TGS EARNINGS RELEASE

2 August 2012

2nd QUARTER and 1st HALF 2012 RESULTS

2nd QUARTER HIGHLIGHTS

- Consolidated net revenues were USD 214.8 million, an increase of 58% compared to Q2 2011.
- Net late sales totaled USD 108.5 million, up 11% from Q2 2011.
- Net pre-funding revenues were USD 100.0 million, up 275% from Q2 2011, funding 62% of the Company's operational multi-client investments during Q2 (investments of USD 161.9 million, up 162% from Q2 2011).
- Proprietary revenues were USD 6.3 million, compared to USD 11.4 million in Q2 2011.
- Operating profit (EBIT) was USD 94.2 million (44% of net revenues), compared to USD 57.7 million (42% of net revenues) in Q2 2011.
- Cash flow from operations was USD 144.0 million, up from USD 93.3 million in Q2 2011.
- Earnings per share (fully diluted) were USD 0.63, compared to USD 0.41 in Q2 2011.
- Arcis Seismic Solutions Corporation was acquired 15 June. Financial results will be consolidated as of Q3.

6 MONTHS FINANCIAL HIGHLIGHTS

- Consolidated net revenues were USD 406.1 million, an increase of 51% compared to H1 2011.
- Net late sales from the multi-client library totaled USD 221.3 million, up 21% from USD 182.8 million in 2011.
- Net pre-funding revenues were USD 174.6 million, up 175% from 2011, funding 66% of the Company's operational multi-client investments during H1 (investments of USD 263.1 million, up 150% from 2011).
- Proprietary revenues were USD 10.1 million, compared to 21.9 million in H1 2011.
- Operating profit (EBIT) was USD 183.1 million (45% of net revenues), compared to USD 116.7 million (44% of net revenues) in 2011.
- Cash flow from operations was USD 290.8 million, an increase of 26% from USD 231.6 million in 2011.
- Earnings per share (fully diluted) were USD 1.24 compared to USD 0.81 for the same period in 2011.

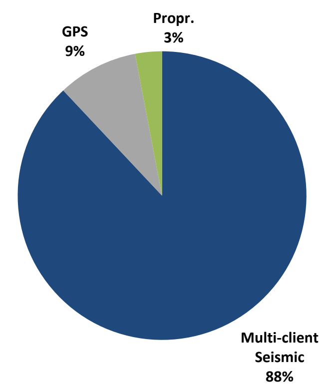
"TGS continues to break records and Q2 2012 is the best quarter in the history of the Company both in terms of revenue and operating profit," TGS' CEO Robert Hobbs stated. "While we see great interest from clients in funding new projects, we are also satisfied to see that our existing library data continues to perform well. Our strong performance in the first half of 2012 along with the acquisition of Arcis and attractive investment opportunities, allow us to further increase our investment and revenue guidance for 2012."

KEY FIGURES

(All amounts in USD 1,000s)	Q2 2012	Q2 2011	YTD 2012	YTD 2011
Net operating revenues	214,780	136,104	406,093	268,116
EBIT	94,207	57,727	183,119	116,718
Pre-tax profit	94,021	59,154	181,654	117,450
Net income	64,469	42,535	127,337	84,107
EBIT margin	44%	42%	45%	44%
Return on capital employed	30%	27%	30%	27%
Equity ratio	69%	73%	69%	73%
MC library opening net book value	538,383	471,004	511,131	475,698
Investments in new projects	161,892	61,695	263,073	105,235
MC data purchased from third parties *	25,638	-	25,638	-
Amortization	(88,933)	(48,448)	(162,862)	(96,682)
MC library ending net book value	636,980	484,251	636,980	484,251
Pre-funding % on operational investments	62%	43%	66%	60%

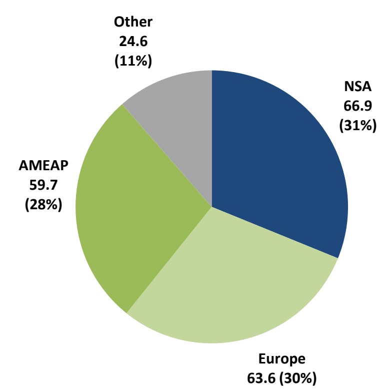
** Based on a preliminary PPA of the Arcis transaction*

REVENUE BREAKDOWN



TGS' largest business activity is developing, managing, conducting and selling multi-client seismic surveys. This activity accounted for 88% of the Company's business during the quarter. Geological Products and Services (GPS) accounted for 9% of net revenues in the 2nd quarter, while proprietary seismic revenues accounted for 3% of net revenues.

