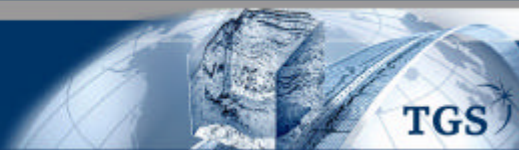


# TGS-NOPEC EARNINGS RELEASE

May 8, 2008



## 1<sup>st</sup> QUARTER 2008 RESULTS

### FINANCIAL HIGHLIGHTS

- Gross sales volume was 25% higher than in Q1 2007.
- Consolidated net revenues in Q1 2008 were USD 105.2 million, an increase of 10% compared to Q1 2007 as a result of higher revenue sharing on multi-client sales.
- Operating profit (EBIT) was USD 46.6 million (44% of Net Revenues), down 9% from USD 51.1 million reported in Q1 2007.
- Gross late sales from the multi-client library of USD 72.1 million were down 7% compared to Q1 2007, and net late sales after revenue share totaled USD 56.3 million, down 23% from USD 72.9 million in Q1 2007.
- Net pre-funding revenues of USD 29.4 million covered 48% of operational multi-client investments compared to USD 18.1 million (covering 55% of investments) in Q1 2007.
- Proprietary contract revenues in Q1 2008 were USD 19.6 million compared to USD 4.3 million in Q1 2007.
- Cash flow from operations after taxes but before investments was USD 151.6 million, versus USD 98.2 million in Q1 2007.
- Earnings per share (undiluted) were USD 0.28, down 13% compared to USD 0.32 reported in Q1 2007.

*"The first quarter results were in line with our expectations", CEO Hank Hamilton stated. "Two significant multi-client sales that closed in early April further support our confidence in the strength of our markets and we reiterate our full year expectations for growth."*

### REVENUE BREAKDOWN

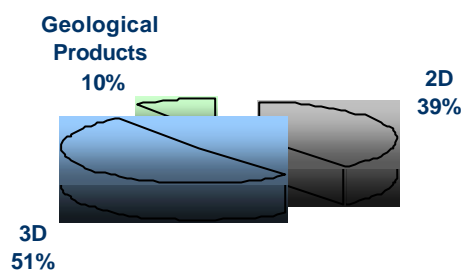
TGS' largest business activity is developing, managing, conducting, and selling non-exclusive seismic surveys. This activity accounted for 73% of the Company's business during the quarter. Well logs and integrated products accounted for 10% of net revenues in the 1<sup>st</sup> quarter. Proprietary seismic activity represented the remaining 17% of total revenues.

Consolidated gross late sales in Q1 were USD 72.1 million, representing 57% of gross revenues for the quarter. This late sales volume is 7% lower than during the same period last year. Net late sales were down 23% compared to reported Q1 2007 figures due to high revenue sharing with partners. Net pre-funding revenues totaled USD 29.4 million, funding 48% of the Company's operational investments into new multi-client products during Q1 (USD 61.3 million). Proprietary contract revenues during the quarter totaled USD 19.6 million compared to USD 4.3 million in Q1 2007.

	Q1 2008	Q1 2007	Change	%
<b>Gross Sales</b>	<b>125.2</b>	99.9	25.3	25%
Income Sharing & Royalties	(20.0)	(4.5)	(15.5)	348%
<b>Net Operating Revenues</b>	<b>105.2</b>	95.4	9.8	10%

Consolidated Net Revenues (in million USD)	Q1 2008	Q1 2007	Q1 2008	Q1 2007	Change
Eastern Hemisphere	53.9	25.9	51%	27%	108%
Western Hemisphere	51.3	69.5	49%	73%	-26%
<b>Total</b>	<b>105.2</b>	<b>95.4</b>	<b>100%</b>	<b>100%</b>	<b>10%</b>

## Q1 2008 Net Revenues by Product Type:



## OPERATIONAL COSTS

The consolidated amortization charge associated with net multi-client revenues was 32% of net revenues during Q1 2008, at the low end of management's guiding for the year 2008 (32-37%). This rate does fluctuate from quarter to quarter, depending on the mix of sales. The amortization rate in Q1 2007 was 28%.

