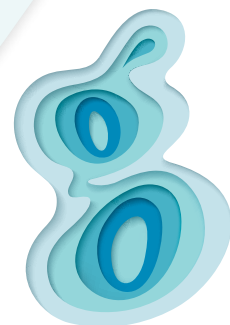


# ANNUAL REPORT

AND ACCOUNTS

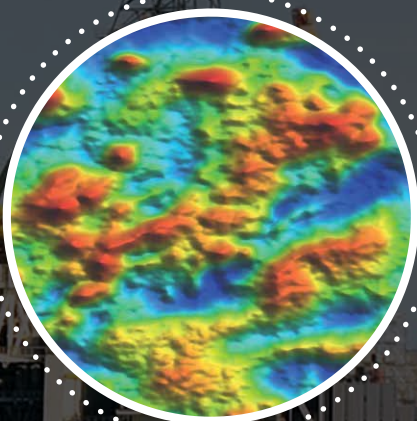
17-MONTH PERIOD  
ENDED 31 DECEMBER

2017

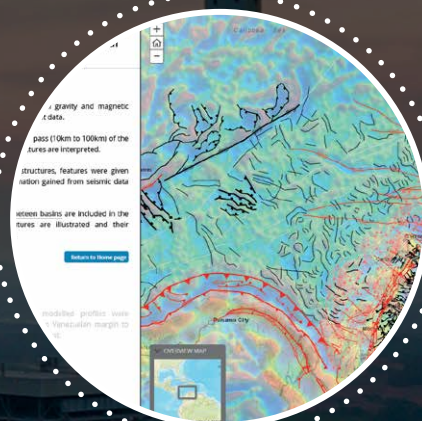


getech





**INTERPRETATION:**  
GLOBE



**CONTENT:**  
GRAVITY &  
MAGNETIC  
DATA



**INSIGHT:**  
GEOSCIENCE  
SERVICES

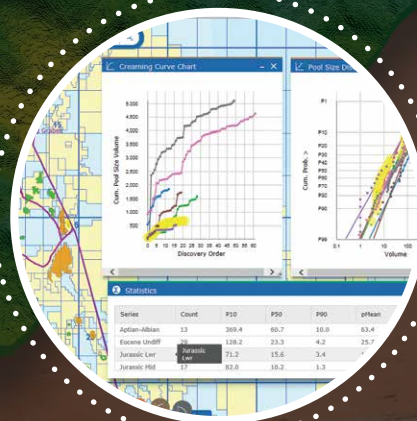
## ABOUT GETECH

GETECH PROVIDES THE EXPERTISE, SUPPORT AND KNOWLEDGE THAT COMPANIES AND GOVERNMENTS NEED TO BETTER DISCOVER, DEVELOP AND MANAGE NATURAL RESOURCES. OUR DATA-RICH PRODUCTS, GEOSPATIAL SOLUTIONS AND GOVERNMENT ADVISORY SERVICES HELP OUR CUSTOMERS TO ACHIEVE THEIR BUSINESS GOALS OF COST CONTROL, OPERATIONAL EXCELLENCE, REGULATORY COMPLIANCE AND ENVIRONMENTAL RESPONSIBILITY.

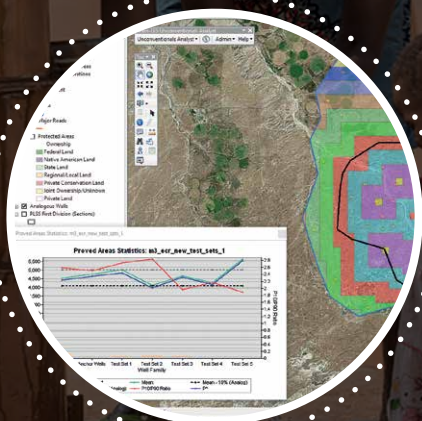
**SPATIAL  
ANALYSIS:**  
EXPLORATION  
ANALYST



**COMPLIANCE:**  
UNCONVENTIONALS  
ANALYST



**ADVISORY:**  
GOVERNMENTS  
& NOC'S

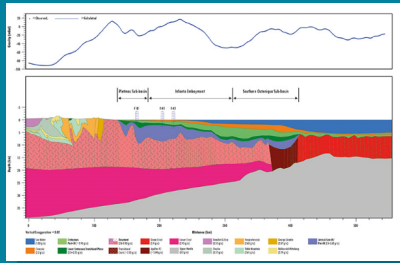




# UNDERSTAND GEOLOGICAL RISK AND UNCERTAINTY BEFORE YOU INVEST.

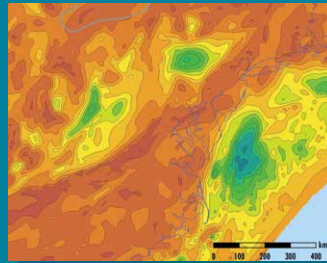
## BASIN EVOLUTION

Identify crustal types to understand basin evolution and implications for heat flow



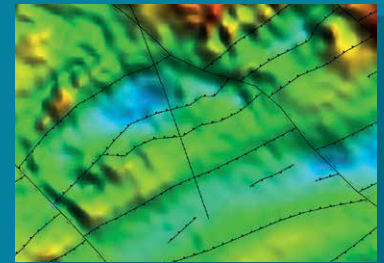
## HYDROCARBON MATURITY

Calculate sediment thickness to assess the impact on hydrocarbon maturity



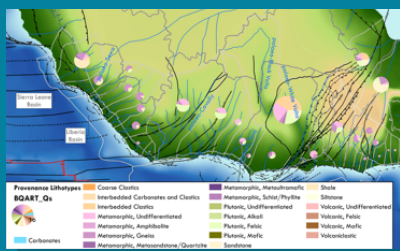
## STRUCTURAL ANALYSIS

Map structures that have a fundamental influence on basin architecture and sediment accumulation



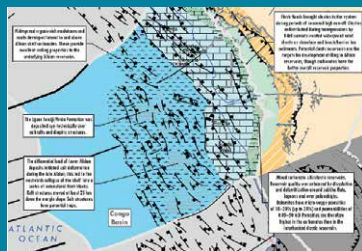
## PALAEO ENVIRONMENTS

Integrate climate, drainage, topography and surface geology to determine the amount and quality of sediment deposited as potential reservoirs through Earth's history



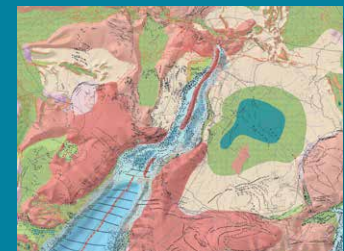
## INTEGRATED INTERPRETATION

Integrate multiple geological datasets to evaluate hydrocarbon prospectivity for a basin or play



## SOURCE TO SINK

Tracing the transportation pathway of sands from their origin to the hydrocarbon reservoir



# STREAMLINE WORKFLOWS, MAXIMISE PRODUCTIVITY, PROTECT THE ENVIRONMENT.

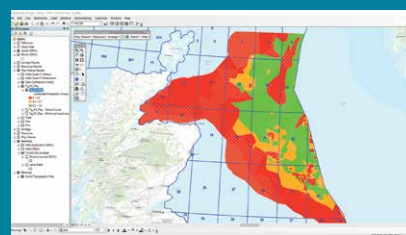
## PRODUCTION WELL PLANNING

Simplify complex reserve evaluation and well planning projects for resource play developments



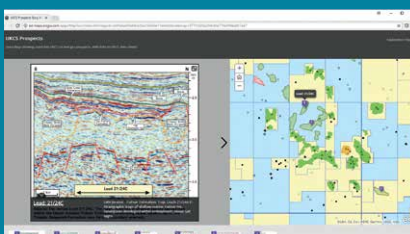
## PLAY CHANCE MAPPING

Investigate petroleum basin and play prospectivity and identify sweet spots for exploration



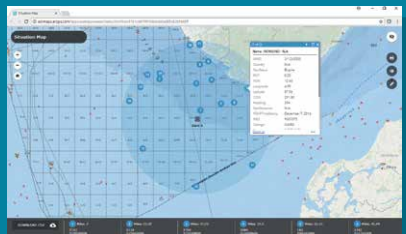
## PROSPECT PORTFOLIO

Summarise complex geological information using interactive dashboards for management



## OIL SPILL RESPONSE

Build a Common Operating Picture to manage emergencies and incident responses





# FINANCIAL HIGHLIGHTS

ADJUSTED  
NET CASH FLOW  
FROM OPERATIONS

**£2.1**

**MILLION IN FLOW**

FY 2016: £0.3 MILLION  
OUT-FLOW\*

REVENUES

**£10.9**  
**MILLION**

FY 2016: £7.0 MILLION

ADJUSTED  
PROFIT AFTER TAX:

**£0.9**  
**MILLION**

FY 2016:  
£0.3 million\*

CLOSING  
CASH BALANCE:

**£2.4**  
**MILLION**

FY 2016:  
£2.8 million

\*SEE TABLE 1 – FINANCIAL REVIEW



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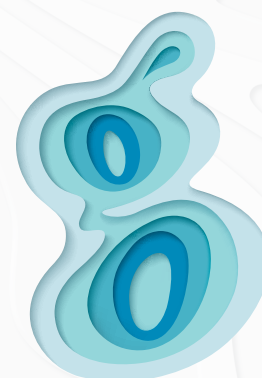
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getech



# CHAIRMAN'S and CHIEF EXECUTIVE'S REVIEW



- Revenues of £10.9 million in the 17 months to 31 December 2017
- 32% reduction in Group cash costs (like-for-like)
- Net operating cash inflow pre-restructuring £2.1 million (FY 2016: 0.3 million outflow)
- Net cash increase pre-restructuring of £0.1 million (FY 2016: £2.0 million net cash decrease)
- Cash balance at 31 December 2017: £2.4 million (31 July 2016: £2.8 million); after £0.5 million restructuring costs, £0.5 million of M&A payments and £0.3 million debt repayments
- Investment environment strengthening with notable potential upside from an expanded portfolio of data

Getech provides geoscience and geospatial products and services that companies and governments use to de-risk their exploration programmes and improve their management of natural resources.

Under the leadership of a new CEO and senior management team, in the 17-month accounting period to 31 December 2017 (referred to as AP 2017\*) we integrated the acquisition of Exprodat, rebased costs, strengthened our commercial offering, and repositioned Getech's operational and financial strategy.

This strategy places our data, software and information products at the heart of our business. We target high-margin, repeat revenue growth and we are reshaping our services to more clearly leverage our products and geoscience-geospatial skills. This strategic formula has already helped us to cross-sell our products and services, enter new sectors, and access rich seams of new data with significant 2018 revenue potential.

A smaller cost base, which is largely fixed in nature, leaves our cash flow with significant leverage to growth. We are also de-risking our profits through greater capital discipline, a focus on our customers' needs and improved operational delivery. With the cash that results, we are committed to invest in our operations, reinstate dividend payments and explore acquisitions.

Whilst pursuing this growth agenda we need to ensure that our capital works hard for the benefit of shareholders. To this end we are examining all options regarding our Kitson House office in Leeds.

## DELIVERING A STRONGER GROUP

In AP 2017 Getech undertook a wide-ranging programme of commercial, operational and cultural change.

\* In September 2017 we announced steps to align our reporting cycle with our customers' budget cycle. This meant moving Getech's Accounting Reference Date to 31 December, the comparative audited accounting period to AP 2017 being the 12-months to 31 July 2016 (referred to as FY 2016).



Through cost control, customer engagement and refocusing how we reinvest our operating cash flow we have enhanced the commercial positioning of our products and services and strengthened our finances. This is most clearly expressed in our cash flows where, pre-restructuring costs, the Getech Group generated a net operating cash inflow of £2.1 million (FY 2016: £0.3 million outflow) and a net cash increase of £0.1 million (FY 2016: £2.0 million decrease).

Driving this step-change in cash profitability, product revenues grew 24% pro-rata, delivering a 65% gross margin before impairments (Financial Review, table 2). This growth trajectory was enhanced by the acquisition of Exprodat, and at the Group level was reinforced by a 32% reduction in costs (Financial Review, table 3). These positives were partially offset by what remained a challenging market for geoscience services.

Post capital investment, we used the balance of our operating cashflow to settle all remaining M&A cash obligations and to reduce debt. We also invested in the Group's sales and project management capabilities – our focus being to grow revenue and de-risk profit.

Inclusive of restructuring costs, we ended AP 2017 in a net cash position of £1.8 million (31 July 2016: £1.9 million); cash and cash equivalents totalling £2.4 million (31 July 2016: £2.8 million).

Looking to 2018, with AP 2017 cash costs and revenue broadly in balance, the slate wiped clean of historic M&A commitments, and a pipeline of exciting and potentially material product and service opportunities, our cash flow has very significant leverage to growth.

With the Board focused on governance and strategy, it is key that it can access the skills necessary to review Getech's progress and positioning. To this end we are pleased to welcome to the Board Andrew Darbyshire as Group Chief Financial Officer, and Chris Jepps as Group Chief Operating Officer. Andrew and Chris will join the Board on 28 February 2018. At the same time, Huw Edwards steps down as a Director.

## OPERATIONS

- New Senior Management Team, drawn from across the enlarged Group
- Product revenues up 24%, with gross margin (before impairments) of 65%
- Services a challenging market – margins reduced to 7%

In AP 2017 we repositioned our staff and their skills around more clearly defined Product and Service divisions. We also refocused what they do to more specifically address the technical challenges faced by our customers in their exploration, production and management of natural resources.

We view the successful re-alignment of products and services to reflect the collaborative approach that we have established with our customers, which in AP 2017 was strengthened through the application of new robust project management practices.

## PRODUCTS

AP 2017 saw an upswing for our Products





# CHAIRMAN'S and CHIEF EXECUTIVE'S REVIEW

CONT.

division. Our offering of essential data, software and information products are all used by our customers to de-risk exploration programmes and improve the management of natural resources.

At the heart of our Products division lies our inventory of technical data assets. Central to this are our holdings of Gravity & Magnetic data - the global coverage of which is multiple times larger than our closest peer. We have also worked to refresh our data holdings and to expand them to include seismic, well and other technical data.

We are particularly focused on doing this in regions where we can see clear commercial catalysts that will drive buying interest from our customers.

