First Quarter 2011 Results

Order Book Increase Reflects PGS Differentiation

Highlights Q1 2011

- Q1 2011 revenues, EBITDA and EBIT of $242.2 million, $72.9 million and $2.5 million respectively
- Q1 2011 Marine Contract EBIT margin of 12%
- Order book of $606 million, up 48% from Q1 2010
- GeoStreamer® momentum continues
- Q1 2011 impacted by reduced MultiClient data licensing activity

"Having secured approximately 65% of Q3 and a bit more than 40% of Q4 capacity we have good short term visibility and can focus on adding quality jobs to our order book. With the launch of GeoSource™ at the EAGE conference later in May, we introduce our new ghost free acquisition solution. The new source technology, GeoSource™ further enhances our unique GeoStreamer® dual sensor broadband seismic solution. Our fleet efficiency and technology differentiation position us well to take advantage of the expected growth in seismic demand, driven by a high oil price and systemic E&P growth requirements.

As previously announced, Q1 was negatively impacted by reduced data licensing activity and seasonally lower pre-funding levels causing weak MultiClient sales. However, we remain confident that MultiClient revenues for the full year will be good and expect a full year EBITDA of approximately $500 million."

Jon Erik Reinhardsen,
President and Chief Executive Officer

Key Financial Figures (In USD millions, except per share data)	**1st quarter**		**Full year**
	2011 **Unaudited**	**2010** **Unaudited[1)]**	**2010** **Unudited[1)]**
Revenues from continuing operations	242.2	259.4	1,135.1
EBITDA (as defined)	72.9	99.4	475.4
EBIT excluding impairment charges [2)]	2.5	30.0	130.7
EBIT as reported	2.5	29.5	51.6
Income (loss) before income tax expense	(8.3)	10.2	(8.4)
Net income (loss) to equity holders	(8.9)	11.4	(13.8)
Basic earnings per share ($ per share)	(0.04)	0.06	(0.07)
Diluted earnings per share ($ per share)	(0.04)	0.06	(0.07)
Net cash provided by operating activities	81.0	115.6	355.5
Cash investment in MultiClient library	45.6	52.1	166.7
Capital expenditures (cash)	68.3	48.0	223.5
Total assets (period end)	2,973.4	2,881.3	3,038.0
Cash and cash equivalents (period end)	317.3	350.6	432.6
Net interest bearing debt (period end)	315.7	534.4	279.1

1) Financial information for the full year 2010 is derived from the audited financial statements as presented in the 2010 Annual Report which have been restated due to a change in accounting policy as discussed on page 4. The unaudited Q1 2010 figures have accordingly been restated

2) Impairment charge of $0.5 million in Q1 2010. Net impairment charge for the full year 2010 was $79.1 million.

PGS Group

In USD millions	1st quarter		Full year
	2011	2010	2010
Revenues	242.2	259.4	1,135.1
EBITDA	72.9	99.4	475.4
EBIT excl impairment charges	2.5	30.0	130.7
Net impairments	---	(0.5)	(79.1)
EBIT	2.5	29.5	51.6
Pretax income	(8.3)	10.2	(8.4)
Net income	(8.9)	11.4	(13.8)

Revenues in Q1 2011 for Petroleum Geo-Services ASA ("PGS" or "the Company") were lower than in Q1 2010, mainly due to lower MultiClient late sales, partially offset by higher contract and processing revenues as discussed below.

In USD millions	1st quarter		Full year
	2011	2010	2010
Contract revenues	158.6	155.4	629.1
MC pre-funding	34.3	34.3	198.3
MC late sales	18.0	42.2	192.3
Processing [1)]	27.2	23.2	103.5
Other	4.0	4.3	12.0
Total revenues	242.2	259.4	1,135.1
MC cash investment	45.6	52.1	166.7
Pre-funding % [2)]	75%	66%	119%
Opex	169.3	160.0	659.7
Vessel allocation [3)]			
Contract	60%	59%	60%
MC	20%	33%	26%
Steaming	12%	7%	11%
Yard	8%	1%	3%
Standby	0%	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 in Q1 2011 compared to Q1 2010, due to slightly more vessel capacity used for contract acquisition. Marine contract revenues in Q1 2011 were negatively impacted by high steaming and yard time, as well as the political unrest in Egypt and Libya where the Company had two vessels when the uprising started. The EBIT margin on Marine contract acquisition work was approximately 12% in Q1 2011, up from 2% in Q4 2010, but down from 22% in Q1 2010. Marine contract EBIT margins will fluctuate from quarter to quarter and the Company expects the margin to be approximately 10-15% for the full year 2011, after adjusting for the industry wide increase in fuel cost and the weaker dollar.

MultiClient pre-funding revenues in Q1 2011 were in line with pre-funding revenues in Q1 2010. The impact of less capacity allocated to MultiClient in Q1 2011, compared to Q1 2010 was offset by a higher pre-funding rate. Compared to Q1 2010 pre-funding revenues were higher in Asia Pacific, Europe and Africa, but lower in the Gulf of Mexico and Brazil.

Pre-funding revenues in Q1 2011 corresponded to 75% of capitalized MultiClient cash investments, excluding capitalized interest, compared to 66% in Q1 2010. The pre-funding level in Q1 is lower than the Company's expected full year pre-funding level of approximately 90-100% since most of the new MultiClient data in the quarter was acquired in Asia Pacific and offshore Australia, where the pre-funding level normally is lower than in Europe and especially the North Sea.

MultiClient late sales were seasonally weak in Q1 2011, driven by low licensing activity especially in Asia Pacific and Europe.

Lower capitalized cash investment in the MultiClient library in Q1 2011, compared to Q1 2010 reflects less 3D capacity allocated to MultiClient in the quarter.

External data processing revenues were our best ever Q1, with revenues of $27.2 million. The double digit growth from Q1 2010 is based on solid worldwide demand plus the processing of GeoStreamer® surveys for a wide range of customers, including major internationals, Supermajors and NOC's. PGS continues to gain momentum in processing, as technology advances such as GeoStreamer and hyperBeam, and investments in depth technologies and capacity support a stronger order book and improved market position.

Operating expenses (before depreciation, amortization and impairments) increased by $9.3 million in Q1 2011, compared to Q1 2010, mainly due to increased fuel costs as a result of increased fuel prices, increased DP costs as a result of increased processing capacity, decreased capitalization of cash costs to the MultiClient library, partly offset by some reduced direct project related costs.

