



COMPANY REGISTRATION NUMBER 1956990

**PGS GEOPHYSICAL (ANGOLA) LTD**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

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**PGS GEOPHYSICAL (ANGOLA) LTD**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

| <b>Contents</b>   | <b>Pages</b>    |
|---|-----------------|
| Officers and other information  | <b>1</b>        |
| Directors' report   | <b>2 to 4</b>   |
| Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements | <b>5</b>        |
| Independent auditor's report to the members of PGS Geophysical (Angola) Ltd                               | <b>6 to 7</b>   |
| Profit and loss account   | <b>8</b>        |
| Balance sheet   | <b>9</b>        |
| Notes to the financial statements   | <b>10 to 18</b> |

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**PGS GEOPHYSICAL (ANGOLA) LTD**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**OFFICERS AND OTHER INFORMATION**

**Directors** R Eng (resigned 5 November 2010)  
S Cather  
G Langseth  
C Steen-Nilsen

**Secretary** M C Pinto

**Auditors** KPMG LLP  
One Snow Hill  
Snowhill Queensway  
Birmingham  
West Midlands, B4 6GH  
United Kingdom

**Registered office** 4, The Heights  
Brooklands  
Weybridge  
Surrey, KT13 0NY  
United Kingdom

**Registered number** 1956990

## **PGS GEOPHYSICAL (ANGOLA) LTD**

### **DIRECTORS' REPORT**

The directors present their report and financial statements of the company for the year ended 31 December 2010

#### **Principal activities**

The principal activity of the company is the provision of geophysical services, including seismic data processing, to the African market

The company is a member of the Petroleum Geo-Services Group ("the group"), a Norwegian registered oil services group with operations worldwide. The group offers a wide range of seismic and reservoir services, including acquisition, processing, interpretation and field evaluation. It also possesses the world's most extensive MultiClient data library

#### **Results and dividends**

The profit for the year after taxation is \$455,000 (2009 profit \$36,000)

The directors do not recommend a dividend (2009 Nil)

In view of the net liabilities on its balance sheet, the company has received assurance from its ultimate parent company that it will continue to receive financial support for a period of at least 12 months from the signing of the accounts in order to meet its obligations as they fall due

#### **Business review and future developments**

The company has operated in a similar way to previous years. Market conditions have been difficult but the directors are pleased with the results for the year and consider the outlook for the forthcoming year to be positive

No significant change in the business activities is expected in the immediate foreseeable future

#### **Principal risks and uncertainties of the company**

The management of the business and the execution of the company's strategy are subject to a number of risks, all of which are closely integrated with those of the group

The key business risks and uncertainties affecting the company are considered to relate to competition from other international oil and gas industry consultants and to the price of oil, which is the key driver of demand for the company's services and future profitability

From the perspective of the company, the principal risks and uncertainties are so integrated with the principal risks of the group that they are not managed separately. Accordingly, the principal risks and uncertainties of the Petroleum Geo-Services Group, which include those of the company, are discussed below

#### **Principal risks and uncertainties of the group**

The group is exposed to adverse changes in interest rates, which is managed through financial instruments such as interest rate swaps.

A portion of the group's foreign currency exchange risk on cash flows related to sales, expenses, financing and investing transactions in currencies other than the US dollar are hedged through forward currency exchange contracts

Credit risk relating to the group's trade receivables is relatively limited due to the nature of the customer base and the historic low level of losses on trade receivables. Ongoing credit evaluations of customers are used to manage exposure to this type of risk

## **PGS GEOPHYSICAL (ANGOLA) LTD**

### **DIRECTORS' REPORT *(continued)***

Finally, as a result of the global economic and financial crisis, capital markets are generally less predictable and available than historically experienced. This represents an increased risk for all companies with respect to meeting possible future funding needs. The Petroleum Geo-Services Group continuously monitors its banks and has no reason to believe that they will not meet the group's funding commitments if called upon.

The principal risks and uncertainties of the Petroleum Geo-Services Group, which include those of the company, are discussed in more detail on pages 63 to 65 of the group's annual report.

#### **Key performance indicators ("KPI's")**

The directors of the Petroleum Geo-Services Group manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of PGS Geophysical (Angola) Limited. The development, performance and position of the group, which includes the company, is discussed on pages 58 to 67 of the group's annual report which does not form part of this report.

