Fourth Quarter and Preliminary Full Year 2013 Results

February 13, 2014 Oslo, Norway

www.pgs.com

Improved Profitability

Highlights 2013

- Revenues of $1,501.6 million, down 1% from 2012
- EBITDA of $828.9 million, up 7% from 2012
- EBIT of $382.1 million, up 30% from 2012
- Group EBIT margin of 25%, up from 19% in 2012
- Cash flow from operations of $775.3 million, up 3% from 2012
- EPS of $1.11, up 29% from 2012
- Record MultiClient late sales revenues
- Increased and extended the Revolving Credit Facility
- Successful introduction of the new Ramform Titan-class vessels
- Breakthrough for new imaging technologies as the multiple benefits of GeoStreamer get better recognised
- The Board will propose an ordinary dividend for 2013 of NOK 2.30 per share, up 39% from prior year

“Margins continued to increase in 2013, driven by solid performance from all business areas and the increasing effects of our 2012 Profit Improvement Program. I am pleased to report record MultiClient late sales given the lower MultiClient pre-funding level compared to 2012.

We took delivery of the *Ramform Titan* in May and the *Ramform Atlas* in January 2014. These vessels combined with an increasing contribution from the GeoStreamer technology improve PGS competitive advantages and margin differentiation.

We currently have close to 70% of 2014 capacity booked. With the exception of Q1 2014, the latest additions to the contract order book were signed at flat prices compared to the average 2013 level. Full year 2014 guidance is reiterated, however due to the challenging market conditions for work to be performed in Q1 2014 and a relatively high level of vessel steaming, we expect the quarter to be weak as earlier indicated.”

Jon Erik Reinhardsen,
President and Chief Executive Officer

Key Financial Figures (In USD millions, except per share data)	4th Quarter		Full year	
	2013	**2012**	**2013**	**2012**
Revenues	359.5	360.1	1,501.6	1,518.3
EBITDA (as defined, see note 1)	201.0	162.2	828.9	776.2
EBIT ex. impairment charges	81.4	60.7	397.1	293.0
EBIT as reported	66.4	60.6	382.1	293.8
Income before income tax expense	44.8	45.0	327.9	228.5
Net income to equity holders	30.1	40.1	238.3	185.5
Basic earnings per share ($ per share)	0.14	0.19	1.11	0.86
Diluted earnings per share ($ per share)	0.14	0.18	1.10	0.85
Net cash provided by operating activities	211.9	163.6	775.3	752.9
Cash investment in MultiClient library	111.0	71.3	373.0	297.4
Capital expenditures (whether paid or not)	73.3	139.5	437.8	368.1
Total assets (at period end)	3,544.3	3,275.6*	3,544.3	3,275.6*
Cash and cash equivalents (at period end)	263.8	390.3	263.8	390.3
Net interest bearing debt (at period end, see note 10)	666.7	435.6	666.7	435.6

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

PGS Group

In USD millions	4th Quarter		Full year	
	2013	2012	2013	2012
Contract revenues	121.7	156.3	677.5	623.5
MC pre-funding	94.3	81.4	360.5	461.3
MC late sales	99.2	65.8	311.3	266.8
Processing [1]	32.6	32.3	122.7	124.4
Other	11.7	24.3	29.6	42.3
Total revenues	359.5	360.1	1,501.6	1,518.3
EBITDA	201.0	162.2	828.9	776.2
EBIT	66.4	60.6	382.1	293.8
Pretax income	44.8	45.0	327.9	228.5
Net income	30.1	40.1	238.3	185.5
MC cash investment	111.0	71.3	373.0	297.4
Pre-funding %[2]	85%	114%	97%	155%
Operating exp.	(158.5)	(197.9)	(672.7)	(742.1)
Vessel allocation[3]				
Contract	41%	47%	46%	48%
MultiClient	46%	28%	42%	37%
Steaming	11%	17%	10%	11%
Yard	2%	8%	2%	4%
Standby	0%	0%	0%	0%

[1] External Processing revenues.
[2] Pre-funding revenues as a percentage of MultiClient cash investment
[3] Percentage of total 3D streamer capacity measured in streamer utilization.

Full year 2013 revenues for Petroleum Geo-Services ASA (“PGS” or “the Company”) were 1% lower compared to 2012, mainly due to lower pre-funding revenues. This was partly offset by higher marine contract and MultiClient late sales revenues. The lower pre-funding level in 2013, compared to 2012 is mainly due to the lower weight of surveys covering held acreage. The project mix of MultiClient surveys will vary from year to year depending on the opportunities arising. An environment with a more conservative spending pattern among oil companies and the increased competition for pre-funding commitment to MultiClient projects, as experienced in 2013, also contributed to the reduced pre-funding level. The Company remains committed to its overall long-term targeted pre-funding level of 80-120%.

Higher capitalized cash investments in the MultiClient library in 2013, compared to 2012, reflect more capacity being allocated to MultiClient 3D activities and a larger fleet after entry of the *Ramform Titan*.

Late sales in 2013 reached a record high, delivering good returns on the investments made. The Company is aiming to increase late sales further, in part by capitalizing on the 2013 MultiClient investment growth.

Marine contract revenues for the full year 2013 increased by 9% compared to 2012, with an EBIT margin of 29% in 2013 compared to 16% in 2012. The improvement came as a result of a stronger marine contract seismic market, particularly in the earlier part of 2013, and improved profitability on the Company’s increasingly GeoStreamer dominated services.

PGS implemented its Profit Improvement Program in 2012. Initiatives implemented by year end 2012 had a run rate EBIT impact of approximately $50 million. In 2013 the focus on improved profitability continued by launching a Quality Improvement Program. This program aims at capturing lost revenues by preventing quality errors. The effects of the initiatives already implemented made an important contribution to the EBIT margin of 25% for the full year 2013.