Cost of goods sold, proprietary and other (COGS) was USD 9.6 million (USD 0.7 million in Q1 2007) as a consequence of several proprietary seismic acquisition and processing projects being conducted. Personnel and other operating costs payable for the quarter, excluding COGS, were USD 19.0 million, an increase of 20% from Q1 2007 (USD 15.8 million) primarily as a result of the acquisition of PDS in May of 2007.

The non-cash cost of employees' stock options in accordance with IFRS was USD 0.7 million in Q1 2008, versus USD 1.1 million in Q1 2007.

## EBIT and EBITDA

Operating profit (EBIT) for the quarter of USD 46.6 million represented 44% of net revenues. This was 9% lower than the reported USD 51.1 million in Q1 2007 due to a different sales mix, with a higher contribution from contract and pre-funding sales.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) for the three months ended March 31<sup>st</sup> was USD 75.9 million, 72% of net revenues, down 3% from USD 77.8 million in Q1 2007.

## FINANCIAL ITEMS

The NOK denominated deferred tax debt in the Parent Company has increased since year end due to the sharp depreciation of the USD vs the NOK during Q1-2008. This, and the currency effect on the NOK denominated bond loan (see below under "Balance Sheet & Cash Flow" resulted in a high currency exchange loss and a high financial income. In addition, the Company recorded an unrealized financial loss of USD 4.5 million on its holdings of Wavefield-Inseis shares.

## TAX

For the full year, TGS reports tax charges in accordance with the Accounting Standard IAS 12. Under this method, 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 more difficult to predict tax charges on a quarterly or annual basis. Management charges a tax provision to the profit and loss statement during the first quarter based upon the flat local tax rate of calculated USD

pre-tax profit in each company in the Group, assessed to be approximately 32% on a consolidated basis. Adjusted for non-deductible charges, the calculated tax rate for Q1 2008 is 29%.

## NET INCOME AND EARNINGS PER SHARE (EPS)

Net income for Q1 2008 was USD 29.0 million (28% of net revenues) down 15% compared to reported USD 34.0 million (36% of net revenues) from Q1 2007. Quarterly earnings per share (EPS) were USD 0.28 undiluted (USD 0.28 fully diluted), a decrease of 13% from EPS reported for Q1 2007 of USD 0.32 (USD 0.31 fully diluted).

## MULTI-CLIENT INVESTMENTS

The Company's operational investments in its data library during Q1 2008 increased 85% compared to Q1 2007 to USD 61.3 million. The Company recognized USD 29.4 million in net pre-funding revenues in Q1, funding approximately 48% of its operational multi-client investments during the quarter.

## BALANCE SHEET & CASH FLOW

The net cash flow from operating activities for the quarter totaled USD 151.6 million. As of March 31<sup>st</sup>, 2008, the Company's total holdings of cash and short-term deposits amounted to 238.4 million compared to USD 173.4 million at December 31<sup>st</sup>, 2007.

The Company issued in 2004 a five year 300 MNOK bond loan that in accordance with IAS 39 is measured at amortized cost and recognized as a non-current liability in the balance sheet (USD 58.6 million at March 31<sup>st</sup>, 2008). To eliminate the currency risk associated with the NOK bond loan the Company at the same time entered into a derivative currency swap contract that fixes the amount to be repaid at maturity at USD 43.7 million. As the Company does not apply hedge accounting for the transaction the fair value of the derivative instrument is in accordance with IAS 39 recognized as a separate non-current asset and included under the line item "Non-current receivables including pre-payments" in the balance sheet.

During Q1 the Company repurchased 200,000 TGS shares for USD 3.0 million and also purchased 2,100,000 Wavefield-Inseis shares for USD 17.3 million. Following this, TGS holds 2,610,050 treasury shares and 10.2% of Wavefield-Inseis ASA.

Total equity per March 31<sup>st</sup>, 2008 was USD 595.7 million, representing 69% of total assets.

