TGS-NOPEC Geophysical Company ASA

1st Quarter 2003 Results

1st Quarter 2003 Highlights

- **TGS-NOPEC reports its financial figures in its functional currency, USD beginning this quarter. The financial reports for the years 2000, 2001 and 2002 have been converted to USD on a quarterly basis and filed at the Oslo Stock Exchange for reference.**
- **Consolidated Net Revenues for Q1 2003 totaled USD 30,6 million, a decrease of 6% compared to Q1 2002.**
- **Net Pre-funding totaled USD 7,6 million, up 159% from Q1 2002 (USD 2,9 million)**
- **Net Late Sales from the Multi Client library totaled USD 22,5 million, down 22% from USD 28,8 million in Q1 2002.**
- **Operating Profit (EBIT) was USD 10,9 million, 36% of Net Revenues, down 31% from USD 15,8 million in Q1 2002.**
- **Earnings per Share were USD 0,31(USD 0,28 fully diluted) for Q1 2003, down 28%(29%) from USD 0,43 (USD 0,40) in Q1 2002.**
- **Free cash flow for the quarter improved sharply to USD 12,0 million and the Company used USD 10,7 million of this to repay debt.**

"First quarter results were largely in line with our expectations," stated TGS-NOPEC's CEO Hank Hamilton. *"In particular, our pre-funding levels on new projects improved to much more comfortable levels than we experienced in 2002. Despite excellent commodity prices, market signals about near term demand for seismic and well log data remain mixed."*

Revenue Breakdown
Consolidated Net Late Sales of USD 22,5 million represented 74 % of total revenues for the quarter. Net Early Participant revenues totaled USD 7,6 million, funding approximately 54% of the Company's investments into new Multi-Client products during Q1 (USD 14,2 million). Quarterly Net Seismic Late Sales totaled USD 20,7 million, a decrease of 28% from USD 28,8 in Q1 2002. The Company earned proprietary contract revenues in its well log business during the quarter of USD 0,5 million. No seismic contract work was performed during the quarter. Proprietary contract revenues in Q1 2002 were USD 0,9 million.

Consolidated Net Revs Q1 2003 vs Q1 2002 per Geographical region

(In mill USD)	2003	2002	2003	2002	*Change*
Eastern Hemisphere	7,6	6,8	25 %	21 %	12 %
Western Hemisphere	22,9	25,8	75 %	79 %	-11 %
Sum	30,6	32,6	100 %	100 %	-6 %

Operational Costs, Conversion from NOK to USD
The consolidated amortization charge associated with Net Multi-Client revenues was 37% during Q1 2003 compared to 32% in Q1 2002. This rate does fluctuate from quarter to quarter, depending on the sales mix of projects. In the conversion of the consolidated accounts from NOK to USD, the Multi-client library and fixed assets have been converted by applying the historic exchange rates at the time of investment, all the way back to 1996. The amortization rates per quarter are then a function of USD sales versus USD investments. Management retains its previous guidance of an average amortization rate for the full year 2003 in the range 39-44% of Net Revenues.

Operational costs payable for the quarter, excluding materials, were USD 7,3 million, an increase of 48% from Q1 2002 (USD 5,0 million) mainly as a result of the addition of A2D costs. Costs of Materials were USD 0,1 million, down from USD 1,0 million in Q1 2002 because the Company performed no seismic proprietary contract work in Q1 2003.

Profit
Operating Profit for the quarter was USD 10,9 million, representing 36% of Net Revenues, a 31% decrease from Q1 2002 (USD 15,8 million). The quarterly Pre-tax Profit was USD 11,0 million compared to USD 15,8 million reported in Q4 2001.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) for the three months ended March 31st was USD 23,2 million, 76% of Net Revenues, down 13% from USD 26,7 in Q1 2002.

Tax
The computed tax rate for Q1 2003 was 30%. This tax rate is lower than the expected blended tax rate for the Group on an annual basis, mainly due to an adjustment of the provision for taxes in a US subsidiary.

Net Income and Earnings per Share (EPS)
Net Income for Q1 2003 was USD 7,7 million compared to the USD 10,4 million reported in Q1 2002. Earnings per Share (EPS) were USD 0,31 undiluted and USD 0,28 fully diluted. Due to the decline of the share price on the Oslo Stock Exchange during the second half of 2002, only 16% (334,680) of the outstanding stock options issued to key employees (2,119,000) had an exercise price lower than the traded share price during the quarter. Had the Company adjusted for this, the EPS per share, fully diluted would have been USD 0,30. EPS reported in Q1 2002 was USD 0,43 per share (USD 0,40 fully diluted).

