

Spectrum ASA

1st Quarter Results
2018

Summary Q1 – 18 (adjusted using APMs)

(USD 1000)	SPECTRUM GROUP		
	Quarter	Quarter	12 months
	ended	ended	ended
	31.03.18	31.03.17	31.12.17
	(Unaudited)	(Unaudited)	(Audited)
Adjusted revenue	26,911	25,324	118,850
Adjusted EBIT	(669)	(2,706)	(16,037)
Adjusted Net Profit / (Loss)	(113)	(3,720)	(26,843)
Cash flow from operating activities	28,619	35,560	99,400
Investment in Multi-Client library	22,236	27,280	82,359
Adjusted Multi-Client Net book value	173,603	192,721	169,408
Cash and cash equivalents	20,123	16,681	14,155

Q1 Highlights

- Late sales in the quarter of MUSD 13.1 (2017: MUSD 9.9)
- Adjusted early sale on Multi-Client investments in the quarter was MUSD 13.7 (2017: MUSD 15.4), primarily related to the Mozambique and Argentina surveys.
- Multi-Client investments were MUSD 22.2 with 62% prefunding rate (2017: MUSD 27.3 with 56% prefunding)
- Operational cash flow in Q1 was MUSD 28.6 (2017: MUSD 35.6), after a decrease in adjusted working capital of MUSD 11.4 (2017: MUSD 15.6).

First 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 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 will use Alternative Performance Measurements (APMs) to reflect revenue recognised on percentage of completion basis in all presentations and charts. The adjusted 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 9-11.

Statement of Comprehensive Income

Total net operating revenues for the group in Q1 2018 were MUSD 15.6 (2017: MUSD 25.3). The adjusted revenue, excluding the effect from IFRS 15, for Q1 2018 amounted to MUSD 26.9, resulting in an increase from Q1 2017.

Net Multi-Client revenues totalled MUSD 15.6 in the first quarter of 2018 (2017: MUSD 25.3). Prefunding recognized in the quarter was MUSD 2.5 (2017: MUSD 15.4) and Late sales ended at MUSD 13.1 (2017: MUSD 9.9).

Operating expenses were MUSD 9.3 including MUSD 0.5 cost of stock options (2017: MUSD 6.0 including MUSD (0.4) cost of stock options). The

increase in operating expenses is mainly related to transaction taxes in Brazil with no cash effect.

EBIT for the first quarter was MUSD (7.8) (2017: MUSD (2.7)).

Profit Before Tax in the first quarter ended at MUSD (8.5) (2017: MUSD 2.7). Adjusted Profit Before Tax for the first quarter was MUSD (1.4).

The Group's tax position and tax cost in the period are based on the preliminary tax calculations in each subsidiary. The tax income for the first quarter was MUSD 1.3 (2017: cost of MUSD 1.0).

Statement of Financial Position

The total assets of the group were MUSD 289.1 (end Q4 2017: MUSD 289.9) at the end of the quarter, split between non-current assets of MUSD 213.5 (end Q4 2017: MUSD 204.7), and current assets of MUSD 75.6 (end Q4 2017: MUSD 85.1). These were funded by equity of MUSD 138.3 (end Q4 2017: MUSD 145.4), long term liabilities of MUSD 54.4 (end Q4 2017: MUSD 49.7) and current liabilities of MUSD 96.4 (end Q4 2017: MUSD 94.7).

During Q1 2018 Spectrum had Multi-Client investments of MUSD 22.2 (Q4 2017: MUSD 10.2). This increase in carrying value of the Multi-Client library was offset by amortization of MUSD 13.9 (Q4 2017: MUSD 18.5). The net book value of the Multi-Client library at end Q1 is MUSD 186.5 (end Q4 2017: MUSD 178.1).

The cash and cash equivalents balance increased by MUSD 5.9 from end Q4 2017 to MUSD 20.1. 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 138.3 (end Q4 2017: MUSD 145.4). This equates to an equity ratio of 47.8% (end Q4 2017: 50.2%) Adjusted equity was MUSD 157.0 at the end of the first quarter giving an equity ratio of 53.0%.

