



Wavefield Inseis ASA – 1st. Quarter 2007 Results

"On track building an innovative geophysical service company"

May 15th, 2007: Oslo, NORWAY - Wavefield Inseis ASA (WAVE) announced unaudited first quarter 2007 results under IFRS in accordance with IAS 34.

Q1 Financial Highlights

- Consolidated Q1 Revenues of \$ 33,0 million compared with \$ 0,3 million in Q1 2006.
- Q1 Operating Profit (EBIT) of \$ 12,7 million compared with \$ 0 in Q1 2006.
- Q1 Net Profit of USD 10,6 compared with USD 0 in Q1 2006
- USD 1,8 mill. in Share based option compensation expensed in Q1 2007 as operating cost under IFRS accounting rules.
- Earnings per share were \$ 0,09 compared to \$ 0,0 in Q1 2006.
- Additional contract backlog of USD 45 mill. secured, total backlog of USD 114 mill. as per May 1st.
- Successful introduction at Oslo Stock Exchange in March 2007 and Issue of new Equity Capital of USD 83 mill. (NOK 500 mill.) raised at NOK 44 per share

Q1 Operational Highlights

- Very strong operating performance on 3D contracts for Petrobras and CNPC in North Africa.
- A strategic important 2D Multi-Client Survey completed in Barbados, Caribbean.
- Successful recruitment of highly skilled and motivated offshore employees for all three new vessels to be delivered in 2007.
- Impressive rigging performance of three new seismic vessels to be delivered mid June, end June and early July.
- Statoil awarded first pilot 4C fiber-optic permanent system contract to Optoplan (partly owned by Wavefield Inseis).
- 4C fiber-optic cable and sensor manufacturing has been scaled-up to meet future demand.
- Norsk Hydro, Norsk Geoteknisk Institutt (NGI) and Wavefield Inseis are jointly developing new step changing Electromagnetic technology.
- Successful in sea "Alfa" test of new-generation of Electromagnetic (EM) Equipment, based on an efficient cable acquisition method that combines EM and seismic measurements and that will significantly improve EM data quality and resolution.

"The continued strong operating performance and the impressive rigging of three new seismic vessels to be delivered early this summer have positioned Wavefield Inseis as a global geophysical service company. Our strategy and dedication to develop new technology and combine it with existing seismic data has attracted strong interest from Oil Companies, in their efforts to efficiently explore for new reserves and improve recovery rates in existing fields".

"Further, the listing at Oslo Stock Exchange has given us the opportunity to attract long term investors to support our fast growing strategy of creating the most innovative geophysical company within the seismic industry. Especially, the growth within the new technology segment will require additional investment capital, however the new revenue stream will longer term balance the risk of the more cyclical part of our existing seismic business."



Operations

The company's two business segments are:

- Seismic
- New technology development

Within the Seismic segment the activity of seismic vessel operation, exclusive marine contract seismic acquisition and non-exclusive Multi-Client project development are performed.

The new technology development segment includes the company's investment in the final development and commercialization of the next generation 4C seabed cable and includes R&D investments in electromagnetic technology.

Consolidated revenues in Q1 2007 were \$ 33,0 million, an increase of \$ 32,7 million from \$ 0,3 million in Q1 2006. The increase in consolidated revenues is attributable to introduction of the marine contract seismic acquisition business activity.

Operating profit (EBIT) was USD 12,7 up USD 12,9 million from USD - 0,2 million in Q1. 2006

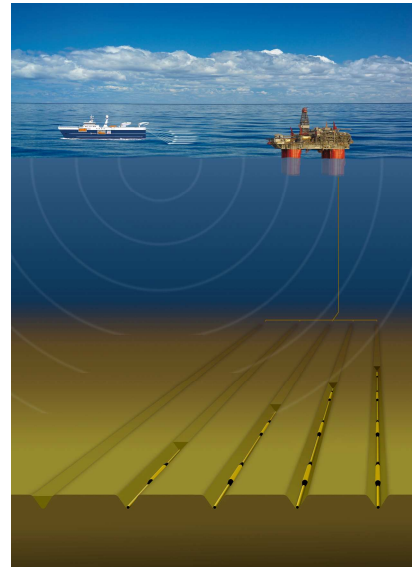
Marine contract revenues was \$ 30,6 million in Q1 2007, which were generated by the long offset 2D vessel Bergen Surveyor and the multi-streamer vessel Geowave Commander.

