TGS EARNINGS RELEASE
2nd QUARTER RESULTS

2nd QUARTER FINANCIAL HIGHLIGHTS

(All amounts in USD 1,000s unless noted otherwise)	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Net operating revenues	**107,671**	**114,360**	**193,826**	**178,110**
- Net prefunding revenues	27,222	26,396	42,561	48,971
- Net late sales revenues	78,654	84,489	147,515	122,240
- Net proprietary revenues	1,795	3,475	3,749	6,899
EBIT	**18,107**	**21,632**	**20,012**	**301**
- EBIT margin	17%	19%	10%	0%
Pre-tax profit	**16,979**	**21,362**	**19,704**	**1,042**
Net income	**9,600**	**16,805**	**11,167**	**(3,391)**
EPS (fully diluted)	**0.09**	**0.17**	**0.11**	**(0.03)**
Operational investments in new projects	**59,367**	**59,343**	**117,783**	**110,558**
- Pre-funding % on operational investments	46%	44%	36%	44%
Risk-sharing investments	**1,954**	**3,154**	**6,878**	**4,714**
Non-operational investments	**-**	**-**	**5,946**	**-**
Amortization	(69,019)	(69,207)	(130,835)	(130,964)
MC library ending net book value	**812,173**	**823,219**	**812,173**	**823,219**
Return on average capital employed [1]	8%	-9%	8%	-9%
Equity ratio	81%	85%	81%	85%
Cash flow from operations	53,102	9,488	237,622	154,263
Free cash flow (after MC investments)	11,721	(34,531)	85,900	28,544
Cash balance	**239,315**	**162,087**	**239,315**	**162,087**

- Net revenues slightly below Q2 of last year, but up 25% from Q1 2017
- Strong cash flow resulting in a cash balance of USD 239 million
- Improved visibility for Q3 as a result of increased backlog and record-high survey acquisition activity
- Quarterly dividend maintained at USD 0.15 per share
- 2017 guidance reiterated:
    - New multi-client investments[2] of approximately USD 260 million
    - Pre-funding of new multi-client investments[2] expected to be approximately 40-45%

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[1] Trailing 12 months

[2] New multi-client investments excluding investments related to surveys with risk sharing arrangements

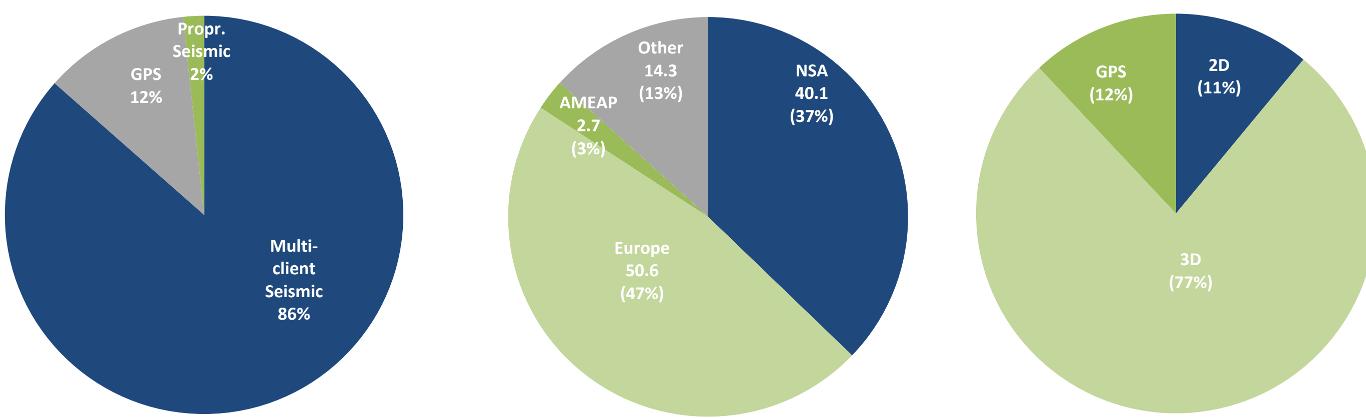
REVENUE BREAKDOWN

Net late sales for the quarter amounted to USD 78.7 million, compared to USD 84.5 million in Q2 2016. Net pre-funding revenues in the quarter totaled USD 27.2 million, an increase of 3% compared to Q2 2016. The pre-funding revenues recognized in the second quarter funded 46% of the operational investments of USD 59.4 million in the multi-client library. In addition, the Company recognized investments related to risk sharing arrangements of USD 2.0 million.