Net late sales were up 11% compared to Q2 2011. Net pre-funding revenues totaled USD 100.0 million, an increase of 275% from Q2 2011. The pre-funding revenues recognized in the second quarter funded 62% of the operational investments of USD 161.9 million in the multi-client library. During the first half of 2012, pre-funding amounted to 174.6 million (66% of operational investments) representing an increase of 175% over the same period of 2011. Proprietary contract revenues during the quarter totaled USD 6.3 million compared to USD 11.4 million in Q2 2011. For the 6 months ended June 2012, proprietary revenue totaled USD 10.1 million, compared to USD 21.9 million in the first half of 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 66.9 million in Q2 2012 (33.4 in Q2 2011) which corresponds to 31% of total sales for the quarter (25% in Q2 2011). Sales from EUR amounted to USD 63.6 million (55.2 in Q2 2011), while AMEAP had total sales of USD 59.7 million in Q2 2012 (19.9 in Q2 2011).

OPERATIONAL COSTS

The amortization of the multi-client library for Q2 2012 amounted to USD 88.9 million (USD 48.4 million in Q2 2011) which corresponds to 43% (39% in Q2 2011) of the total 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 first 6 months of 2012 was 41% compared to 39% in H1 2011. In Q2 2012, 11% of total 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 0.4 million for the quarter, compared to USD 3.6 million in Q2 2011. The lower COGS is due to no proprietary acquisition activity in the quarter. Personnel and other operating costs expensed during the quarter were USD 27.7 million, an increase of 16% from 2011, mainly due to increased costs related to employee incentive schemes.

EBITDA AND EBIT

Reported EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) for the quarter ended 30 June 2012 was USD 186.0 million, which corresponds to 87% of net revenues, up 72% from USD 108.2 million in Q2 2011. Operating profit (EBIT) for the quarter amounts to USD 94.2 million compared to USD 57.7 million in Q2 2011.

FINANCIAL ITEMS

TGS recorded an unrealized currency exchange loss of USD 3.4 million in Q2 2011 in relation to the payment of dividend on 20 June 2012. This has no cash effect as the NOK cash payment of the dividend was hedged by converting USD to NOK beforehand.

The Company recorded a financial gain of USD 3.3 million in Q2 2012 through net financial items related to the financial investments available for sale as a result of the redemptions at par value realized on some of 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 normalized operating consolidated tax rate is approximately 31%. The tax rate reported for the quarter is at 31% compared to 28% last year.

NET INCOME AND EARNINGS PER SHARE (EPS)

Net income for Q2 2012 was USD 64.5 million (30% of net revenues), up 52% compared to Q2 2011. Quarterly earnings per share (EPS) were USD 0.63 fully diluted (USD 0.63 undiluted), an increase of 52% from Q2 2011.

MULTI-CLIENT INVESTMENTS AND LIBRARY

The Company's operational investments in its data library during Q2 2012 were USD 161.9 million, 162% higher than in Q2 2011. In addition, non-operational investments totaled USD 25.6 million based on the preliminary purchase price allocation (PPA) from the Arcis acquisition. The Company recognized USD 100.0 million in net pre-funding revenues in Q2 2012, funding 62% of its operational multi-client investments during the quarter. For the first 6 months of 2012, pre-funding revenues totaled USD 174.6 million, funding 66% of operational multi-client investments (USD 263.1 million).

MUSD	Q2 2012	Q2 2011	6M 2012	6M 2011	2011	2010	2009
Beginning net book value	538.4	471.0	511.1	475.7	475.7	424.3	335.0
Non-operational investments	25.6	-	25.6	-	-	4.0	-
Operational investments	161.9	61.7	263.1	105.2	276.9	295.3	266.0
Amortization	(88.9)	(48.4)	(162.9)	(96.7)	(241.5)	(247.9)	(176.7)
Ending net book value	637.0	484.3	637.0	484.3	511.1	475.7	424.3

MUSD	Q2 2012	Q2 2011	6M 2012	6M 2011	2011	2010	2009
Net MC revenues	208.5	124.7	396.0	246.3	566.9	543.0	445.0
Change in MC revenue	67%	16%	61%	-2%	4%	22%	-8%
Change in MC investment	204%	-38%	174%	-46%	-7%	13%	-7%
Amort. in % of net MC revs.	43%	39%	41%	39%	43%	46%	40%
Change in net book value	18%	3%	25%	3%	7%	12%	27%

BALANCE SHEET AND CASH FLOW

The net cash flow from operations for the quarter, after taxes, before investments, totaled USD 144.0 million compared to USD 93.3 million in Q2 2011. As of 30 June 2012, the Company's total cash holdings amounted to USD 221.8 million compared to USD 335.7 million at 31 December 2011.

