

Spectrum ASA

3rd Quarter Results
2018

Summary Q3 and 9 months – 18 (segment using APMs)

(USD 1000)	SPECTRUM GROUP				
	Quarter	Quarter	9 months	9 months	12 months
	ended	ended	ended	ended	ended
	30.09.18	30.09.17	30.09.18	30.09.17	31.12.17
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Segment revenue	30,281	17,014	80,654	72,741	118,850
Segment EBIT	6,813	(5,827)	4,175	(9,153)	(16,037)
Segment Net Profit / (Loss)	601	(5,909)	(3,928)	(12,612)	(26,843)
Cash flow from operating activities	8,024	22,993	61,297	83,327	99,400
Investment in Multi-Client library	5,476	13,529	43,275	72,140	82,359
Segment Multi-Client Net book value	163,787	201,648	163,787	201,648	169,408
Cash and cash equivalents	36,483	10,670	36,483	10,670	14,155

Q3 Highlights

- Late sales in the quarter of MUSD 27.0 (2017: MUSD 7.6)
- Segment early sale on Multi-Client investments in the quarter was MUSD 3.3 (2017: MUSD 9.3), primarily related to the Otway and Argentina surveys
- Multi-Client investments were MUSD 5.5 with 60% prefunding rate (2017: MUSD 13.5 with 69% prefunding)
- Gross Multi-Client investments were MUSD 14.8 (2017: MUSD 25.0)
- Operational cash flow in Q3 was MUSD 8.0 (2017: MUSD 23.0)

9 Months Highlights

- Late sales YTD of MUSD 54.2 (2017: MUSD 25.7)
- Segment early sale on Multi-Client investments was MUSD 26.3 (2017: MUSD 46.9), substantial part related to the Mozambique, Otway and Argentina surveys
- Multi-Client investments were MUSD 43.3 with 61% prefunding rate (2017: MUSD 72.1 with 65% prefunding)
- Gross Multi-Client investments were MUSD 96.4 (2017: MUSD 100.4)
- Operational cash flow was MUSD 61.3 (2017: MUSD 83.3)

Third Quarter Report for Spectrum ASA

New standard for revenue recognition (IFRS 15) effective from 1 January 2018 affects several measurements in the financial statements.

Spectrum has applied the modified retrospective approach for the transition, involving that the comparable figures in 2017 have not been adjusted except for equity, Multi-Client library, work in progress and other current liabilities in the restated statement of financial position as of 31.12.17. Accumulated USD 20.3 million had been recognised as revenue up to end 2017 using prior principles that would not have been recognised under IFRS 15. This is offset by USD 8.7 million in amortisation and other effects recognised that would not have been recognised under IFRS 15, and the net effect of USD 11.6 million is adjusted in the equity in the restated statement of financial position.

Spectrum applies APMs as basis for internal/segment reporting. Spectrum will use Alternative Performance Measurements (APMs) to reflect revenue recognised on percentage of completion basis in all presentations and charts. The segment amounts (APMs) will be consistent with and comparable to prior periods. Spectrum considers this to give a more fair view of the company's performance, as revenues are gradually recognized and coincides with the progression of the projects, the resources applied and the valued created, and is not binary dependent on the delivery of the products.

Please see further details on page 11-13.

Statement of Comprehensive Income

Total net operating revenues for the group in Q3 2018 were MUSD 28.0 (2017: MUSD 17.0). Segment revenue, excluding the effect from IFRS 15, for Q3 2018 amounted to MUSD 30.3, resulting in an increase compared to Q3 2017.

Net Multi-Client revenues totalled MUSD 28.0 in the third quarter of 2018 (2017: MUSD 16.9). Early sales recognized in the quarter was MUSD 1.0 (2017: MUSD 9.3) and Late sales ended at MUSD 27.0 (2017: MUSD 7.6).

Operating expenses were MUSD 8.0 (2017: MUSD 5.5), increase mainly relates to increase in cost of stock options and Brazil transaction taxes.

EBIT for the third quarter was MUSD 5.2 (2017: MUSD (5.8)).

Financial items were net MUSD (4.1) (2017: MUSD 0.2). The increased cost is mainly due to an unrealised FX loss on an Argentine Pesos VAT credit.

Profit Before Tax in the third quarter ended at MUSD 1.1 (2017: MUSD (5.6)).

Total net operating revenues for the group in the first nine months (9M) of 2018 were MUSD 83.1 (2017: MUSD 72.7). Segment revenue, excluding the effect from IFRS 15, for the first 9M of 2018 amounted to MUSD 80.7, resulting in an increase from first 9M of 2017.

Net Multi-Client revenues totalled MUSD 83.0 in the first 9M of 2018 (2017: MUSD 72.6). Early sales recognized in the first 9M was MUSD 28.8 (2017: MUSD 46.9). Late sales ended at MUSD 54.2 (2017: MUSD 25.7) and other revenue was MUSD 0.1 (2017: MUSD 0.0).

Operating expenses were MUSD 26.6 (2017: MUSD 17.6), increase mainly relates to MUSD 2.4 in cost of stock options (2017: MUSD 0.6), salary cost, Brazil transaction taxes and decreased capitalisation of internal processing.

Multi-Client amortisations in the first 9M ended at 62.3% of net MC revenue (2017: 87.1%).

EBIT for the first 9M was MUSD 3.8 (2017: MUSD (9.2)).

Financial items were net MUSD (6.8) (2017: MUSD (1.4)), mainly due to an unrealised FX loss on an Argentine Pesos VAT credit.

Profit Before Tax in the first 9M ended at MUSD (3.0) (2017: MUSD (10.5)).

Management has made an assessment of the Group's tax position and tax cost in the period based on the results, tax rate and tax treatment in each subsidiary. The estimated tax for the first 9M of 2018 was a cost of MUSD 1.3 (2017: MUSD 2.1).

Statement of Financial Position

The total assets of the group were MUSD 295.5 (end Q2 2018: MUSD 291.3) at the end of the quarter, split between non-current assets of MUSD 199.7 (end Q2 2018: MUSD 207.9), and current assets of MUSD 95.9 (end Q2 2018: MUSD 83.5). These were funded by equity of MUSD 139.9 (end Q2 2018: MUSD 139.0), long term liabilities of MUSD 33.1 (end Q2 2018: MUSD 40.9) and current liabilities of MUSD 122.5 (end Q2 2018: MUSD 111.4).

