBITDA of $138.5 million, compared to $202.3 million in Q1 2013
- EBIT of $45.2 million, compared to $96.8 million in Q1 2013
- Group EBIT margin of 15%, compared to 25% in Q1 2013
- Cash flow from operations of $182.1 million, compared to $102.7 million in Q1 2013
- EPS of $0.02, compared to $0.29 in Q1 2013
- *Ramform Atlas* delivered and successfully started operations in the North Sea
- *Ramform Sovereign* upgraded to GeoStreamer
- Amended and extended the Term Loan B
- Established Japanese Export Credit financing for the two last Ramform Titan-class vessels

"Through investments in our Ramform Titan-class new builds, rollout of our unique GeoStreamer technology platform and with our enhanced funding, we have since 2008 repositioned the Company as a leading marine seismic provider, well positioned to deliver attractive returns.

Our full year guidance remains unchanged. Vessel booking is progressing well with close to 80% of the capacity now committed for 2014.

Industry supply growth over the coming years is expected to be moderate due to retirement of older vessels. Our estimate for overall streamer capacity by end 2015 is now 13% lower than anticipated six months ago.

As guided in December 2013, Q1 was weak due to more capacity allocated to MultiClient, a lower MultiClient pre-funding level, seasonally lower pricing in the marine contract market and a high portion of steaming and yard time."



Jon Erik Reinhardsen,
President and Chief Executive Officer

Key Financial Figures (In USD millions, except per share data)	**1st Quarter**		**Full year**
	2014	**2013**	**2013**
Revenues	292.5	394.8	1,501.6
EBITDA (as defined, see note 1)	138.5	202.3	828.9
EBIT ex. impairment charges	45.2	96.8	397.1
EBIT as reported	45.2	96.8	382.1
Income before income tax expense	12.7	87.9	327.9
Net income to equity holders	4.6	62.5	238.3
Basic earnings per share ($ per share)	0.02	0.29	1.11
Diluted earnings per share ($ per share)	0.02	0.29	1.10
Net cash provided by operating activities	182.1	102.7	775.3
Cash investment in MultiClient library	116.2	72.9	373.0
Capital expenditures (whether paid or not)	131.9	71.4	437.8
Total assets (at period end)	3,562.0	3,301.0	3,544.3
Cash and cash equivalents (at period end)	208.6	311.6	263.8
Net interest bearing debt (at period end, see note 9)	760.4	504.5	666.7

PGS Group

In USD millions	1st Quarter		Full year
	2014	2013	2013
Contract revenues	116.0	207.3	677.5
MC pre-funding	74.2	92.6	360.5
MC late sales	64.8	58.9	311.3
Imaging [1]	28.0	27.1	122.7
Other	9.5	8.9	29.6
Total revenues	292.5	394.8	1,501.6
EBITDA	138.5	202.3	828.9
EBIT	45.2	96.8	382.1
Pretax income	12.7	87.9	327.9
Net income	4.6	62.5	238.3
MC cash investment	116.2	72.9	373.0
Pre-funding % [2]	64%	127%	97%
Operating exp.	(154.0)	(192.5)	(672.7)
Vessel allocation [3]			
Contract	36%	54%	46%
MultiClient	47%	38%	42%
Steaming	13%	6%	10%
Yard	4%	2%	2%
Standby	0%	0%	0%

1) External Processing revenues.
2) Pre-funding revenues as a percentage of MultiClient cash investment
3) Percentage of total 3D streamer capacity measured in streamer utilization.

In Q1 2014, total revenues for Petroleum Geo-Services ASA ("PGS" or "the Company") decreased $102.3 million, or 26%, compared to Q1 2013 mainly due to lower contract and pre-funding revenues, partially offset by slightly higher late sales revenues.

Contract revenues decreased by $91.3 million, or 44%, in Q1 2014, compared to Q1 2013. The decrease is caused by significantly less capacity allocated to contract work and lower prices achieved due to some industry oversupply of vessels in the quarter. The EBIT margin for marine contract acquisition was approximately 15% in Q1 2014, down from 22% in Q4 2013 and 30% in Q1 2013. The marine contract EBIT margin will fluctuate from quarter to quarter influenced by factors such as vessel scheduling, vessel transits, project specific variables and market conditions.

MultiClient pre-funding revenues in Q1 2014 corresponded to 64% of capitalized cash investments (excluding capitalized interest), compared to 127% in Q1 2013. The Company expects a pre-funding level of approximately 100% for the full year 2014. The lower pre-funding level in Q1 2014 was primarily due to a high share of MultiClient activity in the Gulf of Mexico, where the Company is seeking to expand its footprint, which normally carries a relatively low pre-funding level.

Pre-funding revenues in Q1 2014 primarily came from projects in Europe, South America and Africa. Compared to Q1 2013, pre-funding revenues were higher in Europe. The project mix of MultiClient surveys, which is an important factor for the pre-funding level, will vary from quarter to quarter depending on the opportunities arising.

Capitalized MultiClient cash investment in Q1 2014 increased by $43.3 million, or 59%, compared to Q1 2013, reflecting more capacity allocated to MultiClient.

MultiClient late sales revenues in Q1 2014 increased by $5.9 million, or 10%, compared to Q1 2013 driven by sales in Europe, South America and Africa.