Long term interest bearing debt was MUSD 23.4 (end Q4 2017: MUSD 23.4) and consist mainly of the revolving credit facility.

Cash flow

The cash and cash equivalents balance increased by MUSD 5.9 from end Q4 2017 to MUSD 20.1.

Net cash flow from operating activities was MUSD 28.6 (2017: MUSD 35.6) for the quarter. Working capital decreased by MUSD 22.7 (2017: decrease of MUSD 15.6).

Net cash outflow from investing activities was MUSD 22.3 (2017: MUSD 27.5) of which MUSD 22.2 was investments in the Multi-Client library (2017: MUSD 27.3).

Net cash outflow in the quarter from financing activities was MUSD 0.4 (2017: outflow of MUSD 7.2).

Multi-Client Operations

Net Multi-Client revenues of MUSD 26.9 in the quarter represent an increase of 6% vs. 1st quarter 2017 (2017: MUSD 25.3).

In Q1 65% of the Net Multi-Client revenues came from North and South America (NSA), 18% Africa, Mediterranean and Middle-East (AME), 8% Northwest Europe (NWE) and 9% 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 99.9% of total revenue in the first quarter of 2018.

On 30 December 2016 Spectrum commenced acquisition of the 11,400 sqkm Gryphon 3D survey in southern Gabon. The new 3D seismic data has started becoming available and further products will become available ahead of anticipated licensing rounds.

On 20 April 2017 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 will be processed with PSTM, PSDM and Broadband products and first deliveries were in Q4 2017. The acquisition and processing will continue 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. The data will be processed with PSTM, PSDM and Broadband products and first products were ready in Q1 2018. The survey were carried out in partnership with BGP Marine.

On 14 November 2017 Spectrum announced the commencement of a Multi-Client 2D seismic survey covering the Austral and Malvinas basins offshore southern Argentina through the authorization of the Ministry of Energy and Minerals. The expected survey size is around 14,500 km but may vary based on input from our participating clients. The data will be processed with PSTM, PSDM, FWI and Broadband products with first deliveries in early Q2 2018.

The new data will be utilized to assist the Ministry in placement and design of parcels for the future license rounds offshore Argentina. This survey will be carried out in partnership with BGP Marine and is supported by Industry funding.

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 first deliveries in Q3 2018. This survey will be carried out in partnership with WesternGeco and is supported 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 will be 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 Q3 2018 with PSDM delivery shortly after. 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 will be processed in Spectrum's Houston processing center with PSTM, PSDM (Kirchhoff and RTM) and Broadband products expected to be available 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 cover up to 5,500 sqkm of long offset broadband seismic data and will be 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

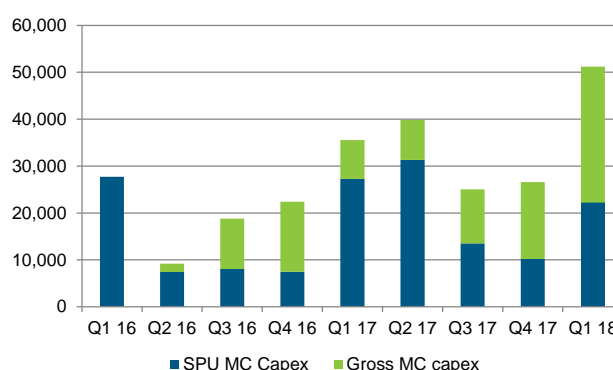
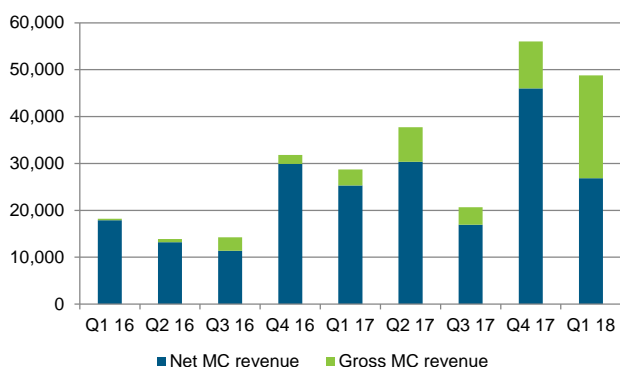
exploration. The new 3D data will be processed with PSTM, PSDM and Broadband products with first deliveries in early Q3 2018 ahead of anticipated licensing rounds. The survey is carried out in partnership with China Oilfield Services (COSL).