During Q3 2018 Spectrum had Multi-Client investments of MUSD 5.5 (Q2 2018: MUSD 15.6). This increase in carrying value of the Multi-Client library was offset by amortisation of MUSD 14.4 (Q2 2018: MUSD 23.5). The net book value of the Multi-Client library at end Q3 is MUSD 169.7 (end Q2 2018: MUSD 178.6).

The cash and cash equivalents balance increased by MUSD 9.8 from end Q2 2018 to MUSD 36.5. Management monitors and forecast cash closely, and considers that the Company has sufficient liquidity to meet its ongoing operational and financial obligations.

The reported equity balance is MUSD 139.9 (end Q2 2018: MUSD 139.0). This equates to an equity ratio of 47.3% (end Q2 2018: 47.7%) Segment equity was MUSD 151.9 at the end of the third quarter giving an equity ratio of 52.0%.

Long term interest bearing debt was MUSD 14.3 (end Q2 2018: MUSD 16.3) and consist mainly of the revolving credit facility.

Cash Flow

The cash and cash equivalents balance increased by MUSD 9.8 from end Q2 2018 to MUSD 36.5.

Net cash flow from operating activities was MUSD 8.0 (2017: MUSD 23.0) for the quarter. Working capital increased by MUSD 7.2 (2017: decrease of MUSD 10.7).

Net cash outflow from investing activities was MUSD 7.7 (2017: MUSD 13.6) of which MUSD 5.5 was investments in the Multi-Client library (2017: MUSD 13.5).

Net cash inflow in the quarter from financing activities was MUSD 6.6 (2017: outflow of MUSD 5.5).

For the first 9M of 2018 the net cash flow from operating activities was MUSD 61.3 (2017: MUSD 83.3). Working capital decreased by MUSD 11.3 (2017: decrease of MUSD 27.9).

Net cash outflow from investing activities was MUSD 45.6 in the first 9M of 2018 (2017: MUSD 72.5) of which MUSD 43.3 was investments in the Multi-Client library (2017: MUSD 72.1).

Net cash inflow in the first 9M from financing activities was MUSD 3.7 (2017: outflow of MUSD 16.3) of which the main part was proceeds from borrowings offset by payment of borrowings and dividends.

Multi-Client Operations

Segment net Multi-Client revenues of MUS\$ 30.3 in the quarter represent an increase of 79% vs. Q3 2017 (2017: MUS\$ 16.9). This is mainly due to increase in net late sales of MUS\$ 19.4, partially offset by a decrease in net early sales by MUS\$ 6.0. The decrease in early sales is mainly due to lower Multi-Client investments in Q3 2018 vs Q3 2017.

In Q3 78% of the Net Multi-Client revenues came from North and South America (NSA), 4% Africa, Mediterranean and Middle-East (AME), 5% Northwest Europe (NWE) and 13% Asia Pacific (AP).

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 comprises approximately 3.3 million km of 2D data, making Spectrum the market leader in Multi-Client 2D data. The 2D Multi-Client library presents a number of new opportunities to enhance the value of these datasets through reprocessing in addition to the pipeline of new acquisition surveys that are being developed around the world. Spectrum also holds approximately 200,000 sqkm of 3D data sets. Furthermore, Spectrum holds 125,000 sqkm of seamless seismic merged 3D data on the Norwegian continental shelf.

Revenue from Multi-Client sales was 100% of total revenue in the third quarter of 2018.

On 20 April 2017 Spectrum commenced a 35,000 km Multi-Client 2D seismic survey covering 435,000 sqkm offshore the deep waters of Argentina. The survey is designed in cooperation with YPF S.A. and carried out under the authorization of the Ministry of Energy and Minerals. The data are processed with PSTM, PSDM and Broadband products and first deliveries were in Q4 2017. The processing continues into 2018.

On 16 October 2017 Spectrum announced the commencement of a Multi-Client 2D seismic survey covering the Ceara Basin within the Equatorial Margins of Northern Brazil, which contains sectors of the 15th licensing round. The acquisition of the 4,500 km survey was completed in November 2017. The data are processed with PSTM, PSDM and Broadband products and first products were ready in Q1 2018. The survey was carried out in partnership with BGP Marine.

On 8 December 2017 Spectrum announced the commencement of a 2D seismic survey of up to 19,000 km offshore Mozambique on behalf of the Institute of National Petroleum (INP) and in anticipation of future license rounds. The survey is acquired to complement existing 2013 seismic data located in the Mozambique Channel area which is also available through Spectrum. The data will be processed to generate Broadband products with fast track deliveries early Q4 and PSTM delivery late Q4. This survey was carried out in partnership with WesternGeco with support by Industry funding.

On 19 December 2017 Spectrum commenced a new Multi-Client Broadband 3D and 2D Reprocessing Project in the Otway Basin offshore Australia. This unique dataset comprises 7,950km² of 3D data from 16 existing 3D surveys and up to 7,000km of 2D data which are reprocessed through a high-end PSTM and PSDM broadband sequence. The project focuses around the 2018 Offshore Petroleum Exploration Acreage Release Proposed Areas in the Otway Basin announced by the Australian Government. PSTM data will be available for delivery during Q4 2018 with PSDM delivery expected in Q1 2019. The project is supported by industry funding.

On 20 December 2017 Spectrum commenced Phase III of the Brazilian Santos Campos Multi-Client 2D Campaign. The new acquisition program is a further extension of Spectrum's 2017 Santos Campos Phase II survey, covering an area in the southern Santos Basin. The area covered is included in the proposed sectors for the licensing round scheduled for 2019, Round 16. With this additional program, Spectrum will provide over 47,000 2D kilometers of modern long offset seismic data to industry for evaluation of this highly prolific Santos Campos hydrocarbon province. The data are processed in Spectrum's Houston processing center with PSTM, PSDM (Kirchhoff and RTM) and Broadband products were available for first delivery in Q3 2018. The survey is carried out in partnership with BGP Marine.

