Third Quarter 2011 Results

October 28, 2011 Oslo, Norway

MultiClient Drives Performance
Healthy Cash Flow From Operations

Highlights Q3 2011

- Revenues of $339.9 million, up 15% from Q3 10
- EBITDA of $153.2 million, up 12% from Q3 2010
- Contract revenues of $164.9 million with a corresponding contract EBIT margin of 4%
- Offset by strong MultiClient revenues of $144.2 million, up 38% from Q3 2010, driven by high GeoStreamer allocation
- Net cash flow from operating activities of $149.6 million, up 127% from Q3 2010
- External Data Processing revenues of $27.5 million
- Order book of $501 million, up 2% from Q3 2010
- EPS impacted by foreign exchange movements causing non cash financial and tax charges
- Full year 2011 EBITDA expectation increased to approximately $525 million

"Customer interest for the Gulf of Mexico has been strong in the quarter driven by oil companies positioning themselves to explore the region further. In particular the upcoming lease sale in Western Gulf of Mexico has triggered the strong MultiClient late sales we have delivered. Late sales were also good in other regions. Our MultiClient GeoStreamer campaigns in the North Sea continued the trend of the second quarter, generating very good pre-funding revenues.

Marine Contract EBIT margin was impacted by less GeoStreamer capacity being allocated to contract activity, increased project costs and productivity variances. These factors have lead us to revise our expectation of full year Marine Contract EBIT margin to approximately 10%. For the general market we see flat prices. Bidding for the 2012 North Sea season has started, but it is too early to see any directional change in rates. Given our performance year to date and the continued strength of our MultiClient activities, we have increased our expectation for full year 2011 EBITDA to approximately $525 million."

Jon Erik Reinhardsen,
President and Chief Executive Officer

Key Financial Figures (In USD millions, except per share data)	**3rd quarter**		**Nine months**		**Full year**
	2011 Unaudited	**2010 Unaudited1)**	**2011 Unaudited**	**2010 Unaudited1)**	**2010 Unaudited1)**
Revenues	339.9	296.4	908.7	770.7	1,135.1
EBITDA (as defined)	153.2	136.4	389.7	312.1	475.4
EBIT excluding impairment charges 2)	44.5	53.1	95.9	88.8	130.5
EBIT as reported	44.5	(26.8)	95.9	8.4	51.4
Income (loss) before income tax expense	30.0	(27.3)	52.0	(44.0)	(8.6)
Net income (loss) to equity holders	13.5	(40.4)	28.2	(50.9)	(14.0)
Basic earnings per share ($ per share)	0.06	(0.20)	0.13	(0.26)	(0.07)
Diluted earnings per share ($ per share)	0.06	(0.20)	0.13	(0.26)	(0.07)
Net cash provided by operating activities	149.6	65.9	329.9	250.1	355.5
Cash investment in MultiClient library	61.5	38.6	175.4	142.4	166.7
Capital expenditures (cash)	59.4	56.9	247.3	162.5	223.5
Total assets (period end)	2,907.6	2,690.2	2,907.6	2,690.2	3,035.0
Cash and cash equivalents (period end)	176.9	168.0	176.9	168.0	432.6
Net interest bearing debt (period end)	421.6	602.9	421.6	602.9	279.2

1) Financial information for the full year 2010 is derived from the audited financial statements as presented in the 2010 Annual Report which have been restated due to a change in accounting policy as discussed on page 4. The unaudited numbers for Q3 2010 and the nine month period ended September 30, 2010 have been restated accordingly.

2) Net impairment charge for the nine months period ended September 30, 2010 and the full year 2010 was $79.1 million.

PGS Group

In USD millions	3rd quarter		Nine months		Full year
	2011	2010	2011	2010	2010
Revenues	339.9	296.4	908.7	770.7	1,135.1
EBITDA	153.2	136.4	389.7	312.1	475.4
EBIT excl impairment charges	44.5	53.1	95.9	88.8	130.5
Net impairments	---	(79.9)	---	(80.4)	(79.1)
EBIT	44.5	(26.8)	95.9	8.4	51.4
Pretax income (loss)	30.0	(27.3)	52.0	(44.0)	(8.6)
Net income (loss)	13.5	(40.4)	28.2	(50.9)	(14.0)

In Q3 2011, revenues for Petroleum Geo-Services ASA ("PGS" or "the Company") were 15% higher than in Q3 2010, mainly due to higher MultiClient, data processing and other revenues, partially offset by marginally lower contract revenues. Late sales were the strongest contributor to the revenue improvement.

The reported income tax expense in Q3 2011 was high, at $16.7 million, due to the impact of foreign exchange movements and losses in countries where deferred tax benefit are not recognized. The strong appreciation of the US Dollar in the quarter causes tax assets in Norway and other countries to be translated to their US Dollar functional currency at a lower dollar value. The non cash deferred tax expense for Q3 2011 totaled $21.0 million while the estimated current tax for the quarter was a net benefit of $4.3 million (see Income Tax Expense and Tax Contingencies paragraph for more details).

In USD millions	3rd quarter		Nine months		Full year
	2011	2010	2011	2010	2010
Contract revenues	164.9	166.3	461.6	448.5	629.1
MC pre-funding	61.1	53.5	185.2	121.9	198.3
MC late sales	83.0	50.6	170.6	118.6	192.3
Processing [1]	27.5	24.6	80.2	72.6	103.5
Other	3.3	1.4	11.0	9.1	12.0
Total revenues	339.9	296.4	908.7	770.7	1,135.1
MC cash investment	61.5	38.6	175.4	142.4	166.7
Pre-funding % [2]	99%	139%	106%	86%	119%
Opex	(186.7)	(160.0)	(519.0)	(458.6)	(659.7)
Vessel allocation [3]					
Contract	59%	57%	56%	54%	60%
MC	34%	29%	29%	31%	26%
Steaming	6%	10%	9%	12%	11%
Yard	1%	4%	6%	3%	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.

The Company has deliberately chosen to allocate a majority of its GeoStreamer capacity to MultiClient projects to better capitalize on PGS fleet and technology for overall better results.

Contract revenues decreased by $1.4 million in Q3 2011, compared to Q3 2010. The EBIT margin on Marine contract acquisition work was approximately 4% in Q3 2011, down from 7% in Q2 2011 and 25% in Q3 2010. Marine contract EBIT margins will fluctuate from quarter to quarter. The low margin in Q3 2011 is primarily due to adverse productivity variances and reduced profitability on certain long term contracts. The EBIT margin is also impacted by less GeoStreamer capacity being allocated to contract activity, higher project costs, especially on surveys offshore West Africa, increased fuel prices and a weak US dollar.