Business Segments and Investments
TGS-NOPEC's main business is developing, managing, conducting, and selling non-exclusive seismic surveys. This activity accounted for 90% of the Company's business during the quarter. A2D Technologies, a digital well log and solutions provider acquired in June, accounted for approximately 10% of Consolidated Net Revenues in the 1st quarter. A2D revenues were on plan and the company continued to generate a profit including the cost of goodwill amortization.

The Company invested approximately USD 14,2 million in its data library during Q1 2003, an increase of 82% compared to Q1 2002. This was mainly due to increased activity in the Gulf of Mexico. The Company recognized USD 7,6 million in Net Early Participant Revenues in Q1, funding approximately 54% of its investments during the quarter.

Balance Sheet & Cash Flow
As of March 31st, 2003, the Company's total cash holdings amounted to USD 18,4 million compared to USD 18,1 million at December 31st, 2002. Net cash flow from operating activities (including Multi-Client investments) was USD 12,0 million in Q1 2003. The corresponding operational cash flow for Q1 2002 was USD 7,4 million. Accounts receivable decreased 24% during the quarter. The Company paid down loans by a total of USD 10,7 million during the quarter, settling the full USD 6,5 million drawing on its revolving credit facility and paying an installment of USD 4,2 million on its long-term bank loan. Total interest bearing debt was USD 9,3 million as at March 31st 2003.
Total Equity per March 31st, 2003 was USD 174,6 million, representing 80% of Total Assets.

The Multi-Client Library:

MUSD	**Q1 2003**	Q1 2002	Year 2002	Year 2001	Year 2000
Opening Balance	**117,8**	98,2	98,2	55,5	40,0
In purchase price of A2D			9,5		
Investment	**14,2**	7,8	58,8	90,9	46,4
Amortization	**11,2**	10,3	48,7	48,2	30,9
Net Book Value Ended	**120,8**	95,8	117,8	98,2	55,5

Key Multi Client figures:

MUSD	**Q1 2003**	Q1 2002	Year 2002	Year 2001	Year 2000
Net MC Revenues	**30,1**	31,7	121,5	123,1	85,1
Change in MC Revenue	**-5 %**	18 %	-1 %	45 %	14 %
Change MC Investment	**82 %**	-33 %	-35 %	96 %	21 %
Amort% of Net MC Revs	**37 %**	32 %	40 %	39 %	36 %
Increase in NBV	**3 %**	-3 %	20 %	77 %	39 %

Operational Highlights

The Company added approximately 18,000 kilometers of new 2D and 1,500 square kilometers of new 3D data to its library of marketed seismic surveys during the 1st quarter. A total of six different seismic vessels contributed to this effort. The most active area by far for new acquisition was the US Gulf of Mexico, followed by West Africa and Indonesia. Activity on value-added reprocessing products remained at very high levels during the quarter.

A2D added 85,000 logs from 35,000 wells to its library of digital US well logs during the 1st quarter and continued the effort to build an international well log data base by adding a comprehensive database of 6,400 logs from the eastern Canada offshore area. The smartRASTER subscription program gained momentum with a total of 23 oil companies now participating.

Outlook

The Company's backlog of secured pre-funding for new seismic projects increased 26% to USD 13,1 million per March 31st, 2003 from USD 10,4 million at the end of the 4th quarter. A2D backlog increased 12% to USD 9,5 million from USD 8,5 million per December 31st. Total backlog at the end of Q1 stands at USD 22,6 million.

With the onset of summer weather conditions in the northern hemisphere, our investments will increase accordingly. We expect to begin new projects in Canada and the North Sea during the 2nd quarter and our Gulf of Mexico activity level should remain stable through the summer.

Although volatile, global oil prices have stayed well above the levels budgeted by most oil companies so far in 2003. North American natural gas fundamentals remain excellent. The US active rig count has increased steadily over the last several months, primarily in the onshore sector. Our customers in general are reporting dramatically improved earnings and cash flows. While exact timing is difficult to predict, we expect these factors to create demand for new drilling prospects that should in turn increase demand for seismic and well log data.

TGS-NOPEC continues to expect its overall market in 2003 to remain flat compared to 2002 levels. The Company's previously issued guidance for 2003, including expectations of lower net revenues for the first half of 2003 compared to the first half of 2002 and of 10% net revenue growth in full year 2003 over full year 2002, remains unchanged.

