

First Quarter 2013 Results

April 29, 2013 Oslo, Norway



GeoStreamer® Strengthens Profitability in an Improving Market

Highlights Q1 2013

- Revenues of \$394.8 million, up 8% from Q1 2012
- EBITDA of \$202.3 million, up 39% from Q1 2012
- EBIT of \$96.8 million, up 170% from Q1 2012
- Group EBIT margin of 25%, up from 10% in Q1 2012
- *Ramform Titan* naming ceremony held April 26 – the vessel will start North Sea MultiClient GeoStreamer acquisition in early July
- Full year 2013 guidance reiterated



“The strong Group EBIT margin of 25% in the quarter was driven by good performance, our strong technology position and improved market conditions. Average 2013 marine contract prices are expected to be 10-15% above 2012 prices.

The GeoStreamer is continuing to gain market strength and customer interest as we further explore new ways of exploiting this ground breaking technology. The recent news flow from Brazilian authorities regarding future licensing rounds, and revival of other key markets, indicate a further strengthening of the global marine seismic market and pricing in 2014.”

Jon Erik Reinhardsen,
President and Chief Executive Officer

Key Financial Figures (In USD millions, except per share data)	1 st Quarter		Full year
	2013	2012	2012
Revenues	394.8	365.0	1,518.3
EBITDA (as defined, see note 1)	202.3	145.7	776.2
EBIT	96.8	35.8	293.8
Income before income tax expense	87.9	16.2	228.5
Net income to equity holders	62.5	12.6	185.5
Basic earnings per share (\$ per share)	0.29	0.06	0.86
Diluted earnings per share (\$ per share)	0.29	0.06	0.85
Net cash provided by operating activities	102.7	151.6	752.9
Cash investment in MultiClient library	72.9	52.7	297.4
Capital expenditures (whether paid or not)	71.4	67.9	368.1
Total assets (period end)	3,301.0	2,945.9*	3,275.6*
Cash and cash equivalents (period end)	311.6	260.4	390.3
Net interest bearing debt (period end)	504.5	367.9	435.6

*The financial information for 2012 is restated from retrospectively adopting IAS19R, see note 3

PGS Group

In USD millions	1 st Quarter		Full year
	2013	2012	2012
Contract revenues	207.3	174.9	623.5
MC pre-funding	92.6	108.5	461.3
MC late sales	58.9	49.4	266.8
Processing ¹⁾	27.1	27.3	124.4
Other	8.9	4.9	42.2
Total revenues	394.8	365.0	1,518.3
EBITDA	202.3	145.7	776.2
EBIT	96.8	35.8	293.8
Pretax income	87.9	16.2	228.5
Net income	62.5	12.6	185.5
MC cash investment	72.9	52.7	297.4
Pre-funding % ²⁾	126%	206%	155%
Opex	(192.5)	(219.3)	(743.8)
Vessel allocation ³⁾			
Contract	54%	57%	48%
MultiClient	38%	31%	37%
Steaming	6%	6%	11%
Yard	2%	5%	4%
Standby	0%	1%	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.

Q1 2013 revenues for Petroleum Geo-Services ASA (“PGS” or “the Company”) were 8% higher than Q1 2012, mainly due to higher contract and MultiClient late sales revenues, partially offset by lower MultiClient pre-funding revenues.

Compared to Q1 2012, contract revenues increased by \$32.4 million in Q1 2013. The increase is mainly driven by a generally stronger marine seismic market, higher prices and improved profitability of the Company’s services, which are increasingly GeoStreamer focused. The EBIT margin for marine contract acquisition work was approximately 30% in Q1 2013, up from 12% in Q4 2012 and 4% in Q1 2012. The marine contract EBIT margin will fluctuate from quarter to quarter due to vessel scheduling, vessel transits, and project specific variances.

Despite more capacity being allocated to MultiClient in Q1 2013 compared to Q1 2012, pre-funding revenues were lower, corresponding to 126% of capitalized MultiClient cash investments (excluding capitalized interest), compared to 206% in Q1 2012. A pre-funding level of 126% is strong and the reduction

is principally due to unusually high pre-funding in Q1 2012, driven by the large Angolan MultiClient survey and pre-funding revenues from additional participants to MultiClient surveys in Brazil and the North Sea which were close to completion. Pre-funding revenues were lower in Europe, Africa and South America in Q1 2013, compared to Q1 2012.

Capitalized cash investment in the MultiClient library in Q1 2013 increased compared to Q1 2012, reflecting more capacity allocated to MultiClient.