The June 2012 Annual General Meeting approved a dividend of NOK 6 per share of outstanding common stock. The dividend payments of USD 103.3 million were made in June 2012.

On 15 June 2012, the acquisition of the Canadian onshore seismic company Arcis Seismic Solutions was completed. The Enterprise value (EV) of the transaction was USD 72 million. The notes to the interim financial statements describe the preliminary fair value analysis of the acquisition. Arcis will be consolidated beginning from 1 July 2012.

As of 30 June 2012, TGS held USD 3.7 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 76.9 million of ARS at par value and USD 9.6 million at 93-96% of par value. Of the redemptions at par value, USD 7.8 million were redeemed in Q2 2011. In addition TGS made redemptions in Q2 of USD 4.8 million at 96% of par value. 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 30 June 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 30 June 2012 was USD 1,002.4 million, representing 69% of total assets. A total of 5,000 new shares were issued during Q2 2012 in relation to stock options exercised by key employees in May 2012. Further, the Company transferred 8,750 treasury shares to cover the exercise of options by key employees and distributed 6,400 treasury shares to Board members. As of 30 June 2012 TGS holds 1,725,850 treasury shares, of which 194,650 shares are in the process of being cancelled.

BACKLOG

TGS' backlog amounted to USD 188.0 million at the end of Q2, a reduction of 22% from last quarter and 51% above the level of one year ago. The backlog is reduced due to high investments in Q2 in projects that represented a significant backlog at the beginning of the quarter.

OPERATIONAL HIGHLIGHTS

Vessels under TGS' control through charter during all or parts of Q2 included six 3D vessels and one wide-azimuth marine crew. Three land crews were also contracted and working for TGS during Q2. Joint venture operations with industry partners during the quarter included one wide-azimuth marine crew, two 3D marine crews and four 2D marine crews.

North and South America

The acquisition of Patriot, an 11,655 km^2, wide azimuth (WAZ) survey in the Central Gulf of Mexico was completed during Q2. This project, and the underlying Freedom data, is a partnership with WesternGeco. Immediately on completion of Patriot, the WAZ crew, chartered from WesternGeco, commenced the Independence WAZ project which is 100% owned by TGS. Acquisition of this project, covering 3,350 km^2, was completed in the first week of Q3.

TGS commenced the second season of 2D seismic acquisition in the Labrador Sea offshore Eastern Canada in a joint venture with PGS. This year's acquisition is expected to complete the 22,000 km seismic program.

TGS completed its first US Onshore multi-client 3D survey during the quarter. The Bucklin survey, covering 262 mi^2 in southern Kansas, is designed to assist customers in exploring liquids-rich resource plays of the Mississippi Lime play. Also during the quarter, the Company commenced acquisition on the Wellington survey, covering 309 mi^2 in southern Kansas and the Firestone survey, covering 409 mi^2 in the Utica play of eastern Ohio.

Europe and Russia

During Q2, TGS commenced a new acquisition season on its long offset 2D campaign in partnership with Fugro. Additions to this multi-year program in 2012 are expected to be 10,000 km in the West of Shetlands Basin and 12,000 km in the Norwegian Barents Sea. Two 2D vessels were utilized during the quarter for these projects.

TGS continued the acquisition on the Nordkapp Fault Survey (NKFE11), originally started in 2011. Customers are eager to utilize this data in preparation for the 22nd License Round in Norway. Upon completion of this survey, TGS continued acquisition of the 2,300 km^2 Finnmark Platform (FP12) survey in the southwest Barents Sea. This dataset was completed at the end of the quarter.

TGS also completed a 3D survey in the Morey Firth of the UK North Sea. Upon completion of the Morey Firth 3D, the chartered vessel commenced acquisition of data on the 4,000 km^2 EOTW12 survey in the northern portion of the UK North Sea.

