2002 annual report

tgs-nopec geophysical company

well correlated.

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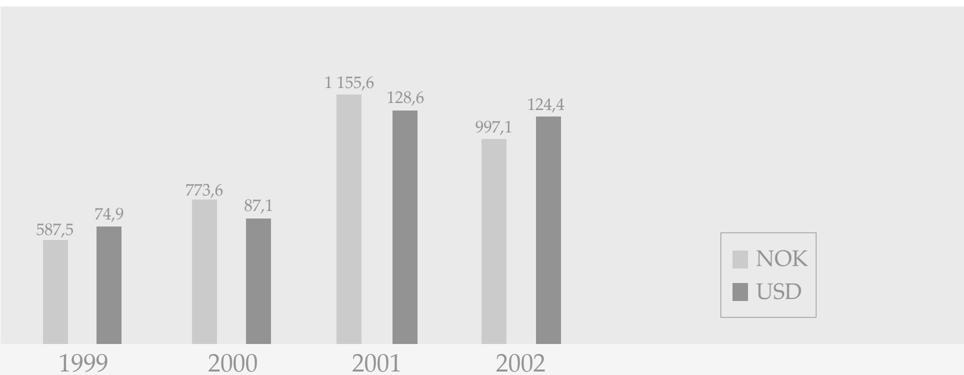
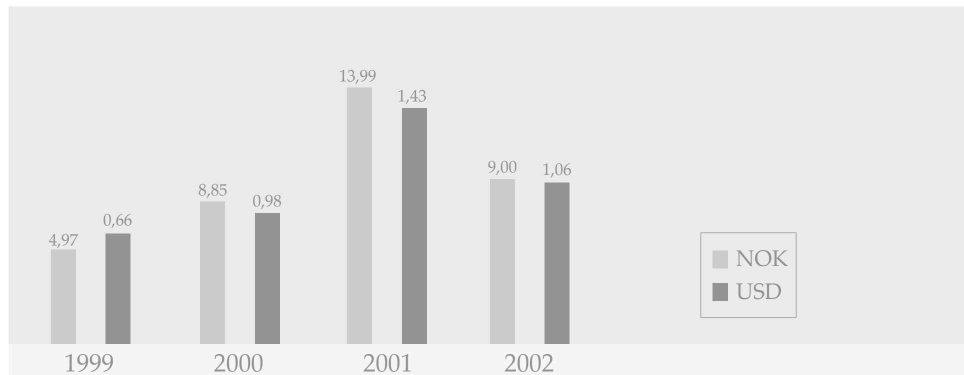
financial highlights.

(in millions of NOK apart from eps and ratios)

year	2002	2001	2000	1999
net operating revenues, (a)	**997,1**	1 155,6	773,6	587,5
operating profit	**368,9**	523,1	349,1	237,2
loss on disposal of vessels	**38,0**			29,6
pre-tax profit	**343,4**	515,8	330,4	193,1
net income	**221,6**	341,8	214,9	119,2
net income margin	**22%**	30%	28%	20%
return on capital employed*	**25%**	45%	41%	31%
earnings per share, (b)	**9,00**	13,99	8,85	4,97
earnings per share fully diluted	**8,36**	13,23	8,45	4,92
total assets	**1 714,7**	1 897,2	1 304,9	948,7
shareholders equity	**1 266,9**	1 179,8	806,3	547,6
equity ratio, (c)	**74%**	62%	62%	58%



net revenue figure (a)

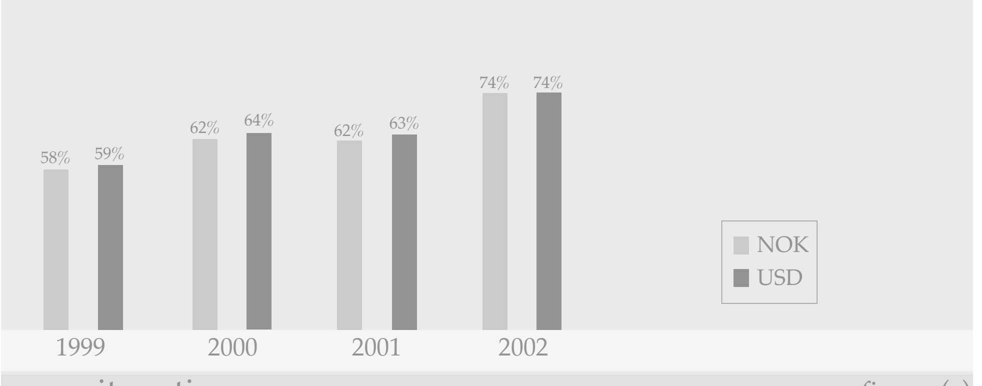


earnings per share figure (b)

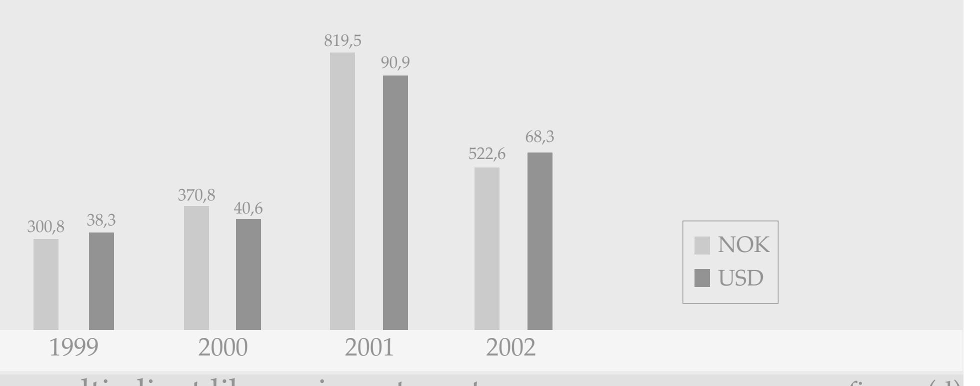
(in millions of USD apart from eps and ratios, converted from NOK)

year	2002	2001	2000	1999
net operating revenues, (a)	**124,4**	128,6	87,1	74,9
operating profit	**46,3**	53,6	36,7	30,4
loss on disposal of vessels	**5,1**			3,8
pre-tax profit	**40,7**	53,1	36,1	25,8
net income	**26,2**	35,0	23,8	15,9
net income margin	**21%**	27%	27%	21%
return on capital employed*	**26%**	39%	34%	31%
earnings per share, (b)	**1,06**	1,43	0,98	0,66
earnings per share fully diluted	**0,99**	1,35	0,93	0,66
total assets	**228,8**	217,1	158,1	124,5
shareholders equity	**168,7**	136,1	100,4	73,1
equity ratio, (c)	**74%**	63%	64%	59%

**return on capital employed (ROCE) = (operating profit after loss on disposal of vessels + goodwill depreciation)/(average equity + average interest bearing debt)*



equity ratio figure (c)



multi-client library investment figure (d)

conversion from NOK to USD

Virtually all of TGS-NOPEC's revenues are in US dollars. Until the end of 2002, the Company reported its financial performance in Norwegian Kroner (NOK). In past years, the exchange rate between the two currencies has been volatile, impacting the reported financial performance. As from Q1 2003, TGS-NOPEC will report in USD. The key figures in USD represent the conversion made from NOK to USD.

letter to the shareholders.

Dear Fellow Shareholder:

The year 2002 delivered a new set of challenges to the oil services industry, shattering all of our traditional models that link exploration and production spending to commodity prices. Oil and gas prices were relatively weak during the first three to four months of the year, then steadily increased to historically strong levels and remained steady at those levels during the last three to four months of the year. Yet exploration and production spending did not respond as expected to the improving economic picture. Paradoxically, our company enjoyed the most successful first half in its history, only to suffer dismal demand for its products in the third quarter before a substantial improvement in the fourth quarter. Our customers clearly did not believe that the firm commodity prices were supported by solid supply and demand fundamentals. As global economic and Middle Eastern geopolitical uncertainty increased, most oil companies adopted a "wait and see" approach.

The resulting volatile spending patterns had particularly devastating effects on the seismic industry. Headlines from the main global players were spectacularly poor, filled with references to huge losses, massive inventory write-downs, vast capacity reductions, painful layoffs and burgeoning debt levels. The International Association of Geophysical Contractors (IAGC), a trade association representing the interests of geophysical companies around the world, published a message questioning the viability and sustainability of the seismic business, calling it an "Industry at a Crossroads".

As the dust of 2002 continues to settle, once again we see undeniable evidence that TGS-NOPEC is a different animal, buoyed by its truly unique business model and its commitment to deliver value to its customers and its shareholders. Annual net revenues in 2002 were remarkably resilient, declining 3% from peak levels in the previous year. Our profitability continued to lead the industry as we posted a 33% operating profit and a 25% return on average capital employed. We also strengthened our balance sheet, increasing shareholders' equity to 74% of total capitalization.

A year ago we signaled our plan to develop our company through a two-pronged strategy consisting firstly of organic growth derived from investments in new seismic data and secondly, of merger and acquisition opportunities designed to add breadth to our product and service offerings. We are pleased to report clear progress on both fronts. Our US dollar investments in producing new seismic data remained level with 2001. Importantly, we took steps to secure necessary acquisition resources for our 3D seismic library expansion by chartering a newly upgraded vessel for our Gulf of Mexico activity and by forming an alliance with WesternGeco, the world's largest operator of seismic vessels, to jointly invest in creating

new multi-client 3D surveys offshore Norway. In keeping with our core philosophy that value is created in our business by controlling unique data as opposed to owning equipment, we restructured our long-term 2D seismic vessel capacity, paving the way for substantial cost savings and increased flexibility in the years to come.

We purchased A2D Technologies, the world's leading provider of digital well log data and the industry pioneer for delivering such data to oil company customers over the Internet. As you will read in another article in this annual report, seismic and well logs are the two most critical and widely utilized data types for an exploration geoscientist. TGS-NOPEC is now the only company in the world supplying both forms of data under the multi-client umbrella. Our intent is to grow A2D's library domestically and internationally, deliver integrated packages of seismic and well logs and develop new products based on creative combinations of both varieties of data.

Although we are still faced with considerable uncertainty relative to the duration of the armed conflict in Iraq, at this stage we expect our overall markets to remain fairly flat until global energy markets stabilize and become more predictable. During this period we take great comfort in the fact that our strategy is custom designed to adapt to dramatic swings in activity levels. On a positive note, the economic fundamentals impacting oil and gas prices have improved markedly over the past year. Inventories are depleted, demand is creeping upwards, and drilling activity is finally beginning to increase in response. We believe that the North American market in particular is poised for recovery and we plan to focus our 2003 investments accordingly.

We would like to take this opportunity to thank all of our employees for their selfless efforts to build our business and serve our customers during the year. A special thanks goes to Steven E. Lambert, former Chief Financial Officer and Director, who retired from the Board in 2002 after 20 years of exemplary leadership and distinguished service to the TGS-NOPEC family of companies. In closing, we want to thank you, our shareholders, for your confidence. Rest assured that we remain fully committed to rewarding that confidence.

H.H.Hamilton
Chief Executive Officer

D.W.Worthington
Chairman

As the dust of 2002 continues to settle, once again we see undeniable evidence that TGS-NOPEC is a different animal, buoyed by its truly unique business model and its commitment to deliver value to its customers and its shareholders.

well correlated.