On 3 January 2018 Spectrum, in collaboration with the Direction Generale des Hydrocarbures (DGH) commenced the next phase of its shallow water 3D Multi-Client seismic acquisition campaign offshore Gabon with a 3D survey in the north of the country. The campaign is focused on acquiring seismic programs in under-explored shallow water

open blocks with the objective of offering the most up-to-date 3D imaging of the area. The DGH intends to make these blocks available through future shallow water license rounds so to accelerate exploration; this data will facilitate immediate activity when the blocks are awarded. The survey will covers 5,346 sqkm of long offset broadband seismic data and are acquired alongside gravity and magnetic recordings. This follows the 11,400 sqkm Gabon South 3D survey completed in 2017 and complements over 20,000 km of 2D Multi-Client seismic data offshore Gabon also held by Spectrum on behalf of the DGH, which gives a regional overview and highlights key areas of exploration. The new 3D data will be processed with PSTM, PSDM and Broadband products with PSTM deliveries in mid Q4 2018 and PSDM in Q1 2019, ahead of anticipated licensing rounds. The survey is carried out in partnership with China Oilfield Services (COSL).

On 6 April 2018 Spectrum commenced a 6,000 kilometer 2D program over the lightly explored Pernambuco-Paraiba basins along the Eastern Margins of Brazil. The survey covers an area north of the prolific Sergipe Basin that will be included in Round 16 scheduled for 2019. Data are processed in Spectrum's Houston processing center with final PSTM and PSDM Broadband products available in Q4 2018.

On 26 June 2018 Spectrum announced the commencement of an offshore Multi-Client 2D seismic survey, located in the Eastern Turkish Black Sea. The first phase of this campaign comprises 7,000 km of 2D data and is focused on an area

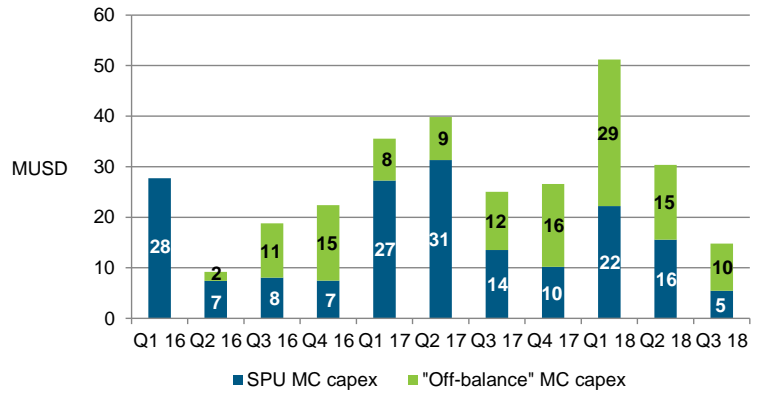
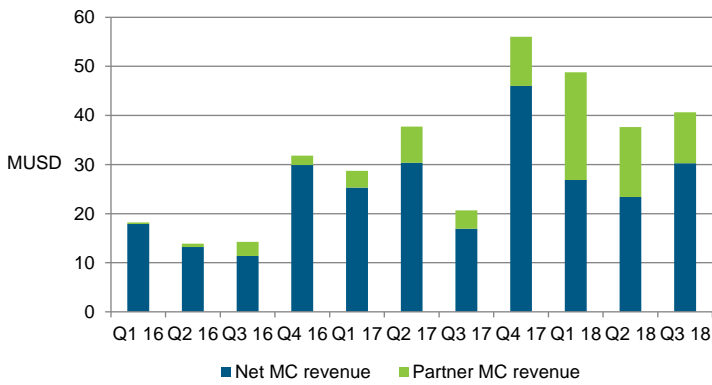
identified to have significant hydrocarbon potential. The project is carried out in partnership with BGP, utilizing a long offset configuration optimized for broadband data processing. Final processed products are expected to be available in Q1 2019.

On 23 July 2018 Spectrum announced the commencement of a 10 000 sqkm 3D Multi-Client seismic project over the Southern Santos Basin in Brazil. This survey covers an area south of the major oil and gas discoveries in the Santos Basin and the recent highly sought after blocks offered in Rounds 2, 3, 4 and 15. The 3D project builds on Spectrum's extensive 2D database in the region and marks the opening of the highly prospective deep water area in the Santos basin. On 16 October 2018 Spectrum announced an expansion of the program to 15 000 sqkm in collaboration with TGS. Fast track data will be available for the round expected in the second half of 2019.

Multi-Client Key Figures

(USD 1000)	Spectrum Group	
	Q3 18	Q3 17
Segment early sales	3,272	9,283
Net late sales	27,000	7,629
Other revenue MC	-	15
Segment MC revenue	30,272	16,926
Investment	5,476	13,529

Spectrum Risk Share Projects



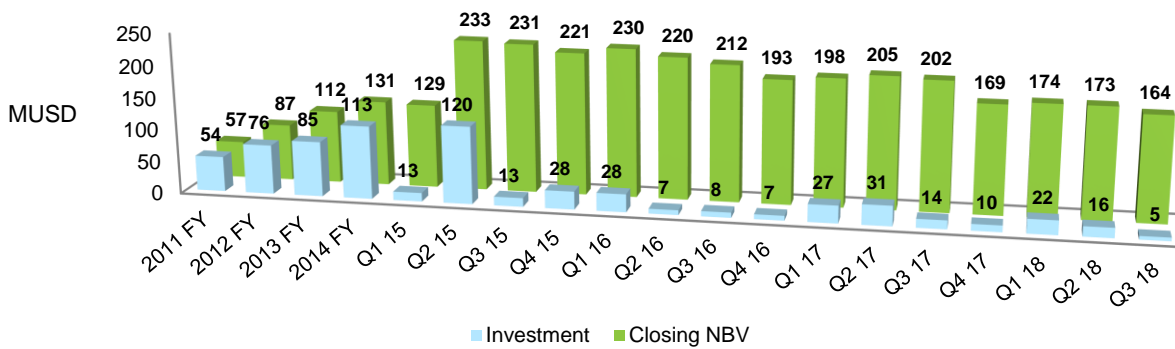
* Segment revenue used in graph for 2018.

