

TGS EARNINGS RELEASE

10 February 2011



4th QUARTER 2010 RESULTS

4th QUARTER HIGHLIGHTS

- Consolidated net revenues were USD 177.6 million, an increase of 13% compared to Q4 2009.
- Net late sales totaled USD 142.1 million, up 10% from Q4 2009.
- Net pre-funding revenues were USD 26.2 million, up 42% from Q4 2009, funding 66% of the Company's operational multi-client investments during Q4 (investments of USD 39.5 million, up 6% from Q4 2009).
- Proprietary revenues were USD 9.3 million, down 5% from Q4 2009.
- Operating profit (EBIT) was USD 81.4 million (46% of Net Revenues), up 6% from Q4 2009.
- Cash flow from operations was USD 119.1 million, up from USD 77.0 million in Q4 2009.
- Earnings per share (fully diluted) were USD 0.54 compared to USD 0.56 in Q4 2009 due to an unusually low tax rate one year ago.

FULL YEAR 2010 FINANCIAL HIGHLIGHTS

- Consolidated net revenues were USD 568.3 million, an increase of 19% compared to 2009.
- Net late sales from the multi-client library totaled USD 380.3 million, up 18% from USD 321.0 million in 2009.
- Net pre-funding revenues were USD 162.7 million, up 31% from 2009, funding 55% of the Company's operational multi-client investments during 2010 (investments of USD 295.3 million, up 11% from 2009).
- Proprietary revenues were USD 25.2 million, down 23% from 2009.
- Operating profit (EBIT) was USD 227.1 million (40% of Net Revenues), up 8% from USD 210.2 million in 2009.
- Cash flow from operations was USD 408.8 million, an increase of 25% from USD 326.1 million in 2009.
- Earnings per share (fully diluted) were USD 1.49 compared to USD 1.56 reported in 2009.

"We are pleased to report a record quarter in sales to end another successful year, TGS' CEO Robert Hobbs stated. "Despite continued regulatory challenges in one of TGS' most important markets, the Gulf of Mexico, our customers continue to show interest and confidence in TGS' data products".

REVENUE BREAKDOWN

TGS' largest business activity is developing, managing, conducting, and selling multi-client seismic surveys. This activity accounted for 87% of the Company's business during the quarter. Geological Products and Services (GPS) accounted for 9% of net revenues in the 4th quarter, while proprietary seismic revenues represented the remainder.

Consolidated net late sales were up 10% compared to Q4 2009. Net pre-funding revenues totaled USD 26.2 million, an increase of 42% from Q4 2009. The pre-funding revenues recognized in the fourth quarter funded 66% of the operational investments of USD 39.5 million in the multi-client library. During 2010, pre-funding amounted to USD 162.7 million (55% of operational investments) representing an increase of 31% compared to 2009. Proprietary contract and other revenues during the quarter totaled USD 9.3 million compared to USD 9.9 million in Q4 2009. For 2010, proprietary revenue totaled 25.2 million, down 23% from USD 32.7 million in 2009 when TGS had an unusually active proprietary seismic acquisition season.

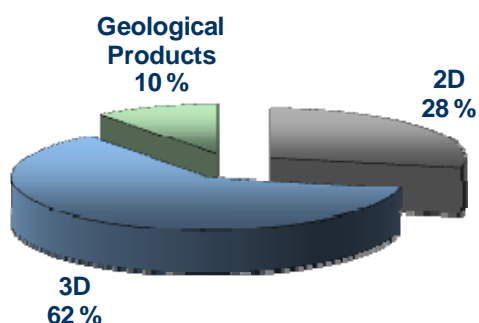
	Q4 2010	Q4 2009	Change	%	12M 2010	12M 2009	Change	%
Gross Sales	220.0	211.5	8.5	4%	700.5	646.1	54.4	8%
Income Sharing & Royalties	(42.4)	(53.7)	11.3	-21%	(132.2)	(168.4)	36.2	-21%
Net Operating Revenues	177.6	157.8	19.8	13%	568.3	477.7	90.6	19%