During the quarter, TGS commenced acquisition of the EB12 survey in the Erland Basin of the northern North Sea shelf. The chartered vessel acquired 1,100 km^2 of this 3,000 km^2 survey before it went off charter and was redelivered to the vessel owner.

Two joint venture 3Ds with PGS were conducted in Q2; the SVG11 survey in the South Viking Graben and the FSB12 survey in the Faroes-Shetland Basin.

Africa, Middle East and Asia Pacific

TGS continued data acquisition on the 12,500 km^2 3D survey offshore Angola during Q2. 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.
In April, the Company completed collection of the first phase of the NWAAM 2D multi-client survey in partnership with Dolphin Geophysical. With the completion of this phase of the survey, the project now totals approximately 17,000 km of data from northern Senegal to Guinea Bissau.

TGS also completed three surveys offshore northwest Australia. With the completion of these surveys; Mary Rose, Gnaraloo and Mary Rose NE, the Company has collected a 3D multi-client portfolio in this region exceeding 14,000 km^2.

Other Segments

The Geologic Products and Services Division continued the growth of TGS' well log data library with the addition of 52,500 new well logs and 8,885 directional surveys to the database. During the quarter, TGS also significantly enhanced its ability to link its growing database to the multiple geoscience software applications utilized by the Company's clients through the acquisition of Volant Solutions. The addition of this technology, which is gaining a growing user base within TGS' customer base, provides another delivery mechanism for our Geological Products business. TGS' Geological Products Interpretation group commenced two new regional interpretation studies during the quarter. These included studies in the Labrador Sea off the east coast of Canada and the northwest African Margin between Senegal and Guinea Bissau.

OTHER MATTERS

On 11 May 2012, TGS announced that its Geological Products division purchased all the outstanding shares of Volant Solutions Inc. Volant is a small, six-employee technology company based in Houston Texas, that provides integration solutions for E&P companies to address the challenges of managing ever increasing quantities of geotechnical data. This integration of internal and external data sources with geoscience applications used by the industry enables scientists and engineers to reduce interpretation cycle time and increase efficiency.

On 15 June 2012, TGS completed the acquisition of Calgary-based Arcis Seismic Solutions Corp. The Enterprise value (EV) of the transaction was USD 72 million. Arcis is a privately owned geophysical company founded in 1996 with a head office located in Calgary, Alberta Canada. The 3D multi-client library consists of 12,689 km^2 with core activity in many prolific hydrocarbon trends in Alberta, British Columbia and Saskatchewan (including Bakken, Horn River, Montney and Duvernay). Arcis employs over 80 professional and technical personnel who have a broad range of skills, expertise and experience. In 2010 and 2011, Arcis generated average annual revenues of CAD 50 million.

As a wholly-owned subsidiary of TGS, Arcis will continue to invest in multi-client projects in Canada, provide proprietary imaging services to external customers worldwide and will play a vital role in the processing of TGS' own multi-client surveys. The Arcis acquisition will allow TGS to grow into the onshore multi-client and imaging business in Canada and other markets served by Arcis. The acquisition will be consolidated into TGS accounts as of 1 July 2012. See Note 6 to the interim financial statements for the accounting effects and purchase price allocation of the transaction.

OUTLOOK

TGS' financial performance in Q2 2012 further confirms the Company's expectations for an increase in demand for seismic data that is in line with overall E&P spending growth. 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 strong backlog, 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. This strong pipeline of opportunities along with the acquisition of Arcis, allow TGS to further increase its' guidance for 2012.

For 2012, the revised full year guidance is as follows:

- Multi-client library investments of USD 425-475 million,
- Average pre-funding in the range of 60-70% of investments,
- Average multi-client amortization rate in the range of 41-47% of net revenues,
- Net revenues in the range of USD 810–870 million, and
- Proprietary contract revenues of less than 5% of total net revenues.