Proprietary contract revenues during the quarter totaled USD 1.8 million compared to USD 3.5 million in Q2 2016.

In Q2 2017, 10% of net multi-client seismic revenues came from fully amortized projects.

Revenue distribution



Source: TGS

OPERATIONAL COSTS

The amortization of the multi-client library for Q2 2017 amounted to USD 69.0 million which is at the same level as in Q2 2016. Cost of goods sold (COGS) was USD 0.3 million for the quarter, down from USD 0.8 million in Q2 2016. Personnel costs in the quarter were USD 11.8 million compared to USD 10.8 million in Q2 2016. The increase is due to higher costs related to employee incentive plans in Q2 2017. Other operating expenses were USD 6.0 million in Q2 2017 compared to USD 8.5 million in Q2 2016. Non-recurring costs in Q2 2017 amounted to net USD -0.7 million where the largest element is a reversal of a bad debt provision of USD 1.8 million. Q2 2016 operating expenses included restructuring costs of USD 1.4 million.

EBITDA AND EBIT

Reported EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) for the quarter ended 30 June 2017 was USD 89.5 million, which corresponds to 83% of net revenues, down from USD 93.8 million in Q2 2016. Operating profit (EBIT) for the quarter amounted to USD 18.1 million, which is down from USD 21.6 million in Q2 2016.

FINANCIAL ITEMS

The Company recorded a net currency exchange loss of USD 0.3 million in Q2 2017. TGS holds NOK bank accounts primarily to pay taxes and dividends in NOK. TGS did also recognize a provision of USD 1.1 million related to a financial receivable in Q2 2017 which is included in financial expenses.

TAX

TGS reports tax charges in accordance with the Accounting Standard IAS 12. Taxes are computed based on the USD value of 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. Currency effects within the current year are classified as tax expenses.

Management assesses that the normalized operating consolidated tax rate is approximately 28%. The tax rate reported for the quarter is at 43% compared to 21% last year. The high tax rate is mainly due to currency effects. The Norwegian taxes are settled in NOK on an annual basis and the USD/NOK exchange variation will impact the quarterly calculations of taxes. Also, the exchange effects of translating intercompany balances into NOK are taxable in Norway. Accordingly, the tax expense is impacted by items which are not recognized in the consolidated income statement.

NET INCOME AND EARNINGS PER SHARE (EPS)

Net income for Q2 2017 was USD 9.6 million (9% of net revenues), down from USD 16.8 million in Q2 2016. Quarterly earnings per share (EPS) were USD 0.09 fully diluted (USD 0.09 undiluted), which is down from USD 0.17 fully diluted (USD 0.17 undiluted) in Q2 2016.

BALANCE SHEET AND CASH FLOW

The net book value of the multi-client library was USD 812.2 million at 30 June 2017 compared to USD 812.4 million at 31 December 2016. Combined operational multi-client investments and risk-share investments amounted to USD 61.3 million in Q2 2017 (USD 62.5 million in Q2 2016), while amortization was USD 69.0 million (USD 69.2 million in Q2 2016) (see note 5 to the interim financial statements).

The net cash flow from operations for the quarter, after taxes and before investments, totaled USD 53.1 million compared to USD 9.5 million in Q2 2016. As of 30 June 2017, the Company's total cash holdings amounted to USD 239.3 million compared to USD 190.7 million at 31 December 2016.

Total equity as of 30 June 2017 was USD 1,160.9 million, representing 81% of total assets. During the quarter, the Company transferred 119,895 treasury shares to cover the exercise of stock options by key employees and distributed 11,550 treasury shares to Board members. As of 30 June 2017, TGS held 116,180 treasury shares.

BACKLOG

TGS' backlog amounted to USD 127.3 million at the end of Q2 2017, an increase of 6% from Q1 2017 and 24% higher than at the end of Q2 2016. The increase during the quarter was driven by client commitments to newly announced projects, including surveys offshore Eastern Canada.

DIVIDEND

It is the ambition of TGS to pay a cash dividend that is in line with its long-term underlying cash flow. When deciding the dividend amount, the TGS Board of Directors will consider expected cash flow, investment plans, financing requirements and a level of financial flexibility that is appropriate for the TGS business model.

As from 2016, TGS has paid quarterly dividends in accordance with the resolution made by the Annual General Meeting. The aim will be to keep a stable quarterly dividend in US dollars through the year, but the actual level paid will be subject to continuous evaluation of the underlying development of the company and the market.