How Geophysical and Geological Data Work Together

Well Correlated; in business, it means closely aligned, synergistic, connected. It is a statement that describes TGS-NOPEC's relationship with customers, partners, the environment and shareholders. It is an operating philosophy that is responsive, attuned and dynamic; satisfying customers, driving innovation and increasing equity.

In oil and gas exploration, Well Correlated refers to corresponding points of reference on different pieces (and forms) of data. It is the alignment of one picture of the subsurface with another. It is an agreement reached by a team of professionals who specialize in the use of geophysical and geological data. It is a key success in the discovery process, brought about by products and services from the TGS-NOPEC family of companies.

Geo-Detectives at Work - The Hunt for Leads

The assessment of the oil and gas potential of a given region begins with a reconnaissance study to determine if sizeable structural traps exist within the prospective area. With modern seismic data, subsurface structures can be identified and mapped with amazing speed and accuracy.

The Search for Petroleum – A Sketch

The exploration for petroleum deposits beneath the Earth's surface has evolved into a high-tech treasure hunt. While the tools used have grown quite sophisticated, the fundamentals of oil finding have not changed much in 100 years. To understand how oil and gas are found, you need to know a little about what all oil and gas geoscientists know.

Oil and gas are found within **sedimentary basins**, which represent very thick accumulations of sedimentary rock. Sedimentary rocks are comprised of layers of sandstones, mudstones and limestones that are referred to as strata (i.e., the basin's **stratigraphy**). Sandstones and limestones tend to be porous (containing holes like a sponge), which enable them to be conduits for subsurface fluid flow. Sandstones and limestones are also likely **reservoirs** or containers, for oil and gas. In contrast, mudstones (or shales) are impermeable, and operate as barriers to fluid flow and are referred to as **seals.**

Oil and gas are generated from plant and animal remains after they have been deeply buried (and heated) below a thick pile of sediment. *(see figure a, below)*

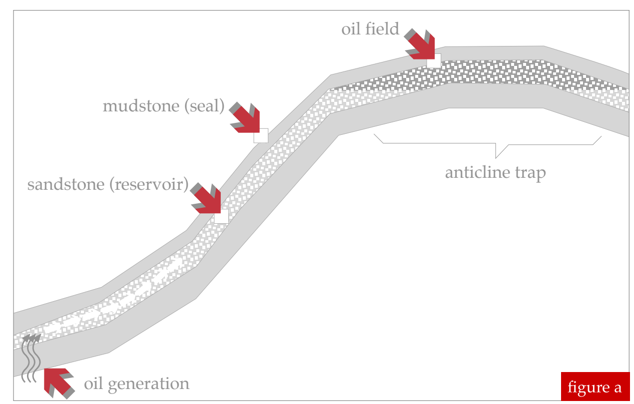
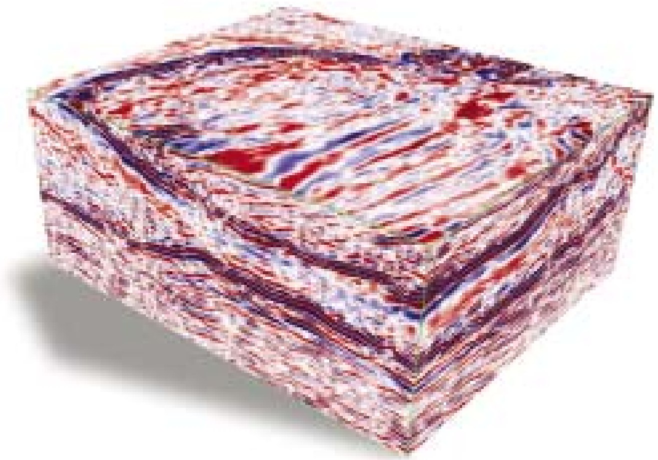


figure a



Once generated, oil and gas rise or "float" through a column of water toward the surface within porous rock layers (e.g., sandstones). If sedimentary rock layers are folded (warped) or faulted (broken), the migration or flow, of the oil and gas toward the surface may be interrupted or **trapped**. A concave downward fold or **anticline** is the classical structural trapping mechanism. A typical trap consists of a porous layer folded in an anticlinal shape with a non-porous layer above, which prevents the oil and gas from migrating vertically. It is the petroleum geoscientist's job to locate subsurface structures (traps) that also contain porous rock layers – the potential oil and gas reservoirs.

Seismic Data – A Critical Tool

Seismic data allows geoscientists to "see" or image the subsurface utilizing a kind of "ground radar" designed to image the Earth. An energy source at the surface sends shock or sound waves into the Earth. When the sonic waves encounter layers with contrasting acoustic properties (sonic velocity and density), some of the energy passes through and some is reflected back to the surface. Surface receivers or hydrophones pick up the reflected energy from each layer. Geophysicists have figured out clever ways to filter and focus information from multiple energy sources and receivers to create a very clear picture of the subsurface. Seismic data has been a boon to subsurface exploration, providing outstanding horizontal resolution in comparison to well log data *(see figure b, above right)*.

Seismic surveys, whether 2D or 3D, provide regular grids of cross-sectional images of the subsurface. The job of the geophysicist is to identify and map geologic structures that are potential hydrocarbon traps. The identification and mapping of a particular structure may constitute what is called a **lead**. A lead is the precursor to a drillable **prospect**. However, before a lead is elevated to prospect status a significant amount of additional work must be done.

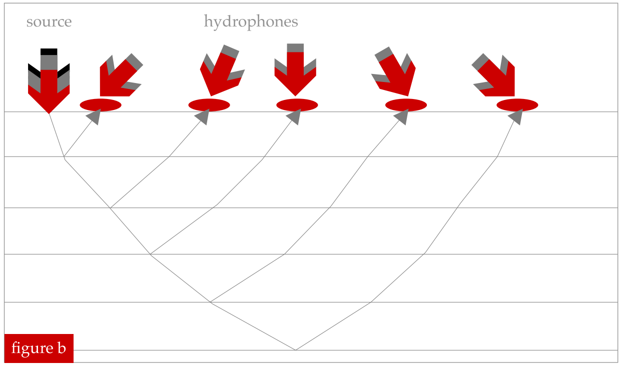


figure b

Geologic History Analysis – A Lead Becomes a Prospect

Once a structural trap is identified and mapped, the geologist must build a case for the existence of an adequate reservoir source and seal rocks within the trapping structure. To accomplish this task the geologist utilizes well log information.

horizontal resolution

seismic data provides superior horizontal resolution allowing earth scientists to see geologic changes away from the well location

vertical resolution

well log data gives excellent vertical resolution at the specific well location

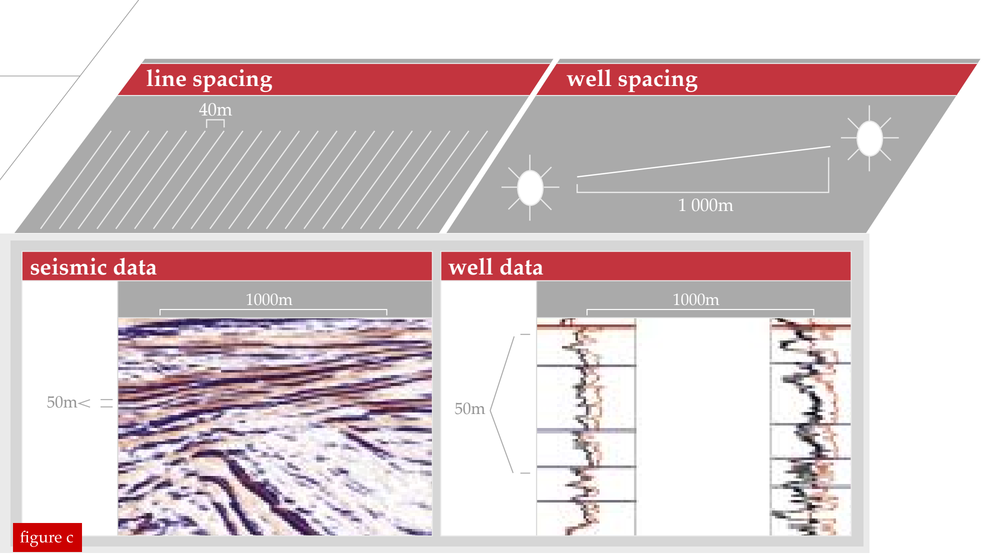


figure c

Well Logs – Ground Truth

Well logs are graphical readings of subsurface rock properties collected after a well has been drilled into the Earth. Well log data is collected by lowering a logging device into the borehole and then slowly pulling it upward while various types of rock property readings are taken. Geologists are trained to interpret variations in electrical resistivity, density and sonic velocity readings in terms of lithology (e.g., sands or muds), porosity, or hydrocarbon content.

Well logs from multiple wells can be utilized to correlate same-aged rock layers that are expressed on well logs as similar graphical log patterns. With dozens or hundreds of well logs, geologists can correlate rock layers (i.e., the stratigraphy) and create maps of rock type, porosity and hydrocarbon content over very large areas. With high vertical resolution, well log data complements seismic data and the combination of both provides the most accurate view of the subsurface possible. *(see figure c, above right).*

Well log data is utilized to map the distribution of various rock units (e.g., reservoirs and seals) in the vicinity of the prospective structural traps. If the geologist can demonstrate a high likelihood of a good reservoir and seal rock within the trap then the lead is closer to becoming a prospect. The geologist will also utilize well log data to review the distribution of oil and gas encountered in nearby wells within the targeted rock layer. If the geologist can confidently project reservoir rocks over the targeted structure and can point to nearby oil and gas discoveries within that reservoir, the lead has achieved prospect status.

Direct Hydrocarbon Indication – The Final Stage of Analysis

If the assessment team has established a promising structural trap and a reasonable likelihood of reservoir, the final phase of evaluation may include an attempt to directly indicate and confirm the existence of hydrocarbons within the prospective reservoir level. Direct hydrocarbon indication can often be achieved through the analysis of the seismic "signature" over the prospect. The seismic signature of an oil and gas accumulation is often detectable because oil and gas fluids have very different acoustic properties than the water they replace within a reservoir (i.e., oil and gas are much less dense than water). Understanding how to properly interpret an oil or gas seismic signature requires the detailed comparison (calibration) of well log data with seismic data. By analyzing the detailed seismic response (or signature) and well log attributes observed over several producing fields, the assessment team can build a database of observations to project what an oil or gas-filled reservoir "should" look like on seismic data.

Oil and gas finding costs are a function of risk. If only one in ten wells are successful, then the finding costs include the cost of the discovery well plus the nine unsuccessful wells. Seismic data combined with well log data represent the number one and two most important tools for reducing this risk in the detection and assessment of subsurface opportunities. It is critical data, indispensable to a correct interpretation of the subsurface. It must come from a source the user knows and trusts, one whose success is tied to their own - a company that is Well Correlated.

from the board.

TGS-NOPEC Geophysical Company ASA is a leading player in the global non-exclusive geoscientific data market, with ongoing operations in North and South America, Europe, Africa, Asia and Australia. The Company's marketed seismic library contains approximately 1 860 000 line kilometers of 2D data and approximately 58 000 square kilometers of 3D data. Its library of digital well logs consists of over 1,4 million logs from approximately 700 000 wells. The Parent Company is located in Naersnes, Norway, and the main subsidiary in Houston, Texas, U.S.A. All financial statements in this report are presented on the basis of a "going concern" valuation.

