



COMPANY REGISTRATION NUMBER 2904391

PGS EXPLORATION (UK) LIMITED
FINANCIAL STATEMENTS
31ST DECEMBER 2002



PGS EXPLORATION (UK) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2002

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PGS EXPLORATION (UK) LIMITED
OFFICERS AND OTHER INFORMATION

The board of directors	S Rennemo C Steen-Nilsen G Langseth
Company secretary	H Nevile
Registered office	PGS Court Halfway Green Walton on Thames Surrey KT12 1RS
Auditors	Ernst & Young LLP Registered Auditors 1 More London Place London SE1 2AF
Company registration number	2904391

PGS EXPLORATION (UK) LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31ST DECEMBER 2002

The directors present their report and the financial statements of the company for the year ended 31st December 2002.

Principal activities and review of the business

The principal activity of the company is the acquisition and processing of marine seismic surveys. It is a member of the Petroleum-Geo Services Group, a Norwegian registered oil services group with operations worldwide. The company has branches in the USA and Singapore.

Total turnover in 2002 was £131 million as compared to £171 million for 2001.

Seismic market conditions during 2002 continued to be very difficult. Our revenue declined yet through better operational performance we were able to reduce our net loss. Despite an increase in oil and gas prices the recovery in exploration and development activities was slow to materialise and we have continued to suffer extreme price pressure due to over-capacity in our key markets. The company's net loss for 2002 reflects these overall market conditions. We expect however that the demand for the company's services will increase and that profitability will be restored.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Research and development

The company contributes to the PGS 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 were as follows:

AR Mackewn
C Walker (Resigned 23rd December 2002)

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

S Rennemo was appointed as a director on 14th February 2003.

C Steen-Nilsen was appointed as a director on 14th February 2003.

G Langseth was appointed as a director on 23rd March 2004.

K Oversjoen was appointed as a director on 14th February 2003 and resigned on 23rd March 2004.

AR Mackewn resigned as a director on 14th February 2003.

Policy on the payment of creditors

In the UK, wherever possible, the company agrees payment terms with its external suppliers when it enters into binding contracts. It seeks to abide by the terms agreed whenever it is satisfied that the supplier has performed under the terms agreed. In the absence of any specified credit terms it is the company's practice to settle outstanding debts within 30 days of satisfactory receipt of the goods or services in question. Due to the significant volume of transactions with other PGS group companies, which are subject to specific settlement agreements, it is not practical to calculate the number of external creditor days.

PGS EXPLORATION (UK) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2002

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.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 8 to 10, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors confirm that they have complied with these requirements and having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, they will continue to adopt the going concern basis in preparing the accounts.

Post balance sheet event

During 2003 the ultimate parent company, Petroleum Geo-Services ASA ("PGS ASA") was subject to a major reorganisation under Chapter 11 of the United States bankruptcy code during which the total debt of the group headed by PGS ASA was restructured to a more sustainable level. This process was completed and approved by both creditors and shareholders in November 2003, at which time PGS ASA emerged from Chapter 11.

In November 2004, PGS ASA completed the audit of its 2003 Financial Statements and re-audit of 2001 & 2002 Financial Statements U.S. GAAP and subsequently filed its Annual Report on Form 20-F with the U.S. Securities and Exchange commission. It can now seek a re-listing of its American Depositary Shares ("ADSs") on a U.S. national securities exchange and financial rating of its Bond debt.

The restructuring of group debt was at parent company level only, with all subsidiaries able to continue trading as usual.

PGS EXPLORATION (UK) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2002

Auditors

Ernst & Young LLP were appointed Auditors of PGS Exploration (UK) Limited on 20th October 2004. A resolution to re-appoint them as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors



H Nevile
Company Secretary

30 November 2004

Registered office:
PGS Court
Halfway Green
Walton on Thames
Surrey
KT12 1RS

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF

PGS EXPLORATION (UK) LIMITED

We have audited the financial statements for the year ended 31st December 2002 which comprise the profit and loss account, balance sheet and the related notes 1 to 21. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholder, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Directors' Report the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2002 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



ERNST & YOUNG LLP
Registered Auditor
London

30 November 2004

PGS EXPLORATION (UK) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 2002

		2002 £000	2001 £000
Turnover	2	131,132	171,272
Cost of sales		(146,078)	(190,434)
Gross loss		<u>(14,946)</u>	<u>(19,162)</u>
Administrative expenses		(3,365)	(2,472)
Operating loss	3	(18,311)	(21,634)
Interest receivable	6	540	903
Interest payable	7	(1,936)	(5,452)
Loss on ordinary activities before taxation		<u>(19,707)</u>	<u>(26,183)</u>
Tax on loss on ordinary activities	8	(2,754)	(2,757)
Loss on ordinary activities after taxation, being loss for the financial year		<u>(22,461)</u>	<u>(28,940)</u>

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 8 to 16 form part of these financial statements.