MultiClient pre-funding revenues in Q3 2011 were higher than in Q3 2010, due to more capacity being allocated to GeoStreamer MultiClient projects and strong interest for GeoStreamer surveys in Europe, where the Norwegian North Sea campaigns in particular carry a high pre-funding rate. Compared to Q3 2010, pre-funding revenues were higher primarily in Europe albeit somewhat lower in Brazil. The Company now expects to allocate approximately 30%

of active vessel time to MultiClient for full year 2011, up from 25% previously indicated.

Pre-funding revenues in Q3 2011 corresponded to 99% of capitalized MultiClient cash investments, excluding capitalized interest, which is in line with the Company's full year guidance, compared to 139% in Q3 2010.

MultiClient late sales were strong in Q3 2011, driven by strong sales in the Gulf of Mexico, where oil companies are positioning themselves for the upcoming western lease sale in December 2011. In addition, late sales were higher in Europe and Brazil, but lower in West Africa and Asia Pacific, compared to Q3 2010.

Higher capitalized cash investment in the MultiClient library in Q3 2011, compared to Q3 2010 primarily reflects more 3D GeoStreamer capacity allocated to MultiClient and a higher general cost level.

External Data Processing revenues has grown significantly in the first nine months of 2011, compared to the first nine months of 2010, led by growth in the Brazil data processing center, in the Houston international market and in Asia Pacific. Capacity has grown more than the revenue numbers indicate, over the last eighteen months megacenter computing capacity has more than tripled and global geophysical staff has increased by double digits in the same period. The growth is driven by high technology solutions, such as GeoStreamer and depth processing, in all regions.

Operating expenses (before depreciation, amortization and impairments) increased by $26.7 million in Q3 2011, compared to Q3 2010, as a result of increased salaries and social expenses, driven by increased headcount to meet growth, in addition to changes in currency exchange rates, increased fuel/travel/consumables and decreased capitalization of costs during major overhaul of vessels, partly offset by increased cash costs capitalized to MultiClient library.

The order book totaled $501 million at September 30, 2011, including $25 million of committed pre-funding on scheduled MultiClient projects and the estimated value of the OptoSeis agreement with Petrobras, compared to $489 million at September 30, 2010 and $579 million at June 30, 2011.

Technology

In USD millions	**3rd quarter**		**Nine months**		**Full year**
	2011	**2010**	**2011**	**2010**	**2010**
R&D cost gross	14.5	8.0	32.8	25.4	34.9
Capitalized dev. costs	(5.0)	(3.4)	(10.5)	(9.6)	(13.2)
Net R&D costs	9.4	4.6	22.2	15.8	21.8

The R&D costs in Q3 2011 mainly relate to the core business activities of marine seismic acquisition and processing, but a significant amount is related to the new businesses of electromagnetic ("EM") and fiber-optics permanent monitoring systems. The increase in gross R&D costs in both Q3 2011 and the first nine months of 2011, compared to the first nine months of 2010 are primarily driven by increases in development activity for Towed EM, along with increases in marine seismic projects.

The increase in capitalized amounts in Q3 2011 compared to Q3 2010 is primarily a result in additional investments to develop larger and more powerful Towed EM acquisition systems. Similarly, the increase in Towed EM accounts for the majority of the increase for the first nine months of 2011, compared to the first nine months of 2010. Streamer control system developments comprise the other main component of the capitalized development cost.

Depreciation and Amortization

In USD millions	**3rd Quarter**		**Nine months**		**Full year**
	2011	**2010**	**2011**	**2010**	**2010**
Gross depreciation	55.9	47.8	157.6	139.0	190.0
Capitalized depreciation to MC library	(14.6)	(13.8)	(44.7)	(35.4)	(42.6)
Amortization of MC library	71.8	49.3	185.3	119.7	197.6
Depreciation and amortization	113.2	83.3	298.2	223.3	344.9

The increase in gross depreciation in Q3 2011, compared to Q3 2010 is explained by increased investments in GeoStreamer and entry of the 2D vessel *Sanco Spirit* to the PGS fleet in Q4 2010, 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 the estimated periods between major overhauls, which typically range from 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 3 and 17).

Amortization of the MultiClient library as a percentage of MultiClient revenues was 50% in Q3 2011, compared to 47% in Q3 2010. The increase in amortization rate is primarily due to a slightly higher amortization rate applicable to the pre-funding revenues on ongoing projects.

Interest Expense

In USD millions	3rd Quarter		Nine months		Full year
	2011	2010	2011	2010	2010
Gross interest expense	(11.8)	(13.2)	(37.2)	(42.6)	(55.4)
Capitalized interest MC library	1.9	2.1	5.0	4.3	5.9
Capitalized interest constr. in progress	0.7	---	1.1	2.5	2.5
Interest expense	(9.3)	(11.1)	(31.2)	(35.8)	(47.0)

The decrease in gross interest expense in Q3 2011 compared to Q3 2010 primarily reflects a reduction of interest bearing debt.

Other Financial Income

In USD millions	3rd Quarter		Nine months		Full year
	2011	2010	2011	2010	2010
Gain from sale of shares	7.4	---	10.7	3.0	6.5
Interest income	1.8	1.4	4.4	4.9	5.7
Gain on investments in shares available for sale	0.2	---	0.2	0.7	0.7
Other	1.0	(0.0)	2.1	0.9	0.9
Other financial income	10.4	1.4	17.4	9.5	13.9

In Q3 2011 PGS participated in the establishment of the E&P focused investment company Azimuth primarily by contributing existing equity holdings in smaller E&P companies. PGS owns 45% of Azimuth and has entered into a cooperation agreement whereby PGS provides certain services to Azimuth and whereby Azimuth is invited to invest in any future equity settlement that PGS may receive as payment for its library or services. In Q3 2011 transactions between PGS and Azimuth resulted in other operating income of $4.4 million.

The gain in other financial income in Q3 2011 was primarily due to interest income, a gain from the sale of shares in Cove Energy, and to the gain of shares contributed to Azimuth.

Other Financial Expense

In USD millions	3rd Quarter		Nine months		Full year
	2011	2010	2011	2010	2010
Fair value adjustments on derivatives	(2.8)	---	(9.0)	---	---
Loss on repurchase of convertible notes	(2.3)	---	(2.3)	---	---
Amendment fees	---	---	---	(7.0)	(7.0)
Fee for redemption of 8.28% Notes	---	---	---	(1.2)	(1.2)
Other	(0.2)	(4.4)	(3.0)	(8.7)	(9.3)
Other financial expense	(5.3)	(4.4)	(14.3)	(17.0)	(17.6)

Other financial expense is primarily attributable to the repurchase of $51.4 million of nominal value of the

Company’s convertible notes at a price of 98.5% of par, and a fair value adjustment of warrants in Geokinetics preferred stock due, to reduction of share price.