Results from Operations
For the full year, TGS-NOPEC's Net Revenues declined 14% on a Norwegian kroner (NOK) basis from record levels in the previous year. During the first half of 2002, the Company continued to deliver record revenues and earnings, but the increasing uncertainty related to the world's geopolitical and economic situation over the summer negatively impacted the Company's markets in the second half. Demand for seismic and digital well log data bottomed in the third quarter before recovering in the fourth. TGS-NOPEC's NOK-reported results were also adversely affected by the dramatic shift in the exchange rate between the Company's primary operating currency, the US dollar, and its reporting currency, the Norwegian krone. On a US dollar basis, TGS-NOPEC's annual Net Revenues declined only 3% from the record levels in 2001. To more meaningfully communicate its performance in the future, TGS-NOPEC will begin reporting its financial results in US dollars in 2003.

Throughout the year, TGS-NOPEC continued its determined strategy to plan, develop and invest in discretionary, well-placed seismic surveys designed to complement its customers' exploration programs. Excluding the major partner buyout transactions accomplished in 2001, US dollar investments in new multi-client seismic surveys during 2002 remained approximately on the same level as in 2001.

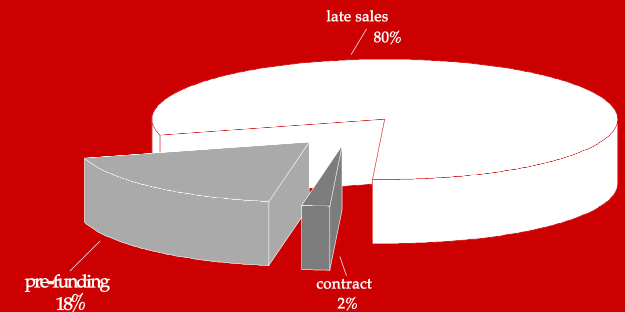
In June 2002, the Company acquired A2D Technologies, a Houston-based full service petroleum well log data provider that supplies oil companies with an integrated solution of services, data types and software applications designed to locate, acquire, utilize, interpret and manage digital well log data in a highly efficient and productive manner. The purchase price was USD 22,0 million. Including the cost of goodwill amortization, the A2D subsidiary was profitable for the year.

Given the general turmoil in the oil service sector and extreme difficulties suffered by the overall seismic segment in 2002, the Board is very pleased with the annual operating results. TGS-NOPEC continued to outperform its competitors in key measures impacting shareholder value including:

- Earnings per Share: NOK 9,00
- Operating Profit (EBIT) margin: 33%
- Return on Average Capital Employed (ROCE): 25%
- Interest-bearing debt: 9% of the Balance Sheet
- Shareholders Equity: 74% of the Balance Sheet

Segment Information
The Company's main business is developing, managing and selling non-exclusive geoscientific data. This activity accounted for 98% of the Company's business during the year 2002. Customer pre-funding of new projects reduces the Company's exposure, while late sales from the Company's library of data provide the bulk of its revenue stream.

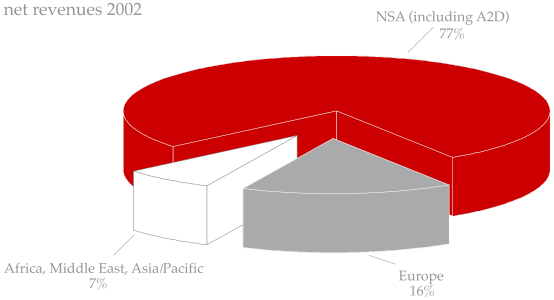
net revenues 2002



Although much more difficult to forecast on a quarter by quarter basis, annual late sales in 2002 reached a record USD 99,2 million.

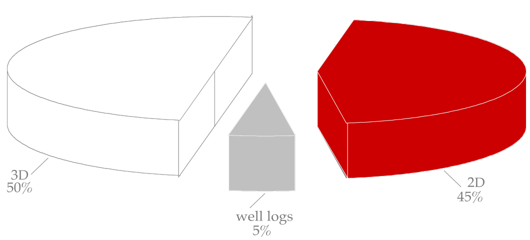
North and South America and Europe continued to be the most important geographic markets for the Company, while recent investments in Africa, Middle East and Asia/Pacific should provide long-term revenue growth and geographic diversification.

net revenues 2002



TGS-NOPEC continued to deliver on its strategy to grow its 3D multi-client business. The Company chartered a newly upgraded 3D vessel, the MV Polar Search, and commenced operations with the vessel in the Gulf of Mexico in October.

net book value of library by data type

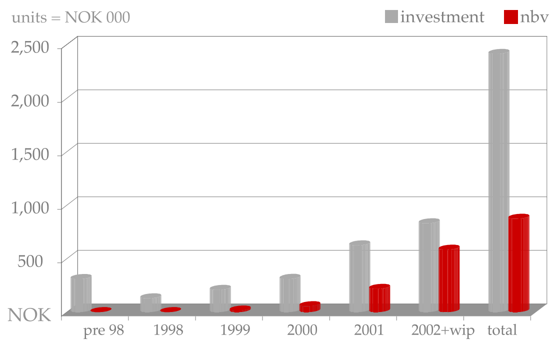


Additionally, TGS-NOPEC completed a 3-summer season agreement with WesternGeco to jointly invest in new 3D projects offshore Norway and conducted two major projects under this agreement in 2002. A2D well log products began to contribute to the multi-client revenue stream in June.

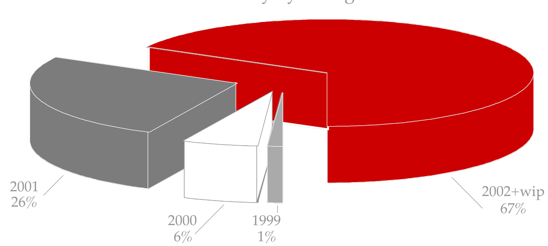
The Multi-Client Library

The Company's library of multi-client seismic and well log data is its largest single financial asset, with a net book value representing 54,4% of the total assets in the balance sheet. This asset is amortized on a project-by-project basis as a function of sales. Minimum amortization criteria are applied if sales do not match expectations. Because of the Company's strong track record in delivering sales, the library has been amortized much faster than required by the minimum criteria. As a result, current net book value of the library is heavily weighted towards the newest, most modern projects.

net book value of seismic library vs. investment cost by year



net book value of seismic library by vintage



Vessel Commitments

The Company restructured its long-term 2D vessel capacity by terminating the Northern Access charter in November 2002 and replacing it with a lower cost and more flexible agreement to access a fleet of vessels from Sevmorneftegeofizika (SMNG), a well-established Russian geophysical contractor. This resulted in a non-cash charge of NOK 38 million to write off the net book value of the seismic equipment held on the vessel. The transaction however, provides an estimated future cash and accumulated profit and loss statement savings of USD 9 million. The Company now secures all seismic acquisition capacity from external providers and currently has the following commitments:

MV Polar Search (3D)
(full operation charter expiring in March 2004, option to extend for 12 months)

Zephyr-1 (2D)
(full operation hire expiring September 2003)

Unspecified 12 vessel-months per year (2D)
(full operation hire from SMNG expiring end of 2005 with two optional 12-month extension periods)

Organization and Staff

As of December 31, 2002, the Company had 252 employees in the U.S.A, 27 employees in Norway, 32 employees in the UK, and 8 employees in Australia totaling 319 employees. The A2D subsidiary acquired in June employed 155 of these 319. As a result, the average number of employees during 2002 was 279. Not including A2D employees, the average number of employees during 2002 would have been 172.

The Company is organized with emphasis on regional responsibility through local management teams. The CEO and the corporate marketing function are based in Houston while the CFO and corporate finance organization are located in Norway.

The Board considers the working environment in the Company to be excellent.

Operations in Western Sahara
In 2002, TGS-NOPEC was awarded and subsequently performed contracts to acquire, process and sell seismic data in offshore Western Sahara.

In February 2003, the Norwegian Ministry of Foreign Affairs made public statements to the effect that Norwegian authorities advise Norwegian companies to display restraint in taking on activities in disputed areas of the world.

TGS-NOPEC appreciates the complexity of the political issues in the area and respects the views stated by Norwegian authorities. As a result, the Company has decided not to undertake any new projects in Western Sahara without a change in political developments. Further, the Company is committed to improve its procedures for risk evaluation on potential projects in disputed areas of the world and will actively seek advice from Norwegian authorities when in doubt.

Investments, Capital and Financing
The Company is listed on the Main List on the Oslo Stock Exchange. No new equity was raised in the market during 2002. The Board does not anticipate any new equity issues during 2003, apart from issues of stock options to employees, unless to finance acquisitions of other companies or major business opportunities. During 2002, the Company invested NOK 452,2 million in its multi-client library and recorded NOK 16,2 million in additional capital expenditures.

At the Annual Shareholders' meeting on June 12, 2001, the Board was authorized to acquire, on behalf of the Company, an aggregate number of the Company's shares for an aggregate par value of NOK 15 million provided that the total amount of Company-owned shares at no time exceeded 10% of the Company's share capital (see Notes to the Financial Statements). In February 2002, the Company purchased 80 000 of its own shares over the Oslo Stock Exchange at NOK 142,79 per share. Prior to this purchase the Company held a balance of 4 866 shares from a previous buyback in 2001.

The payment for the USD 22 million purchase of A2D Technologies in June was composed of 380 877 shares of TGS-NOPEC and USD 15,5 million in cash. The Company transferred its balance of 84 866 shares plus a share capital increase of 296 011 shares to the former owners of A2D Technologies.

In November 2002, the Company secured a USD 15,0 million revolving credit facility with its bank. As of December 31, 2002, the Company had drawn USD 6,5 million on the facility. The limit of the facility will shrink to USD 10,0 million on May 31, 2003.

Because of the extremely cyclical nature of the oil services industry, TGS-NOPEC's Board of Directors remains convinced that the Company's unique business model, a strong balance sheet and a strong cash position are essential to its financial health and future growth. With this in mind, the Board will continue to carefully evaluate investment opportunities for growth as well as share repurchases based on cash flow development. The Board does not propose to issue a dividend for 2002.

Health, Safety and Environmental Issues
The Company interacts with the external environment through the collection of seismic data and operation of vessels. The Company continues to work actively on measures to minimize any impact on the environment and to keep operations within the limits of all appropriate regulations and public orders. No personnel injuries were registered during 2002 and absence due to sickness was less than 2% of the total work hours.

Board Structure
Three new Directors were elected to the Board at the Company's Annual Meeting in June 2002: Nils B.

					
david w. worthington	**henry h. hamilton III**	**arne-kristian maeland**	**claus kampmann**	**nils b. gulnes**	**rabbe e. lund**
chairman	*ceo/director*	*director*	*director*	*director*	*director*

Gulnes, Claus Kampmann and Rabbe E. Lund. The following committees were established on the Board to monitor and guide certain activities:

Audit Committee: Rabbe E. Lund *, Nils B. Gulnes and Arne-Kristian Maeland

Compensation Committee: Claus Kampmann *, Nils B. Gulnes and Rabbe E. Lund

Nominating & Corporate Governance Committee: Arne-Kristian Maeland *, Claus Kampmann and Nils B. Gulnes

Shares Committee: Claus Kampmann *, Arne-Kristian Maeland and David W. Worthington

(*) designates Committee Chair

Outlook for 2003
With the very recent outbreak of war in Iraq and the related uncertainty regarding the duration of hostilities as well as their impact on global energy markets, forecasting market developments in the oil services sector is a highly challenging task. The Board makes the following observations:

- Annual global exploration and production expenditures are generally expected to stay at 2002 levels.