Full year 2013 earnings per share was $1.11, an increase of 29% from 2012.

In Q4 2013, total revenues were in line with Q4 2012. Lower marine contract and other revenues in the quarter were offset by higher MultiClient pre-funding and late sales revenues.

Late sales in Q4 2013 were the second best in the history of PGS driven by sales in Europe, South America and North America. Compared to Q4 2012, late sales were stronger in South America, North America and Africa. The strong late-sales performance demonstrates healthy demand for quality products in attractive locations, despite clients’ increasing focus on preserving dividend capacity.

Pre-funding revenues in Q4 2013 corresponded to 85% of capitalized MultiClient cash investments (excluding capitalized interest), compared to 114% in Q4 2012. The lower pre-funding level in Q4 2013 was primarily due to mobilization for the Triton Full Azimuth MultiClient survey in the Gulf of Mexico and more MultiClient 2D activity.

The increase in MultiClient cash investments in Q4 2013 compared to Q4 2012 is due to more capacity being allocated to MultiClient projects.

MultiClient pre-funding revenues in Q4 2013 were driven by projects in South America, Africa and Asia Pacific. Compared to Q4 2012, pre-funding revenues were higher in South America and Asia Pacific.

Contract revenues decreased by $34.6 million, or 22%, in Q4 2013, compared to Q4 2012. The decrease is primarily caused by less capacity allocated to contract work. The EBIT margin for marine contract acquisition work was 22% in Q4 2013, down from 36% in Q3 2013, but up from 12% in Q4 2012. The marine contract EBIT margin will fluctuate from quarter to quarter influenced by different factors such as vessel scheduling, vessel transits, project specific variances and market conditions.

Full year 2013 external Imaging revenues were down by $1.7 million compared to 2012. The decline is primarily related to increased resource allocation to MultiClient processing.

In Q4 2013 external Imaging revenues were up compared to Q4 2012, closing out a record setting second half year. The revenue increase is driven by growth in high-end GeoStreamer and depth processing, led by the core markets (North Sea, West Africa) and supported by stable markets around the world. All imaging of the Company's MultiClient surveys is done in-house. As the streamer count has increased the imaging resource base and technical competency have expanded to deliver strong external production while continuing to meet internal needs.

Net operating expenses (before depreciation, amortization and impairments) in Q4 2013 were $39.4 million lower than in Q4 2012, primarily reflecting more costs capitalized to the MultiClient library. Further, cost inflation has been moderate and the cost impact of 2014 capacity growth has been mitigated by the improved cost position achieved by the Company's Profit Improvement Program.

The order book totaled $669 million at December 31, 2013, (including $80 million of committed pre-funding on scheduled MultiClient projects), compared to $829 million at December 31, 2012 and $579 million at September 30, 2013. Due to the challenging market conditions for work scheduled for Q1 2014, combined with high steaming activity the Company expects the quarter to be weak, as indicated earlier.

Technology

In USD millions	4th Quarter		Full year	
	2013	2012	2013	2012
R&D cost gross	16.3	16.3	55.1	57.3
Capitalized dev. costs	(5.4)	(4.4)	(16.4)	(19.0)
Net R&D costs	10.9	11.9	38.7	38.3

The Company's R&D costs mainly relate to the current core business activities of marine seismic acquisition and processing plus the development and completion of the Company's Towed EM solution.

Full year 2013 gross R&D costs and capitalized development costs were slightly lower compared to 2012, reflecting 2013's field trial activity returning to a more normal level. Overall resource levels remain roughly the same.

The gross R&D cost was the same in Q4 2013 compared to Q4 2012 as a result of approximately similar resource levels, while the increase in capitalized development costs is primarily a result of more EM field testing activity in Q4 2013 compared to Q4 2012.

Depreciation and Amortization

In USD millions	4th Quarter		Full year	
	2013	2012	2013	2012
Gross depreciation	64.0	55.3	243.9	222.6
Depreciation capitalized and deferred, net	(36.8)	(17.6)	(113.2)	(83.0)
Amortization of MC library	92.6	64.0	301.8	344.7
Depreciation and amortization	119.8	101.7	432.5	484.3

In 2013 amortization of the MultiClient library as a percentage of MultiClient revenues was 45%, which is at the low end of the indicated range of 45-50%, and lower than the 47% amortization rate in 2012.

In Q4 2013 amortization of the MultiClient library as a percentage of MultiClient revenues was 48%, compared to 43% in Q4 2012. The increased amortization rate compared to Q4 2012 is within the expected variation level caused by natural changes in the sales mix from quarter to quarter.

Gross depreciation increased by $8.7 million in Q4 2013, compared to Q4 2012. The increase is due to *Ramform Titan* now being a part of the PGS fleet, vessel upgrades and continued investments in GeoStreamer.

Capitalized depreciation to the MultiClient library increased by $19.2 million in Q4 2013, compared to Q4 2012 as a result of more capacity being allocated to 3D MultiClient surveys.

Impairment of long-term assets

In Q4 2013 the Company recorded an impairment of $15 million related to the stacked source vessel *Polar Sea.* The impairment comes as a result of making the vessel available for sale in order to avoid capital expenditures related to rigging.

Interest Expense

In USD millions	4th quarter		Full year	
	2013	2012	2013	2012
Gross interest expense	(14.2)	(12.0)	(57.6)	(51.4)
Capitalized interest MC library	3.6	1.3	10.5	5.6
Capitalized interest constr. in progress	3.1	2.9	14.8	8.0
Net interest expense	(7.5)	(7.8)	(32.3)	(37.8)

Compared to 2012, gross interest expense increased both for Q4 and full year 2013. The higher gross interest expense is mainly related to the Company's increase of long term financing to facilitate the new-build program and increase the Company's liquidity reserve and financial robustness.