During the quarter, Bergen Survey continued on the long term contract for Falkland Oil and Gas in South America.

Geowave Commander completed with impressive performance the two exclusive contracts for Petrobras and CNPC offshore Libya. Compared with Q4 2006 the performance and better pricing was the main reason for the increased revenues in Q1 2007. The short term hired vessel Akademik Nehmcinov completed the long offset 2D Multi-Client project covering all of the Continental shelf of Barbados.

Multi-Client revenues were limited to \$ 2,4 million in pre-funding for the regional strategic important Barbados 2D survey, which represent approximately 35%. The data quality and seismic structures have created strong interest from major oil companies.

The Syrian licensing round has been announced, of which Wavefield Inseis has been instrumental in planning and organizing. Four blocks will be out for tendering, all with the licensing condition to purchase our 2D data.





Specification of Revenues

US\$ 000'	Quarter ended March 31, 2007	Quarter ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2006
<i>Operating revenues</i>				
Exclusive contract revenue	30 650	-	30 650	-
Multi-Client revenues	2 370	617	2 370	617
Revenue sharing	(20)	(355)	(20)	(355)
	<u>33 001</u>	<u>262</u>	<u>33 001</u>	<u>262</u>

EBIT and EBITDA

Operating profit (EBIT) for the quarter of \$ 12,7 million represented 38 % of net revenues, which was \$12,9 million higher than the \$ - 0,2 million reported in Q1 2006.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) for the quarter was \$ 16,8 million, representing 51% of net revenues, up from \$ -0,1 million in Q1 2006.

Financial Items

Net financial income for Q1 2007 was \$ 0,3 million, compared with net financial income of \$ 0,2 million for Q1.2006.

The interest expense element of all Financial Lease assets and financed seismic equipment is charged as Financial Expense

Tax

The nominal Norwegian corporate tax rate is 28%. The effective tax rate for the Group can be affected by taxes related to companies or operations outside Norway. The Group has no previous-year related tax losses carried forward.

For Q1 2007, the effective tax rate is affected by equity issuance costs charged directly to equity capital, these costs are tax deductible. Consequently, the actual effective tax rate for Q1 2007 is only 18,7%. Going forward, we expect an ordinary tax rate of 28%.

Net Income

Net Income for Q1 2007 was \$ 10,6 million compared with \$ 0 million from Q1 2006

Multi-Client Investments

The Company's operational investments in its data library during Q4 2006 were \$ 6,8 million, compared with \$ 2,1 million for Q1 2006.

US\$ 000'	Q1 2007	Q1 2006	Year ended Mar 31, 2007	Year ended Mar 31, 2006	Year ended Dec 31, 2006
Beginning Net Book Value	9 652	3 558	9 652	3 558	3 558
Operational Investments	6 819	2 135	6 819	2 135	8 051
Amortization	(1 173)	(120)	(1 173)	(120)	(1 957)
Disposals					
<u>Ending Net Book Value</u>	<u>15 297</u>	<u>5 573</u>	<u>15 297</u>	<u>5 573</u>	<u>9 652</u>



Balance Sheet and Cash Flow

Cash and Cash equivalents balance was \$ 95,8 million at the end of the quarter, compared to \$ 85,5 million at year-end 2006. Total liabilities at the end of the quarter were \$ 53,7 million of which \$30,3 million is interest bearing debt.

In connection with the new Vessel building program, the Company has invested \$ 74,4 million in Seismic Equipment and leased assets. The Company did not have any Seismic equipment invested in previous years.

Within the segment New Technology, the Company has invested \$ 11,8 million as minority interest in associates.

Total equity as per March 31st. 2007 was \$ 240,5 million, representing 82,5 % of total assets. During Q1 2007 a total of \$ 82 million has been raised in new equity.

Shares

Total outstanding numbers of shares in the Company is **128.164.636**

The Board of Directors has been granted authority to issue 5 million shares in connection with share option programs. A total of 3.128.000 options have been allocated under these programs as per quarter ended March 31st. 2006.