While an increased oil price is positive for seismic demand, it will, if prolonged, together with a weakening of the US Dollar cause an industry wide cost increase. Should the current oil price level continue throughout the remainder of the year, PGS' total fuel cost is estimated to increase by $35 million compared to the price level in Q4 2010 forming the basis for PGS' initial financial guidance for 2011. Fuel prices have increased approximately 50% since Q4 2010 and as disclosed at the time the fuel price sensitivity was approximately $8.5 million per year for every 10% change in fuel prices from Q4 2010 levels.

PGS has successfully reduced fuel price exposure on contracts extending more than 6-8 months into the future. If the higher fuel cost levels persists, PGS expects pricing dynamics in the seismic market to gradually adjust accordingly, however profitability of current jobs of a shorter nature will be negatively impacted.

The order book totaled $606 million at March 31, 2011, including $78 million of committed pre-funding on scheduled MultiClient projects and the estimated value of the OptoSeis agreement with Petrobras, compared to $409 million at March 31, 2010 and $584 million at December 31, 2010.

Technology

In USD millions	1st quarter		Full year
	2011	2010	2010
R&D cost gross	9.2	8.0	34.9
Capitalized dev. costs	(1.9)	(2.5)	(13.2)
Net R&D costs	7.3	5.5	21.8

The R&D costs relate mainly to the core business activities of marine seismic acquisition and processing. Gross costs are in line with Q4 2010. The decrease in capitalized amounts in 2011 compared to 2010 primarily relate to less capitalization of the towed electro-magnetic ("EM") development. Fiber-optic and streamer control system developments comprised the other main components of the capitalized development cost in Q1 2011.

Depreciation and Amortization

In USD millions	1st Quarter		Full year
	2011	2010	2010
Gross depreciation	48.8	45.1	189.7
Capitalized depreciation to MC library	(11.1)	(12.1)	(42.6)
Amortization of MC library	32.7	36.5	197.6
Depreciation and amortization	70.4	69.4	344.7

The increase in gross depreciation in Q1 2011, compared to Q1 2010 primarily reflects entry of *PGS Apollo* to the fleet and increased investment in GeoStreamer, partially offset by de-rigging of the *Beaufort Explorer* during Q1 2011.

The Company has implemented a change of its accounting policy for costs relating to major overhauls of vessels with effect January 1, 2011. The change is made to better reflect the economic reality, reduce volatility and align the accounting to more common industry practice and practice among vessel owning companies in general. Following this change, PGS capitalizes all costs relating to major vessel overhauls and depreciates relevant assets over three to five years. The former policy was to expense substantially all such costs when incurred. This change in accounting is expected to result in a $20-30 million increase of both EBITDA and capital expenditures for the full year 2011. The change will also impact depreciation expense, with an estimated increase of approximately $15 million for the full year 2011.

The change in policy is applied for all reporting periods and the reported periods prior to January 1, 2011, have been restated to reflect the change in treatment of such costs (see Note 18).

Amortization of the MultiClient library was 63% of MultiClient revenues in Q1 2011, compared to 48% of MultiClient revenues in Q1 2010. The relatively high amortization rate in Q1 2011 is driven by a high amortization rate applicable to the pre-funding revenues on ongoing projects as well as a high proportion of pre-funding revenues compared to late sales.

Interest Expense

In USD millions	1st Quarter		Full year
	2011	2010	2010
Gross interest expense	(13.1)	(15.1)	(55.4)
Capitalized interest MC library	1.2	0.9	5.9
Capitalized interest constr. in progress	0.0	1.8	2.5
Interest expense	(11.9)	(12.4)	(47.0)

The decrease in gross interest expense in Q1 2011, compared to Q1 2010 primarily reflects a reduction in interest bearing debt.

Other Financial Income

In USD millions	1st Quarter		Full year
	2011	2010	2010
Interest income	1.1	1.8	5.7
Fair value adjustments on derivatives	2.1	---	---
Gain from sale of shares	2.5	3.0	6.5
Gain on investments in shares available for sale	---	0.3	0.7
Other	---	0.7	0.9
Other financial income	5.6	5.9	13.9

Other financial income of $5.6 million in Q1 2011 primarily related to gains from the sale of shares held in smaller E&P companies and fair value adjustments on derivatives, primarily the convertible bond in SeaBird.

Currency Exchange Gain (Loss)

In Q1 2011, there was a currency exchange gain of $0.6 million, compared to a loss of $10.2 million in Q1 2010. 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 the short term effect to be positive when the USD depreciates.

Income Tax Expense and Tax Contingencies

The income tax expense in Q1 2011 was $0.6 million compared to $4.9 million in Q1 2010. The reported tax expense is negatively impacted by losses in countries where deferred tax benefit are not recognized.

The estimated current tax expense in Q1 2011 was $6.7 million compared to $7.5 million in Q1 2010. Deferred tax in Q1 2011 was a benefit of $6.1 million compared to $2.6 million in Q1 2010.

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 $214 million as of March 31, 2011, compared to $202.5 million as of March 31, 2010.

The Company has an ongoing dispute with the tax office of Rio de Janeiro in Brazil related to municipal services tax (“ISS”) on the sale of MultiClient data relating to years 2000 and onwards. The issue has been disclosed in annual and quarterly reports since 2005. As of March 31, 2011, the Company estimates the total exposure to be approximately $178 million, including possible penalties and interest.

In October 2010, the Company deposited Brazilian real 110 million ($65 million) with the Rio de Janeiro court so as to be able to file a lawsuit to seek confirmation that the sale of MultiClient data is not subject to ISS. The lawsuit relates to periods after 2005, which have not yet been assessed, as well as to future transactions. Going forward, PGS will continue depositing amounts relating to future transactions. In March 2011, PGS replaced a bank guarantee of Brazilian Real 49 million (approximately $29 million) for the earliest exposure years with a deposit. The purpose was to reduce costs. Total deposit, including deposits for the period after October 2010, is $99 million as of March 31, 2011.

Because the Company considers it more likely than not that the contingency will be resolved in its favor, no accruals have been made for any portion of the exposure. Amounts deposited are held on an interest bearing bank account with Banco do Brazil and will be released to PGS if and when a positive final ruling is awarded, which may take several years. The deposits are reported as long-term restricted cash.