The Company has not made further write downs of the convertible loan to SeaBird in Q3 as it, based on available information, expects the loan to be repaid or restructured at a fair value corresponding to current book value.

Currency Exchange Gain (Loss)

There was a currency exchange loss of $10.3 million in Q3 2011, compared to a gain of $20.8 million in Q3 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. In Q3 2011, the foreign currency translation of the deposit held in Brazilian Real relating to PGS’ exposure for the municipal service tax (“ISS”) in Brazil (see next paragraph) had a significant impact due to a significant weakening of the Brazilian Real compared to US Dollar.

Income Tax Expense and Tax Contingencies

In Q3 2011, the income tax expense was $16.7 million compared to $14.9 million in Q3 2010. The estimated current tax expense in Q3 2011 was a benefit of $4.3 million compared to an expense of $11.9 million in Q3 2010. Deferred tax expense in Q3 2011 was $21.0 million compared to $3.0 million in Q3 2010. The reported tax expense is negatively impacted by foreign exchange movements and losses in countries where deferred tax benefit are not recognized.

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 $192.4 million as of September 30, 2011, compared to $222.3 million as of September 30, 2010.

The Company has an ongoing dispute with the tax office of Rio de Janeiro in Brazil related to 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 September 30, 2011, the Company estimates the total exposure to be approximately $164 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. Since the time of the deposits, the Brazilian Real has depreciated against the US Dollar causing a significant reduction of the US Dollar value of both the deposits and the exposure it is intended to cover. Total deposits, including deposits for transactions after October 2010, totalled $92 million as of September 30, 2011.

Because the Company considers it more likely than not that the contingency will be resolved in its favor, no provisions have been made for any portion of the exposure. 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 material 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	3rd Quarter		Nine months		Full year
	2011	2010	2011	2010	2010
Seismic equipment	26.0	36.1	117.7	82.3	120.4
Vessel upgrades/Yard	3.3	15.6	52.5	30.7	48.1
Processing equipment	2.7	3.2	9.9	10.9	14.1
New Builds	7.6	1.0	48.7	34.3	34.7
Other	1.3	1.0	3.9	4.3	6.2
Total	40.9	56.9	232.8	162.5	223.5

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

The main capital expenditures in Q3 2011 were seismic in sea equipment, primarily GeoStreamer, and costs in relation to the new builds (see paragraph below for more details).

New Builds

In February 2011, PGS ordered two 5th generation Ramform vessels, with an option for another two vessels, from Mitsubishi Heavy Industries Ltd. Final agreements were signed in April. The vessels are the first in a new generation of Ramform vessels. Agreed deliveries of the two first vessels are in 2013, and progress is according to plan, while the options for delivery of the two additional vessels in 2015 must be declared by mid April 2012.

The estimated total cost of each of the new generation Ramform is approximately $250 million, 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 separately from the shipbuilding contract.

Liquidity and Financing

Net cash provided by operating activities was $149.6 million in Q3 2011, compared to $65.9 million in Q3 2010. The increase relates primarily to higher EBITDA in addition to improvements in working capital.

At September 30, 2011, cash and cash equivalents amounted to $176.9 million, compared to $216.0 million at June 30, 2011 and $168.0 million at September 30, 2010. In Q3 2011, PGS bought back $51.4 million of its convertible notes.

Restricted cash amounted to $93.3 million at September 30, 2011, compared to $107.4 million at June 30, 2011 and $16.4 million at September 30, 2010. The increase in restricted cash from Q3 2010 is primarily due to a deposit of amounts corresponding to 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). The reduction from Q2 2011 is primarily due to a strong depreciation of the Brazilian Real in Q3 2011. The company has foreign currency contracts in place to economically hedge approximately 65% of the deposited amount.

As of September 30, 2011, $470.5 million was outstanding under the Term Loan B maturing in 2015. There are no drawings on the $350.0 million revolving credit facility maturing in 2015, but $2.4 million of a subfacility to it is used for a standby letter of credit.

In Q3 2011, the Company bought back $51.4 million of nominal value of its convertible notes at a price of 98.5% of par. PGS now owns $106.9 million of the convertible notes, representing 26.7% of the outstanding notes issue. The net remaining outstanding nominal amount of the convertible notes is $293.1 million.

The total interest bearing debt, including capital leases, was $750.6 million as of September 30, 2011 compared to $796.5 million as of June 30, 2011 and $787.3 million as of September 30, 2010.

Net interest bearing debt (interest bearing debt less cash and cash equivalents, restricted cash and interest bearing investments) was $421.6 million as of September 30, 2011 compared to $420.8 million as of June 30, 2011 and $602.9 million as of September 30, 2010.

For the cancelled Arrow vessels, NB 532 and NB 533, approximately EUR 7 million per vessel with the addition of interest is still outstanding from Factorias

Vulcano. Factorias Vulcano has entered into Spanish bankruptcy proceedings. Arrow has been granted security over a future payment by Armada Seismic to Factorias Vulcano for NB 533 in the amount of EUR 10 million. In Q2 2011 the security was disputed. In addition, Arrow has a registered a lien in the NB 533 vessel for an amount of approximately EUR 7 million with addition of interest, which the opposing party claims is disputable.

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 September 30, 2011 the Company had approximately 78% of its debt at a fixed interest rate. The weighted average cash interest cost on gross debt reflects an interest rate of approximately 4.3%, including credit margins paid on the debt. The swap agreements used to fix the interest rate on $300 million of the debt mature from mid 2014 through to Q1 2015 and are 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 materially change.

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 September 30, 2011 the total leverage ratio was 1.41:1. 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, many 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 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

On October 1, 2011, PGS decided to withdraw its two members of the Board of Directors of SeaBird in order to avoid any speculation related to conflict of interest in the upcoming decisions that will be put forward to the Board of SeaBird as a part of the ongoing restructuring of the company.

Outlook 2011

Based on the current operational forecast and with reference to the aforementioned risk factors, PGS expects full year 2011 EBITDA of approximately $525 million.

Capital expenditure, including new builds, is estimated at approximately $275 million.

MultiClient cash investment of approximately $200 million with a pre-funding level of approximately 100%.

Lysaker, October 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 multi-client data library. PGS operates on a worldwide basis with headquarters at Lysaker, Norway.