MultiClient late sales in Q1 2013 increased compared to Q1 2012, due to higher sales in Europe, Asia Pacific North America and the Middle East.

External data processing revenues in Q1 2013 were basically flat compared to Q1 2012, but within those numbers we saw a strengthening of Mexico and the core North Sea market, offset by reduced activity in some smaller markets and reduced external production, due to allocation of resources to MC production, especially reprocessing of the Crystal survey in the US Gulf of Mexico, and processing of the Kwanza survey in Angola.

Net operating expenses (before depreciation, amortization and impairments) in Q1 2013, were \$26.8 million lower than in Q1 2012, reflecting lower levels of operation in high cost regions, as well as more costs capitalized to the MultiClient library following the increased vessel capacity allocated, and effects from the 2012 profit improvement program.

The order book totaled \$592 million at March 31, 2013, including \$165 million of committed pre-funding on scheduled MultiClient projects, compared to \$829 million at December 31, 2012 and \$655 million at March 31, 2012. The order book reflects stable pricing at somewhat shorter average backlog duration for the vessels.

Technology

In USD millions	1 st Quarter		Full year
	2013	2012	2012
R&D cost gross	11.2	10.7	57.3
Capitalized dev. costs	(2.8)	(3.2)	(19.0)
Net R&D costs	8.4	7.5	38.3

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.

Comparing Q1 2013 to Q1 2012, the gross R&D cost increase is largely driven by a shift of resources towards developing future generations of GeoStreamer technology, partially offset by a reduction in Towed EM expense classified as R&D. Overall resource levels have remained roughly the same. The decrease in capitalized development costs is driven by reduction in the amount of EM development capitalized and reduction in seismic acquisition field trial costs vs. 2012. Towed EM resources levels are roughly the same but have focused more on projects classified as operating expense.

Depreciation and Amortization

In USD millions	1 st Quarter		Full year
	2013	2012	2012
Gross depreciation	59.2	54.5	222.6
Capitalized depreciation to MC library/development cost	(21.7)	(16.9)	(82.9)
Amortization of MC library	68.2	72.8	344.6
Depreciation and amortization	105.7	110.5	484.3

The increase in gross depreciation in Q1 2013 compared to Q1 2012 is driven by vessel upgrades and the continued investment in GeoStreamer.

Capitalized depreciation to the MultiClient library increased by \$4.8 million in Q1 2013, compared to Q1 2012 as a result of higher level of fleet capacity being allocated to 3D MultiClient surveys.

Amortization of the MultiClient library as a percentage of MultiClient revenues was 45% in Q1 2013, compared to 46% in Q1 2012.

Net financial expense

In USD millions	1 st quarter		Full year
	2013	2012	2012
Gross interest expense	(13.8)	(15.0)	(51.4)
Capitalized interest MC library	1.9	1.4	5.6
Capitalized interest constr. in progress	3.8	0.9	8.0
Interest income	0.3	1.4	3.6
Loss on repurchase of convertible notes	–	(7.5)	(7.5)
Currency exchange gain (loss)	2.4	1.0	(7.3)
Other (see note 7)	(3.5)	(1.8)	(16.3)
Net financial expense	(8.9)	(19.6)	(65.3)

The decrease in net financial expense in Q1 2013, compared to Q1 2012 primarily relates to a loss on the redemption and cancellation of the Company's convertible notes in Q1 2012.

Capitalized interest relating to vessels under construction increased, and will be relatively high going forward, as a result of the Company's new building program.

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

In Q1 2013 the income tax expense was \$25.4 million compared to \$3.5 million in Q1 2012. The current tax expense in Q1 2013 was \$15.2 million compared to \$13.0 million in Q1 2012. The deferred tax expense in Q1 2013 was \$10.2 million compared to a benefit of \$9.5 million in Q1 2012. The reported tax expense for the current quarter is favourably impacted by tax exempt profit on vessel operations within tonnage tax regimes, offset by foreign exchange movements relating to deferred tax assets in Norway.

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, 2013, the

Company estimates the total exposure to be approximately \$166 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 received in May 2012 two tax assessments for 2008 claiming approximately \$75 million including possible 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 unmerited and have a low probability of prevailing and has been advised that it is likely that it will be successful in achieving a positive decision at the administrative or judicial level. In July 2012, the first administrative appeal level ruled in favor of PGS with respect to the withholding tax claim but upheld the CIDE assessment.

