



SEISMIC EXPLORATION (CANADA) LTD
FORMERLY PGS OCEAN BOTTOM SEISMIC (UK) LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

COMPANY NUMBER 3077211



SEISMIC EXPLORATION (CANADA) LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2000

The directors hereby present their report and financial statements for the year ended 31 December 2000. The company is a member of the Petroleum Geo-Services Group, a Norwegian registered oil services group with operations worldwide.

DIRECTORS

The directors who have served during the period are as follows:

A Holst (Appointed 13th February 2001)
L Quinn (Resigned 20th February 2001)
T Rigsby (Resigned 28th November 2000)

The directors hold no beneficial interest in the shares of the company.

RESULTS AND DIVIDENDS

The profit for the year after tax was £9,512 (1999: £213,506). This amount has been transferred to reserves. The directors do not recommend payment of a dividend.

PRINCIPAL ACTIVITY, BUSINESS REVIEW AND COMPANY DEVELOPMENTS

In May 2001 the company changed its name in order to reflect its current activities. During 2000 the principal activity of the company was providing personnel for the acquisition of ocean bottom cable marine seismic surveys. The company has now broadened the scope of its activities and been awarded work in Canada. Future prospects will depend upon market conditions.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 6 under Note 1 'Accounting Policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2000 and that applicable accounting standards have been followed.

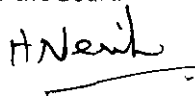
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, PricewaterhouseCoopers are not seeking re-election. A resolution will be put to the members to appoint new auditors.

By Order of the Board

H Nevile
Secretary



Auditors' report to the members of Seismic Exploration (Canada) Ltd

We have audited the financial statements on pages 4 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with 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 at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers,
Chartered Accountants & Registered Auditors
London

28 June 2002

SEISMIC EXPLORATION (CANADA) LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000**

	<u>Note</u>	<u>2000</u> £	<u>1999</u> £
TURNOVER – Continuing operations	2	1,755,609	2,519,074
Cost of sales		(1,676,759)	(2,203,955)
GROSS PROFIT		78,850	315,119
Administrative expenses		(69,338)	(101,613)
OPERATING PROFIT – Continuing operations	3	<u>9,512</u>	<u>213,506</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		9,512	213,506
Tax on profit on ordinary activities	5	—	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>9,512</u>	<u>213,506</u>

The company has no recognised gains or losses other than the profit for the year and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

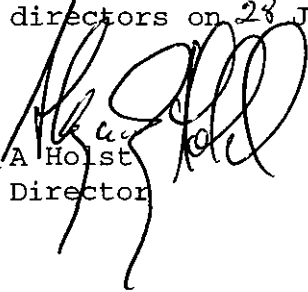
SEISMIC EXPLORATION (CANADA) LTD

BALANCE SHEET

AS AT 31 DECEMBER 2000

	<u>Note</u>	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
CURRENT ASSETS			
Prepayments and accrued income		<u>572,947</u>	<u>494,669</u>
CREDITORS: amounts falling due within one year			
Amounts owed to group companies		353,879	287,613
Accruals and deferred income		<u>5,000</u>	<u>2,500</u>
		<u>(358,879)</u>	<u>(290,113)</u>
NET CURRENT ASSETS		<u>214,068</u>	<u>204,556</u>
 EQUITY CAPITAL AND RESERVES			
Called up share capital	6	1,000	1,000
Profit and loss account	7	<u>213,068</u>	<u>203,556</u>
Total shareholders' funds	8	<u>214,068</u>	<u>204,556</u>

The financial statements on pages 4 to 8 were approved by the board of directors on 28 June 2002 and were signed on its behalf by:


A. Holst
Director

SEISMIC EXPLORATION (CANADA) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention. The following accounting policies have been applied in dealing with all items which are considered material in relation to these financial statements.

Pensions

Contributions to defined benefit schemes are charged to the profit and loss account over employees' working lives with the company and have been determined by a qualified actuary.

Foreign exchange

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All exchange differences are taken to the profit and loss account.

2 TURNOVER

Turnover represents the value of goods and services provided, invoiced or accrued, net of value added tax. The turnover and profit before tax is derived solely from the company's principal activity and arises solely from transactions with other PGS Group companies based in Norway.

3 OPERATING PROFIT

	<u>2000</u>	<u>1999</u>
This is stated after charging:	£	£
Auditors' remuneration	3,000	2,000
Auditors' remuneration for non audit work	-	1,800

The directors did not receive any remuneration during the year.

4 STAFF COSTS

	<u>2000</u>	<u>1999</u>
	£	£
Wages and salaries	1,577,002	2,100,794
Social security costs	11,935	14,727
Other pension costs	<u>66,251</u>	<u>85,982</u>
	<u>1,655,188</u>	<u>2,201,503</u>

The average number of employees was 74 (1999: 78). All employees were involved in the principal activity of the company.

SEISMIC EXPLORATION (CANADA) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

5	TAXATION	<u>2000</u> £	<u>1999</u> £
	UK Corporation tax based on the results for the year	<u>-</u>	<u>-</u>
	No potential deferred tax liability arises at 31 December 2000 (1999: Nil).		
6	EQUITY SHARE CAPITAL	<u>2000</u> £	<u>1999</u> £
	Ordinary shares of £1 each:		
	Authorised capital	1,000,000	1,000,000
	Issued, allotted and fully paid	<u>1,000</u>	<u>1,000</u>
7	RESERVES	<u>2000</u> £	<u>1999</u> £
	Reserves at start of year	203,556	(9,950)
	Profit for the year	<u>9,512</u>	<u>213,506</u>
	Retained profit at end of year	<u>213,068</u>	<u>203,556</u>
8	RECONCILIATION OF SHAREHOLDERS' FUNDS	<u>2000</u> £	<u>1999</u> £
	Balance at start of year	204,556	(8,950)
	Profit for the year	<u>9,512</u>	<u>213,506</u>
	Balance at end of year	<u>214,068</u>	<u>204,556</u>

9 PENSION COMMITMENTS

The company participates in the PGS UK Pension Fund, the assets of which are held separately from those of the company.

The PGS UK Pension Fund is a funded, defined benefit, Inland Revenue approved pension scheme. The last completed actuarial valuation was at 31 December 2000. Further details of the scheme are included in the financial statements of the immediate parent company Petroleum Geo-Services (UK) Ltd. Contributions have been made in line with actuarial advice and for 2000 amounted to £66,251 (1999: £85,982). This amount has been charged to the profit and loss account.

SEISMIC EXPLORATION (CANADA) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

10 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 4, 1366 Lysaker, Norway. The intermediate parent company is Petroleum Geo-Services (UK) Ltd, a company registered in England.

11 RELATED PARTY DISCLOSURE

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

12 CASH FLOW STATEMENT

The company is a wholly owned subsidiary of Petroleum Geo-Services (UK) Ltd which in turn is a wholly owned subsidiary of Petroleum Geo-Services ASA and its cash flows are included in that company's consolidated group cash flow statement. Consequently the company is exempt under the terms of FRS 1 (revised) from presenting a cash flow statement.