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Naersnes, May 7th, 2003
The Board of Directors of TGS-NOPEC Geophysical Company ASA

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Consolidated Profit & Loss Accounts

	3 Months	3 Months	12 Months
(All amounts in USD 1000's unless noted otherwise)	**Q1 2003**	**Q1 2002**	**2002**
Operating Revenues			
Sales	32 014	34 781	132 099
Income sharing & Royalties	-1 429	-2 152	-7 665
Net Operating Revenues	**30 585**	**32 629**	**124 434**
Operating expenses			
Materials	102	985	2 986
Amortisation of Seismic Library	11 171	10 276	48 707
Personnel costs	4 780	3 500	14 968
Other operating expenses	2 565	1 450	7 954
Depreciation	1 091	593	3 560
Unusual items	-	-	5 102
Total operating expenses	**19 709**	**16 804**	**83 277**
Operating profit	**10 875**	**15 825**	**41 157**
Financial income and expenses			
Interest Income	75	273	723
Interest Expense	-163	-179	-901
Exchange gains/losses	168	-99	-241
Net financial items	**80**	**-4**	**-419**
Profit before taxes	**10 955**	**15 821**	**40 738**
Tax provision	3 303	5 382	14 578
Net Income	**7 652**	**10 439**	**26 160**
EPS USD undiluted	0,31	0,43	1,06
EPS USD fully diluted	0,28	0,40	0,99

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Consolidated Balance Sheet

Balance sheet as at March 31, 2003

(All amounts in USD 1000's unless noted otherwise)	31.03.2003	31.03.2002	31.12.2002
ASSETS			
Long-term assets			
Intangible assets			
Goodwill	15 957	4 326	16 486
Fixed Assets			
Buildings	3 391	3 504	3 456
Machinery and equipment	3 934	3 076	3 949
Vessels	-	15 056	-
Financial Assets			
Long term receivables, included pre-payments	5 667	865	6 000
Total long-term assets	**28 949**	**26 827**	**29 891**
Current assets			
Inventories			
Multiclient seismic Library, net	120 849	95 764	117 822
Receivables			
Accounts receivable	44 367	42 491	58 105
Other short term receivables	5 135	2 491	4 858
Prepaid taxes			
Cash and cash equivalents			
Cash and cash equivalents (including money market funds)	18 408	34 571	18 078
Total current assets	**188 759**	**175 317**	**198 863**
TOTAL ASSETS	**217 708**	**202 144**	**228 754**

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Consolidated Balance Sheet

Balance sheet as at March 31, 2003

(All amounts in USD 1000's unless noted otherwise)	31.03.2003	31.03.2002	31.12.2002
LIABILITIES AND EQUITY			
Equity			
Share capital	3 417	2 762	3 549
Other equity	171 174	142 579	165 184
Total equity	**174 591**	**145 341**	**168 733**
Provisions and liabilities			
Provisions			
Deferred tax liability	4 265	9 436	1 673
Long term liabilities			
Mortgage loans/secured loans	8 443	13 327	13 990
Capitalised lease liabilities	656	1 709	733
Current liabilities			
Short-term interest-bearing debt	159	26	7 397
Accounts payable and debt to partners	16 589	20 866	14 996
Taxes payable, withheld payroll tax, social security	4 443	4 109	8 035
Other current liabilities	8 561	7 330	13 197
Total provisions and liabilities	**43 116**	**56 803**	**60 021**
TOTAL LIABILITIES AND EQUITY	**217 708**	**202 144**	**228 754**

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Consolidated Cashflow Statement

(All amounts in USD 1000's unless noted otherwise)	Q1 2003	Q1 2002	12 Months 2002
Cashflow from operating activities:			
Received payments from sales	44 044	47 537	123 364
Payments for acquired seismic and services	-12 638	-31 438	-99 799
Payments for salaries, pensions, social security tax and tax deducted	-4 815	-3 500	-14 968
Received interest and other financial income	75	273	723
Interest payments and other financial cost	-163	-179	-901
Paid tax and government taxes	-4 302	-2 738	-15 771
Payments for other operating activities and currency differences	-10 207	-2 569	4 965
Net cash flow from operating activities	**11 994**	**7 386**	**-2 387**
Cash flow from investing activities:			
Received payments from fixed assets	0	180	0
Investment in tangible fixed assets	-483	0	0
Investment in A2D		0	-14 500
Net change in long term receivables	333	130	993
Net cash flow from investing activities	**-150**	**310**	**-13 507**
Cash flow from financing activites:			
Net change in short term loans	-7 238	0	6 500
Repayment of long term loans	-4 276	-2 171	-2 948
Paid in equity	0	-1 159	215
Net cash flow from financing activites	**-11 514**	**-3 330**	**3 767**
Net change in cash and cash equivalents	330	4 366	-12 127
Cash and cash equivalents at the beginning of period	18 078	30 205	30 205
Cash and cash equivalents at the end of period	**18 408**	**34 571**	**18 078**

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Equity Reconciliation per March 2003

Equity for the Group

(All amounts in USD 1000's unless noted otherwise)

Opening balance 01.01.03	168 733
Profit for the year	7 652
Effect of change in exchange rates and other items	-1 794
Closing balance per March 2003	**174 591**