The increase in capitalized interest to the MultiClient library relates primarily to a higher volume of MultiClient surveys in progress.

The increase in capitalized interest related to construction in progress in 2013 compared to 2012 is related to the Company's vessel new build program. Capitalized interest related to construction in progress will be relatively high going forward as a result of this.

Other Financial Expense, Net

In USD millions	4th quarter		Full year	
	2013	2012	2013	2012
Interest income	0.6	0.2	1.6	3.6
Income (loss) from associated companies	(8.0)	(2.0)	(13.1)	(4.2)
Loss on repurchase of convertible notes	---	---	---	(7.5)
Currency exchange gain (loss)	(3.1)	(0.7)	(7.6)	(7.3)
Other	(3.6)	(5.3)	(2.8)	(12.1)
Net financial expense	(14.1)	(7.8)	(21.9)	(27.5)

In 2013 and Q4 2013 net financial expense is driven by the loss from associated companies related to investments in PGS Khazar LLC and Azimuth Ltd. and a currency exchange loss.

The Company holds foreign currency positions to balance its operational currency exposure. These positions are marked to market at each balance sheet date together with receivables and payables in non-US currencies, generally causing a currency exchange loss when the US dollar appreciates.

Income Tax Expense and Tax Contingencies

In Q4 2013 the income tax expense was $14.7 million compared to $4.8 million in Q4 2012. The current tax expense in Q4 2013 was $3.3 million compared to $18.9 million in Q4 2012. The deferred tax expense in Q4 2013 was $11.4 million compared to a benefit of $14.1 million in Q4 2012. The reported tax expense for Q4 is negatively impacted by foreign exchange movements and a reduction in deferred tax assets due to a reduction in income tax rate from 28% to 27% in Norway, partly offset by tax exempt profit on vessel operations within tonnage tax regimes. The reduction in income tax rate in Norway will benefit the effective tax rate going forward.

Income tax expense for the full year 2013 was $89.6 million compared to $42.9 million in 2012. Current tax expense for the full year was $32.2 compared to $43.9 in 2012. Deferred tax expense for the full year was $57.4 compared to a benefit of $1.0 million in 2012.

The Company has an ongoing dispute with the tax office of Rio de Janeiro in Brazil related to ISS tax on the sale of MultiClient data relating to years 2000 and onwards. The issue has been disclosed in annual and quarterly reports since 2005. At December 31, 2013, the Company estimates the total exposure to be approximately $145 million, including possible penalties and interest. Because the Company considers it more likely than not that the contingency will be resolved in its favor, no provision has been made for any portion of the exposure. Deposits of $94 million were made in 2010 and 2011 to be able to file lawsuits for some of the years, seeking to confirm that sale of MultiClient data are not subject to ISS.

Following a federal tax audit in Brazil for the years 2006-2008, the Company in 2012 received two tax assessments for 2008 claiming approximately $66 million including interests and penalties. One assessment asserts that seismic vessels do not meet the definition of a vessel and therefore the charters into Brazil are subject to a 15% withholding tax instead of 0%. The second assessment levies a 10% tax ("CIDE") on the same charters. PGS believes the claims are without merit and it is likely to succeed in achieving a positive decision at the administrative or judicial level. In 2012, the first administrative appeal level ruled in favor of PGS with respect to the withholding tax claim but upheld the CIDE assessment. On July 17, 2013, the second administrative appeal level ruled in favor of PGS with respect to the withholding tax claim. The ruling has been appealed to the third and last administrative level. The CIDE case it still pending before the second level.

Capital Expenditures[1)]

In USD millions	4th Quarter		Full year	
	2013	2012	2013	2012
Seismic equipment	34.9	27.2	91.7	94.4
Vessel upgrades/Yard	8.9	31.4	44.3	46.0
Processing equipment	9.3	4.6	23.3	17.9
New Builds	16.2	74.2	258.5	202.0
Other	4.0	2.1	20.0	7.8
Total	73.3	139.5	437.8	368.1

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

Capital expenditures for the full year 2013 ended approximately $25 million lower than the Company's latest guidance, primarily related to timing changes. The main capital expenditures in 2013 and Q4 2013 were related to the new build program and seismic equipment.

New Builds

In 2011, PGS ordered two new Ramform Titan-class vessels from Mitsubishi Heavy Industries Ltd. In Q2 2013 the Company took delivery of the first vessel, the *Ramform Titan.* The second vessel, *Ramform Atlas,* was delivered late January 2014. Following delivery, sea trials and shake down the *Ramform Atlas* will steam to the North Sea. Options for two additional vessels, with delivery in the first and second half of 2015, were exercised in Q4 2012. When completed, the four new Ramform Titan-class vessels will form an integral part of an 11 vessel fleet of Ramforms.

The estimated cost of *Ramform Atlas* is approximately $260 million, including commissioning and a comprehensive seismic equipment package, but excluding capitalized interest and post-delivery cost.

The cost of each of the additional two vessels scheduled for delivery in 2015 is subject to additional costs related to new technology, both maritime and seismic, certain incentives in the shipbuilding contract, and an inflationary price increase on equipment and project costs.

The agreement with the shipyard provides for payment based on five defined milestones per vessel, with 50% payable at delivery. Seismic equipment is procured by PGS separately from the shipbuilding contract. Accumulated capital expenditures related to the new builds at December 31, 2013 were $515.6 million.

