First Quarter 2012 Results

May 8, 2012 Oslo, Norway

www.pgs.com

GeoStreamer® Delivers Record Pre-funding Revenues

Highlights Q1 2012

- Revenues of $365.0 million, up 51% from Q1 2011
- EBITDA of $145.7 million, up 100% from Q1 2011
- EBIT of $35.8 million, up $33.3 million from Q1 2011
- Total MultiClient revenues of $157.9 million, up 202% from Q1 2011, with record pre-funding revenues of $108.5 million
- Marine Contract revenues of $174.9 million, up 10% from Q1 2011, with an EBIT margin of 4%
- Cash flow from operations of $151.6 million, up 87% from Q1 2011
- High activity for Data Processing
- Improved market balance will benefit contract prices and margins in the second half of 2012
- Full year 2012 EBITDA guidance is upgraded from a range of $650-$700 million to approximately $700 million

"Our Q1 2012 is characterized by record MultiClient pre-funding revenues, strong late sales performance and an improving marine contract margin driven by good vessel performance. The strong pre-funding revenues were primarily due to the ongoing MultiClient project offshore Angola and pre-funding revenues from additional participants to MultiClient surveys in Brazil and North Sea, which were still in the processing stage. The pre-funding revenues were as high as 206% of capitalized MultiClient cash investment. Late sales revenues were primarily driven by Europe and West Africa.

The outlook for both contract and MultiClient is positive and we have now booked most of our Q2 and Q3 capacity. The price uplift achieved for the summer season, is primarily related to our high capacity GeoStreamer vessels, proving the importance of technology and vessel differentiation. Visibility for Q4 is improving with approximately 40% of our capacity, primarily GeoStreamer, already booked for the quarter at margins comparable with the summer season. PGS is well positioned to take advantage of a continued polarization of the seismic market with favourable price differentiation for the high-end, broadband segment."

Jon Erik Reinhardsen,
President and Chief Executive Officer

Key Financial Figures (In USD millions, except per share data)	1st quarter		Full year
	2012 Unaudited	**2011 Unaudited**	**2011 Audited 2)**
Revenues	365.0	242.2	1,253.3
EBITDA (as defined)	145.7	72.9	534.8
EBIT ex. impairment charges 1)	35.8	2.5	141.3
EBIT as reported	35.8	2.5	138.7
Income (loss) before income tax expense	16.2	(8.3)	64.8
Net income (loss) to equity holders	12.6	(8.9)	33.7
Basic earnings per share ($ per share)	0.06	(0.04)	0.16
Diluted earnings per share ($ per share)	0.06	(0.04)	0.15
Net cash provided by operating activities	151.6	81.0	480.4
Cash investment in MultiClient library	52.7	45.6	203.9
Capital expenditures (whether paid or not)	67.9	81.3	279.9
Total assets (period end)	2,937.3	2,970.4	3,137.2
Cash and cash equivalents (period end)	260.4	317.3	424.7
Net interest bearing debt (period end)	367.9	315.7	394.2

1) Net impairment charge was $2.6 million for the full year 2011.
2) Derived from the audited financial statement

PGS Group

In USD millions	1st quarter		Full year
	2012	2011	2011
Revenues	365.0	242.2	1,253.3
EBITDA	145.7	72.9	534.8
EBIT excl imp. charges and other operating income	35.3	2.5	136.9
Net imp. and other operating income	0.5	---	1.8
EBIT as reported	35.8	2.5	138.7
Pretax income (loss)	16.2	(8.3)	64.8
Net income (loss)	12.6	(8.9)	33.7

Revenues for Petroleum Geo-Services ASA (PGS or the Company) were higher in Q1 2012 compared to Q1 2011 driven by significantly higher MultiClient revenues. Contract activity also contributed positively to the improved revenues in the quarter.

In USD millions	1st quarter		Full year
	2012	2011	2011
Contract revenues	174.9	158.6	627.0
MC pre-funding	108.5	34.3	223.5
MC late sales	49.4	18.0	278.3
Processing [1]	27.3	27.2	110.0
Other	4.9	4.0	14.4
Total revenues	365.0	242.2	1,253.3
MC cash investment	52.7	45.6	203.9
Pre-funding % [2]	206%	75%	110%
Opex	(219.3)	(169.3)	(718.5)
Vessel allocation [3]			
Contract	57%	60%	59%
MultiClient	31%	20%	24%
Steaming	6%	12%	11%
Yard	5%	8%	6%
Standby	1%	0%	0%

1) External Processing revenues.

2) Pre-funding revenues as a percentage of MC cash investment

3) Percentage of total 3D streamer capacity measured in streamer utilization.

Contract revenues increased by $16.3 million in Q1 2012 compared to Q1 2011, despite less time allocated to 3D contract work. The reason for the increase is primarily due more 2D contract revenues and more activity in high cost areas, including Australia and Brazil, in Q1 2012 compared to Q1 2011. The EBIT margin for marine contract acquisition work was approximately 4% in Q1 2012, up from negative 7% in Q4 2011, but down from 12% in Q1 2011. The relatively low margin in Q1 2012 is primarily due to weak pricing achieved for this period, some idle time and reduced profitability on certain long term contracts. The improved market balance benefits contract prices and margins for the summer season of 2012 and primarily Q3, as more capacity will be allocated to contract work than in Q2. Marine contract EBIT margins will fluctuate from quarter to quarter and the Company expects the margin to be in the range of 10-15% for the full year 2012.