In Q1 2014 external Imaging revenues were up $0.9 million, or 3%, compared to Q1 2013. The revenue increase is driven by growth in high-end GeoStreamer and depth processing, mostly in West Africa and international markets, with stability in the core North Sea market. All imaging of the Company's MultiClient surveys is done in-house. As the streamer count has increased the imaging resource base and technical competency have expanded to deliver strong external production while continuing to meet internal needs.

Net operating expenses (before depreciation, amortization and impairments) in Q1 2014 were $38.5 million lower than in Q1 2013, primarily reflecting more costs capitalized to the MultiClient library.

The order book totaled $610 million at March 31, 2014, (including $48 million of committed pre-funding on MultiClient projects), compared to $592 million at March 31, 2013 and $669 million at December 31, 2013.

Technology

In USD millions	1st Quarter		Full year
	2014	2013	2013
R&D cost gross	12.4	11.2	55.1
Capitalized dev. costs	(3.6)	(2.8)	(16.4)
Net R&D costs	8.8	8.4	38.7

The Company's R&D costs mainly relate to the current core business activities of marine seismic acquisition and processing plus the development and completion of the Company's Towed EM solution.

Q1 2014 gross R&D costs and capitalized development costs were higher compared to Q1 2013, reflecting more Q1 marine seismic field trial activity and increased levels of Imaging R&D. Overall resource levels remain roughly the same.

Depreciation and Amortization

In USD millions	1st Quarter		Full year
	2014	2013	2013
Gross depreciation	65.3	59.2	243.9
Depreciation capitalized and deferred, net	(35.5)	(21.7)	(113.2)
Amortization of MC library	63.7	68.2	301.8
Depreciation and amortization	93.5	105.7	432.5

Amortization of the MultiClient library as a percentage of MultiClient revenues was 46% in Q1 2014 compared to 45% in Q1 2013. The amortization level can vary from quarter to quarter depending on the MultiClient sales mix.

Gross depreciation increased by $6.1 million in Q1 2014, compared to Q1 2013. The increase is due to *Ramform Titan* and *Ramform Atlas* now being a part of the PGS fleet, vessel upgrades and continued investments in GeoStreamer.

Capitalized depreciation increased by $13.8 million, or 64%, in Q1 2014, compared to Q1 2013 as a result of more vessel capacity allocated to MultiClient projects in the quarter.

Loss from Associated Companies and Impairment

In Q1 2014 loss from associated companies and impairment of $15.6 million was driven by Azimuth Ltd., Seafloor Geophysical Solutions ("SGS") and PGS Khazar LLC. A majority of the loss relates to PGS's share of exploration costs expensed by Azimuth Ltd. where PGS has a 45% ownership. In Q1 2014, PGS recognized $18.8 million of sales of MultiClient data to subsidiaries of Azimuth.

Interest Expense

In USD millions	1st quarter		Full year
	2014	2013	2013
Gross interest expense	(13.3)	(13.7)	(57.6)
Capitalized interest MC library	4.2	1.9	10.5
Capitalized interest constr. in progress	1.6	3.8	14.8
Net interest expense	(7.5)	(8.0)	(32.3)

The increase in capitalized interest to the MultiClient library in Q1 2014, compared to Q1 2013 relates primarily to more vessel capacity being allocated to MultiClient.

The reduction of capitalized interest related to construction in progress in Q1 2014 compared to Q1 2013 is due to the completion of *Ramform Titan* in 2013 and *Ramform Atlas* in January 2014.

Other Financial Expense, Net

In USD millions	1st quarter		Full year
	2014	2013	2013
Interest income	0.3	0.3	1.6
Write off relating to Term Loan B refinancing	(8.8)	---	---
Currency exchange gain (loss)	0.6	2.4	(7.6)
Other	(1.5)	(2.1)	(1.6)
Net financial expense	(9.4)	0.6	(7.6)

The $8.8 million recorded in Q1 2014 as fair value adjustments and refinancing cost relates to refinancing of the Term Loan B, where the remaining fair value of interest rate hedges and un-amortized deferred loan cost of the original loan was expensed.

The Company holds foreign currency positions to balance its operational currency exposure. These positions are marked to market at each balance sheet date together with receivables and payables in non-US currencies, generally causing a currency exchange loss when the US dollar appreciates.

Income Tax Expense and Tax Contingencies

Q1 2014 income tax expense was $8.1 million compared to $25.4 million in Q1 2013. The current tax expense in Q1 2014 was $11.4 million compared to $15.2 million in Q1 2013. The deferred tax in Q1 2014 was a benefit of $3.3 million compared to a deferred tax expense of $10.2 million in Q1 2013. The effective tax rate for the current quarter is adversely impacted by losses on investments in associates which are non-deductible, partly offset by tax exempt profit on vessel operations within tonnage tax regimes.

The Company has an ongoing dispute with the tax office of Rio de Janeiro in Brazil related to ISS tax on the sale of MultiClient data relating to years 2000 and onwards. The issue has been disclosed in annual and quarterly reports since 2005. At March 31, 2014, the Company estimates the total exposure to be approximately $157 million, including possible penalties and interest. Because the Company considers it more likely than not that the contingency will be resolved in its favor, no provision has been made for any portion of the exposure. Deposits of $94 million were made in 2010 and 2011 to be able to file lawsuits for some of the years, seeking to confirm that sale of MultiClient data are not subject to ISS.