## THE MULTI-CLIENT DATA LIBRARY:

MUSD	Q1 2008	Q1 2007	2007	2006	2005
Beginning Net Book Value	217.4	195.6	195.6	160.8	149.5
Non-Operational Investments	-	1.6	1.6	4.5	1.6
Operational Investments	61.3	33.1	136.3	131.9	103.8
Amortization	(27.0)	(25.4)	(116.2)	(101.7)	(94.1)
Ending Net Book Value	251.6	205.0	217.4	195.6	160.8

## KEY MULTI CLIENT FIGURES:

MUSD	Q1 2008	Q1 2007	2007	2006	2005
Net MC Revenues	85.6	91.1	397.7	376.5	232.1
Change in MC Revenue	-6%	6%	6%	62%	42%
Change in MC Investment	76%	21%	1%	29%	22%
Amort. in % of Net MC Revs.	32%	28%	29%	27%	41%
Change in Net Book Value	16%	5%	11%	22%	8%

## **OPERATIONAL HIGHLIGHTS**

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TGS commenced its first multi-client wide azimuth 3D survey in the Gulf of Mexico in partnership with WesternGeco during January. Acquisition of this 16,200 km<sup>2</sup> project is scheduled to be complete in the second quarter of 2009. Data processing has commenced and preliminary products will be released on a regular basis. Final data is scheduled to be delivered in 2010.

Acquisition of TGS' 28,000 km Phase 51 2D survey in the Eastern Gulf of Mexico was completed early in the second quarter. Data delivery is scheduled later in Q2. TGS also expanded its' Eastern Gulf of Mexico database with completion of the 4,347 km<sup>2</sup> Orion 3D survey. Processing continues on this project with time and depth volumes scheduled for delivery in Q3 of this year.

TGS completed the Mississippi Canyon "Revival Kirchhoff" 3D Pre-stack Depth Migration (PSDM) reprocessing project during the quarter. This project utilized TGS' new anisotropic depth algorithm and leveraged data from 247 wells in the Company's extensive well log library for parameter definition. The resulting product offers superior image quality and positioning to our clients, enabling them to reduce drilling risk by more accurately predicting well results from seismic data. The anisotropic PSDM product joins TGS' Reverse Time Migration (RTM) as prime examples of the latest technology developed by TGS Imaging to add value to our seismic data library and to offer to the contract imaging market.

In the Asia Pacific region, TGS completed acquisition of the multi-phase Indonesia Frontier Basins project. This regional survey of core, multi-beam, and 2D seismic data is designed to allow companies to conduct early exploration in basins not previously surveyed with modern data. TGS also completed acquisition on a large contract 2D survey for an international oil company offshore New Zealand. Late in the first quarter, TGS commenced acquisition on a second phase of an Aeromagnetic and gravity survey of Vietnam. This project, conducted in cooperation with Petrovietnam, covers 46,000 km<sup>2</sup> of prospective onshore and offshore territory.

In West Africa, TGS completed two 3D surveys in Equatorial Guinea (one proprietary and one multi-client) with the BGP Pioneer. After completing this work in Equatorial Guinea, the Pioneer commenced acquisition in Sierra Leone on a 2,650 km<sup>2</sup> multi-client 3D survey scheduled to be completed late in the second quarter. In North Africa, TGS started a 5,200 km multi-client 2D seismic survey offshore Somaliland that will enable the country to hold its first offshore tender round, expected to occur in late 2008. The seismic program complements TGS' aeromagnetic survey of onshore and offshore Somaliland, consisting of nearly 35,000 km of data that was also completed during the first quarter. TGS began a further expansion of its African aeromagnetic library with the launch of a 245,000 km survey covering numerous basins in Libya.

TGS Geological Products expanded its well log data offerings by launching its successful Oyster image subscription service in the first quarter. This service gives customers unlimited access to TGS's extensive library of raster and smartRASTER® well log images. By the end of the quarter, nearly 100 customers had subscribed to this service.

TGS' backlog was USD 122.5 million at the end of the first quarter, 22% higher than one year ago.

## **MERGER**

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On September 20<sup>th</sup>, 2007, the Extraordinary General Assemblies of both TGS and Wavefield-Inseis overwhelmingly approved the merger of the two companies. The merger was scheduled to close following the expiry of a two month mandatory creditor notification period on November 20<sup>th</sup>. Following the expiry of the creditor notification period, the Board of Directors of Wavefield passed a resolution stating that the terms for completing the merger had not been fulfilled. TGS is of the opposite opinion and has initiated arbitration which is the final step of the merger plan to solve disputes between the parties. The arbitration panel has been selected and TGS filed the writ on April 22<sup>nd</sup>. The arbitration hearings are scheduled for September 9<sup>th</sup> through 24<sup>th</sup>. TGS strongly believes that it will win the arbitration and that the merger will be completed as approved. Consequently, the incurred merger costs as per March 31<sup>st</sup>, 2008, amounting to USD 3.0 million, have not been expensed and are held as prepayments under short term assets in the Balance Sheet. These costs are a part of the purchase price in the merger transaction.