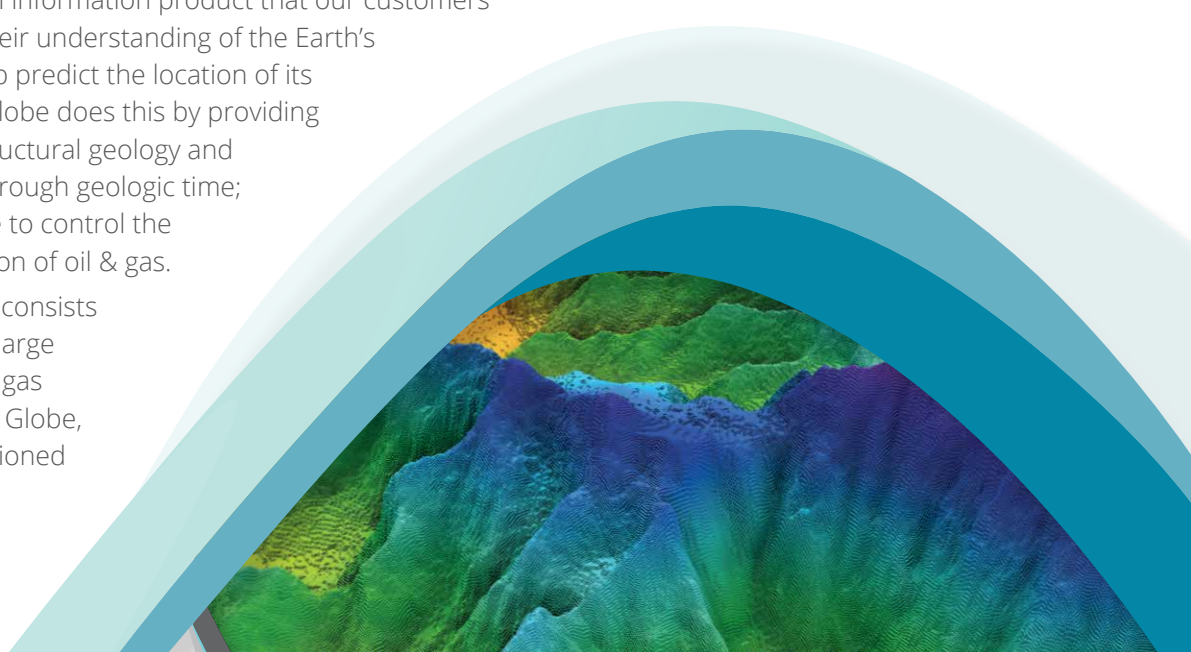
In AP 2017 we were appointed as the Gravity and Magnetic data Release Agent by the Republics of Ireland and South Africa, as well as the devolved government of the Faroe Islands. We accessed new Gravity & Magnetic data in Papua New Guinea, Columbia and Bolivia, and we continued our rolling programme of data reprocessing - through which we enhance the value of our data holdings. In parallel we extended the footprint of our MultiSat data product to cover prospective areas that include East Africa's lakes, and signed data brokerage agreements with companies that include: Sander Geophysics (Gravity & Magnetic data), Canesis (seismic and well data) and USLandGrid (well data). In Sierra Leone we assembled a high-value suite of seismic and well data, which under a revenue-sharing agreement with the Government we are offering for licence as a part of the country's Fourth Offshore Licensing Round.

These data are an essential and cost-effective component of the integrated campaigns of our natural resources customers - both in oil & gas and mining. In AP 2017, we grew the potential single-sale gross value of our data holdings by \$20 million - net revenue from data sales beginning to rise as a consequence.

Coupled with our advanced Gravity and Magnetic processing techniques and interpretation expertise, our data holdings also continue to underpin the Globe and Regional Reports information products.

**Globe** is a geospatial information product that our customers use to strengthen their understanding of the Earth's evolution and to help predict the location of its natural resources. Globe does this by providing paleogeographic, structural geology and paleoclimate data through geologic time; factors that combine to control the formation and location of oil & gas.

The Globe userbase consists of supermajors and large independent oil and gas companies. By using Globe, they are better positioned to understand







petroleum systems and predict geological risk and uncertainty. The team delivering this product is Getech's largest and draws on a diverse range of skills.

Globe is in its eighth year of development and in December 2016 the user-base expanded when another prominent supermajor signed up. In July 2017 we completed Globe's second three-year build-phase. This was achieved within budget and on schedule, while customer feedback on new content and delivery enhancements has been strongly positive. With the foundation-stone of Globe now complete we have moved the commercial model to an annual release cycle. This allows us to deliver a more agile product with content that evolves with the needs of our customers.

Work on Globe 2018 commenced in August 2017 and remains on track for release in July 2018. In line with our refreshed product vision, the 2018 release will comprise the most diverse and innovative inventory of new content and features undertaken to date. This has been shaped through dialogue with our customers, and we are using our geospatial and software expertise to deliver improved usability and a broad programme of training.

We build additional value in and around Globe through our **Regional Reports**. These information products provide a more in-depth analysis of key exploration areas of interest, supported by project-ready geospatial datasets. The sector downturn continues to provide a challenging market for these products, however we retain a rich inventory of studies and we are exploring new ways for our customers to access their value.

Our **geospatial software** products are delivered through Esri's ArcGIS™ technology, the industry's most powerful mapping and analytics software. Our petroleum-focused solutions provide enriched visualisation, geospatial analytics and powerful data integration for geoscientists that need to locate and extract new resources, improve field management and ensure compliance.

In petroleum exploration our software products (Data Assistant and Exploration Analyst) enable customers to easily integrate data from sub-surface interpretation applications and to perform complex play-based exploration workflows.

We first developed our production software (Unconventionals Analyst) as a solution for increasing the efficiency of well planning in coal bed methane projects. In collaboration with a major US player, the product has been extended to support onshore shale-oil and shale-gas operations. We have since broadened the userbase and our customers are utilising the software to reduce well development costs and simplify reserves management.

During AP 2017, all three software products were enhanced to include a range of new customer-requested functionality and upgraded to include support for Esri's latest releases. With the re-subscription rate exceeding 95% for the second year in a row, our install-base also grew – this driven by new customer wins (our customer list expanding by 23%) and existing customers deploying the software more widely within their organisations.



# CHAIRMAN'S and CHIEF EXECUTIVE'S REVIEW

CONT.

## SERVICES

In AP 2017 the staff of our services division deployed their skills in separate geoscience and geospatial consulting groups. On a combined basis, the gross margin of this division was reduced to 7% (FY 2016: 24%). Underlying this figure is a more complex dynamic.

In **geoscience consulting**, the reduced oil price and oil company customer budget cuts have combined to intensify competition. Our core technical expertise however and ability to leverage our underlying products whilst delivering complex integrated geoscience-geospatial consultancy projects remain key differentiators for Getech. When combined with careful cost control and enhanced project management, we see this as the route by which we can improve the profitability of our services.

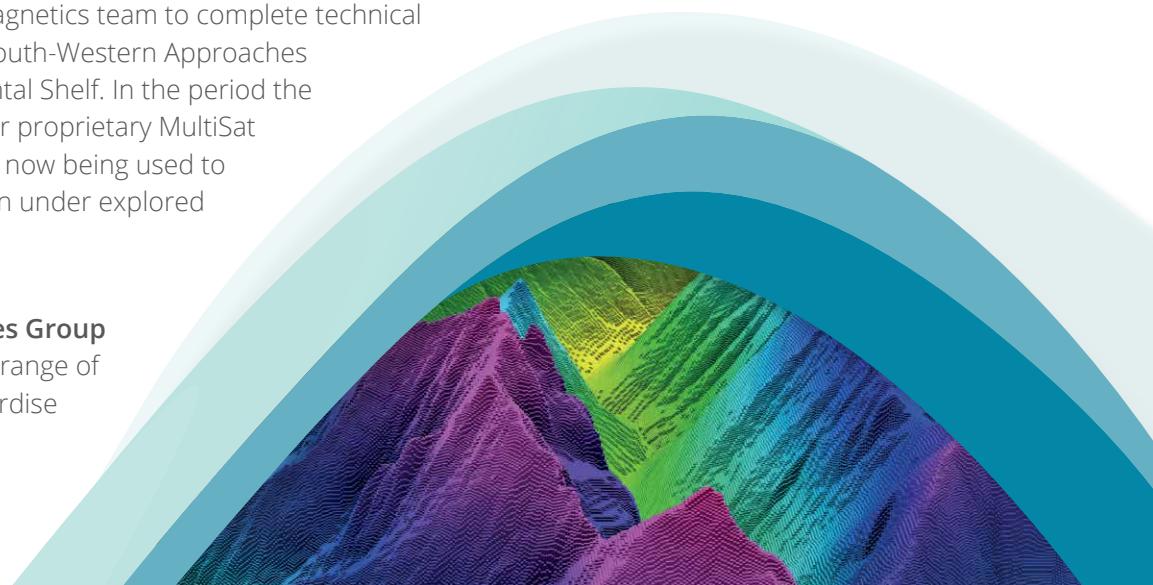
By way of example, we are using our technical expertise to broaden our activities into new sectors. In Mozambique we signed an agreement with the Water Ministry to use our geoscience and geospatial skills to unlock value in well data that Agencies can use to improve their success rate in locating sources of drinking water. In AP 2017, a pilot study was successfully commercialised, and we are examining ways to expand this work.

The power of this approach is also demonstrated by our history of assisting **Governments and National Oil Companies** with License Rounds, Data Management, Capacity Building and Advisory services. In AP 2017, we worked (through our wholly owned subsidiary, ERCL) for the Governments of Lebanon, Mozambique, Namibia, Ras al Khaimah, Sao Tome and Sierra Leone.

In Sierra Leone we have worked in partnership with the Petroleum Directorate since 2016 - a project initially funded by the World Bank. In AP 2017 this broadened into a multi-year contract to promote Sierra Leone as a key area for exploration investment. This and other Government Advisory work enables us to access a rich portfolio of technical data, which we then license on behalf of the Government.

Closer to home, we won a mandate to define and deliver a multi-faceted spatial data strategy for the UK Oil and Gas Authority (the OGA), who then commissioned Getech's Gravity and Magnetics team to complete technical service work over the South-Western Approaches area of the UK Continental Shelf. In the period the OGA also purchased our proprietary MultiSat gravity product which is now being used to encourage investment in under explored areas of the North Sea.

Our **Geospatial Services Group** was utilised on a broad range of engagements to standardise





and improve daily workflows, such as site inspection and operational surveillance. Our projects include work for NCOC, the partnership operating Kashagan – one of the world's largest and most logistically complex oil developments, where we have created a web-based mapping platform to assist in oil spill response, pipeline integrity, vessel tracking and ice monitoring in and around the Caspian Sea. The team were also engaged by oil companies to help build their own geospatial capabilities through the delivery of formal training courses in Europe, the US and Australia.



Our geospatial skills continue to open doors to a range of new sectors. In AP 2017 we worked in partnership with Esri UK on contracts in the water and transportation industries. We also matured and expanded our geospatial software services footprint in the nuclear space and won our first contract in energy infrastructure – NorthConnect, a JV laying a cable to connect the power systems of Scotland and Norway, engaging us to design a portal for map and app solutions that facilitate data and information sharing.

In each of these new sectors our investment of time and resource was rewarded in AP 2017 by winning follow-on work.

### **STAFF AND BOARD CHANGES**

Undertaking such a fundamental review of our operations has meant taking difficult but important decisions. One of these has been the need to restructure our reporting lines and to reduce headcount – which in AP 2017 we lowered by c27% to 84. During the period, Dr Paul Carey and Dr Paul Markwick both left the Getech Board and Group.

We have moved into 2018 with a better balance of skills, stronger leadership in our product and service teams, and an Executive Committee that is empowered to drive Getech's next phase of growth. With the Board focused on governance and strategy it is key that it can access the skills necessary to review our progress and positioning. To this end we are pleased to welcome to the Board Andrew Darbyshire as Group Chief Financial Officer, and Chris Jepps as Group Chief Operating Officer.

Andrew is a Chartered Accountant with a background in audit. He joined Getech in 2014 as the Group's Finance Manager. Since then he has worked tirelessly to strengthen the financial control environment and enhance the quality of information on which the Executive Committee and Board bases their decisions. Andrew also had a leading role in the acquisition of both ERCL and Exprodat. Chris joined Getech in 2016 at the time of the acquisition of Exprodat, where he led the development of geospatial software products. As Getech's Products Director Chris has been the driving force behind the operational repositioning of our products division. With both service and product leadership now reporting to Chris, the new role of Chief Operating Officer is positioned to drive further product growth and to enhance the profitability and positioning of our services.

Huw Edwards, who joined Getech's Board in 2015 following the acquisition of ERCL, is stepping down as a Director. We extend Getech's thanks to Huw, who, across his years on the board, has brought a valuable and differentiated perspective on the industry.



# CHAIRMAN'S and CHIEF EXECUTIVE'S REVIEW

CONT.

AP 2017 was a period of change for all within the Getech Group and we would like to thank all Getech's staff on behalf of the Board for their hard work and professionalism throughout AP 2017.

## OUTLOOK

Our customers' attitude to capital spending is currently balanced between spot oil prices, which have rallied strongly since July, and longer-dated crude prices, which continue to trade in a relatively narrow \$55 to \$60 per barrel range. Alongside this, industry costs have fallen dramatically - making the environment for oil & gas investment much more attractive today than it was 12 months ago.

The downturn has also challenged our customers to rethink the way that they access, manage and analyse data. By strengthening Getech's offering as an essential data, software and information provider, we are positioning the Group for growth in this exciting new operational landscape.

We have begun 2018 by backing our growth ambitions with targeted operational, sales and marketing investment. We do not however anticipate significant upward pressure on FY costs. Following on from our 2017 programme of R&D investment we also expect 2018 cash tax credits of a similar level (pro rata) to that realised in AP 2017. By broadly maintaining this cost and tax structure, a similar pro rata sales performance to AP 2017 (sales mix and divisional margin) would generate a cash inflow of approximately £0.5 million (post-investment and debt repayments). With c85% of our cost base fixed, each 10% increase in revenue would broadly translate to a £0.6 million increase in free cash flow.

It remains early in the year, but our sales pipeline has the potential to exceed 2017 levels. This reflects a Q1 upturn in data sales for frontier regions, and continued growth in the userbase for our software and information products. Further leverage comes from the growth in the breadth, quality and value of the data that we can license. One route to market for this data is the Fourth Sierra Leone Licensing Round, where we have worked with the Petroleum Directorate to assemble a technically-rich package of seismic, well and 'value-add' data to support potential investors in their assessment of the region's prospectivity. Net of our revenue sharing agreement with the Sierra Leone Government, a single licensing of this data set has the potential to be a disclosable event for the Getech Group.

Whilst general geoscience consulting remains tough, we take encouragement from an increase in demand for our specialisms – our Gravity & Magnetic team beginning 2018 with a full programme of billable work. Our geospatial services also continue to diversify our sources of revenue.

We have entered 2018 well positioned to drive diversified organic growth. Alongside reviewing all options regarding our Kitson House office in Leeds, we are also focussed on the potential for acquisitions.

**DR STUART PATON**  
Chairman

**DR JONATHAN COPUS**  
Chief Executive

# FINANCIAL REVIEW



## FINANCIAL SUMMARY

In the 17 months to 31 December 2017 ("AP 2017") Getech reshaped its cost base and commercial offering. The net result has significantly strengthened Group finances – Getech delivering a step-change in cashflow, which we used to grow investment, clear all M&A cash liabilities and further repay debt.

The programme of change led to restructuring costs and, following a periodic review of sales catalysts, we have written down inventories relating to a number of studies and reports. These items obscure Getech's underlying AP 2017 performance. The picture for the prior audited accounting period (the 12 months to 31 July 2016: "FY 2016") is also complicated by fair-value adjustments taken at 31 July 2016.

To aid in the analysis of our underlying financial performance, the table below sets out key figures from the financial statements and the equivalent figure adjusted for these events and accounting treatments.