PGS EXPLORATION (UK) LIMITED

BALANCE SHEET

31ST DECEMBER 2002

	Note	2002 £000	£000	2001 £000	£000
Fixed assets					
Tangible assets	9		2,376		3,144
Current assets					
Stocks	10	27,887		22,396	
Debtors due within one year	11	65,365		112,362	
Debtors due after one year	11	—		6,549	
Cash at bank		1,634		1,052	
		<u>94,886</u>		<u>142,359</u>	
Creditors: amounts falling due within one year	12	<u>(18,795)</u>		<u>(38,692)</u>	
Net current assets			<u>76,091</u>		<u>103,667</u>
Total assets less current liabilities			<u>78,467</u>		<u>106,811</u>
Creditors: amounts falling due after more than one year	13		<u>(44,530)</u>		<u>(50,413)</u>
			<u>33,937</u>		<u>56,398</u>
Capital and reserves					
Called-up equity share capital	16		130,817		130,817
Profit and loss account	17		<u>(96,880)</u>		<u>(74,419)</u>
Shareholder's funds	18		<u>33,937</u>		<u>56,398</u>

These financial statements were approved by the directors on 30 November 2004 and are signed on their behalf by:

.....
C Steen-Nilsen

The notes on pages 8 to 16 form part of these financial statements.

PGS EXPLORATION (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2002

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and include the results of the company's operations which are described in the directors' report and all of which are continuing.

In preparing the financial statements for the current year, the company has adopted FRS 17 'Retirement Benefits', FRS 18 'Accounting Policies' & FRS 19 'Deferred Tax'. There has been no revision to the financial statements of either the current or prior period as a result of the adoption of these standards. The financial statements have been prepared on a going concern basis as the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Going concern

The company is funded on a day to day basis by an inter-company loan from its ultimate parent company, Petroleum Geo-Services ASA ("PGS ASA"). During 2003 the group was subject to a major reorganisation under Chapter 11 of the United States bankruptcy code during which the total debt of the group headed by PGS ASA was restructured to a more sustainable level. This process was completed and approved by both creditors and shareholders in November 2003, at which time PGS ASA emerged from Chapter 11.

In November 2004, PGS ASA completed the audit of its 2003 Financial Statements and re-audit of 2001 & 2002 Financial Statements under US GAAP and subsequently filed its Annual Report on Form 20-F with the U.S. Securities and Exchange commission. Consequently it can now seek a re-listing of its American Depositary Shares ("ADSs") on a U.S. national securities exchange and financial rating of its Bond debt.

The restructuring of group debt was at the parent company level only, with all subsidiaries able to continue trading as usual. The company continues to obtain such funding as it requires for its day to day operations from PGS ASA and, based on communications between the directors of the company and the directors of PGS ASA as to the current status of the matter referred to above, believes that it will continue to do so for the foreseeable future. The directors have also received assurance from PGS ASA that it will continue to receive financial support for the foreseeable future in order to meet its obligations as they fall due.

On that basis, the directors have a reasonable expectation that the company will be able to meet its obligations for the foreseeable future and for this reason the going concern basis has been adopted in preparing these financial statements.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced net of value added tax for services rendered during the year.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

PGS EXPLORATION (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2002

1. Accounting policies *(continued)*

Depreciation

Depreciation 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:

Office equipment	-	4 years
Furniture, fixtures and fittings	-	6 years
Computer equipment	-	3 years

Work in progress

Own seismic data is valued at the lower of amortised cost and net realisable value. Costs are amortised in proportion to the sales recorded in each year for each survey as a percentage of the total estimated sales over the life of the survey. Furthermore, should there be any impairment in the value of any survey, additional amortisation is charged so as to reduce the amortised cost to net realisable value.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The group operates a defined benefit pension scheme for the majority of the group's employees. Due to the nature of the scheme individual group companies are unable to identify their share of the underlying assets and liabilities. Therefore, in the accounts of the subsidiaries, the scheme is treated as a defined contribution scheme.

The company also contributes to a defined contribution scheme. Payments to this scheme are charged to the profit and loss account as incurred.

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.

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.