The Board of Directors has resolved to pay a dividend of USD 0.15 per share to be paid in Q3 2017. The dividend will be paid in the form of NOK 1.19 per share on 24 August 2017. The share will trade ex-dividend on 10 August 2017.

OPERATIONAL HIGHLIGHTS

Vessels operating for TGS during all or parts of Q2 2017 included two 2D vessels, two multibeam vessels, one seafloor sampling vessel and six 3D vessels. In addition, TGS had one multi-vessel full-azimuth acquisition crew operating in early Q2. The two 2D vessels, one of the 3D vessels, and the full-azimuth crew were operating under joint venture agreements. In the onshore TGS had one crew operating in the Permian Basin.

Acquisition of the 7,150 km^2 (306 OCS blocks) Revolution XII and XIII surveys in the U.S. Gulf of Mexico were completed in early Q2 2017. These surveys were acquired in partnership with Schlumberger using the WesternGeco Q-Marine[3] point-receiver marine seismic system combined with the proprietary multi-vessel, Dual Coil Shooting[3] acquisition technique, which will provide broadband, long-offset, full-azimuth data. The final processed data will be available in early 2018.

Acquisition of the expanded 22,500 km long offset 2D North-West African Atlantic Margin (NWAAM 2017) seismic survey, a collaboration with PGS and GeoPartners, completed in Q2 2017. This broadband 2D survey infills, extends and complements the NWAAM 2012 2D survey which supported recent commercial discoveries in the Mauretania, Senegal, Guinea-Bissau and Conacry (MSGBC) basin.

The 289,000 km^2 Otos seep and geochemistry program covering the U.S. Gulf of Mexico continued during Q2. Acquisition of the multibeam bathymetry data completed in April with sea seep coring commencing in May. The Otos seep and geochemistry program is designed to mirror the successful Gigante seep study in the Mexican Gulf of Mexico conducted in 2016. Final results will be available late 2017.

In early April, TGS commenced data acquisition on the Atlantic Margin 3D project AM17, a 40,000 km^2 project in the central-southern Norwegian Sea. The project is the single largest 3D survey carried out by any company in Northern Europe and covers largely open blocks in a relatively under-explored area with limited drilling to date.

Acquisition of the Carlsen 3D survey in Norway commenced in the middle of May. Carlsen 3D is a 5,490 km^2 multi-client survey in open acreage located in the Southwest Barents Sea between the Tromsø and Sørvestnaget Basins, expanding TGS' already extensive data coverage in the Barents Sea.

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[3] Mark of Schlumberger

During the second half of May 2017, TGS commenced its seventh consecutive season acquiring data offshore Eastern Canada in partnership with PGS. With plans for 22,000 km of 2D data and four 3D projects comprising approximately 19,550 km^2 of 3D data this will be the most active year ever in Newfoundland and Labrador.

May also marked the start of the U.S. West Kermit 3D onshore project. The 1,050 km^2 high-resolution 3D project in the Loving, Ward and Winkler Counties, Texas, is TGS first survey in the prolific Permian Basin where TGS already has a comprehensive well database. A second Permian 3D project, the 520 km^2 West Lindsey in Reeves County, Texas, is expected to begin Q3 2017.

The Geologic Products and Services Division (GPS) continued to add to its inventory of multi-client products in the quarter. The well data library grew with the addition of approximately 26,000 new digital well logs, 1,500 new enhanced digital well logs and 112,000 new Validated Well Headers. GPS also had ongoing multi-client interpretive projects geared towards supplying customers with information on stratigraphy, structure and basin maturity in Norway, the UK, Mexico, Canada, and the US onshore.

OTHER MATTERS

In Q1 2017, TGS entered into an agreement with Geoex Ltd (Geoex), a UK based geophysical company to acquire the Norwegian and Barbados surveys of Multi-Client Geophysical ASA (MCG), a Norway based multi-client seismic company that has been acquired by Geoex. The transaction is expected to close in Q3 2017.

In connection with restructuring of the debt of Seabird Ltd. (Seabird), a Cyprus based geophysical company, TGS has entered into an agreement to take over Seabird's multi-client library against forgiving USD 5 million of outstanding bond debt. The deal is expected to close during Q3 2017.