With its multi-national operations, the Company is subject to taxation in many jurisdictions around the world with increasingly complex tax laws. As previously disclosed, the Company has identified issues in several jurisdictions that could eventually make it liable to pay amounts in taxes relating to prior years. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due.

Capital Expenditures[1)]

In USD millions	1st Quarter		Full year
	2011	2010	2010
Seismic in sea equipment	57.3	10.8	120.4
Vessel upgrades/Yard	18.2	1.6	48.1
Processing equipment	4.4	4.3	14.1
New Builds	0.5	29.7	34.7
Other	0.9	1.6	6.2
Total	81.3	48.0	223.5

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

The main capital expenditures in Q1 2011 were seismic in sea equipment, primarily GeoStreamer®, and costs in relation to scheduled classing and periodic maintenance, mainly on *Ramform Viking*.

New Builds

In February 2011, PGS ordered two Ramform W-class vessels, with the option for another two vessels, at Mitsubishi Heavy Industries Ltd. Final agreements were signed in April. The vessels are the first in the new, fifth generation Ramform series. Agreed deliveries of the two first vessels are in 2013, while the options for delivery of the two additional vessels in 2015 must be declared by April 2012.

The estimated total cost of the new generation Ramform is approximately $250 million each, including commissioning and a comprehensive seismic package, but excluding capitalized interest cost.

The agreement with the shipyard provides for payment based on five defined milestones, with 50% payable at delivery. In sea seismic equipment is procured by PGS separate from the shipbuilding contract. The capital expenditure on the two first vessels for 2011 is estimated to be $35-55 million.

Liquidity and Financing

In Q1 2011, net cash provided by operating activities was $81.0 million, compared to $115.6 million in Q1 2010. The decrease relates primarily to lower net income, partially offset by a decrease in working capital.

For the cancelled Arrow vessels, NB 532 and NB 533, approximately EUR 7 million per vessel with the addition of interest to be paid by Factorias Vulcano is still overdue in spite of the final arbitration awards ordering payment. Factorias Vulcano has entered into Spanish bankruptcy proceedings, but, Arrow has received a pledge in a future payment by Armada Seismic to Factorias Vulcano for NB 533 in the amount of EUR 10 million. In addition, Arrow has a registered pledge in the NB 533 vessel for an amount of approximately EUR 7 million with addition of interest.

At March 31, 2011, cash and cash equivalents amounted to $317.3 million, compared to $432.6 million at 31 December 2010 and $350.6 million at March 31, 2010. In Q1 2011, PGS invested $42.9 million in convertible bonds in SeaBird and paid approximately $29 million to replace a bank guarantee relating to its litigation to resolve the ISS contingency in Brazil.

Restricted cash amounted to $108.0 million at 31 March 2011, compared to $71.2 million at 31 December 2010 and $31.4 million at March 31, 2010. The increase in restricted cash is primarily due to a deposit of approximately $65 million in Q4 2010 and $29 million Q1 2011 related to law suits with the Rio de Janeiro court to seek confirmation that sale of MultiClient data in Brazil is not subject to ISS tax (see Income Tax Expense and Tax Contingencies paragraph for more details).

As of March 31, 2011, $470.5 million was outstanding under the Term Loan B maturing in 2015. In addition, the Company has $344.5 million nominal amount of convertible notes outstanding. There are no drawings on the $350.0 million revolving credit facility maturing in 2015.

The total interest bearing debt, including capital leases, was $793.4 million as of March 31, 2011 compared to $790.2 million as of 31 December 2010 and $919.3 million as of March 31, 2010.

Net interest bearing debt (interest bearing debt less cash and cash equivalents, restricted cash and interest bearing investments) was $315.7 million as of March 31, 2011 compared to $279.2 million as of December 31, 2010 and $534.4 million as of March 31, 2010.

The Company is subject to interest rate risk on debt, including capital leases. The risk is managed through using a combination of fixed and variable rate debt, together with interest rate swaps where appropriate, to fix the borrowing cost. As of March 31, 2011 the Company had approximately 64% of its debt at a fixed interest rate. The weighted average cash interest rate on gross debt was approximately 4.2%, including credit margins paid on the debt. The swap agreements used to fix the interest rate on $300 million of the debt matures from mid 2014 through to Q1 2015 and is matched against the Term Loan B. The swap agreements are accounted for as interest rate hedges as long as the hedging criteria are met.

Given the Company's interest rate swaps and cash holdings, for every one percentage point hypothetical increase in LIBOR, the annual net interest expense on the Company's debt, including capital leases, would decrease by approximately $1.5 million.

The credit agreement for the $600 million (remaining balance $470.5 million) Term Loan B and the $350 million revolving credit facility contains certain terms that place limitations on the Company. The revolving credit facility contains a covenant whereby total leverage ratio (as defined) cannot exceed 3.00:1 in 2010 and 2.75:1 thereafter. At March 31, 2011 the total leverage ratio was 1.95:1. The credit agreement generally requires the Company to apply 50% of excess cash flow to repay outstanding borrowings when the senior leverage ratio exceeds 2.00:1 or if total leverage ratio exceeds 2.50:1 for the financial year.

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, which are beyond its control and 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 our MultiClient data library, the attractiveness of our technology, changes in governmental regulations affecting our 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 on 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 2010. 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 2011

Based on the current operational forecast and with reference to the aforementioned risk factors, PGS' update on the first quarter, and the change in accounting policy, the Company expects a full year 2011 EBITDA of approximately $500 million.

Capital expenditures, including new builds, are estimated at approximately $250-265 million.

MultiClient cash investment is currently forecasted in the range of $180-200 million. PGS is currently seeing a lot of interest in expanding its 2011 GeoStreamer® MultiClient program and it is likely that investments will be increased, with an expected neutral or positive effect on total prefunding ratio.

Lysaker, 3 May 2011

Francis Gugen
Chairperson

Annette Malm Justad
Director

Harald Norvik
Vice Chairperson

Daniel J. Piette
Director

Carol Bell
Director

Ingar Skaug
Director

Holly 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 MultiClient 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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Harald Nordvik (Vice Chairperson)
Carol Bell
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Executive Officers:

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Gottfred Langseth	Executive Vice President and CFO
Per Arild Reksnes	Executive Vice President Marine Contract
Sverre Strandenes	Executive Vice President MultiClient
Guillaume Cambois	Executive Vice President Data Processing and Technology
Per Arild Reksnes	Executive Vice President New Ventures
Magne Reiersgard	Executive Vice President 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

Web-Site:
www.pgs.com

Financial Calendar 2011:

AGM	May 11, 2011
Q2 2011 report	July 28, 2011
Q3 2011 report	October 28, 2011

The dates are subject to change.