Capital Expenditures¹⁾

In USD millions	1 st Quarter		Full year
	2013	2012	2012
Seismic equipment	11.0	31.0	94.4
Vessel upgrades/Yard	8.2	1.0	46.0
Processing equipment	6.0	4.1	17.9
New Builds	44.0	29.7	202.0
Other	2.2	2.1	7.8
Total	71.4	67.9	368.1

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

The main capital expenditures in Q1 2013 were costs related to the new build programs, seismic equipment and vessel upgrades/yard/classing.

New Builds

In April 2011, PGS ordered two new Ramform Titan-class vessels from Mitsubishi Heavy Industries Ltd. The naming ceremony for *Ramform Titan* took place April 26, and the vessel will formally be taken over early

May. *Ramform Atlas* is scheduled for delivery end Q4 2013. Options for another two vessels were included in the ship building contract, and were exercised in Q4 2012. The two additional vessels are scheduled for delivery in the first and second half of 2015. When completed, the four new builds will form an integral part of an 11 vessel fleet of Ramforms.

The estimated cost for each of the two first vessels is approximately \$260 million, including commissioning and a comprehensive seismic equipment package, but excluding capitalized interest and post-delivery cost. The increased cost is primarily due to improvement of the seismic package and increased logistical costs.

The cost of each of the additional two vessels for delivery in 2015 is approximately \$260 million, but subject to additional costs related to new technology on the maritime and seismic side, certain incentives in the shipbuilding contract, and inflationary price increase on equipment and project costs.

The agreement with the shipyard for all four vessels provides for payment based on five defined milestones, with 50% payable at delivery. Seismic equipment is procured by PGS separately from the shipbuilding contract. Accumulated capital expenditures related to the new builds at March 31, 2013 was \$296.5 million. The Company expects aggregate capital expenditures in relation to the new builds to be in the range of \$325-350 million in 2013.

Liquidity and Financing

Net cash provided by operating activities was \$102.7 million in Q1 2013, compared to \$151.6 million in Q1 2012. The earnings improved markedly but were offset by larger increase in working capital. The Company had a low working capital position at year-end 2012. The increase of working capital in Q1 2013 reflects an increase in accounts receivable and accrued revenues, which is project driven, and payment of bonuses for 2012.

At March 31, 2013, cash and cash equivalents amounted to \$311.6 million, compared to \$260.4 million at March 31, 2012 and \$390.3 million at December 31, 2012. The decrease in cash and cash equivalent in the quarter reflects high investment activities and a working capital increase.

Restricted cash amounted to \$98.1 million at March 31, 2013, compared to \$100.1 million at March 31, 2012 and \$92.3 million at December 31, 2012.

The relatively high amount 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 2012 for more details). The deposits are denominated in Brazilian Real.

At March 31, 2013, \$470.5 million and \$450 million were outstanding under the Term Loan B maturing in 2015 and the Senior Note maturing in 2018 respectively. There are no drawings on the \$350.0 million revolving credit facility maturing in 2015.

In October 2012 PGS established export credit financing for the two first Ramform Titan-class vessels scheduled for delivery in 2013. Through a wholly owned subsidiary the Company has signed two loan agreements for an aggregate of \$250 million to finance the yard cost of these new builds. The lenders are Japan Bank for International Cooperation ("JBIC") and Sumitomo Mitsui Banking Corporation ("SMBC"), with Nippon Export and Investment Insurance ("NEXI") insuring a majority of the SMBC portion of the loans. The loans will have a tenor of 12 years from delivery of the vessels with capital repayment being by semi-annual equal installments. Lenders will have first priority mortgage over the two vessels due for delivery in 2013. Half the loan will carry a fixed interest rate while the other half will be subject to a revolving 6 months floating interest rate plus a margin. The combined expected interest rate is estimated to be approximately 2.30% p.a. The Company is in the process of seeking a similar facility for the two additional Ramform Titan-class vessels.

Total interest bearing debt, including capital leases, was \$917.0 million at March 31, 2013 compared to \$754.3 million at March 31, 2012 and \$916.8 million at December 31, 2012.

Net interest bearing debt (interest bearing debt less cash and cash equivalents, restricted cash and interest bearing investments) was \$504.5 million at March 31, 2013 compared to \$367.9 million at March 31, 2012 and \$435.6 million at December 31, 2012. The primary drivers for changes in net interest bearing

debt in the quarter are explained in the paragraph analyzing changes in cash and cash equivalent.

PGS still has approximately EUR 20 million outstanding from Factorias Vulcano for the cancelled Arrow vessels. The net book value of PGS' claims is approximately \$9 million, at March 31, 2013.

