

TGS EARNINGS RELEASE

4th QUARTER RESULTS

4th QUARTER HIGHLIGHTS

- Consolidated net revenues were USD 281.4 million, an increase of 56% compared to Q4 2011.
- Net late sales totaled USD 203.7 million, up 39% from Q4 2011.
- Net pre-funding revenues were USD 65.0 million, up 115% from Q4 2011, funding 68% of the Company's operational multi-client investments during Q4 (investments of USD 95.3 million, up 56% from Q4 2011).
- Proprietary revenues were USD 12.7 million, compared to USD 4.5 million in Q4 2011.
- Operating profit (EBIT) was USD 117.9 million (42% of net revenues), compared to USD 62.7 million (35% of net revenues) in Q4 2011.
- Cash flow from operations was USD 243.4 million, up from USD 189.4 million in Q4 2011.
- Earnings per share (fully diluted) were USD 0.81, compared to USD 0.43 in Q4 2011.

FULL YEAR 2012 FINANCIAL HIGHLIGHTS

- Consolidated net revenues were USD 932.2 million, an increase of 53% compared to 2011.
- Net late sales from the multi-client library totaled USD 563.8 million, up 34% from USD 419.5 million in 2011.
- Net pre-funding revenues were USD 338.2 million, up 129% from 2011, funding 68% of the Company's operational multi-client investments during 2012 (investments of USD 496.2 million, up 79% from 2011).
- Proprietary revenues were USD 30.3 million, compared to 41.7 million in 2011.
- Operating profit (EBIT) was USD 402.3 million (43% of net revenues), compared to USD 240.4 million (40% of net revenues) in 2011.
- Cash flow from operations was USD 663.4 million, an increase of 36% from USD 486.7 million in 2011.
- Earnings per share (fully diluted) were USD 2.76 compared to USD 1.65 for the same period in 2011.

"As announced at our 2013 guidance release on 8 January 2013, Q4 2012 was another record breaking quarter for TGS. We are particularly pleased to see that our existing library continues to perform well with late sales up 39% from Q4 2011," TGS' CEO Robert Hobbs stated. "Our pipeline of new investment opportunities continues to be strong in both traditional as well as new multi-client markets for TGS. The 2013 guidance therefore reflects a strong seismic market providing good opportunities for profitable growth."

KEY FIGURES

(All amounts in USD 1,000s)	Q4 2012	Q4 2011	YTD 2012	YTD 2011
Net operating revenues	281,390	180,891	932,239	608,568
EBIT	117,871	62,664	402,304	240,402
Pre-tax profit	123,106	62,357	407,550	241,146
Net income	83,913	44,213	284,533	170,688
EBIT margin	42%	35%	43%	40%
Return on capital employed	36%	25%	36%	25%
Equity ratio	69%	73%	69%	73%
MC library opening net book value	671,241	523,664	511,131	475,698
Investments in new projects	95,345	61,134	496,240	276,942
MC data purchased from third parties*	3,461	-	31,100	-
Amortization	(118,882)	(73,667)	(387,305)	(241,509)
MC library ending net book value	651,165	511,131	651,165	511,131
Pre-funding % on operational investments	68%	50%	68%	53%

*The PPA of the Arcis transaction was finalized in Q4 and has resulted in a slight increase to the multi-client data purchased from third parties

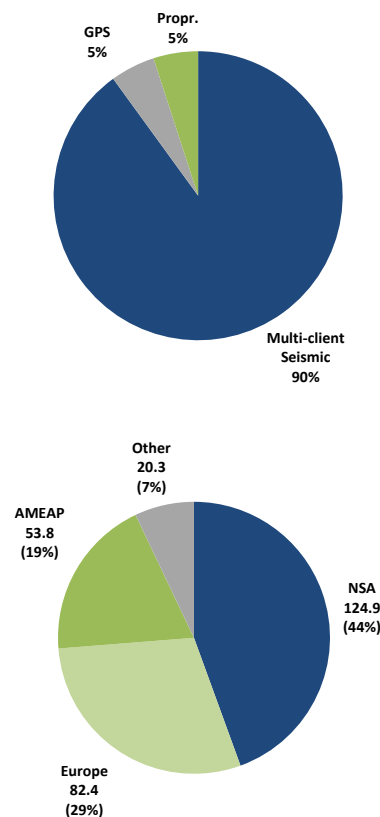
REVENUE BREAKDOWN

TGS' largest business activity is developing, managing, conducting and selling multi-client seismic surveys. This activity accounted for 90% of the Company's business during the quarter. Geological Products and Services (GPS) accounted for 5% of net revenues in the 4th quarter, while proprietary seismic revenues accounted for 5% of net revenues.