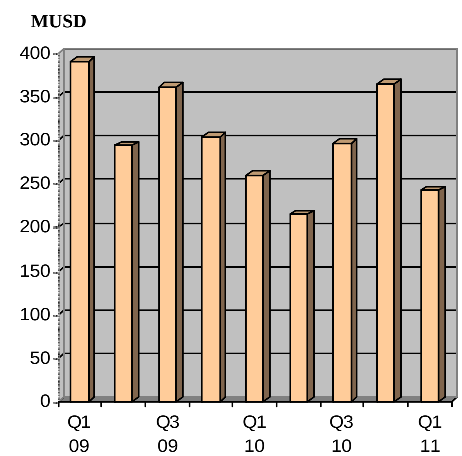
Petroleum Geo-Services ASA and Subsidiaries
Consolidated Statements of Operations

	Note	Quarter ended March 31, 2011 Unaudited	Quarter ended March 31, 2010 Unaudited	Year ended December 31, 2010 Unaudited (1)
		(In thousands of dollars, except share data)		
Revenues	4	$ 242 186	$ 259 433	$ 1 135 134
Cost of sales		148 425	140 060	581 900
Research and development costs	5	7 273	5 519	21 791
Selling, general and administrative costs		13 594	14 447	56 014
Depreciation and amortization	4, 6	70 422	69 393	344 690
Impairment of long-lived assets	4, 7	-	538	79 136
Total operating expenses		239 714	229 957	1 083 532
Operating profit (loss) EBIT	4	2 472	29 476	51 602
Income (loss) from associated companies		(5 019)	(587)	(10 183)
Interest expense	8	(11 884)	(12 399)	(46 996)
Other financial income	9	5 591	5 854	13 860
Other financial expense	10	(34)	(1 995)	(17 580)
Currency exchange gain (loss)		574	(10 163)	916
Income (loss) before income tax expense		(8 300)	10 186	(8 381)
Income tax expense		642	4 912	13 903
Income (loss) from continuing operations		(8 942)	5 274	(22 284)
Income (loss) from discontinued operations, net of tax	17	-	6 234	8 548
Net income (loss)		**$ (8 942)**	**$ 11 508**	**$ (13 736)**
Net income attributable to non-controlling interests		-	67	67
Net income (loss) to equity holders of PGS ASA		**$ (8 942)**	**$ 11 441**	**$ (13 803)**

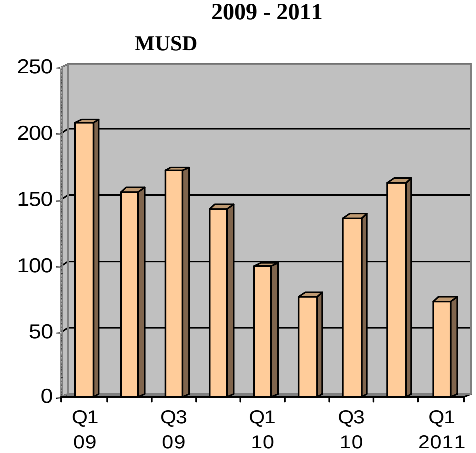
(1) The financial information is derived from the 2010 audited financial statements, which has been restated for the change in accounting policy.

	Note	2011	2010	2010
Earnings per share, to ordinary equity holders of PGS ASA:				
- Basic	16	$ (0.04)	$ 0.06	$ (0.07)
- Diluted	16	$ (0.04)	$ 0.06	$ (0.07)
Earnings per share from continuing operations, to ordinary equity holders of PGS ASA:				
- Basic	16	$ (0.04)	$ 0.03	$ (0.11)
- Diluted	16	$ (0.04)	$ 0.03	$ (0.11)
Weighted average basic shares outstanding		217 323 707	197 999 999	200 052 867
Weighted average diluted shares outstanding		217 323 707	199 045 989	200 052 867

Revenues by Quarter 2009 - 2011



EBITDA (1) by Quarter 2009 - 2011



Notes: (1) 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, income (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 (benefit). EBITDA may not be comparable to other similary 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. EBITDA for 2008 and

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

	Note	Quarter ended March 31, 2011 Unaudited	Quarter ended March 31, 2010 Unaudited	Year ended December 31, 2010 Unaudited (1)
			(In thousands of dollars)	
Net income (loss) for the period		$ (8 942)	$ 11 508	$ (13 736)
Other comprehensive income:				
Cash flow hedges	13	3 640	(545)	2 701
Deferred tax on cash flow hedges		(1 019)	469	(732)
Revaluation of shares available-for-sale	13	82	1 563	11 946
Translation adjustments and other		89	(86)	(1 412)
Other comprehensive income for the period, net of tax		2 792	1 401	12 503
Total comprehensive income (loss) for the period		(6 150)	12 909	(1 233)
Total comprehensive income attributable to non-controlling interests		-	67	67
Total comprehensive income (loss) to equity holders of PGS ASA		**$ (6 150)**	**$ 12 842**	**$ (1 300)**