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 will be processed in Spectrum's Houston processing center with final PSTM and PSDM Broadband products available in Q4 2018.

Multi-Client Key Figures

(USD 1000)	Spectrum Group	
	Q1 18	Q1 17
Adjusted early sales	13,731	15,375
Net late sales	13,143	9,916
Other revenue MC	4	13
Adjusted MC revenue	26,878	25,304
Investment	22,236	27,280

Spectrum Risk Share projects



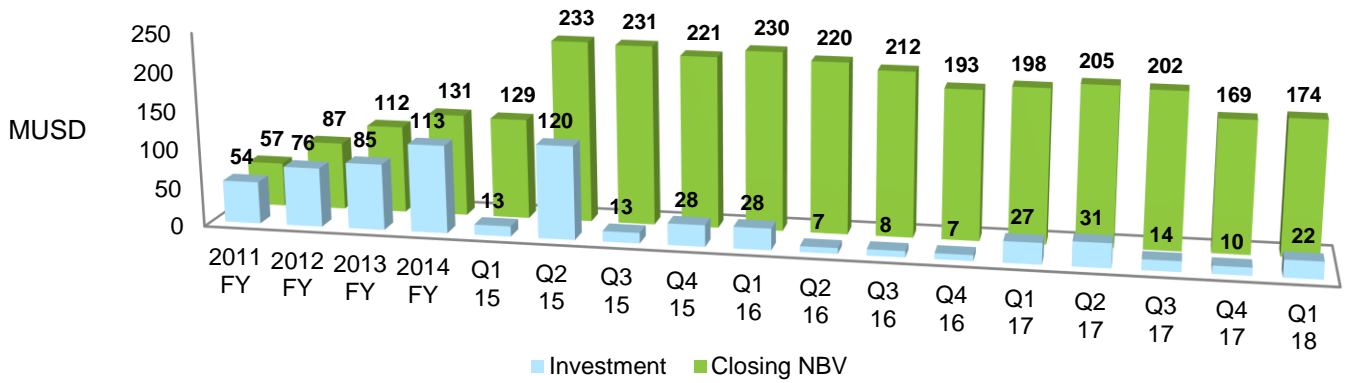
* Adjusted revenue used in graph for Q1 18.

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.