Asker, 1 August 2012

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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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 1,000s unless noted otherwise)	Note	2012 Q2 Unaudited	2011 Q2 Unaudited	2012 YTD Unaudited	2011 YTD Unaudited
Net operating revenues	4	**214,780**	**136,104**	**406,093**	**268,116**
Operating expenses					
Cost of goods sold - proprietary and other		440	3,602	853	7,547
Amortization of multi-client library		88,933	48,448	162,862	96,682
Personnel costs		18,019	14,651	36,321	28,372
Cost of stock options		670	420	1,350	843
Other operating expenses	5	9,631	9,272	16,713	14,445
Depreciation and amortization		2,881	1,984	4,875	3,508
Total operating expenses		**120,574**	**78,378**	**222,975**	**151,397**
Operating profit	4	**94,207**	**57,727**	**183,119**	**116,718**
Financial income and expenses					
Financial income		1,144	714	1,938	906
Financial expense		-364	-67	-365	-97
Other financial items		-966	781	-3,038	-78
Net financial items		**-186**	**1,428**	**-1,465**	**731**
Profit before taxes		**94,021**	**59,154**	**181,654**	**117,450**
Tax expense		29,552	16,619	54,317	33,343
Net income		**64,469**	**42,535**	**127,337**	**84,107**
EPS USD		**0.63**	**0.42**	**1.25**	**0.82**
EPS USD, fully diluted		**0.63**	**0.41**	**1.24**	**0.81**
Other comprehensive income:					
Exchange differences on translation of foreign operations		-424	-389	-67	157
Net (loss)/gain on available-for-sale financial assets		-1,414	393	-1,748	393
Other comprehensive income for the period, net of tax		-1,838	4	-1,815	549
Total comprehensive income for the period, net of tax		62,631	42,540	125,522	84,657

Interim Consolidated Balance Sheet

(All amounts in USD 1,000s)	Note	2012 30-Jun Unaudited	2012 31-Mar Unaudited	2011 31-Dec Audited
ASSETS				
Non-current assets				
Goodwill		111,614	86,401	86,401
Multi-client library		636,980	538,383	511,131
Other intangible non-current assets		61,769	45,551	46,731
Deferred tax asset		21,165	15,059	23,137
Buildings		4,186	945	816
Machinery and equipment		28,220	19,938	18,746
Other non-current assets		16,582	13,814	13,814
Total non-current assets	6	**880,516**	**720,090**	**700,774**
Current assets				
Financial investments available for sale		3,689	15,104	18,963
Accounts receivable		293,831	263,635	251,996
Other short-term receivables		47,555	27,464	25,739
Cash equivalents		221,755	421,212	335,709
Total current assets	6	**566,830**	**727,415**	**632,407**
TOTAL ASSETS		**1,447,346**	**1,447,504**	**1,333,182**
EQUITY AND LIABILITIES				
Equity				
Share capital		3,641	3,640	3,713
Other equity		998,732	1,034,620	969,308
Total equity	3	**1,002,373**	**1,038,261**	**973,021**
Non-current liabilities				
Other non-current liabilities		34,703	29,253	29,253
Deferred tax liability		99,360	101,134	113,047
Total non-current liabilities	6	**134,063**	**130,387**	**142,300**
Current liabilities				
Accounts payable and debt to partners		134,917	118,974	101,000
Taxes payable, withheld payroll tax, social security		60,465	54,123	50,731
Other current liabilities		115,527	105,759	66,130
Total current liabilities	6	**310,910**	**278,856**	**217,861**
TOTAL EQUITY AND LIABILITIES		**1,447,346**	**1,447,504**	**1,333,182**

Interim Consolidated Statement of Cash flow

(All amounts in USD 1,000s)	2012 Q2 Unaudited	2011 Q2 Unaudited	2012 YTD Unaudited	2011 YTD Unaudited
Cash flow from operating activities:				
Received payments	208,220	136,608	394,515	334,688
Payments for salaries, pensions, social security tax	-16,990	-13,526	-32,276	-29,631
Other operational costs	-10,071	-10,806	-17,566	-19,892
Net gain/(loss) on currency exchange	-888	231	-1,561	-1,050
Paid taxes	-36,263	-19,165	-52,292	-52,541
Net cash flow from operating activities 1)	**144,008**	**93,341**	**290,820**	**231,573**
Cash flow from investing activities:				
Investments in tangible fixed assets	-9,440	-4,362	-14,280	-7,240
Investments in multi-client library	-168,593	-42,585	-231,230	-92,104
Investment through mergers and acquisitions, net of cash acquired	-75,750	-43,851	-75,750	-43,851
Proceeds from sale of short-term financial investments	12,575	4,050	16,450	4,050
Interest received	1,045	714	1,669	906
Net cash flow from investing activities	**-240,163**	**-86,034**	**-303,141**	**-138,239**
Cash flow from financing activites:				
Interest paid	-302	-68	-303	-97
Dividend payments	-103,325	-93,407	-103,325	-93,407
Purchase of own shares	-	-15,074	-	-15,074
Proceeds from share offerings	324	4,197	1,994	13,200
Net cash flow from financing activites	**-103,303**	**-104,352**	**-101,634**	**-95,378**
Net change in cash equivalents	**-199,456**	**-97,043**	**-113,953**	**-2,043**
Cash and cash equivalents at the beginning of period	421,212	385,184	335,709	290,184
Cash and cash equivalents at the end of period	**221,755**	**288,141**	**221,755**	**288,141**
1) Reconciliation				
Profit before taxes	94,021	59,154	181,654	117,450
Depreciation/Amortization	91,813	50,432	167,737	100,190
Changes in accounts receivables	-25,200	-2,549	-36,839	75,461
Changes in other receivables	-8,347	-3,368	-2,096	-3,952
Changes in other balance sheet items	27,985	8,837	32,656	-5,035
Paid taxes	-36,263	-19,165	-52,292	-52,541
Net cash flow from operating activities	**144,008**	**93,341**	**290,820**	**231,573**