	17 months		12 months	
<b>Table 1 - Financial summary</b>	17 months 2017 (audited) £'000	2017 adjusted (unaudited) £'000	2016 reported (audited) £'000	2016 adjusted (unaudited) £'000
Revenue	10,946	10,946	7,031	7,031
EBITDA (1) (2) (3)	523	1,471	1,364	545
Operating (loss)/profit (1) (2) (3)	(661)	287	693	(126)
(Loss)/Profit after tax (1) (2) (3)	(40)	908	1,089	270
Earnings per share	(0.11)p	—	3.25p	—
Net cash inflow/(outflow) from operations (1)	1,614	2,101	(285)	(259)
Development costs capitalised	(1,154)	(1,154)	(823)	(823)
Acquisition costs, net of cash received	(500)	(500)	(240)	(240)
Net (decrease)/increase in cash (1)	(392)	95	(2,064)	(2,038)
Cash and cash equivalents (1)	2,393	2,880	2,788	2,814
Borrowings	(634)	(634)	(900)	(900)

### (1) Restructuring costs

During 2017, the Group launched a restructuring programme that resulted in one-off costs of £487,000 (2016: £26,000). The adjusted income statement and cash flow figures above remove these costs to show the underlying business performance.



# FINANCIAL REVIEW CONT.

## (2) Fair value adjustment

During 2016, the fair value of the provision for earn-out payments relating to the acquisition of ERCL was written down by £845,000 resulting in a one-off credit to administrative costs for the same amount. The adjusted income statement figures above reverse the change to the fair value of the provision, which was made in 2016 to reflect market conditions. This is an accounting adjustment and therefore does not affect reported cash flow figures.

## (3) Write-down of inventories

Following management's review of inventories, it was considered appropriate to impair the carrying value of a number of reports and studies, the cost of which was carried on the balance sheet. The total value of the impairment is £461,000 (2016: £nil); this additional cost is included within cost of sales on the Consolidated Statement of Comprehensive Income and has been adjusted for above.

## OPERATING INCOME

Revenue for AP 2017 amounted to £10,946,000 (FY 2016: £7,031,000), an increase of 10% pro-rata from the previous financial year. Within this figure, Products revenues grew by 24%, accounting for 69% of FY 2017 group revenue. The Services market remained challenging throughout the 17-month period under review, revenues falling 16% pro-rata against FY 2016. However, project work in 2017 laid the foundations for important service and sales opportunities in 2018, including the launch of the Fourth Sierra Leone Licencing Round.

## Gross margins

Gross margin, before inventory impairments of £461,000, for AP 2017 was 47%, compared to a 50% gross margin in FY 2016. Underlying this slight reduction at Group level is the strong performance of our products division, partially offset by the continued challenges of the Services market - the gross margin (before impairments) on product sales equalling 65% for the period (FY 2016: 61%), the margin on Services reduced to 7% (FY 2016: 24%).

	17 months 2017		12 months 2016	
Table 2 - Gross margin by reporting segment	Products	Services	Products	Services
Revenue	7,570	3,372	4,320	2,845
Cost of sales	(2,649)	(3,152)	(1,692)	(2,164)
Gross profit before impairments	4,921	220	2,628	681
Margin (before impairments)	65%	7%	61%	24%
Impairment of inventories	(461)	—	—	—
Gross profit	4,460	220	2,628	681
Gross margin	59%	7%	61%	24%

### *Administrative costs*

During AP 2017 there were several changes to the business that affect administrative costs; the Group incurred additional overhead through the acquisition of Exprodat, we completed a restructure process, and we introduced a new senior management team.

To manage these changes, we took steps to consolidate and streamline overhead costs within the business, which led to a 15% pro-rata reduction in cash administrative costs. This figure excludes restructuring costs but includes the absorption of Exprodat's administrative costs in AP 2017 (see table 3 below). Cash administrative costs before restructuring in AP 2017 totalled £3,569,000 (FY 2016: £2,974,000).

### *Currency*

Getech's cost base is predominantly in pound sterling, but a significant proportion of its revenue is denominated in US dollars. Although currency markets remained favourable to the Group in AP 2017 (£77,000 gain), the benefit was less than that in FY 2016 (£123,000 gain). Further details regarding the Group's foreign currency risk and mitigation are set out in Note 20 to the Consolidated Financial Statements.

### *Depreciation and Amortisation*

During AP 2017, depreciation and amortisation charges totalling £1,184,000 were allocated to administrative costs on the income statement (FY 2016: £671,000). During the period amortisation charges on development costs increased as we continue to develop Globe. During FY 2018, a significant proportion of our Data Holdings will be fully amortised, which will somewhat offset the rate of increase in amortisation of Development costs. A full breakdown of depreciation and amortisation is included in notes 13 and 14 to the financial statements.

### *Operating profit*

The Group reported an operating loss of £661,000 for AP 2017 (FY 2016: £693,000 profit). However, this included restructuring costs of £487,000 (FY 2016: £26,000) and an impairment of inventories of £461,000 (FY 2016: £nil). Prior year operating profits included a one-off fair value adjustment £845,000, which was a credit to the income statement.

Taking account of these one-off adjustments, the Group made an adjusted operating profit of £287,000 (FY 2016: £126,000 operating loss).

### *Income tax*

The Group has reported an income tax credit of £653,000 (FY 2016: £418,000). To be able to help our customers understand and resolve their exploration and operational challenges requires us undertaking pioneering research and development. Against the cost of this work we obtained corporation tax relief, and subsequently realised a tax credit for the current year of £410,000 (FY 2016: £236,000). This figure also includes a prior



# FINANCIAL REVIEW CONT.

year and foreign taxation adjustment of £123,000 credit (FY 2016: £126,000 credit) and deferred taxation adjustments of £120,000 credit (FY 2016: £56,000 credit).

After taxation, Getech reported an AP 2017 loss of £40,000 (FY 2016: £1,089,000 profit). Adjusting AP 2017 for restructuring costs and write downs, and FY 2016 for fair value revisions, this translated to an underlying net profit of £908,000 (FY 2016: net profit £270,000).

## COST BASE ANALYSIS

Through a restructuring programme, in the first 12 months of the period Getech reduced its cost base by 32%. Inclusive of investments made in our sales and project management capabilities, costs were held flat across the following 5 months to 31 December 2017 - the 17-month cost base before restructuring costs totalling £10,590,000. The table below reconciles our cost base to the financial statements.

<b>Table 3 - Cost base reconciliation</b>	<b>% variance (pro-rata)</b>	<b>17 months 2017 £'000</b>	<b>Pro-rata 12 months 2017 £'000</b>	<b>12 months 2016 £'000</b>
Cost of sales (including inventory impairments)		6,262	4,420	3,503
(Decrease)/increase in inventories		(395)	(279)	775
Development costs capitalised		1,154	815	823
Administrative costs		5,345	3,773	2,835
Fair value adjustments		—	—	845
Depreciation and amortisation charges		(1,184)	(836)	(671)
Exchange adjustments		8	6	77
Provisions		(118)	(83)	(113)
Cost base	(3) %	11,072	7,816	8,074
Exprodat cost base for 2016 (an additional 10.5mths in full year figures)		—	—	2,873
Like-for-like cost base	(29) %	11,072	7,816	10,947
Restructure costs		(487)	(344)	(26)
Like-for-like cost base, excluding one-off redundancy costs	(32) %	10,585	7,472	10,921

Cost base is measured as: cost of sales, administrative costs and development costs capitalised, less depreciation and amortisation, and adjusted for movement in work in progress, non-cash foreign exchange adjustments and fair value adjustments. To allow like-for-like analysis, the cost base of Exprodat, that was not consolidated into the Group financial statements before its acquisition on 14 June 2016, has been added to the Group cost base. Figures below the 'cost base' line are unaudited.

## OPERATING CASH FLOWS

During 2017 Getech generated a £1,614,000 cash inflow from operating activities after tax (2016: £285,000 cash outflow). This includes £487,000 of one-off restructuring costs. When taking this into account, the underlying cash generated from operations after tax was £2,101,000 (see table 1 above).

### *Changes in working capital*

Inventory balances fell during the period resulting in a positive working capital adjustment of £395,000 (2016: £775,000 increase in inventories). Included in this balance movement is the impairment of reports and studies totalling £461,000.

The reduction in the Group's Trade and Other Receivables over the period reflects the combined benefit of strengthening and streamlining of our revenue collection process, and the Group Accounting Reference Date no longer being co-terminus with the Globe subscription billing cycle.

Overall, Trade and other receivables reduced by £1,250,000 (2016: £1,491,000 reduction). Through improvements to the revenue collection process, we are achieving quicker collection of debtors and, we have recovered £45,000 in debts that were previously provided for, however, we have made an additional provision for debtors amounting to £163,000 during the period.

During AP 2017 Getech reshaped the Globe product to more closely align its evolution with our customers' day-to-day needs. One step to achieving this was to move from a 3-year product cycle, to an annual product cycle. Reflecting this new commercial formula, Deferred Income balances have reduced and this is a contributing factor to the reduction of Trade and Other Payables by £1,092,000 (FY 2016: £1,165,000 reduction).

### *Cash taxation*

A review of our corporate tax efficiency was completed in AP 2017. This identified overpayments in US federal taxes that we were able to recover, and we improved the tax credit position against our R&D expenditure. The net result was that Getech received cash tax refunds and credits totalling £467,000 (2016: £326,000 payments).

We anticipate further cash tax receipts from R&D tax allowances in 2018; our current tax receivables balance for 31 December 2017 totalling £490,000 (based on our corporate tax provisions for AP 2017).

## INVESTMENT, CAPITAL EXPENDITURE AND FINANCING

Development expenditure on Globe and Software totalled £1,154,000 (FY 2016: £823,000).

A review of the earn-out provision relating to the acquisition of ERCL resulted in a fair value adjustment credit of £845,000. This was taken at 31 July 2016, triggered by a downward revision to the forecast of cash M&A payments to be made in AP 2017.





# FINANCIAL REVIEW CONT.

M&A payments made in AP 2017 totalled £500,000 (FY 2016: £240,000). These were the final payments due relating to the acquisitions of ERCL (acquired April 2015) and Exprodat (acquired June 2016).

At the period end Getech's outstanding loan balance was £634,000 (FY 2016: £900,000), with debt repayments totalling £266,000 during the period (FY 2016: £132,000). This facility is secured against our Leeds office, which has a net book value of £2,424,000 (assessed against its in-use value).

## *Dividend*

Having undergone significant organisational change in AP 2017, the Board decided that it was appropriate to not pay a dividend. We began 2018 financially and operationally stronger, with a focus on growth and opportunity. The Board is committed to reinstating a dividend.

## **LIQUIDITY AND GOING CONCERN**

At the end of AP 2017, Getech held £2,393,000 in cash and cash equivalents (FY 2016: £2,788,000), with a net cash position of £1,759,000 (FY 2016: £1,888,000).

Getech's business activities and the factors likely to affect its future development, performance and position are set out in the Chairman's and Chief Executive's Review. The financial position of the Group, its cash flows and its liquidity position are described in the financial statements. In addition, notes 20 and 21 include details of Getech's key financial risks and the Group's policies and procedures for capital management.

In making the going concern assessment, the Board of Directors has considered Group budgets and detailed cash flow forecasts to 31 March 2019. Following this review, the Directors consider that the Company and the Group are going concerns and the financial statements are prepared on that basis.

## **ANDREW DARBYSHIRE**

Finance Director



# PRINCIPAL RISKS AND UNCERTAINTIES

## INTERNAL CONTROL AND RISK MANAGEMENT






The Board has overall responsibility for the Group's systems of internal control and for reviewing their effectiveness. The Group maintains systems that are designed to provide reasonable but not absolute assurance against material loss and to manage rather than eliminate risk.

The key features of the Group's systems of internal control are as follows:

- A management structure with clearly identified responsibilities
- The production of timely and comprehensive historical management information
- Detailed budgeting and forecasting
- A monthly analysis of risks and threats is reviewed by the Board at each of its meetings
- Day-to-day hands-on involvement of the Executive Directors

The key financial indicators used by the Directors to monitor the performance of the Group are operating cash flows, revenues and operating profit.

The principal risks facing the business are outlined below:

Risk	Description	Mitigation	Change
Liquidity risk	The risk that the Group may be unable to meet short term financial demands.	Cash flow forecasts and future income levels are carefully monitored on a regular basis.	
Financial risk	The most important components of financial risk are market borrowing interest rate risk, customer credit risk and currency risk.	These risks are mitigated by regular monitoring of market rates, by assessment of the creditworthiness of the customer base and by the policy of matching, as far as possible, the timing of settling invoices where sales and purchases are in currencies other than pound sterling.	
Staff engagement and retention	Retention of specialist staff is crucial to the success of the business.	The Group aims to ensure that it provides stimulating work in an attractive environment; together with its employment policies, these features are designed to attract and retain the high-quality staff that form the basis for the Group's success.	
Systems and infrastructure	The Group is reliant on its IT infrastructure in order to trade. A failure in these systems could have a significant impact on its business.	Controls are in place to maintain the integrity and efficiency of the Group's systems, which are regularly backed up, updated and tested. During the year, an internal audit of information management protocols and procedures was conducted.	
Oil price	During the year, there has been continued uncertainty over the long-term price of oil.	The Directors and Executive team meet regularly to monitor the impact on demand for our products and services, and to refine our strategy to mitigate the effects of a long-term reduction in the price of oil.	

## APPROVAL OF THE STRATEGIC REPORT

The Strategic Report on pages 3 to 19 was approved by the Board on 27 February 2018.

**DR STUART PATON**  
Chairman



# DIRECTORS



**DR STUART PATON**

NON-EXECUTIVE CHAIRMAN

Stuart holds a number of advisory roles, including with Berwicks Consulting Ltd and GLG. He has previously been the Technical and Commercial Director and CEO of Dana Petroleum, delivering a number of acquisitions for them. Before joining Dana, he held a number of roles at Shell. Stuart has a BA in Earth Sciences and a PhD in Geology from Cambridge University.

Audit Committee, Remuneration Committee (Chair), Nomination Committee (Chair)



**PETER STEPHENS**

NON-EXECUTIVE DIRECTOR

Peter is currently Chairman of ASX quoted Etherstack, Boisdale Canary Wharf and True Luxury Travel. He is also a Director of various private companies. He was Chairman of Getech from its flotation on AIM in 2005 up until 2013. Previously, Peter was the Chairman and founder of Tristel plc, and was a Director during the company's flotation on AIM in 2005 up until 2013. He was also the Head of European Equities Sales at Salomon Brothers and Crédit Lyonnais. Peter has an MA in Jurisprudence from Oxford University and he qualified as a barrister in 1978. He now runs his own Venture Capital business.

Audit Committee, Nomination Committee



**DR ALISON FIELDING**

NON-EXECUTIVE DIRECTOR

Alison is an experienced entrepreneur, creating, building and investing in high-growth companies. Her career has spanned scientific research at Zeneca plc, strategy consultancy at McKinsey & Company and business building at IP Group plc. She is a board member of Perachem Holdings plc, Nanoco Group plc, the Royal Voluntary Service and the Carnegie Trust for the Universities of Scotland. Alison holds an MBA from Manchester Business School, a PhD in Organic Chemistry and a First-Class degree in Chemistry from the University of Glasgow.