- The Company is financially sound, well positioned to capture additional market share and materially benefit from any upswing in exploration spending.

- The Company expects to increase its investments in new multi-client seismic, well log data and associated products by 7-20% over 2002 levels, depending on developing market conditions.

Neither the Board nor Management is aware of any events subsequent to the end of 2002 that would provide a basis for altering the assessments made in the 2002 financial statements.

Application of Profit
The Group profit of NOK 221 607 000 is allocated to Other Equity. It is proposed that the Parent Company's Net Income be applied as follows:

Allocated to Other Equity	NOK 32 821 000
Total	NOK 32 821 000

Nærsnes, March 25, 2003

profit & loss.

year ended December 31

parent company 2002	parent company 2001	parent company 2000	(All amounts in NOK 000)	note	group 2002	group 2001	group 2000
345 106	628 651	357 209	sales	2, 12, 13	**1 058 703**	1 298 982	817 686
-37 367	-135 817	-31 529	revenue sharing		**-61 613**	-143 355	-44 051
307 739	492 834	325 680	**net operating revenues**		**997 090**	1 155 627	773 635
19 813	45 012	6 504	materials		**23 993**	48 915	17 141
208 909	245 803	162 944	amortization		**394 785**	393 280	255 780
19 745	25 670	19 464	personnel costs	15	**119 871**	115 345	88 960
4 758	5 018	5 099	depreciation	4	**25 920**	18 262	17 708
29 227	38 353	34 143	other operating expenses	8	**63 603**	56 690	44 939
38 000			loss on disposal of vessel		**38 000**		
-12 713	132 978	97 526	**operating profit**		**330 918**	523 135	349 107
117 492	10 012	4 765	financial income		**19 588**	15 918	13 979
-58 673	-42 558	-51 758	financial expenses		**-7 076**	-23 277	-32 719
46 106	100 432	50 533	**profit before taxes**		**343 430**	515 776	330 367
13 286	28 150	14 592	taxes	17	**121 823**	173 926	115 443
32 821	72 283	35 942	**net income**		**221 607**	341 850	214 924
			earnings per share (NOK)	10	**9,00**	13,99	8,85
			earnings per share diluted (NOK)	10	**8,36**	13,23	8,45

profit (loss) for the year is allocated as follows:

parent company 2002	parent company 2001	parent company 2000		note	group 2002	group 2001	group 2000
32 821	72 283	35 942	to other equity		**221 607**	341 850	214 924
32 821	72 283	35 942	**total allocated**		**221 607**	341 850	214 924

balance sheet.
assets

year ended December 31

parent company 2002	parent company 2001	(All amounts in NOK 000)	note	group 2002	group 2001
		fixed assets			
		intangible fixed assets			
7 000	9 000	goodwill	4	**115 120**	31 965
7 000	9 000	total intangible fixed assets		**115 120**	31 965
		tangible fixed assets			
22 993	23 661	land, buildings and other property	4, 5	**26 673**	27 653
	116 613	vessel rigging cost	4		116 613
5 996	995	machinery and equipment	4, 8	**28 309**	26 447
28 989	141 269	total tangible fixed assets		**54 982**	170 713
		financial fixed assets			
42 578	51 925	investments in subsidiaries	3		
41 794	8 962	long-term receivables, including prepayments	2	**41 794**	8 962
84 372	60 887	**total financial fixed assets**		**41 794**	8 962
120 361	211 156	**total fixed assets**		**211 896**	211 640
		current assets			
691 758	518 559	multi-client library, net		**933 098**	865 317
		receivables			
63 091	154 580	accounts receivable	2	**408 985**	518 532
7 718	8 093	receivables from subsidiaries			
		prepaid taxes			8 973
30 345	18 677	other receivables	2	**33 827**	20 483
101 154	181 349	total receivables		**442 812**	547 988
1 013	16 606	cash and cash equivalents	1	**126 888**	272 250
793 925	716 514	**total current assets**		**1 502 798**	1 685 555
914 286	927 670	**total assets**		**1 714 694**	1 897 197

balance sheet.
equity and liabilities

year ended December 31

parent company 2002	parent company 2001	(All amounts in NOK 000)	note	group 2002	group 2001
		equity			
24 778	24 478	share capital	9, 10, 14	**24 778**	24 478
	-5	own shares held			-5
140 219	98 712	share premium reserve	9	**140 219**	98 712
164 997	123 185	total paid-in capital		**164 997**	123 185
		retained earnings			
194 437	161 617	other equity	9	**1 101 854**	1 056 586
194 437	161 617	total retained earnings		**1 101 854**	1 056 586
359 434	284 802	**total equity**		**1 266 851**	1 179 771
		liabilities			
		provisions			
70 154	56 870	deferred tax	17	**46 609**	63 365
70 154	56 870	total provisions		**46 609**	63 365
		other long-term liabilities			
87 768	136 471	debt to financial institutions	7	**89 133**	136 471
5 037	18 272	capitalized lease liabilities		**5 109**	18 434
92 805	154 743	total long-term liabilities		**94 242**	154 905
		current liabilities			
51 290		bank overdraft and revolving credit	7	**51 527**	237
48 505	94 224	accounts payable		**104 458**	392 239
248 421	292 886	current liabilities to subsidiaries			
		tax payable	17	**55 969**	30 825
2 443	4 388	social security, vat and other duties			
41 235	39 757	other short-term liabilities		**95 038**	75 856
391 894	431 256	total current liabilities		**306 992**	499 157
554 853	642 869	**total liabilities**		**447 843**	717 427
914 286	927 670	**total equity and liabilities**		**1 714 694**	1 897 197

david w. worthington
chairman

henry h. hamilton III
ceo/director

arne-kristian maeland
director

claus kampmann
director

nils b. gulnes
director

rabbe e. lund
director

cash flow.

year ended December 31

parent company 2002	parent company 2001	parent company 2000	(All amounts in NOK 000)	group 2002	group 2001	group 2000
			cash flow from operating activities			
405 549	448 249	262 763	received payments from sales	**1 110 909**	1 012 387	602 003
-432 188	-313 999	-274 566	payments for purchased seismic and services	**-774 340**	-573 709	-309 893
-19 745	-24 946	-20 764	payments for salaries, pensions social security tax	**-119 871**	-115 345	-88 960
1 404	11 362	3 258	received interest and other financial income	**5 903**	15 918	13 979
-17 214	-42 558	-43 005	interest payments and other financial cost	**-7 076**	-23 277	-22 441
	-725		taxes paid	**-104 462**	-162 375	-86 797
27 801	-22 092	-34 143	payments from other operating activities and currency exchange differences	**-168 400**	-47 116	-44 939
-34 393	55 291	-106 457	net cash flow from operating activities. (*see page 17)	**-57 337**	106 483	62 952
			cash flow from investing activities			
140	1 721	14 084	received payments from fixed assets			14 084
-2 083	-1 334	-747	investment in tangible assets including currency adjustments	**-10 187**	-15 818	-11 074
			investment in A2D	**-103 581**		
	5 799		adjustment rigging cost seismic vessel		5 799	
8 962	-8 962		long term receivables	**8 962**	-8 962	
	-7 094		investment in shares and partnerships			-1 590
7 019	-9 870	13 337	net cash flow from investing activities	**-104 806**	-18 981	1 420
			cash flow from financing activities			
44 461		73 844	net change in short term loans	**49 461**		-18 813
		36 775	new long term loans			26 497
-34 177	-51 164	-14 344	down payment of long term loans	**-34 177**	-51 220	-14 598
1 497	2 338	13 465	paid-in equity	**1 497**	2 338	13 465
			currency exchange differences		9 027	35 438
11 781	-48 826	109 740	net cash flow from financing activities	**16 781**	-39 855	41 989
-15 593	-3 405	16 620	net change in cash and cash equivalents	**-145 362**	47 647	106 361
16 606	20 011	3 391	cash and cash equivalents at the beginning of the period	**272 250**	224 603	118 242
1 013	16 606	20 011	**cash and cash equivalents at the end of the period**	**126 888**	272 250	224 603

year ended december 31

parent company 2002	2001	2000	(All amounts in NOK 000)	group 2002	2001	2000
			***reconciliation**			
46 106	100 432	49 026	profit before taxes	**343 430**	515 776	330 367
4 758	22 492	23 121	depreciation	**25 920**	35 736	37 008
38 000			loss on disposal of vessels	**38 000**		
		8 753	currency exchange differences	**-176 340**		10 278
-157 747	-159 054	-173 577	changes in inventory	**-67 781**	-426 216	-115 059
91 489	-30 866	-57 706	changes in accounts receivables	**109 547**	-143 239	-173 059
6 321	20 744	-5 211	changes in other receivables	**4 272**	17 077	1 427
-45 719	40 375	38 730	changes in accounts payables	**-287 781**	277 293	20 647
-17 601	61 893	10 407	changes in other balance sheet items	**57 858**	-7 551	-48 657
	-725		paid tax	**-104 462**	-162 393	
-34 393	55 291	-106 457	**net cash flow from operating activities**	**-57 337**	106 483	62 952

general accounting policies.

The financial statements are presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act, and Norwegian generally accepted accounting principles (NGAAP) in effect as of December 31, 2002, and consist of the Profit and Loss account, the Balance Sheet, the Cash Flow Statement and Notes to the accounts. The required specification of the Balance Sheet and the Profit and Loss account is provided in the Notes to the accounts, thus making the notes an integral part of the financial statements.

The financial statements have been prepared based on the fundamental principles governing historical cost accounting: comparability, continued operations, congruence and prudence. Transactions are recorded at their value at the time of the transaction. Revenue is recognized when it is earned. Costs are expensed in the same period as the revenue to which they relate. Costs that cannot be directly related to revenue generation are expensed as incurred. Hedging and portfolio management are taken into account. The further accounting principles are commented upon below.

In cases where actual figures are not available at the time of the closing of the accounts, NGAAP requires management to make estimates and assumptions that affect the Profit and Loss account as well as the Balance Sheet. The actual outcome may differ from these estimates.

Principles of Consolidation

Companies Consolidated

The consolidated financial statements include subsidiaries in which the Company and its subsidiaries directly or indirectly have a controlling interest. The statements show the Company's financial status, the result of the year's activity and cash flows as one financial entity. A subsidiary is defined as an entity where the Company has a long-term, strategic ownership of more than 50 percent and a decisive vote. Short-term investments, which form part of a trading portfolio, i.e., which are bought and sold on a continuous basis, are not consolidated. The consolidated subsidiaries have applied the same accounting principles. Acquired subsidiaries are consolidated in the financial statements from the effective date the Company obtains a controlling interest. Subsidiaries which are sold are consolidated in the financial statements until the effective date of the sale agreement.