OUTLOOK

Continued oil price instability and further decline in oil companies' exploration budgets are causing uncertainty for the near-term market development. Despite the challenging market conditions, customers have, to an increasing extent been willing to support quality project ideas. As such, TGS has been able to increase the order backlog substantially since the beginning of the year. In the 3rd quarter the activity with respect to data acquisition volumes will be at historically high levels and the investment and pre-funding levels are set to increase significantly from the levels experienced so far this year.

In the longer term the combination of substantial reduction of cost throughout the oil and gas value chain and the low reserve replacement ratios observed among the E&P companies should lead to increased exploration spending. The strong balance sheet and the demonstrated ability to generate healthy cash flow even in weak markets have allowed TGS to maintain a high level of counter-cyclical organic investments at historically low unit costs, as well as completing several acquisitions of existing multi-client libraries through the market downturn. Thus, TGS is well positioned to benefit from an increase in the activity level going forward.

TGS guidance for 2017, as updated through an announcement on 23 May 2017 is as follows:

- New multi-client investments[4] of approximately USD 260 million
- Additional multi-client investments expected from sales of existing surveys with risk sharing arrangements
- Pre-funding of new multi-client investments[4] expected to be approximately 40-45%

Asker, 2 August 2017

The Board of Directors of TGS-NOPEC Geophysical Company ASA

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4 New multi-client investments excluding investments related to surveys with risk sharing arrangements

ABOUT TGS

TGS provides multi-client geoscience data to oil and gas Exploration and Production companies worldwide. In addition to extensive global geophysical and geological data libraries that include multi-client seismic data, magnetic and gravity data, digital well logs, production data and directional surveys, TGS also offers advanced processing and imaging services, interpretation products and data integration solutions.

TGS-NOPEC Geophysical Company ASA is listed on the Oslo Stock Exchange (OSLO:TGS).
TGS sponsored American Depositary Shares trade on the U.S. over-the-counter market under the symbol "TGSGY".
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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 Consolidated Statement of Comprehensive Income

(All amounts in USD 1,000s unless noted otherwise)	Note	2017 Q2 Unaudited	2016 Q2 Unaudited	2017 YTD Unaudited	2016 YTD Unaudited
Net revenues	4	**107,671**	**114,360**	**193,826**	**178,110**
Operating expenses					
Cost of goods sold - proprietary and other		271	829	331	844
Amortization and impairment of multi-client library	5	69,019	69,207	130,835	130,964
Personnel costs		11,771	10,814	24,144	24,055
Cost of stock options		101	344	188	392
Other operating expenses		6,014	8,545	12,940	15,590
Depreciation, amortization and impairment		2,386	2,989	5,377	5,964
Total operating expenses		**89,563**	**92,728**	**173,814**	**177,809**
Operating profit	4	**18,107**	**21,632**	**20,012**	**301**
Financial income and expenses					
Financial income		375	371	788	675
Financial expenses		-1,189	-317	-1,218	-1,220
Net exchange gains/(losses)		-315	-324	122	1,287
Net financial items		**-1,129**	**-270**	**-308**	**741**
Profit before taxes		**16,979**	**21,362**	**19,704**	**1,042**
Taxes		7,379	4,557	8,536	4,433
Net income		**9,600**	**16,805**	**11,167**	**-3,391**
EPS USD		**0.09**	**0.17**	**0.11**	**-0.03**
EPS USD, fully diluted		**0.09**	**0.17**	**0.11**	**-0.03**
Other comprehensive income:					
Exchange differences on translation of foreign operations		802	78	444	318
Other comprehensive income/(loss) for the period, net of tax		802	78	444	318
Total comprehensive income for the period		10,402	16,883	11,611	-3,073

TGS Energy starts with us.