Net late sales were up 39% compared to Q4 2011. Net pre-funding revenues totaled USD 65.0 million, an increase of 115% from Q4 2011. The pre-funding revenues recognized in the fourth quarter funded 68% of the operational investments of USD 95.3 million in the multi-client library. For the full year, pre-funding amounted to 338.2 million (68% of operational investments) representing an increase of 129% compared to 2011. Proprietary contract revenues during the quarter totaled USD 12.7 million compared to USD 4.5 million in Q4 2011. For the twelve months ended December 2012, proprietary revenue totaled USD 30.3 million, compared to USD 41.7 million in 2011.

TGS' reporting structure is broken down in the following seismic business segments; North and South America (NSA), Europe (EUR), and Africa, Middle East and Asia Pacific (AMEAP). In addition to these areas, several business units are aggregated to form "Other segments." These segments include GPS Well Data, GPS Interpretations, Global Services, Imaging and Permanent Reservoir Monitoring. The Company's land seismic projects in North America are reported under the geographic region, NSA.

Sales from NSA totaled USD 124.9 million in Q4 2012 (55.4 in Q4 2011). Sales from EUR amounted to USD 82.4 million (57.6 in Q4 2011), while AMEAP had total sales of USD 53.8 million in Q4 2012 (40.4 in Q4 2011).



OPERATIONAL COSTS

The amortization of the multi-client library for Q4 2012 amounted to USD 118.9 million (USD 73.7 million in Q4 2011) which corresponds to 44% (42% in Q4 2011) of the net revenues from the multi-client library for the quarter. Amortization fluctuates from quarter to quarter, depending on the sales mix of projects. The amortization rate for the full year of 2012 was 43%, which is the same as in 2011. In Q4 2012, 9% of net multi-client revenues came from pre-2008 vintages which are fully written off the books in line with the Company's amortization policy.

Cost of goods sold (COGS) were USD 4.9 million for the quarter, compared to USD 0.4 million in Q4 2011. The increase is due to higher contract vessel activity in Q4 2012 due to a 2D proprietary project in Colombia. Personnel and other operating costs expensed during the quarter were USD 35.2 million, a decrease of 16% from 2011, mainly due to an impairment which was expensed in 2011. When isolating the effect of the 2011 impairment, personnel and other operating costs are up 59% in Q4 2012 mainly due to increased costs related to employee incentive schemes and operating expenses from Arcis Seismic Solutions Corporation which was acquired by TGS in June 2012.

EBITDA AND EBIT

Reported EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) for the quarter ended 31 December 2012 was USD 240.3 million, which corresponds to 85% of net revenues, up 74% from USD 138.1 million in Q4 2011. Operating profit (EBIT) for the quarter amounts to USD 117.9 million up 88% from USD 62.7 million in Q4 2011.

FINANCIAL ITEMS

TGS recorded an unrealized currency exchange gain of USD 3.0 million in Q4 2012.

TAX

For the full year, TGS reports tax charges in accordance with the Accounting Standard IAS 12. Tax charges are computed based on the USD value relating to the appropriate tax provisions according to local tax regulations and currencies in each jurisdiction. The tax charges are influenced not only from local profits, but also from fluctuations in exchange rates between the local currencies and USD. This method makes it difficult to predict tax charges on a quarterly or annual basis.

In some tax jurisdictions, the Company receives a tax deduction in respect of remuneration paid as stock options. The Company recognizes an expense for employee services in accordance with IFRS 2 which is based on the fair value of the award at the date of the grant.

Management assesses that the normalized operating consolidated tax rate is approximately 31%. The tax rate reported for the quarter is at 32% compared to 31% last year. For the full year the tax rate is 30% compared to 29% last year.

NET INCOME AND EARNINGS PER SHARE (EPS)

Net income for Q4 2012 was USD 83.9 million (30% of net revenues), up 90% compared to Q4 2011. Quarterly earnings per share (EPS) were USD 0.81 fully diluted (USD 0.82 undiluted), an increase of 89% from Q4 2011.

MULTI-CLIENT INVESTMENTS AND LIBRARY

The Company's operational investments in its data library during Q4 2012 were USD 95.3 million, 56% higher than in Q4 2011. The Company recognized USD 65.0 million in net pre-funding revenues in Q4 2012, funding 68% of its operational multi-client investments during the quarter. For 2012, pre-funding revenues totaled USD 338.2 million, funding 68% of operational multi-client investments (USD 496.2 million).