Following a federal tax audit in Brazil for the years 2006-2008, the Company in 2012 received two tax assessments for 2008 claiming approximately $70 million including interests and penalties. One assessment asserts that seismic vessels do not meet the definition of a vessel and therefore the charters into Brazil are subject to a 15% withholding tax instead of 0%. The second assessment levies a 10% tax (“CIDE”) on the same charters. PGS believes the claims are without merit and it is likely to succeed in achieving a positive decision at the administrative or judicial level. In 2012, the first administrative appeal level ruled in favor of PGS with respect to the withholding tax claim but upheld the CIDE assessment. On July 17, 2013, the second administrative appeal level ruled in favor of PGS with respect to the withholding tax claim. The ruling has been appealed to the third and last administrative level. The CIDE case it still pending before the second level.

Capital Expenditures[1)]

In USD millions	1st Quarter		Full year
	2014	2013	2013
Seismic equipment	47.6	11.0	91.7
Vessel upgrades/Yard	2.3	8.2	44.3
Processing equipment	4.3	6.0	23.3
New Builds	77.0	44.0	258.5
Other	0.7	2.2	20.0
Total	131.9	71.4	437.8

1) Includes capital expenditure incurred, whether paid or not.

The main capital expenditures in Q1 2014 were related to the new build program and seismic equipment. *Ramform Sovereign* was equipped with GeoStreamer in the quarter.

New Builds

In 2011, PGS ordered two Ramform Titan-class vessels from Mitsubishi Heavy Industries Ltd. In Q2 2013 the Company took delivery of the first vessel, the *Ramform Titan.* The second vessel, the *Ramform Atlas,* was delivered late January 2014. Options for two additional vessels, with delivery in 2015, were exercised in Q4 2012.

The cost of each of the two delivered Ramform Titan-class vessels is approximately $260 million, including commissioning and a comprehensive seismic equipment package, but excluding capitalized interest and post-delivery cost.

The cost of each of the two additional vessels scheduled for 2015 delivery is subject to additional costs related to new technology, both maritime and seismic, certain incentives in the shipbuilding contract, and an inflationary price increase on equipment and project costs.

The agreement with the shipyard provides for payment based on five defined milestones per vessel, with 50% payable at delivery. Seismic equipment is procured by PGS separately from the shipbuilding contract. Accumulated capital expenditures related to the two last Ramform Titan-class new builds as of March 31, 2014 were $45.4 million.

Liquidity and Financing

In Q1 2014 net cash provided by operating activities was $182.1 million, compared to $102.7 million in Q1 2013. The increase is mainly driven by solid cash collection impacting the working capital positively.

At March 31, 2014, cash and cash equivalents amounted to $208.6 million, compared to $311.6 million at March 31, 2013 and $263.8 million at December 31, 2013.

Restricted cash amounted to $97.8 million at March 31, 2014, compared to $98.1 million at March 31, 2013 and $89.4 million at December 31, 2013.

The relatively high level of restricted cash relates to deposits made in 2010 and 2011 of approximately $94 million to initiate law suits with the Rio de Janeiro courts to seek confirmation that sale of MultiClient data in Brazil is not subject to ISS tax (see annual report 2013 for more details). The deposits are denominated in Brazilian Real.

In March 2014 PGS amended and extended its original $470.5 million Term Loan B maturing in 2015 to $400.0 million maturing in 2021.

At March 31, 2014, $400.0 million was outstanding under the new Term Loan B maturing in 2021 and $450.0 million was outstanding of the Senior Notes maturing in 2018. The $500.0 million revolving credit facility maturing in 2018 was undrawn.

PGS has established export credit financing totaling $555.0 million for the four Ramform Titan-class vessels. The loans have a tenor of 12 years from drawing, with repayment in equal semi-annual installments. $125.0 million was drawn under this facility upon delivery of the *Ramform Titan* in Q2 2013. Another $125.0 million was drawn after delivery of *Ramform Atlas* in Q1 2014. The remaining $305.0 million will be drawn during construction and/or around delivery of the two remaining Ramform Titan-class vessels, scheduled for delivery in 2015. Of the $250.0 million already drawn $10.0 million are repaid and as of March 31, 2014 total export credit financing lines are $545.0 million.

Total interest bearing debt, including capital leases, was $1,089.8 million at March 31, 2014 compared to $921.1 million at March 31, 2013 and $1,040.8 million at December 31, 2013.

Net interest bearing debt (interest bearing debt less cash and cash equivalents, restricted cash and interest bearing loans and investments) was $760.4 million at March 31, 2014 compared to $504.5 million at March 31, 2013 and $666.7 million at December 31, 2013.

At March 31, 2014, the Company had approximately 80% of its debt at fixed interest rates. The weighted average cash interest cost of gross debt reflects an interest rate of approximately 5.6%, including credit margins paid on the debt.

The revolving credit facility contains a covenant whereby total leverage ratio (as defined) cannot exceed 2.75:1. At March 31, 2014 the total leverage ratio was 1.27:1.