Liquidity and Financing

In 2013 net cash provided by operating activities was $775.3 million, compared to 752.9 million in 2012. In Q4 2013, net cash provided by operating activities was $211.9 million, compared to $163.6 million in Q4 2012. The increase, in both Q4 and full year, is primarily related to higher EBITDA.

At December 31, 2013, cash and cash equivalents amounted to $263.8 million, compared to $390.3 million at December 31, 2012 and $299.0 million at September 30, 2013.

Restricted cash amounted to $89.4 million at December 31, 2013, compared to $92.3 million at December 31, 2012 and $88.1 million at September 30, 2013.

The relatively high amount of restricted cash relates to deposits made in 2010 and 2011 of approximately $94 million to initiate law suits with the Rio de Janeiro courts to seek confirmation that sale of MultiClient data in Brazil is not subject to ISS tax (see annual report 2012 for more details). The deposits are denominated in Brazilian Real.

At December 31, 2013, $470.5 million and $450.0 million were outstanding under the Term Loan B maturing in 2015 and the Senior Notes maturing in 2018. The $500 million revolving credit facility maturing in 2018 was undrawn.

PGS has established export credit financing totaling $250 million for the two first Ramform Titan-class vessels. The loans have a tenor of 12 years from delivery of the vessels, with principal repayment being by semi-annual equal installments. $125 million was drawn under this facility upon delivery of the *Ramform Titan* in Q2 2013. The remaining $125 million will be drawn within 3 months following the delivery of the *Ramform Atlas*. PGS is working to secure similar financing also for the two vessels scheduled for delivery in 2015.

Total interest bearing debt, including capital leases, was $1,040.8 million at December 31, 2013 compared to $921.6 million at December 31, 2012 and $1,040.8 million at September 30, 2013.

Net interest bearing debt (interest bearing debt less cash and cash equivalents, restricted cash and interest bearing investments) was $666.7 million at December 31, 2013 compared to $435.6 million at December 31, 2012 and $638.1 million at September 30, 2013.

At December 31, 2013, the Company had approximately 78% of its debt at fixed interest rates. The weighted average cash interest cost of gross debt reflects an interest rate of approximately 5.2%, including credit margins paid on the debt.

The revolving credit facility contains a covenant whereby total leverage ratio (as defined) cannot exceed 2.75:1. At December 31, 2013 the total leverage ratio was 1.29:1.

Subsequent Events

On January 24, 2014, PGS took delivery of the second vessel in the Ramform Titan-class, the *Ramform Atlas*.

Risk Factors

The Company emphasizes that the information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, many of which are beyond its control and all of which are subject to risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to the demand for seismic services, the demand for data from the Company's MultiClient data library, the attractiveness of PGS' technology, changes in governmental regulations affecting markets, technical downtime, licenses and permitting, currency and fuel price fluctuations, and extreme weather conditions.

Contracts for services are occasionally modified by mutual consent and in certain instances may be cancelled by customers at short notice without compensation. Consequently, the order book as of any particular date may not be indicative of actual operating results for any succeeding period.

For a further description of other relevant risk factors we refer to the Annual Report for 2012. As a result of these and other risk factors, actual events and actual results may differ materially from those indicated in or implied by such forward-looking statements.

Outlook 2014

Based on the current operational projections and with reference to the aforementioned risk factors, PGS expects full year 2014 EBITDA to be in the range of $900-950 million.

MultiClient cash investments are expected to be approximately $350 million, with a pre-funding level of approximately 100% of capitalized cash investment.

Capital expenditures are estimated to be approximately $450 million, of which $275-300 million are related to the new build program, up $25 million from the earlier guiding mid-point corresponding to the reduction seen in Q4 2013.

Oslo, February 12, 2014

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Director

Anne Grethe Dalane
Director

Jon Erik Reinhardsen
Chief Executive Officer

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

PGS has a presence in 22 countries with regional centers in London, Houston and Singapore. Our headquarters is in Oslo, Norway and the PGS share is listed on the Oslo stock exchange (OSE:PGS).

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

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Holly Van Deursen
Annette Malm Justad
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Ingar Skaug
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Gottfred Langseth	EVP and CFO
Per Arild Reksnes	EVP Marine Contract
Sverre Strandenes	EVP MultiClient
Guillaume Cambois	EVP Imaging & Engineering
Magne Reiersgard	EVP Operations

Other Corporate Management:

Terje Bjølseth	SVP Global Human Resources
Tore Langballe	SVP Corporate Communications
Rune Olav Pedersen	General Counsel
Jostein Ueland	SVP Business Development
Joanna Oustad	SVP HSEQ

Web-Site:

www.pgs.com

Financial Calendar:

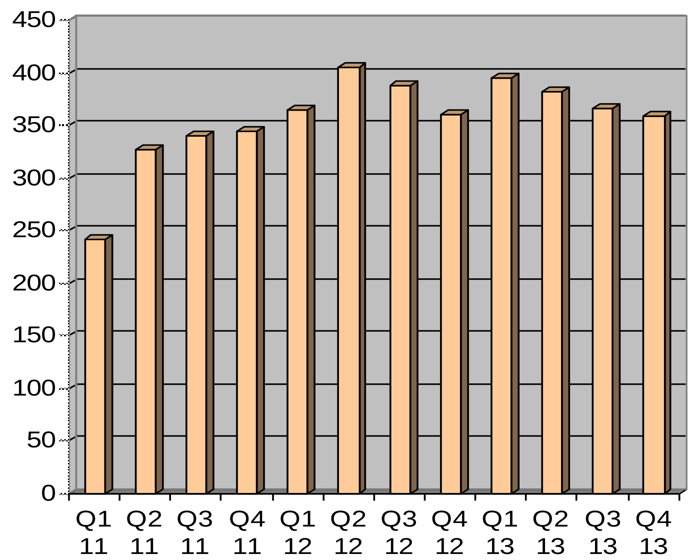
Q4 2013 report	February 13, 2014
AGM	May 8, 2014
Q1 2014 report	May 9, 2014
Q2 2014 report	July 24, 2014
Q3 2014 report	October 23, 2014

The dates are subject to change.