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

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Harald Norvik (Vice Chairperson)
Carol Bell
Holly Van Deursen
Annette Malm Justad
Daniel J. Piette
Ingar Skaug

Executive Officers:

Jon Erik Reinhardsen	President and CEO
Gottfred Langseth	EVP and CFO
Per Arild Reksnes	EVP Marine Contract
Sverre Strandenes	EVP MultiClient
Guillaume Cambois	EVP Data Processing and Technology
Magne Reiersgard	EVP Operations

Other Corporate Management:

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

Web-Site:
www.pgs.com

Financial Calendar 2011:

Q3 2011 report	October 28, 2011
CMD	December 16, 2011
Q4 2011 report	February 20, 2012
AGM 2012	May 3, 2012
Q1 2012 report	May 8, 2012
Q2 2012 report	July 26, 2012
Q3 2012 report	October 25, 2012

The dates are subject to change.

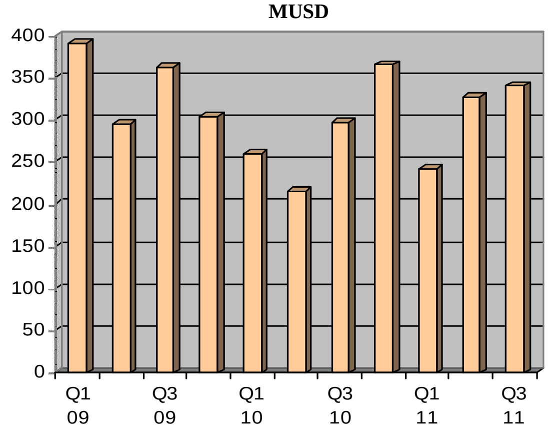
Petroleum Geo-Services ASA and Subsidiaries
Consolidated Statements of Operations

	Note	Quarter ended September 30, 2011 Unaudited	Quarter ended September 30, 2010 Unaudited (1)	Nine months ended September 30, 2011 Unaudited	Nine months ended September 30, 2010 Unaudited (1)	Year ended December 31, 2010 Unaudited (1)
		(In thousands of dollars, except share data)				
Revenues	4	$ 339 897	$ 296 410	$ 908 676	$ 770 704	$ 1 135 134
					-	
Cost of sales		163 712	143 953	455 654	402 514	581 900
Research and development costs	5	9 434	4 569	22 232	15 841	21 791
Selling, general and administrative costs		13 507	11 512	41 063	40 243	56 014
Depreciation and amortization	4, 6	113 152	83 278	298 207	223 258	344 908
Impairment of long-lived assets	4, 7	-	79 880	-	80 418	79 136
Other operating income		(4 400)	-	(4 400)	-	-
Total operating expenses		295 405	323 192	812 756	762 274	1 083 749
Operating profit (loss) EBIT	4	44 492	(26 782)	95 920	8 430	51 385
Income (loss) from associated companies		(64)	(7 231)	(7 620)	(9 943)	(10 183)
Interest expense	8	(9 266)	(11 052)	(31 162)	(35 776)	(46 996)
Other financial income	9	10 392	1 385	17 406	9 548	13 860
Other financial expense	10	(5 305)	(4 438)	(14 301)	(17 005)	(17 580)
Currency exchange gain (loss)		(10 258)	20 841	(8 260)	698	916
Income (loss) before income tax expense		29 991	(27 277)	51 983	(44 048)	(8 598)
Income tax expense (benefit)		16 723	14 945	23 220	17 098	13 903
Income (loss) from continuing operations		13 268	(42 222)	28 763	(61 146)	(22 501)
Income from discontinued operations, net of tax	16	1 160	1 822	589	10 357	8 548
Net income (loss)		**$ 14 428**	**$ (40 400)**	**$ 29 352**	**$ (50 789)**	**$ (13 953)**
Net income attributable to non-controlling interests		970	5	1 200	67	67
Net income (loss) to equity holders of PGS ASA		**$ 13 458**	**$ (40 405)**	**$ 28 152**	**$ (50 856)**	**$ (14 020)**

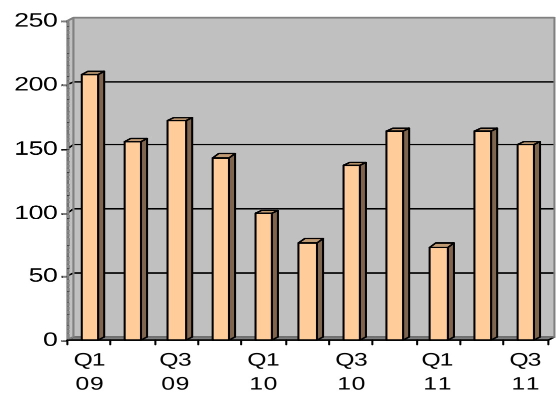
(1) The financial information is derived from the 2010 audited financial statements, which has been restated for the change in accounting policy. The unaudited numbers for the quarter and the nine months ended September 30, 2010 have been restated accordingly.

	Note	Quarter 2011	Quarter 2010	Nine months 2011	Nine months 2010	Year 2010
Earnings per share, to ordinary equity holders of PGS ASA:						
- Basic	16	$ 0.06	$ (0.20)	$ 0.13	$ (0.26)	$ (0.07)
- Diluted	16	$ 0.06	$ (0.20)	$ 0.13	$ (0.26)	$ (0.07)
Earnings per share from continuing operations, to ordinary equity holders of PGS ASA:						
- Basic	16	$ 0.06	$ (0.21)	$ 0.13	$ (0.31)	$ (0.11)
- Diluted	16	$ 0.06	$ (0.21)	$ 0.13	$ (0.31)	$ (0.11)
Weighted average basic shares outstanding		217 166 950	197 164 108	217 309 495	197 696 543	200 052 867
Weighted average diluted shares outstanding		217 888 280	197 164 108	218 286 519	197 696 543	200 052 867