Organisation

The Company has successfully completed the recruitment of highly skilled and motivated seismic employees for all three new vessels to be delivered in 2007.

As much as is prudent, the Company has been front loading the onshore organisation based on the expected activity increase, this has enabled our competent and experienced team of employees to handle the strong growth of our company.

Outlook 2007

Towed Marine Market Conditions

Demand for marine seismic services continues to grow and we are seeing invitations to tender for work being issued at an unprecedented rate in all regions from the Super Majors and the big National Oil Companies right through to the smaller operators. Prices for marine seismic are therefore set to rise over the coming months.

With companies still trying to find capacity in the North Sea for this year some operators are looking to share vessels while others are now going out to tender for 2008 and 2009. The Far East is also very active with India, Indonesia and Australia being the current hot spots and this region itself could take up a large portion of the worldwide fleet by end of the year. With more and more vessel intensive wide-azimuth surveys taking place in the Gulf of Mexico and large surveys being planned in new acreage offshore places such as Libya and Egypt one expect an ever widening supply and demand gap.

In general the market consists of a healthy mix of large volume exploration 3D surveys, in areas such as Central America and North Africa, plus higher resolution 4D surveys offshore NW Europe in particular. Both types of survey are very well matched with our growing fleet of high capacity 3D vessels.



In an attempt to mitigate this gap more and more companies are looking to secure vessels for long term contracts in order to acquire data on acreage in several different regions over the next 2 and even 3 years.

4C Permanent Reservoir Monitoring

The use of a 4C permanent multi-component system is an alternative to other marine surface seismic acquisition techniques for acquiring 4D data. It can be the preferred alternative if it will provide higher quality data, or if the economics related to its use over the life of the field are superior.

The introduction of Wavefield Inseis' new Optowave fibre optic permanent 4C system using optical sensing technology is an important breakthrough in many ways, not least that of data quality. The completely passive 4C cable provides, for example, greater durability and reliability compared with systems that use electronic or mechanical sensors. This means it will provide 4D for the full production life of a field with lower maintenance and replacement costs. The fact that it uses only a small number of optical fibres to collect data from many thousands of channels mean that manufacturing costs and hence the investment required to purchase a system are expected to be lower than existing technologies. It also means that the system is more compact, lighter and hence easier to install. In all it provides the reliable, cost effective, high quality repeatable 4D seismic data that has been long awaited by producers.

With several permanent monitoring projects already being planned for in 2008 and 2009 and several more in the pipeline we are very optimistic that the Optowave system will receive a high degree of interest when we showcase it at next month's EAGE industry conference and exhibition in London.

Vessel Update

M/V Geowave Commander successfully completed the North Africa programs and has recently mobilized for a full season program for Statoil in the North Sea.

M/V Bergen Surveyor is expected to complete the extended long term contract for Falkland Oil & Gas in end of May. On completion, the vessel will commence a large multi-client project in South America. The project is significantly pre-funded above cost.

Geowave Champion (3D 12 streamers) is in the final stages of outfitting at Fitjar Yard, Norway. This conversion, from a large trawler, has been extensive and challenging. Limited yard capacity has caused delays compared with previously announced delivery date. At May 14th. we received a formal notification that the yard will not be able to deliver the vessel as planned on May 20th. The re-scheduled delivery time from yard, is noticed to be second half of June 2007. The disappointing news have caused a full review of the remaining work and progress plan by involving yard, vessel owner and representatives from Wavefield Inseis. The consensus among these parties is that the revised schedule is realistic and achievable. Wavefield Inseis will also utilize in parallel, the last part of the yard stay, to prepare the Vessel for seismic operations, in an effort to immediately start seismic operations after yard delivery.





Geowave Master (3D 12 streamers) conversion is progressing well at the Astander Yard in Spain. Scheduled delivery is early July, where the Vessel will transit for immediate mobilization for Gas de France in the North Sea.

The conversion of Malene Østervold (2D) is progressing well at Bergen Yard. The Vessel will be converted into a similar configuration as Bergen Surveyor (high class long offset 2D/small 3D vessel). This will give the vessel a more flexible utilization profile. The improved capacity will increase the complexity of the conversion and the vessel is estimated to be delivered from yard in June 2007. On completion of the yard work, Malene Østervold is fully booked on contract 2D until September 2007.