Audit Committee (Chair), Remuneration Committee, Nomination Committee

Chris holds a BSc in Geology and an MSc in Applied Geophysics from the University of Birmingham. He started his career in 1980 with BP in London, and has since worked for a variety of small to large Independent Oil Companies in various technical and managerial roles, as well as consulting for 8 years. Chris's last oil company role was General Manager of Exploration for Tullow Oil when the company grew rapidly following the discovery of major new oil provinces in Ghana, Uganda and Kenya. Chris is the Managing Director of Zinc Consultants.

Remuneration Committee

Jonathan has extensive industry, corporate finance and capital markets experience, having worked as an Exploration Geologist at Shell, as the top-rated Exploration & Production Sell-side Equity Analyst at a number of City companies (including Investec and Deutsche Bank) and most recently as Chief Financial Officer at Salamander Energy plc, which was acquired by Ophir plc in 2015. Jonathan has a PhD from the University of Cambridge and a First-Class BSc in Geology from the University of Durham.

Huw has a BSc in Geology from the University of Manchester and an MSc in Geophysics from Imperial College. He started his career at Amoco and went on to work for Superior Oil, Exploration Consultants Limited as their Chief Geophysicist, BG Group as their Manager of Geophysics and PGS as their Project Director. He started up the original ERCL in 2010. In January 2014, Huw merged the original ERCL with part of the business of SAER Limited to form a new combined company that Getech went on to acquire in April 2015.



**CHRIS FLAVELL**

NON-EXECUTIVE DIRECTOR



**DR JONATHAN COPUS**

CHIEF EXECUTIVE OFFICER



**HUW EDWARDS**

DIRECTOR



# CORPORATE GOVERNANCE

## REPORT

Getech is committed to high standards of governance, so far as is practicable and appropriate for a group of its size and nature. As such, Getech has given careful consideration to the principles of the UK Corporate Governance Code ('the Code'). The Group does not comply with the Code; however, we have reported on our corporate governance arrangements by drawing upon best practice, including those aspects of the Code that we consider to be relevant.

### THE BOARD

The Board currently comprises of four Non-Executive Directors and two Executive Directors. The roles of the Chairman, who is non-executive and elected by the Board, and the Chief Executive, are separated. All Directors are subject to retirement by rotation and re-election is a matter for the shareholders. The Non-Executive Directors ensure a balance to the Board by constructively challenging the Executive Directors.

A Directors' Responsibilities statement in respect of the financial statements is set out in this Annual Report on page 25.

The Board is responsible for approving overall strategic, financial and operational matters and for the identification of risks faced by the Group. Board approval is required for certain matters, the most significant of which are:

- Final approval of the Annual Report and Accounts
- The budget and major capital expenditure
- The dividend policy
- Acquisitions and alliances policies

The Board delegates certain matters regarding audit, remuneration and nomination to its principal committees, each of which has written terms of reference.

Attendance by each Director at full meetings of the Board and Board committees of which they were a formal member during the period is summarised below.

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Dr Stuart Paton	10/10	3/3	1/1	1/1
Dr Alison Fielding	10/10	3/3	1/1	1/1
Peter Stephens	10/10	2/3	-	1/1
Chris Flavell	10/10	-	1/1	-
Dr Jonathan Copus	10/10	-	-	-
Huw Edwards	9/10	-	-	-
Paul Markwick	3/4	-	-	-
Paul Carey	2/4	-	-	-

The effectiveness of the board is reviewed on an annual basis, and progress against the review recommendations is monitored on a regular basis.

## COMPANY SECRETARY

The Company Secretary is responsible for ensuring that Board procedures are followed, that the Company complies with company law and the AIM rules, and that the Board receives the information it needs to fulfil its duties effectively.

All Directors have access to the Company Secretary and their appointment (or termination of appointment) is a matter for decision by the full Board.

## AUDIT COMMITTEE

The Audit Committee consists of three non-executive members of the board and meet at least twice a year. The principal duties and responsibilities of the Audit Committee include:

- Monitor the Group's internal financial controls and assess their adequacy
- Review key estimates, judgements and assumptions applied by management in preparing published financial statements
- Assess annually the auditor's independence and objectivity
- Make recommendations in relation to the appointment, re-appointment and removal of the company's external auditor
- Review and consider for approval, significant new contracts

## REMUNERATION COMMITTEE

The Remuneration Committee consists of three non-executive members of the board and meet at least once a year. The principal duties and responsibilities of the Remuneration Committee include:

- Setting the remuneration policy for all Executive Directors and the Chairman
- Recommending and monitoring the level and structure of remuneration for senior management
- Approving the design of, and determining targets for, and performance-related pay schemes operated by the company and approve the total annual payments made under such schemes
- Reviewing the design of all share incentive plans for approval by the board and shareholders

None of the Committee members have any personal financial interest (other than as shareholders), conflicts of interest arising from cross-directorships or day-to-day involvement in the running of the business. No director plays a part in any final decision about his or her own remuneration.

## NOMINATION COMMITTEE

The Nomination Committee consists of three non-executive members of the board and meet at least once a year. The principal duties and responsibilities of the Nomination Committee include:

- Regularly reviewing the structure, size and composition of the Board
- Giving consideration to succession planning for Directors and other senior Executives
- Identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise
- Membership of the Audit and Remuneration Committees



# DIRECTOR'S REPORT

The Directors present their report and financial statements for the period ended 31 December 2017.

## PRINCIPAL ACTIVITIES

The principal activity of the Group is to provide geoscience and geospatial products and services that companies and governments use to de-risk their exploration programmes and improve their management of natural resources.

## FUTURE DEVELOPMENTS

The future developments of the Group are included in the Strategic Report.

## DIRECTORS

The Directors of the Parent Company who served during the period were:

Dr Paul Carey (resigned 31 December 2016)

Huw Edwards

Chris Flavell

Dr Stuart Paton

Dr Jonathan Copus (appointed 2 August 2016)

Dr Alison Fielding

Dr Paul Markwick (resigned 31 January 2017)

Peter Stephens

## RESULTS AND DIVIDENDS

The results for the period are set out on page 34. The Directors do not recommend a dividend (2016: no dividend).

## DIRECTORS' INDEMNITY

The Group maintains Directors' and Officers' liability insurance, which gives cover against legal action that may be taken against them. Qualifying third-party indemnity provisions (as defined in Section 234 of the Companies Act 2006) are in force for the benefit of Directors.

## RISKS

The principal risks of the Group are included in the Strategic Report.

## SUBSTANTIAL SHAREHOLDERS

The Parent Company was notified on 23 January 2018 of the following interests in excess of 10% of its issued Ordinary Share capital. Please see the table below:

	Number of Ordinary Shares	% of issued share capital
IP Group plc	7,077,404	19
Professor J. D. Fairhead	4,399,602	12

## CORPORATE GOVERNANCE

See separate Corporate Governance Report.

# DIRECTOR'S RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and to prepare the Parent Company's financial statements under United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable IFRS have been followed in the consolidated financial statements and whether UK Accounting Standards have been followed in the Parent Company's financial statements, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company or Group will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Company's external auditor is unaware
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the external auditor is aware of that information

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# DIRECTOR'S RESPONSIBILITIES

CONT.

## GOING CONCERN

The Directors have performed regular reviews of trading and cash flow forecasts and have considered the sensitivity of these forecasts with regards to different assumptions about future income and costs. With the existing cash levels and continued prospects for profitable trading, the Directors are fully satisfied that the Group is a going concern and will be able to continue trading for the foreseeable future.

## AUDITOR

Grant Thornton UK LLP has expressed its willingness to continue in office as external auditor. A resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming Annual General Meeting.

By order of the Board

## ANDREW DARBYSHIRE

Company Secretary  
27 February 2018





# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GETECH GROUP PLC

## OPINION

### Our opinion on the financial statements is unmodified

We have audited the financial statements of Getech Group Plc (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2017 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of cash flows, the Consolidated statement of changes in equity, the Company balance sheet, the Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosures Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## WHO WE ARE REPORTING TO

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

# INDEPENDENT AUDITOR'S REPORT

## CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## OVERVIEW OF OUR AUDIT APPROACH

- Overall group materiality: £51,000, which represents 5% of the group's normalised earnings before taxation assessed across three accounting periods;
- We have identified two key audit matters, which are revenue recognition and carrying value of goodwill and other intangible assets; and
- We have assessed the components within the group by considering each as a percentage of Group's total assets, liabilities, revenues and profit before tax, and performed a combination of comprehensive audits and targeted audit procedures.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



<b>KEY AUDIT MATTER – GROUP AND PARENT</b> <b>Risk 1 – Revenue recognition</b>	<b>HOW THE MATTER WAS ADDRESSED</b> <b>IN THE AUDIT – GROUP AND PARENT</b>
<p>There is a risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This risk is heightened based on the level of revenue which is accrued or deferred based on underlying contracts. In respect of revenue recognised for ongoing projects such as the Globe project, there is a risk that revenue is recognised before the risk and rewards of ownership have transferred to the customer.</p> <p>As there are contractual arrangements with customers, there is a risk that revenue is misstated as each contract's outcome and stage of completion requires professional judgement.</p> <p>We therefore identified revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>• Walkthrough of the systems and controls in place around the recording of revenue.</li> <li>• Evaluation of the revenue recognition policies for appropriateness with IAS 18 'Revenue', as applicable and consistency with the prior period.</li> <li>• Testing a sample of revenue transactions in respect of sale of data and consultancy services provided and assessing them against supporting documentation to determine whether income has been appropriately recognised in accordance with IAS 18 'Revenue' and the Group's accounting policy.</li> <li>• Testing revenue to contracts, on a sample basis to determine whether the revenue has been recognised in accordance with the terms of the contract.</li> <li>• Comparison of revenue from the sale of data and consultancy services with the revenue in the prior period and obtaining and corroborating the explanation for significant and unusual variances.</li> </ul> <p>The group's accounting policy on revenue recognition including the key sources of estimation uncertainty is shown in Notes 3.2 and 3.18 in the Summary of Accounting policies section and related disclosures are included in Note 4.</p> <p><b>KEY OBSERVATIONS</b></p> <p>Based on our audit work we have not found any material misstatements in the recognition of revenue in accordance with the Group's accounting policies and IAS 18 'Revenues'.</p>



# INDEPENDENT AUDITOR'S REPORT

<b>KEY AUDIT MATTER – GROUP</b> <b>Risk 2 – Carrying value of goodwill and other intangible assets</b>	<b>HOW THE MATTER WAS ADDRESSED</b> <b>IN THE AUDIT – GROUP</b>
<p>Within the consolidated statement of financial position are significant balances for goodwill and other intangible assets arising from previous acquisition activity.</p> <p>These balances represent a significant proportion of the total assets figure within the consolidated statement of financial position and, if the underlying subsidiaries are not performing in line with forecast, are at risk of being materially misstated.</p> <p>We therefore identified carrying value of goodwill and other intangible assets as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>• Walkthrough of the systems and controls in place around the assessment of carrying value of goodwill and intangible assets.</li> <li>• Determination of whether the assigned life of each applicable intangible asset remains appropriate.</li> <li>• Testing on a sample basis, the additions to intangible assets during the period to supporting documentation.</li> <li>• Development of an expectation of amortisation expense for the period and comparison against the expense recorded.</li> <li>• Assessment and challenge of management prepared reviews of the carrying value of goodwill and intangible assets. Our challenge focussed around the assumptions regarding future revenues from the underlying cash generating units relative to historic performance, and assessed the commercial prospects of ongoing projects relative to similar past projects.</li> </ul> <p><b>KEY OBSERVATIONS</b></p> <p>Based on our audit work we have not identified any material misstatements in the carrying value of goodwill and intangible assets in the consolidated statement of financial position.</p>

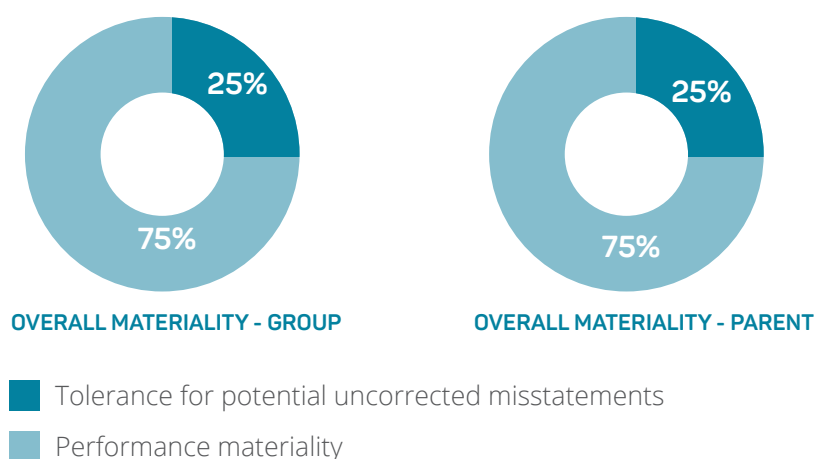
## OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	<p>£51,000, which is 5% of normalised earnings before tax assessed across three accounting periods. Earnings before tax are considered to be the most important figure to the users of the financial statements. This has been normalised because earnings have fluctuated in recent years and also include exceptional costs, related to restructuring. Therefore, normalised earnings before tax was deemed the most appropriate benchmark.</p> <p>Materiality for the current period is consistent with the level that we determined for the year ended 31 July 2016.</p>	<p>Materiality is based on 5% of normalised earnings before tax assessed across three accounting periods, capped to 90% of group materiality, which is £46,000. This benchmark is considered the most appropriate because the parent company is also the largest trading company, therefore the normalised earnings before tax basis ensures that materiality is based on the most important figure to the users of the financial statements, and takes into account the fluctuation of earnings in recent years.</p> <p>Materiality for the current period is consistent with the level that we determined for the year ended 31 July 2016.</p>
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Specific materiality	Directors' remuneration and related party transactions were treated as material by nature.	Directors' remuneration and related party transactions were treated as material by nature.
Communication of misstatements to the audit committee	£3,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£2,500 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



## COMPONENT MATERIALITY

Our audit work at a component level is executed at levels of materiality appropriate for such components. For the subsidiary in the United States of America (US), which does not need a local opinion, we performed targeted procedures using the materiality level assessed for Group.

# INDEPENDENT AUDITOR'S REPORT

## AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit approach was a risk-based approach founded on a thorough understanding of the Group's business, its environment and risk profile and in particular included:

- Documenting and evaluating the processes and controls covering the Key Audit Matters.
- Evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality considering each as a percentage of Group's total assets, liabilities, revenues and profit before tax.
- For those components that were evaluated as significant components, a full scope audit approach was determined based on their relative materiality to the Group and our assessment of the audit risk;
- We performed a full-scope audit of the financial information of the parent company, Getech Group plc and of the Group's operations throughout the United Kingdom. The Group's component in the US was subject to targeted procedures over the balance sheet and income statement with a focus on applicable risks identified above and the significance to the Group's balances.
- The components subject to a comprehensive audit approach cover 72% of the consolidated revenues, 92% of consolidated assets and 100% of total loss before tax, with the component subject to a targeted approach representing 28% of the consolidated revenues and 8% of consolidated assets
- The accounting functions are performed centrally for all entities. All audit work has been undertaken by the Group audit team.