MUSD	Q4 2012	Q4 2011	2012	2011	2010	2009
Beginning net book value	671.2	523.7	511.1	475.7	424.3	335.0
Non-operational investments*	3.5	-	31.1	-	4.0	-
Operational investments	95.3	61.1	496.2	276.9	295.3	266.0
Amortization	(118.9)	(73.7)	(387.3)	(241.5)	(247.9)	(176.7)
Ending net book value	651.2	511.1	651.2	511.1	475.7	424.3

MUSD	Q4 2012	Q4 2011	2012	2011	2010	2009
Net MC revenues	268.6	176.4	902.0	566.9	543.0	445.0
Change in MC revenue	52%	5%	59%	4%	22%	-8%
Change in MC investment	56%	51%	90%	-7%	13%	-7%
Amort. in % of net MC revs.	44%	42%	43%	43%	46%	40%
Change in net book value	-3%	-2%	27%	7%	12%	27%

*The PPA of the Arcis transaction was finalized in Q4 and has resulted in a slight increase to the multi-client data purchased from third parties

BALANCE SHEET AND CASH FLOW

The net cash flow from operations for the quarter, after taxes, before investments, totaled USD 243.4 million compared to USD 189.4 million in Q4 2011. As of 31 December 2012, the Company's total cash holdings amounted to USD 338.7 million compared to USD 335.7 million at 31 December 2011.

As of 31 December 2012, TGS held USD 3.7 million in Auction Rate Securities (ARS), all in AAA-rated closed-end funds. TGS classifies its ARS as current financial investments available for sale and has valued its ARS at fair value of USD 3.7 million. Per 31 December 2012, the balance of the provision held between par value and fair value was USD 1.2 million.

The Company has sufficient cash and financial capacity to finance its operations and other known potential liabilities without selling the ARS. TGS intends however, to sell these given the right opportunities.

The Company believes that no impairment to goodwill and other intangible assets exists.

TGS currently does not have any interest bearing debt.

Total equity per 31 December 2012 was USD 1,168.4 million, representing 69% of total assets. A total of 64,500 new shares were issued during Q4 2012 in relation to stock options exercised by key employees in November 2012. As of 31 December 2012 TGS holds 1,317,200 treasury shares.

BACKLOG

TGS' backlog amounted to USD 142.7 million at the end of Q4, a reduction of 6% from last quarter and 32% below the level of one year ago. Significant revenue commitments to large onshore projects in early 2012 have been recognized through completion of the projects in the past year.

OPERATIONAL HIGHLIGHTS

Vessels under TGS' control through charter during all or parts of Q4 included four 3D vessels and one 2D vessel. Five land crews were also contracted and working for TGS during Q4. Joint venture operations with industry partners during the quarter included four 2D marine crews.

North and South America

During Q4, TGS commenced acquisition of the Amerigo 3D seismic survey in the Central Gulf of Mexico. This program totals 7,500 km², with acquisition scheduled to complete in May 2013 and is specifically configured to image deep structures in the DeSoto Canyon and Lloyd Ridge areas. TGS is utilizing its innovative Clari-Fi™ processing stream to provide broadband data to its customers.

TGS completed the first phase of a multi-year 2D seismic program in the Flemish Pass-Orphan Basin area offshore Newfoundland as part of a joint venture with PGS. This 2012 phase of the program included 7,864 km of the anticipated 20,000 km survey, scheduled to be completed in the Canadian summer of 2013. Also in Q4, a 10,000 km 2D proprietary program for the Agencia de Hidrocarburos (ANH) of Colombia commenced.

In the onshore U.S., TGS continued acquisition of the Firestone and Wellington programs in eastern Ohio and southern Kansas respectively. During the quarter, the Company completed two onshore seismic surveys in Saskatchewan, Canada. These surveys totalled 3D coverage of 308 km².

Europe and Russia

TGS completed a 3,446 km 2D program in partnership with Fugro in Northeast Greenland. This program, in addition to past new multi-client acquisition will allow the Company to offer more than 7,500 km of new 2D seismic data in this attractive basin which will be the location of a major license round in 2013. The Company also completed acquisition of a 7,294 km 2D seismic survey in the Laptev and East Siberian Seas of the Russian Arctic.

Africa, Middle East and Asia Pacific

TGS completed data acquisition on a 12,500 km² 3D survey offshore Angola during Q4 covering deepwater blocks 35, 36 and 37. This survey is designed to image highly prospective deep water pre-salt blocks that are thought to have similar geology to the hydrocarbon rich basins offshore Brazil. During the quarter, the Company announced an extension of this survey and commenced acquisition of a 4,064 km² survey over the eastern portions of deepwater blocks 36 and 37.

During Q4, TGS, in partnership with Dolphin Geophysical, completed a 11,042 km 2D seismic survey offshore Mauritania. This survey is the second phase of the successful NWAAM 2D multi-client program.

Offshore Northwest Australia, TGS completed a 2,536 km² 3D survey called Honeycombs as well as a 460 km² 3D survey in the Carnarvon Basin called The Three Bears.

Other Segments

The Geologic Products and Services Division continued the growth of TGS' well log data library with the addition of 299,000 new LAS well logs and 5,800 directional surveys to the database.