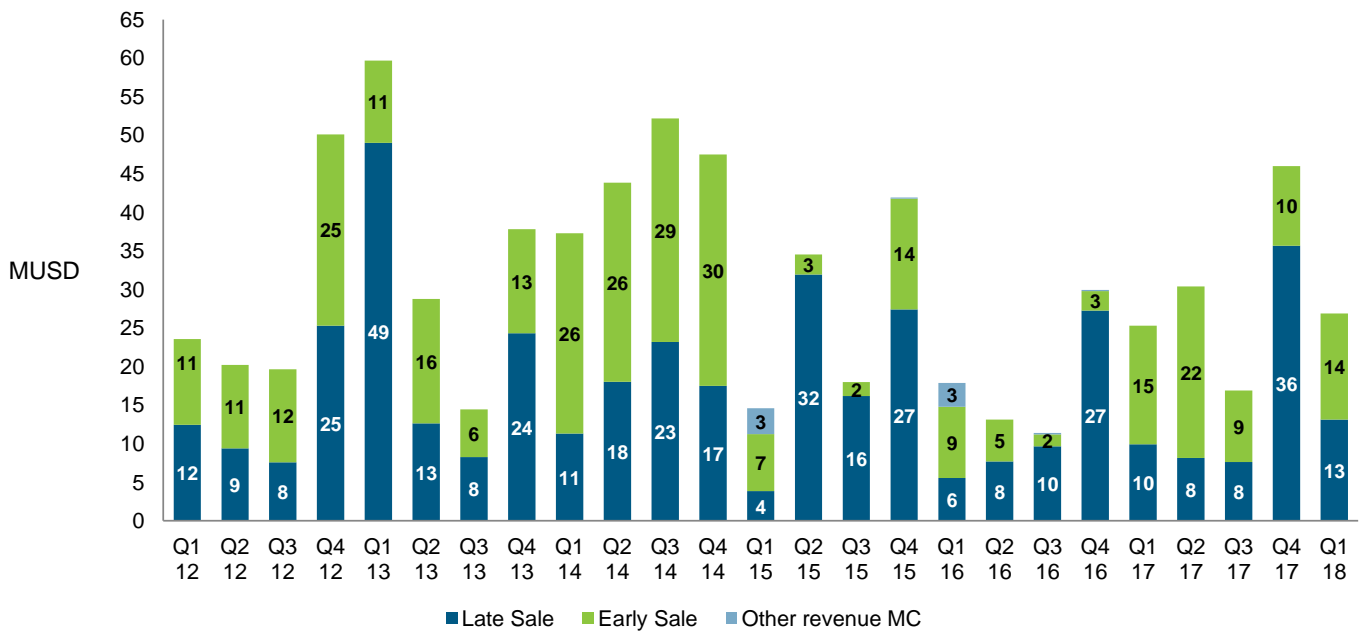
Investment in the Multi-Client Library

* Adjusted Multi-Client library used in graph for Q1 18.



Net Multi-Client Revenues

* Adjusted early sale used in graph for Q1 18.



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 0.0) in the quarter. In the first quarter 99% (2017: 99%) 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	
	Q1 18	Q1 17
External revenue	33	20
Internal revenue	3,487	3,521
Total gross revenue	3,520	3,541

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 2018.

The Board sees signs of increasing demand for Multi-Client seismic from clients in 2018. 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 gradual recovery in the seismic market in 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 customer 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 be 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.

	31.03.18	31.12.17
Deferred prefunding	31,605	20,323
of which invoiced to customers	11,580	
of which un-invoiced to customers	20,025	
Recognised prefunding	2,449	
Increase in deferred prefunding	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.

Adjusted revenue

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

	31.03.18
Early Sale	2,449
Less recognised prefunding	(2,449)
Added increase in deferred revenue	13,731
Adjusted Early Sale	13,731
Late Sale	13,143
Other revenue	37
Adjusted Revenue	26,911

Adjusted amortisation

Amortisations adjusted for the effects of adjusted 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.

	31.03.18
Amortisation	(13,873)
Amortisation on adjustment of early sale	(4,168)
Adjusted amortisation	(18,041)

Alternative Performance Measurements (APM)

Adjusted EBIT

EBIT using adjusted revenue and adjusted amortisation.

	31.03.18
EBIT	(7,783)
Less operating revenue	(15,629)
Added adjusted revenue	26,911
Less amortisation	13,873
Added adjusted amortisation	(18,041)
Adjusted EBIT	(669)

Adjusted EBITDA

Adjusted EBIT with depreciation, adjusted amortisation and impairments added.

	31.03.18
Adjusted EBIT	(669)
Added adjusted amortisation	18,041
Added depreciation	250
Added impairment	-
Adjusted EBITDA	17,624

Adjusted Multi-Client Library

Multi-Client library using the adjusted amortisation.

	31.03.18
Multi-Client library	186,494
Added restated amortisations prior periods	(8,723)
Less amortisation in period	13,873
Added adjusted amortisation in period	(18,041)
Adjusted Multi-Client Library	173,603

Adjusted work in progress

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

	31.03.18
Work in progress	5,744
Un-invoiced prefunding in deferred revenue	20,025
Adjusted work in progress	25,769

Adjusted 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.

	31.03.18
Other current liabilities	58,868
Invoiced prefunding in deferred revenue	(11,580)
Adjusted other current liabilities	47,288

Alternative Performance Measurements (APM)

Adjusted equity

Equity using adjusted revenue and adjusted amortisation.

	31.03.18
Equity	138,292
Added IFRS 15 adjustment prior periods	11,600
Less operating revenue in period	(15,629)
Added adjusted revenue in period	26,911
Less amortisation in period	13,873
Added adjusted amortisation in period	(18,041)
Adjusted Equity	157,006

Adjusted Net cash flow from operating activities

Cash flow using the adjusted revenue, adjusted amortisation and adjusted 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.