Pre-funding revenues in Q1 2012 corresponded to 206% of capitalized MultiClient cash investments, excluding capitalized interest, compared to 75% in Q1 2011. The high pre-funding rate in Q1 2012 is primarily due to the ongoing and highly pre-funded Angolan MultiClient project and pre-funding revenues from additional participants to MultiClient surveys in Brazil and the North Sea, which were in the processing stage in Q1 2012, but where acquisition was completed in 2011.

The increase of capitalized cash investment in the MultiClient library in Q1 2012, compared to Q1 2011, primarily reflects more capacity allocated to MultiClient.

Q1 2012 MultiClient late sales were significantly stronger than in Q1 2011, due to improved sales in all regions. Late sales were dominated by the North Sea, Mediterranean and West Africa.

Data Processing experienced diversification of external revenue Q1 2012 compared to Q1 2011, with growth in Africa, Asia Pacific and the Americas. Data Processing has seen strong total capacity increases, both in terms of global geophysical staff increase of nearly 10% and increases in compute capacity. The additional capacity is used to support increased investments in MultiClient projects. The growth is driven by high technology solutions, such as GeoStreamer and depth processing, in all regions.

Operating expenses (before depreciation, amortization and impairments) increased by $50.0 million in Q1 2012 compared to Q1 2011. The increase is primarily due to more activity in high cost regions, general cost inflation, increased fuel prices, more steaming cost charged to expense, and costs relating to a streamer incident offshore Australia. Also, in Q1 2011 more vessel operating cost was capitalized relating to major periodic maintenance.

The order book totaled $655 million at March 31, 2012, including $248 million of committed pre-funding on scheduled MultiClient projects and the estimated value of the OptoSeis agreement with Petrobras, compared to $678 million at December 31, 2011 and $606 million at March 31, 2011.

Technology

In USD millions	1st quarter		Full year
	2012	2011	2011
R&D cost gross	10.7	9.2	42.7
Capitalized dev. costs	(3.3)	(1.9)	(18.4)
Net R&D costs	7.5	7.3	24.3

R&D costs mainly relate to the core business activities of marine seismic acquisition and processing, of which a significant amount is related to the new businesses of electromagnetic (EM) and fiber-optics permanent monitoring systems. The increase in capitalized amounts in Q1 2012 compared to Q1 2011 is primarily a result of additional investments to develop larger and more powerful towed EM acquisition systems. Fiber-optic, streamer and source control system developments comprise the other main components of the capitalized development costs in Q1 2012.

Depreciation and Amortization

In USD millions	1st Quarter		Full year
	2012	2011	2011
Gross depreciation	54.5	48.8	210.8
Capitalized depreciation to MC library	(16.9)	(11.1)	(50.0)
Amortization of MC library	72.8	32.7	237.0
Depreciation and amortization	110.5	70.4	397.9

The increase in gross depreciation in Q1 2012, compared to Q1 2011 is driven by vessel upgrades and continued investments in GeoStreamer.

Amortization of the MultiClient library as a percentage of MultiClient revenues was 46% in Q1 2012, compared to 63% in Q1 2011. The lower amortization rate in Q1 2012 is primarily due lower amortization rate on pre-funding revenues due to stronger sales to cost ratio for surveys acquired in 2012. In addition, average amortization rate on late sales is lower due to increased sale of data with low book value.

With effect from January 1, 2012, the Company amended its method for calculating amortization by introducing more amortization categories. Previously the Company categorized each MultiClient survey into one of four amortization categories with amortization rates of 90%, 75%, 60% or 45% of sales. Each category was comprised of surveys for which the remaining book value as a percentage of estimated remaining sales is less than or equal to the amortization rate applicable to that category. The Company has experienced these broad categories could cause large swings in amortization rates, particularly for surveys that fell at the bottom of the range of a higher amortization category.

In order to more precisely report amortization, PGS has introduced 5% intervals ranging from 30-95% of sales amounts, with a minimum of 45% for pre-funding.

The change will lead, on average, to less rounding up when calculating amortization. For Q1 2012 the amendment has reduced the amortization rate by 1.5 percentage points, or $2.3 million, compared to the earlier method.

Loss from Associated Companies

Loss from associated companies of $1.5 million in Q1 2012 primarily relates to Azimuth, compared to $5.0 million in Q1 2011, which primarily related to Geokinetics.

Interest Expense

In USD millions	1st Quarter		Full year
	2012	2011	2011
Gross interest expense	(15.0)	(13.1)	(50.5)
Capitalized interest MC library	1.4	1.2	6.4
Capitalized interest constr. in progress	0.9	---	1.9
Interest expense	(12.7)	(11.9)	(42.2)

The increase in gross interest expense in Q1 2012, compared to Q1 2011 primarily relates to the $300 million Senior Note issued in November 2011, partially offset by redemption and cancellation of the

Company's convertible notes and a lower interest rate on the Company's Term Loan B compared to Q1 2011.