Risk Factors

The Company emphasizes that the information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, many of which are beyond its control and all of which are subject to risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to the demand for seismic services, the demand for data from the Company's MultiClient data library, the attractiveness of PGS' technology, changes in governmental regulations affecting markets, technical downtime, licenses and permitting, currency and fuel price fluctuations, and extreme weather conditions.

Contracts for services are occasionally modified by mutual consent and in certain instances may be cancelled by customers at short notice without compensation. Consequently, the order book as of any particular date may not be indicative of actual operating results for any succeeding period.

For a further description of other relevant risk factors we refer to the Annual Report for 2013. As a result of these and other risk factors, actual events and actual results may differ materially from those indicated in or implied by such forward-looking statements.

Outlook 2014 Reiterated

Based on the current operational projections and with reference to the aforementioned risk factors, PGS expects full year 2014 EBITDA to be in the range of $900-950 million.

MultiClient cash investments are expected to be approximately $350 million, with a pre-funding level of approximately 100% of capitalized cash investment.

Capital expenditures are estimated to be approximately $450 million, of which $275-300 million are related to the new build program.

Oslo, May 8, 2014

Francis R. Gugen
Chairperson

Daniel J. Piette
Director

Harald Norvik
Vice Chairperson

Ingar Skaug
Director

Carol Bell
Director

Walter Qvam
Director

Holly A. Van Deursen
Director

Anne Grethe Dalane
Director

Jon Erik Reinhardsen
Chief Executive Officer

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Petroleum Geo-Services ("PGS" or "the Company") is a focused Marine geophysical company that provides a broad range of seismic and reservoir services, including acquisition, imaging, interpretation, and field evaluation. The Company's MultiClient data library is among the largest in the seismic industry, with modern 3D coverage in all significant offshore hydrocarbon provinces of the world. The Company operates on a worldwide basis with headquarters in Oslo, Norway.

PGS has a presence in 22 countries with regional centers in London, Houston and Singapore. Our headquarters is in Oslo, Norway and the PGS share is listed on the Oslo stock exchange (OSE:PGS).

For more information on Petroleum Geo-Services visit www.pgs.com.

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Board of Directors:

Francis Gugen (Chairperson)
Harald Norvik (Vice Chairperson)
Carol Bell
Holly Van Deursen
Annette Malm Justad
Daniel J. Piette
Ingar Skaug
Walter Qvam
Anne Grethe Dalane

Executive Officers:

Jon Erik Reinhardsen	President and CEO
Gottfred Langseth	EVP and CFO
Per Arild Reksnes	EVP Marine Contract
Sverre Strandenes	EVP MultiClient
Guillaume Cambois	EVP Imaging & Engineering
Magne Reiersgard	EVP Operations

Other Corporate Management:

Terje Bjølseth	SVP Global Human Resources
Tore Langballe	SVP Corporate Communications
Rune Olav Pedersen	General Counsel
Jostein Ueland	SVP Business Development
Joanna Oustad	SVP HSEQ

Web-Site:

www.pgs.com

Financial Calendar:

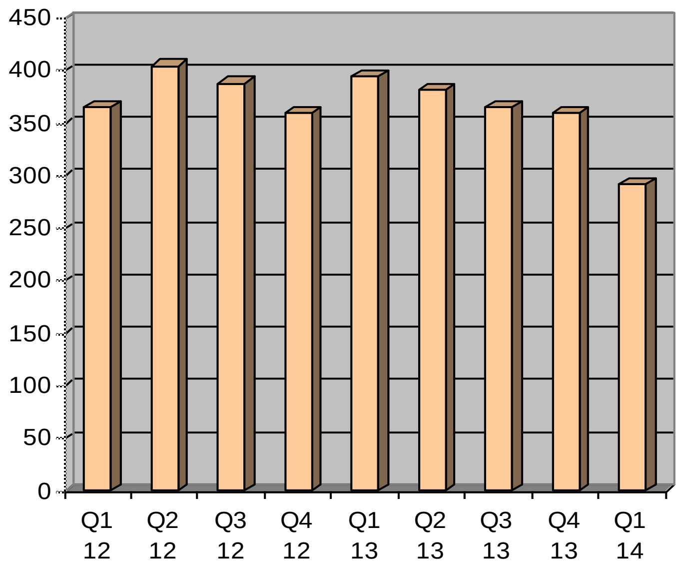
Q1 2014 report	May 9, 2014
Q2 2014 report	July 24, 2014
Q3 2014 report	October 23, 2014
CMD	December 19, 2014

The dates are subject to change.