The Wavefield Inseis flag ship is the high capacity multi-streamer vessel Geowave Endeavour (3D 16 streamers) and is at the early stages of the new-build process. The steel work is continuing at Fosen Yard and is on track for an April 2008 delivery.

Wavefield Inseis has extended the charter of the Akademik Nemchinov to carry out smaller contract 3D projects in the North Sea. The vessel will commence operations in end of May and continue for approximately two months.



Company Guidance

The Company's expectations for the full year 2007 are as follows:

- Previous guided revenue range of \$ 180-200 million is net increased to \$ 190-200 million for the full year of 2007. This is primarily based on more contract work to be performed in Q3 versus the postponed Multi-Client work planned in the Gulf of Mexico. The increase is partly offset by less contract revenues in Q2, due to later start-up for the Geowave Champion.
- Capital Expenditures at approximately \$ 160 million (including new technology), an increase of USD 10 million compared with previous guidance, which is due to more extensive rebuild of M/V malene Østervold and extra enforced yard payment for delivery of the Geowave Champion.

Company guidance 2007-2008	
Revenues	<ul style="list-style-type: none"> ▪ 3D high-end: Day rates of USD 250'-325'/day ▪ 3D: Day rates: USD 190-240'/day ▪ 2D: Day rates: USD 65-85'/day
CAPEX	<ul style="list-style-type: none"> ▪ Approximately USD 160 mill. for 2007 (incl. new technology) ▪ Multi Client Library Investments estimated at USD 30-35 mill. for 2007
Multi-client activity (long term target)	<ul style="list-style-type: none"> ▪ Dedicate approximately 15 – 25% of 3D vessel capacity ▪ Up to 50% of 2D vessel capacity ▪ Pre-funding target of 60%, amortization range 42-47%
4C permanent installations	<ul style="list-style-type: none"> ▪ Targeting start of one commercial project during 2008 ▪ Project economics: USD 25m revenues p.a., 10-15% EBIT margin



Wavefield Inseis ASA Group
Consolidated Income Statement
Unaudited

In US\$ 000'	Q1 2007	Q1 2006	Year ended Dec 31, 2006
Operating revenues	33 001	262	30 175
Net Operating Revenues	33 001	262	30 175
<i>Operating expenses</i>			
Cost of sales	(12 698)	(20)	(10 940)
Amortization of Multi-Client Data Library	(1 173)	(120)	(1 957)
Amortisation of Intangible Asset	(83)	-	-
Selling, general and administration	(1 722)	(211)	(2 219)
Share based compensation cost incl . NI	(1 774)	-	(745)
Depreciation	(2 878)	-	(3 421)
Other operating expenses	-	(123)	(441)
Total operating expenses	(20 328)	(474)	(19 723)
Operating profit (EBIT)	12 673	(212)	10 452
<i>Financial income and expenses</i>			
Financial Income	577	24	960
Financial Expense	(727)	(2)	(1 767)
Exchange gains/losses	499	165	1 760
Share of profits/loss from associates	(21)	-	(203)
Net financial items	328	187	751
Profit before taxes	13 002	(25)	11 203
Tax expense	(2 430)	-	(1 570)
Net Income	10 571	(25)	9 633
Earnings per share	0,09	0,00	0,13
Earnings per share diluted	0,09	0,00	0,11
Average share outstanding	117 179 788	33 330 000	75 576 491
Average share outstanding diluted	118 737 811	38 629 420	83 932 664
EBIT Margin (%)	38 %	-81 %	35 %
EBITDA	16 808	(92)	15 830
EBITDA Margin (%)	51 %	-35 %	52 %