Other Financial Income

In USD millions	1st Quarter		Full year
	2012	2011	2011
Interest income	1.4	1.1	7.6
Gain from sale of shares	0.5	2.5	11.0
Fair value adjustments of derivatives	0.3	2.1	---
Gain on investment in shares available for sale	---	---	0.2
Other	1.1	---	6.0
Other financial income	3.3	5.6	24.7

Other financial income in Q1 2012 was $3.3 million compared to $5.6 million in Q1 2011. The reduction is primarily due to lower gain from sale of shares and fair value adjustment on derivatives.

Other Financial Expense

In USD millions	1st Quarter		Full year
	2012	2011	2011
Loss on repurchase of convertible notes	(7.5)	---	(5.7)
Fair value adjustments on derivatives	---	---	(11.6)
Impairment of shares available for sale	---	---	(9.6)
Other	(2.1)	---	(6.9)
Other financial expense	(9.6)	---	(33.7)

Other financial expense is primarily attributable to loss from repurchase and redemption of the remaining outstanding amount of the 2.7% Convertible Notes due 2012. The remaining outstanding amount at the beginning of the quarter was $190.6 million, which was repurchased in Q1 2012 at an average price of 100.51% of par.

Currency Exchange Gain (Loss)

There was a currency exchange gain of $1.0 million in Q1 2012, compared to a gain of $0.6 million in Q1 2011. The Company holds foreign currency positions to balance its operational currency exposure. These positions are not accounted for as hedges, but marked to market at each balance sheet date together with receivables and payables in non-US currencies, generally causing a gain in financial items when the US dollar depreciates.

Income Tax Expense

The income tax expense in Q1 2012 was $3.5 million compared to $0.6 million in Q1 2011. The Q1 2012 tax expense is positively impacted by foreign exchange movements. The depreciation of the US dollar in the quarter causes tax assets in Norway to be translated to the US dollar functional currency at a higher dollar value.

The estimated current tax expense in Q1 2012 was $13.0 million compared to $6.7 million in Q1 2011. Deferred tax in Q1 2012 was a benefit of $9.5 million compared to $6.1 million in Q1 2011.

The Company has substantial deferred tax assets in different jurisdictions, predominantly in Norway. Deferred tax assets recognized in the consolidated statements of financial position amounted to $176.5 million as of March 31, 2012 compared to $214.0 million as of March 31, 2011.

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 and the latest details can be found in the 2011 annual report. As of March 31, 2012, the Company estimates the total exposure to be approximately $172 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 provisions have been made for any portion of the exposure. Deposits made to be able to file lawsuits seeking to confirm that sale of MultiClient data is not subject to ISS amounted to $102 million and is reported as long term restricted cash.

Capital Expenditures[1)]

In USD millions	1st Quarter		Full year
	2012	2011	2011
Seismic equipment	31.0	57.3	136.8
Vessel upgrades/Yard	0.9	18.2	67.5
Processing equipment	4.1	4.3	17.0
New Builds	29.7	0.5	53.6
Other	2.1	1.0	5.0
Total	67.9	81.3	279.9

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

The main capital expenditures in Q1 2012 were seismic equipment, primarily GeoStreamer, and costs in relation to the new builds (see paragraph below for more details).

New Builds

In April 2011, PGS ordered two new Ramform Titan-class vessels, with options for another two vessels, from Mitsubishi Heavy Industries Ltd. The vessels are the first in a new generation of Ramform vessels. Agreed deliveries of the two first vessels are in Q1 and Q4 2013, and progress is according to plan. In mid-April the parties agreed to extend the exercise period for the options for another two vessels by six months. Following the extension, the options for vessel 3 and 4 must be declared by October 14, 2012 for delivery in first and second half of 2015 (as earlier agreed). The price for the optional vessels is unchanged.

The estimated total cost for each of the two vessels to be delivered in 2013 is approximately $250 million, including commissioning and a comprehensive seismic equipment package, but excluding capitalized interest.

The agreement with the shipyard provides for payment based on five defined milestones, with 50% payable at delivery. Seismic equipment is procured by PGS separately from the shipbuilding contract. Total capital expenditures related to the new builds in 2012 is expected to be approximately $200 million.

The Company is working to establish export credit financing in Japan in connection with the new builds.

Liquidity and Financing

Net cash provided by operating activities was $151.6 million in Q1 2012, compared to $81.0 million in Q1 2011. The increase relates primarily to improved earnings compared to Q1 2011.

At March 31, 2012, cash and cash equivalents amounted to $260.4 million, compared to $424.7 million at December 31, 2011 and $317.3 million at March 31, 2011. The reduction in Q1 2012 is primarily due to repayment of the convertible notes (see below).

Restricted cash amounted to $100.1 million at March 31, 2012, compared to $93.7 million at December 31, 2011 and $108.0 million at March 31, 2011.

The relatively high amount of restricted cash is due to a deposit made in Q4 2010 of approximately $65 million and another deposit of $29 million made in Q1 2011. The deposits relate to law suits with Rio de Janeiro court to seek confirmation that sale of MultiClient data in Brazil is not subject to ISS tax (see annual report 2011 for more details).

As of March 31, 2012, $470.5 million and $300 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 Q1 2012, the Company repurchased and redeemed the remaining outstanding amount of the convertible notes totaling $190.6 million at an average price of 100.51% of par.

Total interest bearing debt, including capital leases, was $770.7 million as of March 31, 2012 compared to $954.5 million as of December 31, 2011 and $793.4 million as of March 31, 2011.