At March 31, 2013 the Company had approximately 81% of its debt at fixed interest rates. The weighted average cash interest cost of gross debt reflects an interest rate of approximately 5.7%, 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, 2013 the total leverage ratio was 1.14:1.

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 2012. 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.

Subsequent Events

The naming ceremony of the *Ramform Titan* took place on April 26, 2013 at Mitsubishi Heavy Industries' shipyard in Nagasaki, Japan, and the vessel will be formally taken over early May. At accepted delivery of the vessel, half of the aggregate \$250 million of Japanese export credit financing for the two first Ramform Titan-class vessels will be drawn.

Outlook 2013 reiterated

Based on the current operational forecast and with reference to the aforementioned risk factors, PGS expects full year 2013 EBITDA to be in the range of \$940-\$980 million.

MultiClient cash investments are expected to be in the range of \$300-\$350 million. The pre-funding level is expected to be above 110% of capitalized cash investment.

Capital expenditures are estimated to be in the range of \$540-\$570 million, of which \$325-\$350 million are related to the new build program.

Lysaker, April 26, 2013

Francis R. Gugen
Chairperson

Annette Malm Justad
Director

Harald Norvik
Vice Chairperson

Daniel J. Piette
Director

Carol Bell
Director

Ingar Skaug
Director

Holly A. Van Deursen
Director

Jon Erik Reinhardsen
Chief Executive Officer

Petroleum Geo-Services (PGS) is a leading, worldwide geophysical company providing an extensive range of seismic services and products for the petroleum industry including seismic data acquisition, processing, reservoir monitoring and analysis, interpretation and electromagnetic studies. The company also possesses the world's most extensive 3D MultiClient data library.

PGS has a presence in over 25 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.

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, which are beyond its control and are subject to certain additional 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 our multi-client data library, the attractiveness of our technology, unpredictable changes in governmental regulations affecting our markets and extreme weather conditions. For a further description of other relevant risk factors we refer to our Annual Report for 2012. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in the information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and PGS disclaims any and all liability in this respect.

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Harald Norvik (Vice Chairperson)

Carol Bell

Holly Van Deursen

Annette Malm Justad

Daniel J. Piette

Ingar Skaug

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 Data Processing and Technology
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 2013 report	April 29, 2013
AGM	May 14, 2013
Q2 2013 report	July 25, 2013
Q3 2013 report	October 25, 2013
Capital Markets Day	December 18, 2013

The dates are subject to change.

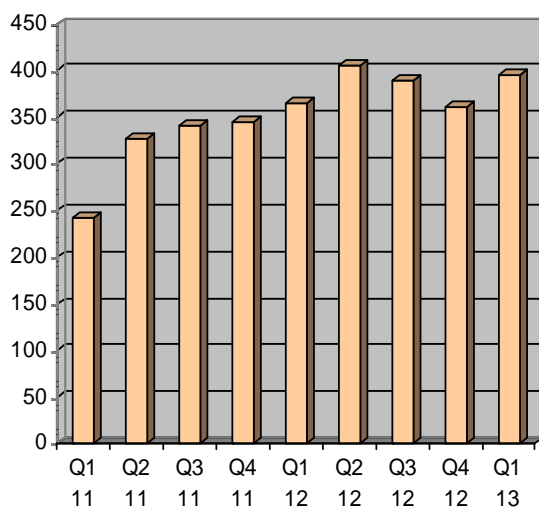
Petroleum Geo-Services ASA and Subsidiaries
Condensed Consolidated Statements of Operations

(In millions of US dollars, except share data)	Note	Quarter ended		Year ended
		March 31,		December 31,
		2013	2012	2012
Revenues	4	394.8	365.0	1,518.3
Cost of sales		168.1	195.7	642.4
Research and development costs	5	8.4	7.5	38.3
Selling, general and administrative costs		16.0	16.0	61.4
Depreciation and amortization	4, 6	105.7	110.5	484.3
Impairment of long-term assets	4	-	-	(0.8)
Other operating (income) expense		(0.2)	(0.5)	(1.1)
Total operating expenses		298.0	329.2	1,224.5
Operating profit/EBIT	4	96.8	35.8	293.8
Net financial expense	7	(8.9)	(19.6)	(65.3)
Income before income tax expense		87.9	16.2	228.5
Income tax expense		25.4	3.6	43.0
Net income to equity holders of PGS ASA		62.5	12.6	185.5