Revenues by Quarter
2009 - 2011
MUSD



EBITDA (2) by Quarter
2009 - 2011
MUSD



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, other operating income, impairment of long-lived assets and depreciation and amortization. See Support Tables for a more detailed discussion of and reconciliation of EBITDA to income before income tax expense (benefit). EBITDA may not be comparable to other similarly titled measures from other companies. PGS has included EBITDA as a supplemental disclosure because management believes that it provides useful information regarding PGS' ability to service debt and to fund capital expenditures and provides investors with a helpful measure for comparing its operating performance with that of other companies. EBITDA is considered a non IFRS measure. 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 September 30, 2011 Unaudited	Quarter ended September 30, 2010 Unaudited (1)	Nine months ended September 30, 2011 Unaudited	Nine months ended September 30, 2010 Unaudited (1)	Year ended December 31, 2010 Unaudited (1)
		(In thousands of dollars)				
Net income (loss) for the period		$ 14 428	$ (40 400)	$ 29 352	$ (50 789)	$ (13 953)
Other comprehensive income:						
Cash flow hedges	13	(2 477)	85	(1 892)	(1 548)	2 701
Deferred tax on cash flow hedges		694	(19)	530	762	(732)
Revaluation of shares available-for-sale	13	(12 604)	6 227	(20 429)	4 365	11 946
Other comprehensive income (loss) of associated companies		(1 951)	-	(1 951)	-	-
Translation adjustments and other		1 142	(1 284)	1 276	(1 399)	(1 412)
Other comprehensive income for the period, net of tax		(15 196)	5 009	(22 466)	2 180	12 503
Total comprehensive income (loss) for the period		(768)	(35 391)	6 886	(48 609)	(1 450)
Total comprehensive income attributable to non-controlling interests		970	5	1 200	67	67
Total comprehensive income (loss) to equity holders of PGS ASA		**$ (1 738)**	**$ (35 386)**	**$ 5 686**	**$ (48 676)**	**$ (1 517)**

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

	Note	September 30, 2011 Unaudited	September 30, 2010 Unaudited (1)	December 31, 2010 Unaudited (1)
		(In thousands of dollars)		
ASSETS				
Current assets:				
Cash and cash equivalents	14	$ 176 886	$ 167 963	$ 432 579
Restricted cash	14	3 634	16 367	4 773
Accounts receivable		209 417	125 068	225 301
Accrued revenues and other receivables		127 403	198 572	145 187
Assets held-for-sale	16	-	3 000	-
Other current assets		90 386	87 455	98 432
Total current assets		607 726	598 425	906 272
Long-term assets:				
Property and equipment		1 294 102	1 221 142	1 213 206
MultiClient library	11	350 613	355 541	310 843
Restricted cash	14	89 678	-	66 395
Deferred tax assets		192 442	222 281	210 766
Investments in associated companies		49 735	16 345	24 523
Shares available-for-sale		10 624	27 051	33 282
Other long-lived assets		64 535	7 884	27 245
Goodwill		139 852	139 852	139 852
Other intangible assets		108 292	101 686	102 594
Total long-term assets		2 299 873	2 091 782	2 128 706
Total assets		$ 2 907 599	$ 2 690 207	$ 3 034 978
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Current portion of capital lease obligations	14	$ 105	$ -	$ -
Accounts payable		57 830	90 674	95 486
Accrued expenses		226 155	215 266	244 938
Income taxes payable		20 506	42 644	43 994
Total current liabilities		304 596	348 584	384 418
Long-term liabilities:				
Long-term debt	14	743 202	780 168	783 693
Long-term capital lease obligations	14	86	-	-
Deferred tax liabilities		19 584	27 359	20 757
Other long-term liabilities		82 198	99 002	90 831
Total long-term liabilities		845 070	906 529	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		(354)	(370)	(240)
Additional paid-in capital		507 308	241 724	503 111
Total paid-in capital		603 444	327 937	599 361
Accumulated earnings		1 186 914	1 128 410	1 166 848
Cumulative translation adjustment and other reserves		(33 408)	(21 265)	(10 942)
Non-controlling interests		983	12	12
Total shareholders' equity		1 757 933	1 435 094	1 755 279
Total liabilities and shareholders' equity		$ 2 907 599	$ 2 690 207	$ 3 034 978

(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 Changes in Equity

For the nine months ended September 30, 2011

	Attributable to equity holders of PGS ASA							
	Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings (deficit)	Cumulative translation adjustm. and other reserves	Total	Non-controlling interests	Shareholders' equity
					(In thousands of dollars)			
Balance at January 1, 2011	**$ 96 490**	**$ (240)**	**$ 503 111**	**$ 1 166 848**	**$ (10 942)**	**$ 1 755 267**	**$ 12**	**$ 1 755 279**
Total comprehensive income	-	-	-	28 152	(22 466)	5 686	1 200	6 886
Dividends to minority interests	-	-	-	-	-	-	(229)	(229)
Acquired treasury shares	-	(416)	-	(11 929)	-	(12 345)	-	(12 345)
Exercise employee share options	-	302	-	3 843	-	4 145	-	4 145
Employee share options	-	-	4 197	-	-	4 197	-	4 197
Balance at September 30, 2011	**$ 96 490**	**$ (354)**	**$ 507 308**	**$ 1 186 914**	**$ (33 408)**	**$ 1 756 950**	**$ 983**	**$ 1 757 933**

For the nine months ended September 30, 2010

	Attributable to equity holders of PGS ASA							
	Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings (deficit)	Cumulative translation adjustm. and other reserves	Total	Non-controlling interests	Shareholders' equity
					(In thousands of dollars)			
Balance at January 1, 2010	**$ 86 583**	**$ -**	**$ 237 542**	**$ 1 147 551**	**$ (23 445)**	**$ 1 448 231**	**$ 805**	**$ 1 449 036**
Effect of policy change (note 18)	-	-	-	39 884	-	39 884	-	39 884
Adjusted balance at January 1, 2010	**$ 86 583**	**$ -**	**$ 237 542**	**$ 1 187 435**	**$ (23 445)**	**$ 1 488 115**	**$ 805**	**$ 1 488 920**
Total comprehensive income (a)	-	-	-	(50 856)	2 180	(48 676)	67	(48 609)
Dividends to minority interests	-	-	-	-	-	-	(860)	(860)
Acquired treasury shares	-	(418)	-	(8 761)	-	(9 179)	-	(9 179)
Exercise employee share options	-	48	-	592	-	640	-	640
Employee share options	-	-	4 182	-	-	4 182	-	4 182
Balance at September 30, 2010	**$ 86 583**	**$ (370)**	**$ 241 724**	**$ 1 128 410**	**$ (21 265)**	**$ 1 435 082**	**$ 12**	**$ 1 435 094**