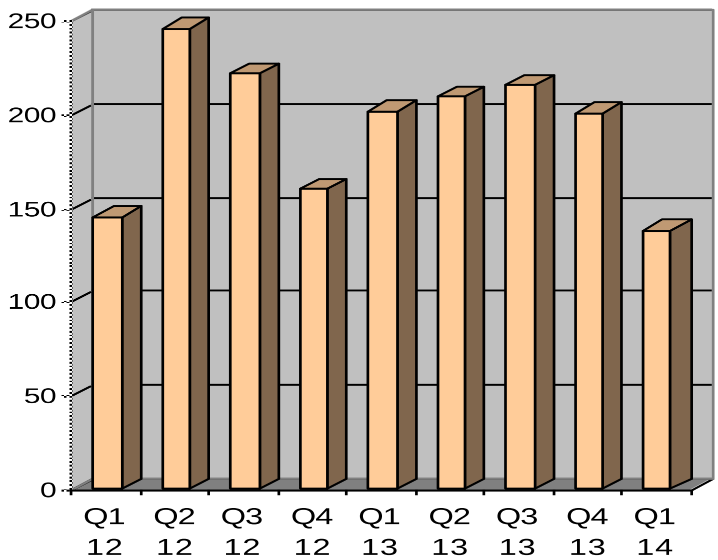
Petroleum Geo-Services ASA and Subsidiaries
Condensed Consolidated Statements of Operations

(In millions of US dollars, except share data)	Note	Quarter ended March 31, 2014	Quarter ended March 31, 2013	Year ended December 31, 2013
Revenues	3	292.5	394.8	1 501.6
Cost of sales		128.6	168.1	570.9
Research and development costs	4	8.8	8.4	38.7
Selling, general and administrative costs		16.6	16.0	63.1
Depreciation and amortization	3, 5	93.5	105.7	432.5
Impairment of long-term assets	3	-	-	15.0
Other operating income	3	(0.2)	(0.2)	(0.7)
Total operating expenses		247.3	298.0	1 119.5
Operating profit/EBIT	3	45.2	96.8	382.1
Loss from associated companies and impairment	11	(15.6)	(1.5)	(14.3)
Interest expense	6	(7.5)	(8.0)	(32.3)
Other financial expense, net	7	(9.4)	0.6	(7.6)
Income before income tax expense		12.7	87.9	327.9
Income tax expense		8.1	25.4	89.6
Net income to equity holders of PGS ASA		**4.6**	**62.5**	**238.3**
Earnings per share, to ordinary equity holders of PGS ASA:				
- Basic		0.02	0.29	1.11
- Diluted		0.02	0.29	1.10
Weighted average basic shares outstanding		215 192 286	216 553 489	215 566 344
Weighted average diluted shares outstanding		215 809 169	217 467 307	216 400 525

Revenues by Quarter
2012 - 2014
MUSD



EBITDA by Quarter
2012 - 2014
MUSD



Petroleum Geo-Services ASA and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income

(In millions of US dollars)	Note	Quarter ended March 31, 2014	Quarter ended March 31, 2013	Year ended December 31, 2013
Net income for the period		4.6	62.5	238.3
Other comprehensive income:				
Actuarial gains (losses) on defined benefit pensions plans		0.1	-	(12.2)
Income tax effect on actuarial gains and losses		-	-	2.5
Items that will not be reclassified to statements of operations		0.1	-	(9.7)
Cash flow hedges				
Gains (losses) arising during the period		-	(0.6)	0.1
Reclassification adjustments for losses (gains) included in the condensed consolidated statements of operations		9.1	2.4	8.8
Deferred tax on cash flow hedges		(2.5)	(0.5)	(2.6)
Revaluation of shares available-for-sale				
Gains (losses) arising during the period		-	(1.1)	(0.6)
Reclassification adjustments for losses (gains) included in the condensed consolidated statements of operations		-	0.8	1.4
Other comprehensive income (loss) of associated companies		(0.7)	0.7	0.6
Translation adjustments and other		0.2	(0.1)	(0.1)
Items that may be subsequently reclassified to statements of operations		6.1	1.6	7.6
Other comprehensive income for the period, net of tax		6.2	1.6	(2.1)
Total comprehensive income to equity holders of PGS ASA		10.8	64.1	236.2

Petroleum Geo-Services ASA and Subsidiaries
Condensed Consolidated Statements of Financial Position

(In millions of US dollars)	Note	March 31, 2014	March 31, 2013	December 31, 2013
ASSETS				
Current assets:				
Cash and cash equivalents	9	208.6	311.6	263.8
Restricted cash	9	19.7	10.8	14.6
Accounts receivable		154.8	204.8	177.1
Accrued revenues and other receivables		127.8	195.7	183.3
Other current assets		138.3	97.1	124.5
Total current assets		649.2	820.0	763.3
Long-term assets:				
Property and equipment		1 697.5	1 453.5	1 629.5
MultiClient library	8	666.3	410.5	576.9
Restricted cash	9	78.1	87.3	74.8
Deferred tax assets		110.9	158.4	110.0
Other long-term assets		50.1	84.0	85.0
Goodwill		139.9	139.9	139.9
Other intangible assets		170.0	147.4	164.9
Total long-term assets		2 912.8	2 481.0	2 781.0
Total assets		3 562.0	3 301.0	3 544.3
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term debt and current portion of long-term debt	9,10	25.1	0.4	10.8
Accounts payable		70.6	49.6	66.0
Accrued expenses		269.1	268.8	279.4
Income taxes payable		29.5	33.4	34.3
Total current liabilities		394.3	352.2	390.5
Long-term liabilities:				
Long-term debt	9,10	1 045.7	916.6	1 019.6
Deferred tax liabilities		6.4	7.9	6.2
Other long-term liabilities		46.3	59.4	62.4
Total long-term liabilities		1 098.4	983.9	1 088.2
Shareholders' equity:				
Paid-in capital:				
Common stock; par value NOK 3; issued and outstanding 217,799,997 shares		96.5	96.5	96.5
Treasury shares, par value		(1.7)	(0.8)	(1.4)
Additional paid-in capital		521.3	514.6	519.5
Total paid-in capital		616.1	610.3	614.6
Accumulated earnings		1 483.6	1 381.0	1 479.4
Other comprehensive income		(30.4)	(26.4)	(28.4)
Total shareholders' equity		2 069.3	1 964.9	2 065.6
Total liabilities and shareholders' equity		3 562.0	3 301.0	3 544.3

