Second Quarter and First Half 2012 Results

July 26, 2012 Oslo, Norway

PGS

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GeoStreamer® Drives Performance in All Markets

Highlights Q2 2012

- Revenues of $404.8 million, up 24% from Q2 2011
- EBITDA of $246.2 million, up 50% from Q2 2011
- EBIT of $86.6 million, up 77% from Q2 2011
- Group EBIT margin of 21%, up from 15% in Q2 2011
- Record MultiClient revenues of $236.0 million, up 48% from Q2 2011
- Marine Contract revenues of $128.5 million, down 7% from Q2 2011
- External Data Processing revenues of $31.7 million, up 25% from Q2 2011
- Cash flow from operations of $176.5 million, up 78% from Q2 2011
- Order book of $689 million, up 19% from Q2 2011
- Launch of SWIM – GeoStreamer Enhanced Imaging technology for improved subsurface illumination
- Full year 2012 EBITDA now expected to be in the range of $750-$800 million, increased from previous guidance of approximately $700 million

"We have delivered strong growth in all business units driven by our great people, unique Ramform vessels and differentiating GeoStreamer technology. In particular we have achieved another record breaking MultiClient quarter and significant margin uplift in Marine Contract. The profit improvement program is beginning to deliver results.

The seismic market continues to strengthen with improvements in project leads, active bids and order book size. Demand for GeoStreamer is stronger than ever."

Jon Erik Reinhardsen,
President and Chief Executive Officer

Key Financial Figures (In USD millions, except per share data)	**2nd quarter**		**Six months**		**Full year**
	2012 Unaudited	**2011 Unaudited**	**2012 Unaudited**	**2011 Unaudited**	**2011 Audited 2)**
Revenues	404.8	326.6	769.9	568.8	1,253.3
EBITDA (as defined)	246.2	163.6	391.9	236.5	534.8
EBIT ex. impairment charges 1)	85.6	49.0	121.4	51.4	141.3
EBIT as reported	86.6	49.0	122.4	51.4	138.7
Income before income tax expense	65.4	29.4	81.6	21.1	64.8
Net income to equity holders	45.9	23.6	58.5	14.7	33.7
Basic earnings per share ($ per share)	0.21	0.11	0.27	0.07	0.16
Diluted earnings per share ($ per share)	0.21	0.11	0.27	0.07	0.15
Net cash provided by operating activities	176.5	99.2	328.1	180.3	480.4
Cash investment in MultiClient library	82.0	68.4	134.7	113.9	203.9
Capital expenditures (whether paid or not)	84.1	110.5	152.0	191.9	279.9
Total assets (period end)	2,921.9	2,978.8	2,921.9	2,978.8	3,137.2
Cash and cash equivalents (period end)	198.9	216.0	198.9	216.0	424.7
Net interest bearing debt (period end)	441.9	420.8	441.9	420.8	394.2

1) In Q2 2012 there was a net reversal of impairments of $0.9 million. Net impairment charge for the full year 2011 was $2.6 million.
2) Derived from the audited financial statement.

PGS Group

In USD millions	2nd quarter		Six months		Full year
	2012	2011	2012	2011	2011
Revenues	404.8	326.6	769.9	568.8	1,253.3
EBITDA	246.2	163.6	391.9	236.5	534.8
EBIT excl imp. charges and other operating income	85.5	49.0	120.7	51.4	136.9
Net imp. and other operating income	(1.1)	---	(1.6)	---	(1.8)
EBIT as reported	86.6	49.0	122.4	51.4	138.7
Pretax income	65.4	29.4	81.6	21.1	64.8
Net income	45.9	23.6	58.5	14.7	33.7

In the first half of 2012, revenues for Petroleum Geo-Services ASA ("PGS" or "the Company") were 35% higher than in first half 2011, mainly due to significantly higher MultiClient revenues. Pre-funding revenues were the strongest contributor to the improvement.

Pre-funding revenues in the first half of 2012 corresponded to 192% of capitalized MultiClient cash investments, excluding capitalized interest, compared to 109% in the first half of 2011. The pre-funding level in the first half of 2012 is primarily driven by strong pre-funding levels on MultiClient GeoStreamer projects in the North Sea and offshore Angola.

Higher capitalized cash investment in the MultiClient library in the first half of 2012, compared to the first half of 2011 primarily reflects more capacity allocated to MultiClient.

MultiClient late sales in the first half of 2012 increased 54% from the first half of 2011, driven by higher sales in all regions except Asia Pacific and Brazil.

Contract revenues in the first half of 2012 were 2% higher than in the first half of 2011. Despite less capacity being allocated to contract, higher revenues were achieved in the first half of 2012 compared to the first half of 2011 primarily due to higher nominal prices and better productivity.

In the first half of 2012 PGS achieved the highest external data processing revenues ever on the basis of a record setting Q2. The strong performance is driven by targeted investments in growth of PGS' processing activity with a focus on high technology processing and GeoStreamer imaging.

Operating expenses (before depreciation, amortization, and impairments) increased by $45.7 million in the first half of 2012, compared to first half of 2011. The increase is mainly due to more activity in high cost regions in Q1, increased fuel prices and reduced capitalization of vessel operating costs relating to major periodic maintenance, partly offset by increased MultiClient prefunding activity where direct project costs are capitalized to the MultiClient library.

PGS initiated a Profit Improvement Program in Q4 2011, targeting a $50 million EBIT run rate improvement by end 2012. The work is progressing according to schedule with approximately $30 million annual run rate implemented by the end of Q2 2012.