(a) Restated for the change in accounting policy

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

	Quarter ended September 30, 2011 Unaudited	Quarter ended September 30, 2010 Unaudited	Nine months ended September 30, 2011 Unaudited	Nine months ended September 30, 2010 Unaudited	Year ended December 31, 2010 Unaudited (1)
			(In thousands of dollars)		
Cash flows provided by operating activities:					
Net income (loss)	$ 13 458	$ (40 405)	$ 28 152	$ (50 856)	$ (14 020)
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	113 152	83 278	298 207	223 258	344 908
Impairments of long-lived assets	-	79 880	-	80 418	79 136
(Gain) loss on sale of assets	414	1 912	1 744	3 716	9 185
(Income) loss from associated companies	(277)	7 231	7 279	9 943	10 183
Interest expense	9 266	11 052	31 162	35 776	46 996
(Increase) decrease in deferred income taxes	20 954	2 193	17 552	(16 198)	(11 254)
Net decrease (increase) in restricted cash	15 595	(13 619)	10 506	(14 934)	1 347
Income taxes paid	(2 729)	(5 503)	(17 413)	(32 935)	(36 098)
Gain on sale of shares	(7 435)	-	(10 656)	(3 044)	(6 483)
Gain on sale of subsidiary (Onshore), net of transaction cost	-	(987)	-	(9 796)	(10 082)
Other items	3 923	3 208	3 927	2 694	3 861
(Increase) decrease in accounts receivable, net	(76 045)	(10 776)	15 884	50 291	(54 034)
(Increase) decrease in unbilled and other receivables	62 468	(45 855)	17 784	353	(3 062)
(Increase) decrease in other current assets	8 199	1 806	8 045	(688)	(11 665)
(Increase) decrease in other long-lived assets	233	(504)	(3 358)	4 112	1 311
Increase (decrease) in accounts payable	(16 021)	8 469	(35 426)	5 197	10 009
Increase (decrease) in accrued expenses and income taxes payable	12 203	(24 323)	(32 906)	(49 906)	(13 497)
Increase (decrease) in other long-term liabilities	(7 709)	8 799	(10 576)	12 695	8 777
Net cash provided by operating activities	149 649	65 856	329 907	250 096	355 518
Cash flows (used in) provided by investing activities:					
Investment in MultiClient library	(61 450)	(38 595)	(175 398)	(142 376)	(166 711)
Investment in MultiClient library, discontinued operations	-	-	-	(1 208)	(1 208)
Capital expenditures, cash	(59 438)	(56 923)	(247 324)	(162 522)	(223 510)
Proceeds/ refunds from new-build cancellations	-	48 641	-	100 576	157 376
Investment in other intangible assets	(5 068)	(3 445)	(12 130)	(9 616)	(12 614)
Investment in other intangible assets, discontinued operations	-	-	-	(219)	(219)
Investment/sale of associated companies, net	(263)	(70)	(263)	(135)	(9 935)
Loans to associated companies	-	140	(42 935)	140	-
Proceeds from sale of assets and associated companies	-	-	29	-	1 382
Proceeds from assets held-for-sale, net	-	-	-	-	2 400
Investment in available-for-sale shares	-	(6 007)	-	(15 356)	(15 355)
Proceeds from sale of available-for-sale shares	5 765	-	11 323	6 725	15 650
Long-term deposit	(1 520)	-	(32 650)	-	(66 395)
Sale of subsidiaries (Onshore)	-	5 321	-	176 754	176 754
Other items, net	-	-	-	1 000	1 000
Net cash provided by (used in) investing activities	(121 974)	(50 938)	(499 348)	(46 237)	(141 385)
Cash flows provided by (used in) financing activities:					
Proceeds from issuance of common stock, net	-	-	-	-	268 582
Purchase of treasury shares	(12 344)	-	(12 344)	(9 179)	(9 224)
Changes in long-term debt	(50 629)	-	(54 518)	(122 631)	(127 436)
Principal payments under capital leases	-	(118)	-	(354)	(354)
Proceeds from sale of treasury shares	2 708	587	4 145	639	2 417
Dividend paid to minorities in subsidiaries	-	-	-	(860)	(860)
Interest paid	(6 495)	(7 238)	(23 535)	(29 472)	(40 639)
Net cash provided by (used in) financing activities	(66 760)	(6 769)	(86 252)	(161 857)	92 486
Net increase (decrease) in cash and cash equivalents	(39 085)	8 149	(255 693)	42 002	306 618
Cash and cash equivalents at beginning of period	215 971	159 814	432 579	125 961	125 961
Cash and cash equivalents at end of period	**$ 176 886**	**$ 167 963**	**$ 176 886**	**$ 167 963**	**$ 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 - Third 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 nine months ended September 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, other operating income, impairments of long-lived assets and depreciation and amortization. EBITDA may not be comparable to other similar titled measures from other companies. PGS has included EBITDA as a supplemental disclosure because management believes that it provides useful information regarding PGS' ability to service debt and to fund capital expenditures and provides investors with a helpful measure for comparing its operating performance with that of other companies.

Note 2 - Basis of presentation

The consolidated interim financial statements reflects all adjustments, in the opinion of PGS' management, that are necessary for a fair presentation of the results of operations for all periods presented. Operating results for the interim period is not necessary indicative of the results that may be expected for any subsequent interim period or year. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 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 nine 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. The restatements of periods prior to January 1, 2011 has been changed in third quarter 2011 as a result of a change in lifetime of one of the major overhaul assets. See note 17 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 September 30, 2011	Quarter ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010	Year ended December 31, 2010
			(In thousands of dollars)		
Revenues by continuing operations:					
Marine revenues by service type:					
- Contract seismic	$ 164 882	$ 166 309	$ 461 644	$ 448 464	$ 629 101
- MultiClient pre-funding	61 135	53 546	185 167	121 878	198 278
- MultiClient late sales	83 035	50 648	170 632	118 605	192 262
- Data Processing	27 515	24 553	80 211	72 624	103 471
- Other	3 330	1 530	11 012	6 350	9 239
Marine revenues	**$ 339 897**	**$ 296 586**	**$ 908 666**	**$ 767 921**	**$ 1 132 351**
- Other, non Marine	-	(176)	10	2 783	2 783
Total revenues (continuing operations)	**$ 339 897**	**$ 296 410**	**$ 908 676**	**$ 770 704**	**$ 1 135 134**