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

	Note	March 31, 2011 Unaudited	March 31, 2010 Unaudited	December 31, 2010 Unaudited (1)
			(In thousands of dollars)	
ASSETS				
Current assets:				
Cash and cash equivalents	15	$ 317 265	$ 350 592	$ 432 579
Restricted cash	15	8 798	21 373	4 773
Shares available-for-sale		-	225	-
Accounts receivable		139 888	102 997	225 301
Accrued revenues and other receivables		123 964	167 584	145 187
Assets held-for-sale	17	-	3 000	-
Other current assets		115 897	83 523	98 432
Total current assets		705 812	729 294	906 272
Long-term assets:				
Property and equipment		1 249 931	1 331 216	1 216 219
MultiClient library	11	335 973	321 396	310 843
Restricted cash	15	99 230	10 014	66 395
Deferred tax assets		214 041	202 465	210 766
Investments in associated companies		19 840	25 569	24 523
Shares available-for-sale		32 594	16 449	33 282
Other long-lived assets		73 202	6 210	27 245
Goodwill		139 852	139 852	139 852
Other intangible assets		102 957	98 862	102 594
Total long-term assets		2 267 620	2 152 033	2 131 719
Total assets		$ 2 973 432	$ 2 881 327	$ 3 037 991
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term debt and current portion of long-term debt	15	$ -	$ 26 109	$ -
Current portion of capital lease obligations	15	95	234	-
Accounts payable		50 447	78 951	95 486
Accrued expenses		245 516	224 213	244 938
Income taxes payable		33 216	54 630	43 994
Total current liabilities		329 274	384 137	384 418
Long-term liabilities:				
Long-term debt	15	784 282	885 110	783 693
Long-term capital lease obligations	15	139	-	-
Deferred tax liabilities		18 868	22 199	20 757
Other long-term liabilities		86 207	85 020	90 831
Total long-term liabilities		889 496	992 329	895 281
Shareholders' equity:				
Paid-in capital:				
Common stock; par value NOK 3; issued and outstanding 217,799,997 shares at December 31, 2010; issued and outstanding 197,999,999 shares at December 31, 2009		96 490	86 583	96 490
Treasury shares, par value		(151)	-	(240)
Additional paid-in capital		504 347	238 638	503 111
Total paid-in capital		600 686	325 221	599 361
Accumulated earnings		1 162 114	1 201 671	1 169 861
Cumulative translation adjustment and other reserves		(8 150)	(22 043)	(10 942)
Non-controlling interests		12	12	12
Total shareholders' equity	14	1 754 662	1 504 861	1 758 292
Total liabilities and shareholders' equity		$ 2 973 432	$ 2 881 327	$ 3 037 991

(1) The financial information is derived from the 2010 audited financial statements, which has been restated for the change

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

	Quarter ended March 31, 2011 Unaudited	Quarter ended March 31, 2010 Unaudited	Year ended December 31, 2010 Unaudited (1)
	(In thousands of dollars)		
Cash flows provided by operating activities:			
Net income (loss)	$ (8 942)	$ 11 441	$ (13 803)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	70 422	69 393	344 690
Impairments of long-lived assets	-	538	79 136
(Gain) loss on sale of assets	985	437	9 185
(Income) loss from associated companies	5 019	587	10 183
Interest expense	11 884	12 393	46 996
(Increase) decrease in deferred income taxes	(6 184)	(2 955)	(11 254)
Net decrease (increase) in restricted cash	(4 026)	(7 940)	1 347
Income taxes paid	(7 798)	(10 851)	(36 098)
Gain on sale of shares	(2 463)	(3 044)	(6 483)
Gain on sale of subsidiary (Onshore), net of transaction cost	-	(8 802)	(10 082)
Other items	(2 272)	(531)	3 861
(Increase) decrease in accounts receivable, net	85 413	80 700	(54 034)
(Increase) decrease in unbilled and other receivables	21 223	18 872	(3 062)
(Increase) decrease in other current assets	(17 465)	5 900	(11 665)
(Increase) decrease in other long-lived assets	(971)	5 775	1 311
Increase (decrease) in accounts payable	(31 039)	(6 526)	10 009
Increase (decrease) in accrued expenses and income taxes payable	(31 784)	(49 454)	(13 497)
Increase (decrease) in other long-term liabilities	(983)	(315)	8 774
Net cash provided by operating activities	81 019	115 618	355 514
Cash flows (used in) provided by investing activities:			
Investment in MultiClient library	(45 588)	(52 088)	(166 711)
Investment in MultiClient library, discontinued operations	-	(1 208)	(1 208)
Capital expenditures	(68 332)	(48 018)	(223 510)
Proceeds/ refunds from new-build cancellations	-	51 935	157 376
Investment in other intangible assets	(2 495)	(2 519)	(12 614)
Investment in other intangible assets, discontinued operations	-	(219)	(219)
Investment/sale of associated companies, net	-	-	(9 935)
Loans to associated companies	(42 935)	-	-
Proceeds from sale of assets and associated companies	29	-	1 382
Proceeds from assets held-for-sale, net	-	-	2 400
Investment in available-for-sale shares	-	(6 447)	(15 355)
Proceeds from sale of available-for-sale shares	4 608	6 725	15 650
Long-term deposit	(32 835)	-	(66 395)
Sale of subsidiaries (Onshore)	-	171 433	176 754
Other items, net	-	-	1 000
Net cash provided by (used in) investing activities	(187 548)	119 594	(141 385)
Cash flows provided by (used in) financing activities:			
Proceeds from issuance of common stock, net	-	-	268 582
Purchase of treasury shares	-	-	(9 224)
Changes in long-term debt	(3 889)	(1 467)	(127 436)
Principal payments under capital leases	-	(120)	(354)
Proceeds from sale of treasury shares	1 284	-	2 417
Dividend paid to minorities in subsidiaries	-	(860)	(860)
Interest paid	(6 180)	(8 134)	(40 638)
Net cash provided by (used in) financing activities	(8 785)	(10 581)	92 487
Net increase in cash and cash equivalents	(115 314)	224 631	306 616
Cash and cash equivalents at beginning of period	432 579	125 961	125 963
Cash and cash equivalents at end of period	**$ 317 265**	**$ 350 592**	**$ 432 579**

(1) The financial information is derived from the 2010 audited financial statements, which has been restated for the change in accounting policy.

Petroleum Geo-Services ASA
Notes to the Interim Consolidated Financial Statements - First Quarter 2011

Note 1 - General

In December 2009, the Company entered into an agreement to sell PGS Onshore business ("Onshore") to the US-based Geokinetics. The transaction was closed February 12, 2010. The results for Onshore are included in discontinued operations in the consolidated statements of operations.

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"*.

(1) Certain reclassifications have been made to prior period amounts to conform to the current presentation, due to restatement as a result of changes to a policy (see note 3). Financial information for the full year 2010 is derived from the audited financial statements as presented in the 2010 Annual Report.

(2) 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, 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, 2010.

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, 2010 with the exception of the change in accounting policy as described in note 3. See Note 2 to the Consolidated Financial Statements in the 2010 Annual Report for information of the Company's significant accounting policies.

Note 3 - New policies and standards adopted in 2011

None of the new accounting standards that came into effect on January 1, 2011 had a significant impact in the first quarter of 2011.

