

TGS NOPEC Geophysical Company ASA

4th Quarter 1998 Results

4th Quarter 1998

The Pre-tax Profit for the three months ended December 31st, 1998 was NOK 81,0 million which is in line with the NOK 81,4 million Pre-tax Profit reported for the 4th quarter of 1997.

TGS NOPEC is pleased to see that the percentage of own revenue of the sales to Oil Companies increases in line with its expectations: Gross Operating revenues for the quarter were 20% lower than last year; down from NOK 245,4 million in 1997 to NOK 195,8 million, but the Net Operating Revenues were only 7% lower, due to lower Partner Share of Gross Revenues.

The Operating Profit for the quarter was NOK 77,9 million compared to NOK 84,0 million in Q4 last year.

Net Income for the quarter was NOK 49,1 million compared to NOK 48,4 last year.

The Company took delivery of its new vessel, The Northern Access, early in October. Total rigging costs amounted to NOK 115,0 million, financed by a long-term loan of NOK 40 million and NOK 75,0 million own cash. In addition, the Company financed the cost of the seismic equipment aboard the vessel of NOK 45,0 million by a four year lease arrangement of NOK 37,0 million.

During the 4th quarter of 1998, the Company invested NOK 49,0 million in Multi-Client seismic to library and amortised NOK 58,0 million, thereby reducing the Net Book Value of the Seismic Library by NOK 9,0 million.

The Company's total cash holdings were reduced during the 4th quarter by NOK 46,0 million to NOK 167,6 million.

Year 1998

The Net Operating Revenues were NOK 558,6 million, 8% down from NOK 606,8 million last year. Operating Profit was 48% of Net Operating Revenues; NOK 267,2 million, compared to NOK 270,4 million last year.

Pre-tax profit for the year was NOK 273,9 million, 2% higher than the NOK 268,8 million for 1997.

Net income was NOK 176,9 million compared to NOK 180,4 in 1997.

The Proforma Balance Sheet per December 31st 1997 of the merged Company has been revised in accordance with the NGAAP standards. The major adjustments were a reclassification of tax payable from 1997 from equity to short-term debt and a net reduction of Multiclient Library and short-term debt of NOK 36,2 million per December 31st, 1997.

Operations.

During the 4th quarter of 1998, TGS NOPEC added to the multi-client seismic library a total of 22,500 km of 2D, out of which approximately 5,000 kms were acquired by the Odin Explorer in the Far East, approximately 2,000 in the North Sea by Zephyr-1 and approximately 15,500 Kms in North America.

A total of 4,612 Sq. Kms of 3D was added to the library in North America.

The NORTHERN ACCESS started up acquisition of 2D data in the North Sea early in October. The vessel steamed over to the Gulf of Mexico early in November and acquired 2D in the GoM through December.

Outlook for 1999:

The Far East

A contingent offer for the vessel Odin Explorer corresponding to the Net Book Value of the Odin of NOK 37,3 million has been received by the Company. In light of the general decrease in exploration in the Far East, TGS-NOPEC's Board of Directors is evaluating the situation. The alternative cost for chartering in third party vessels on a project-by-project basis has decreased substantially, and an even more flexible cost structure on the Company's vessel operations may be preferred. If the sale should not materialise, the Company may lay up the Odin some time in 1999. The Odin is currently acquiring the Mahakham Delta survey of 6,500 km in Indonesia and is expected to complete the survey in March 1999.

The North Sea/Scandinavia

TGS-NOPEC has chartered the Akademik Lazarev as additional vessel to the Zephyr-1 for 6 months starting in April 1999 for the 27,000 kms non-exclusive 2D campaign in the North Sea..

The Company has entered into a long term agreement with Schlumberger Geco-Prakla to jointly develop and market non-exclusive 3D seismic Projects in Scandinavia. Geco-Prakla, one of the world's largest seismic contractors, will acquire and process the projects. Both TGS-NOPEC and Geco-Prakla control comprehensive 2D non-exclusive coverage over the entire area of cooperation. Development of new 3D projects for the 1999 season utilizing these combined 2D data sets is already in progress.