Interim Consolidated Balance Sheet

(All amounts in USD 1,000s)	Note	2017 30-Jun Unaudited	2016 30-Jun Unaudited	2016 31-Dec Audited
ASSETS				
Non-current assets				
Goodwill		67,925	67,934	67,925
Multi-client library	5	812,173	823,219	812,399
Other intangible non-current assets		9,034	9,524	9,009
Deferred tax asset		6,778	14,196	9,565
Buildings		5,978	7,630	6,759
Machinery and equipment		15,199	18,707	16,263
Other non-current assets		1,733	16,346	10,500
Total non-current assets		**918,820**	**957,555**	**932,420**
Current assets				
Accounts receivable		87,413	98,916	201,231
Accrued revenues		144,498	124,819	119,112
Other receivables		36,364	31,436	33,073
Cash and cash equivalents		239,315	162,087	190,739
Total current assets		**507,590**	**417,259**	**544,155**
TOTAL ASSETS		**1,426,410**	**1,374,814**	**1,476,575**
EQUITY AND LIABILITIES				
Equity				
Share capital		3,654	3,638	3,636
Other equity		1,157,285	1,163,253	1,165,488
Total equity	3	**1,160,938**	**1,166,891**	**1,169,124**
Non-current liabilities				
Long-term debt		2,500	-	-
Other non-current liabilities		2,759	4,395	6,057
Deferred taxes		32,922	32,943	39,284
Total non-current liabilities		**38,181**	**37,338**	**45,341**
Current liabilities				
Accounts payable and debt to partners		100,977	78,949	116,534
Taxes payable, withheld payroll tax, social security		11,427	1,651	18,066
Other current liabilities		114,887	89,985	127,510
Total current liabilities		**227,290**	**170,584**	**262,110**
TOTAL EQUITY AND LIABILITIES		**1,426,410**	**1,374,814**	**1,476,575**

Interim Consolidated Statement of Cash flow

(All amounts in USD 1,000s)	Note	2017 Q2 Unaudited	2016 Q2 Unaudited	2017 YTD Unaudited	2016 YTD Unaudited
Cash flow from operating activities:					
Received payments from customers		73,868	28,489	292,643	203,300
Payments for salaries, pensions, social security tax		-10,761	-10,393	-26,815	-26,760
Payments of other operational costs		-7,585	-8,608	-19,591	-19,245
Paid taxes		-2,420	-	-8,615	-3,032
Net cash flow from operating activities [1]		**53,102**	**9,488**	**237,622**	**154,263**
Cash flow from investing activities:					
Investments in tangible and intangible assets		-2,999	-1,171	-6,941	-4,034
Investments in multi-client library		-41,381	-44,019	-151,722	-125,719
Investments through mergers and acquisitions	8	-4,500	-	-7,776	-
Interest received		248	298	615	569
Net cash flow from investing activities		**-48,632**	**-44,892**	**-165,824**	**-129,184**
Cash flow from financing activites:					
Interest paid		-91	-317	-111	-325
Dividend payments	3	-15,290	-13,582	-32,153	-28,969
Proceeds from share issuances	3	2,480	1,665	9,193	1,798
Net cash flow from financing activites		**-12,901**	**-12,234**	**-23,071**	**-27,496**
Net change in cash and cash equivalents		**-8,431**	**-47,638**	**48,727**	**-2,417**
Cash and cash equivalents at the beginning of period		248,090	209,580	190,739	162,733
Net unrealized currency gains/(losses)		-344	146	-150	1,772
Cash and cash equivalents at the end of period		**239,315**	**162,087**	**239,315**	**162,087**
1) Reconciliation					
Profit before taxes		16,979	21,362	19,704	1,042
Depreciation/amortization/impairment		71,406	72,197	136,212	136,929
Changes in accounts receivables and accrued revenues		-46,284	-70,461	88,432	53,911
Unrealized currency gains/(losses)		1,146	-68	594	-1,454
Changes in other receivables		12,285	-735	15,105	10,694
Changes in other balance sheet items		-10	-12,807	-13,810	-43,827
Paid taxes		-2,420	-	-8,615	-3,032
Net cash flow from operating activities		**53,102**	**9,488**	**237,622**	**154,263**

Interim Consolidated Statement of Changes in Equity

(All amounts in USD 1,000s)	Share Capital	Treasury Shares	Share Premium	Other Paid-In Capital	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
Opening balance 1 January 2017	**3,657**	**-21**	**58,107**	**36,964**	**-21,933**	**1,092,352**	**1,169,124**
Net income	-	-	-	-	-	11,167	**11,167**
Other comprehensive income	-	-	-	-	444	-	**444**
Total comprehensive income	**-**	**-**	**-**	**-**	**444**	**11,167**	**11,611**
Paid-in-equity through exercise of stock options	1	-	721	-	-	-	**722**
Distribution of treasury shares	-	15	-	-	-	8,706	**8,720**
Cost of stock options	-	-	-	1,291	-	-	**1,291**
Dividends	-	-	-	-	-	-30,530	**-30,530**
Closing balance per 30 June 2017	**3,658**	**-6**	**58,828**	**38,255**	**-21,489**	**1,081,694**	**1,160,938**