From January 1, 2011 the Company changed the policy for recognition of costs incurred in connection with major overhaul of vessels. Under the new policy the directly attributable costs incurred in connection with major overhaul are capitalized and depreciated over the estimated period till the next similar overhaul. The former policy was to expense such costs when incurred. The change is made to better reflect the economic reality, reduce volatility and align the accounting to industry practice and practice among other vessel owning companies. The change in policy is applied for all reported periods, including periods prior to January 1, 2011. See note 18 for presentation of adjustments made in the restated periods.

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. Onshore is presented as discontinued operations and is not included in the tables below.

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

	Quarter ended March 31, 2011	Quarter ended March 31, 2010	Year ended December 31, 2010
	(In thousands of dollars)		
Revenues by continuing operations:			
Marine revenues by service type:			
- Contract seismic	$ 158 623	$ 155 384	$ 629 101
- MultiClient pre-funding	34 343	34 321	198 278
- MultiClient late sales	17 951	42 200	192 262
- Data Processing	27 232	23 207	103 471
- Other	4 037	3 183	9 239
Marine revenues	**$ 242 186**	**$ 258 295**	**$ 1 132 351**
- Other, non Marine	-	1 138	2 783
Total revenues (continuing operations)	**$ 242 186**	**$ 259 433**	**$ 1 135 134**

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

	Quarter ended March 31, 2011	Quarter ended March 31, 2010	Year ended December 31, 2010
	(In thousands of dollars)		
Operating profit (loss) EBIT from continuing operations:			
Marine:			
EBITDA	$ 74 397	$ 104 203	$ 496 188
Impairments of long-lived assets	-	(538)	(79 136)
Depreciation and amortization (a)	(36 191)	(30 885)	(140 533)
Amortization of MultiClient library (a)	(32 735)	(36 464)	(197 605)
Operating profit EBIT, Marine	5 471	36 316	78 914
Other:			
EBITDA	$ (1 481)	$ (4 545)	$ (20 038)
Depreciation and amortization (a)	(1 496)	(2 049)	(6 573)
Operating profit (loss) EBIT, Other	(2 977)	(6 594)	(26 611)
Inter-segment eliminations:			
EBITDA	$ (22)	$ (251)	$ (722)
Amortization of MultiClient library (a)	-	5	21
Operating profit (loss) EBIT, Other	(22)	(246)	(700)
Total Operating profit:			
EBITDA	$ 72 894	$ 99 407	$ 475 428
Impairments of long-lived assets	-	(538)	(79 136)
Depreciation and amortization (a)	(37 687)	(32 934)	(147 106)
Amortization of MultiClient library (a)	(32 735)	(36 459)	(197 584)
Total Operating profit (loss) EBIT	**$ 2 472**	**$ 29 476**	**$ 51 602**

(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, 2011	Quarter ended March 31, 2010	Year ended December 31, 2010
		(In thousands of dollars)	
Research and development costs, gross	$ 9 157	$ 7 992	$ 34 945
Capitalized development costs	(1 884)	(2 473)	(13 154)
Total	**$ 7 273**	**$ 5 519**	**$ 21 791**

Note 6 - Depreciation and amortization

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

	Quarter ended March 31, 2011	Quarter ended March 31, 2010	Year ended December 31, 2010
		(In thousands of dollars)	
Gross depreciation	$ 48 806	$ 45 067	$ 189 737
Depreciation capitalized to MultiClient library	(11 119)	(12 133)	(42 631)
Amortization of MultiClient library	32 735	36 459	197 584
Total	**$ 70 422**	**$ 69 393**	**$ 344 690**

The Company amortizes its MultiClient library primarily based on the ratio between the cost of surveys and the total forecasted sales for such surveys. In applying this method, surveys are categorized into four amortization categories with amortization rates of 90%, 75%, 60% or 45% of sales amounts. 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, 2011	Quarter ended March 31, 2010	Year ended December 31, 2010
		(In thousands of dollars)	
Property and equipment	$ -	$ 538	$ 94 312
Reversed impairments	-	-	(15 176)
Total	**$ -**	**$ 538**	**$ 79 136**

Note 8 - Interest expense

Interest expense consists of the following for the periods presented:

	Quarter ended March 31, 2011	Quarter ended March 31, 2010	Year ended December 31, 2010
		(In thousands of dollars)	
Interest expense, gross	$ (13 058)	$ (15 057)	$ (55 425)
Capitalized interest, MultiClient library	1 160	903	5 894
Capitalized interest, construction in progress	14	1 755	2 535
Total	**$ (11 884)**	**$ (12 399)**	**$ (46 996)**

Note 9 - Other financial income

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

	Quarter ended March 31, 2011	Quarter ended March 31, 2010	Year ended December 31, 2010
		(In thousands of dollars)	
Interest income	$ 1 078	$ 1 764	$ 5 728
Gain from sale of shares	2 463	3 044	6 483
Fair value adjustments on derivates	2 050	-	-
Gain on investment in shares available for sale	-	302	711
Other	-	744	938
Total	**$ 5 591**	**$ 5 854**	**$ 13 860**

Note 10 - Other financial expense

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

	Quarter ended March 31, 2011	Quarter ended March 31, 2010	Year ended December 31, 2010
		(In thousands of dollars)	
Amendment fees USD 950 million Credit Facilities	$ -	$ -	$ (7 029)
Fee in connection with redemption of 8.28% Notes	-	-	(1 229)
Other	(34)	(1 995)	(9 322)
Total	**$ (34)**	**$ (1 995)**	**$ (17 580)**

Note 11 - MultiClient library

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

	March 31, 2011	March 31, 2010	December 31, 2010
		(In thousands of dollars)	
Completed during 2006 and prior years	$ 312	$ 2 188	$ 348
Completed during 2007	4 469	8 074	4 627
Completed during 2008	30 858	43 703	31 380
Completed during 2009	115 892	151 408	120 618
Completed during 2010	46 656	4 209	48 082
Completed during 2011	3 023	-	-
Completed surveys	201 210	209 582	205 055
Surveys in progress	134 763	111 814	105 788
MultiClient library, net	**$ 335 973**	**$ 321 396**	**$ 310 843**

Key figures MultiClient library for the periods presented:

