



Spectrum ASA

1st Quarter Results 2011



multi-client
services



seismic data
processing



marine
acquisition

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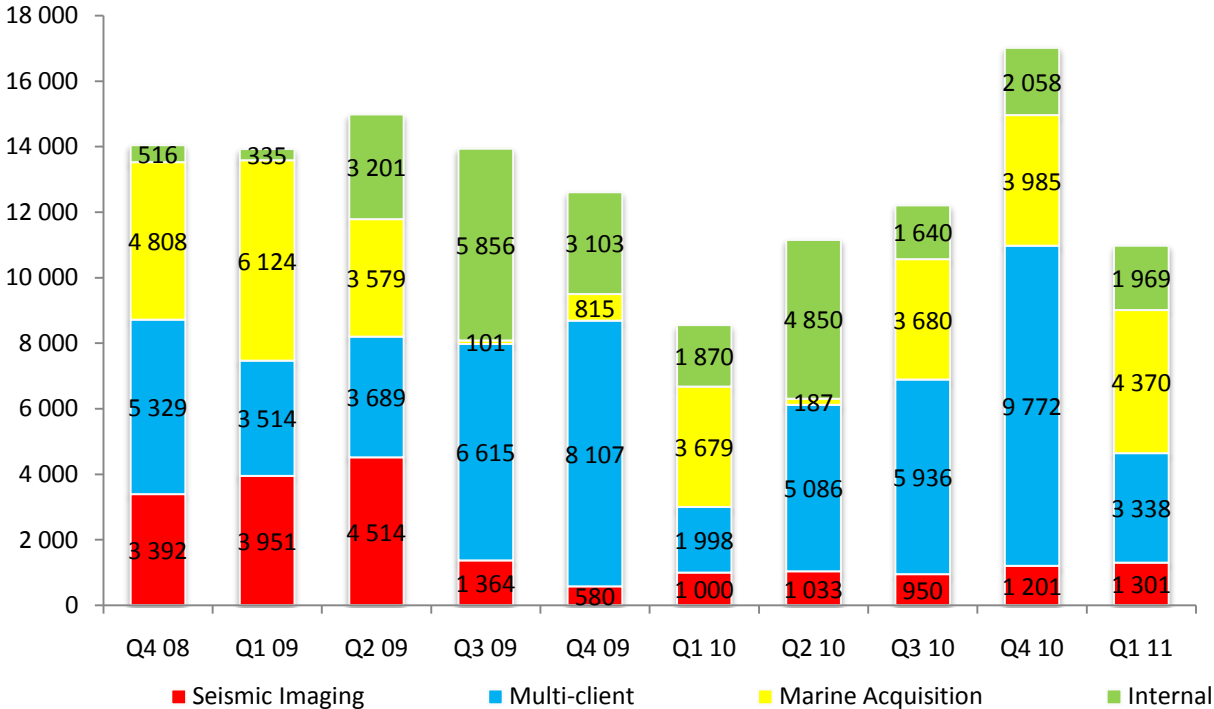
www.spectrumasa.com

Q1 2011 Summary

	<u>Q1 11</u>	<u>Q1 10</u>
Revenue	US\$9.0m	US\$6.7m
EBITDA	US\$1.09m	US\$0.44m
% EBITDA/Revenue	12.1%	6.6%
Cash flow from / (to) operating activities	(US\$0.931m)	US\$1.53m
Cash Balance	US\$7.4m	US\$21.2m

- Multi Client revenue US\$3.3m (10:US\$2.0m) with early sales of US\$1.3m (10:US\$0.6m) and late sales of US\$2.0m (10:US\$1.4m) recognised.
- Multi Client EBITDA US\$0.5m (10:US\$1.0m).
- Investment in Multi Client libraries US\$1.35m (10:US\$1.75m).
- Seismic Imaging revenue US\$1.30m (10:US\$1.0m)
- Acquisition of a 150 Sq. km proprietary contract offshore Trinidad completed generating external revenue of US\$4.37m (10:US\$3.7m).
- GGS Atlantic utilisation 87.8% (10:92.6%).
- Established a new office in Brazil

Revenue By Segment - Gross (\$'000's)



FIRST QUARTER REPORT FOR SPECTRUM ASA

Spectrum has three operating segments, licensing of multi-client seismic surveys "MC", seismic Imaging "SI" and marine acquisition "MA".

STATEMENT OF COMPREHENSIVE INCOME

Group revenue (external) for the first quarter was US\$9.01m (10:US\$6.68m). The increase in revenue from the prior year reflects stronger MC sales being achieved in 2011. This trend reflects continued interest in the existing library.