Spectrum treats joint risk projects as joint operations based on the contractual terms. Spectrum's part of the investment is recorded as investment, and the partner share of revenues is recorded as revenue share reducing Spectrum's net revenues.

The joint risk projects significantly reduce the uncovered risk and increase the potential return on investment for Spectrum. Given contractual terms that to a lesser degree limits the uncovered risk for Spectrum; the partner share of the investment could have been treated as an additional investment, and as such increased both the investment and net revenue for Spectrum.

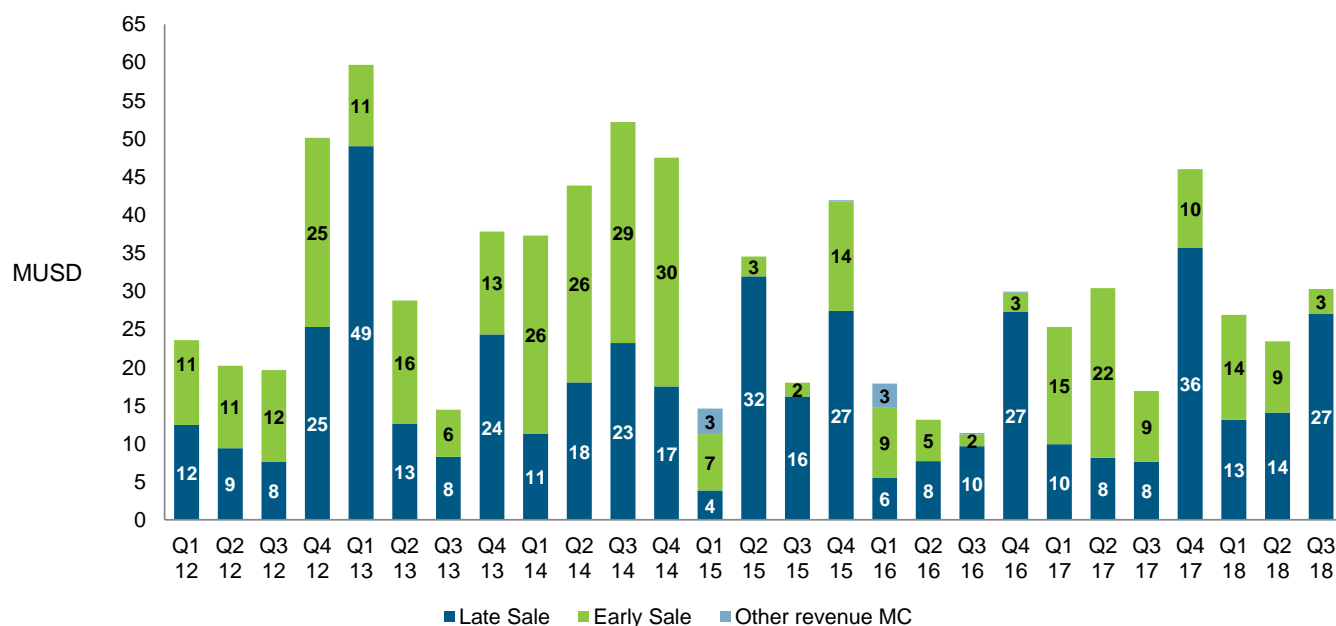
Investment in the Multi-Client Library

* Segment Multi-Client library used in graph for 2018.



Net Multi-Client Revenues

* Segment early sale used in graph for 2018.



Seismic Imaging

Seismic imaging is provided from the Group's processing centres in UK, US, Egypt and Indonesia. Spectrum's seismic processing technology is based on third party software complemented by Spectrum's production processing platform, which is constantly being enhanced with new processing techniques.

The seismic imaging division had proprietary revenues of MUSD 0.0 (2017: MUSD 0.1) in the quarter. In the third quarter 99.8% (2017: 97.3%) of the capacity of Spectrum's seismic imaging business unit was utilized in processing data for the Multi-Client library.

The seismic data imaging division provides a valuable service to the Spectrum Multi-Client segment and provides reprocessing projects in addition to processing of data from on-going new acquisitions.

Seismic Imaging Key Figures

(USD 1000)	Spectrum Group	
	Q3 18	Q3 17
External revenue	9	88
Internal revenue	3,741	3,231
Total gross revenue	3,750	3,319

Future Prospects

Spectrum is continuously working on a pipeline of new Multi-Client 2D (MC2D) and Multi-Client 3D (MC3D) acquisition projects. Sales from the Multi-Client library and prefunding of new projects constitute the main revenue streams for the Company and fund the operation and new investments in Multi-Client projects.

In order to maintain a modern library Spectrum reprocesses selected projects to enhance quality and value.

Multi-Client 3D surveys are a natural extension of Spectrum's growing Multi-Client 2D business and in line with our strategy to diversify the Multi-Client library.

Spectrum is an asset light company that stringently evaluates potential investments in new Multi-Client surveys with focus on prefunding levels, project models and future sale triggers.

It is of outmost importance to carefully evaluate all potential new projects based on prefunding and sales potential. Project funding structures are actively utilized to reduce Spectrum's uncovered risk and maximize return on investments. Spectrum has an attractive pipeline of Multi-Client investment projects for the remaining part of 2018 and into 2019.

Key triggers for MC late sales are 1) licence rounds, 2) significant discoveries of new O&G resources and 3) M&A transaction in the O&G industry. Spectrum expects several licence rounds in key Spectrum offshore areas to be announced during Q4 2018 and early 2019. An expected increased exploration drilling activity in 2019 and beyond should lead to more discoveries and contribute to growth in MC late sale. Finally, we have seen an increase in M&A transactions within the O&G industry especially in mature petroleum basins as the North Sea, Australia and GoM.

The Board sees continued increasing demand for Multi-Client seismic from clients. Spectrum believes a combination of a higher oil price, a significant reduction of breakeven for offshore O&G projects in general, and deep-water projects especially, and a record low reserve replacement ratio (RRR) for the oil industry will lead to a continued recovery in the seismic market for the remaining of 2018 and into 2019. There are clear indications that several of the large international oil companies are moving more resources and exploration budgets to the south Atlantic, especially Brazil. Spectrum's investments have predominantly been in the less developed O&G regions in the South Atlantic over the last years, and believe that this strategy will prove advantageous.

