Second Quarter and First Half 2011 Results

July 28, 2011 Oslo, Norway

Record MultiClient Sales Driven by GeoStreamer®

Highlights Q2 2011

- Revenues of $326.6 million, up 52% from Q2 10
- EBITDA of $163.6 million, up 114% from Q2 10
- EBIT of $49.0 million, up $43.3 million from Q2 10
- Record MultiClient sales of $159.3 million
- Contract revenues of $138.1 million with Marine Contract EBIT margin seasonally low at 7%
- External Data Processing revenues of $25.5 million
- Order book of $579 million, up 16% from Q2 2010
- Launch of GeoStreamer GS™ with high client interest
- Well on track to reach full year EBITDA guidance of $500 million

"We delivered our best quarterly MultiClient sales ever with pre-funding revenues boosted by high GeoStreamer MultiClient activity in the North Sea and Australia. We also experienced strong interest for our MultiClient library in most regions. Marine Contract EBIT margin is expected to be in the guided range of 10-15% for the full year. We are well on track to achieve our full year EBITDA guidance of approximately $500 million.

Our new ghost free acquisition solution GeoStreamer GS was officially introduced at the EAGE conference late May, representing the next significant step in bringing higher resolution and better seismic images to our customers. GeoStreamer GS is expected to give returns over and above what we currently see from the GeoStreamer as demonstrated by this quarter. Our fleet efficiency and technology differentiation is now further enhanced and will position us well to take advantage of the continued growth in seismic demand."

Jon Erik Reinhardsen,
President and Chief Executive Officer

Key Financial Figures (In USD millions, except per share data)	**2nd quarter**		**Six months**		**Full year**
	2011 Unaudited	**2010 Unaudited[1)]**	**2011 Unaudited**	**2010 Unaudited**	**2010 Unaudited[1)]**
Revenues	326.6	214.9	568.8	474.3	1,135.1
EBITDA (as defined)	163.6	76.3	236.5	175.7	475.4
EBIT excluding impairment charges [2)]	49.0	5.6	51.4	35.6	130.7
EBIT as reported	49.0	5.6	51.4	35.1	51.6
Income (loss) before income tax expense	30.3	(27.1)	22.0	(16.9)	(8.4)
Net income (loss) to equity holders	23.6	(22.0)	14.7	(10.6)	(13.8)
Basic earnings per share ($ per share)	0.11	(0.11)	0.07	(0.05)	(0.07)
Diluted earnings per share ($ per share)	0.11	(0.11)	0.07	(0.05)	(0.07)
Net cash provided by operating activities	99.2	68.6	180.3	184.2	355.5
Cash investment in MultiClient library	68.4	51.7	113.9	103.8	166.7
Capital expenditures (cash)	119.6	57.6	187.9	105.6	223.5
Total assets (period end)	2,981.8	2,728.6	2,981.8	2,728.6	3,038.0
Cash and cash equivalents (period end)	216.0	159.8	216.0	159.8	432.6
Net interest bearing debt (period end)	420.8	616.3	420.8	616.3	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 6. The unaudited numbers for Q2 2010 and the six month period ended June 30, 2010 have been restated accordingly.

2) Net impairment charge for the full year 2010 was $79.1 million.

PGS Group

In USD millions	2nd quarter		Six months		Full year
	2011	2010	2011	2010	2010
Revenues	326.6	214.9	568.8	474.3	1,135.1
EBITDA	163.6	76.3	236.5	175.7	475.4
EBIT excl impairment charges	49.0	5.6	51.4	35.6	130.7
Net impairments	---	---	---	(0.5)	(79.1)
EBIT	49.0	5.6	51.4	35.1	51.6
Pretax income (loss)	30.3	(27.1)	22.0	(16.9)	(8.4)
Net income (loss)	23.6	(22.0)	14.7	(10.6)	(13.8)

In the first half of 2011, revenues for Petroleum Geo-Services ASA ("PGS" or "the Company") were 20% higher than in first half 2010, mainly due to higher MultiClient sales, but contract and processing revenues also increased. Pre-funding revenues were the strongest contributor to the revenue improvement.

Pre-funding revenues in the first half of 2011 corresponded to 109% of capitalized MultiClient cash investments, excluding capitalized interest, compared to 66% in the first half of 2010. The pre-funding level in the first half of 2011 is driven by strong Q2 pre-funding levels on MultiClient Geostreamer projects. The lower pre-funding level in first half 2010 reflects the nature of the projects acquired, including Crystal III in the Gulf of Mexico, where pre-funding levels are normally lower compared to other regions.

Higher capitalized cash investment in the MultiClient library in the first half of 2011, compared to the first half of 2010 reflects higher operating cost on MultiClient activity offshore Australia and general higher cost level due to increased fuel cost.

MultiClient late sales in the first half of 2011 increased 29% from the first half of 2010, driven by good sales in most regions.

Contract revenues in the first half of 2011 were 5% higher than in the first half of 2010, primarily due to slightly more capacity used for contract acquisition. The political unrest in Egypt and Libya, where the Company had two vessels on contract when the uprising started, impacted marine contract revenues negatively.

In the first half of 2011, the increase in external processing revenue, compared to the first half of 2010 is based on strong growth in Asia Pacific and the North and South America regions. The increase is driven by growth in high technology depth processing and GeoStreamer processing. Data Processing also processes the MultiClient library investments, and as such Data Processing's overall capacity has grown significantly since first half 2010.

Operating expenses (before depreciation, amortization, and impairments) increased by $33.7 million in the first half of 2011, compared to first half of 2010, mainly due to increased vessel time charters and related costs, increased salaries and social expenses partly due to currency exchange movements in the Company's disfavor, increased fuel costs and data processing equipment lease costs.

In the first half of 2011, the oil price increased sharply from Q4 2010 levels. The combination of high oil prices and a weak US dollar increase industry wide costs. Should oil prices continue at current levels PGS' full year fuel cost is estimated to increase by $35 million in 2011, compared to the price level in Q4 2010.