	31.03.18
Profit before tax	(8,513)
Less operating revenue	(15,629)
Added adjusted revenue	26,911
Less amortisation	13,873
Added adjusted amortisation	(18,041)
Adjusted Profit before tax	(1,400)
Depreciation, amortisation and impairment	14,123
Less amortisation	(13,873)
Added adjusted amortisation	18,041
Adjusted depreciation, amortisation and impairment	18,291
Working capital changes	22,664
Adjusted for change in deferred prefunding	(11,282)
Adjusted working capital changes	11,382

Interim Statement of Comprehensive Income

		SPECTRUM GROUP		
		Quarter ended 31.03.18	Quarter ended 31.03.17	12 months ended 31.12.17
(USD 1000)	Note	(Unaudited)	(Unaudited)	(Audited)
Net operating revenue	3	15,629	25,324	118,850
Amortisation		(13,873)	(21,640)	(81,714)
Impairment		-	-	(25,598)
Operating expenses		(8,775)	(5,537)	(25,264)
Cost of share options		(514)	(420)	(811)
Share of profit/(loss) of joint ventures		-	-	(82)
Depreciation		(250)	(434)	(1,418)
EBIT		(7,783)	(2,706)	(16,037)
Interest expense, net		(250)	(415)	(1,533)
Foreign exchange profit / (loss)		(385)	492	(762)
Other financial items		(95)	(74)	(162)
Profit / (Loss) before tax		(8,513)	(2,703)	(18,493)
Tax income / (expense)		1,287	(1,017)	(8,350)
Net Profit / (Loss) to equity holders		(7,226)	(3,720)	(26,843)
Total Comprehensive income / (loss) for the period		(7,226)	(3,720)	(26,843)
Earnings per share		(0.13)	(0.07)	(0.49)
Diluted earnings per share		(0.13)	(0.07)	(0.49)
(Shares 1000)				
Basic shares outstanding average		54,449	53,682	54,260
Diluted shares outstanding average		59,134	58,922	59,080
Basic shares issued end of the quarter		54,449	54,449	54,449
Diluted shares issued end of the quarter		59,082	58,922	59,152

Interim Consolidated Statement of Financial Position

(USD 1000)	Note	SPECTRUM GROUP		
		31.03.18 (Unaudited)	31.12.17 (Restated)	31.12.17 (Audited)
Assets				
Non-current assets				
Deferred tax assets		5,282	4,501	4,501
Goodwill		11,563	11,563	11,563
Software		182	228	228
Multi-Client library		186,494	178,130	169,408
Investment in Joint Ventures		2,430	2,430	2,430
Fixtures, fittings and office equipment		1,504	1,596	1,596
Other receivables		6,041	6,248	6,248
Total non-current assets		213,495	204,696	195,973
Current assets				
Work in Progress		5,744	5,677	13,016
Accounts receivable		25,762	43,437	43,437
Other receivables		23,952	21,875	21,875
Cash and cash equivalents		20,123	14,155	14,155
Total current assets		75,582	85,145	92,484
Total assets		289,077	289,841	288,457
Shareholders' Equity and Liabilities				
Shareholders' equity				
Share capital		8,945	8,945	8,945
Share premium		71,164	71,164	71,164
Other paid-in capital		61,054	60,959	60,959
Retained earnings		(404)	6,822	18,422
Foreign translation reserve		(2,467)	(2,467)	(2,467)
Total equity		138,292	145,423	157,024
Liabilities				
Long term liabilities				
Deferred tax liability		4,496	5,123	5,123
Long term interest bearing debt	4	23,384	23,438	23,438
Other liabilities		26,501	21,180	21,180
Total long term liabilities		54,381	49,741	49,741
Current liabilities				
Short term interest bearing debt	4	337	2,402	2,402
Accounts payable		35,890	30,159	30,159
Tax and other public duties payable		1,310	2,354	2,354
Other liabilities		58,868	59,766	46,782
Total current liabilities		96,405	94,680	81,696
Total shareholders' equity and liabilities		289,077	289,841	288,457