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

	Quarter ended September 30, 2011	Quarter ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010	Year ended December 31, 2010
Operating profit (loss) EBIT from continuing operations:			(In thousands of dollars)		
Marine:					
EBITDA	$ 155 280	$ 137 133	$ 395 317	$ 325 315	$ 496 188
Other operating income	4 400	-	4 400	-	-
Impairments of long-lived assets	-	(79 880)	-	(80 418)	(79 136)
Depreciation and amortization (a)	(39 979)	(32 486)	(108 518)	(98 489)	(140 751)
Amortization of MultiClient library (a)	(71 792)	(49 283)	(185 327)	(119 723)	(197 605)
Operating profit EBIT, Marine	47 909	(24 516)	105 872	26 685	78 697
Other:					
EBITDA	$ (2 591)	$ (698)	$ (6 072)	$ (12 549)	$ (20 038)
Depreciation and amortization (a)	(1 381)	(1 509)	(4 362)	(5 067)	(6 573)
Operating profit (loss) EBIT, Other	(3 972)	(2 207)	(10 434)	(17 616)	(26 611)
Inter-segment eliminations:					
EBITDA	$ 555	$ (59)	$ 482	$ (660)	$ (722)
Amortization of MultiClient library (a)	-	-	-	21	21
Operating profit (loss) EBIT, Other	555	(59)	482	(639)	(701)
Total Operating profit:					
EBITDA	$ 153 244	$ 136 376	$ 389 727	$ 312 106	$ 475 428
Other operating income	4 400	-	4 400	-	-
Impairments of long-lived assets	-	(79 880)	-	(80 418)	(79 136)
Depreciation and amortization (a)	(41 360)	(33 995)	(112 880)	(103 556)	(147 324)
Amortization of MultiClient library (a)	(71 792)	(49 283)	(185 327)	(119 702)	(197 584)
Total Operating profit (loss) EBIT	**$ 44 492**	**$ (26 782)**	**$ 95 920**	**$ 8 430**	**$ 51 385**

(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 September 30, 2011	Quarter ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010	Year ended December 31, 2010
			(In thousands of dollars)		
Research and development costs, gross	$ 14 469	$ 8 014	$ 32 762	$ 25 403	$ 34 945
Capitalized development costs	(5 035)	(3 445)	(10 530)	(9 562)	(13 154)
Total	**$ 9 434**	**$ 4 569**	**$ 22 232**	**$ 15 841**	**$ 21 791**

Note 6 - Depreciation and amortization

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

	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
	2011	2010	2011	2010	2010
			(In thousands of dollars)		
Gross depreciation	$ 55 947	$ 47 767	$ 157 620	$ 138 951	$ 189 955
Depreciation capitalized to MultiClient library	(14 587)	(13 772)	(44 740)	(35 395)	(42 631)
Amortization of MultiClient library	71 792	49 283	185 327	119 702	197 584
Total	**$ 113 152**	**$ 83 278**	**$ 298 207**	**$ 223 258**	**$ 344 908**

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 September 30,		Nine months ended September 30,		Year ended December 31,
	2011	2010	2011	2010	2010
			(In thousands of dollars)		
Property and equipment	$ -	$ 79 880	$ -	$ 80 418	$ 94 312
Reversed impairments	-	-	-	-	(15 176)
Total	**$ -**	**$ 79 880**	**$ -**	**$ 80 418**	**$ 79 136**

Note 8 - Interest expense

Interest expense consists of the following for the periods presented:

	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
	2011	2010	2011	2010	2010
			(In thousands of dollars)		
Interest expense, gross	$ (11 845)	$ (13 165)	$ (37 190)	$ (42 592)	$ (55 425)
Capitalized interest, MultiClient library	1 920	2 113	4 959	4 281	5 894
Capitalized interest, construction in progress	659	-	1 069	2 535	2 535
Total	**$ (9 266)**	**$ (11 052)**	**$ (31 162)**	**$ (35 776)**	**$ (46 996)**

Note 9 - Other financial income

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

	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
	2011	2010	2011	2010	2010
			(In thousands of dollars)		
Gain from sale of shares	$ 7 435	$ -	$ 10 656	$ 3 044	$ 6 483
Interest income	1 820	1 434	4 444	4 923	5 728
Gain on investment in shares available for sale	162	-	162	711	711
Other	975	(49)	2 144	870	938
Total	**$ 10 392**	**$ 1 385**	**$ 17 406**	**$ 9 548**	**$ 13 860**

Note 10 - Other financial expense

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

	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
	2011	2010	2011	2010	2010
			(In thousands of dollars)		
Fair value adjustments on derivatives	$ (2 838)	$ -	$ (9 001)	$ -	$ -
Loss on repurchase of convertible notes	(2 268)	-	(2 268)	-	-
Amendment fees USD 950 million Credit Facilities	-	-	-	(7 029)	(7 029)
Fee in connection with redemption of 8.28% Notes	-	-	-	(1 229)	(1 229)
Other	(199)	(4 438)	(3 032)	(8 747)	(9 322)
Total	**$ (5 305)**	**$ (4 438)**	**$ (14 301)**	**$ (17 005)**	**$ (17 580)**

Note 11 - MultiClient library

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

	September 30,		December 31,
	2011	2010	2010
		(In thousands of dollars)	
Completed during 2006 and prior years	$ 110	$ 993	$ 348
Completed during 2007	1 365	6 425	4 627
Completed during 2008	27 543	37 953	31 380
Completed during 2009	100 371	140 875	120 618
Completed during 2010	42 060	34 645	48 082
Completed during 2011	40 706	-	-
Completed surveys	212 155	220 890	205 055
Surveys in progress	138 458	134 651	105 788
MultiClient library, net	**$ 350 613**	**$ 355 541**	**$ 310 843**

Key figures MultiClient library for the periods presented:

	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
	2011	2010	2011	2010	2010
Key figures MultiClient library continuing operations:			(In thousands of dollars)		
MultiClient pre-funding	$ 61 135	$ 53 546	$ 185 167	$ 121 878	$ 198 278
MultiClient late sales	83 035	50 648	170 632	118 605	192 262
Cash investment in MultiClient library (a)	61 450	38 595	175 398	142 376	166 711
Capitalized interest in MultiClient library (b)	1 920	2 113	4 959	4 281	5 894
Capitalized depreciation (non-cash) (c)	14 587	13 772	44 740	35 395	42 631
Amortization of MultiClient library (c)	71 792	49 283	185 327	119 702	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 September 30, 2011	Quarter ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010	Year ended December 31, 2010
	(In thousands of dollars)				
Marine	$ 40 364	$ 56 356	$ 230 402	$ 158 996	$ 218 873
Other	536	567	2 356	3 526	4 637
Total	**$ 40 900**	**$ 56 923**	**$ 232 758**	**$ 162 522**	**$ 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 September 30, 2011	Quarter ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010	Year ended December 31, 2010
	(In thousands of dollars)				
Cash flow hedges:					
Gains (losses) arising during the period	$ (6 237)	$ (4 345)	$ (12 961)	$ (15 816)	$ (15 587)
Less: Reclassification adjustments for losses included in the Consolidated Statement of Operations	3 760	4 430	11 069	14 268	18 288
Cash flow hedges, net	**$ (2 477)**	**$ 85**	**$ (1 892)**	**$ (1 548)**	**$ 2 701**
Revaluation of shares available-for-sale:					
Gains (losses) arising during the period	$ (6 463)	$ 4 485	$ (12 179)	$ 3 674	$ 12 438
Less: Reclassification adjustments for losses (gains) included in the Consolidated Statement of Operations	(6 141)	1 742	(8 250)	691	(492)
Revaluation of shares available-for-sale, net	**$ (12 604)**	**$ 6 227**	**$ (20 429)**	**$ 4 365**	**$ 11 946**