In USD millions	2nd quarter		Six months		Full year
	2012	2011	2012	2011	2011
Contract revenues	128.5	138.1	303.4	296.8	627.0
MC pre-funding	150.2	89.7	258.6	124.0	223.5
MC late sales	85.9	69.6	135.3	87.6	278.3
Processing [1)]	31.7	25.5	59.0	52.7	110.0
Other	8.6	3.7	13.5	7.7	14.4
Total revenues	404.8	326.6	769.9	568.8	1,253.3
MC cash investment	82.0	68.4	134.7	113.9	203.9
Pre-funding % [2)]	183%	131%	192%	109%	110%
Opex	(158.7)	(163.0)	(378.0)	(332.3)	(718.5)
Vessel allocation [3)]					
Contract	40%	49%	49%	55%	59%
MultiClient	48%	33%	40%	27%	24%
Steaming	9%	9%	8%	11%	11%
Yard	3%	9%	4%	9%	6%
Standby	0%	0%	1%	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 Q2 2012 contract revenues decreased by $9.7 million compared to Q2 2011, primarily due to less capacity allocated to 3D contract work. The EBIT margin for marine contract acquisition work was approximately 20% in Q2 2012, up from 4% in Q1 2012 and 7% in Q2 2011. The improved EBIT margin is a result of very strong operational performance, driven by the GeoStreamer technology, and favorable costs in the quarter, which also benefited from a $4 million one off cost credit on a contract. The Company now expects the marine contract EBIT margin to be in the range of 15%-20% for the full year 2012. Marine contract EBIT margins will fluctuate from quarter to quarter.

Pre-funding revenues in Q2 2012 corresponded to 183% of capitalized MultiClient cash investments, excluding capitalized interest, compared to 131% in Q2 2011. The high pre-funding rate in Q2 2012 is primarily due to excellent performance on the Angolan MultiClient project, as well as MultiClient surveys in the North Sea where the Company has been able to maintain strong operational performance throughout the quarter primarily due to weather robustness of the GeoStreamer technology. PGS is experiencing continuous strong customer interest for its GeoStreamer MultiClient campaigns in the region.

The increase of capitalized cash investment in the MultiClient library in Q2 2012, compared to Q2 2011, primarily reflects more capacity allocated to MultiClient.

Q2 2012 MultiClient late sales were significantly stronger than in Q2 2011, due to higher sales in North America, Middle East and Africa.

In Q2 2012 PGS had a record quarter in external processing revenues, driven by large surveys in Africa and Brazil and high technology processing in Asia Pacific.

Operating expenses (before depreciation, amortization and impairments) decreased by $4.3 million in Q2 2012 compared to Q2 2011. The decrease is primarily due to increased costs capitalized to the MultiClient library, partly offset by increased direct project costs and reduced capitalization of vessel operating costs relating to major periodic maintenance.

The order book totaled $689 million at June 30, 2012, including $160 million of committed pre-funding on scheduled MultiClient projects and the estimated remaining value of the OptoSeis agreement with Petrobras, compared to $655 million at March 31, 2012 and $579 million at June 30, 2011.

Technology

In USD millions	2nd quarter		Six months		Full year
	2012	2011	2012	2011	2011
R&D cost gross	11.5	9.1	22.3	18.3	42.7
Capitalized dev. costs	(4.3)	(3.6)	(7.5)	(5.5)	(18.4)
Net R&D costs	7.3	5.5	14.7	12.8	24.3

The gross R&D cost increase *in the first half of 2012* compared to the first half of 2011 is primarily driven by a shift of resources from operational overhead towards projects classified as R&D, while overall resource levels have remained roughly the same. R&D costs mainly relate to the core business activities of marine seismic acquisition and processing, plus projects related to the new business of electromagnetic (“EM”). The increase in capitalized amount in the first half of 2012 compared to the first half of 2011 is a result of capitalized development of data processing software and a streamer and source control system, offset by a reduction in the amount of towed EM development capitalized and the completion of a streamer steering project.

In Q2 2012 the increase in gross R&D cost is driven by the same factors as for the first half year. The increase in capitalized development costs in Q2 2012 compared to Q2 2011 is primarily driven by an increase in the amount capitalized for the data processing software project and the streamer and source control system project, partially offset by a decrease in the amount capitalized for the towed EM development as the resources focus on delivering commercial systems.

Depreciation and Amortization

In USD millions	2nd Quarter		Six months		Full year
	2012	2011	2012	2011	2011
Gross depreciation	56.3	52.9	110.8	101.7	210.8
Capitalized depreciation to MC library	(24.9)	(19.0)	(41.8)	(30.2)	(50.0)
Amortization of MC library	129.3	80.8	202.2	113.5	237.0
Depreciation and amortization	160.7	114.6	271.2	185.1	397.9

In the first half of 2012 gross depreciation increased compared to the first half of 2011. The increase is driven by vessel upgrades and continued investments in GeoStreamer.

Amortization of the MultiClient library as a percentage of MultiClient revenues was 51% in the first half of 2012, compared to 54% in the first half of 2011. The lower amortization rate in the first half of 2012 is primarily due to a lower amortization rate on pre-funding revenues as a result of stronger sales-to-cost ratio for surveys acquired in 2012. In addition, the average amortization rate on late sales is lower due to increased sales of data with low book value.

In Q2 2012 gross depreciation increased compared to Q2 2011, driven by the same factors as mentioned above.

Amortization of the MultiClient library as a percentage of MultiClient revenues was 55% in Q2 2012, compared to 51% in Q2 2011. The higher amortization rate in Q2 2012 is primarily caused by a write down of a MultiClient project offshore Australia.

Effective 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.

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.

Loss from Associated Companies

Loss from associated companies of $2.6 million in the first half of 2012 relates to investments in Azimuth, Fortis and PGS Khazar, compared to $7.6 million in the first half of 2011, which primarily related to the investment in Geokinetics.