PGS has taken measures to reduce fuel price exposure on contracts extending more than 5-6 months. If the higher fuel costs persist, PGS expects pricing dynamics in the seismic market to gradually adjust, however the profitability of current jobs that are of a shorter nature is negatively impacted.

In USD millions	2nd quarter		Six months		Full year
	2011	2010	2011	2010	2010
Contract revenues	138.1	126.8	296.8	282.2	629.1
MC pre-funding	89.7	34.0	124.0	68.3	198.3
MC late sales	69.6	25.8	87.6	68.0	192.3
Processing [1]	25.5	24.9	52.7	48.1	103.5
Other	3.7	3.5	7.7	7.8	12.0
Total revenues	326.6	214.9	568.8	474.3	1,135.1
MC cash investment	68.4	51.7	113.9	103.8	166.7
Pre-funding % [2]	131%	66%	109%	66%	119%
Opex	163.0	138.5	332.3	298.6	659.7
Vessel allocation [3]					
Contract	49%	46%	55%	53%	60%
MC	33%	31%	27%	32%	26%
Steaming	9%	19%	10%	13%	11%
Yard	9%	4%	8%	2%	3%
Standby	0%	0%	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.

In Q2 2011, contract revenues increased, compared to Q2 2010, due to more vessel capacity used for contract acquisition. The EBIT margin on Marine contract acquisition work was approximately 7% in Q2 2011, down from 12% in Q1 2011 and 14% in Q2 2010. Marine contract EBIT margins will fluctuate from quarter to quarter. The lower margin in Q2 2011, compared to Q2 2010 is primarily due to yard stays and higher costs, including increased fuel prices and the effect of a weaker US dollar.

MultiClient pre-funding revenues in Q2 2011 were significantly higher than in Q2 2010, due to more capacity allocated to GeoStreamer MultiClient, and strong interest for GeoStreamer surveys in Europe, where especially the North Sea campaigns carry a high pre-funding rate. Compared to Q2 2010 pre-funding revenues were higher in Asia Pacific, but lower in the Gulf of Mexico.

Pre-funding revenues in Q2 2011 corresponded to 131% of capitalized MultiClient cash investments, excluding capitalized interest, compared to 66% in Q2 2010 when the pre-funding level was lower due to late start-up of MultiClient surveys in the North Sea and more MultiClient activity in the Gulf of Mexico, where the pre-funding level is generally lower than in other regions.

MultiClient late sales were strong in Q2 2011, driven by higher sales in Europe, Asia Pacific and Brazil, but lower in the Gulf of Mexico compared to Q2 2010. A significant MultiClient late sales in Asia Pacific was recognized in Q2 2011 as a result of the resolution of the border dispute between Brunei and Malaysia.

Higher capitalized cash investment in the MultiClient library in Q2 2011, compared to Q2 2010 reflects more 3D GeoStreamer capacity allocated to MultiClient and a higher general cost level.

In Q2 2011, Data Processing saw strong external growth in Asia Pacific and North and South America, compared to Q2 2010 offset by a focus on MultiClient processing in the North Sea. Capacity has grown along with the focus on high-technology solutions.

Operating expenses (before depreciation, amortization, and impairments) increased by $24.4 million in Q2 2011, compared to Q2 2010, as a result of increased vessel time charters and related costs, increased salaries and social expenses partly due to currency exchange rate movements in the Company's disfavor and increased fuel costs, partly offset by increased cash costs capitalized to MultiClient library and increased costs capitalized for vessel dry-docking.

The order book totaled $579 million at June 30, 2011, including $62 million of committed pre-funding on scheduled MultiClient projects and the estimated value of the OptoSeis agreement with Petrobras, compared to $499 million at June 30, 2010 and $606 million at March 31, 2011.

Technology

In USD millions	2nd quarter		Six months		Full year
	2011	2010	2011	2010	2010
R&D cost gross	9.1	9.4	18.3	17.4	34.9
Capitalized dev. costs	(3.6)	(3.6)	(5.5)	(6.1)	(13.2)
Net R&D costs	5.5	5.8	12.8	11.3	21.8

The R&D costs mainly relate to the core business activities of marine seismic acquisition and processing. Gross costs in the first half of 2011 are in line with the first half of 2010. The decrease in capitalized amounts in the first half of 2011 compared to the first half of 2010 reflects an increase in

capitalization of the towed electro-magnetic ("EM") development due to increased testing and development of larger and more powerful systems. The increase is offset by a decrease in the capitalization of Fiber-optic systems, as the resources focus on delivering on commercial systems and cost-sharing agreements with major international exploration and production companies. Streamer control system developments comprised the other main component of the capitalized development cost in the first half of 2011 and Q2 2011.

Depreciation and Amortization

In USD millions	2nd Quarter		Six months		Full year
	2011	2010	2011	2010	2010
Gross depreciation	52.9	46.2	101.7	91.3	189.7
Capitalized depreciation to MC library	(19.0)	(9.6)	(30.2)	(21.8)	(42.6)
Amortization of MC library	80.8	34.1	113.5	70.6	197.6
Depreciation and amortization	114.6	70.7	185.1	140.1	344.7

In the first half of 2011, gross depreciation increased compared to the first half of 2010, primarily due to entry of *PGS Apollo* to the fleet and increased investments in GeoStreamer and other equipment, partially offset by de-rigging of the *Beaufort Explorer* during Q1 2011.

As disclosed in the Q1 2011 report the Company has implemented a change of its accounting policy for costs relating to major overhauls of vessels with effect from 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 general practice among vessel owning companies. 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, compared to the old policy. Reported periods prior to January 1, 2011, have been restated accordingly (see Note 18).

In Q2 2011, the increase in gross depreciation, compared to Q2 2010 is explained by increased investments in GeoStreamer, partially offset by de-rigging of the *Beaufort Explorer* during Q1 2011.

In Q2 2011, amortization of the MultiClient library as a percentage of MultiClient revenues was 51%, compared to 57% in Q2 2010. The decrease in amortization rate is due to a slightly lower amortization rate applicable to the pre-funding revenues on ongoing projects, and relatively more late sales of MultiClient data with low book value.