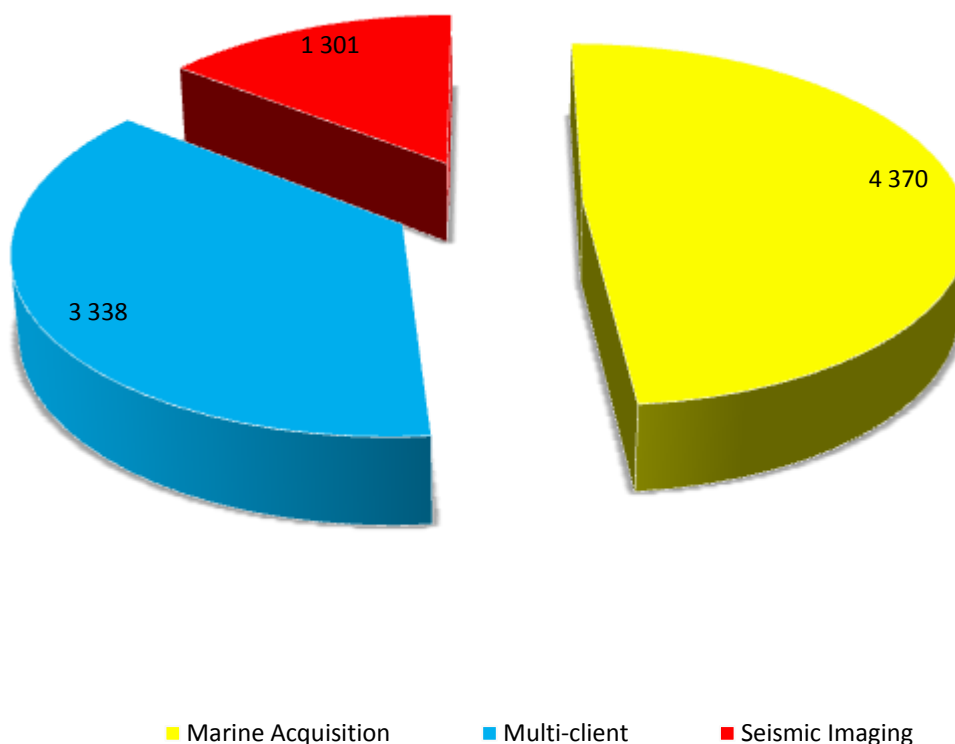
MC early revenue showed an increase of 110% to US\$ 1.35m (10: US\$0.64m) from the previous year. MC late sales also increased by US\$0.63m or 46% to US\$ 1.99m (10:US\$1.36m).

SI external revenue increased by 30% to US\$1.30m (10:US\$1.00m) from the prior year reflecting increased workload and a more effective utilization of Spectrum's processing capacity.

MA revenue in the quarter of US\$4.37m (10:US\$3.68m) as the GGS Atlantic completed the proprietary acquisition contract in Trinidad prior to mobilizing to the Gulf of Mexico to commence acquisition of the **Big Wave** Phase 5 survey.

Group EBITDA for Q1 of US\$1.09m (10:US\$0.44m). Operating costs of US\$7.9m (10:US\$6.2m) were in line with management's expectations.

Q1 Revenue - External (\$000's)



STATEMENT OF FINANCIAL POSITION

The total assets of the company are US\$63.70m (10:US\$61.91m) split between intangible assets of US\$32.35m (10:US\$23.87m), tangible assets of US\$3.57m (10:US\$2.36m), financial assets of US\$1.64m (US\$2.82m) and current assets of US\$26.09m (10:US\$32.87m). These are funded by equity of US\$37.18m (10:US\$50.62m), long term liabilities of US\$6.13m (10:US\$1.44m) and current liabilities of US\$20.36m (10:US\$9.85m).

In the period there were additions to the multi-client library of US\$1.35m (10:US\$1.75m) offset by amortisation of US\$0.74m (10:US\$0.58m). Management review did not require any provision for any additional impairment of goodwill or the seismic data libraries. Tangible assets received an investment of US\$0.93m (10:US\$0.70m) in the quarter being costs associated with class certification of the GGSA and computer software, and depreciation of US\$ 0.36m (10:US\$0.35m) resulted in a closing balance of US\$ 3.58m (10: US\$2.36m).

Accounts receivable reduced from US\$10.46m to US\$10.18m as collections closely matched the amounts billed in the quarter. Inventories of US\$4.66m (10: US\$3.61m) include work-in-progress for seismic imaging contracts and pre-funding of multi client surveys.

Excluding long term finance leases taken out against specific tangible assets, the company has no long term debt. The unrestricted cash balance decreased in Q1 by US\$3.43m to US\$6.90m. Management considers that it has sufficient liquidity to meet its ongoing operational obligations.

Other long term liabilities of US\$1.78m (10:US\$0.69m) include accruals for the GGSA Bareboat charter costs as part of the onerous contract provision booked in Q4 2010. Short term liabilities are US\$20.36m, decreased from US\$21.59m at the end of Q4, representing accounts payable, accruals and the portion of the above onerous contract provision expected to be payable within 12 months.