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts set out on pages 1 to 82, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## OUR OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 IS UNMODIFIED

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



## **MATTERS ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

## **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

## **RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS**

As explained more fully in the directors' responsibilities statement set out on page 25 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **VICTORIA MCLOUGHLIN BA FCA**

Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants

Leeds

27 February 2018

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 17-MONTH PERIOD ENDED 31 DECEMBER 2017

	Note	17 months ended 31 Dec 2017 £'000	12 months ended 31 Jul 2016 £'000
Revenue	4	10,946	7,031
Cost of sales		(5,801)	(3,503)
Exceptional inventory impairments		(461)	—
Gross profit	4	4,684	3,528
Administrative expenses		(4,858)	(3,654)
Operating profit before exceptional administrative expenses		(174)	(126)
Exceptional administrative expenses:			
Fair value adjustments		—	845
Restructure costs		(487)	(26)
Operating profit	5	(661)	693
Finance income	7	2	8
Finance costs	8	(34)	(30)
Profit before tax		(693)	671
Income tax credit/(expense)	9	653	418
Profit for the year attributable to owners of the Parent Company		(40)	1,089
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences on translation of foreign operations		(10)	110
Total comprehensive income for the year attributable to owners of the Parent Company		(50)	1,199
Earnings per share			
Basic earnings per share	11	(0.11)p	3.25p
Diluted earnings per share	11	(0.11)p	3.17p

All activities relate to continuing operations.

The accompanying notes on pages 38 to 68 form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

Company registration number: 02891368

	Note	31 Dec 2017/ £'000	31 Jul 2016 / £'000
<b>Non-current assets</b>			
Goodwill	12	3,428	3,428
Intangible assets	13	3,155	2,948
Property, plant and equipment	14	2,499	2,691
Deferred tax assets	9	207	283
		<b>9,289</b>	<b>9,350</b>
<b>Current assets</b>			
Inventories	15	672	1,067
Trade and other receivables	16	2,121	3,372
Current tax assets		490	434
Cash and cash equivalents	17	2,393	2,788
		<b>5,676</b>	<b>7,661</b>
<b>Total assets</b>		<b>14,965</b>	<b>17,011</b>
<b>Current liabilities</b>			
Borrowings	18	279	133
Trade and other payables	19	1,958	3,549
Current tax liabilities		—	13
		<b>2,237</b>	<b>3,695</b>
<b>Non-current liabilities</b>			
Borrowings	18	355	767
Deferred tax liabilities	9	194	387
		<b>549</b>	<b>1,154</b>
<b>Total liabilities</b>		<b>2,786</b>	<b>4,849</b>
<b>Net assets</b>		<b>12,179</b>	<b>12,162</b>
<b>Equity attributable to owners of the Parent Company</b>			
Share capital	22	94	94
Share premium account		3,053	3,053
Merger relief reserve		2,407	2,407
Share option reserve		164	173
Currency translation reserve		(11)	(1)
Retained earnings		6,472	6,436
<b>Total equity</b>		<b>12,179</b>	<b>12,162</b>

The financial statements on pages 34 to 68 were approved and authorised for issue by the Board of Directors on 27 February 2018.

The accompanying notes on pages 38 to 68 form an integral part of these financial statements.

**DR STUART PATON**  
Non-executive Chairman



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 17-MONTH PERIOD ENDED 31 DECEMBER 2017

	Note	17 months ended 31 Dec 2017 £'000	12 months ended 31 July 2016 £'000
<b>Cash flows from operating activities</b>			
Loss/(profit) before tax		(693)	671
Share-based payment charge		67	52
Depreciation and amortisation charges	13/14	1,184	671
Loss/(profit) on disposal of fixed assets		11	(4)
Fair value adjustments		—	(845)
Finance income		(2)	(8)
Finance costs		34	30
Exchange adjustments		(8)	(77)
Decrease/(Increase) in inventories	15	395	(775)
Decrease in trade and other receivables	16	1,251	1,491
(Decrease)/Increase in trade and other payables	19	(1,092)	(1,165)
<b>Cash generated from operations</b>		<b>1,147</b>	<b>41</b>
Income taxes (paid)/refunded		467	(326)
<b>Net cash (used in)/generated from operating activities</b>		<b>1,614</b>	<b>(285)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	14	(54)	(32)
Proceeds from sale of fixed assets		—	27
Development costs capitalised	13	(1,154)	(824)
Acquisition costs, net of cash received		(500)	(240)
Interest received		2	8
<b>Net cash used in investing activities</b>		<b>(1,706)</b>	<b>(1,061)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		—	16
Repayment of long-term borrowings		(266)	(132)
Equity dividends paid	10	—	(572)
Interest paid		(34)	(30)
<b>Net cash used in financing activities</b>		<b>(300)</b>	<b>(718)</b>
Net decrease in cash and cash equivalents		(392)	(2,064)
Cash and cash equivalents at beginning of period		2,788	4,727
Exchange adjustments to cash and cash equivalents at beginning of period		(3)	125
<b>Cash and cash equivalents at end of period</b>	17	<b>2,393</b>	<b>2,788</b>

The accompanying notes on pages 38 to 68 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 17-MONTH PERIOD ENDED 31 DECEMBER 2017

	Share capital £'000	Share premium account £'000	Merger relief reserve £'000	Share option reserve £'000	Currency translation reserve £'000	Retained earnings £'000	Total £'000
At 1 August 2015	82	3,037	1,159	155	(111)	5,885	10,207
Dividends	—	—	—	—	—	(572)	(572)
Issue of capital under share-based payment options	—	16	—	(34)	—	34	16
Share-based payment charge	—	—	—	52	—	—	52
Issue of share capital	12	—	1,248	—	—	—	1,260
Transactions with owners	12	16	1,248	18	—	(538)	756
Profit for the year	—	—	—	—	—	1,089	1,089
Other comprehensive income							
Currency translation differences	—	—	—	—	110	—	110
Total comprehensive income for the year	—	—	—	—	110	1,089	1,199
At 31 July 2016	94	3,053	2,407	173	(1)	6,436	12,162
Transfer of reserves	—	—	—	(76)	—	76	—
Share-based payment charge	—	—	—	67	—	—	67
Transactions with owners	—	—	—	(9)	—	76	67
Profit for the period	—	—	—	—	—	(40)	(40)
Other comprehensive income							
Currency translation differences	—	—	—	—	(10)	—	(10)
Total comprehensive income for the period	—	—	—	—	(10)	(40)	(50)
At 31 December 2017	94	3,053	2,407	164	(11)	6,472	12,179

The accompanying notes on pages 38 to 68 form an integral part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 17-MONTH PERIOD ENDED 31 DECEMBER 2017

## 1 CORPORATE INFORMATION

Getech Group plc (the 'Company' and ultimate Parent of the Group) is a public limited company domiciled and incorporated in England and Wales. The Company's registered office and principal place of business is Kitson House, Elmete Hall, Elmete Lane, Leeds, LS8 2LJ.

The principal activity of the Group is to provide geoscience and geospatial products and services that companies and governments use to de-risk their exploration programmes and improve their management of natural resources.

## 2 BASIS OF PREPARATION

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Body and adopted by the European Union (EU), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and the Companies Act 2006 which is applicable to companies reporting under IFRS.

The financial statements are prepared on a going concern basis under the historical cost convention with the exception of certain items measured at fair value and are presented to the nearest thousand pounds (£'000) except as otherwise stated.

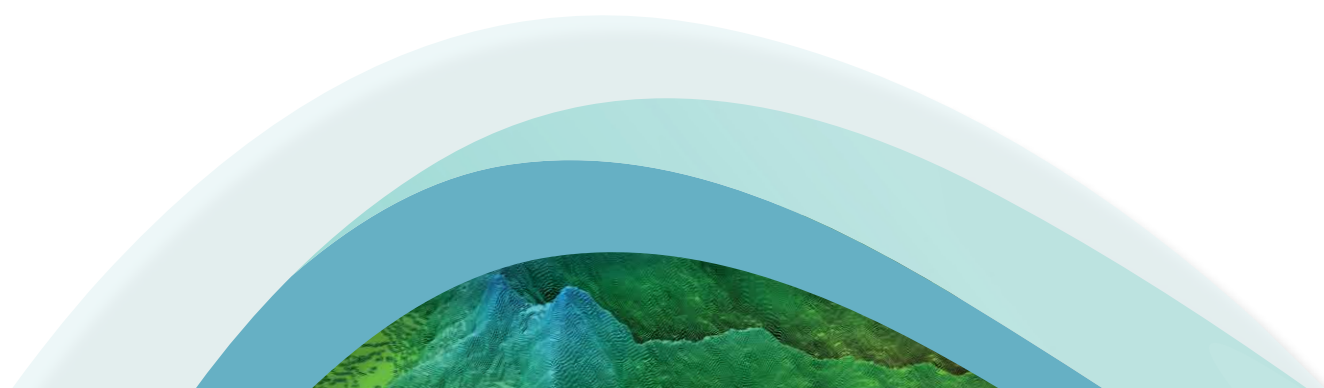
The Directors have instituted regular reviews of trading and cash flow forecasts and have considered the sensitivity of these forecasts with regards to different assumptions about future income and costs. With continued prospects for profitable trading, the Directors are fully satisfied that the Group is a going concern and will be able to continue trading for the foreseeable future.

The accounting period has been extended to 31 December 2017 to cover 17 months. The prior audited period is for the 12 months to 31 July 2016.

### 2.1 Standards, Amendments and Interpretations Not Yet Applied by Getech

The following standards, amendments and interpretations have been adopted in the year and have not had a material impact on the Group and Company's financial statements:

- Amendments to IAS 1 'Presentation of Financial Statements', clarifying disclosures;
- Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets', clarifying acceptable methods of depreciation and amortisation;
- Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' in respect of bearer plants;





- Amendments to IAS 19 'Employee Benefits' for employee contributions to defined benefit pension schemes;
- Amendments to IAS 27 'Separate Financial Statements' to revise the equity method in separate financial statements;
- Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interest in Other Entities', and IAS 28 'Investments in Associates and Joint Ventures' around application of the consolidation exemption;
- Amendments to IFRS 11 'Joint Arrangements' on accounting for acquisitions of interests in joint operations;
- Amendments to IFRS 14 'Regulator Deferral Accounts';
- Annual improvements to IFRS's (2010 – 2012);
- Annual improvements to IFRS's (2012 – 2014).

## 2.2 Standards, Amendments and Interpretations Not Yet Applied by Getech

The following standards and interpretations, which are yet to become mandatory and are expected to be relevant to the financial statements, have not been applied in the 2017 financial statements:

Standard or interpretation	EU Effective for reporting periods starting on or after
Amendments to IAS 12 'Income Taxes' for the recognition of deferred tax assets for unrealised losses	1 January 2017 <sup>1</sup>
Amendments to IAS 7 'Statement of Cash Flows' for disclosures	1 January 2017
Amendments to IAS 40 'Investment Property' for transfers of investment property	1 January 2018 *
Amendments to IAS 28 'Long-term Interests in Associates and Joint Ventures' around the application of the equity method Methods of Depreciation and Amortisation'	1 January 2016
IFRS 9 'Financial Instruments'	1 January 2019 *
Amendments to IFRS 9 'Financial Instruments' for termination rights	1 January 2018
IFRS 16 'Leases'	1 January 2019 *
Annual improvements to IFRS's (2014 – 2016)	1 January 2019
Annual improvements to IFRS's (2015 – 2017)	1 January 2017 *
IFRIC 22 'Foreign Currency Transactions and Advance Consideration'	1 January 2019 *
Amendments to IFRS 4 'Insurance Contracts' around interaction with IFRS 9	1 January 2018
IFRIC 23 'Uncertainty over Income Tax Treatments'	1 January 2018
Amendments to IFRS 2 'Share-based Payment' for classification and measurement of share-based payment transactions Presentation of Financial Statements'	1 January 2018 *
IFRS 17 'Insurance Contracts' and subsequent withdrawal of IFRS 4 'Insurance Contracts'	1 January 2021 *
IFRS 15 'Revenue from Contracts with Customers', including clarifications made to the standard since initial release	1 January 2018*

\* These standards have not yet been endorsed for use in the EU, but the date stated is the anticipated date of application.

<sup>1</sup> Not yet adopted by the EU

A preliminary impact assessment of the implementation of IFRS 15 'Revenue from Contracts with Customers' has been performed, it is anticipated that the effect of the new accounting standard on the financial statements will be minimal.

It is anticipated that the adoption of these standards will not have a significant impact on the financial statements of the Group, except for additional disclosure and presentational requirements; the impact of all other standards and interpretations not yet adopted is not expected to be material.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONT.

## 3 SUMMARY OF ACCOUNTING POLICIES

### 3.1 Basis of Consolidation

The Group's financial statements consolidate those of the Parent Company and of its subsidiary undertakings drawn up to 31 December 2017. A subsidiary is an entity controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

### 3.2 Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for products and services provided, excluding VAT and comparable overseas taxes. Revenue from products and services falls into the three categories below:

#### Proprietary projects

In respect of contracts that are long term in nature and contracts for proprietary projects, revenue is recognised according to the value of work done in the period. Revenue in respect of such contracts is calculated on the basis of time spent on the project and estimated work to completion. Where the outcome of contracts cannot be estimated reliably, or anticipated revenue is less than the anticipated costs, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### Multiclient products

For sales of data and completed products, revenue is recognised when the transfer of risk and reward is made to the customer, which is on dispatch unless otherwise agreed.

#### Multiple element contracts

Where contracts for multiple element products with staged deliverables, such as Globe and the Multi-Satellite Altimeter Gravity Programme (Multi-Sat), involve delivery of several different elements which are not fully delivered or performed by the year end, revenue is recognised based on the proportion of the fair value of the elements delivered to the fair value of the respective overall contracts. Where the outcome of contracts that are long term in nature and contracts for ongoing deliverables cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue from multiple element contracts is recognised after separating the contract income as follows:

- Completed project elements and specific reports that are immediately deliverable – revenue is recognised when the transfer of risk and reward is made to the customer, which is on dispatch unless otherwise agreed
- Specific products that are to be completed in the future – revenue is recognised in line with the accounting treatment for proprietary projects

- Project elements that are to be delivered from development work that is yet to be completed – revenue is recognised when the transfer of risk and reward is made to the customer, which is on dispatch unless otherwise agreed

### Software licences

For revenue from software, a sale is recognised across the period of the software license, which is usually twelve months. This is applied each month across the life of the license on a straight-line basis. The Company does not presently utilise electronic delivery methods for its retail software sales, and all such software is licensed for immediate use by the customer following installation.

### 3.3 Inventories

Costs associated with projects that are long term in nature are included in inventories to the extent that they cannot be matched with project work accounted for as revenue. Amounts included in work in progress are stated at cost, including absorption of relevant overheads, after provision has been made for any foreseeable losses and the deduction of applicable payments on account. Full provision is made for losses on all projects in the year in which the loss is first foreseen.