Interest Expense

In USD millions	2nd Quarter		Six months		Full year
	2011	2010	2011	2010	2010
Gross interest expense	(12.3)	(14.4)	(25.3)	(29.4)	(55.4)
Capitalized interest MC library	1.9	1.3	3.0	2.2	5.9
Capitalized interest constr. in progress	0.4	0.8	0.4	2.5	2.5
Interest expense	(10.0)	(12.3)	(21.9)	(24.7)	(47.0)

The decrease in gross interest expense in the first half of 2011 and Q2 2011, compared to the first half of 2010 and Q2 2010 respectively primarily reflects a reduction of interest bearing debt.

Other Financial Income

In USD millions	2nd Quarter		Six months		Full year
	2011	2010	2011	2010	2010
Interest income	1.5	1.7	2.6	3.5	5.7
Gain from sale of shares	0.8	---	3.2	3.0	6.5
Gain on investments in shares available for sale	---	0.4	---	0.7	0.7
Other	0.5	0.2	1.2	0.9	0.9
Other financial income	2.8	2.3	7.0	8.2	13.9

In the first half of 2011, other financial income was $7.0 million, due to gains from sale of shares held in smaller E&P companies and interest income.

In Q2 2011, the gain in other financial income was primarily due to interest income and gain from sale of shares in Cove Energy.

Other Financial Expense

In USD millions	2nd Quarter		Six months		Full year
	2011	2010	2011	2010	2010
Amendment fees	---	(7.0)	---	(7.0)	(7.0)
Fee for redemption of 8.28% Notes	---	(1.2)	---	(1.2)	(1.2)
Fair value adjustments	(8.2)	---	(6.2)	---	---
Other	(2.1)	(2.3)	(2.8)	(4.3)	(9.3)
Other financial expense	(10.4)	(10.6)	(9.0)	(12.6)	(17.6)

In the first half of 2011, other financial expense was $9.0 million due negative fair value adjustment realted to the convertible bond in SeaBird, in Q2 2011.

In Q2 2011, other financial expense was primarily attributable to the negative fair value adjustment of the convertible bond in SeaBird.

Currency Exchange Gain (Loss)

In the first half of 2011, there was a currency exchange gain of $2.0 million, compared to a loss of $20.1 million in the first half of 2010.

In Q2 2011, there was a currency exchange gain of $1.4 million, compared to a loss of $10.0 million in Q2 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 US dollar depreciates.

Income Tax Expense and Tax Contingencies

In the first half of 2011, income tax expense was $6.5 million, compared to $2.2 million in the first half of 2010. The estimated current tax expense in the first half of 2011 was $9.5 million compared to $16.2 million in the first half of 2010. Deferred tax in the first half of 2011 was a benefit of $3.0 million compared to a benefit of $14.0 million in the first half of 2010.

In Q2 2011, the income tax expense was $5.9 million compared to a benefit of $2.8 million in Q2 2010. The estimated current tax expense in Q2 2011 was $2.8 million compared to $8.6 million in Q2 2010. Deferred tax in Q2 2011 was $3.1 million compared to a benefit of $11.4 million in Q2 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 $212.7 million as of June 30, 2011, compared to $221.1 million as of June 30, 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 June 30, 2011, the Company estimates the total exposure to be approximately $186 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 had 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 $104 million as of June 30, 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 and interpretations. 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 it is probable that additional taxes will be due.

Capital Expenditures[1)]

In USD millions	2nd Quarter		Six months		Full year
	2011	2010	2011	2010	2010
Seismic in-sea equipment	34.4	47.7	91.7	58.5	120.4
Vessel upgrades/Yard	31.0	4.9	49.2	6.5	48.1
Processing equipment	2.8	3.4	7.2	7.7	14.1
New Builds	40.6	---	41.1	29.7	34.7
Other	1.7	1.6	2.6	3.2	6.2
Total	110.5	57.6	191.8	105.6	223.5

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

In the first half of 2011, the main capital expenditures were seismic in sea equipment, primarily GeoStreamer, and costs in relation to scheduled classing and periodic maintenance, mainly related to *Ramform Viking, Ramform Challenger, PGS Apollo* and *Pacific Explorer*. The Company also recorded significant capital expenditures on new builds after final agreements with Mitsubishi Heavy Industries Ltd. were signed early Q2.

In Q2 2011, the main items for capital expenditures were the same as mentioned for the first half 2011, except that *Ramform Viking* was at yard in Q1 2011.

New Builds ("NB")

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 in Q2 2011 was $40.6 million.

Liquidity and Financing

In the first half of 2011, net cash provided by operating activities was $180.3 million, compared to $184.2 million in the first half of 2010. The slight decrease, despite increased profitability, relates primarily to an increase in working capital.

In Q2 2011, net cash provided by operating activities was $99.2 million, compared to $68.6 million in Q2 2010. The increase relates primarily to higher net income, partially offset by an increase in working capital caused by high MultiClient revenues in the last month of the quarter which will be paid in subsequent quarter.

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. 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 Q2 2011 the pledge was appealed. In addition, Arrow has a registered pledge in the NB 533 vessel for an amount of approximately EUR 7 million

with addition of interest, which the opposing party claims is disputable.

At June 30, 2011, cash and cash equivalents amounted to $216.0 million, compared to $317.3 million at March 31, 2011 and $159.8 million at June 30, 2010. In the first half of 2011, PGS invested $42.9 million in convertible bonds in SeaBird. In addition the Company paid approximately $29 million to replace a bank guarantee relating to its litigation to resolve the ISS contingency in Brazil.

Restricted cash amounted to $107.4 million at June 30, 2011, compared to $108.0 million at March 31, 2011 and $8.2 million at June 30, 2010. The increase in restricted cash is primarily due to a deposit of approximately $65 million in Q4 2010 and $29 million in 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 June 30, 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 $796.5 million as of June 30, 2011 compared to $793.4 million as of March 31, 2011 and $784.3 million as of June 30, 2010.