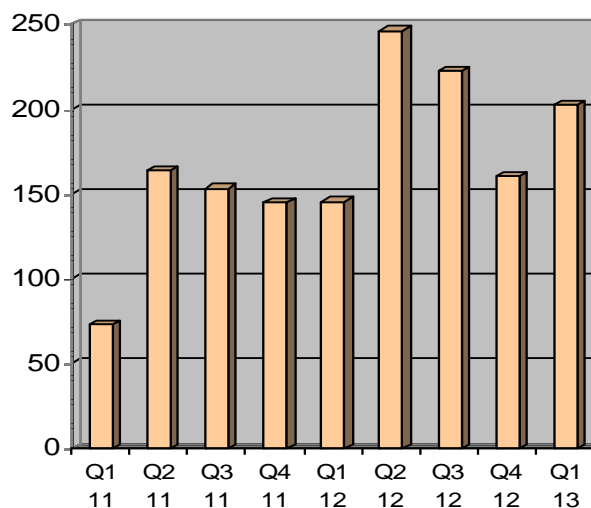
Earnings per share, to ordinary equity holders of PGS ASA:

- Basic	0.29	0.06	0.86
- Diluted	0.29	0.06	0.85
Weighted average basic shares outstanding	216,553,489	216,665,775	216,634,550
Weighted average diluted shares outstanding	217,467,307	217,429,495	217,467,938

Revenues by Quarter
2011 - 2013
MUSD



EBITDA by Quarter
2011 - 2013
MUSD



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

(In millions of US dollars)	Note	Quarter ended March 31,		Year ended December 31,
		2013	2012	2012
				Restated(1)
Net income for the period		62.5	12.6	185.5
Other comprehensive income:				
Actuarial gains (losses) on defined benefit pensions plans		-	-	25.4
Income tax effect on actuarial gains and losses		-	-	(7.5)
Items that will not be reclassified to statements of operations		-	-	17.9
Cash flow hedges	10	1.8	2.2	7.5
Deferred tax on cash flow hedges		(0.5)	(0.6)	(2.1)
Revaluation of investments available-for-sale	10	(0.3)	(1.6)	0.1
Other comprehensive income (loss) of associated companies		0.7	0.8	(1.3)
Translation adjustments and other		(0.1)	-	0.1
Items that may be subsequently reclassified to statements of operations		1.6	0.8	4.3
Other comprehensive income for the period, net of tax		1.6	0.8	22.2
Total comprehensive income to equity holders of PGS ASA		64.1	13.4	207.7

(1) The financial information is restated from retrospectively adopting IAS19R, see note 3.

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

(In millions of US dollars)	Note	March 31,		December 31,
		2013	2012	2012
			Restated(1)	Restated(1)
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	9	311.6	260.4	390.3
Restricted cash	9	10.8	6.9	6.5
Accounts receivable		204.8	101.6	176.4
Accrued revenues and other receivables		195.7	179.5	153.6
Other current assets		97.1	109.3	110.0
Total current assets		820.0	657.7	836.8
<i>Long-term assets:</i>				
Property and equipment		1,453.5	1,302.1	1,437.6
MultiClient library	8	410.5	338.3	382.3
Restricted cash	9	87.3	93.2	85.8
Deferred tax assets		158.4	185.1	169.9
Other long-term assets		84.0	93.6	80.5
Goodwill		139.9	139.9	139.9
Other intangible assets		147.4	136.0	142.8
Total long-term assets		2,481.0	2,288.2	2,438.8
Total assets		3,301.0	2,945.9	3,275.6
LIABILITIES AND SHAREHOLDERS' EQUITY				
<i>Current liabilities:</i>				
Short-term debt and current portion of long-term debt	9	0.4	0.1	1.0
Accounts payable		49.6	63.7	61.0
Accrued expenses		268.8	245.0	275.6
Income taxes payable		33.4	21.7	31.3
Total current liabilities		352.2	330.5	368.9
<i>Long-term liabilities:</i>				
Long-term debt	9	916.6	754.2	915.8
Deferred tax liabilities		7.9	6.8	8.5
Other long-term liabilities		59.4	94.1	70.9
Total long-term liabilities		983.9	855.1	995.2
<i>Shareholders' equity:</i>				
<i>Paid-in capital:</i>				
Common stock; par value NOK 3; issued and outstanding 217,799,997 shares		96.5	96.5	96.5
Treasury shares, par value		(0.8)	(0.5)	(0.5)
Additional paid-in capital		514.6	509.4	513.3
Total paid-in capital		610.3	605.4	609.3
Accumulated earnings		1,381.0	1,203.1	1,328.5
Cumulative translation adjustment and other reserves		(26.4)	(48.2)	(26.3)
Total shareholders' equity		1,964.9	1,760.3	1,911.5
Total liabilities and shareholders' equity		3,301.0	2,945.9	3,275.6

(1) The financial information is restated from retrospectively adopting IAS19R, see note 3.