CASH FLOW

The balance of cash and cash equivalents has decreased by US\$3.41m to US\$7.38m.

Investment of US\$1.35m in multi client library demonstrates Spectrum's continuing commitment to continue to expand and develop it's international database. Additional seismic interpretation software licenses were purchased in the quarter to enhance it's capability in this area.

The timing of the sales in the quarter has lead to an increase of US\$1.26m in work in progress to US\$4.54m, much of which should be invoiced and collected during Q2 11. Accounts payable have increased by US\$2.7m to US\$6.5m in the quarter.

MULTI-CLIENT SERVICES

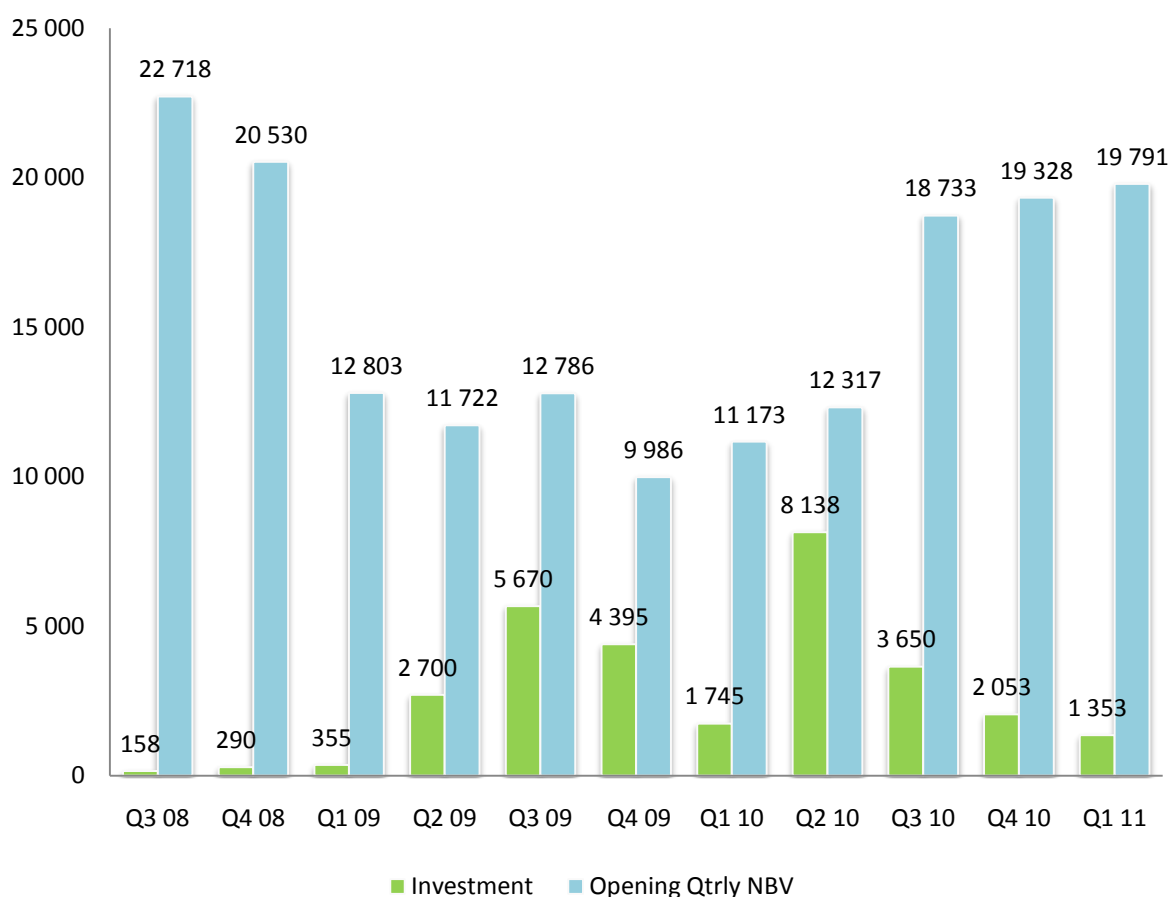


(US\$000's)	Q1 11	Q1 10
Late revenue	1,990	1,359
Early revenue	1,348	639
Total revenue	3,338	1,998
EBITDA	475	989
Investment	1,353	1,745

The sales mix in a particular period has a marked effect on the amount of revenue share payable to partners in a period.

Spectrum's multi-client library is composed of data and reports from many of the major oil producing and frontier regions of the world. The library now comprises in excess of 475,000km of 2D data together with 32,700 sq km 3D library. The library is replenished and continually enhanced with the addition of new projects and the reprocessing of older data. There is currently over 59,000km of 2D data being processed within Spectrum's seismic imaging centres and additional projects have received approval for processing once current projects have been released.