Net interest bearing debt (interest bearing debt less cash and cash equivalents, restricted cash and interest bearing investments) was $420.8 million as of June 30, 2011 compared to $315.7 million as of March 31, 2011 and $616.3 million as of June 30, 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 June 30, 2011 the Company had approximately 72% 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 not give any material effect.

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 2.75:1. At June 30, 2011 the total leverage ratio was 1.57:1. 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.

Subsequent Events

In July 2011, the Company bought back $51.4 million of nominal value of its convertible bond at a price of 98.5% to par. As of today PGS owns $106.9 million of the convertible bond, representing 26.7% of the outstanding issue.

In July, 2011 PGS and the Japanese Ministry of Economy, Trade and Industry (METI) entered into an extension agreement relating to the continued provision by PGS of intellectual property and technical and operational services for the seismic vessel Shigen (previously named Ramform Victory). The agreement runs for six years from June 2011 with an annual right for METI to terminate the agreement with six months notice.

The initial agreement with METI was entered into in June 2007, with the commercial terms agreed for four years.

In July the Company's application for a Wide Azimuth permit in the Gulf of Mexico was approved. Possible startup of the survey is Q1 2012.

The labour union Parat has on July 26th notified the National Mediator in Norway that negotiations on a new tariff agreement ended without a solution, and given a notice of colletive work stoppage. Mediation is assumed to commence in August. Should the parties not be able to reach an agreement, a strike may be the ultimate outcome. PGS hopes the parties will come to a good solution to all parties during the mediation process.

Outlook 2011

Based on the current operational forecast and with reference to the aforementioned risk factors, PGS expects a full year 2011 EBITDA of approximately $500 million.

Capital expenditures, including new builds, are estimated at approximately $260-270 million.

MultiClient cash investment is currently forecasted in the range of $180-200 million with a pre-funding level in the range of 90-100%.

Lysaker, July 27, 2011

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 2011, 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 2011 report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Lysaker, July 27, 2011

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 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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The information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to the demand for seismic services, the demand for data from our MultiClient data library, the attractiveness of our technology, unpredictable changes in governmental regulations affecting our markets, currency and fuel price fluctuations *and extreme weather conditions. For a further description of other relevant risk factors we refer to our Annual Report for 2010. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in the information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and PGS disclaims any and all liability in this respect.*

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Board of Directors:

Francis Gugen (Chairperson)
Harald Nordvik (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

Web-Site:

www.pgs.com

Financial Calendar 2011:

Q2 2011 report	July 28, 2011
Q3 2011 report	October 28, 2011
CMD	December 16, 2011

The dates are subject to change.

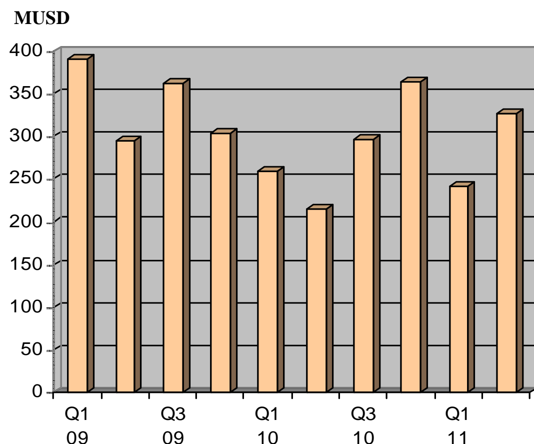
Petroleum Geo-Services ASA and Subsidiaries
Consolidated Statements of Operations

	Note	Quarter ended June 30,		Six months ended June 30,		Year ended December 31,
		2011	2010	2011	2010	2010
		Unaudited	Unaudited (1)	Unaudited	Unaudited (1)	Unaudited (1)
		(In thousands of dollars, except share data)				
Revenues	4	$ 326 593	$ 214 861	$ 568 779	$ 474 294	$ 1 135 134
Cost of sales		143 517	118 501	291 942	258 562	581 900
Research and development costs	5	5 525	5 753	12 798	11 272	21 791
Selling, general and administrative costs		13 962	14 284	27 556	28 731	56 014
Depreciation and amortization	4, 6	114 633	70 715	185 055	140 108	344 690
Impairment of long-lived assets	4, 7	-	-	-	538	79 136
Total operating expenses		277 637	209 253	517 351	439 210	1 083 532
Operating profit (loss) EBIT	4	48 956	5 608	51 428	35 084	51 602
Income (loss) from associated companies		(2 537)	(2 125)	(7 556)	(2 712)	(10 183)
Interest expense	8	(10 012)	(12 325)	(21 896)	(24 724)	(46 996)
Other financial income	9	2 819	2 309	7 014	8 163	13 860
Other financial expense	10	(10 357)	(10 572)	(8 996)	(12 567)	(17 580)
Currency exchange gain (loss)		1 424	(9 980)	1 998	(20 143)	916
Income (loss) before income tax expense		30 293	(27 085)	21 992	(16 899)	(8 381)
Income tax expense (benefit)		5 856	(2 759)	6 497	2 153	13 903
Income (loss) from continuing operations		24 437	(24 326)	15 495	(19 052)	(22 284)
Income (loss) from discontinued operations, net of tax	17	(571)	2 301	(571)	8 535	8 548
Net income (loss)		**$ 23 866**	**$ (22 025)**	**$ 14 924**	**$ (10 517)**	**$ (13 736)**
Net income attributable to non-controlling interests		230	(5)	230	62	67
Net income (loss) to equity holders of PGS ASA		**$ 23 636**	**$ (22 020)**	**$ 14 694**	**$ (10 579)**	**$ (13 803)**

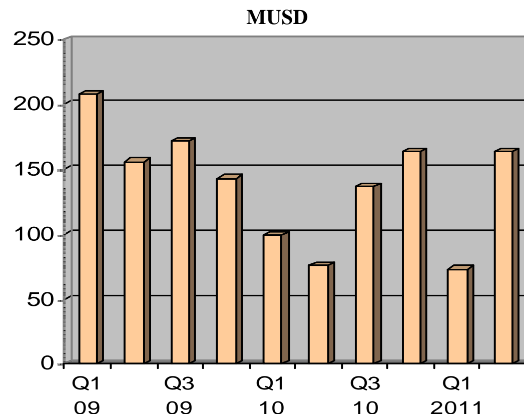
(1) The financial information is derived from the 2010 audited financial statements, which has been restated for the change in accounting policy.
The unaudited numbers for the quarter and the six months ended June 30, 2010 have been restated accordingly.