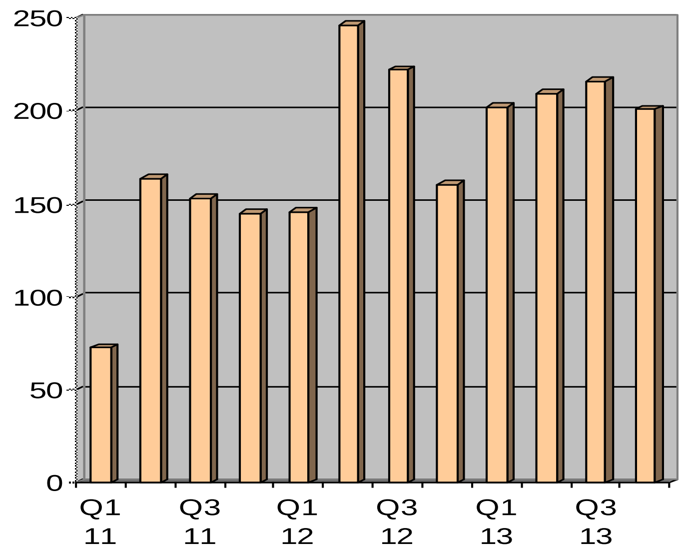
Petroleum Geo-Services ASA and Subsidiaries
Condensed Consolidated Statements of Operations

(In millions of US dollars, except share data)	Note	Quarter ended December 31, 2013	Quarter ended December 31, 2012	Year Ended December 31, 2013	Year Ended December 31, 2012
Revenues	4	359.5	360.1	1 501.6	1 518.3
Cost of sales		130.6	169.8	570.9	642.4
Research and development costs	5	10.9	11.9	38.7	38.3
Selling, general and administrative costs		17.0	16.2	63.1	61.4
Depreciation and amortization	4, 6	119.8	101.7	432.5	484.3
Impairment (reversal) of long-term assets	4	15.0	0.1	15.0	(0.8)
Other operating (income) expense		(0.2)	(0.2)	(0.7)	(1.1)
Total operating expenses		293.1	299.5	1 119.5	1 224.5
Operating profit/EBIT	4	66.4	60.6	382.1	293.8
Interest expense	7	(7.5)	(7.8)	(32.3)	(37.8)
Other financial expense, net	8	(14.1)	(7.8)	(21.9)	(27.5)
Income before income tax expense		44.8	45.0	327.9	228.5
Income tax expense		14.7	4.8	89.6	42.9
Net income to equity holders of PGS ASA		**30.1**	**40.1**	**238.3**	**185.5**
Earnings per share, to ordinary equity holders of PGS ASA:					
- Basic		0.14	0.19	1.11	0.86
- Diluted		0.14	0.18	1.10	0.85
Weighted average basic shares outstanding		215 125 492	216 714 667	215 566 344	216 634 550
Weighted average diluted shares outstanding		215 760 175	217 685 290	216 400 525	217 467 938

Revenues by Quarter
2011 - 2013
MUSD



EBITDA by Quarter
2011 - 2013
MUSD



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

(In millions of US dollars)	Note	Quarter ended December 31, 2013	Quarter ended December 31, 2012 Restated(1)	Year ended December 31, 2013	Year ended December 31, 2012 Restated(1)
Net income for the period		30.1	40.1	238.3	185.5
Other comprehensive income:					
Actuarial gains (losses) on defined benefit pensions plans		(12.2)	25.4	(12.2)	25.4
Income tax effect on actuarial gains and losses		2.5	(7.0)	2.5	(7.0)
Items that will not be reclassified to statements of operations		(9.7)	18.4	(9.7)	18.4
Cash flow hedges					
Gains (losses) arising during the period		-	(0.4)	0.1	(5.0)
Reclassification adjustments for losses included in the condensed consolidated statements of operations		1.5	2.6	8.8	12.5
Deferred tax on cash flow hedges		(0.5)	(0.6)	(2.6)	(2.1)
Revaluation of shares available-for-sale					
Gains (losses) arising during the period		(0.7)	(1.3)	(0.6)	1.0
Reclassification adjustments for losses (gains) included in the condensed consolidated statements of operations		0.6	0.7	1.4	(0.9)
Other comprehensive income (loss) of associated companies		0.7	-	0.6	(1.3)
Translation adjustments and other		0.1	0.1	(0.1)	0.1
Items that may be subsequently reclassified to statements of operations		1.7	1.1	7.6	4.3
Other comprehensive income for the period, net of tax		(8.0)	19.5	(2.1)	22.7
Total comprehensive income to equity holders of PGS ASA		22.1	59.6	236.2	208.2