PGS EXPLORATION (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2002

1. Accounting policies *(continued)*

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. Turnover

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

	2002 £000	2001 £000
United Kingdom	50,036	5,605
Other European countries	24,847	91,698
America	18,515	35,739
Rest of the world	37,734	38,230
	<u>131,132</u>	<u>171,272</u>

3. Operating loss

Operating loss is stated after charging/(crediting):

	2002 £000	2001 £000
Directors' emoluments	590	438
Research and development expenditure written off	385	468
Depreciation of owned fixed assets	1,278	531
Depreciation of assets held under finance lease agreements	9	137
Auditors' remuneration		
- as auditors	111	49
- for other services	106	154
Operating lease costs:		
Land and buildings	1,086	1,086
Hire of plant and machinery	52,274	62,264
Exchange loss	(4,236)	(2,074)
Impairment of own seismic data	—	639
	<u> </u>	<u> </u>

PGS EXPLORATION (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2002

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2002	2001
	No	No
Number of administrative staff	<u>186</u>	<u>153</u>

The aggregate payroll costs of the above were:

	2002	2001
	£000	£000
Wages and salaries	7,275	7,337
Social security costs	669	675
Other pension costs	3,552	1,502
	<u>11,496</u>	<u>9,514</u>

All employees were involved in the principal activity of the company and were based at the principal office of the company.

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2002	2001
	£000	£000
Emoluments receivable	590	438
Value of company pension contributions to money purchase schemes	47	14
	<u>637</u>	<u>452</u>

Emoluments of highest paid director:

	2002	2001
	£000	£000
Total emoluments (excluding pension contributions)	<u>474</u>	<u>319</u>

Benefits are accruing under a defined benefits pension scheme and, at the year end the cost of the accrued pension amounted to £47,000 (2001: £22,000).

The number of directors who accrued benefits under company pension schemes was as follows:

	2002	2001
	No	No
Money purchase schemes	—	1
Defined benefit schemes	<u>2</u>	<u>2</u>

PGS EXPLORATION (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2002

5. Directors' emoluments *(continued)*

All directors have either been granted or have exercised share options in the ultimate holding company, Petroleum Geo-Services ASA. Details may be found in the Annual Report & Accounts of that company.

6. Interest receivable

	2002 £000	2001 £000
Bank interest receivable	46	100
Interest received from group undertakings	494	803
	<u>540</u>	<u>903</u>

7. Interest payable and similar charges

	2002 £000	2001 £000
Interest payable on bank borrowing	31	46
Finance charges	—	4
Interest payable on group loans	1,905	5,402
	<u>1,936</u>	<u>5,452</u>

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2002 £000	2001 £000
Foreign tax		
Current tax on income for the year	2,754	2,757
Total current tax	<u>2,754</u>	<u>2,757</u>

PGS EXPLORATION (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2002

8. Taxation on ordinary activities *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2002 £000	2001 £000
Loss on ordinary activities before taxation	(19,707)	(26,183)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001: 30%)	(5,912)	(8,744)
Tax losses and other timing differences not recognised	5,912	8,744
Foreign tax	2,754	2,757
Total current tax (note 8(a))	<u>2,754</u>	<u>2,757</u>

The company has carried forward tax losses and other timing differences of £25,889,335 (2001: £16,518,333) that are available indefinitely to be offset against future taxable profits. Deferred tax assets have not been recognised in relation to these losses since the company is not expected to be able to utilise the losses in the near future. The losses would be recoverable should sufficient taxable profits be generated in the future against which these losses could be offset.

9. Tangible fixed assets

	Office equipment £000	Fixtures & Fittings £000	Leased Equipment £000	Total £000
Cost				
At 1st January 2002	3,700	3,203	1,608	8,511
Additions	334	385	—	719
Disposals	(295)	(5)	(20)	(320)
At 31st December 2002	<u>3,739</u>	<u>3,583</u>	<u>1,588</u>	<u>8,910</u>
Depreciation				
At 1st January 2002	1,734	2,055	1,578	5,367
Charge for the year	876	402	9	1,287
On disposals	(104)	(1)	(15)	(120)
At 31st December 2002	<u>2,506</u>	<u>2,456</u>	<u>1,572</u>	<u>6,534</u>
Net book value				
At 31st December 2002	<u>1,233</u>	<u>1,127</u>	<u>16</u>	<u>2,376</u>
At 31st December 2001	<u>1,966</u>	<u>1,148</u>	<u>30</u>	<u>3,144</u>

PGS EXPLORATION (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2002

10. Stocks

	2002	2001
	£000	£000
Seismic Data Library		
Work in progress	18,004	10,442
Completed data	9,883	11,954
	<u>27,887</u>	<u>22,396</u>