Petroleum Geo-Services ASA and Subsidiaries
Condensed Consolidated Statements of Changes in Shareholders' Equity

For the quarter ended March 31, 2013

(In millions US of dollars)	Attributable to equity holders of PGS ASA Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other comprehensive income	Shareholders' equity
Balance at December 31, 2012	**96.5**	**(0.5)**	**513.3**	**1 328.5**	**(16.0)**	**1 921.8**
Effect of retrospectively adopting IAS 19R	-	-	-	-	(10.3)	(10.3)
Balance at January 1, 2013	**96.5**	**(0.5)**	**513.3**	**1 328.5**	**(26.3)**	**1 911.5**
Total comprehensive income	-	-	-	64.1	(0.1)	64.0
Acquired treasury shares	-	(0.4)	-	(12.3)	-	(12.7)
Employee benefit plans	-	0.1	1.3	0.7	-	2.1
Balance at March 31, 2013	**96.5**	**(0.8)**	**514.6**	**1 381.0**	**(26.4)**	**1 964.9**

For the quarter ended March 31, 2014

(In millions US of dollars)	Attributable to equity holders of PGS ASA Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other comprehensive income	Shareholders' equity
Balance at January 1, 2014	**96.5**	**(1.4)**	**519.5**	**1 479.4**	**(28.4)**	**2 065.6**
Total comprehensive income	-	-	-	4.6	6.2	10.8
Transfer of actuarial gains and losses net of tax	-	-	-	8.2	(8.2)	-
Acquired treasury shares	-	(0.4)	-	(9.8)	-	(10.2)
Employee benefit plans	-	0.1	1.8	1.2	-	3.1
Balance at March 31, 2014	**96.5**	**(1.7)**	**521.3**	**1 483.6**	**(30.4)**	**2 069.3**

Petroleum Geo-Services ASA and Subsidiaries
Condensed Consolidated Statements of Cash Flows

(In millions of US dollars)	Quarter ended March 31, 2014	Quarter ended March 31, 2013	Year ended December 31, 2013
Cash flows provided by operating activities:			
Net income to equity holders of PGS ASA	4.6	62.5	238.3
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and impairment of long-term assets	93.5	105.7	447.5
Share of loss in associated companies and impairments	15.6	1.5	14.3
Interest expense	7.5	8.0	32.3
Loss on sale and retirement of assets	1.8	2.0	8.6
Income taxes paid	(4.7)	(10.9)	(33.8)
Other items	10.5	1.4	3.5
(Increase) decrease in accounts receivable, accrued revenues & other receivables	77.9	(70.5)	(30.7)
Increase (decrease) in accounts payable	6.7	(2.8)	17.0
Change in other short-term items related to operating activities	(19.3)	14.9	34.7
Change in other long-term items related to operating activities	(12.0)	(9.1)	43.6
Net cash provided by operating activities	182.1	102.7	775.3
Cash flows used in investing activities:			
Investment in MultiClient library	(116.2)	(72.9)	(373.0)
Investment in property and equipment	(144.2)	(78.1)	(438.5)
Investment in other intangible assets	(6.7)	(6.7)	(29.2)
Investment in other current -and long-term assets	(2.0)	(3.5)	(22.0)
Proceeds from sale and disposal of assets	3.5	2.5	2.6
Increase in long-term restricted cash	-	(0.4)	(0.6)
Net cash used in investing activities	(265.6)	(159.1)	(860.7)
Cash flows (used in) provided by financing activities:			
Proceeds, net of deferred loan costs, from issuance of long-term debt	112.7	(4.0)	114.6
Repayment of debt	(75.8)	(1.3)	(11.9)
Purchase of treasury shares	(4.3)	(12.7)	(29.2)
Proceeds from sale of treasury shares	1.3	0.7	1.6
Dividend paid	-	-	(60.9)
Interest paid	(5.6)	(5.0)	(55.3)
Net cash (used in) provided by financing activities	28.3	(22.3)	(41.1)
Net decrease in cash and cash equivalents	(55.2)	(78.7)	(126.5)
Cash and cash equivalents at beginning of period	263.8	390.3	390.3
Cash and cash equivalents at end of period	**208.6**	**311.6**	**263.8**

Note 1 - General

The Company is a Norwegian limited liability company and has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The consolidated condensed interim financial statements have been prepared in accordance with international Accounting Standards ("IAS") No. 34 "Interim Financial Reporting". The interim financial information has not been subject to audit or review.

EBIT or "operating profit" means Revenues less Total operating expenses. EBITDA, when used by the Company, means EBIT less other operating (income) expense, impairment of long-term assets and depreciation and amortization. EBITDA may not be comparable to other similarly titled measures from other companies. The Company has included EBITDA as a supplemental disclosure because management believes that it provides useful information regarding the Company's ability to service debt and to fund capital expenditures and provides investors with a helpful measure for comparing its operating performance with that of other companies.