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

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

(In millions of US dollars)	Note	December 31, 2013	December 31, 2012 Restated(1)
ASSETS			
Current assets:			
Cash and cash equivalents	10	263.8	390.3
Restricted cash	10	14.6	6.5
Accounts receivable		211.5	176.3
Accrued revenues and other receivables		155.4	153.6
Other current assets		118.0	110.1
Total current assets		763.3	836.8
Long-term assets:			
Property and equipment		1 629.5	1 437.6
MultiClient library	9	576.9	382.3
Restricted cash	10	74.8	85.8
Deferred tax assets		110.0	169.9
Other long-term assets		85.0	80.5
Goodwill		139.9	139.9
Other intangible assets		164.9	142.8
Total long-term assets		2 781.0	2 438.8
Total assets		3 544.3	3 275.6
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term debt and current portion of long-term debt	10, 11	10.8	1.0
Accounts payable		66.0	61.0
Accrued expenses		279.4	275.6
Income taxes payable		34.3	31.3
Total current liabilities		390.5	368.9
Long-term liabilities:			
Long-term debt	10, 11	1 019.6	915.8
Deferred tax liabilities		6.2	8.5
Other long-term liabilities		62.4	70.9
Total long-term liabilities		1 088.2	995.2
Shareholders' equity:			
Paid-in capital:			
Common stock; par value NOK 3; issued and outstanding 217,799,997 shares		96.5	96.5
Treasury shares, par value		(1.4)	(0.5)
Additional paid-in capital		519.5	513.3
Total paid-in capital		614.6	609.3
Accumulated earnings		1 479.4	1 328.5
Other comprehensive income		(28.4)	(26.3)
Total shareholders' equity		2 065.6	1 911.5
Total liabilities and shareholders' equity		3 544.3	3 275.6

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

Petroleum Geo-Services ASA and Subsidiaries

Condensed Consolidated Statements of Changes in Shareholders' Equity

For the twelve months ended December 31, 2012 - Restated (1)

(In millions US of dollars)	Attributable to equity holders of PGS ASA: Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other comprehensive income	Total	Non-controlling interests	Shareholders' equity
Balance at December 31, 2011	**96.5**	**(0.6)**	**508.2**	**1 187.7**	**(20.3)**	**1 771.5**	**0.2**	**1 771.7**
Effect of retrospectively adopting IAS 19R	-	-	-	-	(28.7)	(28.7)	-	**(28.7)**
Balance at January 1, 2012	**96.5**	**(0.6)**	**508.2**	**1 187.7**	**(49.0)**	**1 742.8**	**0.2**	**1 743.0**
Total comprehensive income	-	-	-	185.5	22.7	208.2	-	208.2
Dividend paid (2)	-	-	-	(41.5)	-	(41.5)	(0.2)	(41.7)
Acquired treasury shares	-	(0.4)	-	(10.9)	-	(11.4)	-	(11.4)
Transferred shares, conversion of convertible notes	-	-	-	1.1	-	1.1	-	1.1
Employee benefit plans	-	0.5	5.1	6.6	-	12.2	-	12.2
Balance at December 31, 2012	**96.5**	**(0.5)**	**513.3**	**1 328.5**	**(26.3)**	**1 911.5**	**-**	**1 911.5**

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

(2) NOK 1.10 per share was paid as ordinary dividend for 2011.

For the twelve months ended December 31, 2013

(In millions US of dollars)	Attributable to equity holders of PGS ASA: Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings	Other comprehensive income	Total	Non-controlling interests	Shareholders' equity
Balance at December 31, 2012	**96.5**	**(0.5)**	**513.3**	**1 328.5**	**(16.0)**	**1 921.8**	**-**	**1 921.8**
Effect of retrospectively adopting IAS 19R	-	-	-	-	(10.3)	(10.3)	-	**(10.3)**
Balance at January 1, 2013	**96.5**	**(0.5)**	**513.3**	**1 328.5**	**(26.3)**	**1 911.5**	**-**	**1 911.5**
Total comprehensive income	-	-	-	238.3	(2.1)	236.2	-	236.2
Dividend paid (1)	-	-	-	(60.7)	-	(60.7)	-	(60.7)
Acquired treasury shares	-	(1.0)	-	(28.2)	-	(29.2)	-	(29.2)
Employee benefit plans	-	0.1	6.2	1.5	-	7.8	-	7.8
Balance at December 31, 2013	**96.5**	**(1.4)**	**519.5**	**1 479.4**	**(28.4)**	**2 065.6**	**-**	**2 065.6**

(1) NOK 1.65 per share was paid as ordinary dividend for 2012.

Petroleum Geo-Services ASA and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(In millions of US dollars)	Quarter ended December 31, 2013	Quarter ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
Cash flows (used in) provided by operating activities:				
Net income to equity holders of PGS ASA	30.1	40.1	238.3	185.5
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, amortization and impairment of long-term assets	134.8	101.8	447.5	483.5
Share of (income) loss in associated companies	8.0	2.0	13.0	4.2
Interest expense	7.5	7.8	32.3	37.8
(Gain) loss on sale and retirement of assets	4.3	1.5	8.6	11.2
Income taxes paid	(8.1)	(6.1)	(33.8)	(28.5)
Other items	1.5	2.8	4.8	7.3
(Increase) decrease in accounts receivable, accrued revenues & other receivables	5.1	(5.2)	(30.7)	(2.9)
Increase (decrease) in accounts payable	34.7	11.5	17.0	(8.0)
Change in other short-term items related to operating activities	(19.2)	24.7	34.7	57.0
Change in other long-term items related to operating activities	13.2	(17.3)	43.6	5.8
Net cash (used in) provided by operating activities	211.9	163.6	775.3	752.9
Cash flows (used in) provided by investing activities:				
Investment in MultiClient library	(111.0)	(71.3)	(373.0)	(297.4)
Investment in property and equipment	(86.0)	(131.5)	(438.5)	(358.5)
Investment in other intangible assets	(8.0)	(5.1)	(29.2)	(28.0)
Investment in other current -and long-term assets	(15.0)	-	(22.0)	(0.1)
Proceeds from sale of other current and long-term assets	-	4.1	2.6	31.4
(Increase) decrease in long-term restricted cash	-	(1.0)	(0.6)	(5.4)
Net cash (used in) provided by investing activities	(220.0)	(204.8)	(860.7)	(658.0)
Cash flows (used in) provided by financing activities:				
Proceeds, net of deferred loan costs, from issuance of long-term debt	(5.6)	156.3	114.6	156.3
Repayment of long-term debt	-	(0.1)	(11.9)	(190.6)
Purchase of treasury shares	-	-	(29.2)	(11.3)
Proceeds from sale of treasury shares	0.3	1.5	1.6	7.1
Dividend paid	-	-	(60.9)	(41.7)
Interest paid	(21.8)	(16.5)	(55.3)	(49.1)
Net cash (used in) provided by financing activities	(27.1)	141.2	(41.1)	(129.3)
Net increase (decrease) in cash and cash equivalents	(35.2)	100.0	(126.5)	(34.4)
Cash and cash equivalents at beginning of period	299.0	290.3	390.3	424.7
Cash and cash equivalents at end of period	**263.8**	**390.3**	**263.8**	**390.3**