In assessing the costs associated with deliverables that are long term in nature, the following assumptions and estimates are made:

- At the commencement of each deliverable, an assumption is made concerning the likely revenue from potential sales of that project. Regular impairment reviews reconsider whether that revenue remains achievable
- Costs are carried forward only to the extent that they do not exceed estimates of the recoverable amounts

There is no inventory other than in relation to projects that are long term in nature.

### 3.4 Foreign Currency Translation

The Group's financial statements are presented in pound sterling, which is also the functional currency of the Parent Company.

Where supplies are obtained, or sales are made on terms denominated in foreign currency, such transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Exchange gains or losses arising on the settlement or translation of monetary items are included in profit or loss from operations.

The assets and liabilities of the Group's overseas subsidiary undertaking are translated into the presentation currency using exchange rates prevailing at the end of the reporting period. Translation differences in respect of the assets and liabilities of the foreign subsidiary are accounted for in the Group's currency translation reserve within equity. Income and expenses of this undertaking are translated at the average exchange rates for the period that approximates to the actual rates on transaction dates. Exchange differences arising, if any, are recognised in other comprehensive income and the Group's currency translation reserve.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONT.

## 3.5 Employee Benefits

### Pension schemes

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from the Group in an independently administered fund. The pension charge represents contributions payable by the Group to the schemes.

### Share options

Where share options are granted, a charge is made to profit or loss and a reserve is created to record the fair value of the awards in accordance with IFRS 2 'Share-based Payment'. A charge is recognised in profit or loss in relation to share options granted based on the fair value (the economic value) of the grant, measured at the grant date. The charge is spread over the vesting period. The valuation methodology takes into account assumptions and estimates of share price volatility, the future risk-free interest rate and exercise behaviour, and is based on the Black Scholes method. When share options are exercised, there is a transfer from the share option reserve to retained earnings.

At the end of each reporting period, the Group revises its estimate of the number of share options that are expected to vest, taking into account those that have lapsed or been cancelled. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to the share option reserve. If the terms and conditions of share options are modified before they vest, the change in the fair value of the share options, measured immediately before and after the modification, is charged to profit or loss over the remaining vesting period.

## 3.6 Research

Research expenditure is charged to profit or loss in the period in which it is incurred.

## 3.7 Lease Contracts

Operating leases exist where the lessee of a leased asset does not substantially bear all the risks and rewards relating to the ownership of the asset. Economic ownership of the leased asset is not transferred to the lessee. Payments made under operating leases are charged to profit or loss on a straight-line basis over the lease term.

## 3.8 Property, Plant and Equipment

Property, plant and equipment are carried at acquisition cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal instalments over their estimated useful economic lives at the following rates:

Freehold property	–	2% per annum on cost
Plant and equipment	–	33.3% and 25% per annum on cost



Material residual value and useful life estimates are updated as required, but at least annually. Freehold land is carried at acquisition cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

### 3.9 Intangible Assets

Expenditure on development activities is capitalised if the product or process meets the recognition criteria for development expenditure as set out in IAS 38 'Intangible Assets'. The expenditure capitalised includes all directly attributable costs, from the date that the intangible asset meets the recognition criteria, necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

Development expenditure is identified as being capital in nature if the costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditure not meeting these criteria is recognised in profit or loss as incurred. Once the asset is ready for use, the capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses. Intangible assets not yet ready for use are tested for impairment annually.

Other intangible assets include acquired data holdings that qualify for recognition as intangible assets in a business combination. As these assets have finite useful economic lives, they are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives.

Residual values and useful lives are reviewed at each reporting date. In addition, intangible assets are subject to annual impairment reviews or a review whenever there is an indication of impairment.

The following useful lives are applied:

Customer relationships	–	fifteen years
Software development	–	five years
Development costs	–	five to ten years
Data holdings	–	ten years
Goodwill on consolidation	–	indefinite, annual impairment review

Amortisation is included within 'Administrative costs'.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONT.

## 3.10 Financial Assets

Financial assets are assigned to different categories by management on initial recognition, depending on the purpose for which they were acquired. All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets comprise the following:

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables, cash and cash equivalents, and other financial assets are classified as loans and receivables. Loans and receivables are measured initially at fair value plus transaction costs, and subsequently at amortised cost using the effective interest rate method less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due under the original terms of those receivables. The amount of the write down is determined as the difference between the asset's carrying value and the present value of estimated future cash flows.

## 3.11 Income Taxes

Current tax is the tax currently payable or receivable based on the taxable profit or loss for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if the reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits are assessed for recognition as deferred tax assets.

Deferred tax assets and liabilities are calculated in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the end of the reporting period.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are charged or credited directly to equity (in which case, the related deferred tax is also charged or credited directly to equity), or where they relate to items of other comprehensive income (in which case, they are recognised in other comprehensive income).

## 3.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash-in-hand and demand deposits.



### 3.13 Equity

Equity comprises the following:

- 'Share capital' represents the nominal value of equity shares
- 'Share premium account' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue
- 'Merger relief reserve' represents the premium on shares issued to acquire ERCL Limited and Exprodat Consulting Limited;
- 'Capital redemption reserve' represents the nominal value of equity shares redeemed
- 'Share option reserve' represents the fair value of share options in accordance with IFRS 2 'Share-based Payment'
- 'Currency translation reserve' represents the value of exchange differences in translating the assets and liabilities of the foreign subsidiary
- 'Retained earnings' represents retained profits

### 3.14 Dividends

Dividend distributions payable to equity shareholders are included in 'Other short-term financial liabilities' when dividends are approved in general meetings prior to the end of the reporting period.

### 3.15 Financial Liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value and all transaction costs are recognised immediately in profit or loss. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities categorised as at fair value through profit or loss are re-measured at each reporting date at fair value, with changes in fair value being recognised in profit or loss. All other financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in profit or loss. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial liabilities are categorised as at fair value through profit or loss where they are designated as at fair value through profit or loss on initial recognition. Deferred consideration on acquisitions of assets, which is contingent on subsequent sales of such assets, is treated as financial liability at fair value through profit or loss, and the value is allocated between current and non-current liabilities in accordance with best estimates of the timing and amounts expected to fall due.

A financial liability is derecognised only when the obligation is extinguished; that is, when the obligation is discharged or cancelled or it expires.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 3.16 Business Combinations

Business combinations are accounted for using the acquisition method of accounting. The acquired identifiable tangible and intangible assets are measured at their fair values at the date of the acquisition. Acquisition costs incurred are expensed under administrative expenses.

Goodwill is initially measured at the excess of the aggregate of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

## 3.17 EXCEPTIONAL ITEMS

Items which are material either because of their size or their nature, and which are non-recurring, are presented within their relevant consolidated income statement category, but highlighted through separate disclosure. The separate reporting of exceptional items helps provide a better picture of the Company's underlying performance. Items which are included within the exceptional category include:

- spend on the integration of significant acquisitions and other major restructuring programmes;
- significant goodwill or other asset impairments; and
- other particularly significant or unusual items.

## 3.18 Significant Areas of Judgement and Estimation Uncertainty

In applying the above accounting policies, management has made appropriate estimates in key areas, and the actual outcomes may differ from those calculated.

### *Significant areas of judgement*

The key sources of judgement at the end of the reporting period are as follows:

#### *Recognition of revenue from multiple element contracts*

When an element of a contract is reliant on core development work, such as the work being carried out to complete the Globe project, it is judged that revenue from ongoing core development work is generated in line with the stage of completion of the separately identifiable intangible assets to which they relate.

#### *Capitalisation of development costs*

The capitalisation of development expenditure is dependent on the costs meeting the recognition criteria in accordance with IAS 38 'Intangible Assets'. In assessing the criteria, management make judgements on the level of future economic benefits of the asset flowing to the Company. Management is assisted in making these judgements through the monitoring both of sales forecasts and of the level of future cost benefits arising.

#### *Deferred taxation*

Management judgement is required in determining provisions for deferred tax liabilities and assets. The process involves estimating the actual current tax exposure together with assessing temporary differences resulting from the different valuations of certain assets and liabilities in the financial statements and the tax



returns. Management must assess the probability that the deferred tax assets will be recovered from future taxable income.

### ***Significant areas of estimation uncertainty***

The key sources of estimation uncertainty at the end of the reporting period are as follows:

#### ***Contracts that are long term in nature and contracts for ongoing services***

The value of revenue recognised during the year is dependent on estimates of work to completion. This method requires the Group to estimate the stage of completion to date as a proportion of the total work to be performed.

Were the proportion of work completed to total work to be performed to differ by 5% from management's estimates, the amount of revenue recognised would increase/decrease by £27,000.

#### ***Multiple element contracts***

Management uses estimates in determining the fair value of individual elements of the multiple element contracts in order to appropriately recognise the revenue attributable to each element. A value is assigned to each element of the contract, based on an estimate of the value of that element if it were sold individually; the ratio of these values is then used to calculate a fair value for each element. The value of revenue recognised during the year is also dependent on estimates of work to completion, as with long-term contracts.

#### ***Carrying amount of non-current assets***

Where there is an indication of impairment, a review of the carrying values of non-current assets is undertaken as follows:

- Intangible non-current assets are estimated on the basis of value in use

The value is calculated from the present value of future cash flows expected to be derived from the asset under review. The key elements of estimation are the calculations of future cash flows. For freehold land and buildings, future cash flows are the estimated cost to rent an equivalent building on the open market. For intangible assets, future cash flows are forecast revenues from the associated cash-generating unit. Further estimation is made in determining an appropriate discount rate that reflects the specific risks associated with the asset or cash-generating unit.

#### ***Share options***

Share-based payments are dependent on estimates as to the number of shares that are expected to vest, and, by using the Black Scholes valuation model, estimates are made in expected volatility, the risk-free rate and the expected time to exercise. Where appropriate, management uses historical market data as a basis for estimating the fair value of share options on grant.

## **4 SEGMENTAL REPORTING**

### **4.1 Products and Services from which reportable segments derive their revenues**

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focusses on the types of goods and services delivered or provided. The Directors of the Company have chosen to organise the Group around differences in products and services. Operating segments with similar characteristics, and where segments are similar in respect of the nature of the products and services, the nature of the production processes, the type of customer and where they have similar methods of distribution, have been aggregated into a single operating segment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Specifically, the Group's reportable segments under IFRS 8 are as follows:

- Products (previously referred to as Multi-client products)
- Services (previously referred to as Proprietary reports)

The sources of revenue included in 'all other segments' are other miscellaneous income.

## 4.2 Segment Revenues and Results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	17 months ended 31 Dec 2017		12 months ended 31 Jul 2016	
	Revenue £'000	Profit £'000	Revenue £'000	Profit £'000
Products	7,570	4,921	4,320	2,845
Services	3,372	220	2,628	681
All other segments	4	4	83	2
Exceptional inventory impairments <sup>1</sup>	—	(461)	—	—
	10,946	4,684	7,031	3,528
Central administrative costs		(4,858)		(3,654)
Fair value adjustments		—		845
Restructuring costs		(487)		(26)
Finance costs		(34)		(30)
Finance income		2		8
<b>Profit before tax</b>		<b>(693)</b>		<b>671</b>

<sup>1</sup> Products segment profit for the 17 months ended 31 December 2017 includes impairment of work in progress of £461,000 (2016: £nil).

The segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2016: £nil).

The accounting policies of the reportable segments are the same as in the Group's accounting policies described in Note 3. Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and Directors' salaries, finance costs and currency translation differences on foreign operations. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Assets and liabilities are not reported to the chief operating decision maker by segment.

### 4.3 GEOGRAPHICAL INFORMATION

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets is detailed below.

	17 months ended 31 Dec 2017		12 months ended 31 Jul 2016	
	Revenue £'000	Non-current assets £'000	Revenue £'000	Non-current assets £'000
North America	3,509	165	2,449	350
United Kingdom	2,336	9,124	814	9,000
Africa	668	—	1,722	—
Rest of Europe	2,095	—	1,094	—
Asia	1,562	—	787	—
Australasia	219	—	143	—
South and Central America	557	—	22	—
	10,946	9,289	7,031	9,350

Within revenue, no sales to customers exceeded 10% of turnover (2016: no sales to customers exceeded 10% of turnover).

### 5 OPERATING (LOSS)/PROFIT

The operating (loss)/profit for the year has been arrived at after charging/(crediting):

	17 months ended 31 Dec 2017 £'000	12 months ended 31 Jul 2016 £'000
Cost of inventories recognised as an expense	718	476
Depreciation of property, plant and equipment	235	194
Amortisation of intangible assets	949	479
Exceptional impairment of inventories	461	—
Exceptional fair value adjustments	—	(845)
Exceptional restructure costs	487	26
Remuneration receivable by the Group's auditor for audit services:		
– the auditing of the accounts	42	40
– non-audit services	12	6
Operating leases:		
– rental costs of land and building	418	141
Foreign exchange movement	(77)	(123)
Share-based payments charge	67	52
Research and development costs expensed as incurred	916	1,034

The above are included in 'Cost of sales' and 'Administrative costs' in the consolidated statement of comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 6 DIRECTORS AND EMPLOYEES

The employee benefit expenses during the year were as follows:

	17 months ended 31 Dec 2017 £'000	12 months ended 31 Jul 2016 £'000
Short-term employee benefits	6,421	4,642
Social security costs	702	474
Pension costs	367	208
Share-based payment charge	68	52
	7,558	5,376

The average number employed by the Group, including Executive Directors, was as follows:

	17 Months ended 31 Dec 2017 Number	12 months ended 31 Jul 2016 Number
Directors	3	4
Administration	18	22
Technical	74	92
	95	118

The total number employed by the Group, including executive directors as at 31 December 2017 was 84 (31 July 2016: 115)

The table below details the annual contractual fees and full time equivalent salaries paid to the Group Directors:

	As at 31 Dec 2017 £'000	As at 31 Jul 2016 £'000
<b>Executive Directors</b>		
Dr Jonathan Copus	250	—
Huw Edwards	219	219
Dr Paul Carey	115	98
Dr Paul Markwick	125	109
<b>Non-executive Directors</b>		
Dr Alison Fielding	20	18
Dr Stuart Paton	40	60
Peter Stephens	20	18
Chris Flavell	20	18



Between 1 January 2016 and 31 August 2017 staff and Executive Director salaries were temporarily lowered by an average of 10%. This step was taken to manage the Group's near-term costs, during a period of customer budget cuts and Group redundancies. Between 1 January 2016 and 31 December 2016, Non-executive Directors waived 100% of their fees. The exception to this was Dr Stuart Paton, who the Board agreed should be compensated for taking on Executive Chairman duties whilst a new CEO was recruited. From 1 September 2017 all staff were returned to full pay, the impact of which was offset by a continuing programme of cost management.