Breakdown of Net Revenues by Geographical Region:

	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Change
Eastern Hemisphere	81.3	70.8	46%	45%	15%
Western Hemisphere	96.3	87.0	54%	55%	11%
Total	177.6	157.8	100%	100%	13%

	12M 2010	12M 2009	12M 2010	12M 2009	Change
Eastern Hemisphere	272.5	219.8	48%	46%	24%
Western Hemisphere	295.8	257.9	52%	54%	15%
Total	568.3	477.7	100%	100%	19%

Full Year Net Revenues by Product Type:



OPERATIONAL COSTS

Amortization fluctuates from quarter to quarter, depending on the sales mix of projects. As a consequence of the developments in the Gulf of Mexico, the Company increased its annual guidance for amortization after Q2 to a range of 42-48% (previously 37-43%).

The amortization rate for Q4 was 40% compared to 46% for the previous quarter and 37% in Q4 2009. The amortization rate for the 12 months of 2010 was 46% compared to 40% in 2009 as a consequence of developments in the Gulf of Mexico as previously communicated by the company in the Q2 2010 earnings release.

Cost of goods sold (COGS) were USD 3.1 million for the quarter, USD 0.5 million higher than one year ago. The increase is due to higher proprietary seismic acquisition activity. Personnel and other operating costs expensed during the quarter were USD 23.4 million, an increase of 10% from 2009 mainly due to hiring of new employees and increased costs related to employee incentive schemes.

EBITDA and EBIT

Reported EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) for the quarter ended 31 December was USD 150.8 million, which corresponds to 85% of net revenues, up 13% from USD 133.2 million in Q4 2009. Operating profit (EBIT) for the quarter of USD 81.4 million was 6% higher than Q4 2009.

FINANCIAL ITEMS

TGS recorded an unrealized currency exchange loss of USD 1.2 million in Q4 2010.

The Company recorded a net financial gain of USD 0.5 million in Q4 2010 related to the Company's holdings of Auction Rate Securities (ARS).

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. The cost of stock options is non-deductible and non-taxable in some jurisdictions. 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 operating consolidated tax rate is approximately 31%. The tax rate reported for Q4 2010 is 30% compared to 24% last year due to an extraordinary tax deduction related to stock options that was recognized in Q4 2009. For the full year the tax rate is 32%.

NET INCOME AND EARNINGS PER SHARE (EPS)

Net income for Q4 2010 was USD 56.6 million (32% of net revenues), down 4% compared to Q4 2009. The reduction is due to an extraordinary tax deduction recognized in 2009. Quarterly earnings per share (EPS) were USD 0.54 fully diluted (USD 0.55 undiluted), a decrease of 3% from Q4 2009 EPS of USD 0.56 (USD 0.57 undiluted).

MULTI-CLIENT INVESTMENTS

The Company's operational investments in its data library during Q4 2010 were USD 39.5 million, 6% higher than in Q4 2009. The Company recognized USD 26.2 million in net pre-funding revenues in Q4, funding approximately 66% of its operational multi-client

investments during the quarter. For the 12 months of 2010, pre-funding revenues totaled USD 162.7 million, funding 55% of operational multi-client investments (USD 295.3 million).

THE MULTI-CLIENT DATA LIBRARY:

MUSD	Q4 2010	Q4 2009	2010	2009	2008	2007
Beginning Net Book Value	503.3	441.0	424.3	335.0	217.4	195.6
Non-Operational Investments	1.1	-	4.0	-	-	1.6
Operational Investments	39.5	37.3	295.3	266.0	287.0	136.3
Amortization	(68.1)	(54.0)	(247.9)	(176.7)	(169.3)	(116.2)
Ending Net Book Value	475.7	424.3	475.7	424.3	335.0	217.4

MUSD	Q4 2010	Q4 2009	2010	2009	2008	2007
Net MC Revenues	168.3	147.9	543.0	445.0	481.7	397.7
Change in MC Revenue	14%	4%	22%	-8%	21%	6%
Change in MC Investment	9%	-34%	13%	-7%	108%	1%
Amort. in % of Net MC Revs.	40%	37%	46%	40%	35%	29%
Change in Net Book Value	-5%	-4%	12%	27%	54%	11%

BALANCE SHEET & CASH FLOW

The net cash flow from operations for the quarter, after taxes, before investments, totaled USD 119.1 million compared to USD 77.0 million in Q4 2009. As of 31 December 2010, the Company's total cash holdings amounted to USD 290.2 million compared to USD 243.5 million at 31 December 2009.