#### **Research and development**

The company contributes to the Petroleum Geo-Services Group's worldwide research and development programmes, the aims of which are the practical application and early introduction of relevant new technologies.

#### **Directors**

The directors who served the company during the year and to the date of this report were as follows:

R Eng (resigned 5 November 2010)  
S Cather  
G Langseth  
C Steen-Nilsen

#### **Employee involvement, disabled persons, health & safety**

The company has developed a network for communicating with employees, including those in remote locations or at sea. Pertinent and topical information is distributed on a regular basis and channels for feedback are clearly established. Financial information is available from the parent company's web site and industry and technical news items are distributed and discussed at regular intervals.

The company will always give due consideration for job vacancies to disabled persons and, should an employee working in a harsh environment become disabled, full consideration will be given to retaining that person in alternative work wherever possible.

The company aspires to the highest standards of health, safety and regard for the environment. It participates in industry forums and maintains an active information and reporting system for areas of operation with particular risks.

#### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**PGS GEOPHYSICAL (ANGOLA) LTD**

**DIRECTORS' REPORT** *(continued)*

**Appointment of auditors**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in office

Signed by order of the board



M C Pinto  
Company Secretary

28 September 2011

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## **PGS GEOPHYSICAL (ANGOLA) LTD**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PGS GEOPHYSICAL (ANGOLA) LTD**

We have audited the financial statements of PGS Geophysical (Angola) Limited for the year ended 31 December 2010 set out on pages 8 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

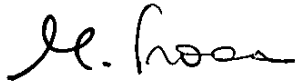


**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
PGS GEOPHYSICAL (ANGOLA) LTD *(continued)***

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**M Froom (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Snow Hill  
Snowhill Queensway  
Birmingham B4 6GH

28 September 2011

**PGS GEOPHYSICAL (ANGOLA) LTD**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2010**

|  | Note     | 2010<br>\$000     | 2009<br>\$000    |
|--|----------|-------------------|------------------|
| <b>Turnover</b>                                      | <b>2</b> | 11,515            | 5,847            |
| Cost of sales  |          | (11,039)          | (5,551)          |
| <b>Gross profit</b>                                  |          | <u>476</u>        | <u>296</u>       |
| Administrative expenses                              |          | (32)              | (24)             |
| <b>Operating profit</b>                              | <b>3</b> | <u>444</u>        | <u>272</u>       |
| Interest payable and similar charges                 | <b>5</b> | (37)              | (72)             |
| <b>Profit on ordinary activities before taxation</b> |          | <u>407</u>        | <u>200</u>       |
| Tax on profit on ordinary activities                 | <b>6</b> | 48                | (164)            |
| <b>Profit for the financial year</b>                 |          | <u><u>455</u></u> | <u><u>36</u></u> |

The company's results are derived from continuing activities. There are no recognised gains and losses other than the results for the current and preceding year as set out above.

The notes on pages 10 to 18 form part of these financial statements.

**PGS GEOPHYSICAL (ANGOLA) LTD**

**BALANCE SHEET**

**31 DECEMBER 2010**

|   | Note | 2010<br>\$000   | 2009<br>\$000   |
|---|------|-----------------|-----------------|
| <b>Fixed assets</b>                                   |      |                 |                 |
| Tangible assets                                       | 7    | 173             | 83              |
| <b>Current assets</b>                                 |      |                 |                 |
| Debtors   | 8    | 248             | 4,119           |
| Cash at bank  |      | 62              | 48              |
|   |      | <u>310</u>      | <u>4,167</u>    |
| <b>Creditors: amounts falling due within one year</b> | 9    | <u>(1,175)</u>  | <u>(5,397)</u>  |
| <b>Net current liabilities</b>                        |      | (865)           | (1,230)         |
| <b>Net liabilities</b>                                |      | <u>(692)</u>    | <u>(1,147)</u>  |
| <b>Capital and reserves</b>                           |      |                 |                 |
| Called-up equity share capital                        | 11   | 9,822           | 9,822           |
| Profit and loss account                               | 12   | <u>(10,514)</u> | <u>(10,969)</u> |
| <b>Shareholder's deficit</b>                          | 13   | <u>(692)</u>    | <u>(1,147)</u>  |

These financial statements were approved by the directors on the  
are signed on their behalf by.