OTHER MATTERS

At its meeting today, the Board of Directors decided to propose to the shareholders at the June 2013 Annual General Meeting a dividend of NOK 8 per share. In addition, the Company has authority to buy back shares in the market in accordance with existing regulations at the Oslo Stock Exchange.

OUTLOOK

TGS' financial performance in 2012 further confirms a strong market with an increasing demand for seismic data. Looking forward to 2013, analyst surveys are reporting continued increases in expected E&P spending. Seismic spending typically closely follows E&P spending, so expectations are that the industry will see further growth in 2013.

TGS' customers continue to communicate their intention to invest in new data to enable exploration in new and mature plays where TGS is active. TGS believes that the Company's high quality data library, solid financial position and highly flexible business model enable the Company to continue to deliver profitable growth built on a foundation of strong investment opportunities.

TGS has secured a significant amount of necessary vessel capacity to execute on its investment plan in 2013. At this time the Company sees adequate available additional vessel capacity in the market to execute on the guided plan.

For 2013, the full year guidance is as follows:

- Multi-client investments 530 – 600 MUSD
- Average pre-funding 50 – 60%
- Average multi-client amortization rate 40 – 46%
- Net revenues 970 – 1050 MUSD
- Contract revenues approximately 5% of total revenues

Asker, 6 February 2013

The Board of Directors of TGS-NOPEC Geophysical Company ASA

ABOUT TGS

TGS provides multi-client geoscience data and services to oil and gas Exploration and Production companies around the globe. TGS' geophysical and geological data products include multi-client seismic libraries, magnetic and gravity data and the industry's largest global database of digital well logs and regional interpretive products. TGS also offers permanent reservoir monitoring, advanced seismic processing and imaging services and data integration solutions for the oil and gas industry.

TGS-NOPEC Geophysical Company ASA is listed on the Oslo Stock Exchange (OSLO:TGS).

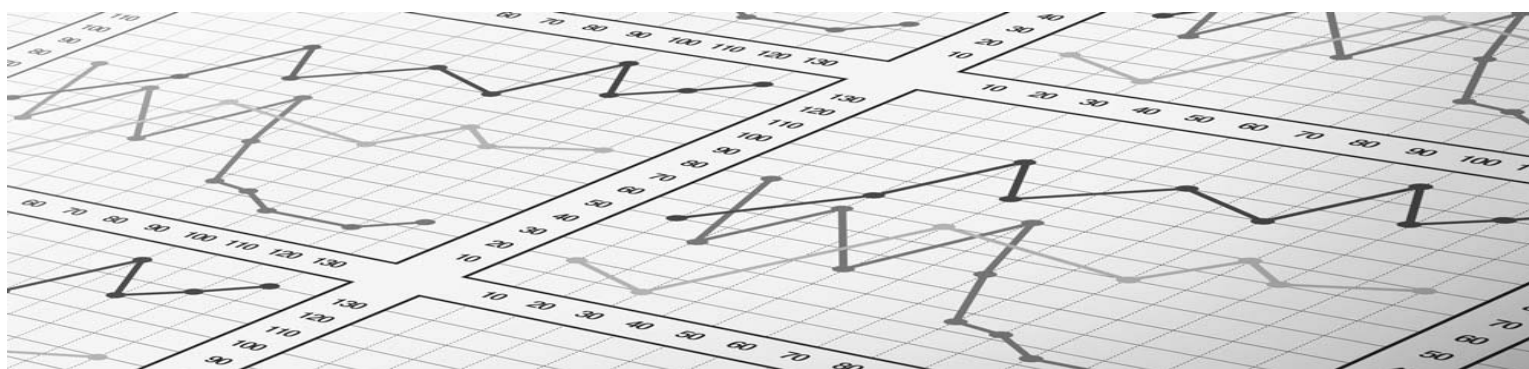
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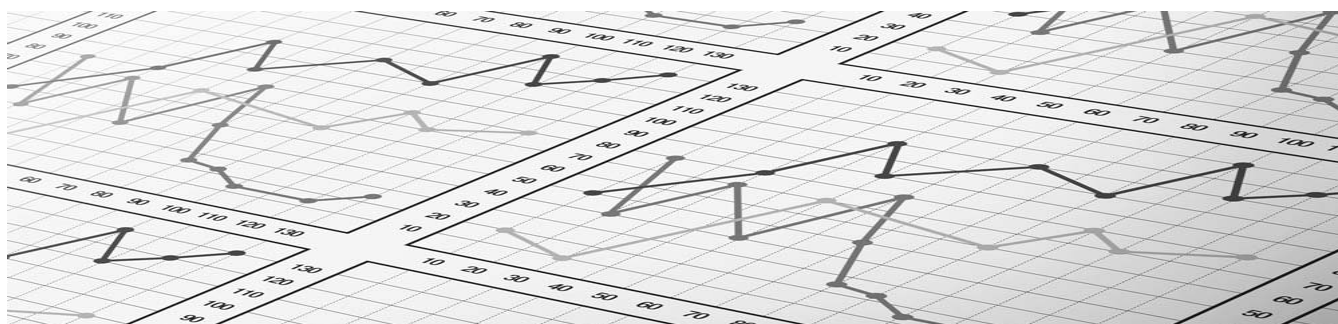
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All statements in this earnings release other than statements of historical fact are forward-looking statements, which are subject to a number of risks, uncertainties and assumptions that are difficult to predict, and are based upon assumptions as to future events that may not prove accurate. These factors include TGS' reliance on a cyclical industry and principal customers, TGS' ability to continue to expand markets for licensing of data, and TGS' ability to acquire and process data products at costs commensurate with profitability. Actual results may differ materially from those expected or projected in the forward-looking statements. TGS undertakes no responsibility or obligation to update or alter forward-looking statements.