Interest Expense

In USD millions	2nd Quarter		Six months		Full year
	2012	2011	2012	2011	2011
Gross interest expense	(12.4)	(12.3)	(27.4)	(25.3)	(50.5)
Capitalized interest MC library	1.7	1.9	3.2	3.0	6.4
Capitalized interest constr. in progress	1.9	0.4	2.8	0.4	1.9
Interest expense	(8.8)	(10.0)	(21.5)	(21.9)	(42.2)

The increase in gross interest expense in the first half of 2012, compared to the first half of 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.

Capitalized interest to construction in progress will continue to increase going forward as a result of that the Company's new building program ramps up.

Other Financial Income

In USD millions	2nd Quarter		Six months		Full year
	2012	2011	2012	2011	2011
Interest income	1.0	1.5	2.4	2.6	7.6
Gain from sale of shares	---	0.8	0.5	3.2	11.0
Fair value adjustments of derivatives	---	---	0.3	---	---
Gain on investment in shares available for sale	---	---	---	---	0.2
Other	0.0	0.5	1.1	1.2	6.0
Other financial income	1.0	2.8	4.3	7.0	24.7

In the first half of 2012 other financial income decreased compared to the first half of 2011, as a result of lower gains from sale of shares in smaller E&P companies and lower interest income.

Other Financial Expense

In USD millions	2nd Quarter		Six months		Full year
	2012	2011	2012	2011	2011
Fair value adjustments on derivatives	(3.3)	(8.2)	(3.3)	(6.2)	(11.6)
Loss on repurchase of convertible notes	---	---	(7.5)	---	(5.7)
Impairment of shares available for sale	---	---	---	---	(9.6)
Other	(2.2)	(2.1)	(4.4)	(3.7)	(6.9)
Other financial expense	(5.6)	(10.4)	(15.2)	(9.9)	(33.7)

In the first half of 2012 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 year was $190.6 million, which was repurchased in Q1 2012 at an average price of 100.51% of par.

In Q2 2012 other financial expense was reduced compared to Q2 2011. The improvement primarily relates to a negative fair value adjustment of the convertible bond to SeaBird recorded in Q2 2011.

Currency Exchange Gain (Loss)

In the first half of 2012 there was a currency exchange loss of $5.7 million compared to a gain of $2.0 million in the first half of 2011.

In Q2 2012 there was a currency exchange loss of $6.7 million compared to a gain of $1.4 million in Q2 2011. The Q2 2012 loss includes $4.3 million loss (net of hedging) relating to the legal deposits in Brazilian Real made in relation to the ISS dispute in Brazil (see Income Tax Expense and Tax Contingencies). The Company otherwise 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 in financial items when the US dollar appreciates.

Income Tax Expense and Tax Contingencies

In the first half of 2012 income tax expense was $23.1 million, compared to $6.2 million in the first half of 2011. The estimated current tax expense in the first half of 2012 was $15.8 million compared to $9.5 million in the first half of 2011. Deferred tax in the first half of 2012 was an expense of $7.3 million compared to a benefit of $3.3 million in the first half of 2011.

Income tax expense for the first half and Q2 2012 is negatively impacted by losses in countries where deferred tax benefit are not recognized, mainly offset by the impact of tax exempt profit on vessel operations within tonnage tax regimes.

In Q2 2012 the income tax expense was $19.5 million compared to $5.5 million in Q2 2011. The estimated current tax expense in Q2 2012 was $2.8 million compared to $2.8 million in Q2 2011. Deferred tax in Q2 2012 was $16.7 million compared to $2.7 million in Q2 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. At June 30, 2012, the Company estimates the total exposure to be approximately $156 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 made to be able to file lawsuits seeking to confirm that sale of MultiClient data is not subject to ISS amounted to $94 million and is reported as long-term restricted cash.

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 $70 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 (WHT) 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 we have been advised that it is likely that PGS 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 WHT claim but upheld the CIDE assessment.

Capital Expenditures[1)]

In USD millions	2nd Quarter		Six months		Full year
	2012	2011	2012	2011	2011
Seismic equipment	14.2	34.4	45.2	91.7	136.8
Vessel upgrades/Yard	11.7	31.0	12.7	49.2	67.5
Processing equipment	6.7	2.8	10.8	7.1	17.0
New Builds	50.3	40.5	80.0	41.0	53.6
Other	1.2	1.8	3.3	2.8	5.0
Total	84.1	110.5	152.0	191.8	279.9

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

The main capital expenditures in the first half of 2012 were for seismic equipment, primarily GeoStreamer, vessel upgrades and costs in relation to the new builds.

New Builds

In April 2011, PGS ordered two new generation Ramform Titan-class vessels, with options for another two vessels, from Mitsubishi Heavy Industries Ltd. Agreed deliveries of the two first vessels are in Q1 and Q4 2013, and progress is according to plan. The options for vessel 3 and 4 must be declared by October 14, 2012 for delivery in first and second half of 2015.

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. Accumulated capital expenditures related to the new builds at June 30, 2012 was $139.7 million.

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

Liquidity and Financing

In the first half of 2012 net cash provided by operating activities was $328.1 million compared to $180.3 million in the first half of 2011. The increase primarily relates to improved earnings.

In Q2 2012 net cash provided by operating activities was $176.5 million compared to $99.2 million in Q2 2011.

At June 30, 2012, cash and cash equivalents amounted to $198.9 million, compared to $260.4 million at March 31, 2012 and $216.0 million at June 30, 2011.

Restricted cash amounted to $88.4 million at June 30, 2012, compared to $100.1 million at March 31, 2012 and $107.4 million at June 30, 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 are denominated in Brazilian Real and 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).

At June 30, 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 $771.5 million at June 30, 2012 compared to $770.7 million at March 31, 2012 and $796.5 million at June 30, 2011.