Successive share purchases in subsidiaries are consolidated using the value of the subsidiary's assets and debt from the time at which the Company obtains a controlling interest. Further acquisitions of ownership will not change the assessment of assets and debt in the consolidation; however, each transaction is treated separately for the purpose of determining goodwill to be recognized on that transaction.

Elimination of Intercompany Transactions

All material intercompany accounts and transactions have been eliminated in the consolidation.

Elimination of Shares in Subsidiaries

Acquisitions are accounted for using the purchase method. The excess of purchase price over the book value of the net assets is analyzed and allocated to the respective assets according to the fair value. Any excess of the purchase price over the fair value of the net assets acquired is recorded as goodwill and amortized on a straight-line basis over its estimated useful life.

Foreign Subsidiaries

The Balance Sheets of foreign subsidiaries are translated into NOK using the year-end exchange rate, while the Income Statement items are translated at the average exchange rate for each quarter of the year. Exchange rate differences arising from the translation of financial statements of foreign subsidiaries are recorded as a separate component of shareholders' equity. The consolidated financial statements include the accounts of the Company and its subsidiaries.

The group consists of:

TGS-NOPEC Geophysical Company ASA	Parent company
TGS-NOPEC Invest AS (Norway)	(subsidiary - 100%)
Datman AS (Norway)	(subsidiary - 100%)
Nærsnes Eiendom AS (Norway)	(subsidiary - 100%)
ANS Baarsrudveien 2 (Norway)	(subsidiary - 100%)
TGS-NOPEC Geophysical Company (U.S.A)	(subsidiary - 100%)
Symtronix Corporation (U.S.A)	(subsidiary - 100%)
A2D Technologies Inc. (U.S.A)	(Wholly owned by TGS-NOPEC Geophysical Company (U.S.A))
TGS-NOPEC Geophysical Company (UK) LTD.	(subsidiary - 100%)
TGS-NOPEC Geophysical Company PTY Ltd (Australia)	(subsidiary - 100%)
Rimnio Shipping Ltd, (Cyprus)	(subsidiary - 100%)

Joint Ventures

A joint venture is characterized by two or more participants having joint control of the business. Joint ventures are accounted for according to the proportionate consolidation method.

General Principles

Receivables and debt payable within one year of the closing of the accounts are classified as current assets/liabilities. Current assets other than the multi-client library are recorded at the lower of acquisition cost or fair value. Fair value is defined as the estimated future sales price reduced by expected sales costs. Short-term liabilities are recorded at fair value. Other assets are classified as fixed assets. Fixed assets are recorded in the accounts at historical cost, net of accumulated depreciation. Fixed assets held for sale which suffer a decline in value which is not temporary, are written down to estimate net realizable value.

NGAAP provides certain exceptions to the basic assessment and valuation principles. Comments to these exceptions can be found in the respective notes to the accounts. In applying the basic accounting principles and presenting transactions and other issues, a "substance over form" view is taken. Contingent losses which are probable and quantifiable are expensed.

In the Notes to the accounts, the figures for each business segment are presented. The breakdown into segments is based on the Company's internal management and reporting structure as well as the evaluation of risk and earning potential. As the geographical split of revenues is important to the understanding of Company operations, a breakdown per geographical market in which the Company operates is also presented. The figures have been reconciled with the Profit and Loss account and the Balance Sheet.

Principles of Assessment

Revenue and Cost Recognition

Revenue is recognized when it is earned. Usually this is at the time of the transaction, and revenue recognition follows the transaction principle. By agreement, the Company shares certain multi-client revenue with other companies. Accordingly, operating revenue is presented gross and reduced by the portion shared. Revenue from U.S. joint ventures is recognized according to the proportionate consolidation. Costs are recognized in accordance with the matching principle. Revenue and amortization of multi-client inventory in progress at the Balance Sheet date is recognized on a percentage of completion basis, measured according to percentage of the Company's estimated total investment in the survey incurred at the Balance Sheet date.

Inventories

The multi-client seismic and well log library includes completed and in-progress geophysical data to be licensed on a non-exclusive basis to oil and gas exploration and production companies. The direct costs related to data collection and processing are included in the inventory value. In addition, indirect costs are added on a general basis. The inventory balance also includes the cost of geophysical data purchased from third parties.

The inventory of multi-client seismic is presented at cost, reduced by accumulated amortization. Amortization is recorded as revenue is recognized for each project, in proportion to the percentage of revenue recognized to the estimated total revenue from that project. The revenue estimates are updated every six months. When establishing amortization rates for the multi-client seismic library, the management base their view on estimated future sales for each individual survey. Estimates are adjusted over time with the development of the market. The amortization expense recognized may vary considerably from one period to another depending on the actual mix of projects sold and changes to estimates.

A minimum amortization is applied: the maximum net book value of the individual survey one year after the year the survey is completed is 60% of original cost. The minimum cumulative amortization increases by 20% of cost each year thereafter, with the result that each survey is fully amortized in the Balance Sheet by the end of the fourth year following the year of its completion.

The inventory of multi-client well logs in A2D Technologies is presented at cost, reduced by accumulated amortization. Amortization is recorded as a straight-line amortization over seven years.

Goodwill

The goodwill of the Company relates to the take-over of operations and companies. The goodwill is amortized on a straight-line basis in the Income Statement over a period of ten years. The transaction "merging" NOPEC International ASA with TGS – CALIBRE Geophysical Company in June 1998 was accounted for as "pooling-of-interest" in accordance with NGAAP as it was a combination of two substantially equal companies. Accordingly, no goodwill was recognized on the transaction.

Fixed Assets and Principles of Depreciation

Fixed assets are presented at historical cost less accumulated depreciation and write down. If the fair value of a fixed asset is lower than book value, the fixed asset will be written down to fair value. Depreciation is determined in light of the asset's economic life, varying from 3 to 50 years. Purchases which are expected to have a technical and economic life of at least three years are capitalized as fixed assets. Depreciation begins when the fixed assets are placed in service.

Exchange Rate Adjustments

Liquid assets, receivables and liabilities are translated at the exchange rate on the Balance Sheet date.

Development Costs

Development costs are expensed as incurred.

Income Taxes

Tax expense includes taxes payable and the net change in the deferred tax. Deferred tax in the Balance Sheet is measured on the basis of the temporary differences and the actual nominal tax rate is used.

Pensions

The Group operates a defined-benefit pension plan on behalf of certain directors and employees in the U.K. and a defined-contribution 401(k) plan in the U.S.A., and covers superannuating in Australia. A defined-contribution pension plan for Norwegian employees was established in 2000. Contributions are charged to the Profit and Loss account as they become payable.

Leasing

Lease contracts are classified as capital or operational. A capital lease is a contract that transfers the main risk and rewards attributable to the ownership of an asset to the lessee. A capital lease is accounted for as if the asset is purchased and depreciated accordingly, and the lease obligation is accounted for as an interest-bearing liability. All other lease contracts are classified as operational leases. Payments made under these contracts are expensed as paid.

Accounts Receivable and Other Receivables

Receivables are presented at face value, reduced by any amounts expected to be uncollectible.

Cash Flow Statement

The Cash Flow statement is compiled using the direct method. Cash and cash equivalents include cash, bank deposits and other short-term investments with terms not exceeding three months that are readily and with no material exchange rate exposure exchanged for cash.

(All amounts in NOK 000 except as noted otherwise)

Note 1 - Restrictions on Bank Accounts

NOK 1 052 of Cash and Cash Equivalents is restricted to meet the liability arising from payroll taxes withheld. Of this, NOK 995 is in the Parent Company.

Note 2 - Accounts Receivable and Other Receivables

Receivables are stated in the balance sheet at net realizable value. The Company expects to collect the full balance of receivables per December 31, 2002. Realized losses on trade receivables in 2002 amounted to NOK 0 for the Parent Company and NOK 130 for the Group. As part of the redelivery of the vessel Northern Access and the signing of a long-term agreement for vessel capacity with SMNG, the Company sold seismic equipment to SMNG. This USD 8,0 million receivable is to be paid by SMNG over 4 years.

Note 3 - Investments in Subsidiaries

As of December 31, the Parent Company had the following investments in subsidiaries:

Included in the Balance Sheet as:	Share capital of company	No. of shares	Nominal value	Balance Sheet value	Ownership held
Datman AS (Naersnes, Norway)	200	200	NOK 1000	12 000	100%
TGS-NOPEC Geophysical Company (Houston, U.S.A)	USD 1	1 000	USD 1	11 285	100%
TGS-NOPEC Geophysical Company Ltd. (Bedford, UK) *	GBP 50,1	50 100	GBP 1	12 088	100%
Nærsnes Eiendom AS (Naersnes, Norway)	100	100 000	NOK 1	0,001	100%
ANS Baardsrudveien 2 (Naersnes, Norway)				0	100%
Riminio Shipping Ltd. (Limassol, Cyprus)	C£ 1	1 000	C£ 1	0	100%
TGS-NOPEC INVEST AS (Naersnes, Norway)	100	100 000	NOK 1	111	100%
TGS-NOPEC Geophysical Comp. PTY Ltd (Perth, Australia)	AUD 0,001	1	AUD 1	0,006	100%
Symtronix Corporation (Houston, U.S.A)	USD 0,8	800 000	USD 0,001	7 094	100%
Balance Sheet value				**42 578**	

* The shares held in TGS-NOPEC Geophysical Company Ltd were written down by NOK 9 348 by the Parent Company during 2002 to match the assessments of remaining balance of Goodwill held in the consolidated accounts of the Group.

Note 4 - Fixed Assets

parent company

Acquisition cost and depreciation:	Machinery, Plant and Equipment	Vessels	Goodwill	Buildings	Total
Cost as of January 1	3 003	178 824	20 000	33 465	235 292
+ additions during the year	1 109	938		37	2 083
Reclassification	17 946	-17 946			0
- disposals during the year	-140	-161 816			-161 956
Cost as of December 31	21 917	0	20 000	33 502	75 419
Accumulated depreciation as of January 1	2 009	62 212	11 000	9 804	85 025
+ depreciation for the year**	649	16 857	2 000	705	20 211
Reclassification	13 264	-13 264			0
- accumulated depreciation disposals		-65 804			-65 804
Accumulated depreciation as of December 31	15 923	0	13 000	10 509	39 431
Net book value as of December 31	5 996	0	7 000	22 993	35 988
** of which capitalized to Multi-Client Library/in Materials		15 452			15 452
Straight-line depreciation percentage	33%	10%	10%	2%	
Assumed financial life time	3 years	10 years	10 years ***	50 years	

group

Acquisition cost and depreciation:	**Machinery, Plant and Equipment**	**Vessels**	**Goodwill**	**Buildings**	**Total**
Cost as of January 1*	**62 043**	**178 824**	**56 629**	**37 409**	**334 906**
+ additions during the year	**14 953**	**938**	**94 310**	**272**	**110 472**
Reclassification	**17 946**	**-17 946**			**0**
- disposals during the year	**-868**	**-161 816**			**-162 684**
Cost as of December 31	**94 074**	**0**	**150 939**	**37 681**	**282 694**
Accumulated depreciation as of January 1	**40 613**	**62 212**	**24 664**	**10 194**	**137 683**
+ depreciation for the year**	**12 546**	**16 857**	**11 154**	**814**	**41 372**
Reclassification	**13 264**	**-13 264**			
- accumulated depreciation disposals	**-659**	**-65 804**			**-66 463**
Accumulated depreciation as of December 31	**65 765**	**0**	**35 818**	**11 008**	**112 592**
Net book value as of December 31	**28 309**	**0**	**115 120**	**26 673**	**170 103**
* affected by changes in exchange rates vs USD					
** of which capitalized to Multi-Client Library/in Materials		15 452			15 452
% depreciation	33%	10%	10%	2%	
Assumed financial life time	3 years	10 years	10 years ***	50 years	

*** TGS-NOPEC expects the benefit of Goodwill paid for in acquisitions of companies to materialize over the first 10 years after the date of the acquisition.