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 Translation Reserve	Retained Earnings	Total Equity
Opening balance 1 January 2012	**3,713**	**-76**	**53,256**	**20,310**	**1,960**	**-8,593**	**902,451**	**973,021**
Net income	-	-	-	-	-	-	127,337	**127,337**
Other comprehensive income	-	-	-	-	-1,748	-67	-	**-1,815**
Total comprehensive income	**-**	**-**	**-**	**-**	**-1,748**	**-67**	**127,337**	**125,522**
Paid-in-equity	2	-	777	-	-	-	-	**780**
Distribution of own shares	-	3	-	-	-	-	1,211	**1,214**
Cost of stock options	-	-	-	1,350	-	-	-	**1,350**
Dividends	-	-	-	-	-	-	-99,911	**-99,911**
Deferred tax asset related to stock options	-	-	-	-	-	-	397	**397**
Closing balance per 30 June 2012	**3,715**	**-73**	**54,033**	**21,660**	**212**	**-8,660**	**931,485**	**1,002,373**

(All amounts in USD 1,000s)	Share-Capital	Own Shares Held	Share Premium Reserve	Other Paid-In Equity	Available for Sale Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
Opening balance 1 January 2011	**3,714**	**-63**	**40,894**	**18,244**	**611**	**-8,393**	**853,764**	**908,771**
Net income	-	-	-	-	-	-	84,107	**84,107**
Other comprehensive income	-	-	-	-	393	157	-	**549**
Total comprehensive income	**-**	**-**	**-**	**-**	**393**	**157**	**84,107**	**84,657**
Paid-in-equity	27	-	11,312	-	-	-	-	**11,340**
Purchase of own shares	-	-26	-	-	-	-	-15,048	**-15,074**
Distribution of own shares	-	8	-	-	-	-	1,852	**1,860**
Cost of stock options	-	-	-	843	-	-	-	**843**
Dividends	-	-	-	-	-	-	-95,388	**-95,388**
Deferred tax asset related to stock options	-	-	-	-	-	-	1,485	**1,485**
Closing balance per 30 June 2011	**3,741**	**-82**	**52,206**	**19,087**	**1,004**	**-8,236**	**830,772**	**898,493**

Largest Shareholders per 27 July 2012

				Shares	%
1	FOLKETRYGDFONDET	NORWAY		9,023,169	8.7%
2	STATE STREET BANK AND TRUST CO.	U.S.A.	NOM	6,692,676	6.5%
3	CLEARSTREAM BANKING S.A.	LUXEMBOURG	NOM	3,827,865	3.7%
4	JPMORGAN CHASE BANK	GREAT BRITAIN	NOM	3,738,178	3.6%
5	PARETO AKSJE NORGE	NORWAY		3,025,756	2.9%
6	BANK OF NEW YORK MELLON	U.S.A.	NOM	2,811,247	2.7%
7	BNYM AS EMEA ASIA 25 OMNIBUS	U.S.A.	NOM	2,469,878	2.4%
8	JPMORGAN CHASE BANK	GREAT BRITAIN	NOM	2,319,294	2.2%
9	TGS NOPEC GEOPHYSICAL COMPANY ASA	NORWAY		1,725,850	1.7%
10	JPMORGAN CHASE BANK	GREAT BRITAIN	NOM	1,705,476	1.6%
10 Largest				**37,339,389**	**36%**
Total Shares Outstanding *				**101,753,774**	**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	101,741,054
Average number of shares fully diluted during the quarter	103,019,361