Alternative Performance Measurements (APM)

IFRS 15 Revenue from Contracts with Customers is effective from 1 January 2018. Under the new standard all revenue will be recognised upon delivery of data, while revenue previously were recognised based on the percentage of completion (POC) of the projects. Spectrum will for reporting use POC principles for revenue as it is considered to give a more fair view of the company's performance. When applying POC the revenues are gradually recognized and coincides with the progression of the projects, the resources applied and the valued created, and is not binary dependent on the delivery of the products. Furthermore, all amounts will then be reported consistently with prior practice, and as such are comparable to amounts in prior periods.

The new standard affects several measurements in the financial statements, and Spectrum will use APM's for these measurements to reflect revenue recognised on percentage of completion basis.

Deferred Prefunding

Deferred prefunding is POC applied to the existing signed contracts related to products that are not ready for delivery. This is not recognised as revenue under IFRS 15 but would have been recognised under prior principles. The balance at 31.12.17 equals accumulated revenue recognized at that time using prior principles that would not have been recognised under IFRS 15, and is part of the adjustment in the restated equity.

(USD 1000)	30.09.18	30.06.18	31.03.18	31.12.17
Deferred prefunding	17,852	15,607	31,605	20,323
of which invoiced to customers	15,072	9,559	11,580	
of which un-invoiced to customers	2,780	6,048	20,025	
Recognised prefunding	1,028	25,320	2,449	
Increase in deferred prefunding	3,272	9,322	13,731	

Recognised prefunding is the amount that has been recognised as early sale based on deliveries of processed data and not on production in the period.

Increase in deferred prefunding is the result of production (increased POC) in the period and new sales contract for products not ready for delivery. Prior to the IFRS 15 standard taking effect this was presented as early sale in the Profit/Loss statement.

Segment Revenue

Net operating revenue adjusted for recognised prefunding and increase in deferred prefunding. The segment revenue reflects the value of the production and the sales contracts executed in the period.

(USD 1000)	30.09.18	30.06.18	31.03.18
Early Sale	1,028	25,320	2,449
Less recognised prefunding	(1,028)	(25,320)	(2,449)
Added increase in deferred revenue	3,272	9,322	13,731
Segment Early Sale	3,272	9,322	13,731
Late Sale	27,000	14,085	13,143
Other revenue	9	55	37
Segment Revenue	30,281	23,462	26,911

Segment Amortisation

Amortisations adjusted for the effects of segment early sale.

On-going projects amortised based on prefunding vs estimated sales potential. As the early sale is adjusted this will affect the amortisation recognised in the period.

(USD 1000)	30.09.18	30.06.18	31.03.18
Amortisation	(14,415)	(23,452)	(13,873)
Amortisation on adjustment of segment early sale	(589)	7,601	(4,168)
Segment amortisation	(15,004)	(15,851)	(18,041)

Alternative Performance Measurements (APM)

Segment EBIT

EBIT using segment revenue and segment amortisation.

(USD 1000)	30.09.18	30.06.18	31.03.18
EBIT	5,157	6,428	(7,783)
Less operating revenue	(28,037)	(39,460)	(15,629)
Added segment revenue	30,281	23,462	26,911
Less amortisation	14,415	23,452	13,873
Added segment amortisation	(15,004)	(15,851)	(18,041)
Segment EBIT	6,813	(1,969)	(669)

Segment EBITDA

Segment EBIT with depreciation, segment amortisation and impairments added.

(USD 1000)	30.09.18	30.06.18	31.03.18
Segment EBIT	6,813	(1,969)	(669)
Added segment amortisation	15,004	15,851	18,041
Added depreciation	462	228	250
Added impairment	-	-	-
Segment EBITDA	22,280	14,112	17,624

Segment Multi-Client Library

Multi-Client library using segment amortisation.

(USD 1000)	30.09.18	30.06.18	31.03.18
Multi-Client library	169,665	178,605	186,494
Added restated amortisations in prior periods	(5,289)	(12,891)	(8,723)
Less amortisation in the period	14,415	23,452	13,873
Added segment amortisation in the period	(15,004)	(15,851)	(18,041)
Segment Multi-Client Library	163,787	173,315	173,603

Segment Work in Progress

Work in progress adjusted for deferred prefunding. Un-invoiced prefunding is under IFRS 15 not recognised.

(USD 1000)	30.09.18	30.06.18	31.03.18
Work in progress	5,020	1,822	5744
Un-invoiced prefunding in deferred revenue	2,780	6,048	20,025
Segment work in progress	7,800	7,870	25,769

Segment Other Current Liabilities

Other current liabilities adjusted for deferred prefunding. Invoiced prefunding is under IFRS 15 included in other current liabilities as prepayments from customer.

(USD 1000)	30.09.18	30.06.18	31.03.18
Other current liabilities	43,815	70,625	58,868
Invoiced prefunding in deferred revenue	(15,072)	(9,559)	(11,580)
Segment other current liabilities	28,743	61,066	47,288

Alternative Performance Measurements (APM)

Segment Equity

Equity using segment revenue and segment amortisation.

(USD 1000)	30.09.18	30.06.18	31.03.18
Equity	139,892	139,043	138,292
Added IFRS 15 adjustment in prior periods	10,317	18,714	11,600
Less operating revenue in the period	(28,037)	(39,460)	(15,629)
Added segment revenue in the period	30,281	23,462	26,911
Less amortisation in the period	14,415	23,452	13,873
Added segment amortisation in the period	(15,004)	(15,851)	(18,041)
Segment Equity	151,865	149,359	157,006

Segment Net Cash Flow from Operating Activities

Cash flow using segment revenue, segment amortisation and segment other current liabilities will impact profit before tax, amortisation and working capital changes, but will have no impact on the total net cash flow from operating activities.