Directors' remuneration for the 17 months ended 31 December 2017 was as follows:

**17 months ended 31 Dec 2017**

	<b>Fees/salary £'000</b>	<b>Pension contributions £'000</b>	<b>Benefits in kind £'000</b>	<b>Total before share options £'000</b>	<b>Share-based payment charge £'000</b>
<b>Executive</b>					
Dr Jonathan Copus	323	15	—	338	39
Huw Edwards <sup>1</sup>	196	—	1	197	—
Dr Paul Carey <sup>2</sup>	54	—	—	54	—
Dr Paul Markwick <sup>3</sup>	119	5	—	124	—
<b>Non-executive</b>					
Dr Alison Fielding <sup>4</sup>	19	—	—	19	—
Dr Stuart Paton	55	—	—	55	—
Peter Stephens <sup>5</sup>	19	—	—	19	—
Chris Flavell <sup>6</sup>	19	—	—	19	—
	<b>804</b>	<b>20</b>	<b>1</b>	<b>825</b>	<b>39</b>

**12 months ended 31 Jul 2016**

	<b>Fees/salary £'000</b>	<b>Pension contributions £'000</b>	<b>Benefits in kind £'000</b>	<b>Total before share options £'000</b>	<b>Share-based payment charge £'000</b>
<b>Executive</b>					
Dr Paul Carey	100	5	—	105	14
Dr Paul Markwick	107	5	—	112	14
Raymond Wolfson <sup>7</sup>	140	6	1	147	14
Huw Edwards	148	—	—	148	—
<b>Non-executive</b>					
Dr Alison Fielding <sup>4</sup>	10	—	—	10	—
Colin Glass <sup>8</sup>	8	—	—	8	—
Dr Stuart Paton	49	2	—	51	7
Peter Stephens <sup>5</sup>	8	—	—	8	—
	<b>570</b>	<b>18</b>	<b>1</b>	<b>589</b>	<b>49</b>

<sup>1</sup> Huw Edwards took a sabbatical during the 17 months ended 31 December 2017 and worked a four-day week

<sup>2</sup> Dr Paul Carey left office on 31 December 2016

<sup>3</sup> Dr Paul Markwick left office on 31 January 2017, included in 2017 salary is £63,000 compensation for loss of office

<sup>4</sup> Director's fees for Dr Alison Fielding were paid to IP Group plc, a company of which she is an employee

<sup>5</sup> Director's fees for Peter Stephens were paid to Noon and Co. Limited, a company of which he is a Director

<sup>6</sup> Director's fees for Chris Flavell were paid to TantlonGeo Limited, a company of which he is a Director

<sup>7</sup> Raymond Wolfson left office on 31 July 2016, included in 2016 salary is £25,000 compensation for loss of office

<sup>8</sup> Director's fees for Colin Glass were paid to Winburn Glass & Norfolk, Chartered Accountants, a firm of which he is a Partner

Pension contributions represent payments made to defined contribution schemes. Non-executive Directors are not entitled to retirement benefits.

Remuneration of the Non-Executive Directors is determined by the Board.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 6.1 DIRECTORS' SHARE OPTIONS

Details of the share options held by Directors are:

			Number of shares			
Date granted	Exercise period	Option price	31 Jul 2016	Granted	Lapsed	31 Dec 2017
Dr Jonathan Copus						
2 Aug 2016	2 Aug 2017 – 2 Aug 2026	24.50p	—	500,000	—	500,000
2 Aug 2016	2 Aug 2018 – 2 Aug 2026	24.50p	—	500,000	—	500,000
2 Aug 2016	2 Aug 2019 – 2 Aug 2026	24.50p	—	400,000	—	400,000
Dr Paul Carey						
13 Dec 2012	13 Dec 2014–12 Dec 2022	21.30p	200,000	—	200,000	—
23 Jul 2014	23 Jul 2016–22 Jul 2024	48.00p	200,000	—	200,000	—
Dr Paul Markwick						
13 Dec 2012	13 Dec 2014–12 Dec 2022	21.30p	200,000	—	200,000	—
23 Jul 2014	23 Jul 2016–22 Jul 2024	48.00p	200,000	—	200,000	—
Dr Stuart Paton						
27 Apr 2011	27 Apr 2011–27 Apr 2021	17.50p	300,000	—	—	300,000
27 Apr 2011	27 Apr 2012–27 Apr 2021	17.50p	200,000	—	—	200,000
27 Apr 2011	27 Apr 2013–27 Apr 2021	17.50p	200,000	—	—	200,000
27 Apr 2011	27 Apr 2014–27 Apr 2021	17.50p	200,000	—	—	200,000
Peter Stephens						
24 Dec 2010	24 Dec 2012–24 Dec 2021	15.00p	41,490	—	—	41,490

The market price of the shares at the end of the financial year was 24.25p and the range of market prices during the year was between 43.5p and 20.5p.

In addition to the share options held as disclosed above, Dr Jonathan Copus is due to receive 100,000 additional share options in respect of his appointment as Chief Executive on 2 August 2016.

Full share-based payment disclosures are provided in Note 23.

## 7 FINANCE INCOME

	17 months ended 31 Dec 2017 £'000	12 months ended 31 Jul 2016 £'000
Interest on bank deposits	2	8

## 8 FINANCE COSTS

	17 months ended 31 Dec 2017 £'000	12 months ended 31 Jul 2016 £'000
Interest on bank borrowings	34	30

## 9 INCOME TAX

The income tax credit comprises:

	17 months ended 31 Dec 2017 £'000	12 months ended 31 Jul 2016 £'000
<b>Current income tax</b>		
Current year	(410)	(236)
Prior year	(159)	(126)
Foreign taxation	36	—
<b>Total current tax</b>	<b>(533)</b>	<b>(362)</b>
<b>Deferred tax</b>		
Current year	(222)	(49)
Prior year	—	(7)
Adjustments for change in tax rate	102	—
<b>Total deferred tax</b>	<b>(120)</b>	<b>(56)</b>
<b>Tax expense/(credit) on profit</b>	<b>(653)</b>	<b>(418)</b>

### Factors affecting the tax credit for the year

The taxation assessed for the year differs from the standard rate of corporation tax in the UK of 19.47% (2016: 20%).

The tax (credit)/expense for the year can be reconciled to profit per the consolidated statement of comprehensive income at the standard rate of corporation tax in the UK of 19.47% (2016: 20%) as follows:

	17 months ended 31 Dec 2017 £'000	12 months ended 31 Jul 2016 £'000
(Loss)/profit on ordinary activities before tax	(693)	671
Tax at UK corporation tax rate of 19.47% (2016: 20%)	(135)	134
Effects of:		
Fixed asset differences	8	29
Expenses not deductible for tax purposes	13	34
Income deductible for tax purposes	(37)	(203)
Research and development enhanced expenditure	(517)	(284)
Surrender of tax losses for R&D tax credit refund	140	70
R&D expenditure credits	11	11
Foreign tax credits	36	63
Adjustment for tax computation in foreign jurisdictions	(19)	(126)
Other differences	6	(15)
Adjustment to tax charge in respect of prior years	(159)	(131)
<b>Total tax (credit)/expense reported in the consolidated statement of comprehensive income</b>	<b>(653)</b>	<b>(418)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONT.

## DEFERRED TAXATION

The net movement on the deferred tax asset and deferred tax liability accounts is as follows:

	17 months ended 31 Dec 2017 £'000	12 months ended 31 Jul 2016 £'000
<b>Deferred tax assets</b>		
Balance brought forward	283	159
Share-based payments	(31)	3
Intangible assets of foreign subsidiary company	23	(174)
Tax losses	(70)	296
Post-employment benefits	2	(1)
<b>Balance carried forward</b>	<b>207</b>	<b>283</b>
<b>Deferred tax liabilities</b>		
Balance brought forward	(387)	(319)
Accelerated capital allowances	47	(3)
Intangible assets of foreign subsidiary company	70	—
Intangible assets acquired in business combinations	41	(64)
Foreign tax jurisdictions	35	(1)
<b>Balance carried forward</b>	<b>(194)</b>	<b>(387)</b>

The deferred taxation recognised in the financial statements, at 17% (2016: 18%) for UK taxation and 21% (2016: 35%) for USA taxation, is set out below:

	17 months ended 31 Dec 2017 £'000	12 months ended 31 Jul 2016 £'000
Share-based payments	—	31
Accelerated capital allowances	(86)	(133)
Foreign tax jurisdictions	(56)	(91)
Intangible assets of foreign subsidiary company	(22)	(48)
Tax losses	261	311
Intangible assets acquired in business combinations	(134)	(176)
Post-employment benefits	4	2
<b>Net deferred tax asset/(liability)</b>	<b>(13)</b>	<b>(104)</b>

The most appropriate tax rate for the Group is considered to be 19.47% (2016: 20%), the standard average rate of profits tax in the UK, which is the primary source of profit for the Group.



The deferred tax asset in respect of the UK company is calculated at 17% (2016: 18%) in light of the future tax rates announced. The deferred tax asset in respect of the intangible assets of the foreign subsidiary company arises as a result of future capital allowances available following the part-payment of the deferred consideration for the acquisition of assets from Lisle Gravity Inc. in an earlier period. These will be relieved against profits of the foreign subsidiary.

## 10 DIVIDENDS

There is no final dividend proposed for the period ended 31 December 2017.

	17 months ended 31 Dec 2017 £'000	12 months ended 31 Jul 2016 £'000
<b>Paid during the year</b>		
No final dividend in respect of the year ended 31 July 2016 (2015: 1.74p per share)	—	572
	—	572

## 11 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of the Ordinary Shares in issue in the year.

	17 months ended 31 Dec 2017	12 months ended 31 Jul 2016
(Loss)/Profit attributable to equity holders of the Group	£(40,000)	£1,089,000
Weighted average number of Ordinary Shares in issue	37,562,454	33,490,000
Basic earnings per share	(0.11)p	3.25p
Diluted earnings per share	(0.11)p	3.17p

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of the Ordinary Shares which would be in issue if all the options granted, other than those which are anti-dilutive, were exercised. The addition to the weighted number of the Ordinary Shares used in the calculation of diluted earnings per share for the year ended 31 December 2017 is 629,707 (2016: 884,259).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 12 GOODWILL

The carrying amounts of goodwill for the years presented in the consolidated financial statements are reconciled as follows:

	Goodwill £'000
Gross carrying amount	
At 1 August 2015	3,132
Acquired through business combination	296
At 31 July 2016	3,428
Acquired through business combination	—
At 31 December 2017	3,428
Accumulated impairment	
At 1 August 2014 and 31 July 2015	—
Impairment loss recognised	—
At 31 December 2017	—
Carrying amount	
At 31 December 2017	3,428
At 31 July 2016	3,428
At 1 August 2015	3,132

For the purpose of annual impairment testing, goodwill is allocated to the Services operating segment. The recoverable amount was determined based on value in use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives. The recoverable amount of the Services operating segment is set out below:

Operating segment	31 Dec 2017 £'000	31 Jul 2016 £'000
Services	9,847	11,781
	9,847	11,781

The present value of the expected cash flows of Services is determined by applying a suitable discount rate that reflects both the current market assessments of the time value of money and the risks specific to the segment. The discount rate applied of 12% takes into consideration the industry-wide risks as well as those specific to the Group's Services operating segment.

The calculations use cash flow projections based on financial budgets approval by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated industry growth rate of 2%.

Sales volumes over the five-year period are based on past performance and management's expectations of market development. Sensitivity analysis is carried out on all budgets, strategic plans and discount rates used in the calculations.

### 13 INTANGIBLE ASSETS

The carrying amounts of intangible assets for the years presented in the consolidated financial statements are reconciled as follows:

	Customer relationships £'000	Software development £'000	Development costs £'000	Data holdings £'000	Software £'000	Trade and domain names £'000	Total £'000
<b>Cost</b>							
At 1 August 2015	877	—	1,060	1,414	—	2	3,353
Additions	—	462	823	—	—	—	1,285
Exchange differences	—	—	—	249	—	—	249
At 31 July 2016	877	462	1,883	1,663	—	2	4,887
Additions	—	—	1,154	—	—	—	1,154
Transferred	—	—	—	—	30	—	30
Disposals	—	—	—	—	(3)	—	(3)
Exchange differences	—	—	—	(29)	—	—	(29)
At 31 December 2017	877	462	3,037	1,634	27	2	6,039
<b>Amortisation and impairment</b>							
At 1 August 2015	317	—	20	966	—	2	1,305
Amortisation charge	38	12	266	163	—	—	479
Exchange differences	—	—	—	185	—	—	185
At 31 July 2016	355	12	286	1,314	—	2	1,969
Amortisation charge	54	131	494	251	19	—	949
Exchange differences	—	—	—	(34)	—	—	(34)
At 31 December 2017	409	143	780	1,531	19	2	2,884
<b>Carrying amount</b>							
At 31 December 2017	468	319	2,257	103	8	—	3,155
At 31 July 2016	522	450	1,597	349	—	—	2,918
At 1 August 2015	560	—	1,040	448	—	—	2,047

Amortisation charges are included in 'Administrative costs' in the consolidated statement of comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 14 PROPERTY, PLANT AND EQUIPMENT

The carrying amounts of property, plant and equipment for the years presented in the consolidated financial statements are reconciled as follows:

	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>			
At 1 August 2015	2,798	1,161	3,959
Additions	—	85	85
Disposals	—	(193)	(193)
Exchange differences	—	15	15
At 31 July 2016	2,798	1,068	3,866
Additions	—	54	54
Transferred	—	(30)	(30)
Disposals	—	(12)	(12)
<b>At 31 December 2017</b>	<b>2,798</b>	<b>1,080</b>	<b>3,878</b>
<b>Depreciation</b>			
At 1 August 2015	287	820	1,107
Charge for the period	36	158	194
Disposals	—	(171)	(171)
Exchange differences	—	15	15
At 31 July 2016	323	822	1,145
Charge for the period	51	184	235
Disposals	—	(1)	(1)
<b>At 31 December 2017</b>	<b>374</b>	<b>1,005</b>	<b>1,379</b>
<b>Carrying amount</b>			
<b>At 31 December 2017</b>	<b>2,424</b>	<b>75</b>	<b>2,499</b>
At 31 July 2016	2,475	246	2,721
At 1 August 2015	2,511	341	2,852

The carrying amount of freehold land not subject to depreciation amounted to £1,000,000 (2016: £1,000,000).

Depreciation charges are included in 'Administrative costs' in the consolidated statement of comprehensive income.

## 15 INVENTORIES

	31 Dec 2017 £'000	31 Jul 2016 £'000
Work in progress	672	1,067

There is a charge included in profit or loss for the period of £461,000 (2016: £nil) as an expense arising from an impairment review of inventories.

## 16 TRADE AND OTHER RECEIVABLES

	31 Dec 2017 £'000	31 Jul 2016 £'000
Trade receivables	1,424	2,371
Social security and other taxes	—	76
Other receivables	99	136
Prepayments and accrued income	598	789
	<b>2,121</b>	<b>3,372</b>

All amounts are short term. The carrying amounts of trade and other receivables are considered to be reasonable approximations to fair value.