Note 2 - Basis of presentation

The condensed interim consolidated financial statements reflect all adjustments, in the opinion of PGS' management, that are necessary for a fair presentation of the results of operations for all periods presented. Operating results for the interim period are not necessarily indicative of the results that may be expected for any subsequent interim period or year. The condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2013.

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company’s consolidated financial statements for the year ended December 31, 2013 with the exeption of adoption of IFRS10, IFRS 11, IFRS 12, IAS 27 and IAS 28. The adopted standards do not have a significant impact on the condensed interim consolidated financial statements of the Company.

Note 3 - Segment information

The chief operating decision maker reviews Contract and MultiClient as separate operating segments, however, as the two operating segments meet the aggregation criteria in IFRS 8 "Operating Segments", they are presented combined as "Marine". "Other" includes Corporate administration costs and unallocated Global Shared Resources costs (net). Other financial expense, net and income tax expense are not included in the measure of segment performance.

Revenues by operating segment and service type:

	Quarter ended March 31,		Year ended December 31,
(In millions of US dollars)	2014	2013	2013
Marine revenues by service type:			
- Contract seismic	116.0	207.3	677.5
- MultiClient pre-funding	74.2	92.6	360.5
- MultiClient late sales	64.8	58.9	311.3
- Imaging	28.0	27.1	122.7
- Other	9.5	8.9	29.3
Marine revenues	**292.5**	**394.8**	**1 501.3**
- Other, non Marine	-	-	0.3
Total revenues	**292.5**	**394.8**	**1 501.6**

Operating profit (loss) EBIT by operating segment:

	Quarter ended March 31,		Year ended December 31,
(In millions of US dollars)	2014	2013	2013
Marine:			
EBITDA	141.6	206.0	840.9
Other operating income	0.2	0.2	0.7
Impairment of long-term assets	-	-	(15.0)
Depreciation and amortization (a)	(27.8)	(36.0)	(123.9)
Amortization of MultiClient library (a)	(63.7)	(68.2)	(301.8)
Operating profit EBIT, Marine	50.3	102.0	400.9
Other:			
EBITDA	(3.1)	(3.7)	(12.0)
Depreciation and amortization (a)	(2.0)	(1.5)	(6.8)
Operating loss EBIT, Other	(5.1)	(5.2)	(18.8)
Total Operating profit:			
EBITDA	138.5	202.3	828.9
Other operating income	0.2	0.2	0.7
Impairment of long-term assets	-	-	(15.0)
Depreciation and amortization (a)	(29.8)	(37.5)	(130.7)
Amortization of MultiClient library (a)	(63.7)	(68.2)	(301.8)
Total Operating profit EBIT	**45.2**	**96.8**	**382.1**

(a) Presented combined in the condensed consolidated statements of operations.

Note 4 - Research and development costs

Research and development costs, net of capitalized portion were as follows:

(In millions of US dollars)	Quarter ended March 31, 2014	Quarter ended March 31, 2013	Year ended December 31, 2013
Research and development costs, gross	12.4	11.2	55.1
Capitalized development costs	(3.6)	(2.8)	(16.4)
Total	**8.8**	**8.4**	**38.7**

Note 5 - Depreciation and amortization

Depreciation and amortization consists of the following:

(In millions of US dollars)	Quarter ended March 31, 2014	Quarter ended March 31, 2013	Year ended December 31, 2013
Gross depreciation	65.3	59.2	243.9
Depreciation capitalized and deferred, net	(35.5)	(21.7)	(113.2)
Amortization of MultiClient library	63.7	68.2	301.8
Total	**93.5**	**105.7**	**432.5**

The Company amortizes its MultiClient library primarily based on the ratio between cost of surveys and the total forecasted sales for such surveys. The surveys are categorized into amortization categories based on this ratio. These categories range from 30-95% of sales amounts with 5% intervals, with a minimum of 45% for pre-funding. Each category includes surveys where the remaining unamortized cost as a percentage of remaining forecasted sales is less than or equal to the amortization rate applicable to each category.

The Company also applies minimum amortization criteria for the library projects based generally on a five-year life. The Company calculates and records minimum amortization individually for each MultiClient survey or pool of surveys on a quarterly basis. At year-end, or when specific impairment indicators exists, the Company carries out an impairment test of individual MultiClient surveys. The Company classifies these impairment charges as amortization expense in its condensed consolidated statements of operations since this additional, non-sales related amortization expense, is expected to occur regularly.

Note 6 - Interest expense

Interest expense consists of the following:

(In millions of US dollars)	Quarter ended March 31, 2014	Quarter ended March 31, 2013	Year ended December 31, 2013
Interest expense, gross	(13.3)	(13.7)	(57.6)
Capitalized interest, MultiClient library	4.2	1.9	10.5
Capitalized interest, construction in progress	1.6	3.8	14.8
Total	**(7.5)**	**(8.0)**	**(32.3)**

Note 7 - Other financial expense, net

Other financial expense, net consists of the following:

(In millions of US dollars)	Quarter ended March 31, 2014	Quarter ended March 31, 2013	Year ended December 31, 2013
Interest income	0.3	0.3	1.6
Write off relating to Term loan refinancing (a)	(8.8)	-	-
Currency exchange gain (loss)	0.6	2.4	(7.6)
Other	(1.5)	(2.1)	(1.6)
Total	**(9.4)**	**0.6**	**(7.6)**

(a) Arose from Term Loan refinancing. See note 10.