In connection with the presentation of the Q4 result for 2009, the Board of Directors announced the intention to spend up to USD 30 million in repurchasing TGS shares during the remainder of 2010. In total, the Company bought back 1,758,401 shares in 2010 for USD 31.9 million, of which USD 7.8 million was spent in the fourth quarter.

As of 31 December 2010 TGS held USD 25.7 million in Auction Rate Securities (ARS), all in AAA-rated closed-end funds. The market began experiencing failed auctions in February 2008. Since experiencing the first failed auction, TGS has redeemed a total of USD 60.4 million of ARS at par value and USD 4.8 million at 93% of par value. Of the redemptions at par value, USD 4.2 million, were redeemed in Q4 2010. TGS classifies its ARS as current financial investments available for sale and has valued its ARS at "fair value" of USD 21.1 million based on a third party valuation that considered actual market trades as well as a discounted cash flow valuation method. Per 31 December 2010, the balance of the provision held between par value and "fair value" was USD 4.6 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 2010 was USD 908.8 million, representing 75% of total assets. A total of 31,500 new shares were issued during Q4 2010 in relation to stock options exercised by key employees in November. Further, the Company transferred 91,000 treasury shares to cover the exercise of options by key employees. During the quarter, the Company bought back 418,401 shares for the treasury. As of 31 December 2010 TGS holds 1,567,151 treasury shares.

OPERATIONAL HIGHLIGHTS

Vessels under TGS' control through charter during all or parts of Q4 included three 2D vessels and three 3D vessels. One 2D vessel chartered and operated by a survey partner was also active on TGS owned projects during the quarter.

Western Hemisphere

Processing of TGS' significant Wide Azimuth (WAZ) coverage in the Gulf of Mexico continued through Q4. Final products, including Wave Equation and Kirchhoff migrations of a significant portion of the Freedom WAZ project were delivered to customers during the quarter. A Reverse Time Migration (RTM) of this survey, heavily funded by industry will be delivered in early Q2, 2011. Processing of TGS' Liberty and Justice projects continued throughout the quarter.

Two new reprocessing projects were started in the quarter on TGS' Mississippi Canyon and eMC surveys. TGS will produce a high resolution Shallow Hazard 3D dataset, specifically designed to help the oil industry to identify potential shallow drilling hazards. The second project will produce a high-fidelity RTM version of the dataset, dramatically enhancing the resolution of complex sedimentary/salt structures.

A depth imaging reprocessing project comprising over 16,000 km of 2D seismic data from the Foz Do Amazonas basin in northern Brazil commenced during Q4. This data will be used by industry to prepare for future anticipated license rounds in Brazil.

During the quarter, TGS' Geological Products and Services Division added approximately 43,000 LAS well logs to its well data library. In addition, TGS received industry support and commenced its third Facies Map Browser project in Brazil. The company also expanded its product offerings to the onshore US where it started a regional interpretation of the stratigraphy of key shale plays, now so very important to unconventional E&P in North America.

Eastern Hemisphere

TGS completed acquisition of the 18,000 km 2D survey in the Baffin Bay, West Greenland. Awards from the first license round for this basin were announced during the quarter. The data is now being processed and customers will utilize the data to mature their assessments on the awarded blocks.

During the quarter, TGS commenced a 7,500 km contract 2D survey offshore France in the Mediterranean Sea. Seismic acquisition on this project is expected to be complete in late February 2011.