**Wavefield Inseis ASA Group
Consolidated Balance Sheet
Unaudited**

In US\$ 000'	Year ended March 31, 2007	Year ended Dec 31, 2006
Equity		
Paid-in Capital		
Share Capital	804	730
Share Premium Reserve	217 363	138 958
Total Paid-in Capital	218 167	139 688
Retained Earnings		
Other Equity	22 360	11 792
Total Retained Earnings	22 360	11 792
Total Equity	240 527	151 480
Liabilities		
Other Non-Current Liabilities		
Deferred Tax Liability	1 570	1 570
Capitalized Lease Liabilities	19 756	20 745
Total Non-Current Liabilities	21 326	22 315
Current Liabilities		
Bank Overdraft and Short-Term Debt	10 591	10 596
Accounts Payable	12 060	7 768
Partnershare payable	2 412	2 392
Taxes Payable	2 430	-
Other Short-Term Liabilities	4 924	3 425
Total Current Liabilities	32 416	24 181
Total Liabilities	53 742	46 496
Total Equity and Liabilities	294 269	197 976
Equity / Total assets (%)	82 %	77 %



**Wavefield Inseis ASA Group
Consolidated Balance Sheet
Unaudited**

In US\$ 000'	Year ended March 31, 2007	Year ended Dec 31, 2006
Assets		
Non-Current Assets		
Intangible Non-Current Assets		
Intangible assets	917	1 000
Multi-Client Library	15 297	9 652
Total Intangible Non-Current Assets	16 214	10 652
Tangible Non-Current Assets		
Financial Lease asset	5 532	5 874
Seismic Equipment	68 818	54 633
Total Tangible Non-Current Assets	74 351	60 507
Financial Non-Current Assets		
Investment in associated companies	11 838	10 359
Pension asset	5	5
Total Financial Non-Current Assets	11 844	10 365
Total Non-Current Assets	102 408	81 524
Current Assets		
Receivables		
Non-Current Receivables and Prepayments	50 059	11 153
Accounts Receivable	44 404	18 063
Other Receivables	1 574	1 700
Total Receivables	96 037	30 916
Cash and Cash Equivalents	95 824	85 537
Total Cash and Cash Equivalents	95 824	85 537
Total Current Assets	191 861	116 452
Total Assets	294 269	197 976



Wavefield Inseis ASA Group Changes in Equity (Unaudited)

US\$ 000'	Share capital	Paid in capital	Retained earnings Group	Total equity in Group
Equity per January 1, 2006	197	14 707	2 159	17 063
Issue of new shares	390	107 638	-	108 028
Conversion of debt and exercise of warrants during Q2 2006	142	15 994	-	16 136
Share based compensation	-	620	-	620
Profit of the year	-	-	9 633	9 633
Equity per December 31, 2006	730	138 958	11 792	151 480
Equity per January 1, 2007	730	138 958	11 792	151 480
Translation differences	-	-	(4)	(4)
Fee issue of new shares	-	(4 322)	-	(4 322)
Issue of new shares	75	81 981	-	82 056
Share based compensation	-	745	-	745
Profit of the period	-	-	10 571	10 571
Equity per March 31, 2007	804	217 363	22 360	240 527

Wavefield Inseis ASA Group Consolidated Cash Flow (Unaudited)

In US\$ 000'	Year ended March 31, 2007	Year ended March 31, 2006	Year ended Dec 31, 2006
Cash flow from operating activities			
Profit before tax	13 002	(25)	11 757
Depreciation and impairment of p,p & e, net of investment in multiclient library	2 878	-	2 740
Amortization of multiclient library and intangible assets	1 221	120	925
Share Based payments expense	745	-	620
Interest income	(582)	(24)	(808)
Interest expense	693	1	589
Share of net loss of associates	21	-	203
Changes in current assets/liabilities	(16 435)	(5 038)	(8 775)
Net cash flows from operating activities	1 543	(4 965)	7 251
Investing activities			
Purchase of p,p&e	(16 718)	(4 819)	(8 160)
Prepaid seismic equipment	(42 884)	-	(1 756)
Investment in multiclient library net of depreciation	(6 784)	(2 135)	(757)
Acquisition of minority interest	(1 500)	-	(10 359)
Acquisition of	-	-	(1 000)
Interest received	582	24	808
Net cash flow used in investing activities	(67 304)	(6 931)	(21 224)
Financing activities			
Proceeds from new equity raised	82 056	-	79 980
Proceeds from issuance of convertible debt	-	15 192	-
Transaction costs in issue of shares	(4 322)	-	(3 878)
Payment of finance lease liabilities	(989)	-	(1 942)
Interest paid	(693)	(1)	(589)
Net cash flows used in financing activities	76 052	15 190	73 570
Net increase in cash and cash equivalents	10 291	3 294	59 598
Net foreign exchange difference	(4)	-	-
Cash and cash equivalents at beginning of period	85 537	16 326	25 939
Cash and cash equivalents at 31 March	95 824	19 620	85 537