## OUTLOOK

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Oil and gas prices have continued to rise and demand for our products continues to be robust. TGS management's expectations for the full year 2008 remain unchanged as follows: multi-client library investments of USD 250–275 million, average pre-funding in the range of 50-60% of investments, an average annualized multi-client amortization rate in the range of 32-37% of net revenues, net revenues in the range of USD 550 – 580 million, and proprietary contract revenues in the range of 10-15% of total net revenues.

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**Asker, May 7<sup>th</sup>, 2008**

The Board of Directors of TGS -NOPEC Geophysical Company ASA

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

Web-site: [www.tgsnopec.com](http://www.tgsnopec.com)

## CONTACTS FOR ADDITIONAL INFORMATION

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Arne Helland, CFO **tel +47-66 76 99-00/+47-91-88-78-29**

John Adamick, VP Business Development **tel +1-713-860-2114**

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*This interim Financial Report has been prepared applying the IAS 34 "Interim Financial Reporting" principles. The accounting principles adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements.*

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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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# TGS-NOPEC EARNINGS RELEASE

May 8, 2008



TGS-NOPEC Geophysical Company ASA

## Consolidated Profit & Loss Accounts

	2008 Q1	2007 Q1
(All amounts in USD 1000's unless noted otherwise)		
<b>Net Operating Revenues</b>	<b>105,226</b>	<b>95,429</b>
<i>Operating expenses</i>		
COGS - Proprietary and Other	9,602	724
Amortization of Multi-Client Data Library	27,018	25,392
Personnel costs	13,832	11,591
Cost of stock options	707	1,056
Other operating expenses	5,218	4,245
Depreciation and Amortization	2,246	1,329
<b>Total operating expenses</b>	<b>58,623</b>	<b>44,337</b>
<b>Operating profit</b>	<b>46,603</b>	<b>51,092</b>
<i>Financial income and expenses</i>		
Financial income	5,455	3,975
Financial expense	-790	-485
Exchange gains/losses	-3,766	-3,271
Loss/Gain on Shares Held	-4,530	0
<b>Net financial items</b>	<b>-3,631</b>	<b>219</b>
<b>Profit before taxes</b>	<b>42,972</b>	<b>51,311</b>
Tax expense	13,977	17,281
<b>Net Income</b>	<b>28,995</b>	<b>34,030</b>
EPS USD	0.28	0.32
EPS USD, fully diluted	0.28	0.31

# TGS-NOPEC EARNINGS RELEASE

May 8, 2008



## TGS-NOPEC Geophysical Company ASA Consolidated Balance Sheet

	2008 31-Mar	2007 31-Dec
(All amounts in USD 1000's)		
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
<i>Intangible non-current assets</i>		
Goodwill	45,496	45,784
Multi-Client Data Library, net	251,649	217,363
Other Intangible non-current assets	45,807	47,506
Deferred Tax Asset	5,510	3,165
<i>Tangible non-current assets</i>		
Buildings	2,441	2,436
Machinery and Equipment	22,699	23,340
<i>Financial Assets</i>		
Non-current receivables including pre-payments	15,807	12,851
<b>Total non-current assets</b>	<b>389,411</b>	<b>352,445</b>
<b>Current assets</b>		
<i>Financial Assets</i>		
Financial Assets at Fair Value Through Profit and Loss	98,631	86,290
<i>Receivables</i>		
Accounts receivable	97,099	213,317
Other short term receivables	41,077	27,211
Short-term Deposits	91,429	91,425
Cash equivalents	147,015	81,951
<b>Total current assets</b>	<b>475,250</b>	<b>500,195</b>
<b>TOTAL ASSETS</b>	<b>864,661</b>	<b>852,640</b>

# TGS-NOPEC EARNINGS RELEASE

May 8 2008

The TGS logo is located in the top right corner of the header banner. It consists of the letters 'TGS' in a bold, white, sans-serif font, positioned over a stylized blue and white globe graphic.