Investment in Multi client Libraries



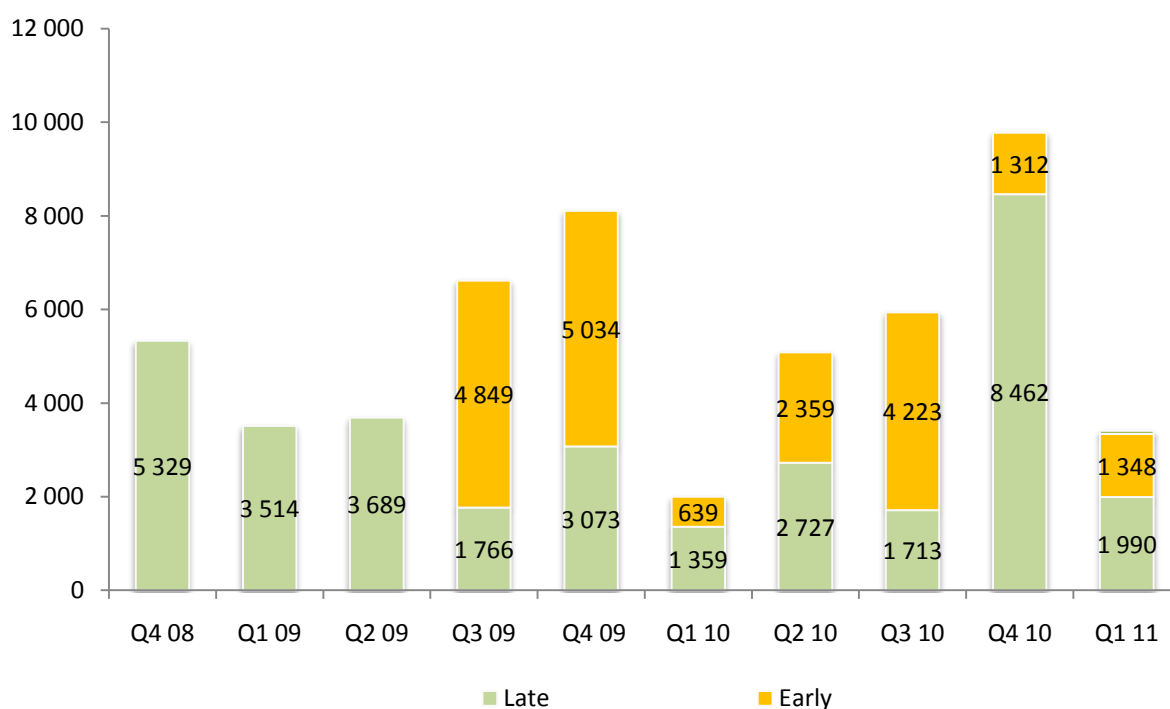
The GGS Atlantic was in transit to the Eastern Gulf of Mexico at the end of Q1 in order to commence acquisition of **Big Wave** Phase V, an extension of approx. 10,900 Kms to Spectrum's substantial 2D footprint in this region. This further investment underlines Spectrum's long term belief in the value of this dataset and management expect continued interest from our clients given the regional nature of the program.

Spectrum invested US\$1.35m in its worldwide data libraries including Adriatic Sea, East Greenland reprocessing and acquisition of **Big Wave** Phase V, together with detailed interpretation reports of the whole **Big Wave** region.

Spectrum continues planning to invest US\$30m in the data library in 2011, which is approximately 100% growth from the previous year.

In Q1 2010, late sales reached US\$1.99m (09:US\$1.36m) as certain opportunities did not close in the period. Revenue from Multi-client sales was 37% (10:30%) of total Spectrum Revenue in Q1 2010. Spectrum will continue to grow its multi client activity worldwide and there are currently firm plans for several new acquisition programs spread over different basins around the world.

Multi-client Revenue - Gross (\$'000's)



Accounting principles –

Multi-client libraries:

Carrying Value

Multi-client libraries represent seismic surveys for which Spectrum has the right to license copies to multiple different customers. These surveys can be complete or in progress at the date of booking, and are categorised as non-current intangible assets. These surveys are valued at cost (or fair value where purchased from a third party) less accumulated amortisation and impairment losses.

Amortisation

Accumulated Amortisation is calculated as the higher of amortisation according to sales or Spectrum's minimum amortisation policy. Cumulative sales amortisation is calculated as the proportion of cumulative revenue recognized for a survey to the total estimated revenue to be earned from that survey, multiplied by the total estimated cost for the survey. Spectrum's minimum amortisation policy is to reduce the carrying amount of a survey by 40% in the first year after completion, and by a further 20% in each of the subsequent years so that the carrying value of the survey will be reduced to zero within a maximum of four years after it has been completed.

Revenue recognition

Pre-commitments – When the Spectrum Group obtains funding for a particular survey before it is complete, revenue is recognized against that project on a percentage complete basis if all other revenue recognition criteria have been satisfied.