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

For the quarter ended March 31, 2012 - Restated (1)

(In millions US of dollars)	Attributable to equity holders of PGS ASA					Total	Non- controlling interests	Shareholders' equity
	Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings (deficit)	Cumulative translation adjustm. and other reserves			
Balance at December 31, 2011	96.5	(0.6)	508.2	1,187.7	(20.3)	1,771.5	0.2	1,771.7
Effect of retrospectively adopting IAS 19R	-	-	-	-	(28.7)	(28.7)	-	(28.7)
Balance at January 1, 2012	96.5	(0.6)	508.2	1,187.7	(49.0)	1,742.8	0.2	1,743.0
Total comprehensive income	-	-	-	12.6	0.8	13.4	-	13.4
Dividends to non-controlling interests	-	-	-	-	-	-	(0.2)	(0.2)
Transferred shares, share bonus	-	-	-	0.4	-	0.4	-	0.4
Transferred shares, conversion of convertible notes	-	-	-	1.1	-	1.1	-	1.1
Exercise employee share options	-	0.1	-	1.3	-	1.4	-	1.4
Employee share options	-	-	1.2	-	-	1.2	-	1.2
Balance at March 31, 2012	96.5	(0.5)	509.4	1,203.1	(48.2)	1,760.3	-	1,760.3

(1) The financial information is restated from retrospectively adopting IAS19R, see note 3.

For the quarter ended March 31, 2013

(In millions US of dollars)	Attributable to equity holders of PGS ASA					Total	Non-controlling interests	Shareholders' equity
	Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings (deficit)	Cumulative translation adjustm. and other reserves			
Balance at December 31, 2012	96.5	(0.5)	513.3	1,328.5	(16.0)	1,921.8	-	1,921.8
Effect of retrospectively adopting IAS 19R	-	-	-	-	(10.3)	(10.3)	-	(10.3)
Balance at January 1, 2013	96.5	(0.5)	513.3	1,328.5	(26.3)	1,911.5	-	1,911.5
Total comprehensive income	-	-	-	64.1	(0.1)	64.0	-	64.0
Acquired treasury shares	-	(0.4)	-	(12.3)	-	(12.7)	-	(12.7)
Exercise employee share options	-	0.1	-	0.7	-	0.8	-	0.8
Employee share options	-	-	1.3	-	-	1.3	-	1.3
Balance at March 31, 2013	96.5	(0.8)	514.6	1,381.0	(26.4)	1,964.9	-	1,964.9

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

(In millions of US dollars)	Quarter ended March 31,		Year ended December 31,
	2013	2012	2012
Cash flows (used in) provided by operating activities:			
Net income to equity holders of PGS ASA	62.5	12.6	185.5
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and impairment of long-term assets	105.7	110.5	483.5
Share of (income) loss in associated companies	1.5	1.5	4.2
Interest expense	8.0	12.7	37.8
(Gain) loss on sale and retirement of assets	2.0	8.4	11.2
Income taxes paid	(10.9)	(8.7)	(28.5)
Other items	1.4	5.7	7.3
(Increase) decrease in accounts receivable, accrued revenues & other receivables	(70.5)	45.8	(2.9)
Increase (decrease) in accounts payable	(2.8)	(2.6)	(8.0)
Change in other short-term items related to operating activities	14.9	(32.9)	55.9
Change in other long-term items related to operating activities	(9.1)	(1.4)	6.9
Net cash (used in) provided by operating activities	102.7	151.6	752.9
Cash flows (used in) provided by investing activities:			
Investment in MultiClient library	(72.9)	(52.7)	(297.4)
Investment in property and equipment	(78.1)	(63.4)	(358.5)
Investment in other intangible assets	(6.7)	(5.2)	(28.0)
Investment in other current -and long-term assets	(3.5)	-	(0.1)
Proceeds from sale of other current -and long-term assets	2.5	3.9	31.4
(Increase) decrease in long-term restricted cash	(0.4)	(2.1)	(5.4)
Net cash (used in) provided by investing activities	(159.1)	(119.5)	(658.0)
Cash flows (used in) provided by financing activities:			
Proceeds, net of deferred loan costs, from issuance of long-term debt	(4.0)	-	156.3
Repayment of long-term debt	(1.3)	(190.4)	(190.6)
Purchase of treasury shares	(12.7)	-	(11.3)
Proceeds from sale of treasury shares	0.7	1.8	7.1
Dividend paid to non-controlling interests	-	(0.2)	(0.2)
Dividend paid	-	-	(41.5)
Interest paid	(5.0)	(7.6)	(49.1)
Net cash (used in) provided by financing activities	(22.3)	(196.4)	(129.3)
Net increase (decrease) in cash and cash equivalents	(78.7)	(164.3)	(34.4)
Cash and cash equivalents at beginning of period	390.3	424.7	424.7
Cash and cash equivalents at end of period	311.6	260.4	390.3