(USD 1000)	30.09.18	30.06.18	31.03.18
Profit before tax	1,085	4,450	(8,513)
Less operating revenue	(28,037)	(39,460)	(15,629)
Added segment revenue	30,281	23,462	26,911
Less amortisation	14,415	23,452	13,873
Added segment amortisation	(15,004)	(15,851)	(18,041)
Segment Profit before tax	2,741	(3,948)	(1,400)
Depreciation, amortisation and impairment	14,878	23,680	14,123
Less amortisation	(14,415)	(23,452)	(13,873)
Added segment amortisation	15,004	15,851	18,041
Segment depreciation, amortisation and impairment	15,466	16,079	18,291
Working capital changes	(7,218)	(6,131)	22,664
Adjusted for change in deferred prefunding	(2,245)	15,998	(11,282)
Segment working capital changes	(9,463)	9,867	11,382

Interim Statement of Comprehensive Income

		SPECTRUM GROUP				
		Quarter	Quarter	9 months	9 months	12 months
		ended	ended	ended	ended	ended
		30.09.18	30.09.17	30.09.18	30.09.17	31.12.17
(USD 1000)	Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Net operating revenue	3	28,037	17,014	83,126	72,741	118,850
Amortisation		(14,415)	(16,985)	(51,740)	(63,212)	(81,714)
Impairment		-	-	-	-	(25,598)
Operating expenses		(7,550)	(5,377)	(24,203)	(17,023)	(25,264)
Cost of share options		(452)	(162)	(2,441)	(566)	(811)
Share of profit/(loss) of joint ventures		-	-	-	-	(82)
Depreciation		(462)	(317)	(941)	(1,094)	(1,418)
EBIT		5,157	(5,827)	3,802	(9,153)	(16,037)
Interest expense, net		(361)	(362)	(1,128)	(1,173)	(1,533)
Foreign exchange profit / (loss)		(3,403)	640	(5,160)	(91)	(762)
Other financial items		(308)	(35)	(491)	(128)	(162)
Profit / (Loss) before tax		1,085	(5,584)	(2,978)	(10,545)	(18,493)
Tax income / (expense)		(2,141)	(325)	(1,322)	(2,067)	(8,350)
Net Profit / (Loss) to equity holders		(1,055)	(5,909)	(4,300)	(12,612)	(26,843)
Total Comprehensive income / (loss) for the period		(1,055)	(5,909)	(4,300)	(12,612)	(26,843)
Earnings per share		(0.02)	(0.11)	(0.08)	(0.23)	(0.49)
Diluted earnings per share		(0.02)	(0.11)	(0.08)	(0.23)	(0.49)
(Shares 1000)						
Basic shares outstanding average		54,548	54,449	54,474	54,196	54,260
Diluted shares outstanding average		59,132	59,164	59,123	59,022	59,080
Basic shares issued end of the quarter		54,785	54,449	54,785	54,449	54,449
Diluted shares issued end of the quarter		59,132	59,152	59,132	59,152	59,152

Interim Consolidated Statement of Financial Position

(USD 1000)	Note	SPECTRUM GROUP		
		30.09.18 (Unaudited)	30.06.18 (Unaudited)	31.12.17 (Audited)
Assets				
Non-current assets				
Deferred tax assets		5,168	5,774	4,501
Goodwill		11,563	11,563	11,563
Software		1,996	179	228
Multi-Client library		169,665	178,605	169,408
Investment in Joint Ventures		2,430	2,430	2,430
Fixtures, fittings and office equipment		1,244	1,349	1,596
Other receivables		7,594	7,966	6,248
Total non-current assets		199,659	207,866	195,973
Current assets				
Work in Progress		5,020	1,822	13,016
Accounts receivable		31,299	31,935	43,437
Other receivables		23,068	23,008	21,875
Cash and cash equivalents		36,483	26,710	14,155
Total current assets		95,870	83,476	92,484
Total assets		295,528	291,340	288,457
Shareholders' Equity and Liabilities				
Shareholders' equity				
Share capital		8,985	8,945	8,945
Share premium		72,433	71,164	71,164
Other paid-in capital		61,786	61,191	60,959
Retained earnings		(845)	210	18,422
Foreign translation reserve		(2,467)	(2,467)	(2,467)
Total equity		139,892	139,043	157,024
Liabilities				
Long term liabilities				
Deferred tax liability		3,694	4,326	5,123
Long term interest bearing debt	4	14,271	16,318	23,438
Other liabilities		15,128	20,273	21,180
Total long term liabilities		33,093	40,917	49,741
Current liabilities				
Short term interest bearing debt	4	18,266	7,309	2,402
Accounts payable		57,516	32,371	30,159
Tax and other public duties payable		2,947	1,074	2,354
Other liabilities		43,815	70,625	46,782
Total current liabilities		122,544	111,379	81,696
Total shareholders' equity and liabilities		295,528	291,340	288,457

Interim Consolidated Statement of Changes in Equity

(USD 1000)	SPECTRUM GROUP					Foreign Currency Translation Reserve	Total Equity
	Issued Capital	Share Premium	Other Paid in Capital	Retained Earnings			
At 31 December 2016	8,826	69,885	60,336	45,265	(2,467)	181,845	
Share options			482			482	
Share issues	120	1,279				1,399	
Profit / (Loss) for the period				(12,612)		(12,612)	
At 30 September 2017	8,945	71,164	60,818	32,653	(2,467)	171,113	
Share options			141			141	
Profit / (Loss) for the period				(14,231)		(14,231)	
At 31 December 2017	8,945	71,164	60,959	18,422	(2,467)	157,024	
IFRS 15 adjustment *				(11,600)		(11,600)	
Opening balance at 1 January 2018	8,945	71,164	60,959	6,822	(2,467)	145,423	
Share options			827			827	
Share issues	40	1,269				1,309	
Profit / (Loss) for the period				(4,300)		(4,300)	
Dividends				(3,368)		(3,368)	
At 30 September 2018	8,985	72,433	61,786	(845)	(2,467)	139,892	

* IFRS 15 adjustment

Revenue recognized as of 31 December 2017 that would not have been recognised under IFRS 15	20,323
Amortisation and other effects recognized as of 31 December 2017 that would not have been recognised under IFRS 15	(8,723)
IFRS 15 adjustment	11,600