(All amounts in USD 1,000s)	Share Capital	Treasury Shares	Share Premium	Other Paid-In Capital	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
Opening balance 1 January 2016	**3,657**	**-26**	**58,107**	**34,728**	**-22,047**	**1,123,670**	**1,198,088**
Net income	-	-	-	-	-	-3,391	**-3,391**
Other comprehensive income	-	-	-	-	318	-	**318**
Total comprehensive income	**-**	**-**	**-**	**-**	**318**	**-3,391**	**-3,073**
Paid-in-equity through exercise of stock options	-	5	-	-	-	1,793	**1,798**
Distribution of treasury shares	-	0.4	-	-	-	156	**156**
Cost of stock options	-	-	-	382	-	-	**382**
Dividends	-	-	-	-	-	-30,460	**-30,460**
Closing balance per 30 June 2016	**3,657**	**-21**	**58,107**	**35,110**	**-21,729**	**1,091,768**	**1,166,891**

Largest Shareholders per 28 July 2017

					%
1	FOLKETRYGDFONDET	NORWAY		10,068,770	9.9%
2	THE BANK OF NEW YORK MELLON SA/NV	BELGIUM	NOM	8,901,418	8.7%
3	RBC INVESTOR SERVICES TRUST	GREAT BRITAIN	NOM	3,480,832	3.4%
4	STATE STREET BANK AND TRUST COMP	U.S.A.	NOM	3,005,041	2.9%
5	SANTANDER SECURITIES SERVICES, S.A	SPAIN	NOM	2,858,606	2.8%
6	STATE STREET BANK AND TRUST COMP	U.S.A.	NOM	2,817,467	2.8%
7	STATE STREET BANK AND TRUST COMP	U.S.A.	NOM	2,174,410	2.1%
8	THE BANK OF NEW YORK MELLON	U.S.A.	NOM	2,155,219	2.1%
9	STATE STREET BANK AND TRUST COMP	U.S.A.	NOM	1,881,508	1.8%
10	CLEARSTREAM BANKING S.A.	LUXEMBOURG	NOM	1,834,886	1.8%
10 Largest				**39,178,157**	**38%**
Total Shares Outstanding *				**102,052,860**	**100%**

* Total shares outstanding are net of shares held in treasury per 28 July 2017

Average number of shares outstanding for Current Quarter *

Average number of shares outstanding during the quarter	101,969,975
Average number of shares fully diluted during the quarter	102,825,430

* Shares outstanding net of shares held in treasury per 30 June 2017 (116,180 TGS shares), composed of average outstanding TGS shares during the full quarter

Share price information

Share price 30 June 2017 (NOK)	171.10
USD/NOK exchange rate end of period	8.39
Market capitalization 30 June 2017 (NOK million)	17,481

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1 General information

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

Note 2 Basis for Preparation

The condensed consolidated interim financial statements of TGS 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 interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with TGS' annual report for 2016 which is available on www.tgs.com.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements for 2016. None of the new accounting standards or amendments that came into effect from 1 January 2017 has a significant impact on the presentation of the financial statements during the first half of 2017.

Note 3 Share capital and equity

Ordinary shares	**Number of shares**
1 January 2017	**102,135,990**
Issued 20 February 2017 for cash on exercise of stock options	33,050
30 June 2017	**102,169,040**

Treasury shares	**Number of shares**
1 January 2017	**533,500**
16 February 2017, treasury shares transferred to cover exercise of stock options	(285,875)
10 May 2017, treasury shares distributed to Board members	(11,550)
24 May 2017, treasury shares transferred to cover exercise of stock options	(14,520)
31 May 2017, treasury shares transferred to cover exercise of stock options	(105,375)
30 June 2017	**116,180**

The Annual General Meeting held 9 May 2017 renewed the Board of Directors' authorization to distribute quarterly dividends on the basis of the 2016 financial statements. The authorization shall be valid until the Company's Annual General Meeting in 2018, but no later than 30 June 2018.

On 9 May 2017, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.15 per share (NOK 1.30) to the shareholders. The dividends were paid to the shareholders on 31 May 2017.

On 2 August 2017, the Board of Directors resolved to pay a quarterly dividend of the NOK equivalent of USD 0.15 per share (NOK 1.19) to the shareholders. The dividends will be paid to the shareholders on 24 August 2017.