28

September 2011 and

  
C Steen-Nilsen  
Director

Company number 1956990

The notes on pages 10 to 18 form part of these financial statements.

**PGS GEOPHYSICAL (ANGOLA) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**1. Accounting policies**

The following accounting policies have been applied consistently in deciding the items which are considered material in relation to the financial statements

**Basis of preparation**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. They have been presented in US\$ as this is the currency in which the company operates

**Going concern**

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of \$692,000, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Petroleum Geo-Services ASA, the company's ultimate parent undertaking. Petroleum Geo-Services ASA has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors, having assessed the responses of the directors of the company's ultimate parent, Petroleum Geo-Services ASA, to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Petroleum Geo-Services group to continue as a going concern or its ability to continue with the current banking arrangements.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result in the basis of preparation being inappropriate.

**Cash flow statement**

Under FRS 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that Petroleum Geo-Services ASA includes the company in its own published consolidated financial statements.

**PGS GEOPHYSICAL (ANGOLA) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**1. Accounting policies** *(continued)*

**Revenue Recognition**

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

- Persuasive evidence of an arrangement exists,
- Delivery has occurred or services have been rendered and the customer has accepted the product or service,
- The price to the buyer is fixed and determinable, and
- Collectability is reasonably assured

Revenue is recognised as services are performed, provided all other recognition criteria are satisfied.

The company defers the unearned component of payments received from customers for which the revenue recognition criteria have not been met.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided to all tangible fixed assets and is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

|           |         |
|-----------|---------|
| Equipment | - 33 3% |
|-----------|---------|

The carrying values of the tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

**Impairment of fixed assets**

The carrying amounts of the company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

*Calculation of recoverable amount*

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

**PGS GEOPHYSICAL (ANGOLA) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**1. Accounting policies** *(continued)*

*Reversals of impairment*

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss is recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable, and
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

**2. Turnover**

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

|        | 2010<br>\$000 | 2009<br>\$000 |
|--------|---------------|---------------|
| Africa | <u>11,515</u> | <u>5,847</u>  |

**PGS GEOPHYSICAL (ANGOLA) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**3. Operating profit**

|  |                             |                             |
|--|-----------------------------|-----------------------------|
| Operating profit is stated after charging                          | <b>2010</b><br><b>\$000</b> | <b>2009</b><br><b>\$000</b> |
| Depreciation of owned fixed assets (see note 7)                    | 79                          | 79                          |
| Operating lease rentals  |                             |                             |
| Land and buildings   | 253                         | 271                         |
| Auditor's remuneration for the audit of these financial statements |                             |                             |
| Payable to KPMG LLP  | 12                          | 7                           |
| Net loss on foreign currency translation                           | <u>6</u>                    | <u>2</u>                    |

**4. Staff costs**

**(a) Staff costs**

|   |                             |                             |
|---|-----------------------------|-----------------------------|
| The aggregate payroll costs of the above were | <b>2010</b><br><b>\$000</b> | <b>2009</b><br><b>\$000</b> |
| Wages and salaries                            | 373                         | 436                         |
| Social security costs                         | <u>13</u>                   | <u>17</u>                   |
|   | <u>386</u>                  | <u>453</u>                  |

The average number of persons employed during the year (excluding executive directors) was 8 (2009: 9)

**(b) Directors' remuneration**

None of the directors received any fees or remuneration for services as a director of the company during the financial year (2009 Nil)

The remuneration of the directors is paid by other group companies, which make no recharges to the company. The directors act in a group capacity only and do not allocate specific time to the company and therefore it is not possible to make an accurate apportionment of their emoluments in respect of the company.