Note 14 - Net interest bearing debt

Reconciliation of net interest bearing debt:

	September 30, 2011	September 30, 2010	December 31, 2010
	(In thousands of dollars)		
Cash and cash equivalents	$ 176 886	$ 167 963	$ 432 579
Restricted cash (current and long-term)	93 312	16 367	71 168
Interest bearing receivables	58 820	-	7 244
Capital lease obligations (current and long-term)	(191)	-	-
Long-term debt	(743 202)	(780 168)	(783 693)
Adjust for deferred loan costs (offset in long-term debt)	(7 198)	(7 097)	(6 473)
Total	**$ (421 573)**	**$ (602 935)**	**$ (279 175)**

Note 15 - Earnings per share

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

	Quarter ended September 30, 2011	Quarter ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010	Year ended December 31, 2010
	(In thousands of dollars)				
Net income (loss) from continuing operations	$ 13 268	$ (42 222)	$ 28 763	$ (61 146)	$ (22 501)
Net income from discontinued operations	1 160	1 822	589	10 357	8 548
Non-controlling interests	970	5	1 200	67	67
Net income (loss) to equity holders of PGS ASA	**$ 13 458**	**$ (40 405)**	**$ 28 152**	**$ (50 856)**	**$ (14 020)**
Effect of interest on convertible notes, net of tax	-	-	-	-	-
Net income (loss) for the purpose of diluted earnings per share	**$ 13 458**	**$ (40 405)**	**$ 28 152**	**$ (50 856)**	**$ (14 020)**
Earnings (loss) per share:					
- Basic	$ 0.06	$ (0.20)	$ 0.13	$ (0.26)	$ (0.07)
- Diluted	$ 0.06	$ (0.20)	$ 0.13	$ (0.26)	$ (0.07)
Earnings (loss) per share from continuing operations:					
- Basic	$ 0.06	$ (0.21)	$ 0.13	$ (0.31)	$ (0.11)
- Diluted	$ 0.06	$ (0.21)	$ 0.13	$ (0.31)	$ (0.11)
Weighted average basic shares outstanding	217 166 950	197 164 108	217 309 495	197 696 543	200 052 867
Dilutive potential shares (1)	721 330	-	977 024	-	-
Weighted average diluted shares outstanding	217 888 280	197 164 108	218 286 519	197 696 543	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 16 - 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 September 30, 2011	Quarter ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010	Year ended December 31, 2010
			(In thousands of dollars)		
Revenues	$ -	$ -	$ -	$ 21 756	$ 21 756
Operating costs (a)	(1 160)	-	(282)	23 259	23 259
Depreciation and amortization	-	-	-	-	-
Total operating expenses	(1 160)	-	(282)	23 259	23 259
Operating profit (loss)	1 160	-	282	(1 503)	(1 503)
Financial items, net	-	-	-	286	286
Income (loss) from discontinued operations, pretax	**$ 1 160**	**$ -**	**$ 282**	**$ (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 September 30, 2011	Quarter ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010	Year ended December 31, 2010
	(In thousands of dollars)		(In thousands of dollars)		
Income (loss) from discontinued operations, pretax	$ 1 160	$ -	$ 282	$ (1 217)	$ (1 217)
Additional proceeds	-	-	-	1 000	1 000
Gain on sale of Onshore	-	1 122	-	15 854	16 224
Transaction costs sale of Onshore	-	(135)	-	(6 058)	(6 142)
Income tax benefit (expense)	-	835	307	778	(1 317)
Total	**$ 1 160**	**$ 1 822**	**$ 589**	**$ 10 357**	**$ 8 548**

Asset/ liabilities held-for-sale

	September 30, 2011	September 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 17 - Consolidated statements of operations by quarter 2010, restated with change of policy for accounting of major overhauls

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	69 279	70 701	83 278	121 650	344 908
Impairment of long-lived assets	538	-	79 880	(1 282)	79 136
Total operating expenses	229 843	209 239	323 192	321 475	1 083 749
Operating profit (loss) EBIT	29 590	5 622	(26 782)	42 955	51 385
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)	10 300	(27 071)	(27 277)	35 450	(8 598)
Income tax expense (benefit)	4 912	(2 759)	14 945	(3 195)	13 903
Income (loss) from continuing operations	5 388	(24 312)	(42 222)	38 645	(22 501)
Income (loss) from discontinued operations, net of tax	6 234	2 301	1 822	(1 809)	8 548
Net income (loss)	**$ 11 622**	**$ (22 011)**	**$ (40 400)**	**$ 36 836**	**$ (13 953)**
Net income attributable to minority interests	67	(5)	5	-	67
Net income to equity holders of PGS ASA	**$ 11 555**	**$ (22 006)**	**$ (40 405)**	**$ 36 836**	**$ (14 020)**

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	(4 750)	(4 589)	(4 546)	(4 667)	(18 552)
Restated operating profit (loss) EBIT	29 590	5 622	(26 782)	42 955	51 385

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	35 251	35 545	36 337	33 471
Restated property and equipment	1 328 535	1 341 437	1 221 142	1 213 206
Accumulated earnings as previously reported	1 163 739	1 132 726	1 092 073	1 133 377
Capitalized major overhauls	35 251	35 545	36 337	33 471
Restated accumulated earnings	1 198 990	1 168 271	1 128 410	1 166 848

Earnings per share (EPS)

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

	Quarter ended September 30, 2010		Nine months ended September 30, 2010		Year ended December 31, 2010	
	Basic	Dillutive	Basic	Dillutive	Basic	Dillutive
EPS as previously reported	(0.21)	(0.21)	(0.24)	(0.24)	(0.04)	(0.04)
Change due to restatement	0.01	0.01	(0.02)	(0.02)	(0.03)	(0.03)
Restated EPS	(0.20)	(0.20)	(0.26)	(0.26)	(0.07)	(0.07)

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

	Quarter ended September 30, 2010		Nine months ended September 30, 2010		Year ended December 31, 2010	
	Basic	Dillutive	Basic	Dillutive	Basic	Dillutive
EPS as previously reported	(0.22)	(0.22)	(0.29)	(0.29)	(0.08)	(0.08)
Change due to restatement	0.01	0.01	(0.02)	(0.02)	(0.03)	(0.03)
Restated EPS	(0.21)	(0.21)	(0.31)	(0.31)	(0.11)	(0.11)