During Q4, TGS signed a Cooperation Agreement with DMNG, a Russian seismic company, for project work covering offshore basins in the Russian Far East. As a part of the agreement, a 1,700 km 2D survey was acquired in the East Arctic Sea during the quarter. The Cooperation Agreement will cover seismic acquisition over three seasons in this promising region.

In the fourth quarter of 2010 TGS finished acquisition of a 2,500 KM² 3D survey offshore Gambia. The survey will be processed in the Houston Imaging Center with an expected completion date of Q2 2011. The Africa / Middle East region continued to experience extremely strong library sales in Q4 with a combination of both traditional data licensing and revenue from 3D farm-in uplifts. Anadarko's second successful well in Sierra Leone (Mercury-1) was announced in November and is the second drilling success offshore Sierra Leone in 2010. This continues to build momentum in the Upper Transform Margin region of West Africa where TGS holds a dominant data position.

In Asia Pacific, TGS completed acquisition of two 2D surveys: the 3,000 km South Java Infill program and the 2,700 km South Sumatra Infill survey. TGS continues to expand its position as the leader in 2D MC data in Indonesia. TGS also began acquisition of

its first-ever 3D survey in Indonesia in the fourth quarter of 2010. The 1,600 KM² Tarakan Basin survey will be complete in Q1 2011 and will represent a first phase of 3D acquisition for TGS in the Makassar Straights area.

Backlog

TGS' backlog amounted to USD 116.8 million at the end of Q4, an increase of 10% from last quarter and 24% below the level of one year ago.

OUTLOOK

High commodity prices and announced increased E&P budgets from TGS' customers will provide a foundation for further growth in the TGS database in 2011. While management continues to view the deepwater Gulf of Mexico, one of TGS' largest markets with near-term caution, global demand for recently-acquired seismic and well log data appears to be increasing as customers expand their efforts in producing and replacing hydrocarbon reserves. This increased activity has resulted in significant customer interest in new project ideas involving mature plays in which TGS has a dominant position as well as in new plays that provide exciting opportunities for growth. In addition, TGS is seeing unprecedented demand for its onshore US well log products as resource play E&P activity continues to increase.

TGS' investment activity in 2011 is expected to be heavily weighted towards the second half of the year. The cost of capacity to gather data for TGS' library continues to be relatively low as new seismic streamer capacity is added to the market. TGS is still able to obtain vessel capacity on a project-by-project basis and therefore, continues to be in a position of maximum flexibility and can avoid long-term vessel commitments.

TGS management's expectations for the full year 2011 are as follows: multi-client library investments of USD 280–330 million, average pre-funding in the range of 55-65% of investments, an average annualized multi-client amortization rate in the range of 41-47% of net revenues, net revenues in the range of USD 600–650 million, and proprietary contract revenues of approximately 5% of total net revenues.

At its meeting today, the Board of Directors decided to propose to the shareholders at the June 2011 Annual General Meeting a dividend of NOK 5 per share, of which NOK 2 per share is a non-recurring distribution. In addition, the Company intends to continue buying share in the market on an opportunistic basis.

Asker, 9 February 2011

The Board of Directors of TGS-NOPEC Geophysical Company ASA

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

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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.

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Interim Statement of Comprehensive Income