**PGS GEOPHYSICAL (ANGOLA) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**5. Interest payable and similar charges**

|                                 | <b>2010</b><br><b>\$000</b> | <b>2009</b><br><b>\$000</b> |
|---------------------------------|-----------------------------|-----------------------------|
| Interest payable on group loans | <u>37</u>                   | <u>72</u>                   |

**6. Tax on profit on ordinary activities**

**(a) Analysis of charge in the year**

|  | <b>2010</b><br><b>\$000</b> | <b>2009</b><br><b>\$000</b> |
|--|-----------------------------|-----------------------------|
| Current tax  |                             |                             |
| UK Corporation tax   |                             |                             |
| – current year   | 35                          | 81                          |
| – double tax relief  | (35)                        | (81)                        |
| – adjustment in respect of previous period                         | -                           | (7)                         |
| Foreign tax  |                             |                             |
| – current year   | 136                         | 173                         |
| – adjustment in respect of previous period                         | (165)                       | -                           |
| Total current tax (see note 6(b))                                  | <u>(29)</u>                 | <u>166</u>                  |
| Deferred taxation  |                             |                             |
| Origination and reversal of timing differences arising in the year | (19)                        | (2)                         |
| Recognition of timing differences arising in prior periods         | -                           | -                           |
|  | <u>(19)</u>                 | <u>(2)</u>                  |
| Total tax (credit) / charge on profit on ordinary activities       | <u>(48)</u>                 | <u>164</u>                  |



**PGS GEOPHYSICAL (ANGOLA) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**6. Tax on profit on ordinary activities** *(continued)*

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower (2009. higher) than the standard rate of corporation tax in the UK of 28% (2009 – 28%)

| The differences are explained below                      | <b>2010</b><br><b>\$000</b> | <b>2009</b><br><b>\$000</b> |
|--|-----------------------------|-----------------------------|
| Profit on ordinary activities before taxation            | 407                         | 200                         |
| Expected tax charge at standard tax rate                 | 114                         | 56                          |
| Expenses not eligible for tax relief                     | 13                          | 18                          |
| Timing differences                                       | (97)                        | 7                           |
| Foreign exchange movement relating to timing differences | -                           | (4)                         |
| Change in tax rate relating to timing differences        | 5                           | -                           |
| Higher rate of tax on foreign income                     | 101                         | 96                          |
| Prior year timing differences                            | (112)                       | 16                          |
| Prior year trade interest allowable                      | 16                          | (16)                        |
| Reversal of prior year foreign tax provision             | (69)                        | -                           |
| Adjustment to prior year UK corporation tax provision    | -                           | (7)                         |
| Total current tax charge (note 6(a))                     | (29)                        | 166                         |

**(c) Deferred tax asset**

The company has carried forward timing differences as shown below that are available indefinitely to be offset against future taxable profits

|   | <b>2010</b><br><b>\$000</b> | <b>2009</b><br><b>\$000</b> |
|---|-----------------------------|-----------------------------|
| <b>Recognised:</b>                            |                             |                             |
| Depreciation in advance of capital allowances | 76                          | 57                          |
| <b>Unrecognised:</b>                          |                             |                             |
| Non trade financial losses                    | 55                          | 57                          |
| Other timing differences                      | 101                         | 226                         |
| Total   | 232                         | 340                         |

Deferred tax assets have been recognised in relation to these losses and other timing differences to the extent that the recognition criteria for deferred tax assets in FRS 19 'Deferred Tax' are satisfied

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011 respectively. The deferred tax assets are calculated at a tax rate of 27% (2009 – 28%) as this is the future rate at the balance sheet date.

**PGS GEOPHYSICAL (ANGOLA) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**6. Tax on profit on ordinary activities *(continued)***

**(d) Movement on recognised deferred tax balances**

|                                   | <b>2010</b>  | <b>2009</b>  |
|-----------------------------------|--------------|--------------|
|                                   | <b>\$000</b> | <b>\$000</b> |
| At beginning of year              | 57           | 55           |
| Credit to profit and loss account | 19           | 2            |
| At end of year                    | <u>76</u>    | <u>57</u>    |

**7. Tangible fixed assets**

|                                    | <b>Equipment</b> |
|------------------------------------|------------------|
|                                    | <b>\$000</b>     |
| <b>Cost:</b>                       |                  |
| At 1 January 2010                  | 684              |
| Additions                          | 169              |
| At 31 December 2010                | <u>853</u>       |
| <b>Depreciation:</b>               |                  |
| At 1 January 2010                  | 601              |
| Charge for the year                | 79               |
| At 31 December 2010                | <u>680</u>       |
| <b>Net book value:</b>             |                  |
| Net book value at 31 December 2010 | <u>173</u>       |
| Net book value at 31 December 2009 | <u>83</u>        |