Net interest bearing debt (interest bearing debt less cash and cash equivalents, restricted cash and interest bearing investments) was $367.9 million as of March 31, 2012 compared to $394.2 million as of December 31, 2011 and $315.7 million as of March 31, 2011.

For the cancelled Arrow vessels, NB 532 and NB 533, approximately EUR 7 million per vessel with the addition of interest, is still outstanding from Factorias Vulcano. Factorias Vulcano has been through reorganization under Spanish bankruptcy proceedings, but the final outcome for PGS is still not decided and PGS is taking different steps to recover the amounts owed. The net book value of PGS' claims on the Spanish yard is approximately $9 million.

As of March 31, 2012 the Company had approximately 78% of its debt at a fixed interest rate. The weighted average cash interest cost on gross debt reflects an interest rate of approximately 6.0%, including credit margins paid on the debt. Given the Company's fixed/floating interest rate mix, including interest rate swap agreements, for every one percentage point hypothetical increase in LIBOR, the annual gross interest expense on the Company's debt, including capital leases, would increase by approximately $1.7 million.

The revolving credit facility contains a covenant whereby total leverage ratio (as defined) cannot exceed 2.75:1. As of March 31, 2012 the total leverage ratio was 1.28:1.

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 2011. 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 2012

Based on the current operational forecast and with reference to the aforementioned risk factors, PGS adjusts its guidance and expects full year 2012 EBITDA to be approximately $700 million.

Capital expenditures, including new builds, are estimated to be in the range of $350-$400 million.

MultiClient cash investments are expected to be in the range of $300-$325 million with a pre-funding level well above 100%.

Lysaker, May 7, 2012

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*

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Petroleum Geo-Services is a focused geophysical company providing a broad range of seismic and reservoir services, including acquisition, processing, interpretation, and field evaluation. The company also possesses the world's most extensive multi-client data library. PGS operates on a worldwide basis with headquarters at Lysaker, Norway.

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

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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 2012:

Q1 2012 report	May 8, 2012
Q2 2012 report	July 26, 2012
Q3 2012 report	October 25, 2012
CMD	December 18, 2012

The dates are subject to change.

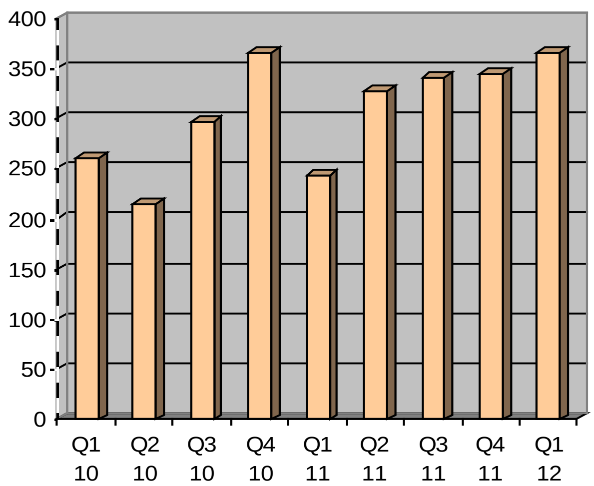
Petroleum Geo-Services ASA and Subsidiaries
Consolidated Statements of Operations

	Note	Quarter ended March 31, 2012 Unaudited	Quarter ended March 31, 2011 Unaudited	Year ended December 31, 2011 Audited (1)
		(In thousands of dollars, except share data)		
Revenues	4	$ 365 028	$ 242 186	$ 1 253 300
Cost of sales		195 874	148 425	643 434
Research and development costs	5	7 468	7 273	24 281
Selling, general and administrative costs		15 964	13 594	50 822
Depreciation and amortization	4, 6	110 460	70 422	397 881
Impairment of long-lived assets	4, 7	-	-	2 583
Other operating income		(542)	-	(4 400)
Total operating expenses		329 224	239 714	1 114 601
Operating profit EBIT	4	35 804	2 472	138 699
Loss from associated companies		(1 525)	(5 019)	(12 389)
Interest expense	8	(12 739)	(11 884)	(42 170)
Other financial income	9	3 280	5 591	24 733
Other financial expense	10	(9 638)	(34)	(33 731)
Currency exchange gain (loss)		982	574	(10 347)
Income (loss) before income tax expense		16 164	(8 300)	64 795
Income tax expense		3 546	642	29 737
Net income (loss)		**$ 12 618**	**$ (8 942)**	**$ 35 058**
Net income attributable to non-controlling interests		-	-	1 367
Net income (loss) to equity holders of PGS ASA		**$ 12 618**	**$ (8 942)**	**$ 33 691**

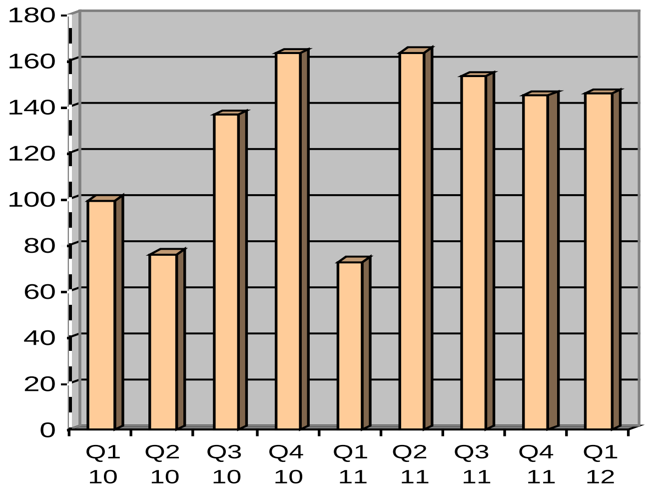
(1) Derived from the audited financial statements