Note 5 - Investment in Unlimited Partnerships (ANS)

The Company owns 100 % of ANS Baardsrudveien 2. Ninety-nine percent of its interest is directly held, and the remaining one percent interest is indirectly held through the Company's 100% ownership of Naersnes Eiendom AS. The sole business activity of Naersnes Eiendom AS is its ownership interest in ANS Baardsrudveien 2. Therefore, the Company has directly consolidated ANS Baardsrudveien 2 in its accounts.

Note 6 - Purchase of A2D

TGS-NOPEC acquired A2D Technologies for USD 22,0 million on June 4, 2002.
As part payment, 84 866 own held shares were transferred and 296 011 new shares were issued; totaling 380 877 shares (market value USD 6,5 million) to the former owners of A2D. The balance of the purchase price (USD 15,5 million) was paid in cash from TGS-NOPEC's cash holdings. A2D, a Houston-based company, is a full service petroleum well log data provider that supplies oil companies operating in the exploration and production sector with an integrated solution of services, data types and software applications designed to locate, acquire, utilize, interpret and manage well log data in a highly efficient and productive manner. A2D Technologies' well log business represented approximately 5% of the Consolidated Net revenues. The company was profitable in 2002.

Note 7 - Debt, Mortgages, Guarantees etc.

The following liabilities are secured by collateral:	**2002**	**2001**	**2000**
Debt to banks (in Parent company)	133 045	132 471	167 237
Sellers' financing - building (in Parent company)		4 000	8 000
Other (in subsidiaries)	2 615	237	725
Total	135 660	136 708	175 962

Book value of the assets used as collateral:	**2002**	**2001**	**2000**
Accounts receivable	58 151	155 451	128 015
Multi-Client Library	692 174	518 559	359 505
Machinery, equipment	11 501	5 377	6 322
Vessel		116 613	141 288
Buildings	25 044	26 085	23 121
Total	786 869	822 084	658 251

Loan Agreements and Terms:

Revolving Credit Facility

Limit USD 15,0 million; drawn USD 6,5 million per December 31, 2002. The Limit will reduce to USD 10,0 million per May 31, 2003. Terms: Libor + 1,0% p.a on drawn amounts, and 0,5% p.a. on the undrawn balance. Multi Currency Bank Overdraft Facility: Limit NOK 35 million. Terms: Nordea Basis on drawn NOK, Nordea Basis + 1,0% p.a on drawn currency amounts. Facility fee: 0,1% p.a. on the total facility amount.

Term Loan

Balance per December 31, 2002 was USD 12,6 million. The Company paid an installment of USD 4,2 million in February 2003 and installments of USD 2,1 million are payable in August and February going forward till December 2004. Terms: Libor + 1% p.a.

The Company does not have debt maturing later than 5 years after the Balance Sheet Date.

Note 8 - Lease Obligations

The Parent company has operating lease commitments expiring at various dates through 2003. Rental expense for operating leases was NOK 76 for the year ended December 31, 2002. The Parent company also has capital lease commitments expiring at various dates through 2005. Rental expense for capital leases was NOK 12 829 for the year ended December 31, 2002. Future minimum payments for capital and operating leases with lease terms in excess of one year at December 31, 2002 are as follows for the Group:

Year	Operating leases	Capital leases
2003	5 852	2 421
2004	4 969	2 421
2005	1 676	605

Note 9 - Equity and Shareholder Authorizations

9.1 Equity Reconciliation for 2002	Share capital	Own shares held	Premium fund	Free equity in Parent Company	Equity in Parent Company	Equity for the Group
Opening balance January 1	24 478	-5	98 712	161 617	284 802	1 179 771
Capital increase during 2002	300		40 598		40 898	40 898
Own Shares purchased		-80	-10 564		-10 644	-10 644
Own Shares transferred in A2D transaction		85	11 473		11 558	11 558
Profit for the year				32 821	32 821	221 607
Effect of change in currency exchange rates						-176 339
Closing balance December 31	24 778	0	140 219	194 437	359 434	1 266 851

9.2 Free Standing Warrants

Shareholders' Resolution to issue Warrants to key Employees

On June 11, 2002 the shareholders resolved to issue free standing warrants in connection with a stock option plan for employees. Employees subscribed for 535 000 warrants and the maximum share capital increase under this resolution will be NOK 535. The warrants issued can be exchanged for shares until June 11, 2007. As per March 16, 2003, no further unsubscribed stock options and warrants have been issued. The shareholders' resolution to issue free standing warrants authorize the Board to grant further options to employees for which warrants may be issued and subscribed for before May 31, 2003. The General Assembly resolved to freeze the stock option price on options and warrants issued to employees in 1997 and 1999.

9.3 Shareholders' Authorization to the Board to issue Shares in the Company

The Board is authorized to issue a total of 12 213 685 new shares in connection with mergers, acquisitions and take-over bids on the Company and to employees in connection with stock option plans. This authorization expires June 12, 2003. As of December 31, 2002, in total 346 010 new shares have been issued under this authority, of which 49 999 shares were issued to employees in connection with exercise of stock options and 296 011 shares were issued in connection with the acquisition of A2D Technologies in June 2002.

9.4 Shareholders' Authorization to the Board to buy back Shares in the Company

The Board is also authorized to acquire, on behalf of the Company, an aggregate number of the Company's shares for an aggregate par value of NOK 15,0 million provided that the total amount of owned own shares at no time exceeds 10% of the Company's share capital. This authorization expires December 11, 2003. Under this authorization, the Board acquired 42 500 shares at a price of NOK 147,29 per share in February 2001 and used 37 634 of these as payment when acquiring the Symtronix Corporation in February 2001. In February 2002, the Board acquired 80 000 shares at NOK 132,79 per share. The balance of own shares were transferred to owners of A2D in exchange for parts in A2D being transferred to TGS-NOPEC.

Note 10 - Earnings per share (eps)

The Company has issued stock options as described in Note 15. The effect of the issuance of the stock options upon the Company's diluted earnings per share is disclosed below.

	2002	2001	2000
Profit for the year	221 607	341 850	214 924
Average number of shares outstanding (thousands)	24 629	24 429	24 282
Earnings per share (NOK's)	9,00	13,99	8,85
Diluted earnings per share	8,36	13,23	8,45
Number of ordinary shares used to calculate diluted eps	26 498	25 831	25 443

Note 11 - Related Parties

The Parent company sold its 30% holding in A2D Technologies to the subsidiary TGS-NOPEC Geophysical Company (USA) at cost, USD 6,5 million, on June 4, 2002. The sale was settled through an offset on the intercompany loan balance between the two companies. After the transaction, TGS-NOPEC Geophysical Company (USA) holds 100% of the shares in A2D Technologies.

Note 12 - Segment Information

Approximately 98% of the Company's Net revenues during the year 2002 came from the multi-client market, and 2% from the proprietary market. A2D Technologies' well log business (acquired in June 2002) represented approximately 5% of the Consolidated Net revenues. See Note 6. During 2002 approximately 43,5% of Net operating revenues were multi-client 2D and 50,5% multi-client 3D.

Note 13 - Geographical Information

	2002			2001		
Revenues per region	North & South America	Africa, Middle East & Asia/Pacific	Europe	North & South America	Africa, Middle East & Asia/Pacific	Europe
Net revenues	765 760	70 552	160 778	732 838	176 316	246 472
In % of total net operating revenues	77%	7%	16%	64%	15%	21%

Note 14 - The Largest Shareholders in TGS-NOPEC Geophysical Company ASA as of December 31, as registered with VPS:

	Shares	Proportion of shares	Proportion of votes
Fidelity Funds-Europ. Growth/Sicav	1 906 680	7,7 %	7,7 %
Folketrygdfondet	1 538 700	6,2 %	6,2 %
David W. Worthington	1 501 946	6,1 %	6,1 %
JPMorgan Chase Bank (Nominee)	1 294 742	5,2 %	5,2 %
Evelyn W. Worthington	1 069 946	4,3 %	4,3 %
Odin Norden	707 050	2,9 %	2,9 %
State Street Bank & Trust Co. (Nominee)	687 989	2,8 %	2,8 %
Vital Forsikring ASA	662 600	2,7 %	2,7 %
Steven E. Lambert	599 000	2,4 %	2,4 %
Henry H. Hamilton III	567 196	2,3 %	2,3 %
Odin Norge	512 200	2,1 %	2,1 %
Nordea Avkastning	431 000	1,7 %	1,7 %
DNB Norge	389 745	1,6 %	1,6 %
Nordea Vekst	375 000	1,5 %	1,5 %
The Northwestern Mutual Life	335 000	1,4 %	1,4 %
Gjensidige NOR Spareforsikring	312 034	1,3 %	1,3 %
Svenska Handelsbanken Depot	279 775	1,1 %	1,1 %
Skagen Vekst	260 200	1,1 %	1,1 %
Tine Pensjonskasse	253 500	1,0 %	1,0 %
Sparebankenes Sikringsfond	250 000	1,0 %	1,0 %
Sum	13 934 303	56,2 %	56,2 %
Total number of shares outstanding (par value NOK 1,00 per share)	24 778 380		

Shares and Options owned by the Chief Executive Officer and members of the Board as of December 31:

Name	Title	Total number of shares	Number of options
David W. Worthington	Chairman	1 516 946	
Henry H. Hamilton III	CEO/Director	567 196	740 245
Claus Kampmann	Director	4 000	
Arne-Kristian Maeland	Director	14 000	
Nils B. Gulnes	Director	1 000	
Rabbe E. Lund	Director	1 000	

The number of shares reported for each individual also includes any shares held by a company controlled by him, his spouse, or by his children under 18 year of age.

Note 15 - Salaries / Number of Employees / Benefits / Employee Loans / Pensions
year ended December 31

Payroll and related cost:	parent company 2002	parent company 2001	group 2002	group 2001
Payroll	23 500	25 717	**119 871**	115 345
Social security costs	4 083	5 622		
Pension costs	558	687		
Other employee related costs	397	646		
- salaries capitalized (vessel related)	-8 793	-7 003		
Payroll and related cost	19 745	25 670	**119 871**	115 345

Average number of employees in 2002 was 279 including A2D as from June 2002, of which an average of 31 employees were employed by the Parent Company.

The Company has a profit sharing plan for all employees following a six month trial employment. The profit sharing (bonus) is payable quarterly, and is calculated as a function of pre-tax profit vs budget and the individual employee's employment conditions.