Net interest bearing debt (interest bearing debt less cash and cash equivalents, restricted cash and interest bearing investments) was $441.9 million at June 30, 2012 compared to $367.9 million at March 30, 2012 and $420.8 million at June 30, 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 using a number of methods to recover the amounts owed. The net book value of PGS' claims on the Spanish yard is approximately $9 million.

At June 30, 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 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 June 30, 2012 the total leverage ratio was 1.13:1.

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 expects full year 2012 EBITDA to be in the range of $750-$800 million, up from the previous guidance of 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 $260-$300 million, down from $300-$325 million partly driven by higher productivity reducing the cost of data acquisition. The pre-funding level is expected to be approximately 150% of capitalized cash investment.

Lysaker, July 25, 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

Responsibility Statement

We confirm that, to the best of our knowledge. The condensed set of financial statements for the first half year 2012, which has been prepared in accordance with IAS 34 Interim Financial reporting gives a true and fair view of the Company's consolidated assets, liabilities, financial position and result of operations, and that the first half 2012 report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Lysaker, July 25, 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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FOR DETAILS CONTACT:

Tore Langballe, SVP Corporate Communications
Phone: +47 67 51 43 75
Mobile: +47 90 77 78 41

Bård Stenberg, Investor Relations Manager
Phone: +47 67 51 43 16
Mobile: +47 99 24 52 35

PGS Main Offices:

OSLO (headquarter)
Petroleum Geo-Services ASA
Strandveien 4
P.O.Box 290
1326 Lysaker, Norway
Phone: +47 67 52 64 00
Fax: +47 67 52 64 64

HOUSTON
Petroleum Geo-Services, Inc
15150 Memorial Drive
Houston Texas 77079 USA
Phone: +1 281 509 8000
Fax: +1 281 509 8500

LONDON
Petroleum Geo-Services (UK) Ltd.
4, The Heights
Brooklands
Weybridge
Surrey KT13 0NY, UK
Phone: +44 1932 3760 00
Fax: +44 1932 3761 00

SINGAPORE
Petroleum Geo-Services Asia
111 Somerset Road
#15-05/06
Triple One Somerset
Singapore 238164
Phone: +65 6735 6411
Fax: +65 6735 6413

Board of Directors:

Francis Gugen (Chairperson)
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 2012:

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

The dates are subject to change.

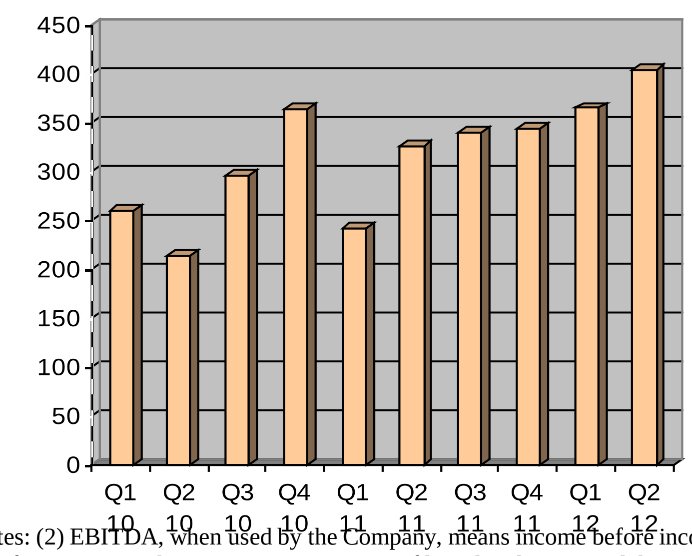
Petroleum Geo-Services ASA and Subsidiaries
Consolidated Statements of Operations

	Note	Quarter ended June 30, 2012 Unaudited	Quarter ended June 30, 2011 Unaudited	Six months ended June 30, 2012 Unaudited	Six months ended June 30, 2011 Unaudited	Year ended December 31, 2011 Audited (1)
		(In thousands of dollars, except share data)				
Revenues	4	$ 404 845	$ 326 593	$ 769 873	$ 568 779	$ 1 253 300
Cost of sales		138 564	143 517	334 438	291 942	643 434
Research and development costs	5	7 278	5 525	14 746	12 798	24 281
Selling, general and administrative costs		12 839	13 962	28 803	27 556	50 822
Depreciation and amortization	4, 6	160 707	114 633	271 167	185 055	397 881
Impairment of long-lived assets	4, 7	(914)	-	(914)	-	2 583
Other operating income		(181)	-	(723)	-	(4 400)
Total operating expenses		318 293	277 637	647 517	517 351	1 114 601
Operating profit EBIT	4	86 552	48 956	122 356	51 428	138 699
Loss from associated companies		(1 052)	(2 537)	(2 577)	(7 556)	(12 389)
Interest expense	8	(8 784)	(10 012)	(21 523)	(21 896)	(42 170)
Other financial income	9	997	2 819	4 277	7 014	24 733
Other financial expense	10	(5 576)	(11 235)	(15 214)	(9 874)	(33 731)
Currency exchange gain (loss)		(6 719)	1 424	(5 737)	1 998	(10 347)
Income before income tax expense		65 418	29 415	81 582	21 114	64 795
Income tax expense		19 540	5 549	23 086	6 190	29 737
Net income		**$ 45 878**	**$ 23 866**	**$ 58 496**	**$ 14 924**	**$ 35 058**
Net income (loss) attributable to non-controlling interests		(1)	230	(1)	230	1 367
Net income to equity holders of PGS ASA		**$ 45 879**	**$ 23 636**	**$ 58 497**	**$ 14 694**	**$ 33 691**