Earnings per share, to ordinary equity holders of PGS ASA:				
- Basic	15	$ 0.06	$ (0.04)	$ 0.16
- Diluted	15	$ 0.06	$ (0.04)	$ 0.15
Weighted average basic shares outstanding		216 665 775	217 323 707	217 238 666
Weighted average diluted shares outstanding		217 429 495	217 323 707	218 117 727

Revenues by Quarter
2010 - 2012
MUSD



EBITDA (1) by Quarter
2010 - 2012
MUSD



Notes: (1) EBITDA, when used by the Company, means income (loss) before income tax expense less, currency exchange gain (loss), other financial expense, other financial income, interest expense, loss from associated companies, other operating income, impairment of long-lived assets and depreciation and amortization. See Support Tables for a more detailed discussion of and reconciliation of EBITDA to income before income tax expense (benefit). 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. EBITDA is considered a non IFRS measure.

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

	Note	Quarter ended March 31, 2012 Unaudited	Quarter ended March 31, 2011 Unaudited	Year ended December 31, 2011 Audited (1)
		(In thousands of dollars)		
Net income (loss) for the period		$ 12 618	$ (8 942)	$ 35 058
Other comprehensive income:				
Cash flow hedges	13	2 257	3 640	2 582
Deferred tax on cash flow hedges		(632)	(1 019)	(723)
Revaluation of investments available-for-sale	13	(1 598)	82	(12 822)
Other comprehensive income (loss) of associated companies		772	-	242
Translation adjustments and other		(4)	89	1 356
Other comprehensive income for the period, net of tax		795	2 792	(9 365)
Total comprehensive income (loss) for the period		13 413	(6 150)	25 693
Total comprehensive income attributable to non-controlling interests		-	-	1 367
Total comprehensive income (loss) to equity holders of PGS ASA		**$ 13 413**	**$ (6 150)**	**$ 24 326**

(1) Derived from the audited financial statements

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

	Note	March 31, 2012 Unaudited	March 31, 2011 Unaudited	December 31, 2011 Audited (1)
		(In thousands of dollars)		
ASSETS				
Current assets:				
Cash and cash equivalents	14	$ 260 408	$ 317 265	$ 424 734
Restricted cash	14	6 898	8 798	4 605
Accounts receivable		101 614	139 888	220 765
Accrued revenues and other receivables		179 476	123 964	110 367
Available for sale investments		3 330	-	6 205
Other current assets		105 978	115 897	104 876
Total current assets		657 704	705 812	871 552
Long-term assets:				
Property and equipment		1 302 181	1 246 919	1 292 583
MultiClient library	11	338 258	335 973	334 135
Restricted cash	14	93 216	99 230	89 051
Deferred tax assets		176 495	214 041	177 923
Investments in associated companies		47 964	19 840	48 521
Available for sale investments		22 958	32 594	24 864
Other long-lived assets		22 706	73 202	23 987
Goodwill		139 852	139 852	139 852
Other intangible assets		135 986	102 957	134 711
Total long-term assets		2 279 616	2 264 608	2 265 627
Total assets		$ 2 937 320	$ 2 970 420	$ 3 137 179
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term debt and current portion of long-term debt	14	$ 3	$ -	$ 183 011
Current portion of capital lease obligations	14	75	95	96
Accounts payable		63 706	50 447	61 733
Accrued expenses		244 974	245 516	266 003
Income taxes payable		21 748	33 216	21 298
Total current liabilities		330 506	329 274	532 141
Long-term liabilities:				
Long-term debt	14	754 161	784 282	753 414
Long-term capital lease obligations	14	63	139	60
Deferred tax liabilities		6 779	18 868	17 134
Other long-term liabilities		56 770	86 207	62 740
Total long-term liabilities		817 773	889 496	833 348
Shareholders' equity:				
Paid-in capital:				
Common stock; par value NOK 3;				
issued and outstanding 217,799,997 shares		96 490	96 490	96 490
Treasury shares, par value		(473)	(151)	(607)
Additional paid-in capital		509 398	504 347	508 217
Total paid-in capital		605 415	600 686	604 100
Accumulated earnings		1 203 097	1 159 102	1 187 705
Cumulative translation adjustment and other reserves		(19 512)	(8 150)	(20 307)
Non-controlling interests		41	12	192
Total shareholders' equity		1 789 041	1 751 650	1 771 690
Total liabilities and shareholders' equity		$ 2 937 320	$ 2 970 420	$ 3 137 179