Directors' fee paid to the Board of Directors was NOK 500.
The Directors, apart from the CEO, do not participate in any bonus or profit sharing plan.
Total remuneration paid to the CEO was USD 981, out of which USD 409 was salary and USD 571 bonus.
The CEO's bonus plan entitles him to a 1,25% of the Company's annual pre-tax profit above USD 10 million before bonus charges.
The CEO participates in the pension plan for US employees.
The maximum amount payable to the CEO in case of termination of employment amounts to three-years base salary spread over an ensuing three-year period.
The maximum amount payable in case of termination following a "Change of Control" event is three-years' gross compensation.
The details of the stock options outstanding to the CEO (740 245 options) and to other key employees are disclosed below.

Outstanding Stock Options/Warrants granted to Employees as per December 31:

# Options	Exercise Dates	Holders	Price		Conditions		Granted
143 369	From November 2002	Key Employees	NOK	50,25	Stock options expiring	July 1, 2004	July 30, 1997
552 196	From June 2002	Hank Hamilton	NOK	117,76	Warrants expiring on	June 29, 2003	June 7, 2000
138 049	See below*	Hank Hamilton	NOK	47,00	Warrants expiring on	June 24, 2004	June 24, 1999
50 000	From July 2000	Key Employees	NOK	51,80	Warrants expiring on	June 24, 2004	June 24, 1999
226 250	See**	Key Employees	NOK	116,50	Warrants expiring on	June 7, 2005	June 7, 2000
470 000	See***	Key Employees	NOK	142,00	Warrants expiring on	June 12, 2006	June 12, 2001
50 000	See****	Hank Hamilton	NOK	121,00	Warrants expiring on	June 11, 2007	June 11, 2002
485 000	See****	Key Employees	NOK	121,00	Warrants expiring on	June 11, 2007	June 11, 2002
2 114 864							

* The CEO, Hank Hamilton, may request shares issued in exchange for warrants as follows:
Up to 75% beginning June 30, 2002
100% beginning June 30, 2003 less previously exercised

** The holders may request shares issued in exchange for the warrants as follows:
Up to 50% beginning June 8, 2002 less previously exercised
Up to 75% beginning June 8, 2003 less previously exercised
100% beginning June 8, 2004 less previously exercised

*** The holders may request shares issued in exchange for the warrants as follows:
Up to 25% beginning June 13, 2002 less previously exercised
Up to 50% beginning June 13, 2003 less previously exercised
Up to 75% beginning June 13, 2004 less previously exercised
100% beginning June 13, 2005 less previously exercised

**** The holders may request shares issued in exchange for the warrants as follows:
Up to 25% beginning June 12, 2003
Up to 50% beginning June 12, 2004 less previously exercised
Up to 75% beginning June 12, 2005 less previously exercised
100% beginning June 12, 2006 less previously exercised

All stock options issued as from July 2000 become exercisable immediately should a change of control as defined in the stock option plans occur. Employees can only exercise options/exchange warrants for shares to the extent the options/warrants are earned and exercisable in cases where the employment is terminated by the employee or the Company (other than summary dismissal in which case the right to exercise options terminates).

Auditors' fee.
The audit fee for 2002 for the Parent Company was NOK 346. The fees for other services provided by the auditor was NOK 87.
The audit fee for 2002 for the Group was NOK 1 450. The fees for other services provided by the auditor was NOK 1 034.

Note 16 - Financial Items
year ended December 31

	parent company			group		
Financial income/expense:	2002	2001	2000	**2002**	2001	2000
Interest income	1 404	6 481	3 258	**5 903**	15 918	13 979
Other financial income	116 088	3 532	1 507	**13 685**		
Sum financial income	117 492	10 012	4 765	**19 588**	15 918	13 979
Interest expense	-6 635	-20 166	-19 619	**-7 076**	-20 368	-19 512
Interest expense subsidiaries	-10 579	-15 306	-10 673			
Other financial expenses	-41 460	-7 085	-21 466		-2 909	-13 207
Sum financial expense	-58 673	-42 558	-51 758	**-7 076**	-23 277	-32 719
Net financial items	58 818	-32 545	-46 993	**12 512**	-7 359	-18 741

Note 17 - Taxes

year ended December 31	parent company		
Current tax:	**2002**	**2001**	**2000**
Profit before taxes and extraordinary items	46 106	100 432	50 533
Permanent differences	82	84	53
Changes in temporary differences	-127 346	-117 426	-120 419
Non-deductible writedown shares	9 348		
Additional taxable profit ANS	201		
Basis for current tax	-71 609	-16 910	-69 833

	parent company			group		
Total tax expense for the year:	2002	2001	2000	**2002**	2001	2000
Current tax on net income				**138 579**	148 465	106 072
Deferred tax - changes	13 286	27 786	14 166	**-16 756**	25 097	12 009
Correction of deferred tax in 2000			67			
Balance sheet effect of change in exchange rate						-2 998
Tax outside Norway		365	360		365	360
Total tax expense for the year	13 286	28 150	14 592	**121 823**	173 926	115 443
Effective average tax rate	29%	28%	29%	**35%**	34%	35%

Specification of basis for deferred taxes:

	parent company		group	
Offsetting differences:	2002	2001	**2002**	2001
Fixed assets	-32 348	23 068	**-37 318**	20 329
Current assets	536 640	363 446	**470 817**	387 833
Liabilities				
Loss carry forward	-253 743	-183 407	**-267 615**	-181 920
Total	250 549	203 107	**165 884**	226 242
Deferred tax liability/deferred tax asset	70 154	56 870	**46 609**	63 365
Average deferred tax rate	28%	28%	**28%**	28%
Total current taxes payable			**55 969**	**30 825**

Taxes payable in the balance sheet are lower than taxes payable for the year. This is due to the fact that in the USA taxes are payable in advance.

Note 18 - Currency Exposure

Major portions of the Group's revenues and costs are in US dollars. The majority of the Group's loan financing is in US dollars. Due to this, the Company's operational exposure to exchange rate fluctuation is low. However, as the Consolidated Accounts are presented in NOK, fluctuations between the NOK and the USD impact the quarterly and annual reported figures as unrealized currency exchange gains or losses under Financial Items. Beginning in 2003, the Company will report its financial statement in USD.

statement from independent accountants.

To the Annual Shareholders' Meeting of TGS-NOPEC GEOPHYSICAL COMPANY ASA

Respective Responsibilities of Directors and Auditors

We have audited the annual financial statements of TGS-NOPEC GEOPHYSICAL COMPANY ASA as of December 31, 2002, showing a profit of NOK 32 821 000 for the parent company and a profit of NOK 221 607 000 for the group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit. The financial statements comprise the Balance Sheet, the Statements of Income and Cash Flows, the accompanying Notes and the Group Accounts. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and other information according to the requirements of the Norwegian Act on Auditing and Auditors.

Basis of Opinion

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant accounting estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards and practices an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion,

- the financial statements have been prepared in accordance with law and regulations and present the financial position of the Company and of the Group as of December 31, 2002, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the Company's management has fulfilled its obligation in respect of registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit is consistent with the financial statements and comply with the law and regulations.

Stavanger, March 25, 2003
KPMG AS

Aage K. Seldal
State Authorised Public Accountant

* Note: This translation of the Norwegian statutory Audit Report has been prepared for information purposes only.

How can we assist you in your evaluation process?

The uniqueness of TGS-NOPEC's business model was emphasized in earlier sections of this Annual Report. In addition, we'd like to briefly describe the Company's set-up and view on each of the following topics:

1. **Managing the Business**
2. **Company Capital**
3. **Corporate Governance**
4. **Investor Relations**

1. Managing the Business

- The primary driver for the Company's investments is the expected return of the individual project under consideration. The Company uses a portfolio management approach to balance its investment risk.
- Contrary to most of its competitors, TGS-NOPEC does not own any seismic vessels. This offers increased flexibility and lower capital employed.
- Investments in individual projects require prior approval by senior management. This is done through the submittal and approval of an internally developed investment evaluation model (Project Evaluation Model).
- Management tracks and follows up on the status of individual projects using a quarterly inventory report.
- TGS-NOPEC stays close to the business where it is by clearly defining regional responsibility through key managers.

Characteristics of Project Evaluation

The project manager proposes a new project and builds a financial model describing the expected parameters of their proposal for the investment. While the details of each individual model vary from project to project, they all include information such as:

- Project description
- Estimated project costs
- Sales pricing
- Expected timing and amount of total revenues, including secured pre-funding and probability-weighted late sales projections
- Cash flow
- Summary evaluation with expected return on investment

Characteristics of the Seismic Inventory Report

- Lists all projects
- Compares actual costs versus planned cost
- Compares actual sales versus planned sales
- Compares amortization rates
- Quantifies sales-to-cost ratios to date

Business Unit Managers

Seismic, North and South America	J. Kim Abdallah
Seismic, Africa, Middle East and Asia Pacific	Pierre Benichou
Seismic, Europe	Kjell E. Trommestad
Well Logs, Global	Dave Kotowych

These officers have intimate knowledge of local market conditions and report directly to the CEO.

2. Company Capital

The Company's Capital consists of:

- Key staff
- Seismic and well log database
- Market position

Key Staff

Maintaining human capital through key employees is vital for the Company's success and future growth. TGS-NOPEC is proud of its exemplary track record in retaining key employees. The Company's scheme for retaining and motivating its employees includes:

- Competitive base salary and benefits package
- Profit-sharing bonuses paid on a quarterly basis
- Stock option plan for key employees
- Enthusiastic and flexible working environment for all employees

The bonus plan is subject to annual revisions, but is tied to the most important incentive for both employees and shareholders: Pre-tax profit of the Group.

Through the bonus plan, every employee is motivated to see the Company succeed. Every sale exceeding a certain amount prompts the playing of Elvis (in the US) and Pink Floyd's "Money" (in Norway) over the intercom or loudspeakers in the office. Visitors are always amused to see the reaction of our employees when that music is playing!

Seismic and Well Log Database

TGS-NOPEC's database is more than just the product we offer to our clients, it is also a strategic asset for the Company which:

- Serves as a basis for making refined products
  - Derivative products (reprocessing, interpretation etc)
  - Bundling of products (seismic and well logs)
- Serves as a basis for making new products
  - All 3D surveys are positioned on the basis of existing 2D data
  - Infill and more extended coverage of existing grids
- Serves as a substantial entry barrier against new players/new competition

Market Position

Although TGS-NOPEC is relatively small in the world of seismic, it is large in the world of digital well logs and each position offers a clear advantage. Having a niche market share in seismic creates increased growth recognition through fewer successful moves. Large reach in the well log market enables the Company to maintain leadership as a one-of-a-kind supplier of digital log data to oil companies via the Internet or other distribution channels.

3. Corporate Governance

Notes to the Financial Statements include important information for investors relating to Corporate Governance. Below, we have tried to summarize the issues and to refer to the relevant footnote.

Shareholders and Shareholders' rights

- TGS-NOPEC does not have a major holder dominating the ownership of the Company. The largest shareholders are investment funds. *See Note 14.*
- To a large extent, ownership control is exercised by the Chairman of the Board of Directors, Mr. Worthington, co-founder of TGS, the US arm of TGS-NOPEC, who holds approximately 6% of the shares and the CEO, who holds 2,25% of the shares. An investment decision resulting in a holding of TGS-NOPEC shares means a direct exposure to the views and decisions of the current management and the business culture built up over the years by the key employees of the Company.
- The Company has only one class of shares and each share gives the right to one vote at the General Assembly. There are no voting restrictions. The Board puts emphasis on, to the extent possible, disclosing and describing the topics of the Agenda and the proposed resolutions in the call for the Assembly to allow the Shareholders to prepare beforehand.
- Any Shareholder not attending the General Assembly can give proxy to vote on his/her behalf. Forms of Proxy are sent to the Shareholders together with the call for the Assembly.
- The proceedings in the General Assembly follow the agenda set out in the call. Shareholders who wish to raise a topic in the General Assembly have the possibility to do so, but must then notify the Board the Directors of this in writing and in reasonable time before the call for the Assembly is dispatched. The AGM may not decide for a higher dividend than the Board of Directors has proposed for that year.