Note 8 - MultiClient library

The net book-value of the MultiClient library by year of completion is as follows:

	March 31,		December 31,
(In millions of US dollars)	2014	2013	2013
Completed during 2008	-	10.4	-
Completed during 2009	21.7	49.9	27.6
Completed during 2010	18.6	26.9	20.5
Completed during 2011	30.0	44.8	32.1
Completed during 2012	42.6	57.0	45.2
Completed during 2013	55.3	16.8	60.2
Completed during 2014	2.9	-	-
Completed surveys	171.1	205.8	185.6
Surveys in progress	495.2	204.7	391.3
MultiClient library, net	**666.3**	**410.5**	**576.9**

Key figures MultiClient library:

	Quarter ended March 31,		Year ended December 31,
(In millions of US dollars)	2014	2013	2013
MultiClient pre-funding revenue	74.2	92.6	360.5
MultiClient late sales	64.8	58.9	311.3
Cash investment in MultiClient library (a)	116.2	72.9	373.0
Capitalized interest in MultiClient library (b)	4.2	1.9	10.5
Capitalized depreciation (non-cash)	32.7	23.2	112.9
Amortization of MultiClient library (c)	63.7	68.2	301.8

(a) See condensed consolidated statements of cash flows.
(b) See note 6.
(c) See note 3.

Note 9 - Net interest bearing debt

Summary of net interest bearing debt:

	March 31,		December 31,
(In millions of US dollars)	2014	2013	2013
Cash and cash equivalents	208.6	311.6	263.8
Restricted cash (current and long-term)	97.8	98.1	89.4
Interest bearing receivables	23.0	6.9	20.9
Short-term debt and current portion of long-term debt	(25.1)	(0.4)	(10.8)
Long-term debt (a)	(1 045.7)	(916.6)	(1 019.6)
Adjustment for deferred loan costs (offset in long-term debt)	(19.0)	(4.1)	(10.4)
Total	**(760.4)**	**(504.5)**	**(666.7)**

(a) Includes a drawdown on the export credit facility of $125 million. In addition, the Term Loan was refinanced and resized from $470.5 million to $400 million and the maturity extended to March 2021. Both transactions took place during the quarter ended March 31, 2014.

Note 10 - Financial instruments

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, accrued revenues and other receivables, other current assets accounts payable and accrued expenses approximate their respective fair values because of the short maturities of those instruments. The fair values of other financial instruments are determined using level 2 observable inputs as described in the Company's 2013 annual report.

The carrying amounts and the estimated fair values of debt and derivative instruments are summarized as follows:

	Carrying amounts		Fair values		Notional amounts	
	March 31,		March 31,		March 31,	
(In millions of US dollars)	2014	2013	2014	2013	2014	2013
Total forward exchange contracts (hedge)	(1.0)	0.5	(1.0)	0.5	42.4	18.8
Total forward exchange contracts (non-hedge)	-	(2.5)	-	(2.5)	151.5	119.2
Total forward exchange contracts	**(1.0)**	**(2.0)**	**(1.0)**	**(2.0)**	**193.9**	**138.0**
Interest rate swaps (hedge)	-	(16.2)	-	(16.2)	-	300.0
Interest rate swaps (non-hedge)	(6.1)	-	(6.1)	-	300.0	-
Total interest rate swaps	**(6.1)**	**(16.2)**	**(6.1)**	**(16.2)**	**300.0**	**300.0**
Debt with fixed interest rate	575.0	450.0	605.6	492.4		
Debt with variable interest rate	514.5	470.5	512.4	462.3		
Total debt recognized at amortized cost	**1 089.5**	**920.5**	**1 118.0**	**954.7**		

Effective September 30, 2013, the Company discontinued hedge accounting on its interest rate swap agreements. As a result of refinancing the term loan, deferred loan costs from the original instrument loan and the reserve relating to the interest of the loan held in other comprehensive income, a total of $8.8 million was expensed in Q1 2014.

Note 11 - Loss from associated companies and impairment

In Q1 2014, the Company recognized $18.8 million of revenue from MultiClient data licenses to associated companies which is expensed in the financial statements of the associated companies. The Company's share of loss from associated companies includes a proportionate share of the expensed MultiClient license cost in the amount of $7.3 million.

In addition, an impairment of $4.8 million was recognized in Q1 relating to the investments in associated companies.

Note 12 - Termination of Norwegian defined benefit plan and restructuring provision

In Q1 2014, the Company decided to terminate the Norwegian defined benefit plan and the participants were transferred to the defined contribution plan as of April 1, 2014. A net pension liability of $10.2 million (projected benefit obligation of $57.4 million and plan assets of $47.2 million) was de-recognized in Q1 2014 resulting in a settlement gain, reducing operating expenses, of approximately $6 million after one-time administration fees and costs credited to MultiClient investment.

In Q1 2014, the Company recognized a restructuring provision of $1.8 million relating to closure of the office in Edinburgh.