(1) Derived from the audited financial statements

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

For the quarter ended March 31, 2012

	Attributable to equity holders of PGS ASA							
	Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings (deficit)	Cumulative translation adjustm. and other reserves	Total	Non-controlling interests	Shareholders' equity
				(In thousands of dollars)				
Balance at January 1, 2012	**$ 96 490**	**$ (607)**	**$ 508 217**	**$ 1 187 705**	**$ (20 307)**	**$ 1 771 498**	**$ 192**	**$ 1 771 690**
Total comprehensive income	-	-	-	12 618	795	13 413	-	13 413
Dividends to non-controlling interests	-	-	-	-	-	-	(151)	(151)
Transferred shares, share bonus	-	13	-	374	-	387	-	387
Transferred shares, conversion of convertible notes	-	15	-	1 085	-	1 100	-	1 100
Exercise employee share options	-	106	-	1 315	-	1 421	-	1 421
Employee share options	-	-	1 181	-	-	1 181	-	1 181
Balance at March 31, 2012	**$ 96 490**	**$ (473)**	**$ 509 398**	**$ 1 203 097**	**$ (19 512)**	**$ 1 789 000**	**$ 41**	**$ 1 789 041**

For the quarter ended March 31, 2011

	Attributable to equity holders of PGS ASA							
	Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings (deficit)	Cumulative translation adjustm. and other reserves	Total	Non-controlling interests	Shareholders' equity
				(In thousands of dollars)				
Balance at January 1, 2011	**$ 96 490**	**$ (240)**	**$ 503 111**	**$ 1 166 848**	**$ (10 942)**	**$ 1 755 267**	**$ 12**	**$ 1 755 279**
Total comprehensive income (a)	-	-	-	(8 942)	2 792	(6 150)	-	(6 150)
Exercise employee share options	-	89	-	1 196	-	1 285	-	1 285
Employee share options	-	-	1 236	-	-	1 236	-	1 236
Balance at March 31, 2011	**$ 96 490**	**$ (151)**	**$ 504 347**	**$ 1 159 102**	**$ (8 150)**	**$ 1 751 638**	**$ 12**	**$ 1 751 650**

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

	Quarter ended March 31, 2012 Unaudited	Quarter ended March 31, 2011 Unaudited	Year ended December 31, 2011 Audited (1)
	(In thousands of dollars)		
Cash flows provided by operating activities:			
Net income (loss)	$ 12 618	$ (8 942)	$ 33 691
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	110 460	70 422	397 881
Impairments of long-lived assets	-	-	2 583
Loss on sale and retirement of assets	8 354	985	1 641
Share of loss in associated companies	1 525	5 019	12 389
Interest expense	12 739	11 884	42 170
(Increase) decrease in deferred income taxes	(9 559)	(6 184)	28 368
Net decrease (increase) in restricted cash	(4 342)	(4 026)	10 844
Income taxes paid	(8 744)	(7 798)	(20 244)
Gain on sale of shares	(478)	(2 463)	(10 985)
Other items	5 690	(2 272)	5 724
Decrease in accounts receivable, net	119 151	85 413	4 536
(Increase) decrease in unbilled and other receivables	(73 263)	21 223	34 820
Increase in other current assets	(1 102)	(17 465)	(6 445)
(Increase) decrease in other long-lived assets	2 267	(971)	(8 773)
Decrease in accounts payable	(2 566)	(31 039)	(24 405)
Increase (decrease) in accrued expenses and income taxes payable	(17 456)	(31 784)	2 132
Decrease in other long-term liabilities	(3 713)	(983)	(25 546)
Net cash provided by operating activities	151 581	81 019	480 381
Cash flows (used in) provided by investing activities:			
Investment in MultiClient library	(52 657)	(45 588)	(203 922)
Capital expenditures, cash	(63 385)	(68 332)	(299 060)
Investment in other intangible assets	(5 238)	(2 495)	(19 960)
Investment/sale of associated companies, net	-	-	(263)
Long term receivable, net	-	(42 935)	(28 441)
Proceeds from sale of assets and associated companies	250	29	555
Investment in available-for-sale shares	-	-	-
Proceeds from sale of available-for-sale shares	3 663	4 608	12 535
Long-term deposit	(2 117)	(32 835)	(33 331)
Other items, net	-	-	-
Net cash used in investing activities	(119 484)	(187 548)	(571 887)
Cash flows provided by (used in) financing activities:			
Proceeds from issuance of common stock, net	-	-	-
Purchase of treasury shares	-	-	(17 404)
Proceeds from issuance of long-term debt	-	-	288 025
Repayment of long-term debt	(190 453)	(3 889)	(155 992)
Principal payments under capital leases	(18)	-	(23)
Proceeds from sale of treasury shares	1 808	1 284	4 203
Dividend paid to non-controlling interests	(151)	-	(1 217)
Interest paid	(7 609)	(6 180)	(33 931)
Net cash provided by (used in) financing activities	(196 423)	(8 785)	83 661
Net decrease in cash and cash equivalents	(164 326)	(115 314)	(7 845)
Cash and cash equivalents at beginning of period	424 734	432 579	432 579
Cash and cash equivalents at end of period	**$ 260 408**	**$ 317 265**	**$ 424 734**

(1) Derived from the audited financial statements

Petroleum Geo-Services ASA
Notes to the Interim Consolidated Financial Statements - First Quarter 2012

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 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 income before income tax expense (benefit) less, currency exchange gain (loss), other financial expense, other financial income, interest expense, income (loss) from associated companies, other operating income, impairments of long-lived assets and depreciation and amortization. EBITDA may not be comparable to other similar 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 consolidated interim financial statements reflects 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 is not necessary indicative of the results that may be expected for any subsequent interim period or year. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011.

The accounting policies adopted in the preparation of the 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, 2011.