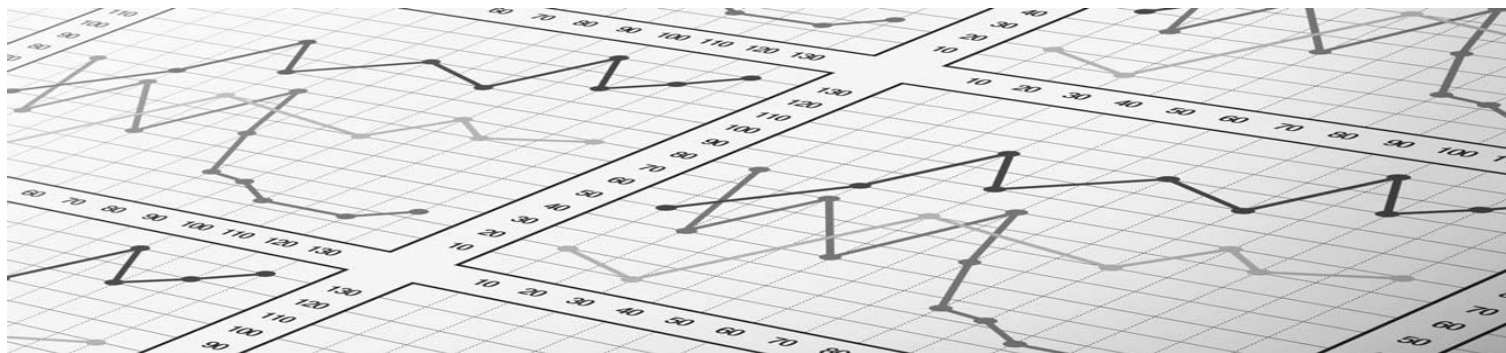
Interim Statement of Comprehensive Income

(All amounts in USD 1,000s unless noted otherwise)	Note	2012 Q4 Unaudited	2011 Q4 Unaudited	2012 YTD Unaudited	2011 YTD Audited
Net operating revenues	4	281,390	180,891	932,239	608,568
<i>Operating expenses</i>					
Cost of goods sold - proprietary and other		4,920	442	7,134	13,162
Amortization of multi-client library		118,882	73,667	387,305	241,509
Personnel costs		24,191	16,078	83,922	58,409
Cost of stock options		985	620	3,285	2,066
Other operating expenses		10,959	25,666	35,809	46,035
Depreciation and amortization		3,582	1,753	12,480	6,985
Total operating expenses		163,519	118,227	529,934	368,166
Operating profit	4	117,871	62,664	402,304	240,402
<i>Financial income and expenses</i>					
Financial income		2,400	1,192	5,413	2,684
Financial expense		-116	-69	-599	-246
Other financial items		2,950	-1,430	432	-1,694
Net financial items		5,235	-307	5,246	744
Profit before taxes		123,106	62,357	407,550	241,146
Tax expense		39,192	18,144	123,017	70,458
Net income		83,913	44,213	284,533	170,688
EPS USD		0.82	0.43	2.79	1.67
EPS USD, fully diluted		0.81	0.43	2.76	1.65
<i>Other comprehensive income:</i>					
Exchange differences on translation of foreign operations		-1,536	-180	2,102	-200
Net (loss)/gain on available-for-sale financial assets		-	1,029	-1,748	1,349
Other comprehensive income for the period, net of tax		-1,536	849	354	1,149
Total comprehensive income for the period, net of tax		82,378	45,062	284,887	171,837