Petroleum Geo-Services ASA
Notes to the Condensed Interim Consolidated Financial Statements - First Quarter 2013

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.

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. PGS has included EBITDA as a supplemental disclosure because management believes that it provides useful information regarding PGS' 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, 2012.

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, 2012 with the exception of adoption of IAS19R as described below.

Note 3 - New standard adopted in 2013

The Company adopted IAS 19 Employee benefits (revised 2011; IAS 19R) effective for annual periods beginning on or after January 1, 2013. The standard is applied retrospectively. The main amendments impacting the Company are: (i) removal of the corridor mechanism such that actuarial gains and losses are recognized immediately in other comprehensive income, and (ii) the expected returns on plan assets must equal the discount rate on the projected benefit obligation.

The following table presents the impacts of applying the standard retrospectively. The impact to the condensed consolidated statements of operations is insignificant and, as such, the results from operations of prior periods are not restated.

(In millions of US dollars)	December 31, 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Other long-term liabilities as previously reported	62.7	56.8	53.0	57.0	59.0
Change in pension liability from recognizing unrecognized actuarial losses	37.3	37.3	37.3	37.3	11.9
Restated other long-term liabilities	100.0	94.1	90.3	94.3	70.9
Deferred tax assets as previously reported	177.9	176.5	157.7	152.4	168.3
Tax effect from change in pension liability	8.6	8.6	8.6	8.6	1.6
Restated deferred tax assets	186.5	185.1	166.3	161.0	169.9
Cumulative translation adjustments and other reserves as previously reported	(20.3)	(19.5)	(19.0)	(17.2)	(16.0)
Effect on cumulative translation adjustments and other reserves	(28.7)	(28.7)	(28.7)	(28.7)	(10.3)
Restated cumulative translation adjustments and other reserves	(49.0)	(48.2)	(47.7)	(45.9)	(26.3)

Note 4 - 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). Net financial expense and income tax expense are not included in the measure of segment performance.

Revenues by operating segment and service type:

(In millions of US dollars)	Quarter ended March 31,		Year ended December 31,
	2013	2012	2012
Marine revenues by service type:			
- Contract seismic	207.3	174.9	623.5
- MultiClient pre-funding	92.6	108.5	461.3
- MultiClient late sales	58.9	49.4	266.8
- Data Processing	27.1	27.3	124.5
- Other	8.9	4.9	41.9
Marine revenues	394.8	365.0	1,518.0
- Other, non Marine	-	-	0.3
Total revenues	394.8	365.0	1,518.3

Operating profit (loss) EBIT by operating segment:

(In millions of US dollars)	Quarter ended		Year ended
	2013	March 31, 2012	December 31, 2012
<i>Marine:</i>			
EBITDA	206.0	154.3	791.6
Other operating income	0.2	0.5	1.1
Impairment of long-term assets	-	-	0.8
Depreciation and amortization (a)	(36.0)	(36.4)	(134.3)
Amortization of MultiClient library (a)	(68.2)	(72.8)	(344.6)
Operating profit EBIT, Marine	102.0	45.6	314.6
<i>Other:</i>			
EBITDA	(3.6)	(9.5)	(16.8)
Depreciation and amortization (a)	(1.5)	(1.2)	(5.3)
Operating loss EBIT, Other	(5.1)	(10.7)	(22.1)
<i>Inter-segment eliminations:</i>			
EBITDA	(0.1)	0.8	1.3
Operating profit (loss) EBIT, Other	(0.1)	0.8	1.3
<i>Total Operating profit:</i>			
EBITDA	202.3	145.7	776.2
Other operating income	0.2	0.5	1.1
Impairment of long-term assets	-	-	0.8
Depreciation and amortization (a)	(37.5)	(37.6)	(139.6)
Amortization of MultiClient library (a)	(68.2)	(72.8)	(344.7)
Total Operating profit EBIT	96.8	35.8	293.8