Note 4 Segment information

2017 Q2	**North & South America**	**Europe & Russia**	**Africa, Middle East & Asia/Pacific**	**Other segments/ Corporate costs**	**Consolidated**
Net external revenues	40,076	50,568	2,705	14,320	**107,671**
Operating profit	3,336	27,356	-3,956	-8,629	**18,107**

2017 YTD	**North & South America**	**Europe & Russia**	**Africa, Middle East & Asia/Pacific**	**Other segments/ Corporate costs**	**Consolidated**
Net external revenues	81,595	78,917	6,862	26,452	**193,826**
Operating profit	6,501	41,241	-7,388	-20,343	**20,012**

2016 Q2	**North & South America**	**Europe & Russia**	**Africa, Middle East & Asia/Pacific**	**Other segments/ Corporate costs**	**Consolidated**
Net external revenues	59,302	31,095	10,020	13,944	**114,360**
Operating profit	16,380	15,355	505	-10,609	**21,632**

2016 YTD	**North & South America**	**Europe & Russia**	**Africa, Middle East & Asia/Pacific**	**Other segments/ Corporate costs**	**Consolidated**
Net external revenues	95,330	42,443	13,051	27,285	**178,110**
Operating profit	19,732	9,843	-6,920	-22,354	**301**

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 Multi-client library

Numbers in USD millions	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016	2015	2014
Beginning net book value	819.9	829.9	812.4	838.9	838.9	818.1	758.1
Non-operational investments	-	-	5.9	-	-	26.4	-
Operational investments	61.3	62.5	124.7	115.3	271.2	501.7	462.3
Amortization and impairment	(69.0)	(69.2)	(130.8)	(131.0)	(297.7)	(507.3)	(396.7)
Exchange Rate Adjustment	-	-	-	-	-	-	(5.6)
Ending net book value	812.2	823.2	812.2	823.2	812.4	838.9	818.1

Numbers in USD millions	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016	2015	2014
Net MC revenues	105.9	110.9	190.1	171.2	438.6	590.6	877.7
Change in MC revenue	-5%	-17%	11%	-43%	-26%	-33%	7%
Change in MC investment	-2%	-46%	13%	-59%	-49%	14%	5%
Amort. in % of net MC revs.	65%	62%	69%	76%	68%	86%	45%
Change in net book value	-1%	-1%	0%	-2%	-3%	3%	8%

Note 6 Related parties

On 10 May 2017, each of the Directors of the Board, other than the Chairman, received 1,650 shares in the Company as part of their compensation.

On 31 May 2017, certain members of the executive management exercised in total 38,000 options and sold 34,500 shares.

No other material transactions with related parties took place during the second quarter of 2017.

Note 7 Økokrim charges and related civil matters

Reference is made to Note 21 to the 2016 Annual Report, which includes a detailed description of charges issued by Økokrim in 2014 and certain subsequent civil claims, including a claim by the Norwegian Government for losses arising from alleged unwarranted tax refunds arising from the transactions with Skeie and the claims of joint responsibility by Skeie and two affiliated persons. This note provides an update as to any matters that have occurred since 31 December 31 2016.

On 2 March 2017, Økokrim issued a corporate fine of NOK 85 million (approximately USD 10 million) against TGS based on the alleged violations of the Norwegian Tax Assessment Act. Økokrim dismissed the charges against TGS for market manipulation in violation of the Securities Trading Act due to insufficient evidence. Økokrim also advised that it will raise the fine to 90 MNOK if TGS rejects the fine and the case is brought to court. The Company rejected the fine, and a trial regarding the alleged violations is scheduled to commence in January 2018. Based upon the Company's assessment of the evidence in the case to date, the Company believes the claims by Økokrim lack merit and a trial will confirm that TGS acted diligently in connection with the transactions with Skeie and no wrongdoing by the Company occurred. Given the early stage of the trial process, it is impracticable to render an accurate assessment of the outcome. However, based upon the Company's rejection of the fine and its assessment of the case at this point, it does not consider it probable that an outflow of resources embodying economic benefits will be required to settle the obligation and no provisions have been made.

On 26 March 2017, TGS received notice from DNB that it will hold TGS responsible for any amounts payable by DNB to the Norwegian Government. DNB received notice from the Norwegian Government in December 2016, claiming liability for repayment of the tax refunds under a provision in the Tax Payment Act due to DNB's status as a pledgee of the tax refunds. In April 2017, the parties entered into a mutual standstill agreement to stop the tolling of the statute of limitations for three years.