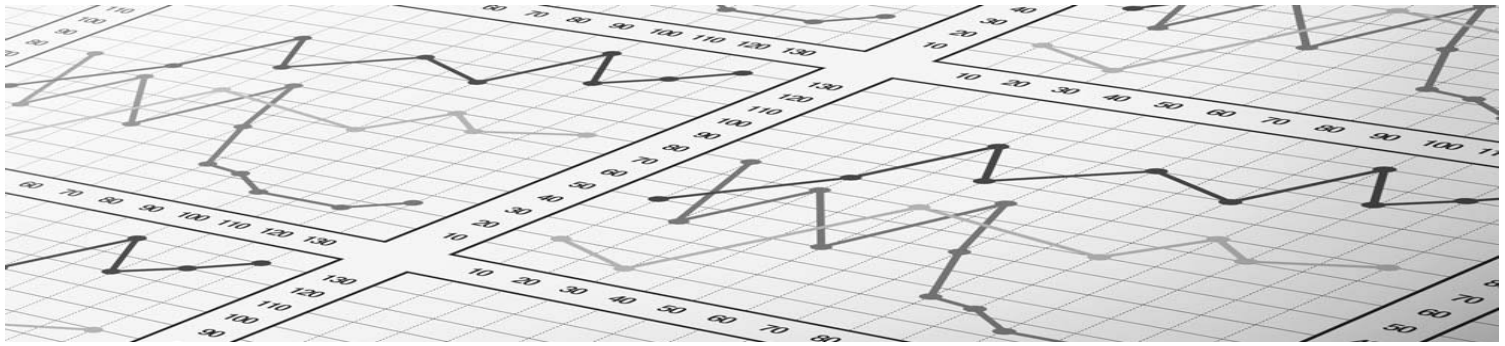
Interim Consolidated Balance Sheet

(All amounts in USD 1,000s)	Note	2012 31-Dec Unaudited	2012 30-Sep Unaudited	2011 31-Dec Audited
ASSETS				
Non-current assets				
Goodwill		111,584	112,659	86,401
Multi-client library		651,165	671,241	511,131
Other intangible non-current assets		55,641	60,470	46,731
Deferred tax asset		17,897	18,733	23,137
Buildings		4,273	4,239	816
Machinery and equipment		27,752	26,607	18,746
Other non-current assets		16,828	16,762	13,814
Total non-current assets	5	885,140	910,710	700,774
Current assets				
Financial investments available for sale		3,689	3,689	18,963
Accounts receivable		281,755	184,471	148,503
Accrued revenues		129,471	180,065	103,493
Other short-term receivables		46,962	39,422	25,739
Cash equivalents		338,673	204,803	335,709
Total current assets	5	800,549	612,450	632,407
TOTAL ASSETS		1,685,689	1,523,160	1,333,182
EQUITY AND LIABILITIES				
Equity				
Share capital		3,655	3,650	3,713
Other equity		1,164,705	1,079,992	969,308
Total equity	3	1,168,360	1,083,642	973,021
Non-current liabilities				
Other non-current liabilities	5,6	29,324	32,583	29,253
Deferred tax liability	5	113,480	100,230	113,047
Total non-current liabilities		142,804	132,813	142,300
Current liabilities				
Accounts payable and debt to partners		201,914	145,450	101,000
Taxes payable, withheld payroll tax, social security		79,369	60,041	50,731
Other current liabilities		93,242	101,213	66,130
Total current liabilities	5	374,525	306,705	217,861
TOTAL EQUITY AND LIABILITIES		1,685,689	1,523,160	1,333,182



Interim Consolidated Statement of Cash flow

(All amounts in USD 1,000s)	2012 Q4 Unaudited	2011 Q4 Unaudited	2012 YTD Unaudited	2011 YTD Audited
Cash flow from operating activities:				
Received payments	292,324	212,815	862,404	648,060
Payments for salaries, pensions, social security tax	-23,264	-15,334	-75,798	-59,316
Other operational costs	-16,179	-7,409	-43,243	-38,397
Net gain/(loss) on currency exchange	2,950	-511	-19	-1,815
Paid taxes	-12,444	-144	-79,948	-61,822
Net cash flow from operating activities 1)	243,387	189,418	663,396	486,711
Cash flow from investing activities:				
Investments in tangible fixed assets and in intangible assets	-8,672	-3,739	-25,927	-13,078
Investments in multi-client library	-104,580	-114,576	-482,691	-283,217
Investment through mergers and acquisitions, net of cash acquired	-	-	-75,750	-43,851
Proceeds from sale of short-term financial investments	-	-	16,450	4,200
Interest received	2,008	1,192	4,599	2,674
Net cash flow from investing activities	-111,244	-117,123	-563,319	-333,272
Cash flow from financing activities:				
Interest paid	-19	-69	-351	-246
Dividend payments	-	-	-103,325	-93,407
Purchase of own shares	-	-7,339	-	-30,031
Proceeds from share offerings	1,746	941	6,563	15,768
Net cash flow from financing activities	1,727	-6,467	-97,113	-107,916
Net change in cash equivalents	133,868	65,830	2,963	45,525
Cash and cash equivalents at the beginning of period	204,803	269,879	335,709	290,185
Cash and cash equivalents at the end of period	338,673	335,709	338,673	335,709
1) Reconciliation				
Profit before taxes	123,106	62,357	407,551	241,146
Depreciation/Amortization	122,464	75,421	399,785	248,494
Net gain/loss on foreign currency transactions and balances	26	19,500	935	19,500
Changes in accounts receivables and accrued revenues	-47,068	7,803	-154,034	33,251
Changes in other receivables	914	-11,481	2,548	-14,399
Changes in other balance sheet items	56,388	35,964	86,559	20,542
Paid taxes	-12,444	-144	-79,948	-61,822
Net cash flow from operating activities	243,387	189,418	663,396	486,711