	Quarter ended March 31, 2011	Quarter ended March 31, 2010	Year ended December 31, 2010
		(In thousands of dollars)	
Key figures MultiClient library continuing operations:			
MultiClient pre-funding	$ 34 343	$ 34 321	$ 198 278
MultiClient late sales	17 951	42 200	192 262
Cash investment in MultiClient library (a)	45 588	52 088	166 711
Capitalized interest in MultiClient library (b)	1 160	903	5 894
Capitalized depreciation (non-cash) (c)	11 119	12 133	42 631
Amortization of MultiClient library (c)	32 735	36 459	197 584

(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, 2011	Quarter ended March 31, 2010	Year ended December 31, 2010
		(In thousands of dollars)	
Marine	$ 80 725	$ 46 620	$ 218 873
Other	607	1 398	4 637
Total	**$ 81 332**	**$ 48 018**	**$ 223 510**

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, 2011	Quarter ended March 31, 2010	Year ended December 31, 2010
		(In thousands of dollars)	
Cash flow hedges:			
Gains (losses) arising during the period	$ 7 276	$ (5 457)	$ (15 587)
Less: Reclassification adjustments for losses included in the Consolidated Statement of Operations	(3 636)	4 912	18 288
Cash flow hedges, net	**$ 3 640**	**$ (545)**	**$ 2 701**
Revaluation of shares available-for-sale:			
Gains (losses) arising during the period	$ 1 477	$ 2 614	$ 12 438
Less: Reclassification adjustments for (gains) included in the Consolidated Statement of Operations	(1 395)	(1 051)	(492)
Revaluation of shares available-for-sale, net	**$ 82**	**$ 1 563**	**$ 11 946**

Note 14 - Shareholders' equity

	Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings (deficit)	Cumulative translation adjustm. and other reserves	Non-controlling interests	Shareholders' equity
	(In thousands of dollars)						
Balance at December 31, 2009	$ 86 583	$ -	$ 237 542	$ 1 147 551	$ (23 444)	$ 805	$ 1 449 037
Effect of policy change (note 18)	-	-	-	42 679	-	-	42 679
Adjusted balance at December 31, 2009	$ 86 583	$ -	$ 237 542	$ 1 190 230	$ (23 444)	$ 805	$ 1 491 716
Reconciliation Q1 2010:							
Total comprehensive income (b)	-	-	-	11 441	1 401	67	12 909
Dividends to minority interests	-	-	-	-	-	(860)	(860)
Employee share options	-	-	1 096	-	-	-	1 096
Balance at March 31, 2010	$ 86 583	$ -	$ 238 638	$ 1 201 671	$ (22 043)	$ 12	$ 1 504 861
Reconciliation Q2 2010:							
Total comprehensive income (b)	-	-	-	(22 020)	(4 231)	(5)	(26 256)
Acquired treasury shares	-	(418)	-	(8 761)	-	-	(9 179)
Exercise employee share options	-	4	-	48	-	-	52
Employee share options	-	-	1 667	-	-	-	1 667
Balance at June 30, 2010	$ 86 583	$ (414)	$ 240 305	$ 1 170 938	$ (26 274)	$ 7	$ 1 471 145
Reconciliation Q3 2010:							
Total comprehensive income (b)	-	-	-	(40 254)	5 009	5	(35 240)
Exercise employee share options	-	44	-	544	-	-	588
Employee share options	-	-	1 419	-	-	-	1 419
Balance at September 30, 2010	$ 86 583	$ (370)	$ 241 724	$ 1 131 228	$ (21 265)	$ 12	$ 1 437 912
Reconciliation Q4 2010:							
Total comprehensive income (b)	-	-	-	37 030	10 323	-	47 353
Share issue (19,799,998 shares) (a)	9 907	-	260 215	-	-	-	270 122
Acquired treasury shares	-	(2)	-	(43)	-	-	(45)
Exercise employee share options	-	132	-	1 645	-	-	1 777
Employee share options	-	-	1 172	-	-	-	1 172
Balance at December 31, 2010	$ 96 490	$ (240)	$ 503 111	$ 1 169 861	$ (10 942)	$ 12	$ 1 758 292
Reconciliation Q1 2011:							
Total comprehensive income (b)	-	-	-	(8 942)	2 792	-	(6 150)
Exercise employee share options and share bonus	-	89	-	1 195	-	-	1 284
Employee share options	-	-	1 236	-	-	-	1 236
Balance at March 31, 2011	**$ 96 490**	**$ (151)**	**$ 504 347**	**$ 1 162 114**	**$ (8 150)**	**$ 12**	**$ 1 754 662**

(a) Transaction costs amounting to $4.0 million are recognized against "Additional paid-in capital" net of related income tax benefits of $1.5 million.

(b) Restated for accounting policy change.

Note 15 - Net interest bearing debt

Reconciliation of net interest bearing debt:

	March 31, 2011	March 31, 2010	December 31, 2010
		(In thousands of dollars)	
Cash and cash equivalents	$ 317 265	$ 350 592	$ 432 579
Restricted cash (current and long-term)	108 028	31 387	71 168
Interest bearing receivables	52 481	2 960	7 244
Short-term debt and current portion of long-term debt	-	(26 109)	-
Capital lease obligations (current and long-term)	(234)	(234)	-
Long-term debt	(784 282)	(885 110)	(783 693)
Adjust for deferred loan costs (offset in long-term debt)	(8 910)	(7 891)	(6 473)
Total	**$ (315 652)**	**$ (534 405)**	**$ (279 175)**

Note 16 - Earnings per share

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

	Quarter ended March 31, 2011	Quarter ended March 31, 2010	Year ended December 31, 2010
		(In thousands of dollars)	
Net income (loss) from continuing operations	$ (8 942)	$ 5 274	$ (22 284)
Net income from discontinued operations	-	6 234	8 548
Non-controlling interests	-	(67)	(67)
Net income (loss) to equity holders of PGS ASA	**$ (8 942)**	**$ 11 441**	**$ (13 803)**
Effect of interest on convertible notes, net of tax	-	-	-
Net income (loss) for the purpose of diluted earnings per share	**$ (8 942)**	**$ 11 441**	**$ (13 803)**
Earnings (loss) per share:			
- Basic	$ (0.04)	$ 0.06	$ (0.07)
- Diluted	$ (0.04)	$ 0.06	$ (0.07)
Earnings (loss) per share from continuing operations:			
- Basic	$ (0.04)	$ 0.03	$ (0.11)
- Diluted	$ (0.04)	$ 0.03	$ (0.11)
Weighted average basic shares outstanding	217 323 707	197 999 999	200 052 867
Dilutive potential shares (1)	-	1 045 990	-
Weighted average diluted shares outstanding	217 323 707	199 045 989	200 052 867

(1) For all the periods 8.8 million shares related to convertible notes were excluded from the calculation of dilutive earnings per share as they were anti-dilutive.