The civil matters that have arisen in relation to the transactions that form the basis for the Økokrim charges, and the outcome of these matters, will depend in large part on the outcome of the Økokrim matter. Given the early stage of these proceedings, it is impracticable to render an accurate assessment of the outcome. However, based upon the Company's belief that the Økokrim allegations lack merit, and the trial will confirm that TGS did nothing wrong, the Company also believes these claims of liability are not well-founded, and it intends to challenge the claims vigorously. As a result, the Company does not consider it probable that an outflow of resources embodying economic benefits will be required to settle the obligation and no provisions have been made.

Note 8 Payments made to acquire surveys of Multi-Client Geophysical ASA

In Q2 2017, TGS has made a payment to Geoex Ltd, a UK based geophysical company, to acquire the Norwegian and Barbados surveys of Multi-Client Geophysical Company ASA. TGS expects to complete the acquisition of the surveys during Q3 2017.

DEFINITIONS – ALTERNATIVE PERFORMANCE MEASURES

TGS' financial information is prepared in accordance with IFRS. In addition, TGS provides alternative performance measures to enhance the understanding of TGS' performance. The alternative performance measures presented by TGS may be determined or calculated differently by other companies.

EBIT (Operating Profit)

Earnings before interest and tax is an important measure for TGS as it provides an indication of the profitability of the operating activities.

The EBIT margin presented is defined as EBIT (Operating Profit) divided by net revenues.

Prefunding percentage

The prefunding percentage is calculated by dividing the multi-client prefunding revenues by the operational investments in the multi-client library, excluding investments related to projects where payments to the vendors are contingent on sales (risk-sharing investments). The prefunding percentage is considered as an important measure as it indicates how the Company's financial risk is reduced on multi-client investments.

EBITDA

EBITDA means Earnings before interest, taxes, amortization, depreciation and impairments. TGS uses EBITDA because it is useful when evaluating operating profitability as it excludes amortization, depreciation and impairments related to investments that occurred in the past. Also, the measure is useful when comparing the Company's performance to other companies.

All amounts in USD 1,000s	**2017 Q2**	**2016 Q2**	**2017 YTD**	**2016 YTD**
Net income	9,600	16,805	11,167	-3,391
Taxes	7,379	4,557	8,536	4,433
Net financial items	1,129	270	308	-741
Depreciation, amortization and impairment	2,386	2,989	5,377	5,964
Amortization and impairment of multi-client library	69,019	69,207	130,835	130,964
EBITDA	**89,513**	**93,828**	**156,223**	**137,229**

Return on average capital employed

Return on average capital employed (ROACE) shows the profitability compared to the capital that is employed by TGS, and it is calculated as operating profit divided by the average of the opening and closing capital employed for a period of time.

Capital employed is calculated as equity plus net interest bearing debt. Net interest bearing debt is defined as interest bearing debt minus cash and cash equivalents. TGS uses the ROACE measure as it provides useful information about the performance under evaluation.

All amounts in USD 1,000s	30 June 2017	30 June 2016
Equity	1,160,938	1,166,891
Interest bearing debt	2,500	0
Cash	239,315	162,087
Net interest bearing debt	-236,815	-162,087
Capital employed	**924,123**	**1,004,804**
Average capital employed	**964,464**	**1,053,044**
Operating profit (12 months trailing)	72,746	-94,030
ROACE	**8%**	**-9%**

Free cash flow (after MC investments)

Free cash flow (after MC investments) when used by TGS means cash flow from operational activities minus cash investments in multi-client projects. TGS uses this measure as it represents the cash that the Company is able to generate after investing the cash required to maintain or expand the multi-client library.

All amounts in USD 1,000s	2017 Q2	2016 Q2	2017 YTD	2016 YTD
Cash flow from operational activities	53,102	9,488	237,622	154,263
Investments in multi-client library	-41,381	-44,019	-151,722	-125,719
Free cash flow (after MC investments)	**11,721**	**-34,531**	**85,900**	**28,544**

Backlog

Backlog is defined as the total value of future revenue from signed customer contracts.

Responsibility Statement

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2017 has been prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by EU, and additional requirements found in the Norwegian Securities Trading Act, and gives a true and fair view of the Company's consolidated assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the financial review includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements, any major related parties transactions, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

Asker, 2 August 2017

Henry H. Hamilton (Chairman)	Mark Leonard (Director)	Wenche Agerup (Director)
Elisabeth Grieg (Director)	Vicki Messer (Director)	Tor Magne Lønnum (Director)
Torstein Sanness (Director)	Nils Petter Dyvik (Director)	Kristian Johansen (CEO)