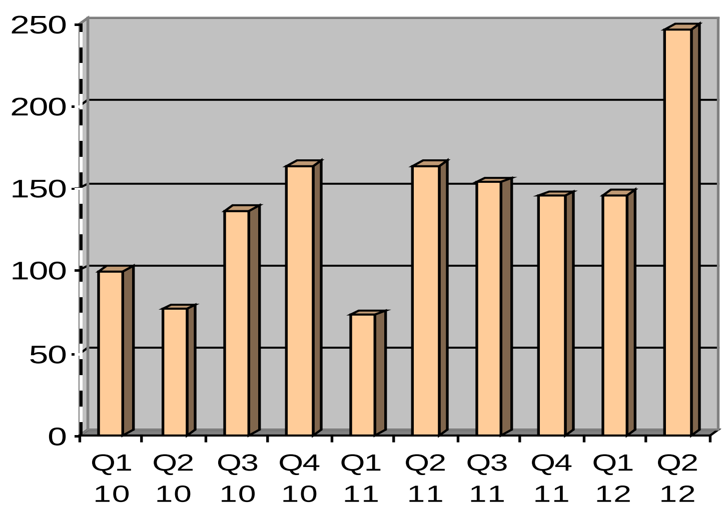
(1) Derived from the audited financial statements.

	Note	Q 2012	Q 2011	6M 2012	6M 2011	Year 2011
Earnings per share, to ordinary equity holders of PGS ASA:						
- Basic	15	$ 0.21	$ 0.11	$ 0.27	$ 0.07	$ 0.16
- Diluted	15	$ 0.21	$ 0.11	$ 0.27	$ 0.07	$ 0.15
Weighted average basic shares outstanding		216 601 607	217 439 550	216 633 691	217 381 949	217 238 666
Weighted average diluted shares outstanding		217 333 386	218 491 342	217 399 714	218 521 596	218 117 727

Revenues by Quarter
2010 - 2012
MUSD



EBITDA (2) by Quarter
2010 - 2012
MUSD



Notes: (2) EBITDA, when used by the Company, means income before income tax expense less, currency exchange gain (loss), other financial expense, other financial income, interest expense, loss from associated companies, 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. 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 June 30, 2012 Unaudited	Quarter ended June 30, 2011 Unaudited	Six months ended June 30, 2012 Unaudited	Six months ended June 30, 2011 Unaudited	Year ended December 31, 2011 Audited (1)
				(In thousands of dollars)		
Net income for the period		$ 45 878	$ 23 866	$ 58 496	$ 14 924	$ 35 058
Other comprehensive income:						
Cash flow hedges	13	2 944	(3 055)	5 201	585	2 582
Deferred tax on cash flow hedges		(825)	855	(1 457)	(164)	(723)
Revaluation of shares available-for-sale	13	(416)	(7 907)	(2 014)	(7 825)	(12 822)
Other comprehensive income (loss) of associated companies		(1 137)	-	(365)	-	242
Translation adjustments and other		(62)	45	(66)	134	1 356
Other comprehensive income for the period, net of tax		504	(10 062)	1 299	(7 270)	(9 365)
Total comprehensive income for the period		46 382	13 804	59 795	7 654	25 693
Total comprehensive income attributable to non-controlling interests		(1)	230	(1)	230	1 367
Total comprehensive income to equity holders of PGS ASA		**$ 46 383**	**$ 13 574**	**$ 59 796**	**$ 7 424**	**$ 24 326**

(1) Derived from the audited financial statements.

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

	Note	June 30, 2012 Unaudited	June 30, 2011 Unaudited	December 31, 2011 Audited (1)
			(In thousands of dollars)	
ASSETS				
Current assets:				
Cash and cash equivalents	14	$ 198 869	$ 215 971	$ 424 734
Restricted cash	14	3 681	3 623	4 605
Accounts receivable		179 074	133 372	220 765
Accrued revenues and other receivables		163 742	189 871	110 367
Available for sale investments		2 907	-	6 205
Assets held for sale	16	2 400	-	-
Other current assets		108 824	98 585	104 876
Total current assets		659 497	641 422	871 552
Long-term assets:				
Property and equipment		1 324 843	1 306 796	1 292 583
MultiClient library	11	318 802	344 446	334 135
Restricted cash	14	84 722	103 765	89 051
Deferred tax assets		157 732	212 702	177 923
Investments in associated companies		46 474	17 600	48 521
Available for sale investments		22 965	39 270	24 864
Other long-lived assets		17 556	67 606	23 987
Goodwill		139 852	139 852	139 852
Other intangible assets		149 436	105 358	134 711
Total long-term assets		2 262 382	2 337 395	2 265 627
Total assets		$ 2 921 879	$ 2 978 817	$ 3 137 179
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term debt and current portion of long-term debt	14	$ 14	$ -	$ 183 011
Current portion of capital lease obligations	14	458	97	96
Accounts payable		56 346	76 846	61 733
Accrued expenses		237 678	211 626	266 003
Income taxes payable		24 536	28 002	21 298
Total current liabilities		319 032	316 571	532 141
Long-term liabilities:				
Long-term debt	14	754 675	788 087	753 414
Long-term capital lease obligations	14	497	114	60
Deferred tax liabilities		5 620	19 455	17 134
Other long-term liabilities		52 940	87 401	62 740
Total long-term liabilities		813 732	895 057	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		(719)	(139)	(607)
Additional paid-in capital		510 666	505 927	508 217
Total paid-in capital		606 437	602 278	604 100
Accumulated earnings		1 201 646	1 182 881	1 187 705
Cumulative translation adjustment and other reserves		(19 008)	(18 212)	(20 307)
Non-controlling interests		40	242	192
Total shareholders' equity		1 789 115	1 767 189	1 771 690
Total liabilities and shareholders' equity		$ 2 921 879	$ 2 978 817	$ 3 137 179

(1) Derived from the audited financial statements.