Note 1 - General

The Company is a Norwegian limited liability company and has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The consolidated condensed interim financial statements have been prepared in accordance with international Accounting Standards ("IAS") No. 34 "Interim Financial Reporting". The interim financial information has not been subject to audit or review.

EBIT or "operating profit" means Revenues less Total operating expenses. EBITDA, when used by the Company, means EBIT less other operating (income) expense, impairment of long-term assets and depreciation and amortization. EBITDA may not be comparable to other similarly titled measures from other companies PGS has included EBITDA as a supplemental disclosure because management believes that it provides useful information regarding PGS' ability to service debt and to fund capital expenditures and provides investors with a helpful measure for comparing its operating performance with that of other companies.

Note 2 - Basis of presentation

The condensed interim consolidated financial statements reflect all adjustments, in the opinion of PGS' management, that are necessary for a fair presentation of the results of operations for all periods presented. Operating results for the interim period are not necessarily indicative of the results that may be expected for any subsequent interim period or year. The condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2012.

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's consolidated financial statements for the year ended December 31, 2012 with the exception of adoption of IAS19R as described below.

Note 3 - New standard adopted in 2013

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

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

(In millions of US dollars)	December 31, 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Other long-term liabilities as previously reported	62.7	56.8	53.0	57.0	59.0
Change in pension liability from recognizing unrecognized actuarial losses	37.3	37.3	37.3	37.3	11.9
Restated other long-term liabilities	100.0	94.1	90.3	94.3	70.9
Deferred tax assets as previously reported	177.9	176.5	157.7	152.4	168.3
Tax effect from change in pension liability	8.6	8.6	8.6	8.6	1.6
Restated deferred tax assets	186.5	185.1	166.3	161.0	169.9
Cumulative translation adjustments and other reserves as previously reported	(20.3)	(19.5)	(19.0)	(17.1)	(16.0)
Effect on cumulative translation adjustments and other reserves	(28.7)	(28.7)	(28.7)	(28.7)	(10.3)
Restated cumulative translation adjustments and other reserves	(49.0)	(48.2)	(47.7)	(45.8)	(26.3)

Note 4 - Segment information

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

Revenues by operating segment and service type:

	Quarter ended December 31,		Year ended December 31,	
(In millions of US dollars)	2013	2012	2013	2012
Marine revenues by service type:				
- Contract seismic	121.7	156.3	677.5	623.5
- MultiClient pre-funding	94.3	81.4	360.5	461.3
- MultiClient late sales	99.2	65.8	311.3	266.8
- Imaging	32.6	32.3	122.7	124.4
- Other	11.6	24.2	29.3	42.0
Marine revenues	**359.4**	**360.0**	**1 501.3**	**1 518.0**
- Other, non Marine	0.1	0.1	0.3	0.3
Total revenues	**359.5**	**360.1**	**1 501.6**	**1 518.3**

Operating profit (loss) EBIT by operating segment:

(In millions of US dollars)	Quarter ended December 31, 2013	Quarter ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
Marine:				
EBITDA	205.3	162.4	840.9	791.6
Other operating income	0.2	0.2	0.7	1.1
Impairment (reversal) of long-term assets	(15.0)	(0.1)	(15.0)	0.8
Depreciation and amortization (a)	(25.3)	(36.2)	(123.9)	(134.3)
Amortization of MultiClient library (a)	(92.6)	(64.0)	(301.8)	(344.7)
Operating profit EBIT, Marine	72.6	62.3	400.9	314.6
Other:				
EBITDA	(4.3)	(0.2)	(12.0)	(15.5)
Depreciation and amortization (a)	(1.9)	(1.5)	(6.8)	(5.3)
Operating loss EBIT, Other	(6.2)	(1.7)	(18.8)	(20.8)
Total Operating profit:				
EBITDA	201.0	162.2	828.9	776.2
Other operating income	0.2	0.2	0.7	1.1
Impairment (reversal) of long-term assets	(15.0)	(0.1)	(15.0)	0.8
Depreciation and amortization (a)	(27.2)	(37.7)	(130.7)	(139.6)
Amortization of MultiClient library (a)	(92.6)	(64.0)	(301.8)	(344.7)
Total Operating profit EBIT	**66.4**	**60.6**	**382.1**	**293.8**

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

Note 5 - Research and development costs

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

(In millions of US dollars)	Quarter ended December 31, 2013	Quarter ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
Research and development costs, gross	16.3	16.3	55.1	57.3
Capitalized development costs	(5.4)	(4.4)	(16.4)	(19.0)
Total	**10.9**	**11.9**	**38.7**	**38.3**

Note 6 - Depreciation and amortization

Depreciation and amortization consists of the following:

(In millions of US dollars)	Quarter ended December 31, 2013	Quarter ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
Gross depreciation	64.0	55.3	243.9	222.6
Depreciation capitalized and deferred, net	(36.8)	(17.6)	(113.2)	(83.0)
Amortization of MultiClient library	92.6	64.0	301.8	344.7
Total	**119.8**	**101.7**	**432.5**	**484.3**

The Company amortizes its MultiClient library primarily based on the ratio between cost of surveys and the total forecasted sales for such surveys. The surveys are categorized into amortization categories based on this ratio. These categories range from 30-95% of sales amounts with 5% intervals, with a minimum of 45% for pre-funding. Each category includes surveys where the remaining unamortized cost as a percentage of remaining forecasted sales is less than or equal to the amortization rate applicable to each category.