**8. Debtors: amounts falling due within one year**

|                                    | <b>2010</b>  | <b>2009</b>  |
|------------------------------------|--------------|--------------|
|                                    | <b>\$000</b> | <b>\$000</b> |
| Amounts owed by group undertakings | 54           | 4,001        |
| Prepayments and accrued income     | 118          | 61           |
| Deferred tax asset                 | 76           | 57           |
|                                    | <u>248</u>   | <u>4,119</u> |

Amounts owed between the company and other group undertakings are treated as trading balances and do not bear any interest

**PGS GEOPHYSICAL (ANGOLA) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**9. Creditors: amounts falling due within one year**

|   | <b>2010</b><br><b>\$000</b> | <b>2009</b><br><b>\$000</b> |
|---|-----------------------------|-----------------------------|
| Trade creditors                             | 5                           | 28                          |
| Amounts owed to ultimate parent undertaking | 822                         | 1,578                       |
| Amounts owed to other group undertakings    | 123                         | 3,555                       |
| Foreign tax                                 | 144                         | 165                         |
| Other taxes and social security             | 11                          | 9                           |
| Accruals and deferred income                | 70                          | 62                          |
|   | <u>1,175</u>                | <u>5,397</u>                |

Amounts owed between the company and the ultimate parent undertaking are covered by a mutual credit agreement in which the amounts are unsecured, repayable on demand and bear interest at 3-month LIBOR plus 3% per annum

Amounts owed between the company and other group undertakings are treated as trading balances and do not bear any interest

**10. Commitments under operating leases**

As at 31 December 2010 the company had annual commitments under non-cancellable operating leases as set out below

|                               | <b>2010</b><br><b>Land &amp; Buildings</b><br><b>\$000</b> | <b>2009</b><br><b>Land &amp; Buildings</b><br><b>\$000</b> |
|-------------------------------|--|--|
| Operating leases which expire |  |  |
| Within 1 year                 | 78   | 122  |
| Within 2 to 5 years           | 202  | 216  |
|                               | <u>280</u>   | <u>338</u>   |

**11. Share capital**

Allotted, called up and fully paid

|                            | 2010      |       | 2009      |       |
|----------------------------|-----------|-------|-----------|-------|
|                            | No        | \$000 | No        | \$000 |
| Ordinary shares of £1 each | 5,110,000 | 9,822 | 5,110,000 | 9,822 |

**PGS GEOPHYSICAL (ANGOLA) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**12. Profit and loss account**

|                               | <b>2010</b><br><b>\$000</b> | <b>2009</b><br><b>\$000</b> |
|-------------------------------|-----------------------------|-----------------------------|
| Balance brought forward       | (10,969)                    | (11,005)                    |
| Profit for the financial year | 455                         | 36                          |
| Balance carried forward       | <u>(10,514)</u>             | <u>(10,969)</u>             |

**13. Reconciliation of movements in shareholders' funds**

|                               | <b>2010</b><br><b>\$000</b> | <b>2009</b><br><b>\$000</b> |
|-------------------------------|-----------------------------|-----------------------------|
| Profit for the financial year | 455                         | 36                          |
| Opening shareholders' deficit | (1,147)                     | (1,183)                     |
| Closing shareholders' deficit | <u>(692)</u>                | <u>(1,147)</u>              |

**14. Related party transactions**

As the company is a wholly owned subsidiary of Petroleum Geo-Services ASA it has taken advantage of the exemptions provided by FRS 8 (Related Party Transactions) in not disclosing transactions with other wholly owned group companies

**15. Ultimate parent company**

The immediate parent company is Petroleum Geo-Services (UK) Limited, a company registered in the United Kingdom. The ultimate parent company and the ultimate controlling party is Petroleum Geo-Services ASA, a company registered in Norway. The smallest and largest group in which the results of the company are consolidated is that headed by Petroleum Geo-Services ASA.

Group financial statements are available from Petroleum Geo-Services ASA, Strandveien 4, 1366 Lysaker, Norway