(All amounts in USD 1000's unless noted otherwise)	2010 Q4	2009 Q4	2010 YTD	2009 YTD
Net operating revenues	177,598	157,751	568,263	477,695
<i>Operating expenses</i>				
Cost of goods sold - proprietary and other	3,060	2,537	4,977	8,389
Amortization of multi-client library	68,150	54,017	247,874	176,695
Personnel costs	16,915	14,089	52,897	48,657
Cost of stock options	347	789	2,446	3,018
Other operating expenses	6,483	7,133	23,176	22,011
Depreciation and amortization	1,293	2,181	9,785	8,697
Total operating expenses	96,246	80,745	341,155	267,466
Operating profit	81,351	77,006	227,108	210,229
<i>Financial income and expenses</i>				
Financial income	137	826	1,496	3,377
Financial expense	-40	-178	-44	-662
Exchange gains/losses	-1,177	56	-1,391	4,114
Loss/gain on financial assets	448	-542	576	2,144
Net financial items	-632	163	637	8,973
Profit before taxes	80,720	77,169	227,745	219,202
Tax expense	24,134	18,437	71,962	56,732
Net income	56,585	58,732	155,783	162,471
EPS USD	0.55	0.57	1.52	1.58
EPS USD, fully diluted	0.54	0.56	1.49	1.56
<i>Other comprehensive income:</i>				
Exchange differences on translation of foreign operations	-1,035	265	-167	2,292
Net (loss)/gain on available-for-sale financial assets	147	-203	109	-197
Other comprehensive income for the period, net of tax	-888	62	-58	2,095
Total comprehensive income for the period, net of tax*	55,697	58,794	155,725	164,566
* Attributable to equity holders of the parent				

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Interim Consolidated Balance Sheet

(All amounts in USD 1000's)	Note	2010 31-Dec	2010 30-Sep	2009 31-Dec
ASSETS				
Non-current assets				
Goodwill		45,837	45,834	45,495
Multi-client library		475,698	503,258	424,282
Other intangible non-current assets		23,614	25,575	34,682
Deferred tax asset		12,052	12,358	8,158
Buildings		780	795	1,044
Machinery and equipment		14,465	13,860	20,111
Other Non-current assets	6	41,744	-	1
Total non-current assets		614,189	601,679	533,772
Current assets				
Financial investments available for sale		21,123	24,649	27,201
Derivative financial instruments	6	384	-	-
Accounts receivable	6	285,247	297,954	327,107
Other short-term receivables		5,788	10,611	12,704
Cash equivalents		290,185	209,876	243,493
Total current assets		602,727	543,091	610,505
TOTAL ASSETS		1,216,916	1,144,770	1,144,278
EQUITY AND LIABILITIES				
Equity				
Share capital		3,651	3,663	3,700
Other equity		905,120	855,216	836,155
Total equity	3	908,771	858,879	839,856
Non-current liabilities				
Other non-current liabilities	6	12,715	-	-
Deferred tax liability		87,687	82,900	72,790
Total non-current liabilities		100,402	82,900	72,790
Current liabilities				
Accounts payable and debt to partners		112,845	120,721	138,249
Taxes payable, withheld payroll tax, social security		39,669	27,712	41,452
Other current liabilities		55,229	54,558	51,932
Total current liabilities		207,743	202,990	231,632
TOTAL EQUITY AND LIABILITIES		1,216,916	1,144,770	1,144,278

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Interim Consolidated Statement of Cash flow

(All amounts in USD 1000's)	2010 Q4	2009 Q4	2010 YTD	2009 YTD
Cash flow from operating activities:				
Received payments	150,469	103,823	549,597	443,888
Payments for salaries, pensions, social security tax	-14,326	-12,605	-52,452	-49,539
Other operational costs	-8,952	-7,599	-27,404	-28,329
Net gain/(loss) on currency exchange	-1,178	124	-1,392	4,182
Paid taxes	-6,952	-6,697	-59,562	-44,081
Net cash flow from operating activities 1)	119,061	77,047	408,787	326,121
Cash flow from investing activities:				
Received payments from sale of tangible assets	375	-	375	-
Investment in tangible fixed assets	-2,656	-7,030	-5,201	-9,611
Investments in multi-client library	-33,996	-58,535	-271,323	-238,470
Investment through mergers and acquisitions	-	-850	-3,625	-850
Net change in short-term financial investments	4,200	4,225	6,825	54,327
Interest received	136	832	1,488	3,175
Net cash flow from investing activities	-31,941	-61,358	-271,461	-191,429
Cash flow from financing activities:				
Net change in short-term loans	-	-	-	-44,091
Interest paid	-15	-95	-19	-567
Dividend payments	-	-	-64,742	-
Purchase of own shares	-7,802	-	-31,879	-
Proceeds from share offerings	1,004	3,222	6,004	5,153
Net cash flow from financing activities	-6,813	3,127	-90,636	-39,505
Net change in cash equivalents	80,309	18,816	46,692	95,187
Cash and cash equivalents at the beginning of period	209,876	224,677	243,493	148,306
Cash and cash equivalents at the end of period	290,185	243,493	290,185	243,493
1) Reconciliation				
Profit before taxes	80,720	77,169	227,745	219,202
Depreciation/Amortization	69,442	56,198	257,659	185,391
Changes in accounts receivables	-29,421	-87,235	-268	-92,616
Changes in other receivables	193	-4,292	2,324	18,342
Changes in other balance sheet items	5,079	41,905	-19,111	39,883
Paid taxes	-6,952	-6,697	-59,562	-44,081
Net cash flow from operating activities	119,061	77,047	408,787	326,121