Note 17 - Income from discontinued operations, net of tax and assets/ liabilities held-for-sale

The results of operations for the Onshore segment are summarized as follows:

	Quarter ended March 31, 2011	Quarter ended March 31, 2010	Year ended December 31, 2010
		(In thousands of dollars)	
Revenues	$ -	$ 21 756	$ 21 756
Operating costs (a)	-	23 259	23 259
Depreciation and amortization	-	-	-
Total operating expenses	-	23 259	23 259
Operating profit (loss)	-	(1 503)	(1 503)
Financial items, net	-	286	286
Income (loss) from discontinued operations, pretax	**$ -**	**$ (1 217)**	**$ (1 217)**

(a) Operating costs include cost of sales, research and development costs, and selling, general and administrative costs.

Income from discontinued operations, net of tax consist of the following for the periods presented:

	Quarter ended March 31, 2011	Quarter ended March 31, 2010	Year ended December 31, 2010
		(In thousands of dollars)	
Income (loss) from discontinued operations, pretax	$ -	$ (1 217)	$ (1 217)
Additional proceeds	-	-	1 000
Gain on sale of Onshore	-	14 729	16 224
Transaction costs sale of Onshore	-	(5 927)	(6 142)
Income tax expense	-	(1 351)	(1 317)
Total	**$ -**	**$ 6 234**	**$ 8 548**

Asset/ liabilities held-for-sale

	March 31, 2011	March 31, 2010	December 31, 2010
Assets held-for-sale:	(In thousands of dollars)		
Polar Pearl	$ -	$ 3 000	$ -
Total asset held-for-sale	**$ -**	**$ 3 000**	**$ -**

Note 18 - Consolidated statements of operations by quarter 2010, restated with change of policy for accounting of major overhauls on vessels.

Consolidated statements of operations by quarter 2010, restated with change of policy for accounting of major overhauls on vessels

	Q1	Q2	Q3	Q4	2010
			(In thousands of dollars)		
Revenues	$ 259 433	$ 214 861	$ 296 410	$ 364 430	$ 1 135 134
Cost of sales	140 060	118 501	143 953	179 386	581 900
Research and development costs	5 519	5 753	4 569	5 950	21 791
Selling, general and administrative costs	14 447	14 284	11 512	15 771	56 014
Depreciation and amortization	69 393	70 715	83 127	121 456	344 690
Impairment of long-lived assets	538	-	79 880	(1 282)	79 136
Total operating expenses	229 957	209 253	323 041	321 281	1 083 532
Operating profit (loss) EBIT	29 476	5 608	(26 631)	43 149	51 602
Income (loss) from associated companies	(587)	(2 125)	(7 231)	(240)	(10 183)
Interest expense	(12 399)	(12 325)	(11 052)	(11 220)	(46 996)
Other financial income	5 854	2 309	1 385	4 312	13 860
Other financial expense	(1 995)	(10 572)	(4 438)	(575)	(17 580)
Currency exchange gain (loss)	(10 163)	(9 980)	20 841	218	916
Income (loss) before income tax expense (benefit)	10 186	(27 085)	(27 126)	35 644	(8 381)
Income tax expense (benefit)	4 912	(2 759)	14 945	(3 195)	13 903
Income from continuing operations	5 274	(24 326)	(42 071)	38 839	(22 284)
Income (loss) from discontinued operations, net of tax	6 234	2 301	1 822	(1 809)	8 548
Net income	**$ 11 508**	**$ (22 025)**	**$ (40 249)**	**$ 37 030**	**$ (13 736)**
Net income attributable to minority interests	67	(5)	5	-	67
Net income to equity holders of PGS ASA	**$ 11 441**	**$ (22 020)**	**$ (40 254)**	**$ 37 030**	**$ (13 803)**

Spesification of restatement in consolidated statements of opertations

	Q1	Q2	Q3	Q4	2010
			(In thousands of dollars)		
Operating profit (loss) EBIT as previously reported	34 223	5 328	(27 574)	45 821	57 798
Change in cost of sales	117	4 883	5 338	1 801	12 139
Change in depreciation and amortization	(4 864)	(4 603)	(4 395)	(4 473)	(18 335)
Restated operating profit (loss) EBIT	29 476	5 608	(26 631)	43 149	51 602

Specification of restatement in consolidated statements of financial position

	Q1	Q2	Q3	Q4
		(In thousands of dollars)		
Property and equipment as previously reported	1 293 284	1 305 892	1 184 805	1 179 735
Capitalized major overhauls	37 932	38 212	39 155	36 484
Restated property and equipment	1 331 216	1 344 104	1 223 960	1 216 219
Accumulated earnings as previously reported	1 163 739	1 132 726	1 092 073	1 133 377
Capitalized major overhauls	37 932	38 212	39 155	36 484
Restated accumulated earnings	1 201 671	1 170 938	1 131 228	1 169 861

Earnings per share (EPS)

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

	Q1		Q3		Q4		2010	
	Basic	Dillutive	Basic	Dillutive	Basic	Dillutive	Basic	Dillutive
EPS as previously reported	0.08	0.08	(0.21)	(0.21)	0.19	0.19	(0.04)	(0.04)
Change due to restatement	(0.02)	(0.02)	0.01	0.01	(0.01)	(0.01)	(0.03)	(0.03)
Restated EPS	0.06	0.06	(0.20)	(0.20)	0.18	0.18	(0.07)	(0.07)

For Q2 2010 the restatement have no impact on the EPS.

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

	Q1		Q3		Q4		2010	
	Basic	Dillutive	Basic	Dillutive	Basic	Dillutive	Basic	Dillutive
EPS as previously reported	0.05	0.05	(0.22)	(0.22)	0.20	0.20	(0.08)	(0.08)
Change due to restatement	(0.02)	(0.02)	0.01	0.01	(0.01)	(0.01)	(0.03)	(0.03)
Restated EPS	0.03	0.03	(0.21)	(0.21)	0.19	0.19	(0.11)	(0.11)

For Q2 2010 the restatement have no impact on the EPS.