Interim Consolidated Statement of Changes in Equity

(USD 1000)	SPECTRUM GROUP					Foreign Currency	Total Equity
	Issued Capital	Share Premium	Other Paid in Capital	Retained Earnings	Translation Reserve		
At 31 December 2016	8,826	69,885	60,336	45,265	(2,467)	181,845	
Share options			161			161	
Share issues	120	1,279				1,399	
Profit / (Loss) for period				(3,720)		(3,720)	
At 31 March 2017	8,945	71,164	60,496	41,545	(2,467)	179,684	
Share options			463			463	
Profit / (Loss) for period				(23,123)		(23,123)	
At 31 December 2017	8,945	71,164	60,959	18,422	(2,467)	157,024	
IFRS 15 adjustment *				(11,600)		(11,600)	
At 31 December 2017 (Restated)	8,945	71,164	60,959	6,822	(2,467)	145,423	
Share options			95			95	
Profit / (Loss) for period				(7,226)		(7,226)	
At 31 March 2018	8,945	71,164	61,054	(404)	(2,467)	138,293	

* IFRS 15 adjustment

Revenue recognized as of 31 December 2017 that would not have been recognised under IFRS 15	20,323
Amortisation 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

	SPECTRUM GROUP		
	Quarter ended	Quarter ended	12 months ended
	31.03.18 (Unaudited)	31.03.17 (Unaudited)	31.12.17 (Audited)
(USD 1000)			
Cash flows from operating activities:			
Profit / (Loss) before tax	(8,513)	(2,703)	(18,493)
Income taxes/other taxes paid	-	-	-
Depreciation, amortisation and impairment	14,123	22,074	108,729
Interest expense, net	250	415	1,533
Share options granted	95	149	611
Working capital changes	22,664	15,625	7,020
Net cash flow from operating activities	28,619	35,560	99,400
Cash flows from investing activities:			
Investment in Multi-Client library	(22,236)	(27,280)	(82,359)
Investment in other assets	(113)	(180)	(969)
Sale / Disposal of assets	-	-	18
Net cash flow from investing activities	(22,349)	(27,460)	(83,310)
Cash flows from financing activities:			
Issued share capital	-	1,399	1,399
Proceeds of borrowings	-	-	2,505
Payment of borrowings	(93)	(8,194)	(20,518)
Interest paid	(288)	(421)	(1,574)
Net cash flow from financing activities	(381)	(7,216)	(18,188)
Net change in cash and cash equivalents	5,889	884	(2,098)
Net foreign exchange diff (unrealised)	79	(30)	426
Cash and cash equivalents at start of period	14,155	15,827	15,827
Cash and cash equivalents at end of period	20,123	16,681	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 Allè 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 31st March 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, except 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 Q1 2018.

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 99.9% 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.

	Spectrum Group		
	Quarter ended	Quarter ended	12 months ended
	31.03.18 (Unaudited)	31.03.17 (Unaudited)	31.12.17 (Unaudited)
(USD 1000)			
Gross revenue	48,785	28,739	143,195
Revenue share	(21,907)	(3,415)	(24,346)
Net early sales	13,731	15,375	57,216
Net late sales	13,143	9,916	61,384
Other revenue MC	4	13	17
Net Multi-Client revenue	26,878	25,304	118,617
Other revenue	-	-	-
Seismic imaging	33	20	233
Net revenue	26,911	25,324	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.

	Spectrum Group						
	Quarter ended	North and	Africa /	Northwest	Asia Pacific	Group functions	Consolidated
	31.03.18 (Unaudited)	South America	Mediterranean / Middle-East	Europe		incl. Seismic imaging	
(USD 1000)							
Net revenue		17,431	4,737	2,192	2,518	33	26,911
Operating profit/(loss)		6,691	627	(1,122)	546	(7,413)	(670)

	Spectrum Group						
	Quarter ended	North and	Africa /	Northwest	Asia Pacific	Group functions	Consolidated
	31.03.17 (Unaudited)	South America	Mediterranean / Middle-East	Europe		incl. Seismic imaging	
(USD 1000)							
Net revenue		3,943	16,518	4,314	530	20	25,324
Operating profit/(loss)		(6,057)	4,852	566	(2,150)	82	(2,706)

NOTE 4 – BANK FACILITIES*Revolving credit facility:*

As of 31 March 2018 Spectrum had a fully utilized credit facility of MUSD 23.1. It is classified as long term interest bearing debt in the financial statements.