Interim Consolidated Statement of Changes in Equity

(All amounts in USD 1000's)	Share-Capital	Own Shares Held	Share Premium Reserve	Other Paid-In Equity	Available for Sale Reserve	Foreign Currency		Retained Earnings	Total Equity
						Translation Reserve			
Opening balance 1 January 2009	3,855	-181	32,248	12,780	699	-10,518		622,180	661,062
Net income	-	-	-	-	-	-		162,471	162,471
Other comprehensive income	-	-	-	-	-197	2,292		-	2,095
Total comprehensive income	-	-	-	-	-197	2,292		162,471	164,566
Paid-in-equity	24	-	4,409	-	-	-		-	4,433
Distribution of own shares	-	3	-	-	-	-		718	721
Cost of stock options	-	-	-	3,018	-	-		-	3,018
Cancellation of treasury shares	-142	142	-	-	-	-		-	-
Tax deductions related to stock options for years 2004-2009	-	-	-	-	-	-		5,743	5,743
Deferred tax asset related to stock options	-	-	-	-	-	-		312	312
Closing balance per 31 December 2009	3,737	-39	36,657	15,798	502	-8,226		791,424	839,856

(All amounts in USD 1000's)	Share-Capital	Own Shares Held	Share Premium Reserve	Other Paid-In Equity	Available for Sale Reserve	Foreign Currency		Retained Earnings	Total Equity
						Translation Reserve			
Opening balance 1 January 2010	3,737	-37	36,657	15,798	502	-8,226		791,424	839,856
Net income	-	-	-	-	-	-		155,783	155,783
Other comprehensive income	-	-	-	-	109	-167		-	-58
Total comprehensive income	-	-	-	-	109	-167		155,783	155,725
Paid-in-equity	16	-	4,237	-	-	-		-	4,253
Purchase of own shares	-	-73	-	-	-	-		-31,805	-31,879
Distribution of own shares	-	8	-	-	-	-		2,206	2,214
Cost of stock options	-	-	-	2,446	-	-		-	2,446
Cancellation of treasury shares	-39	39	-	-	-	-		-	-
Dividend provisions	-	-	-	-	-	-		-64,027	-64,027
Deferred tax asset related to stock options	-	-	-	-	-	-		183	183
Closing balance per 31 December 2010	3,714	-63	40,894	18,244	611	-8,393		853,581	908,771

Largest Shareholders per 4 February 2011

			Shares	%
1	FOLKETRYGDFONDET	NORWAY	9,268,922	9.1%
2	MORGAN STANLEY & CO INTERNAT. PLC	GREAT BRITAIN	6,759,270	6.6%
3	STATE STREET BANK AND TRUST CO.	U.S.A.	5,850,278	5.7%
4	PARETO AKSJE NORGE	NORWAY	4,805,600	4.7%
5	JPMORGAN CHASE BANK	GREAT BRITAIN	3,836,711	3.8%
6	THE NORTHERN TRUST COMPANY SUB	NORWAY	2,820,000	2.8%
7	CLEARSTREAM BANKING S.A.	LUXEMBOURG	2,656,076	2.6%
8	PARETO AKTIV	NORWAY	2,173,000	2.1%
9	STATE STREET BANK & TRUST CO.	U.S.A.	2,142,923	2.1%
10	VITAL FORSIKRING ASA	NORWAY	1,986,702	1.9%
10 Largest			42,299,482	42%
Total Shares Outstanding *			101,918,674	100%