Note 3 - New standards and policies adopted in 2012

None of the new accounting standards that came into effect on January 1, 2012 had a significant impact in the first quarter of 2012.

Note 4 - Segment information

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

Revenues by operating segment and service type for the periods presented:

	Quarter ended March 31, 2012	Quarter ended March 31, 2011	Year ended December 31, 2011
	(In thousands of dollars)		
Revenues by continuing operations:			
Marine revenues by service type:			
- Contract seismic	$ 174 899	$ 158 623	$ 627 015
- MultiClient pre-funding	108 458	34 343	223 528
- MultiClient late sales	49 449	17 951	278 279
- Data Processing	27 297	27 232	110 031
- Other	4 925	4 037	14 166
Marine revenues	**$ 365 028**	**$ 242 186**	**$ 1 253 019**
- Other, non Marine	-	-	281
Total revenues (continuing operations)	**$ 365 028**	**$ 242 186**	**$ 1 253 300**

Operating profit (loss) EBIT by operating segment for the periods presented:

	Quarter ended March 31, 2012	Quarter ended March 31, 2011	Year ended December 31, 2011
	(In thousands of dollars)		
Operating profit (loss) EBIT from continuing operations:			
Marine:			
EBITDA	$ 154 345	$ 74 397	$ 545 801
Other operating income	542	-	4 400
Impairments of long-lived assets	-	-	(2 583)
Depreciation and amortization (a)	(36 434)	(36 191)	(155 311)
Amortization of MultiClient library (a)	(72 844)	(32 735)	(237 005)
Operating profit EBIT, Marine	45 609	5 471	155 302
Other:			
EBITDA	$ (9 471)	$ (1 481)	$ (11 039)
Depreciation and amortization (a)	(1 182)	(1 496)	(5 565)
Operating profit (loss) EBIT, Other	(10 653)	(2 977)	(16 604)
Inter-segment eliminations:			
EBITDA	$ 848	$ (22)	$ 1
Operating profit (loss) EBIT, Other	848	(22)	1
Total Operating profit:			
EBITDA	$ 145 722	$ 72 894	$ 534 763
Other operating income	542	-	4 400
Impairments of long-lived assets	-	-	(2 583)
Depreciation and amortization (a)	(37 616)	(37 687)	(160 876)
Amortization of MultiClient library (a)	(72 844)	(32 735)	(237 005)
Total Operating profit (loss) EBIT	**$ 35 804**	**$ 2 472**	**$ 138 699**

(a) Presented separately in the Consolidated Statements of Operations.

Note 5 - Research and development costs

Research and development costs, net of capitalized portion were as follows for the periods presented:

	Quarter ended March 31, 2012	Quarter ended March 31, 2011	Year ended December 31, 2011
	(In thousands of dollars)		
Research and development costs, gross	$ 10 721	$ 9 157	$ 42 660
Capitalized development costs	(3 253)	(1 884)	(18 379)
Total	**$ 7 468**	**$ 7 273**	**$ 24 281**

Note 6 - Depreciation and amortization

Depreciation and amortization consists of the following for the periods presented:

	Quarter ended March 31, 2012	Quarter ended March 31, 2011	Year ended December 31, 2011
		(In thousands of dollars)	
Gross depreciation	$ 54 504	$ 48 806	$ 210 842
Depreciation capitalized to MultiClient library	(16 888)	(11 119)	(49 966)
Amortization of MultiClient library	72 844	32 735	237 005
Total	**$ 110 460**	**$ 70 422**	**$ 397 881**

The Company amortizes its MultiClient library primarily based on the ratio between the cost of surveys and the total forecasted sales for such surveys. The surveys are categorized into amortization categories based on this ratio. In previous periods four categories was applied with amortization rates of 90%, 75%, 60% or 45% of sales. From January 1, 2012 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 consolidated statement of operations since this additional, non-sales related amortization expense, is expected to occur regularly.

Note 7 - Impairments of long-lived assets

Impairments of long-lived assets consists of the following for the periods presented:

	Quarter ended March 31, 2012	Quarter ended March 31, 2011	Year ended December 31, 2011
		(In thousands of dollars)	
Property and equipment	$ -	$ -	$ 4 582
Reversed impairments	-	-	(1 999)
Total	**$ -**	**$ -**	**$ 2 583**

Note 8 - Interest expense

Interest expense consists of the following for the periods presented:

	Quarter ended March 31, 2012	Quarter ended March 31, 2011	Year ended December 31, 2011
		(In thousands of dollars)	
Interest expense, gross	$ (15 048)	$ (13 058)	$ (50 459)
Capitalized interest, MultiClient library	1 422	1 160	6 409
Capitalized interest, construction in progress	887	14	1 880
Total	**$ (12 739)**	**$ (11 884)**	**$ (42 170)**

Note 9 - Other financial income

Other financial income consists of the following for the periods presented:

	Quarter ended March 31, 2012	Quarter ended March 31, 2011	Year ended December 31, 2011
		(In thousands of dollars)	
Interest income	$ 1 429	$ 1 078	$ 7 617
Gain from sale of shares	478	2 463	10 985
Fair value adjustments on derivatives	316	2 050	-
Gain on investment in shares available for sale	-	-	162
Other	1 057	-	5 969
Total	**$ 3 280**	**$ 5 591**	**$ 24 733**