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

For the six months ended June 30, 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	-	-	-	58 497	1 299	59 796	(1)	59 795
Dividends to non-controlling interests	-	-	-	-	-	-	(151)	(151)
Dividend paid	-	-	-	(41 510)	-	(41 510)	-	(41 510)
Acquired treasury shares	-	(251)	-	(5 873)	-	(6 124)	-	(6 124)
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	-	111	-	1 368	-	1 479	-	1 479
Employee share options	-	-	2 449	-	-	2 449	-	2 449
Balance at June 30, 2012	**$ 96 490**	**$ (719)**	**$ 510 666**	**$ 1 201 646**	**$ (19 008)**	**$ 1 789 075**	**$ 40**	**$ 1 789 115**

For the six months ended June 30, 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)	-	-	-	14 694	(7 270)	7 424	230	7 654
Exercise employee share options	-	101	-	1 339	-	1 440	-	1 440
Employee share options	-	-	2 816	-	-	2 816	-	2 816
Balance at June 30, 2011	**$ 96 490**	**$ (139)**	**$ 505 927**	**$ 1 182 881**	**$ (18 212)**	**$ 1 766 947**	**$ 242**	**$ 1 767 189**

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

	Quarter ended June 30, 2012 Unaudited	Quarter ended June 30, 2011 Unaudited	Six months ended June 30, 2012 Unaudited	Six months ended June 30, 2011 Unaudited	Year ended December 31, 2011 Audited (1)
	(In thousands of dollars)				
Cash flows provided by operating activities:					
Net income	$ 45 879	$ 23 637	$ 58 497	$ 14 694	$ 33 691
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	160 707	114 633	271 167	185 055	397 881
Impairments of long-lived assets	(914)	-	(914)	-	2 583
Loss on sales and retirement of assets	2 138	345	10 492	1 330	1 641
Loss in associated companies	1 052	2 537	2 577	7 556	12 389
Interest expense	8 784	10 012	21 523	21 896	42 170
(Increase) decrease in deferred income taxes	16 780	2 782	7 221	(3 402)	28 368
Net decrease (increase) in restricted cash	13 044	(1 063)	8 702	(5 089)	10 844
Income taxes paid	(6 551)	(6 886)	(15 295)	(14 684)	(20 244)
Gain on sale of shares	-	(758)	(478)	(3 221)	(10 985)
Other items	(913)	2 276	4 778	4	5 724
(Increase) decrease in accounts receivable, net	(77 460)	6 516	41 691	91 929	4 536
(Increase) decrease in accrued revenues and other receivables	15 733	(65 907)	(57 530)	(44 684)	34 820
(Increase) decrease in other current assets	(2 846)	17 311	(3 948)	(154)	(6 445)
(Increase) decrease in other long-lived assets	4 726	(2 620)	6 993	(3 591)	(8 773)
Increase (decrease) in accounts payable	(10 861)	11 634	(13 427)	(19 405)	(24 405)
Increase (decrease) in accrued expenses and income taxes payable	8 037	(13 325)	(9 420)	(45 109)	2 132
Increase (decrease) in other long-term liabilities	(861)	(1 885)	(4 574)	(2 867)	(25 546)
Net cash provided by operating activities	176 474	99 239	328 055	180 258	480 381
Cash flows (used in) provided by investing activities:					
Investment in MultiClient library	(82 027)	(68 360)	(134 684)	(113 948)	(203 922)
Capital expenditures, cash	(78 816)	(119 554)	(142 201)	(187 886)	(299 060)
Investment in other intangible assets	(8 816)	(4 567)	(14 054)	(7 062)	(19 960)
Investment/sale of associated companies, net	(94)	-	(94)	-	(263)
Loans to associated companies	-	-	-	(42 935)	-
Long term receivables, net	-	-	-	-	(28 441)
Proceeds from sale of assets	58	-	308	29	555
Proceeds from sale of available-for-sale shares	-	950	3 663	5 558	12 535
Long-term deposit to retricted cash	(1 334)	1 705	(3 451)	(31 130)	(33 331)
Net cash used in investing activities	(171 029)	(189 826)	(290 513)	(377 374)	(571 887)
Cash flows provided by (used in) financing activities:					
Purchase of treasury shares	(6 124)	-	(6 124)	-	(17 404)
Proceeds from issuance of long-term debt	23	-	23	-	288 025
Repayment of long-term debt	-	-	(190 453)	(3 889)	(155 992)
Principal payments under capital leases	(25)	-	(43)	-	(23)
Proceeds from sale of treasury shares	59	153	1 867	1 437	4 203
Dividend paid to non-controlling interests	-	-	(151)	-	(1 217)
Dividend paid	(41 510)	-	(41 510)	-	-
Interest paid	(19 407)	(10 860)	(27 016)	(17 040)	(33 931)
Net cash used in financing activities	(66 984)	(10 707)	(263 407)	(19 492)	83 661
Net increase (decrease) in cash and cash equivalents	(61 539)	(101 294)	(225 865)	(216 608)	(7 845)
Cash and cash equivalents at beginning of period	260 408	317 265	424 734	432 579	432 579
Cash and cash equivalents at end of period	**$ 198 869**	**$ 215 971**	**$ 198 869**	**$ 215 971**	**$ 424 734**

(1) Derived from the audited financial statements.