Interim Consolidated Statement of Cash Flows

(USD 1000)	SPECTRUM GROUP				
	Quarter ended	Quarter ended	9 months ended	9 months ended	12 months ended
	30.09.18 (Unaudited)	30.09.17 (Unaudited)	30.09.18 (Unaudited)	30.09.17 (Unaudited)	31.12.17 (Audited)
Cash flows from operating activities:					
Profit / (Loss) before tax	1,085	(5,584)	(2,978)	(10,545)	(18,493)
Income taxes/other taxes paid	(1,677)	-	(1,677)	-	-
Depreciation, amortisation and impairment	14,878	17,302	52,681	64,306	108,729
Interest expense, net	361	362	1,128	1,173	1,533
Share options granted	595	164	827	470	611
Working capital changes	(7,218)	10,749	11,316	27,923	7,020
Net cash flow from operating activities	8,024	22,993	61,297	83,327	99,400
Cash flows from investing activities:					
Investment in Multi-Client library	(5,476)	(13,529)	(43,275)	(72,140)	(82,359)
Investment in other assets	(2,174)	(84)	(2,373)	(394)	(969)
Sale / Disposal of assets	-	-	16	19	18
Net cash flow from investing activities	(7,650)	(13,613)	(45,632)	(72,515)	(83,310)
Cash flows from financing activities:					
Issued share capital	1,309	-	1,309	1,399	1,399
Dividends	(3,368)	-	(3,368)	-	-
Proceeds from borrowings	10,000	-	10,000	-	2,505
Payment of borrowings	(1,007)	(5,138)	(3,303)	(16,495)	(20,518)
Interest paid	(315)	(397)	(932)	(1,218)	(1,574)
Net cash flow from financing activities	6,619	(5,535)	3,706	(16,314)	(18,188)
Net change in cash and cash equivalents	6,993	3,845	19,371	(5,502)	(2,098)
Net foreign exchange diff (unrealised)	2,780	(34)	2,957	346	426
Cash and cash equivalents at start of period	26,710	6,859	14,155	15,827	15,827
Cash and cash equivalents at end of period	36,483	10,670	36,483	10,670	14,155

Notes to Accounts

NOTE 1 – GENERAL INFORMATION

Spectrum ASA (the company) is a public limited company listed on the Oslo Stock Exchange. The address of the registered office is Karenslyst Allé 11, N-0278 Oslo, Norway.

NOTE 2 – BASIS OF PREPARATION

The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as approved by EU and additional requirements in the Norwegian Securities Trading Act. The consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries, Spectrum's interest in equity accounted joint ventures and the proportionate share of the assets, liabilities, income and expenses of jointly controlled operations as at 30th September 2018. The reporting period of subsidiaries coincides with that of the Group, and the financial statements of the subsidiaries are prepared using accounting policies consistent with the Group's policies. The accounting policies used in the preparation of these accounts are consistent with those followed to prepare the Company's Consolidated Financial Statements for the year ended 31st December 2017, expect for impact of IFRS 15 effective from 1 January 2018, see description under Revenue Recognition. Full details of the policies are described in note 1 of those accounts and are available from the registered office and on the company's website.

All intra-group balances, income and expenses resulting from intra-group transactions are eliminated in full. The accounting policies for Multi-Client libraries and revenue recognition are considered by management to have a significant effect on the company's accounts and are listed below.

Revenue Recognition

IFRS 15 "Revenue from contracts with customers" is effective from 1 January 2018. The Group has applied the modified retrospective approach for the transition. Accumulated USD 20.3 million had been recognised as revenue up to end 2017 using prior principles that would not have been recognised under IFRS 15. This is offset by USD 8.7 million in amortisation recognised that would not have been recognised under IFRS 15, and the net effect of USD 11.6 million is adjusted in the equity in the 2018 opening balance.

Early sales – When the Spectrum Group obtains funding for a particular survey before it is completed in data processing, revenue is recognized upon delivery of products. All received prefunding is accounted for as a prepayment liability under other current liabilities. Amortisation is recognised at the same time as the revenue.

Late sales – Revenue earned on completed surveys is recognized at the time of the transaction when the customer executes a valid license agreement and has the right to access the licensed data.

Impairment

Spectrum reviews the carrying value of its Multi-Client surveys when there are events and changes in circumstances that indicate that the carrying value of a survey may not be recoverable. In addition the carrying values of all surveys are reviewed annually regardless of indications that the carrying value may not be recoverable. No impairments were recognised for Q3 2018.

Notes to Accounts

NOTE 3 – SEGMENT INFORMATION

Spectrum is a pure play Multi-Client company, and management has organised the entity as four reporting segments identified on a geographical basis. Consequently the Company has four segments as defined in IFRS 8 operating segments. Multi-Client constitutes 99.8% of the Group's net revenue.

Segment information is given consistently with how it is reported for management accounting purposes to executive management and Board of Directors, and as such Alternative Performance Measurements (APMs) are used.

(USD 1000)	Spectrum Group				
	Quarter ended	Quarter ended	9 months ended	9 months ended	12 months ended
	30.09.18 (Unaudited)	30.09.17 (Unaudited)	30.09.18 (Unaudited)	30.09.17 (Unaudited)	31.12.17 (Audited)
Gross revenue	40,624	20,551	127,050	87,025	142,962
Revenue share	(10,352)	(3,625)	(46,492)	(14,412)	(24,346)
Net early sales	3,272	9,283	26,326	46,890	57,216
Net late sales	27,000	7,629	54,228	25,718	61,384
Other revenue MC	-	15	4	5	17
Net Multi-Client revenue	30,272	16,926	80,558	72,613	118,617
Other revenue	-	-	-	-	-
Seismic imaging	9	88	96	128	233
Net revenue	30,281	17,014	80,654	72,741	118,850

Spectrum classifies Multi-Client revenue as early sales or late sales based on the products sold. PSTM (Time) and PSDM (Depth) are treated as separate products. E.g.: A sale of a completed PSTM product will be classified as late sale even if the PSDM product has not been completed.

The Multi-Client segment is divided into operating segments identified on a geographical basis. Assets and liabilities are not reported by operating segment in management reporting and are not disclosed separately. The Group does not allocate all cost items to its reportable operating segments during the year, unallocated cost items are reported as Group functions incl. seismic imaging.