Note 10 - Other financial expense

Other financial expense consists of the following for the periods presented:

	Quarter ended March 31, 2012	Quarter ended March 31, 2011	Year ended December 31, 2011
		(In thousands of dollars)	
Loss on repurchase of convertible notes	$ (7 506)	$ -	$ (5 678)
Impairment of shares available for sale	-	-	(9 567)
Fair value adjustments on derivatives	-	-	(11 595)
Other	(2 132)	(34)	(6 891)
Total	**$ (9 638)**	**$ (34)**	**$ (33 731)**

Note 11 - MultiClient library

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

	March 31, 2012	March 31, 2011	December 31, 2011
		(In thousands of dollars)	
Completed during 2007 and prior years	$ 528	$ 4 781	$ 664
Completed during 2008	23 571	30 858	24 986
Completed during 2009	86 134	115 892	92 925
Completed during 2010	35 661	46 656	36 590
Completed during 2011	60 642	3 023	63 333
Completed during 2012	14 098	-	-
Completed surveys	220 634	201 210	218 498
Surveys in progress	117 624	134 763	115 637
MultiClient library, net	**$ 338 258**	**$ 335 973**	**$ 334 135**

Key figures MultiClient library for the periods presented:

	Quarter ended March 31, 2012	Quarter ended March 31, 2011	Year ended December 31, 2011
Key figures MultiClient library continuing operations:		(In thousands of dollars)	
MultiClient pre-funding	$ 108 458	$ 34 343	$ 223 528
MultiClient late sales	49 449	17 951	278 279
Cash investment in MultiClient library (a)	52 657	45 588	203 922
Capitalized interest in MultiClient library (b)	1 422	1 160	6 409
Capitalized depreciation (non-cash) (c)	16 888	11 119	49 966
Amortization of MultiClient library (c)	72 844	32 735	237 005

(a) See Consolidated statements of cash flows.
(b) See Interest expense above.
(c) See Depreciation and amortization above.

Note 12 - Capital expenditures

Capital expenditures were as follows for the periods presented:

	Quarter ended March 31, 2012		Quarter ended March 31, 2011		Year ended December 31, 2011
			(In thousands of dollars)		
Marine	$	66 289	$ 80 725	$	276 904
Other		1 600	607		3 027
Total	**$**	**67 889**	**$ 81 332**	**$**	**279 931**

Note 13 - Components of other comprehensive income

A reconciliation of reclassification adjustments included in the Consolidated Statements of Operations ("CSO") for all periods presented follows:

	Quarter ended March 31, 2012	Quarter ended March 31, 2011	Year ended December 31, 2011
		(In thousands of dollars)	
Cash flow hedges:			
Gains (losses) arising during the period	$ (1 210)	$ 7 276	$ (12 152)
Less: Reclassification adjustments for losses included in the Consolidated Statement of Operations	3 467	(3 636)	14 734
Cash flow hedges, net	**$ 2 257**	**$ 3 640**	**$ 2 582**
Revaluation of investments available-for-sale:			
Gains (losses) arising during the period	$ (1 120)	$ 1 477	$ (11 404)
Less: Reclassification adjustments for losses (gains) included in the Consolidated Statement of Operations	(478)	(1 395)	(1 418)
Revaluation of shares available-for-sale, net	**$ (1 598)**	**$ 82**	**$ (12 822)**

Note 14 - Net interest bearing debt

Reconciliation of net interest bearing debt:

	March 31, 2012	March 31, 2011	December 31, 2011
		(In thousands of dollars)	
Cash and cash equivalents	$ 260 408	$ 317 265	$ 424 734
Restricted cash (current and long-term)	100 114	108 028	93 656
Interest bearing receivables	42 283	52 481	41 918
Short-term debt and current portion of long-term debt	(3)	-	(183 011)
Capital lease obligations (current and long-term)	(138)	(234)	(156)
Long-term debt	(754 161)	(784 282)	(753 414)
Adjust for deferred loan costs (offset in long-term debt)	(16 361)	(8 910)	(17 905)
Total	**$ (367 858)**	**$ (315 652)**	**$ (394 178)**

Note 15 - Earnings per share

Earnings per share, to ordinary equity holders of PGS ASA, were calculated as follows:

	Quarter ended March 31, 2012	Quarter ended March 31, 2011	Year ended December 31, 2011
		(In thousands of dollars)	
Net income (loss)	$ 12 618	$ (8 942)	$ 35 058
Non-controlling interests	-	-	1 367
Net income (loss) to equity holders of PGS ASA	**$ 12 618**	**$ (8 942)**	**$ 33 691**
Effect of interest on convertible notes, net of tax	-	-	-
Net income (loss) for the purpose of diluted earnings per share	**$ 12 618**	**$ (8 942)**	**$ 33 691**
Earnings (loss) per share:			
- Basic	$ 0.06	$ (0.04)	$ 0.16
- Diluted	$ 0.06	$ (0.04)	$ 0.15
Weighted average basic shares outstanding	216 665 775	217 323 707	217 238 666
Dilutive potential shares (1)	763 720	-	879 061
Weighted average diluted shares outstanding	217 429 495	217 323 707	218 117 727

(1) For the first quarter and full year 2011 8.8 million and 8.0 million shares, respectively, related to convertible notes were excluded from the calculation of dilutive earnings per share as they were anti-dilutive.