Notes to the consolidated interim financial statement

Note 1: Accounting policies for the Group

General

Wavefield Inseis ASA (the Group) is a Norwegian marine geophysical company that provides proprietary data acquisition services and offers a portfolio of non-exclusive Multi-client data to the global exploration community developed in partnership with oil companies and governments. From the main offices in Bergen and Oslo, Norway, and the other locations in London, Houston and Perth, Wavefield Inseis has a global reach, with activities in the Americas, Europe, Africa, the Middle East and Asia.

Basis for preparation

The consolidated interim financial statements have been prepared in accordance with rules and regulations of Oslo Stock Exchange and International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting. These consolidated interim financial statements are unaudited.

It has not been any changes in the accounting policies for Q1, the IFRSs and IFRIC Interpretations that has become effective after January 1st 2007 has been evaluated and will not impact Q1.

Note 2: Judgements, estimates and assumptions

The preparation of consolidated interim financial statement in accordance with IFRS and applying the chosen accounting policies requires management to make judgements, estimates and assumptions that impact the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing the consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements per 31 December 2006.



Note 3: Segment information

The Group's operations are divided into strategic business units which are organized and managed separately. The various business segments have different risk profiles. The Group is delivering seismic geophysical services to clients world wide and are developing new technology through associates. The technology segment is our strategic development into new business areas.

<i>(USD thousand)</i>	Seismic		Technology Development		Consolidated operations	
	Quarter ended March 31, 2007	2006	Quarter ended March 31, 2007	2006	Quarter ended March 31, 2007	2006
<i>Revenues from external customers:</i>						
Sales	33 001	262			33 001	262
Total revenues	33 001	262	-	-	33 001	262
Segment Cost	(20 328)	(474)	-	-	(20 328)	(474)
Segment profit (loss)	12 673	(212)	-	-	12 673	(212)
Finance	349	187			349	187
Share of income in associates	-	-	(21)		(21)	-
Tax expense	(2 430)	-			(2 430)	-
Total Profit (loss)	10 592	(25)	(21)	-	10 571	(25)

<i>(USD thousand)</i>	Seismic		Technology Development		Consolidated operations	
	Quarter ended March 31, 2007	2006	Quarter ended March 31, 2007	2006	Quarter ended March 31, 2007	2006
Net cash flow from operating activities	1 543	(4 965)	-	-	1 543	(4 965)
Net cash flow from investing activities	(62 658)	24	(4 645)	-	(67 304)	24
Net cash flow from financing activities	76 052	15 190	-	-	76 052	15 190
Investment in associates	-	-	(1 500)	0	(1 500)	-
Multiclient library	(6 784)	(2 135)	-	-	(6 784)	(2 135)
Seismic Equipment	(16 718)	(4 819)	-	-	(16 718)	(4 819)
Prepaid seismic equipment	(39 738)	-	(3 146)	-	(42 884)	-
Depreciation per segment	2 878	-	-	-	2 878	-
Amortization per segment	1 221	120	-	-	1 221	120
Capital costs	(693)	-	-	-	(693)	-



Note 4: Fixed assets

	Owned seismic equipment	Leased seismic equipment	Financial lease asset	Total
Cost:				
Acquisition cost at 01.01.07	20 263	38 104	6 730	65 097
Purchased tangibles	16 718	-	-	16 718
Acquisition cost at 31.03.07	36 981	38 104	6 730	81 815
Accumulated depreciation:				
Balance at 1 January	871	2 863	856	4 589
Depreciation for the quarter	751	1 782	342	2 875
Impairment losses	-	-	-	-
Accumulated depreciation at 31.03.07	1 622	4 645	1 198	7 464
Carrying amount:				
Balance at 31.03.07	35 360	33 459	5 532	74 351
Depreciation for the year	751	1 782	342	2 875
Depreciation capitalized to Multi-client library	(35)	-	-	(35)
Depreciation charged to expense	716	1 782	342	2 840