Late sales – Revenue earned against completed surveys are recognized at the time of the transaction when the customer executes a valid license agreement and has the right to access the licensed portion of the multi-client library.

Impairment

Spectrum reviews the carrying value of its multi-client libraries when there are events and changes in circumstances that indicate that the carrying value of the survey may not be recoverable. A formal impairment review of all multi-client surveys is performed formally at 30th September each year.

SEISMIC IMAGING



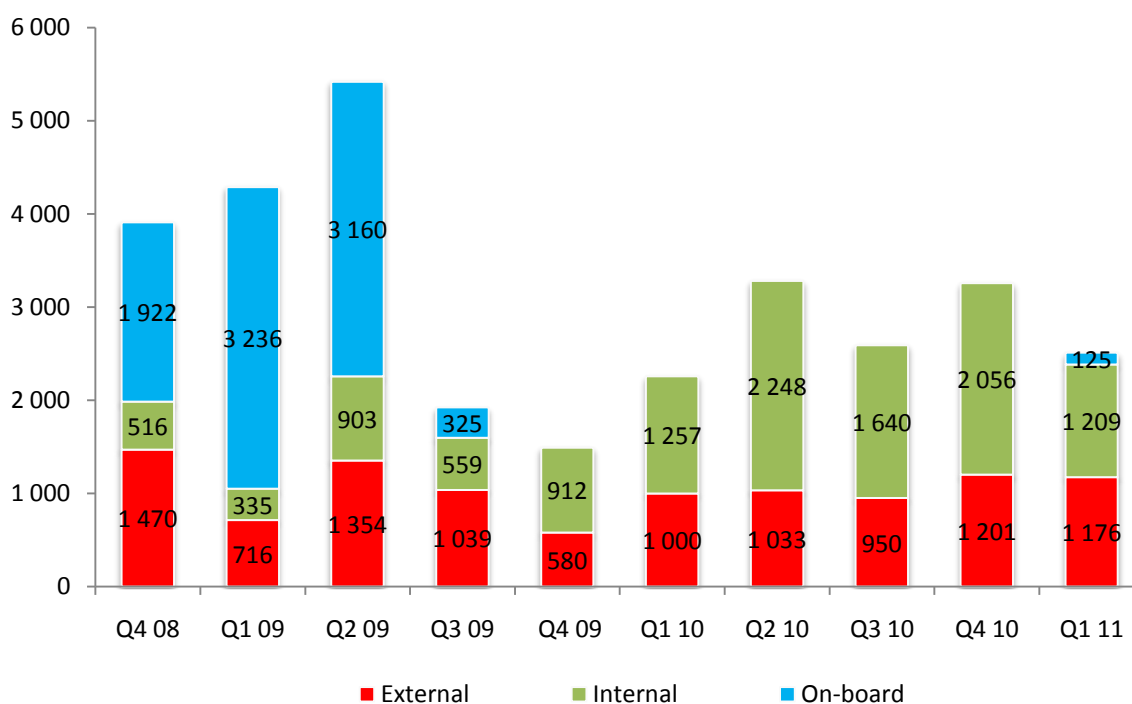
	Q1 11	Q1 10
(US\$000's)		
External revenue	1,301	1,000
Internal revenue	1,209	1,257
Total revenue	2,510	2,257
EBITDA	(328)	(52)

Seismic imaging services are provided from processing centers in UK, US, China, Egypt and Indonesia. Spectrum's seismic processing technology is based on carefully selected third party software complemented by Spectrum's SPA production processing platform, which is constantly being enhanced with new processing techniques. All centers are connected by a high speed Virtual Private Network which facilitates continuous support and new processing techniques from the primary computer centre in Houston.

The seismic imaging division contributed US\$1.30m (10:US\$1.00m) of external revenue in the quarter which is higher than during any of the previous five quarters. In addition a number of internal projects were processed for the multi client team which had an internal revenue equivalent to S\$1.21m (10:US\$1.26m). In Q1, 48% (10:56%) of the internal capacity of Spectrum's seismic imaging business unit has been utilized in processing data for multi client.

The seismic imaging division operated less profitably in Q1 2011 with a negative EBITDA of US\$0.33m. A further moderate improvement in the seismic market should lead to a return to profitability in the remainder of 2011.

Seismic Imaging Revenue - Gross (\$000's)



MARINE ACQUISITION



	Q1 11	Q1 10
(US\$000's)		
External revenue	4,370	3,679
Internal revenue	688	613
Total revenue	5,058	4,292
EBITDA	939	(502)

The GGS Atlantic completed the acquisition of its second proprietary 3D acquisition project offshore of Trinidad in March, generating US\$4.37m of external revenue in Q1 (10:US\$3.7m).