	Note	Q2 2011	Q2 2010	6M 2011	6M 2010	FY 2010
Earnings per share, to ordinary equity holders of PGS ASA:						
- Basic	16	$ 0.11	$ (0.11)	$ 0.07	$ (0.05)	$ (0.07)
- Diluted	16	$ 0.11	$ (0.11)	$ 0.07	$ (0.05)	$ (0.07)
Earnings per share from continuing operations, to ordinary equity holders of PGS ASA:						
- Basic	16	$ 0.11	$ (0.12)	$ 0.07	$ (0.10)	$ (0.11)
- Diluted	16	$ 0.11	$ (0.12)	$ 0.07	$ (0.10)	$ (0.11)
Weighted average basic shares outstanding		217 439 550	197 934 706	217 381 949	197 967 172	200 052 867
Weighted average diluted shares outstanding		218 491 342	197 934 706	218 521 596	197 967 172	200 052 867

Revenues by Quarter
2009 - 2011



EBITDA (2) by Quarter
2009 - 2011



Notes: (2) EBITDA, when used by the Company, means income (loss) before income tax expense less, currency exchange gain (loss), other financial expense, other financial income, interest expense, 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 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. EBITDA for 2009 has not been restated to reflect the change in policy.

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

	Note	Quarter ended June 30, 2011 Unaudited	Quarter ended June 30, 2010 Unaudited	Six months ended June 30, 2011 Unaudited	Six months ended June 30, 2010 Unaudited	Year ended December 31, 2010 Unaudited (1)
				(In thousands of dollars)		
Net income (loss) for the period		$ 23 866	$ (22 025)	$ 14 924	$ (10 517)	$ (13 736)
Other comprehensive income:						
Cash flow hedges	13	(3 055)	(1 088)	585	(1 633)	2 701
Deferred tax on cash flow hedges		855	312	(164)	781	(732)
Revaluation of shares available-for-sale	13	(7 907)	(3 425)	(7 825)	(1 862)	11 946
Translation adjustments and other		45	(30)	134	(116)	(1 412)
Other comprehensive income for the period, net of tax		(10 062)	(4 231)	(7 270)	(2 830)	12 503
Total comprehensive income (loss) for the period		13 804	(26 256)	7 654	(13 347)	(1 233)
Total comprehensive income attributable to non-controlling interests		230	(5)	230	62	67
Total comprehensive income (loss) to equity holders of PGS ASA		**$ 13 574**	**$ (26 261)**	**$ 7 424**	**$ (13 409)**	**$ (1 300)**

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

	Note	June 30, 2011 Unaudited	June 30, 2010 Unaudited	December 31, 2010 Unaudited (1)
			(In thousands of dollars)	
ASSETS				
Current assets:				
Cash and cash equivalents	15	$ 215 971	$ 159 814	$ 432 579
Restricted cash	15	3 623	8 204	4 773
Accounts receivable		133 372	122 630	225 301
Accrued revenues and other receivables		189 871	140 248	145 187
Assets held-for-sale	17	-	3 000	-
Other current assets		98 585	91 920	98 432
Total current assets		641 422	525 816	906 272
Long-term assets:				
Property and equipment		1 309 807	1 344 104	1 216 219
MultiClient library	11	344 446	349 863	310 843
Restricted cash	15	103 765	-	66 395
Deferred tax assets		212 702	221 122	210 766
Investments in associated companies		17 600	23 509	24 523
Shares available-for-sale		39 270	16 559	33 282
Other long-lived assets		67 606	7 379	27 245
Goodwill		139 852	139 852	139 852
Other intangible assets		105 358	100 373	102 594
Total long-term assets		2 340 406	2 202 761	2 131 719
Total assets		$ 2 981 828	$ 2 728 577	$ 3 037 991
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Current portion of capital lease obligations	15	$ 97	$ 118	$ -
Accounts payable		76 846	82 205	95 486
Accrued expenses		211 626	242 200	244 938
Income taxes payable		28 002	40 996	43 994
Total current liabilities		316 571	365 519	384 418
Long-term liabilities:				
Long-term debt	15	788 087	776 483	783 693
Long-term capital lease obligations	15	114	-	-
Deferred tax liabilities		19 455	25 111	20 757
Other long-term liabilities		87 401	90 319	90 831
Total long-term liabilities		895 057	891 913	895 281
Shareholders' equity:				
Paid-in capital:				
Common stock; par value NOK 3; issued and outstanding 217,799,997 shares		96 490	86 583	96 490
Treasury shares, par value		(139)	(414)	(240)
Additional paid-in capital		505 927	240 305	503 111
Total paid-in capital		602 278	326 474	599 361
Accumulated earnings		1 185 892	1 170 938	1 169 861
Cumulative translation adjustment and other reserves		(18 212)	(26 274)	(10 942)
Non-controlling interests		242	7	12
Total shareholders' equity	14	1 770 200	1 471 145	1 758 292
Total liabilities and shareholders' equity		$ 2 981 828	$ 2 728 577	$ 3 037 991

(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 and Subsidiaries
Consolidated Statements of Cash Flows