Average number of shares outstanding for Current Quarter *

Average number of shares outstanding during the quarter	102,045,594
Average number of shares fully diluted during the quarter	103,928,839

* Shares outstanding net of shares held in treasury (1,567,151 TGS shares), composed of average outstanding TGS shares during the full quarter

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 Hagaløkkveien 13, 1383 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 annual financial statements for 2009. None of the new accounting standards or amendments that came into effect from 1 January 2010 had a significant impact in 2010. The annual report for 2009 is available on www.tgsnopec.com.

Note 3 Share capital and equity

Ordinary shares	Number of shares
1 January 2010	104,062,275
2 March 2010, shares issued for cash on exercise of stock options	250,000
28 May 2010, shares issued for cash on exercise of stock options	90,000
19 August 2010, shares issued for cash on exercise of stock options	2,500
2 September 2010, cancellation of treasury shares	(950,450)
23 November 2010, shares issued for cash on exercise of stock options	31,500
31 December 2010	103,485,825

Treasury shares	Number of shares
1 January 2010	947,750
2 March 2010, treasury shares transferred to cover exercise of stock options	(65,500)
11 March 2010, shares bought back	335,000
10 May 2010, shares bought back	555,000
28 May 2010, treasury shares transferred to cover exercise of stock options	(2,500)
7 June 2010, distribution of shares to board members	(4,800)
9 August 2010, shares bought back	450,000
19 August 2010, treasury shares transferred to cover exercise of stock options	(24,750)
2 September 2010, cancellation of treasury shares	(950,450)
5 November 2010, shares bought back	70,000
8 November 2010, shares bought back	75,000
11 November 2010, shares bought back	50,000
12 November 2010, shares bought back	115,000
19 November 2010, shares bought back	108,401
23 November 2010, treasury shares transferred to cover exercise of stock options	(91,000)
31 December 2010	1,567,151

The Annual General Meeting on 3 June 2010 approved a dividend of NOK 4 per share for outstanding common stock. Dividend payments of USD 64.7 million were made to shareholders on 27 June 2010.

Note 4 Segment information

2010 Q4	North & South America	Europe & Russia	Africa, Middle East & Asia/Pacific	Other segments/ Corporate costs	Consolidated
Net external revenues	72,810	41,679	36,385	26,725	177,598
Operating profit	48,888	23,362	5,043	4,058	81,351

2010 YTD	North & South America	Europe & Russia	Africa, Middle East & Asia/Pacific	Other segments/ Corporate costs	Consolidated
Net external revenues	207,309	144,509	118,006	98,439	568,263
Operating profit	107,847	85,610	23,550	10,101	227,108

2009 YTD	North & South America	Europe & Russia	Africa, Middle East & Asia/Pacific	Other segments/ Corporate costs	Consolidated
Net external revenues	181,797	134,483	69,614	91,800	477,695
Operating profit	104,707	74,515	17,487	13,522	210,229

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".

As the Company has changed the composition of reportable segments during 2010, the corresponding interim information for 2009 has not been restated as the cost to develop it is considered to be excessive.

Note 5 Related parties

No material transactions with related parties took place during 2010.

Note 6 Accounts receivable

In December 2010, accounts receivables totaling 29.4 million, net to the Company, were converted into two loan agreements where the Company can convert the loans partly or fully into equity. The loans mature at 31 December 2012 and 31 December 2014, respectively.

One of the loans is currently convertible. The conversion element is separated and recognized as a financial derivative. The financial derivative is classified as a financial asset at fair value through profit or loss. The fair value of the derivative as of 31 December 2010 equals USD 0.4 million.