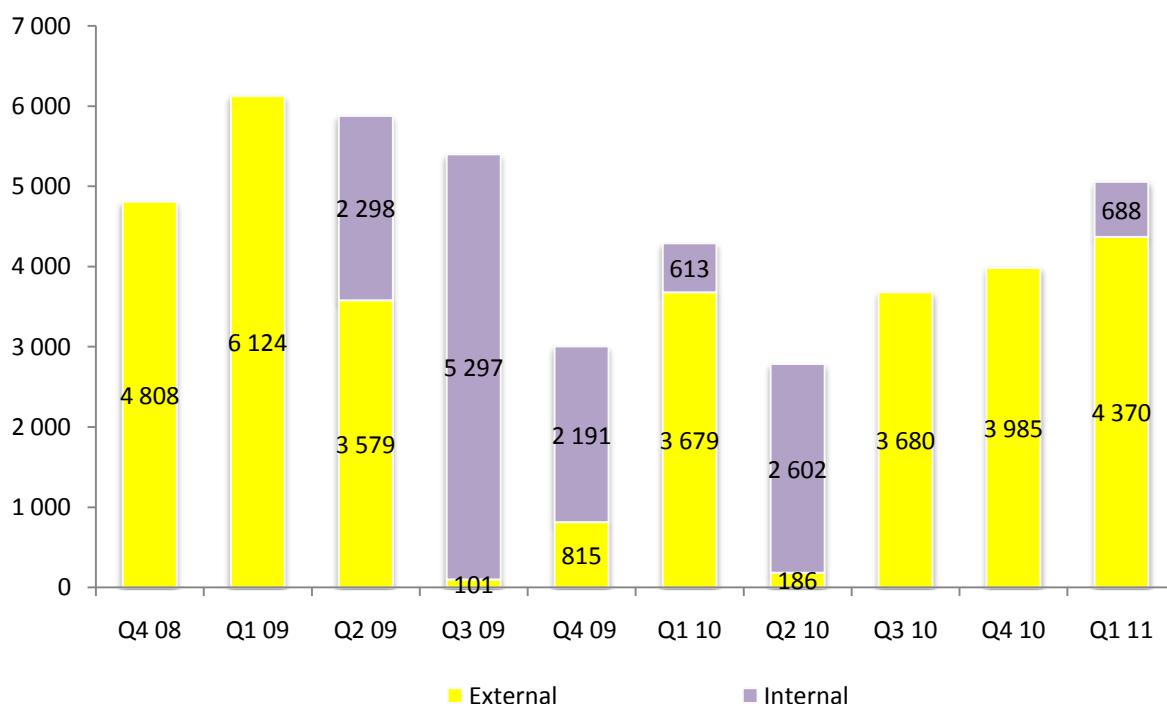
A further US\$0.69m of internal revenue was generated for the Marine Acquisition division (10: 0.61m) as the GGS Atlantic mobilised to the Gulf of Mexico to commence acquisition of the **Big Wave** phase 5 survey, a survey of up to 10,900km.

In March GGS Atlantic spent 11 days in port on completion of the 3D Trinidad surveys, for maintenance and inspections relating to class certification.

An EBITDA profit of US\$0.9m was recorded.

Spectrum recognises that despite an overall reduction in global seismic fleet capacity there is continued price pressure in the 2D Marine acquisition market with rates having fallen from the highs of Q4 2008. However there are some external projects being investigated and additional multi-client projects are being designed to fully utilise the GGS Atlantic in the remainder of 2011.

Marine Acquisition Revenue - Gross (\$000's)



SUBSEQUENT EVENTS

Henning Olset has been appointed as the new Chief Financial Officer of Spectrum ASA with effect from 1 May 2011, based In Oslo. Rhys Edwards has taken the position of Group Commercial Director.

The EAME MC team has been strengthened with the appointment of Jim Martin and Alan Tidey from CGG Veritas, They bring with them a strong knowledge basis combining over 50 years in the seismic industry.

We have sub sequentially collected USD 4.0m of the accounts receivable balance outstanding as at the end of Q1.

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*These condensed consolidated financial statements are prepared in accordance with the rules and regulations of the Oslo Axess Stock Exchange and International Financial Reporting Standard (IFRS) IAS 34, 'Interim Financial Reporting'. The accounting principles adopted in the preparation of these interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements. They are unaudited.*