Interim Consolidated Statement of Changes in Equity

(All amounts in USD 1,000s)	Share-Capital	Own Shares Held	Share Premium Reserve	Other Paid-In Equity	Available for Sale Reserve	Foreign Currency		Retained Earnings	Total Equity
						Translation Reserve	Reserve		
Opening balance 1 January 2012	3,713	-76	53,256	20,310	1,960	-8,593		902,451	973,021
Net income	-	-	-	-	-	-		284,533	284,533
Other comprehensive income	-	-	-	-	-1,748	2,102		-	354
Total comprehensive income	-	-	-	-	-1,748	2,102		284,533	284,887
Paid-in-equity	9	-	2,752	-	-	-		-	2,760
Distribution of treasury shares	-	11	-	-	-	-		3,791	3,802
Cost of stock options	-	-	-	3,285	-	-		-	3,285
Dividends	-	-	-	-	-	-		-99,911	-99,911
Deferred tax asset related to stock options	-	-	-	-	-	-		516	516
Cancellation of treasury shares	-9	9	-	-	-	-		-	-
Closing balance per 31 December 2012	3,713	-56	56,008	23,595	212	-6,491		1,091,381	1,168,360

(All amounts in USD 1,000s)	Share-Capital	Own Shares Held	Share Premium Reserve	Other Paid-In Equity	Available for Sale Reserve	Foreign Currency		Retained Earnings	Total Equity
						Translation Reserve	Reserve		
Opening balance 1 January 2011	3,714	-64	40,894	18,244	611	-8,393		853,764	908,771
Net income	-	-	-	-	-	-		170,688	170,688
Other comprehensive income	-	-	-	-	1,349	-200		-	1,149
Total comprehensive income	-	-	-	-	1,349	-200		170,688	171,837
Paid-in-equity	31	-	12,362	-	-	-		-	12,393
Purchase of treasury shares	-	-56	-	-	-	-		-29,975	-30,031
Distribution of treasury shares	-	12	-	-	-	-		3,361	3,373
Cost of stock options	-	-	-	2,066	-	-		-	2,066
Dividends	-	-	-	-	-	-		-95,388	-95,388
Cancellation of treasury shares	-32	32	-	-	-	-		-	-
Closing balance per 31 December 2011	3,713	-76	53,256	20,310	1,960	-8,593		902,451	973,021

Largest Shareholders per 1 February 2013

		Shares	%	
1	FOLKETRYGDFONDET	NORWAY	8,933,811	8.7%
2	STATE STREET BANK AND TRUST CO.	U.S.A.	6,873,979	6.7%
3	CLEARSTREAM BANKING S.A.	LUXEMBOURG	3,714,340	3.6%
4	JPMORGAN CHASE BANK	GREAT BRITAIN	3,699,011	3.6%
5	THE BANK OF NEW YORK MELLON	U.S.A.	2,825,786	2.8%
6	JPMORGAN CHASE BANK	GREAT BRITAIN	2,637,532	2.6%
7	PARETO AKSJE NORGE	NORWAY	2,476,456	2.4%
8	THE BANK OF NEW YORK MELLON	U.S.A.	2,359,862	2.3%
9	JPMORGAN CHASE BANK	GREAT BRITAIN	2,049,455	2.0%
10	EGERTON CAPITAL LTD	GREAT BRITAIN	1,812,952	1.8%
10 Largest			37,383,184	37%
Total Shares Outstanding *			102,114,274	100%

* Total shares outstanding are net of shares held in treasury

Average number of shares outstanding for Current Quarter *

Average number of shares outstanding during the quarter	102,047,524
Average number of shares fully diluted during the quarter	103,607,474

* Shares outstanding net of shares held in treasury (1,317,200 TGS shares), composed of average outstanding TGS shares during the full quarter



TGS EARNINGS RELEASE

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1 General information

TGS-NOPEC Geophysical Company ASA (the Company) is a public limited company listed on the Oslo Stock Exchange. The address of its registered office is Lensmannsliia 4, 1386 Asker, Norway.