North America

The GECO SIGMA has been chartered as the first out of two planned vessels to complete the 30,000 kms non-exclusive 2D survey in Nova Scotia.

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Nærnes, February 17th, 1999

The Board of Directors of TGS NOPEC Geophysical Company ASA

TGS NOPEC Geophysical Company ASA

Consolidated Profit & Loss Accounts

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

For the Year ended December 31st	4.Q 1998	4.Q 1997	1998	1997
<i>Operating Revenues</i>				
Sales	195 806	245 413	601 909	754 212
Income sharing & Royalties	-15 980	-52 413	-43 342	-147 442
Net Operating Revenues	179 826	193 001	558 567	606 769
<i>Operating expenses</i>				
Materials	58 462	66 914	119 816	182 742
Personnel costs	14 663	26 210	85 796	84 201
Other operating expenses	16 838	12 647	61 292	57 326
Depreciation	11 924	3 190	24 494	12 070
Total operating expenses	101 887	108 961	291 398	336 340
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Operating profit	77 939	84 040	267 169	270 430
<i>Financial income and expenses</i>				
Financial income	5 409	15 793	16 846	36 163
Financial expenses	-2 351	-18 449	-10 089	-37 758
Net financial items	3 057	-2 656	6 757	-1 595
Profit before taxes	80 996	81 384	273 926	268 834
Estimated Taxes	31 945	32 942	97 052	88 467
Net Income	49 051	48 442	176 875	180 367

TGS NOPEC Geophysical Company ASA

Consolidated Balance Sheet

Balance sheet as at December 31st, 1998

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

31,12,98

31.12.97

ASSETS

Current assets

Cash and cash equivalents (including money market funds)	167 593	233 950
Accounts receivables	152 751	218 334
Other short term receivables	22 352	22 162
Multiclient seismic, net	203 017	129 329
Total current assets	545 714	603 774

Fixed assets

Long term receivables, included pre-payment	12 898	59
Goodwill	42 968	17 000
Vessels	208 671	38 400
Machinery and equipment	27 930	10 883
Buildings	33 555	28 658
Total fixed assets	326 022	95 000

TOTAL ASSETS

871 736

698 774

LIABILITIES AND EQUITY

Current liabilities

Withheld payroll tax, social security etc.	7 560	4 803
Taxes payable	36 074	59 069
Accounts payable	109 461	117 384
Other current liabilities	64 775	111 231
Total current liabilities	217 871	292 486

Long term liabilities

Deferred tax liability	27 741	23 643
Mortgage loans/secured loans	140 441	109 632
Other long term liabilities	53 418	21 023
Total long term liabilities	221 601	154 298

Equity

Share capital	23 925	23 497
Other equity	408 339	228 492
Total equity	432 264	251 990

TOTAL LIABILITIES AND EQUITY

871 736

698 774

TGS NOPEC Geophysical Company ASA

Cash Flow Statement

Group

1998

Cash flow from operating activities

Received payments from sales	624 150
Payments for purchased goods and services	-201 427
Payments for salaries, pensions, social security tax and tax deducted	-83 039
Received interest	16 846
Interest payments	-10 089
Taxes paid	-115 949
Other payments	-107 935
Net cash flow from operating activities 1)	122 557

Cash flow from investing activities

Investment in tangible fixed assets	-205 561
Investment financed by financial lease	-37 116
Other investments	-12 839
Net cash flow from investing activities	-255 516

Cash flow from financing activities

Increase of long term debt	45 063
Leasefinancing of owned equipment	37 116
Repayment of long term loans	-18 975
Issued new capital	25 922
Demerger - decrease of equity	-25 613
Currency exchange differences	3 089
Net cash flow from financing activities	66 602

Net change in cash and cash equivalents	-66 357
Cash and cash equivalents at the beginning of period	233 950
Cash and cash equivalents at the end of period	167 593

1) Reconciliation

Profit before taxes	273 926
Depreciation	24 494
Changes in inventory	-73 688
Changes in accounts receivables	65 583
Changes in other receivables	-190
Changes in accounts payable	-7 923
Changes in other balance sheet items	-43 696
Taxes paid	-115 949
Net cash flow from operating activities	122 557