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

Note 5 - Research and development costs

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

(In millions of US dollars)	Quarter ended		Year ended
	2013	March 31, 2012	December 31, 2012
Research and development costs, gross	11.2	10.7	57.3
Capitalized development costs	(2.8)	(3.2)	(19.0)
Total	8.4	7.5	38.3

Note 6 - Depreciation and amortization

Depreciation and amortization consists of the following:

(In millions of US dollars)	Quarter ended		Year ended
	2013	March 31, 2012	December 31, 2012
Gross depreciation	59.2	54.6	222.6
Depreciation capitalized	(21.7)	(16.9)	(82.9)
Amortization of MultiClient library	68.2	72.8	344.6
Total	105.7	110.5	484.3

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 7 - Net financial expense

Net financial expense consists of the following:

(In millions of US dollars)	Quarter ended March 31,		Year ended December 31,
	2013	2012	2012
Interest expense, gross	(13.7)	(15.0)	(51.4)
Capitalized interest, MultiClient library	1.9	1.4	5.6
Capitalized interest, construction in progress	3.8	0.9	8.0
Interest income	0.3	1.4	3.6
Income (loss) from associated companies	(1.5)	(1.5)	(4.2)
Gain (loss) from sale of available-for-sale investments	-	0.5	1.5
Impairment of investments available-for-sale	(0.8)	-	(0.6)
Loss on repurchase of convertible notes	-	(7.5)	(7.5)
Fair value adjustments on financial instruments	-	0.3	(6.7)
Currency exchange gain (loss)	2.4	1.0	(7.3)
Other	(1.3)	(1.1)	(6.3)
Total	(8.9)	(19.6)	(65.3)

Note 8 - MultiClient library

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

(In millions of US dollars)	Quarter ended March 31,		Year ended December 31,
	2013	2012	2012
Completed during 2007 and prior years	-	0.5	-
Completed during 2008	10.4	23.6	17.0
Completed during 2009	49.9	86.1	54.9
Completed during 2010	26.9	35.7	28.5
Completed during 2011	44.8	60.6	48.3
Completed during 2012	57.0	14.2	63.1
Completed during 2013	16.8	-	-
Completed surveys	205.8	220.7	211.8
Surveys in progress	204.7	117.6	170.5
MultiClient library, net	410.5	338.3	382.3

Key figures MultiClient library:

(In millions of US dollars)	Quarter ended March 31,		Year ended December 31,
	2013	2012	2012
MultiClient pre-funding	92.6	108.5	461.3
MultiClient late sales	58.9	49.4	266.8
Cash investment in MultiClient library (a)	72.9	52.7	297.4
Capitalized interest in MultiClient library (b)	1.9	1.4	5.6
Capitalized depreciation (non-cash) (c)	21.7	16.9	81.5
Amortization of MultiClient library (c)	68.2	72.8	344.6

(a) See condensed consolidated statements of cash flows.

(b) See note 7.

(c) See note 6.

Note 9 - Net interest bearing debt

Summary of net interest bearing debt:

(In millions of US dollars)	Quarter ended March 31,		Year ended December 31,
	2013	2012	2012
Cash and cash equivalents	311.6	260.4	390.3
Restricted cash (current and long-term)	98.1	100.1	92.3
Interest bearing receivables	6.9	42.3	3.4
Short-term debt and current portion of long-term debt	(0.4)	(0.1)	(1.0)
Long-term debt	(916.6)	(754.2)	(915.8)
Adjust for deferred loan costs (offset in long-term debt)	(4.1)	(16.4)	(4.8)
Total	(504.5)	(367.9)	(435.6)

Note 10 - Components of other comprehensive income

A reconciliation of reclassification adjustments included in the condensed consolidated statements of operations:

(In millions of US dollars)	Quarter ended		Year ended
	2013	March 31, 2012	December 31, 2012
Cash flow hedges:			
Gains (losses) arising during the period	(0.6)	(1.2)	(5.0)
Less: Reclassification adjustments for losses included in the condensed consolidated statements of operations	2.4	3.4	12.5
Cash flow hedges, net	1.8	2.2	7.5
Revaluation of shares available-for-sale:			
Gains (losses) arising during the period	(1.1)	(1.1)	1.0
Less: Reclassification adjustments for losses (gains) included in the condensed consolidated statements of operations	0.8	(0.5)	(0.9)
Revaluation of shares available-for-sale, net	(0.3)	(1.6)	0.1