Petroleum Geo-Services ASA

Notes to the Interim Consolidated Financial Statements - Second 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 less, currency exchange gain (loss), other financial expense, other financial income, interest expense, 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 six months 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:

	Quarter ended June 30, 2012	Quarter ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011	Year ended December 31, 2011
			(In thousands of dollars)		
Marine revenues by service type:					
- Contract seismic	$ 128 487	$ 138 139	$ 303 386	$ 296 762	$ 627 015
- MultiClient pre-funding	150 153	89 689	258 611	124 032	223 528
- MultiClient late sales	85 857	69 646	135 306	87 597	278 279
- Data Processing	31 728	25 464	59 025	52 696	110 031
- Other	8 519	3 645	13 444	7 682	14 166
Marine revenues	**$ 404 744**	**$ 326 583**	**$ 769 772**	**$ 568 769**	**$ 1 253 019**
- Other, non Marine	101	10	101	10	281
Total revenues	**$ 404 845**	**$ 326 593**	**$ 769 873**	**$ 568 779**	**$ 1 253 300**

Operating profit (loss) EBIT by operating segment:

	Quarter ended June 30, 2012	Quarter ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011	Year ended December 31, 2011
Marine:			(In thousands of dollars)		
EBITDA	$ 248 812	$ 165 640	$ 403 157	$ 240 037	$ 545 801
Other operating income	181	-	723	-	4 400
Impairments of long-lived assets	914	-	914	-	(2 583)
Depreciation and amortization (a)	(30 094)	(32 348)	(66 528)	(68 539)	(155 311)
Amortization of MultiClient library (a)	(129 344)	(80 800)	(202 188)	(113 535)	(237 005)
Operating profit EBIT, Marine	90 469	52 492	136 078	57 963	155 302
Other:					
EBITDA	$ (2 848)	$ (2 000)	$ (12 319)	$ (3 481)	$ (11 039)
Depreciation and amortization (a)	(1 269)	(1 485)	(2 451)	(2 981)	(5 565)
Operating profit (loss) EBIT, Other	(4 117)	(3 485)	(14 770)	(6 462)	(16 604)
Inter-segment eliminations:					
EBITDA	$ 200	$ (51)	$ 1 048	$ (73)	$ 1
Operating profit (loss) EBIT, Other	200	(51)	1 048	(73)	1
Total Operating profit:					
EBITDA	$ 246 164	$ 163 589	$ 391 886	$ 236 483	$ 534 763
Other operating income	181	-	723	-	4 400
Impairments of long-lived assets	914	-	914	-	(2 583)
Depreciation and amortization (a)	(31 363)	(33 833)	(68 979)	(71 520)	(160 876)
Amortization of MultiClient library (a)	(129 344)	(80 800)	(202 188)	(113 535)	(237 005)
Total Operating profit EBIT	**$ 86 552**	**$ 48 956**	**$ 122 356**	**$ 51 428**	**$ 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:

	Quarter ended June 30,		Six months ended June 30,		Year ended December 31,
	2012	2011	2012	2011	2011
			(In thousands of dollars)		
Research and development costs, gross	$ 11 539	$ 9 136	$ 22 260	$ 18 293	$ 42 660
Capitalized development costs	(4 261)	(3 611)	(7 514)	(5 495)	(18 379)
Total	**$ 7 278**	**$ 5 525**	**$ 14 746**	**$ 12 798**	**$ 24 281**

Note 6 - Depreciation and amortization

Depreciation and amortization consists of the following:

	Quarter ended June 30,		Six months ended June 30,		Year ended December 31,
	2012	2011	2012	2011	2011
			(In thousands of dollars)		
Gross depreciation	$ 56 296	$ 52 867	$ 110 800	$ 101 673	$ 210 842
Depreciation capitalized to MultiClient library	(24 933)	(19 034)	(41 821)	(30 153)	(49 966)
Amortization of MultiClient library	129 344	80 800	202 188	113 535	237 005
Total	**$ 160 707**	**$ 114 633**	**$ 271 167**	**$ 185 055**	**$ 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:

	Quarter ended June 30,		Six months ended June 30,		Year ended December 31,
	2012	2011	2012	2011	2011
			(In thousands of dollars)		
Property and equipment	$ 829	$ -	$ 829	$ -	$ 4 582
Reversed impairments	(1 743)	-	(1 743)	-	(1 999)
Total	**$ (914)**	**$ -**	**$ (914)**	**$ -**	**$ 2 583**

Note 8 - Interest expense

Interest expense consists of the following:

	Quarter ended June 30,		Six months ended June 30,		Year ended December 31,
	2012	2011	2012	2011	2011
			(In thousands of dollars)		
Interest expense, gross	$ (12 390)	$ (12 287)	$ (27 438)	$ (25 345)	$ (50 459)
Capitalized interest, MultiClient library	1 729	1 879	3 151	3 039	6 409
Capitalized interest, construction in progress	1 877	396	2 764	410	1 880
Total	**$ (8 784)**	**$ (10 012)**	**$ (21 523)**	**$ (21 896)**	**$ (42 170)**

Note 9 - Other financial income

Other financial income consists of the following:

	Quarter ended June 30,		Six months ended June 30,		Year ended December 31,
	2012	2011	2012	2011	2011
			(In thousands of dollars)		
Interest income	$ 979	$ 1 546	$ 2 408	$ 2 624	$ 7 617
Gain from sale of shares	-	758	478	3 221	10 985
Fair value adjustments on financial instruments	-	-	316	-	-
Gain on investment in shares available for sale	-	-	-	-	162
Other	18	515	1 075	1 169	5 969
Total	**$ 997**	**$ 2 819**	**$ 4 277**	**$ 7 014**	**$ 24 733**

Note 10 - Other financial expense

Other financial expense consists of the following:

	Quarter ended June 30,		Six months ended June 30,		Year ended December 31,
	2012	2011	2012	2011	2011
			(In thousands of dollars)		
Fair value adjustments on financial instruments	$ (3 330)	$ (8 213)	$ (3 330)	$ (6 163)	$ (11 595)
Loss on repurchase of convertible notes	-	-	(7 506)	-	(5 678)
Impairment of shares available for sale	-	-	-	-	(9 567)
Other	(2 246)	(2 144)	(4 378)	(3 711)	(6 891)
Total	**$ (5 576)**	**$ (10 357)**	**$ (15 214)**	**$ (9 874)**	**$ (33 731)**