Overdraft facility:

In Q4 2017 Spectrum secured a new overdraft facility of up to MUSD 5. As of 31 March 2018 the overdraft facility was unutilized. When the facility is utilized it is classified as short term interest bearing debt in the financial statements.

Covenants as of 31 March 2018:

- Equity ratio (excl. goodwill) > 40.0%
- NIBD / 12 months EBITDA less MC cash CAPEX < 1.50

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

NOTE 5 - TWENTY LARGEST SHAREHOLDERS AT 11TH OF APRIL 2018

	Shareholders	Shares	%	Country
1	ALTOR INVEST 1 AS	8,000,232	14.7%	NOR
2	ALTOR INVEST 2 AS	8,000,232	14.7%	NOR
3	JPMORGAN CHASE BANK, N.A., LONDON	3,292,126	6.0%	GBR
4	SKANDINAVISKA ENSKILDA BANKEN S.A.	3,197,850	5.9%	LUX
5	SWEDBANK ROBUR SMABOLAGSFOND	2,898,964	5.3%	GBR
6	GROSS MANAGEMENT AS	2,493,995	4.6%	NOR
7	CATELLA HEDGEFOND	2,359,547	4.3%	SWE
8	SOCIETE GENERALE	1,954,656	3.6%	BEL
9	VERDIPAPIRFONDET PARETO INVESTMENT	1,798,000	3.3%	NOR
10	HOLBERG NORGE	1,509,826	2.8%	NOR
11	CREDIT SUISSE SECURITIES (EUROPE)	837,409	1.5%	GBR
12	INVESCO PERP EURAN SMLER COMPS FD	771,834	1.4%	BEL
13	VPF NORDEA NORGE VERDI	767,908	1.4%	NOR
14	CITIBANK, N.A.	711,546	1.3%	GBR
15	STATE STREET BANK AND TRUST COMP	600,000	1.1%	USA
16	VPF NORDEA KAPITAL	567,649	1.0%	NOR
17	BNP PARIBAS SECURITIES SERVICES	565,837	1.0%	FRA
18	CREDIT SUISSE SECURITIES (USA) LLC	548,725	1.0%	USA
19	JPMORGAN CHASE BANK, N.A., LONDON	524,112	1.0%	GBR
20	N-UCIT NORDEA PRIVATE BK NO AK PT	490,013	0.9%	GBR
	Other	12,558,642	23.1%	
Total number of shares		54,449,103	100.0%	

NOTE 6 – SHARES OWNED BY THE SPECTRUM BOARD OF DIRECTORS, MANAGEMENT AND INSIDERS AT 11TH OF APRIL 2018

	Shareholder	Shares	%	Country
1	Glen Rødland (1)	2,493,995	4.58 %	NOR
2	Richie Miller	219,505	0.40 %	USA
3	Rune Eng	131,694	0.24 %	NOR
4	Jogeir Romestrand (2)	41,377	0.08 %	NOR
5	Jan Schoolmeesters	34,461	0.06 %	NOR
6	Kim Gunn Maver	8,000	0.01 %	DEN
7	Henning Olset	8,000	0.01 %	NOR
8	Svein Staaen	7,333	0.01 %	NOR
9	Graham Mayhew	4,000	0.01 %	GBR
10	Bjarte Bakke	2,000	0.01 %	NOR
11	Ian Setterfield	1,586	0.01 %	GBR
12	Pål Stampe (3)	-	0.00 %	NOR
13	Maria Tallaksen (3)	-	0.00 %	NOR

Notes:

1. Shares held by Gross Management AS, wholly owned by Mr. Rødland
2. Shares held by Rome AS, wholly owned by Mr. Romestrand
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
25.05.2018	Annual General Meeting
17.08.2018	Quarterly Report – Q2
26.10.2018	Quarterly Report – Q3
08.02.2019	Quarterly Report – Q4

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