	Quarter ended June 30,		Six months ended June 30,		Year ended December 31,
	2011 Unaudited	2010 Unaudited	2011 Unaudited	2010 Unaudited	2010 Unaudited (1)
	(In thousands of dollars)		(In thousands of dollars)		
Cash flows provided by operating activities:					
Net income (loss)	$ 23 637	$ (22 020)	$ 14 694	$ (10 579)	$ (13 803)
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	114 633	70 715	185 055	140 108	344 690
Impairments of long-lived assets	-	-	-	538	79 136
(Gain) loss on sale of assets	345	1 367	1 330	1 804	9 185
(Income) loss from associated companies	2 537	2 124	7 556	2 711	10 183
Interest expense	10 012	12 325	21 896	24 718	46 996
(Increase) decrease in deferred income taxes	2 782	(15 436)	(3 402)	(18 391)	(11 254)
Net decrease (increase) in restricted cash	(1 063)	6 625	(5 089)	(1 315)	1 347
Income taxes paid	(6 886)	(16 581)	(14 684)	(27 432)	(36 098)
Gain on sale of shares	(758)	-	(3 221)	(3 044)	(6 483)
Gain on sale of subsidiary (Onshore), net of transaction cost	-	(7)	-	(8 809)	(10 082)
Other items	2 276	11	4	(520)	3 861
(Increase) decrease in accounts receivable, net	6 516	(19 633)	91 929	61 067	(54 034)
(Increase) decrease in unbilled and other receivables	(65 907)	27 336	(44 684)	46 208	(3 062)
(Increase) decrease in other current assets	17 311	(8 394)	(154)	(2 494)	(11 665)
(Increase) decrease in other long-lived assets	(2 620)	(1 159)	(3 591)	4 616	1 311
Increase (decrease) in accounts payable	11 634	3 254	(19 405)	(3 272)	10 009
Increase (decrease) in accrued expenses and income taxes payable	(13 325)	23 871	(45 109)	(25 583)	(13 497)
Increase (decrease) in other long-term liabilities	(1 885)	4 211	(2 867)	3 896	8 777
Net cash provided by operating activities	99 239	68 609	180 258	184 227	355 517
Cash flows (used in) provided by investing activities:					
Investment in MultiClient library	(68 360)	(51 693)	(113 948)	(103 781)	(166 711)
Investment in MultiClient library, discontinued operations	-	-	-	(1 208)	(1 208)
Capital expenditures, cash	(119 554)	(57 581)	(187 886)	(105 599)	(223 510)
Proceeds/ refunds from new-build cancellations	-	-	-	51 935	157 376
Investment in other intangible assets	(4 567)	(3 652)	(7 062)	(6 171)	(12 614)
Investment in other intangible assets, discontinued operations	-	-	-	(219)	(219)
Investment/sale of associated companies, net	-	(65)	-	(65)	(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	-	(2 900)	-	(9 347)	(15 355)
Proceeds from sale of available-for-sale shares	950	-	5 558	6 725	15 650
Long-term deposit	1 705	-	(31 130)	-	(66 395)
Sale of subsidiaries (Onshore)	-	-	-	171 433	176 754
Other items, net	-	1 000	-	1 000	1 000
Net cash provided by (used in) investing activities	(189 826)	(114 891)	(377 374)	4 703	(141 385)
Cash flows provided by (used in) financing activities:					
Proceeds from issuance of common stock, net	-	-	-	-	268 582
Purchase of treasury shares	-	(9 179)	-	(9 179)	(9 224)
Changes in long-term debt	-	(121 153)	(3 889)	(122 620)	(127 436)
Principal payments under capital leases	-	(116)	-	(236)	(354)
Proceeds from sale of treasury shares	153	52	1 437	52	2 417
Dividend paid to minorities in subsidiaries	-	-	-	(860)	(860)
Interest paid	(10 860)	(14 100)	(17 040)	(22 234)	(40 639)
Net cash provided by (used in) financing activities	(10 707)	(144 496)	(19 492)	(155 077)	92 486
Net increase (decrease) in cash and cash equivalents	(101 294)	(190 778)	(216 608)	33 853	306 618
Cash and cash equivalents at beginning of period	317 265	350 592	432 579	125 961	125 961
Cash and cash equivalents at end of period	**$ 215 971**	**$ 159 814**	**$ 215 971**	**$ 159 814**	**$ 432 579**

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

Petroleum Geo-Services ASA

Notes to the Interim Consolidated Financial Statements - Second 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"*. The interim financial information has not been subject to audit or review.

(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, which has been restated for the change in accounting policy. The unaudited numbers for the quarter and the six months ended June 30, 2010 have been restated accordingly.

(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 standards and policies adopted in 2011

None of the new accounting standards that came into effect on January 1, 2011 had a significant impact in the first six months 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 June 30, 2011	Quarter ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010	Year ended December 31, 2010
Revenues by continuing operations:			(In thousands of dollars)		
Marine revenues by service type:					
- Contract seismic	$ 138 139	$ 126 771	$ 296 762	$ 282 155	$ 629 101
- MultiClient pre-funding	89 689	34 011	124 032	68 332	198 278
- MultiClient late sales	69 646	25 757	87 597	67 957	192 262
- Data Processing	25 464	24 864	52 696	48 071	103 471
- Other	3 645	1 637	7 682	4 820	9 239
Marine revenues	**$ 326 583**	**$ 213 040**	**$ 568 769**	**$ 471 335**	**$ 1 132 351**
- Other, non Marine	10	1 821	10	2 959	2 783
Total revenues (continuing operations)	**$ 326 593**	**$ 214 861**	**$ 568 779**	**$ 474 294**	**$ 1 135 134**