Note 11 - MultiClient library

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

	June 30, 2012	June 30, 2011	December 31, 2011
	(In thousands of dollars)		
Completed during 2007 and prior years	$ 387	$ 2 172	$ 664
Completed during 2008	21 908	29 623	24 986
Completed during 2009	67 541	106 105	92 925
Completed during 2010	34 220	44 164	36 590
Completed during 2011	53 974	32 919	63 333
Completed during 2012	33 962	-	-
Completed surveys	211 992	214 983	218 498
Surveys in progress	106 810	129 463	115 637
MultiClient library, net	**$ 318 802**	**$ 344 446**	**$ 334 135**

Key figures MultiClient library:

	Quarter ended June 30, 2012	Quarter ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011	Year ended December 31, 2011
			(In thousands of dollars)		
MultiClient pre-funding	$ 150 153	$ 89 689	$ 258 611	$ 124 032	$ 223 528
MultiClient late sales	85 857	69 646	135 306	87 597	278 279
Cash investment in MultiClient library (a)	82 027	68 360	134 684	113 948	203 922
Capitalized interest in MultiClient library (b)	1 729	1 879	3 151	3 039	6 409
Capitalized depreciation (non-cash) (c)	24 933	19 034	41 821	30 153	49 966
Amortization of MultiClient library (c)	129 344	80 800	202 188	113 535	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:

	Quarter ended June 30, 2012	Quarter ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011	Year ended December 31, 2011
			(In thousands of dollars)		
Marine	$ 83 075	$ 109 313	$ 149 364	$ 190 038	$ 276 904
Other	1 009	1 213	2 609	1 820	3 027
Total	**$ 84 084**	**$ 110 526**	**$ 151 973**	**$ 191 858**	**$ 279 931**

Note 13 - Components of other comprehensive income

A reconciliation of reclassification adjustments included in the Consolidated Statements of Operations ("CSO"):

	Quarter ended June 30, 2012	Quarter ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011	Year ended December 31, 2011
			(In thousands of dollars)		
Cash flow hedges:					
Gains (losses) arising during the period	$ (593)	$ (6 728)	$ (1 803)	$ (6 724)	$ (12 152)
Less: Reclassification adjustments for losses included in the Consolidated Statement of Operations	3 537	3 673	7 004	7 309	14 734
Cash flow hedges, net	**$ 2 944**	**$ (3 055)**	**$ 5 201**	**$ 585**	**$ 2 582**
Revaluation of shares available-for-sale:					
Gains (losses) arising during the period	$ (416)	$ (7 193)	$ (1 536)	$ (5 716)	$ (11 404)
Less: Reclassification adjustments for (gains) included in the Consolidated Statement of Operations	-	(714)	(478)	(2 109)	(1 418)
Revaluation of shares available-for-sale, net	**$ (416)**	**$ (7 907)**	**$ (2 014)**	**$ (7 825)**	**$ (12 822)**

Note 14 - Net interest bearing debt

Summary of net interest bearing debt:

	June 30, 2012	June 30, 2011	December 31, 2011
		(In thousands of dollars)	
Cash and cash equivalents	$ 198 869	$ 215 971	$ 424 734
Restricted cash (current and long-term)	88 403	107 388	93 656
Interest bearing receivables	42 283	52 303	41 918
Short-term debt and current portion of long-term debt	(14)	-	(183 011)
Capital lease obligations (current and long-term)	(955)	(211)	(156)
Long-term debt	(754 675)	(788 087)	(753 414)
Adjust for deferred loan costs (offset in long-term debt)	(15 859)	(8 197)	(17 905)
Total	**$ (441 948)**	**$ (420 833)**	**$ (394 178)**

Note 15 - Earnings per share

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

	Quarter ended June 30, 2012	Quarter ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011	Year ended December 31, 2011
			(In thousands of dollars)		
Net income (loss)	$ 45 878	$ 23 866	$ 58 496	$ 14 924	$ 35 058
Non-controlling interests	(1)	230	(1)	230	1 367
Net income (loss) to equity holders of PGS ASA	**$ 45 879**	**$ 23 636**	**$ 58 497**	**$ 14 694**	**$ 33 691**
Effect of interest on convertible notes, net of tax	-	-	-	-	-
Net income (loss) for the purpose of diluted earnings per share	**$ 45 879**	**$ 23 636**	**$ 58 497**	**$ 14 694**	**$ 33 691**
Earnings (loss) per share:					
- Basic	$ 0.21	$ 0.11	$ 0.27	$ 0.07	$ 0.16
- Diluted	$ 0.21	$ 0.11	$ 0.27	$ 0.07	$ 0.15
Weighted average basic shares outstanding	216 601 607	217 439 550	216 633 691	217 381 949	217 238 666
Dilutive potential shares (1)	731 779	1 051 792	766 023	1 139 647	879 061
Weighted average diluted shares outstanding	217 333 386	218 491 342	217 399 714	218 521 596	218 117 727

(1) For the first six months 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.

Note 16 - Assets held for sale

The following asset was classified as held for sale:

	June 30, 2012	June 30, 2011	December 31, 2011
		(In thousands of dollars)	
Beaufort Explorer	$ 2 400	$ -	$ -
Total	**$ 2 400**	**$ -**	**$ -**

Note 17 - Dividends paid

Dividends on ordinary shares declared and paid during the six-month period:

	June 30, 2012	June 30, 2011
	(In thousands of dollars)	
Final dividend for 2011: NOK 1.1 per ordinary share	$ 41 510	$ -
Total	**$ 41 510**	**$ -**