(USD 1000)	Spectrum Group						
	Quarter ended	Africa /		Northwest	Group functions		
	30.09.18 (Unaudited)	South America	Mediterranean / Middle-East	Europe	Asia Pacific	Seismic imaging incl. Consolidated	
Net revenue		23,595	1,071	1,634	3,972	9	30,281
Operating profit/(loss)		14,325	(2,751)	(1,653)	1,478	(4,587)	6,813

(USD 1000)	Spectrum Group						
	Quarter ended	Africa /		Northwest	Group functions		
	30.09.17 (Unaudited)	South America	Mediterranean / Middle-East	Europe	Asia Pacific	Seismic imaging incl. Consolidated	
Net revenue		5,912	5,894	4,010	1,111	88	17,014
Operating profit/(loss)		(4,490)	3,655	712	(1,349)	(4,356)	(5,827)

		Spectrum Group					
(USD 1000)	9 months ended 30.09.18 (Unaudited)	North and South America	Africa / Mediterranean / Middle-East	Northwest Europe	Asia Pacific	Group functions incl. Seismic imaging	Consolidated
Net revenue		54,918	10,898	6,593	8,149	96	80,654
Operating profit/(loss)		26,319	(80)	(3,286)	1,105	(19,883)	4,175

		Spectrum Group					
(USD 1000)	9 months ended 30.09.17 (Unaudited)	North and South America	Africa / Mediterranean / Middle-East	Northwest Europe	Asia Pacific	Group functions incl. Seismic imaging	Consolidated
Net revenue		17,237	43,982	8,856	2,538	128	72,741
Operating profit/(loss)		(11,117)	21,110	(1,622)	(4,579)	(12,945)	(9,153)

NOTE 4 – BANK FACILITIES

Revolving loan facility:

As of 30 September 2018 Spectrum had a loan facility of MUS\$ 22.1. MUS\$ 14.1 is classified as long term interest bearing debt in the financial statements. MUS\$ 8.0 is due within 12 months and is classified as short term interest bearing debt in the financial statements.

Overdraft facility:

In Q3 2018 Spectrum secured a new overdraft facility of up to MUS\$ 30.0. As of 30 September 2018 MUS\$ 10.0 of the overdraft facility was utilized. When the facility is utilized it is classified as short term interest bearing debt in the financial statements.

Covenants as of 30 September 2018:

- Equity ratio (excl. goodwill) > 40.0%
- NIBD / 12 months EBITDA less MC CAPEX < 1.50
- Aggregate amount of Cash held by the Group > MUS\$ 2.0
- Sum of relevant trade receivables and cash > MUS\$ 12.0

Covenants are measured using the Alternative Performance Measurements (APM).

NOTE 5 – TWENTY LARGEST SHAREHOLDERS AT 24TH OF OCTOBER 2018

	Shareholders	Shares	%	Country
1	ALTOR INVEST 1 AS	8,000,232	14.6%	NOR
2	ALTOR INVEST 2 AS	8,000,232	14.6%	NOR
3	SKANDINAVISKA ENSKILDA BANKEN S.A.	2,954,319	5.4%	LUX
4	SWEDBANK ROBUR SMABOLAGSFOND	2,898,964	5.3%	SWE
5	GROSS MANAGEMENT AS	2,493,995	4.6%	NOR
6	JPMorgan Chase Bank, N.A., London	2,468,052	4.5%	GBR
7	VERDIPAPIRFONDET PARETO INVESTMENT	1,798,000	3.3%	NOR
8	State Street Bank and Trust Comp	1,279,767	2.3%	GBR
9	The Bank of New York Mellon SA/NV	1,093,325	2.0%	GBR
10	Euroclear Bank S.A./N.V.	862,490	1.6%	BEL
11	VERDIPAPIRFONDET ALFRED BERG GAMBA	849,945	1.6%	NOR
12	VPF NORDEA NORGE VERDI	767,908	1.4%	NOR
13	State Street Bank and Trust Comp	758,354	1.4%	USA
14	VEVLEN GÅRD AS	715,000	1.3%	NOR
15	Norron Sicav - Target	703,804	1.3%	LUX
16	HOLBERG NORGE	700,000	1.3%	NOR
17	INVESCO PERP EURAN SMLER COMPS FD	617,054	1.1%	BEL
18	VPF NORDEA KAPITAL	567,649	1.0%	NOR
19	Skandinaviska Enskilda Banken AB	550,000	1.0%	SWE
20	VERDIPAPIRFONDET DNB SMB	465,727	0.9%	NOR
	Other	16,240,286	29.6%	
Total number of shares		54,785,103	100.0%	

NOTE 6 – SHARES OWNED BY THE SPECTRUM BOARD OF DIRECTORS, MANAGEMENT AND INSIDERS AT 24TH OF OCTOBER 2018

	Shareholder	Shares	%	Country
1	Glen Rødland (1)	2,493,995	4.55%	NOR
2	Richie Miller	219,505	0.40%	USA
3	Rune Eng (2)	141,694	0.26%	NOR
4	Jan Schoolmeesters	46,961	0.09%	NOR
5	Graham Mayhew	11,000	0.02%	GBR
6	Svein Staaen	10,549	0.02%	NOR
7	Kim Gunn Maver	8,000	0.01%	DEN
8	Henning Olset	8,000	0.01%	NOR
9	Ian Setterfield	6,033	0.01%	GBR
10	Mike Mellen	4,810	0.01%	USA
11	Bjarte Bakke	2,000	0.01%	NOR
12	Ian T Edwards	1,030	0.01%	GBR
13	Magnus Bekkelund	1,000	0.01%	NOR
14	Duncan Woolmer	312	0.01%	GBR
15	Pål Stampe (3)	-	0.00%	NOR
16	Maria Tallaksen (3)	-	0.00%	NOR

Notes:

1. Shares held by Gross Management AS, wholly owned by Mr. Rødland
2. Shares held by Mr. Eng and Eng Invest AS, wholly owned by Mr. Eng
3. Mr. Stampe and Ms. Tallaksen have limited ownership through Altor Fund IV, which is the wholly owner of Altor Invest 1 AS and Altor Invest 2 AS.

REPORTING DATES 2018

Date	Report
08.02.2019	Quarterly Report – Q4

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