* Shares outstanding net of shares held in treasury (1,725,850 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 Lensmannslia 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 the six months of 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
30 June 2012	**103,479,624**

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)
30 June 2012	**1,725,850**

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

2012 Q2	**North & South America**	**Europe & Russia**	**Africa, Middle East & Asia / Pacific**	**Other segments / Corporate costs**	**Consolidated**
Net external revenues	66,904	63,591	59,705	24,580	**214,780**
Operating profit	36,958	37,108	26,071	-5,930	**94,207**

2012 YTD	**North & South America**	**Europe & Russia**	**Africa, Middle East & Asia / Pacific**	**Other segments / Corporate costs**	**Consolidated**
Net external revenues	139,674	84,627	134,321	47,472	**406,093**
Operating profit	84,088	47,726	61,564	-10,259	**183,119**

2011 Q2	**North & South America**	**Europe & Russia**	**Africa, Middle East & Asia / Pacific**	**Other segments / Corporate costs**	**Consolidated**
Net external revenues	33,444	55,232	19,858	27,570	**136,104**
Operating profit	19,490	29,863	6,591	1,783	**57,727**

2011 YTD	**North & South America**	**Europe & Russia**	**Africa, Middle East & Asia / Pacific**	**Other segments / Corporate costs**	**Consolidated**
Net external revenues	75,677	76,866	61,258	54,315	**268,116**
Operating profit	44,020	41,696	23,162	7,840	**116,718**

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 Contingent liabilities

In February 2007, the Company entered into an agreement with Terra Energy Services (Terra) related to acquisition of geophysical data in Equatorial Guinea (EG). In the agreement, Terra provided the right to acquire the data through a joint venture with the EG government’s national oil company. In February 2009, TGS was informed by the EG government that

Terra no longer had the right to market the EG data. TGS entered into separate agreements with the EG government to market the data and sold licenses to the data on 30 September 2010 to two customers. TGS received a request for arbitration from Terra in December 2010.

In May 2012, the arbitration panel disregarded the ability of the EG government to cancel the distribution rights of Terra. TGS has expensed in total USD 2.1 million in Q2 2012 related to the ruling.

Note 6 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. Arcis has built one of the most modern 3D seismic data libraries in the Western Canadian Sedimentary Basin. Arcis has complemented its data library through offering global seismic solutions that include seismic data processing, reservoir analysis, geoconsultancy and project management.

The Arcis acquisition will allow TGS to grow into the onshore multi-client and imaging business in Canada and other markets served by Arcis.

The allocation of the purchase price of Arcis has been based upon preliminary fair value studies. Estimates and assumptions are subject to change upon management's review of the final valuations.

	Fair value recognized on acquisition
Assets	
Non-cash working capital	1,282
Fixed assets	3,826
Long-term receivables	3,052
Multi-client data library	25,638
Intangible assets	16,999
Deferred tax asset	5,179
	55,976
Liabilities	
Other long-term liabilities	(5,293)
Deferred tax liability	(3,476)
	(8,769)
Total identifiable net assets at fair value	**47,207**
Goodwill arising on acquisition	24,793
Purchase consideration transferred	**72,000**

The goodwill of USD 24.8 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.

The Arcis acquisition has been consolidated as from 1 July. Consequently, there are no profit or loss effects from the transaction in Q2 2012. If the combination had taken place at the beginning of the year, revenues would have been USD 26.0 million.

Purchase consideration	
Cash paid	72,000
Total consideration	**72,000**

Analysis of cash flows on acquisition:	
Transaction costs of the acquisiton	(378)
Net cash acquired with the subsidiary	5,145
Net cash flow on acquisition	**4,767**

The transaction costs of USD 0.4 million have been expensed and are included in other operating expenses.

On 11 May 2012 the Company acquired 100% of the shares in Volant Solutions Inc. Volant is a small technology company based in Houston that provides integration solutions for E&P companies to address the challenges of managing ever increasing quantities of geotechnical data. The shares in Volant were acquired for USD 4.0 million of which USD 0.4 million has been allocated to goodwill.

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 2012 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, 1 August 2012

Hank Hamilton (Board Chairman)	Colette Lewiner	Elisabeth Harstad
Mark Leonard	Bengt Lie Hansen	Vicki Messer
Robert Hobbs (CEO)		