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

	Quarter ended June 30, 2011	Quarter ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010	Year ended December 31, 2010
Operating profit (loss) EBIT from continuing operations:			(In thousands of dollars)		
Marine:					
EBITDA	$ 165 640	$ 83 979	$ 240 037	$ 188 181	$ 496 188
Impairments of long-lived assets	-	-	-	(538)	(79 136)
Depreciation and amortization (a)	(32 348)	(35 087)	(68 539)	(65 972)	(140 533)
Amortization of MultiClient library (a)	(80 800)	(34 135)	(113 535)	(70 599)	(197 605)
Operating profit EBIT, Marine	52 492	14 757	57 963	51 073	78 914
Other:					
EBITDA	$ (2 000)	$ (7 306)	$ (3 481)	$ (11 851)	$ (20 038)
Depreciation and amortization (a)	(1 485)	(1 509)	(2 981)	(3 558)	(6 573)
Operating profit (loss) EBIT, Other	(3 485)	(8 815)	(6 462)	(15 409)	(26 611)
Inter-segment eliminations:					
EBITDA	$ (51)	$ (350)	$ (73)	$ (601)	$ (722)
Amortization of MultiClient library (a)	-	16	-	21	21
Operating profit (loss) EBIT, Other	(51)	(334)	(73)	(580)	(701)
Total Operating profit:					
EBITDA	$ 163 589	$ 76 323	$ 236 483	$ 175 729	$ 475 428
Impairments of long-lived assets	-	-	-	(538)	(79 136)
Depreciation and amortization (a)	(33 833)	(36 596)	(71 520)	(69 530)	(147 106)
Amortization of MultiClient library (a)	(80 800)	(34 119)	(113 535)	(70 578)	(197 584)
Total Operating profit (loss) EBIT	**$ 48 956**	**$ 5 608**	**$ 51 428**	**$ 35 084**	**$ 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 June 30, 2011	Quarter ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010	Year ended December 31, 2010
	(In thousands of dollars)				
Research and development costs, gross	$ 9 136	$ 9 397	$ 18 293	$ 17 389	$ 34 945
Capitalized development costs	(3 611)	(3 644)	(5 495)	(6 117)	(13 154)
Total	**$ 5 525**	**$ 5 753**	**$ 12 798**	**$ 11 272**	**$ 21 791**

Note 6 - Depreciation and amortization

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

	Quarter ended June 30, 2011	Quarter ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010	Year ended December 31, 2010
	(In thousands of dollars)				
Gross depreciation	$ 52 867	$ 46 245	$ 101 673	$ 91 312	$ 189 737
Depreciation capitalized to MultiClient library	(19 034)	(9 649)	(30 153)	(21 782)	(42 631)
Amortization of MultiClient library	80 800	34 119	113 535	70 578	197 584
Total	**$ 114 633**	**$ 70 715**	**$ 185 055**	**$ 140 108**	**$ 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 June 30, 2011	Quarter ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 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 June 30, 2011	Quarter ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010	Year ended December 31, 2010
	(In thousands of dollars)				
Interest expense, gross	$ (12 287)	$ (14 370)	$ (25 345)	$ (29 427)	$ (55 425)
Capitalized interest, MultiClient library	1 879	1 265	3 039	2 168	5 894
Capitalized interest, construction in progress	396	780	410	2 535	2 535
Total	**$ (10 012)**	**$ (12 325)**	**$ (21 896)**	**$ (24 724)**	**$ (46 996)**

Note 9 - Other financial income

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

	Quarter ended June 30, 2011	Quarter ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010	Year ended December 31, 2010
	(In thousands of dollars)				
Interest income	$ 1 546	$ 1 725	$ 2 624	$ 3 489	$ 5 728
Gain from sale of shares	758	-	3 221	3 044	6 483
Gain on investment in shares available for sale	-	409	-	711	711
Other	515	175	1 169	919	938
Total	**$ 2 819**	**$ 2 309**	**$ 7 014**	**$ 8 163**	**$ 13 860**

Note 10 - Other financial expense

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

	Quarter ended June 30, 2011	Quarter ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010	Year ended December 31, 2010
	(In thousands of dollars)				
Amendment fees USD 950 million Credit Facilities	$ -	$ (7 029)	$ -	$ (7 029)	$ (7 029)
Fee in connection with redemption of 8.28% Notes	-	(1 229)	-	(1 229)	(1 229)
Fair value adjustments on derivatives	(8 213)	-	(6 163)	-	-
Other	(2 144)	(2 314)	(2 833)	(4 309)	(9 322)
Total	**$ (10 357)**	**$ (10 572)**	**$ (8 996)**	**$ (12 567)**	**$ (17 580)**

Note 11 - MultiClient library

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

	June 30,		December 31,
	2011	2010	2010
		(In thousands of dollars)	
Completed during 2006 and prior years	$ 195	$ 2 684	$ 348
Completed during 2007	1 977	6 983	4 627
Completed during 2008	29 623	41 178	31 380
Completed during 2009	106 105	146 458	120 618
Completed during 2010	44 164	13 061	48 082
Completed during 2011	32 919	-	-
Completed surveys	214 983	210 364	205 055
Surveys in progress	129 463	139 499	105 788
MultiClient library, net	**$ 344 446**	**$ 349 863**	**$ 310 843**

Key figures MultiClient library for the periods presented:

	Quarter ended June 30,		Six months ended June 30,		Year ended December 31,
	2011	2010	2011	2010	2010
Key figures MultiClient library continuing operations:			(In thousands of dollars)		
MultiClient pre-funding	$ 89 689	$ 34 011	$ 124 032	$ 68 332	$ 198 278
MultiClient late sales	69 646	25 757	87 597	67 957	192 262
Cash investment in MultiClient library (a)	68 360	51 693	113 948	103 781	166 711
Capitalized interest in MultiClient library (b)	1 879	1 265	3 039	2 168	5 894
Capitalized depreciation (non-cash) (c)	19 034	9 649	30 153	21 782	42 631
Amortization of MultiClient library (c)	80 800	34 119	113 535	70 578	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 June 30,		Six months ended June 30,		Year ended December 31,
	2011	2010	2011	2010	2010
			(In thousands of dollars)		
Marine	$ 109 313	$ 56 020	$ 190 038	$ 102 639	$ 218 873
Other	1 213	1 561	1 820	2 959	4 637
Total	**$ 110 526**	**$ 57 581**	**$ 191 858**	**$ 105 598**	**$ 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 June 30,		Six months ended June 30,		Year ended December 31,
	2011	2010	2011	2010	2010
			(In thousands of dollars)		
Cash flow hedges:					
Gains (losses) arising during the period	$ (6 728)	$ (6 014)	$ (6 724)	$ (11 471)	$ (15 587)
Less: Reclassification adjustments for losses included in the Consolidated Statement of Operations	3 673	4 926	7 309	9 838	18 288
Cash flow hedges, net	**$ (3 055)**	**$ (1 088)**	**$ 585**	**$ (1 633)**	**$ 2 701**
Revaluation of shares available-for-sale:					
Gains (losses) arising during the period	$ (7 193)	$ (3 425)	$ (5 716)	$ (811)	$ 12 438
Less: Reclassification adjustments for (gains) included in the Consolidated Statement of Operations	(714)	-	(2 109)	(1 051)	(492)
Revaluation of shares available-for-sale, net	**$ (7 907)**	**$ (3 425)**	**$ (7 825)**	**$ (1 862)**	**$ 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	-	-	-	(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
Reconciliation Q2 2011:							
Total comprehensive income	-	-	-	23 636	(10 062)	230	13 804
Exercise employee share options	-	12	-	142	-	-	154
Employee share options	-	-	1 580	-	-	-	1 580
Balance at June 30, 2011	**$ 96 490**	**$ (139)**	**$ 505 927**	**$ 1 185 892**	**$ (18 212)**	**$ 242**	**$ 1 770 200**