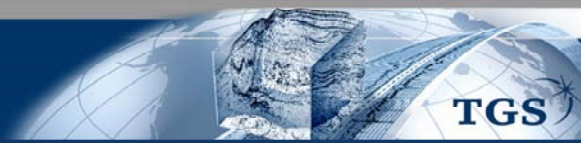
## TGS-NOPEC Geophysical Company ASA Consolidated Balance Sheet

	2008 31-Mar	2007 31-Dec
(All amounts in USD 1000's)		
<b>EQUITY AND LIABILITIES</b>		
<i>Equity</i>		
Share capital	3,716	3,720
Other equity	591,998	564,113
<b>Total equity</b>	<b>595,714</b>	<b>567,833</b>
<b>Provisions and liabilities</b>		
<i>Provisions</i>		
Deferred tax liability	38,676	37,769
<i>Non-current liabilities</i>		
Non-current loans	58,640	55,734
Capitalized lease liabilities	113	169
<i>Current liabilities</i>		
Short-term interest bearing debt	0	0
Accounts payable and debt to partners	71,123	84,288
Taxes payable, withheld payroll tax, social security	49,584	47,168
Other current liabilities	50,810	59,679
<b>Total provisions and liabilities</b>	<b>268,947</b>	<b>284,807</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>864,661</b>	<b>852,640</b>



# TGS-NOPEC EARNINGS RELEASE

May 8, 2008



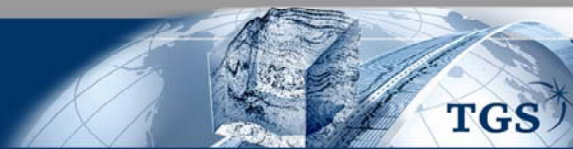
TGS-NOPEC Geophysical Company ASA

## Consolidated Cash flow Statement

(All amounts in USD 1000's)	2008 Q1	2007 Q1
<b>Cash flow from operating activities:</b>		
Received payments	198,038	123,149
Payments for salaries, pensions, social security tax	-10,617	-8,239
Other operational costs	-14,819	-4,245
Net gain/(loss) on Currency Exchange	-3,766	-2,022
Paid taxes	-17,241	-10,412
<b>Net cash flow from operating activities 1)</b>	<b>151,595</b>	<b>98,231</b>
<b>Cash flow from investing activities:</b>		
Received payments from fixed assets	0	0
Investment in tangible fixed assets	-2,011	-7,662
Investments in seismic and well logs	-73,885	-36,764
Investment through Mergers and Acquisitions	0	0
Net change in Short-term financial investments and deposits	-12,820	-71,569
Net change in non-current receivables	0	-121
Interest Income	5,455	3,975
<b>Net cash flow from investing activities</b>	<b>-83,261</b>	<b>-112,140</b>
<b>Cash flow from financing activities:</b>		
Net change in current loans	0	0
Net change in non-current loans	-106	69
Interest Expense	-790	-485
Purchase of treasury shares	-2,980	0
Paid in equity	605	2,278
<b>Net cash flow from financing activities</b>	<b>-3,271</b>	<b>1,863</b>
<b>Net change in cash equivalents</b>	<b>65,063</b>	<b>-12,046</b>
Cash equivalents at the beginning of period	81,951	47,664
<b>Cash equivalents at the end of period</b>	<b>147,014</b>	<b>35,618</b>
<b>1) Reconciliation</b>		
Profit before taxes	42,972	51,311
Depreciation/Amortization	29,265	26,721
Changes in accounts receivables	116,218	39,960
Changes in other receivables	-13,390	3,155
Changes in other balance sheet items	-6,229	-12,505
Paid tax	-17,241	-10,412
<b>Net cash flow from operating activities</b>	<b>151,595</b>	<b>98,231</b>

# TGS-NOPEC EARNINGS RELEASE

May 8, 2008



TGS-NOPEC Geophysical Company ASA

## Equity Reconciliation (All amounts in USD 1000's)

2008

<b>Opening Balance January 1st</b>	<b>567,833</b>
Paid in Equity	605
Purchase of treasury shares	-2,980
Net Income	28,995
Cost of stock options	707
Effect of change in exchange rates and other items	554
<b>Closing balance per December 31st</b>	<b>595,714</b>

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## Average number of shares outstanding for Current Quarter \*

Average number of shares outstanding during the quarter	103,611,387
Average number of shares fully diluted during the quarter	105,011,166

\* Shares outstanding net of shares held in treasury (2.610.050 TGS shares), composed of average outstanding TGS shares during the full quarter