Note 2 Basis for Preparation

The condensed consolidated interim financial statements of the TGS Group have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as approved by EU and additional requirements in the Norwegian Securities Trading Act.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements for 2011. None of the new accounting standards or amendments that came into effect from 1 January 2012 had a significant impact during 2012. The annual report for 2011 is available on www.tgs.com.

Note 3 Share capital and equity

Ordinary shares	Number of shares
1 January 2012	103,424,374
29 February 2012, shares issued for cash on exercise of stock options	50,250
21 May 2012, shares issued for cash on exercise of stock options	5,000
16 August 2012, cancellation of treasury shares held	(194,650)
22 August 2012, shares issued for cash on exercise of stock options	82,000
20 November 2012, shares issued for cash on exercise of stock options	64,500
31 December 2012	103,431,474
Treasury shares	Number of shares
1 January 2012	1,816,250
23 February 2012, treasury shares transferred to cover exercise of stock options	(75,250)
18 May 2012, treasury shares transferred to cover exercise of stock options	(8,750)
6 June 2012, distribution of shares to board members	(6,400)
16 August 2012, treasury shares transferred to cover exercise of stock options	(145,000)
16 August 2012, cancellation of treasury shares held	(194,650)
15 November 2012, treasury shares transferred to cover exercise of stock options	(69,000)
31 December 2012	1,317,200

The Annual General Meeting on 5 June 2012 approved a dividend of NOK 6 per share for outstanding common stock. Dividend payments of USD 103.3 million were made to shareholders on 20 June 2012.

Note 4 Segment information

	North & South America	Europe & Russia	Africa, Middle East & Asia/Pacific	Other segments/ Corporate costs	Consolidated
2012 Q4					
Net external revenues	124,859	82,371	53,834	20,326	281,390
Operating profit	58,377	51,586	18,777	-10,869	117,871
2012 YTD					
Net external revenues	360,488	243,859	239,007	88,885	932,239
Operating profit	187,401	145,886	100,336	-31,319	402,304
2011 Q4					
Net external revenues	55,415	57,614	40,413	27,449	180,891
Operating profit	32,066	13,089	14,304	3,205	62,664
2011 YTD					
Net external revenues	176,421	196,540	129,738	105,868	608,568
Operating profit	99,283	84,271	44,737	12,110	240,402

There are no intersegment revenues between the reportable operating segments.

The Company does not allocate all cost items to its reportable operating segments during the year. Unallocated cost items are reported as "Other segments/Corporate costs".

Note 5 Business combinations

On 15 June 2012 the Company acquired 100% of the shares in Arcis Seismic Solutions Corp. (Arcis), a privately owned geophysical company in Canada.

TGS did a preliminary fair value analysis during Q2 2012 which was presented as part of the Q2 Interim Financial Statements. During Q4 2012, management has reviewed the final valuations and made some changes to the preliminary analysis.

**Fair value
recognized on
acquisition**

Assets

Non-cash working capital	(1,201)
Fixed assets	3,818
Long-term receivables	2,758
Multi-client data library	29,100
Intangible assets	12,130
Deferred tax asset	5,600
	<u>52,205</u>

Liabilities

Deferred tax liability	<u>(4,205)</u>
	<u>(4,205)</u>

Total identifiable net assets at fair value

	<u>48,000</u>
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Goodwill arising on acquisition	<u>24,000</u>
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Purchase consideration transferred	<u>72,000</u>
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Purchase consideration

Cash paid	<u>72,000</u>
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Total consideration	<u>72,000</u>
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The goodwill of USD 24.0 million comprises the value of expected synergies arising from the transaction, values related to client relationships and values related to the current workforce of Arcis. None of the goodwill recognized is expected to be deductible for income tax purposes.

Analysis of cash flows on acquisition:

Transaction costs of the acquisition	(453)
Net cash acquired with the subsidiary	<u>6,012</u>
Net cash flow on acquisition	<u>5,559</u>

The transaction costs of USD 0.5 million have been expensed and are included in other operating expenses.

Note 6 Contingent consideration

Referral is made to Note 2 to the 2011 Annual Financial Statements.

Tranche 1 of the contingent consideration related to the acquisition of Stingray Geophysical Ltd falls due on 18 April 2013. A preliminary assessment of the fair value of the liability has been made, but management expects additional information during February and March that will form a basis for a final assessment to be made in the 2012 Annual Financial Statements. Potential changes in the fair value of the contingent consideration are also expected to have an impact on the goodwill that arose from the transaction.