The Company also applies minimum amortization criteria for the library projects based generally on a five-year life. The Company calculates and records minimum amortization individually for each MultiClient survey or pool of surveys on a quarterly basis. At year-end, or when specific impairment indicators exists, the Company carries out an impairment test of individual MultiClient surveys. The Company classifies these impairment charges as amortization expense in its condensed consolidated statements of operations since this additional, non-sales related amortization expense, is expected to occur regularly.

Note 7 - Interest expense

Interest expense consists of the following:

(In millions of US dollars)	Quarter ended December 31, 2013	Quarter ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
Interest expense, gross	(14.2)	(12.0)	(57.6)	(51.4)
Capitalized interest, MultiClient library	3.6	1.3	10.5	5.6
Capitalized interest, construction in progress	3.1	2.9	14.8	8.0
Total	**(7.5)**	**(7.8)**	**(32.3)**	**(37.8)**

Note 8 - Other financial expense, net

Other financial expense, net consists of the following:

(In millions of US dollars)	Quarter ended December 31, 2013	Quarter ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
Interest income	0.6	0.2	1.6	3.6
Income (loss) from associated companies	(8.0)	(2.0)	(13.1)	(4.2)
Loss on repurchase of convertible notes	-	-	-	(7.5)
Fair value adjustments on financial instruments	-	(3.7)	-	(6.7)
Currency exchange gain (loss)	(3.1)	(0.7)	(7.6)	(7.3)
Other	(3.6)	(1.6)	(2.8)	(5.4)
Total	**(14.1)**	**(7.8)**	**(21.9)**	**(27.5)**

Note 9 - MultiClient library

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

(In millions of US dollars)	Year ended December 31, 2013	Year ended December 31, 2012
Completed during 2008	-	17.0
Completed during 2009	27.6	54.9
Completed during 2010	20.5	28.5
Completed during 2011	32.1	48.3
Completed during 2012	45.2	63.1
Completed during 2013	60.2	-
Completed surveys	185.6	211.8
Surveys in progress	391.3	170.5
MultiClient library, net	**576.9**	**382.3**

Key figures MultiClient library:

(In millions of US dollars)	Quarter ended December 31, 2013	Quarter ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
MultiClient pre-funding revenue	94.3	81.4	360.5	461.3
MultiClient late sales	99.2	65.8	311.3	266.8
Cash investment in MultiClient library (a)	111.0	71.3	373.0	297.4
Capitalized interest in MultiClient library (b)	3.6	1.3	10.5	5.6
Capitalized depreciation (non-cash)	34.4	17.6	112.9	83.0
Amortization of MultiClient library (c)	92.6	64.0	301.8	344.7

(a) See condensed consolidated statements of cash flows.

(b) See note 7.

(c) See note 6.

Note 10 - Net interest bearing debt

Summary of net interest bearing debt:

(In millions of US dollars)	Year ended December 31, 2013	2012
Cash and cash equivalents	263.8	390.3
Restricted cash (current and long-term)	89.4	92.3
Interest bearing receivables	20.9	3.4
Short-term debt and current portion of long-term debt	(10.8)	(1.0)
Long-term debt (a)	(1 019.6)	(915.8)
Adjustment for deferred loan costs (offset in long-term debt)	(10.4)	(4.8)
Total	**(666.7)**	**(435.6)**

(a) Includes a drawdown on the export credit facility of $125 million during the year ended December 31, 2013.

Note 11 - Financial instruments

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, accrued revenues and other receivables, other current assets accounts payable and accrued expenses approximate their respective fair values because of the short maturities of those instruments.

The carrying amounts and the estimated fair values of debt and derivative instruments are summarized as follows:

	Carrying amounts		Fair values		Notional amounts	
	December 31,		December 31,		December 31,	
(In millions of US dollars)	2013	2012	2013	2012	2013	2012
Total forward exchange contracts (hedge)	(1.5)	1.3	(1.5)	1.3	51.4	19.2
Total forward exchange contracts (non-hedge)	2.5	1.0	2.5	1.0	136.8	134.4
Total forward exchange contracts	**1.0**	**2.3**	**1.0**	**2.3**	**188.2**	**153.6**
Interest rate swaps (hedge)	-	(18.0)	-	(18.0)	-	300.0
Interest rate swaps (non-hedge)	(8.3)	-	(8.3)	-	300.0	-
Total interest rate swaps	**(8.3)**	**(18.0)**	**(8.3)**	**(18.0)**	**300.0**	**300.0**
Debt with fixed interest rate	512.5	450.0	544.8	477.8		
Debt with variable interest rate	527.8	470.5	530.8	459.9		
Total debt regognized at amortized cost	**1 040.3**	**920.5**	**1 075.6**	**937.7**		

The fair values of the financial instruments listed above are determined using market inputs.
Effective September 30, 2013, the Company has discontinued hedge accounting on its interest rate swap agreements, and the net amount of $10.6 million included in other comprehensive income will be reclassified to the condensed consolidated statements of operations through March 2015 as an adjustment to the effective interest on outstanding debt. The balance left in other comprehensive income at December 31, 2013 was $9.1 million.