(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 the in accounting policy.

Note 15 - Net interest bearing debt

Reconciliation of net interest bearing debt:

	June 30, 2011	June 30, 2010	December 31, 2010
	(In thousands of dollars)		
Cash and cash equivalents	$ 215 971	$ 159 814	$ 432 579
Restricted cash (current and long-term)	107 388	8 204	71 168
Interest bearing receivables	52 303	-	7 244
Capital lease obligations (current and long-term)	(211)	(118)	-
Long-term debt	(788 087)	(776 483)	(783 693)
Adjust for deferred loan costs (offset in long-term debt)	(8 197)	(7 713)	(6 473)
Total	**$ (420 833)**	**$ (616 296)**	**$ (279 175)**

Note 16 - Earnings per share

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

	Quarter ended June 30, 2011	Quarter ended June 30, 2010	Six Months ended June 30, 2011	Six Months ended June 30, 2010	Year ended December 31, 2010
			(In thousands of dollars)		
Net income (loss) from continuing operations	$ 24 437	$ (24 326)	$ 15 495	$ (19 052)	$ (22 284)
Net income from discontinued operations	(571)	2 301	(571)	8 535	8 548
Non-controlling interests	230	(5)	230	62	67
Net income (loss) to equity holders of PGS ASA	**$ 23 636**	**$ (22 020)**	**$ 14 694**	**$ (10 579)**	**$ (13 803)**
Effect of interest on convertible notes, net of tax	-	-	-	-	-
Net income (loss) for the purpose of diluted earnings per share	**$ 23 636**	**$ (22 020)**	**$ 14 694**	**$ (10 579)**	**$ (13 803)**
Earnings (loss) per share:					
- Basic	$ 0.11	$ (0.11)	$ 0.07	$ (0.05)	$ (0.07)
- Diluted	$ 0.11	$ (0.11)	$ 0.07	$ (0.05)	$ (0.07)
Earnings (loss) per share from continuing operations:					
- Basic	$ 0.11	$ (0.12)	$ 0.07	$ (0.10)	$ (0.11)
- Diluted	$ 0.11	$ (0.12)	$ 0.07	$ (0.10)	$ (0.11)
Weighted average basic shares outstanding	217 439 550	197 934 706	217 381 949	197 967 172	200 052 867
Dilutive potential shares (1)	1 051 792	-	1 139 647	-	-
Weighted average diluted shares outstanding	218 491 342	197 934 706	218 521 596	197 967 172	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 June 30, 2011	Quarter ended June 30, 2010	Six Months ended June 30, 2011	Six Months ended June 30, 2010	Year ended December 31, 2010
			(In thousands of dollars)		
Revenues	$ -	$ -	$ -	$ 21 756	$ 21 756
Operating costs (a)	878	-	878	23 259	23 259
Depreciation and amortization	-	-	-	-	-
Total operating expenses	878	-	878	23 259	23 259
Operating profit (loss)	(878)	-	(878)	(1 503)	(1 503)
Financial items, net	-	-	-	286	286
Income (loss) from discontinued operations, pretax	**$ (878)**	**$ -**	**$ (878)**	**$ (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 June 30, 2011	Quarter ended June 30, 2010	Six Months ended June 30, 2011	Six Months ended June 30, 2010	Year ended December 31, 2010
	(In thousands of dollars)		(In thousands of dollars)		
Income (loss) from discontinued operations, pretax	$ (878)	$ -	$ (878)	$ (1 217)	$ (1 217)
Additional proceeds	-	1 000	-	1 000	1 000
Gain on sale of Onshore	-	3	-	14 732	16 224
Transaction costs sale of Onshore	-	4	-	(5 923)	(6 142)
Income tax benefit (expense)	307	1 294	307	(57)	(1 317)
Total	**$ (571)**	**$ 2 301**	**$ (571)**	**$ 8 535**	**$ 8 548**

Asset/ liabilities held-for-sale

	June 30, 2011	June 30, 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:

	Quarter ended June 30, 2010		Six months ended June 30, 2010		Year ended December 31, 2010	
	Basic	Dillutive	Basic	Dillutive	Basic	Dillutive
EPS as previously reported	(0.11)	(0.11)	(0.03)	(0.03)	(0.04)	(0.04)
Change due to restatement	-	-	(0.02)	(0.02)	(0.03)	(0.03)
Restated EPS	(0.11)	(0.11)	(0.05)	(0.05)	(0.07)	(0.07)

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

	Quarter ended June 30, 2010		Six months ended June 30, 2010		2010	
	Basic	Dillutive	Basic	Dillutive	Basic	Dillutive
EPS as previously reported	(0.12)	(0.12)	(0.07)	(0.07)	(0.08)	(0.08)
Change due to restatement	-	-	(0.03)	(0.03)	(0.03)	(0.03)
Restated EPS	(0.12)	(0.12)	(0.10)	(0.10)	(0.11)	(0.11)