11. Debtors

	2002	2001
	£000	£000
Trade debtors	23,129	24,684
Amounts owed by group undertakings	19,616	75,336
Other debtors	6,039	3,893
Prepayments and accrued income	16,581	14,998
	<u>65,365</u>	<u>118,911</u>

The debtors above include the following amounts falling due after more than one year:

	2002	2001
	£000	£000
Amounts owed by group undertakings	—	6,549

12. Creditors: amounts falling due within one year

	2002	2001
	£000	£000
Trade creditors	5,451	9,151
Amounts owed to group undertakings	6,746	27,049
PAYE and social security	452	448
Foreign withholding tax	2,615	1,630
Accruals and deferred income	3,531	414
	<u>18,795</u>	<u>38,692</u>

13. Creditors: amounts falling due after more than one year

	2002	2001
	£000	£000
Amounts owed to group undertakings	<u>44,530</u>	<u>50,413</u>

PGS EXPLORATION (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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14. Commitments under operating leases

At 31st December 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	2002		2001
	Land & Buildings £000	Seismic vessels £000	Land & Buildings £000
		£000	Seismic vessels £000
Operating leases which expire:			
Within 2 to 5 years	—	63,686	—
After more than 5 years	1,086	—	1,086
	<u>1,086</u>	<u>63,686</u>	<u>1,086</u>
			<u>66,524</u>

The operating leases relating to the seismic vessels are charged in USD and the average rate over the term of the leases as at 31st December 2002 has been used to convert to GBP.

15. Related party transactions

The company has taken advantage of the exemptions provided by Financial Reporting Standard 8 (Related Party Transactions) in not disclosing transactions with other group companies where there is a common ownership interest of 90% or more.

16. Share capital

Authorised share capital:

	2002	2001
	£000	£000
150,000,000 Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>

Allotted, called up and fully paid:

	2002		2001
	No	£000	No
			£000
Ordinary shares of £1 each	<u>130,816,509</u>	<u>130,817</u>	<u>130,816,509</u>
			<u>130,817</u>

17. Profit and loss account

	2002	2001
	£000	£000
Balance brought forward	(74,419)	(45,479)
Accumulated loss for the financial year	(22,461)	(28,940)
Balance carried forward	<u>(96,880)</u>	<u>(74,419)</u>

18. Reconciliation of movements in shareholder's funds

	2002	2001
	£000	£000
Loss for the financial year	(22,461)	(28,940)
Net reduction to funds	(22,461)	(28,940)
Opening shareholder's equity funds	56,398	85,338
Closing shareholder's equity funds	<u>33,937</u>	<u>56,398</u>

PGS EXPLORATION (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2002

19. Post balance sheet events

During 2003 the ultimate parent company, Petroleum Geo-Services ASA ("PGS ASA") was subject to a major reorganisation under Chapter 11 of the United States bankruptcy code during which the total debt of the group headed by PGS ASA was restructured to a more sustainable level. This process was completed and approved by both creditors and shareholders in November 2003, at which time PGS ASA emerged from Chapter 11.

In November 2004, PGS ASA completed the audit of its 2003 Financial Statements and re-audit of 2001 & 2002 Financial Statements under US GAAP and subsequently filed its Annual Report on Form 20-F with the U.S. Securities and Exchange commission. Consequently it can now seek a re-listing of its American Depositary Shares ("ADSs") on a U.S. national securities exchange and financial rating of its Bond debt.

The restructuring of group debt was at the parent company level only, with all subsidiaries able to continue trading as usual.

20. Pension commitments

The group provides pension arrangements to the majority of full time employees through a defined benefit pension scheme and the related costs are assessed in accordance with the advice of the actuary.

The individual group companies are unable to identify their share of the underlying assets and liabilities and therefore the scheme is accounted for in these accounts as a defined contribution scheme. The most recent valuation was at 31st December 2000 and full disclosure of the scheme details is made in the accounts of the parent undertaking, Petroleum Geo-Services (UK) Limited.

There exists within the pension scheme a deficit of £10,068,000 (2001: £2,382,000), which may lead to an increase in contributions in future years.

21. Ultimate parent company

The ultimate parent company is Petroleum Geo-Services ASA, a company registered in Norway. Group financial statements are available from: Petroleum Geo-Services ASA, Strandveien 50, 1324 Lysaker, Norway. The intermediate parent company is Petroleum Geo-Services (UK) Ltd, a company registered in the United Kingdom.