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All statements in this earnings release other than statements of historical fact are forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause Spectrum's actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements.
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**SPECTRUM ASA**  
**Condensed Statement of Group Comprehensive Income**  
*(unaudited)*  
*US\$ '000s*

|                                                           | Quarter<br>ended<br>31.03.11 | Quarter<br>ended<br>31.03.10 |
|-----------------------------------------------------------|------------------------------|------------------------------|
| Revenue                                                   | 9,009                        | 6,676                        |
| Operating expenses                                        | (7,923)                      | (6,241)                      |
| <b>EBITDA</b>                                             | <b>1,086</b>                 | <b>435</b>                   |
| Depreciation / amortisation                               | (1,375)                      | (929)                        |
| <b>EBIT</b>                                               | <b>(289)</b>                 | <b>(494)</b>                 |
| Interest expense, net                                     | (8)                          | (10)                         |
| Foreign exchange profit / (loss)                          | (269)                        | (244)                        |
| Share of profit / (loss) from associates                  | 31                           | 26                           |
| Other financial items                                     | (27)                         | (20)                         |
| <b>Profit / (Loss) before tax</b>                         | <b>(562)</b>                 | <b>(742)</b>                 |
| Tax expense                                               | (13)                         | -                            |
| <b>Net Profit / (Loss) to equity holders</b>              | <b>(575)</b>                 | <b>(742)</b>                 |
| Other comprehensive income:                               |                              |                              |
| Profit / (loss) on foreign currency exchange rates        | (32)                         | 279                          |
| <b>Total Comprehensive income / (loss) for the period</b> | <b>(607)</b>                 | <b>(463)</b>                 |
| Earnings per share                                        | (0.02)                       | (0.03)                       |
| Diluted earnings per share                                | (0.02)                       | (0.03)                       |
| Basic shares outstanding average                          | 26,588,479                   | 23,688,479                   |
| Diluted shares outstanding average                        | 26,588,479                   | 23,688,479                   |
| Basic shares in issue at the end of the quarter           | 26,588,479                   | 26,588,479                   |
| Diluted shares in issue at the end of the quarter         | 26,588,479                   | 26,588,479                   |

**SPECTRUM ASA**  
**Statement of Group Financial Position**  
*(unaudited)*  
**US\$ '000s**

|                                                   | 31.03.11      | 31.03.10      | 31.12.10*     |
|---------------------------------------------------|---------------|---------------|---------------|
| <b>Assets</b>                                     |               |               |               |
| <b>Non-current assets</b>                         |               |               |               |
| <b>Intangible assets</b>                          |               |               |               |
| Goodwill                                          | 11,330        | 9,364         | 11,330        |
| Software                                          | 549           | 854           | 610           |
| Deferred tax                                      | -             | 1,336         | -             |
| Multi-client library, net                         | 20,470        | 12,317        | 19,791        |
| <b>Total intangible assets</b>                    | <b>32,349</b> | <b>23,871</b> | <b>31,731</b> |
| <b>Tangible assets</b>                            | <b>3,574</b>  | <b>2,362</b>  | <b>3,172</b>  |
| <b>Financial assets</b>                           |               |               |               |
| Investment in joint ventures                      | 1,568         | 1,347         | 1,538         |
| Other investments                                 | 73            | 1,468         | 21            |
| <b>Total financial assets</b>                     | <b>1,641</b>  | <b>2,815</b>  | <b>1,559</b>  |
| <b>Total non-current assets</b>                   | <b>37,564</b> | <b>29,048</b> | <b>36,462</b> |
| <b>Current assets</b>                             |               |               |               |
| Inventory / Work in Progress                      | 4,658         | 3,613         | 3,392         |
| Accounts receivable                               | 10,184        | 5,724         | 10,455        |
| Other receivables                                 | 3,873         | 2,301         | 4,115         |
| <b>Total receivables and inventory</b>            | <b>18,715</b> | <b>11,638</b> | <b>17,962</b> |
| Cash and cash equivalents                         | 7,378         | 21,227        | 10,787        |
| <b>Total current assets</b>                       | <b>26,093</b> | <b>32,865</b> | <b>28,749</b> |
| <b>Total assets</b>                               | <b>63,657</b> | <b>61,913</b> | <b>65,211</b> |
| <b>Shareholders' Equity and Liabilities</b>       |               |               |               |
| <b>Shareholders' equity</b>                       |               |               |               |
| Share capital                                     | 4,597         | 4,597         | 4,597         |
| Share premium reserve                             | 30,989        | 43,469        | 30,989        |
| Retained earnings                                 | 3,543         | 4,006         | 3,543         |
| Other equity reserves                             | (1,955)       | (1,450)       | (1,348)       |
| <b>Total equity</b>                               | <b>37,174</b> | <b>50,622</b> | <b>37,781</b> |
| <b>Liabilities</b>                                |               |               |               |
| <b>Long term liabilities</b>                      |               |               |               |
| Deferred tax liability                            | 549           | 454           | 549           |
| Long term debt                                    | -             | -             | -             |
| Other liabilities                                 | 5,577         | 985           | 5,295         |
| <b>Total long term liabilities</b>                | <b>6,126</b>  | <b>1,439</b>  | <b>5,844</b>  |
| <b>Current liabilities</b>                        |               |               |               |
| Short term debt                                   | 652           | 868           | 490           |
| Payable tax                                       | 393           | 6             | 103           |
| Other liabilities                                 | 19,312        | 8,978         | 20,993        |
| <b>Total current liabilities</b>                  | <b>20,357</b> | <b>9,852</b>  | <b>21,586</b> |
| <b>Total shareholders' equity and liabilities</b> | <b>63,657</b> | <b>61,913</b> | <b>65,211</b> |