The Board of Directors

The CEO is also a Director of the Board. The constitution of the board reflects a strong background that balances specific industry experience with broader industrial, financial, and organizational experience. All the Directors are shareholders of TGS-NOPEC. A brief background description for each board member is listed below:

David W. Worthington, *Chairman*
Age 61: An original founder of TGS in the 1980's after thirteen years with Shell Oil Company. First elected in 1998 and became Chairman in 1999.

Henry H. Hamilton III, *CEO/Director*
Age 43: Shell Oil Co, Former VP & GM of North and South America for Schlumberger's Geco-Prakla. Joined TGS as CEO in 1995. First elected in 1998.

Arne-Kristian Maeland, *Director*
Age 49: Phillips Petroleum, Geco Geophysical, co-founder and CFO of VMETRO. First elected in 2001.

Claus Kampmann, *Director*
Age 53: Past President of Geco-Prakla and VP Personnel Schlumberger Ltd. First elected in 2002.

Nils B. Gulnes, *Director*
Age 67: Former Deputy Director General, Norwegian Ministry of Industry, Oilsection, Senior VP at Den norske Creditbank and Managing Director of Amerada Hess Norway. Currently a lawyer at Lawfirm Grette DA. First elected in 2002.

Rabbe E. Lund, *Director*
Age 57: International Monetary Fund, Norwegian Ministry of Oil & Energy, Saga Petroleum. Currently President and Partner at Intellectual Capital Group. First elected in 2002.

Board Committees
The board members have formed the following committees:

- Audit Committee
- Compensation Committee
- Nominating & Corporate Governance Committee
- Shares Committee

The constitution of the committees is described in the Report from the Board of Directors.

Defence mechanisms, Shareholders' Authorizations
See Note 9 to the Financial Statements

Corporate Management
Virtually all of TGS-NOPEC's staff work regionally on developing, managing and selling projects. Corporate overhead is minimized as only five senior officers carry corporate responsibilities. These are:

- Hank Hamilton, CEO
- Arne Helland, CFO
- John Adamick, VP Business Development
- Karen El-Tawil, VP Corporate Marketing
- David Hicks, CTO

4. Investor Relations
The Company keeps investors updated on TGS-NOPEC's web site, www.tgsnopec.com. Click on the "Investor Relations" button to see:

- Financial Reports, Presentations and Webcasts
- List of Analysts following TGS-NOPEC with contact information
- Where to trade TGS-NOPEC shares
- TGS-NOPEC at Oslo Stock Exchange
- Financial Calendar
- Latest Press Releases

Investor Contact and Information Distribution
The Corporate Management puts great emphasis on striving to inform all investors and analysts with the same information at the same time.

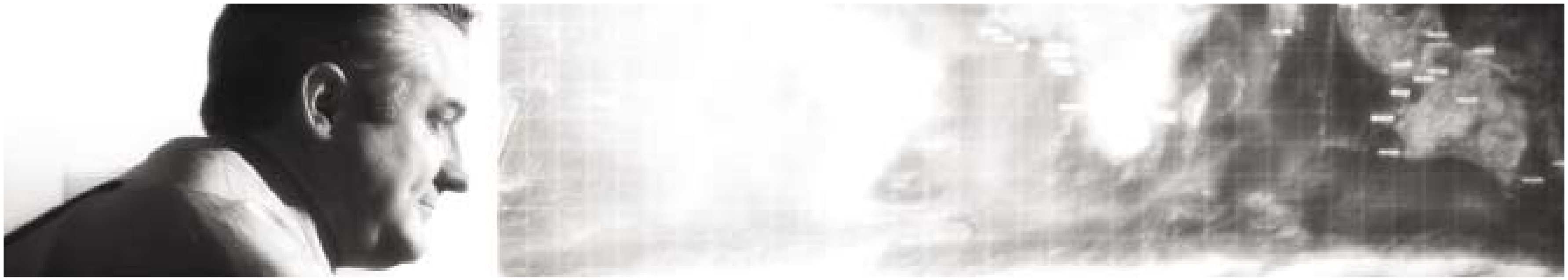
- All Press Releases are written and issued in English.
- The quarterly results are customarily presented in English via direct Webcasts of the presentations held for analysts on the morning the results are issued.
- Management meets investors on road shows in Norway, US, UK, Sweden and Continental Europe several times per year.

From the web site, interested parties may subscribe to TGS-NOPEC news and send e-mail directly to the CFO. If you would like to meet us, please do not hesitate to call or e-mail.

In the US: John Adamick
Tel : +1 713 860 2100

In Europe: Arne Helland (CFO)
Tel : +47 31 29 20 00 / +47 91 88 78 29

future of the multi-client marketplace.



The summer acquisition of well log data provider A2D Technologies is an expansion into new marketplaces for TGS-NOPEC, but not into new ways of doing business. In the United States, A2D Technologies has developed an innovative and unique form of the multi-client data model, one with both parallels and divergences from that of its new corporate parent.

By the nature of how log data is collected, it begins life as proprietary information held for a designated period of time by the oil company. Subsequently, this information enters the public domain, allowing A2D Technologies to make them available via LOG-LINE Plus!™, an online portal containing more than 1,4 million well logs. At this point, the models converge with both companies offering value-added processing services, wide-area data sets and regional interpretive studies.

The synergy between these two data types (see Well Correlated, page 6) has already led to the creation of joint product offerings. Announced in October, the Phase 50 project is a 2D acquisition in the offshore Louisiana area of the central Gulf of Mexico. Along with the seismic data, 500 A2D wells from the same area are included in the package delivered to customers.

Bundled data sets will be the future of the multi-client model. As A2D's global well log data collection grows, priority has been given to exploration zones where TGS-NOPEC has seismic holdings or in-progress acquisition. These bundled data packages will evolve into an integrated "exploration kit", with a complete roster of processed data products wrapped up with interpretive software, workstation loading and data management services.

On a parallel track, TGS-NOPEC plans to leverage the technology of LOG-LINE Plus! to alter the way in which prospective customers interact with the multi-client collection. Explorationists will have access in real time to the entire collection, seeing precisely what lines, wells, processed data and bundled sets are available at any given moment from anywhere in the world. As the two brands become one, so too will their data sets.

The cross-pollination of people, ideas and technologies created by this acquisition will continue to increase shareholder value and differentiate TGS-NOPEC further as the well correlated choice for multi-client data.

TGS-NOPEC offers a well correlated match of seismic and well log exploration products, complemented by processing, data management and interpretive services. In the hands of geoscientists worldwide, these data sets work together to create a vivid picture of the subsurface. These oil and gas professionals depend on TGS-NOPEC for reliable data, timely delivery and sound technology. Whether used to explore leads, drill prospects, or develop fields, customers know that they are working with the best data available, supported by a company who sees a correlation between their mutual success.

Well Correlated. Be it products and customers, acquisition and the environment, employees and their safety, or management and shareholders, TGS-NOPEC relies on this guiding principle to explore a *world of opportunities*.

contact us.

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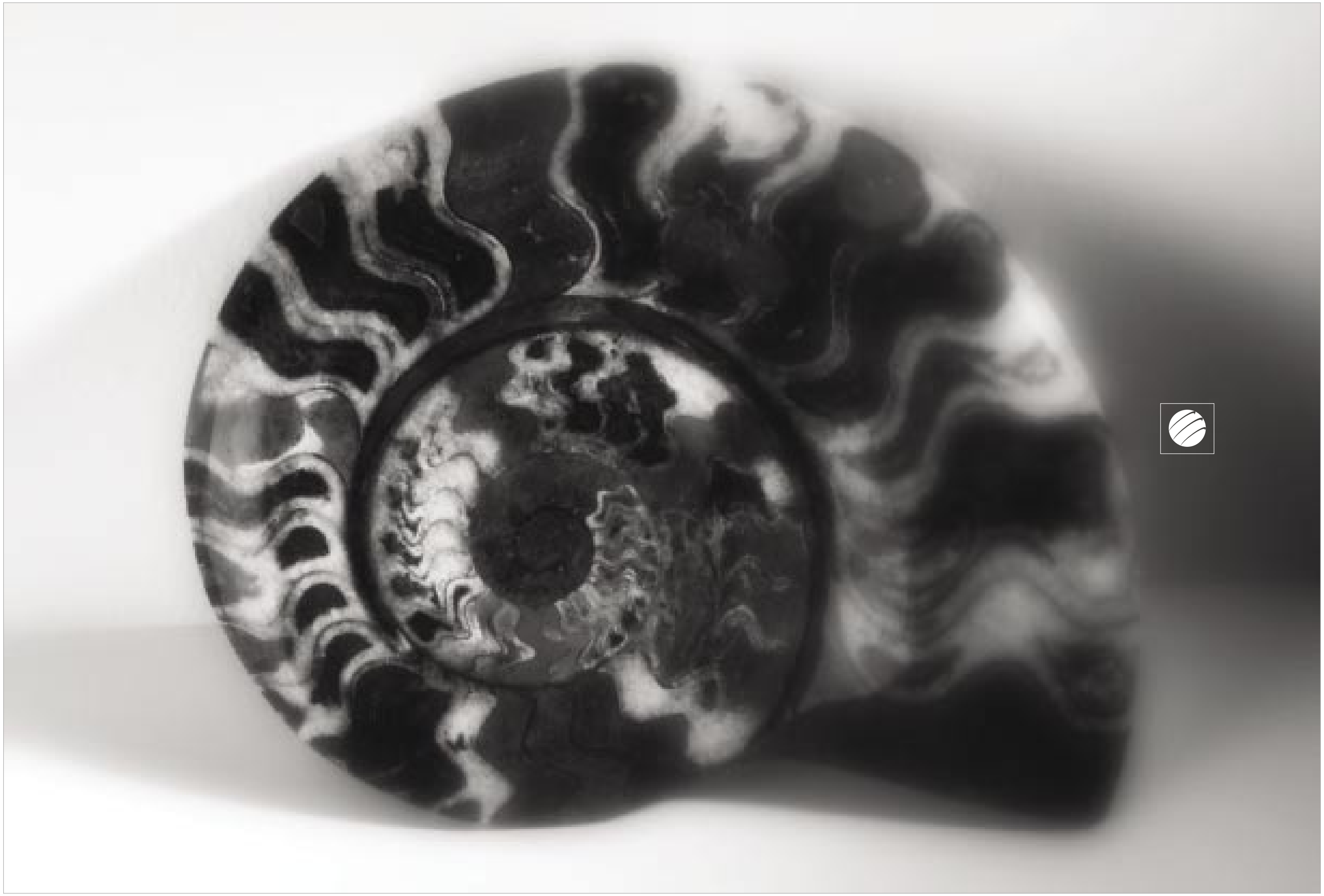

2002 annual report