\*: Final audited results for 31.12.10

**SPECTRUM ASA**  
**Condensed Statement of Group Cash Flows**  
*(unaudited)*

|                                                     | Quarter<br>ended<br>31.03.11 | Quarter<br>ended<br>31.03.10 |
|-----------------------------------------------------|------------------------------|------------------------------|
| Cash flows from operating activities:               |                              |                              |
| Profit / (Loss) before tax                          | (562)                        | (742)                        |
| Depreciation and amortisation                       | 1,375                        | 926                          |
| Interest expense, net                               | 8                            | 11                           |
| Share of (profit) / loss of associated undertakings | (31)                         | (26)                         |
| Working capital changes                             | (2,016)                      | 1,365                        |
| <b>Net cash flow from operating activities</b>      | <b>(931)</b>                 | <b>1,534</b>                 |
| Cash flows from investing activities:               |                              |                              |
| Investment in subsidiary                            | (36)                         | 1,446.00                     |
| Acquisition of subsidiaries, cash acquired          | -                            | -                            |
| Investment in multi-client library – new            | (1,353)                      | (1,745)                      |
| Investment in goodwill                              | -                            | -                            |
| Investment in tangible assets                       | (934)                        | (673)                        |
| <b>Net cash flow from investing activities</b>      | <b>(2,323)</b>               | <b>(3,864)</b>               |
| Cash flows from financing activities:               |                              |                              |
| Issued share capital                                | -                            | 17,983                       |
| Equity transaction costs                            | -                            | (673)                        |
| Acquisition Loan                                    | -                            | -                            |
| Deferred tax liability acquired                     | -                            | -                            |
| Interest paid (net)                                 | -                            | -                            |
| <b>Net cash flow from financing activities</b>      | <b>-</b>                     | <b>17,310</b>                |
| Net change in cash and cash equivalents             | (3,254)                      | 14,980                       |
| Net foreign exchange diff (unrealised)              | (156)                        | 410                          |
| Cash & cash equivalents @ start of quarter          | 10,787                       | 5,837                        |
| <b>Cash and cash equivalents @ end of quarter</b>   | <b>7,378</b>                 | <b>21,227</b>                |

**SPECTRUM ASA**  
**Changes in Group Consolidated Equity**  
*(unaudited)*  
*US\$'000s*

|                            | Issued<br>Capital | Share<br>Premium | Retained<br>Earnings | Other<br>Capital<br>Reserves | Total<br>Equity |
|----------------------------|-------------------|------------------|----------------------|------------------------------|-----------------|
| Balance @ 31 Dec 10        | 4,597             | 30,989           | 4,118                | (1,923)                      | 37,781          |
| Profit / (Loss) for period | -                 | -                | (575)                | -                            | (575)           |
| Other comprehensive income | -                 | -                | -                    | (32)                         | (32)            |
| <b>Balance @ 31 Mar 11</b> | <b>4,597</b>      | <b>30,989</b>    | <b>3,543</b>         | <b>(1,955)</b>               | <b>37,174</b>   |

**Spectrum ASA**  
**Segmental Reporting**  
*US\$ '000s*

| (US\$000's)            | Quarter<br>ended<br>31.03.11 | Quarter<br>ended<br>31.03.10 |
|------------------------|------------------------------|------------------------------|
| <b>Revenue – Gross</b> |                              |                              |
| Multi-Client           | 3,410                        | 1,998                        |
| Seismic Imaging        | 2,510                        | 2,257                        |
| Marine Acquisition     | 5,058                        | 4,292                        |
|                        | <b>10,978</b>                | <b>8,547</b>                 |
| <b>Revenue – Net</b>   |                              |                              |
| Multi-Client           | 3,338                        | 1,998                        |
| Seismic Imaging        | 1,301                        | 1,000                        |
| Marine Acquisition     | 4,370                        | 3,679                        |
|                        | <b>9,009</b>                 | <b>6,677</b>                 |
| <b>EBITDA</b>          |                              |                              |
| Multi-Client           | 475                          | 989                          |
| Seismic Imaging        | (328)                        | (52)                         |
| Marine Acquisition     | 939                          | (502)                        |
|                        | <b>1,086</b>                 | <b>435</b>                   |
| <b>EBIT</b>            |                              |                              |
| Multi-Client           | (291)                        | 386                          |
| Seismic Imaging        | (692)                        | (318)                        |
| Marine Acquisition     | 694                          | (561)                        |
|                        | <b>(289)</b>                 | <b>(493)</b>                 |



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*(Joint Venture)*

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