The Group's trade receivables have been reviewed for indicators of impairment. Provisions have been made amounting to £249,000 (2016: £131,000). Movement on provisions for doubtful debts on trade receivables are as follows:

	31 Dec 2017 £'000	31 Jul 2016 £'000
Brought forward	131	18
New doubtful debt provisions	163	113
Provisions released	(45)	—
Carried forward	<b>249</b>	<b>131</b>

In addition, some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	31 Dec 2017 £'000	31 Jul 2016 £'000
Not more than three months	609	858
More than three months but not more than six months	14	189
More than six months but not more than one year	10	36
	<b>633</b>	<b>1,083</b>

## 17 CASH AND CASH EQUIVALENTS

	31 Dec 2017 £'000	31 Jul 2016 £'000
Cash at bank and in hand	2,393	2,788

## 18 BORROWINGS

The bank loan carries a variable interest rate of 2.04% above bank base rate and is repayable in equal monthly instalments. The loan is secured by land and buildings owned by the Parent Company, with a current carrying value of £2,424,000 (2016: £2,475,000).

Borrowings are presented as £279,000 due in less than one year, and £355,000 due in more than one year.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 19 TRADE AND OTHER PAYABLES

	31 Dec 2017 £'000	31 Jul 2016 £'000
Trade payables	1,072	1,146
Social security and other taxes	205	166
Other payables	28	636
Accruals and deferred income	653	1,601
	1,958	3,549

The carrying amounts of trade and other payables are considered to be reasonable approximations to fair value.

## 20 FINANCIAL INSTRUMENTS

The Group is exposed to financial risks. The Group's risk management is co-ordinated by its Directors who focus actively on securing the Group's short to medium-term cash flows through regular reviews of the operating activity of the business.

The Group does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the Group is exposed are described below.

### Foreign currency risk

Exposure to currency exchange rates arises from the Group's overseas sales and purchases, most of which are denominated in US dollars and some of which are denominated in euros. Assets and liabilities denominated in US dollars and euros give rise to foreign exchange exposures at the end of the reporting period.

To mitigate the Group's exposure to foreign currency risk, exchange rates are monitored and the timing of settling invoices, where sales and purchases are made in currencies other than pound sterling, is matched as far as possible. Furthermore, there is no systematic exposure to exchange rates because selling prices are not fixed in currencies other than sterling.

The Group has a US-based subsidiary whose net assets are exposed to foreign currency translation risk. With no matching borrowings denominated in US dollars, it is the Group's policy not to hedge against this translation exposure.

The Group had short-term exposure to the US dollar and the euro at 31 December 2017. The following table illustrates the sensitivity of the net result for the year with regard to the Group's financial assets and financial liabilities. It assumes a +/-10% change of the US dollar and the euro exchange rates for the period ended 31 December 2017. Sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of each reporting period.

If pound sterling had strengthened or weakened against the US dollar and the euro by 10%, this would have had the following impact:

	31 Dec 2017		31 Jul 2016	
	+10% £'000	-10% £'000	+10% £'000	-10% £'000
Reported (Loss)/Profit before tax	(693)	(693)	671	671
Sensitivity to movement in currency exchange rates:				
US dollar	(63)	69	(154)	189
Euro	-	1	(24)	26
<b>(Loss)/Profit before tax</b>	<b>(756)</b>	<b>(623)</b>	<b>493</b>	<b>886</b>

Exposures to foreign exchange rates vary during the year depending on the value of overseas transactions. Nonetheless, the analysis above is considered to be representative of Getech's exposure to currency risk. There is no effect on equity in respect of currency exchange rate sensitivity.

The Group's actual currency exposures at the end of the reporting period were as follows:

	31 Dec 2017 £'000	31 Jul 2016 £'000
<b>Denominated in US dollars</b>		
Financial assets	2,307	1,718
Financial liabilities	(777)	(691)
<b>Exposure</b>	<b>1,530</b>	<b>1,027</b>
<b>Denominated in euros</b>		
Financial assets	15	272
Financial liabilities	(10)	(8)
<b>Exposure</b>	<b>5</b>	<b>264</b>

### Credit risk analysis

The Group's exposure to credit risk is limited to the carrying amount of its financial assets at the end of the reporting period, as summarised below:

	31 Dec 2017 £'000	31 Jul 2016 £'000
Classes of financial assets – carrying amounts		
Trade and other receivables	1,891	2,863
Cash and cash equivalents	2,393	2,788
	<b>4,284</b>	<b>5,651</b>

In respect of trade and other receivables that are not impaired, the Group is not exposed to any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The Group's customers are generally major natural resource companies with whom the Group has strong trading relationships with no recent history of default. The Group continually monitors its trade receivables and incorporates this information into its credit risk controls.

Trade receivables are stated on the basis of factors such as historical trends, age of debts and debt specific information. Details of amounts past due but not impaired are set out in Note 16. The credit risk for liquid funds is considered negligible since counterparties are reputable banks with high-quality external credit ratings.

The Group does not hold any collateral as security.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Interest rate risk

At 31 December 2017 the Group had cash subject to variable rates of £861,000 (2016: £1,684,000) and borrowings subject to variable rates of £634,000 (2016: £900,000). There is no other material interest rate risk.

To mitigate the Group's exposure to interest rate risk, market rates are monitored.

The following table illustrates the sensitivity of the profit before tax for the year to a reasonably possible change in interest rates of +/-1% with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's financial instruments held at the end of each reporting period. All other variables are held constant.

	31 December 2017		31 July 2016	
	+1% £'000	-1% £'000	+1% £'000	-1% £'000
Reported (Loss)/Profit before tax	(693)	(693)	671	671
Sensitivity to changes in interest rates:	5	(5)	15	(15)
(Loss)/Profit before tax	(688)	(698)	686	656

## Capital and liquidity risk

The Group manages its liquidity needs by carefully monitoring scheduled cash outflows and anticipated cash inflows. Having regard to modest visibility of sales, the cash forecasts are regularly reviewed and cover alternative income scenarios.

The contractual maturity of the Group's financial liabilities at the end of the reporting period was as follows:

	Within one year £'000	In one to two years £'000	In two to five years £'000	31 Dec 2017 £'000
Trade and other payables – held at amortised cost	1,229	—	—	1,229
Borrowings – held at amortised cost	279	355	—	634
	1,508	355	—	1,863

	Within one year £'000	In one to two years £'000	In two to five years £'000	31 July 2016 £'000
Trade and other payables – held at amortised cost	2,264	—	—	2,264
Borrowings – held at amortised cost	133	266	501	900
	2,397	266	501	3,164

**Summary of the Group's financial assets and liabilities as defined in IAS 39  
'Financial Instruments: Recognition and Measurement'**

<b>Current assets – loans and receivables</b>	<b>31 December 2017 £'000</b>	<b>31 July 2016 £'000</b>
Trade and other receivables	1,891	3,187
Cash and cash equivalents	2,393	2,788
	<b>4,284</b>	<b>5,975</b>
<b>Current liabilities</b>		
Borrowings – held at amortised cost	(279)	(133)
Trade and other payables – held at amortised cost	(1,229)	(2,264)
	<b>(1,508)</b>	<b>(2,397)</b>
<b>Non-current liabilities</b>		
Borrowings – held at amortised cost	(365)	(767)
	<b>(365)</b>	<b>(767)</b>
<b>Net financial assets and liabilities</b>	<b>2,411</b>	<b>2,811</b>

The Directors consider that the fair value of financial assets and liabilities equates to the carrying value for both 2017 and 2016. Items carried at fair value through profit or loss are valued in accordance with Level 3 as defined in IFRS 13 'Financial Instruments', i.e. inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

## 21 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are as follows:

- To ensure the Group's ability to continue as a going concern
- To provide an adequate return to shareholders

These objectives are maintained by pricing products and services commensurately with the level of risk and by exercising a policy of progressive dividends as appropriate.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the consolidated statement of financial position. Capital for the reporting period under review is set out below:

	<b>31 December 2017 £'000</b>	<b>31 July 2016 £'000</b>
Total equity	12,179	12,162
Less: cash and cash equivalents	(2,393)	(2,788)
	<b>9,786</b>	<b>9,374</b>

In order to achieve the Group's objectives in capital management, the goal is to maintain adequate capital with the minimum amount of appropriate borrowing. The Group has met its stated objectives for the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONT.

## 22 SHARE CAPITAL

	31 December 2017 £'000	31 July 2016 £'000
Authorised		
90,000,000 Ordinary Shares of 0.25p each (2015: 90,000,000)	225	225
Issued, called up and fully paid		
37,562,415 Ordinary Shares of 0.25p each (2015: 32,729,790)	94	94

	31 December 2017 £'000	31 July 2016 £'000
Shares issued, called up and fully paid		
Balance brought forward	37,562,415	32,729,790
Acquisition of subsidiary	—	4,666,667
Shares issued under share-based payments	1,200	165,958
Balance carried forward	37,563,615	37,562,415

The following additional Ordinary Shares of 0.25p each, relating to share-based payments, were issued during the year:

	Number of shares	
Date	15.0p/share	31 Dec 2017
8 December 2017	1,200	1,200

Each share issued has the same right to receive dividends and the repayment of capital and represents one vote at the shareholders' meeting of the Group.

## 23 SHARE-BASED PAYMENTS

At 31 December 2017, the Group operated an approved Enterprise Management Incentive (EMI) share scheme and an Unapproved Options scheme. Under the share options plans, the Directors can grant options over shares in the Company to employees, subject to approval from the Remuneration Committee. Options are granted with a fixed exercise price and the contractual life of an option of 10 years. Options will become exercisable on the second anniversary of the date of grant. Exercise of an option is subject to continued employment.

At 31 December 2017, rights to options over Ordinary Shares of the Parent Company were outstanding as follows:



## EMI share scheme

	Number of shares				
Exercise period	31 Jul 2016	Granted	Exercised	Lapsed	31 Dec 2017
Granted 24 December 2010, exercise price: 15p per share					
24 December 2012–24 December 2020	28,749	—	(1,200)	—	27,549
Granted 13 December 2012, exercise price: 21.3p per share					
13 December 2014–12 December 2022	600,000	—	—	(400,000)	200,000
Granted 22 July 2014, exercise price: 48.0p per share					
22 July 2016–21 July 2024	680,000	—	—	(400,000)	280,000
Granted 2 August 2016, exercise price: 24.5p per share					
2 August 2017 – 1 August 2026	—	500,000	—	—	500,000
2 August 2018 – 1 August 2026	—	500,000	—	—	500,000
	—	1,000,000	—	—	1,000,000
Total EMI share scheme options	1,308,749	1,000,000	(1,200)	(800,000)	1,507,549

## Unapproved options scheme

	Number of shares				
Exercise period	31 Jul 2016	Granted	Exercised	Lapsed	31 Dec 2017
Granted 24 December 2010, exercise price: 15p per share					
24 December 2012–24 December 2020	41,490	—	—	—	41,490
Granted 27 April 2011, exercise price: 17.5p per share					
27 April 2011–27 April 2021	300,000	—	—	—	300,000
27 April 2012–27 April 2021	200,000	—	—	—	200,000
27 April 2012–27 April 2021	200,000	—	—	—	200,000
27 April 2012–27 April 2021	200,000	—	—	—	200,000
	900,000	—	—	—	900,000
Granted 2 August 2016, exercise price: 24.5p per share					
2 August 2019 – 1 August 2026	—	400,000	—	—	400,000
Total unapproved options	941,490	400,000	—	—	1,341,490
Total EMI share scheme and unapproved options	2,250,239	1,400,000	(1,200)	(800,000)	2,849,039

	Weighted average exercise price	Number
Options outstanding at 31 December 2017	24.5p	900,000
Options exercisable at 31 December 2017	24.7p	1,949,039
		<b>2,849,039</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONT.

The following share options were exercised during the year:

Date of grant	Share scheme	Number exercised	Exercise date	Shareprice at exercise date
24 December 2010	EMI	1,200	8 December 2017	26.00p

At 31 July 2016, rights to options over Ordinary Shares of the Parent Company were outstanding as follows:

## EMI share scheme

Exercise period	Number of shares				
	31 Jul 2015	Granted	Exercised	Lapsed	31 Jul 2016
Granted 26 August 2005, exercise price: 9.87p per share					
31 July 2008–26 August 2015	25,532	—	—	(25,532)	—
31 July 2010–26 August 2015	19,149	—	—	(19,149)	—
31 July 2011–26 August 2015	19,149	—	—	(19,149)	—
31 July 2012–26 August 2015	27,128	—	—	(27,128)	—
	90,958	—	—	(90,958)	—
Granted 24 December 2010, exercise price: 15p per share					
24 December 2012–24 December 2020	47,898	—	—	(19,149)	28,749
Granted 13 December 2012, exercise price: 21.3p per share					
13 December 2014–12 December 2022	600,000	—	—	—	600,000
Granted 22 July 2014, exercise price: 48.0p per share					
22 July 2016–21 July 2024	700,000	—	—	(20,000)	680,000
Total EMI share scheme options	1,438,856	—	—	(130,107)	1,308,749

## Unapproved options scheme

Exercise period	Number of shares				
	31 Jul 2015	Granted	Exercised	Lapsed	31 Jul 2016
Granted 26 August 2005, exercise price: 9.87p per share					
31 July 2008–26 August 2015	51,064	—	(51,064)	—	—
31 July 2010–26 August 2015	38,298	—	(38,298)	—	—
31 July 2011–26 August 2015	38,298	—	(38,298)	—	—
31 July 2012–26 August 2015	38,298	—	(38,298)	—	—
	165,958	—	(165,958)	—	—
Granted 24 December 2010, exercise price: 15.0p per share					
24 December 2012–24 December 2020	41,490	—	—	—	41,490
Granted 27 April 2011, exercise price: 17.5p per share					
27 April 2011–27 April 2021	300,000	—	—	—	300,000
27 April 2012–27 April 2021	200,000	—	—	—	200,000
27 April 2012–27 April 2021	200,000	—	—	—	200,000
27 April 2012–27 April 2021	200,000	—	—	—	200,000
	900,000	—	—	—	900,000
<b>Total unapproved options</b>	<b>1,107,448</b>	<b>—</b>	<b>(165,958)</b>	<b>—</b>	<b>941,490</b>
<b>Total EMI share scheme and unapproved options</b>	<b>2,546,304</b>	<b>—</b>	<b>(165,958)</b>	<b>(130,107)</b>	<b>2,250,239</b>

	Weighted average exercise price	Number
Options outstanding at 31 July 2016	—	—
Options exercisable at 31 July 2016	27.7p	2,250,239
		<b>2,250,239</b>

## 24 FINANCIAL COMMITMENTS

### Operating leases

At 31 December 2017, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	31 Dec 2017 Land and buildings £'000	31 Jul 2016 Land and buildings £'000
In less than one year	146	87
In one to two years	—	65
In two to five years	—	—
	<b>146</b>	<b>152</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONT.

## Capital commitments

There were no capital commitments at 31 December 2017 (2016: £nil).

## Guarantees

No guarantees have been given, or have been received, by the Group.

## 25 RELATED PARTY TRANSACTIONS

During the year, members of key management as defined by IAS 24 'Related Party Disclosures (revised 2009)' included non-Directors and their compensation was as follows:

	31 December 2017 £'000	31 July 2016 £'000
Short-term employee benefits	1,270	873
Post-employment benefits	62	39
Share-based payments	39	41
	1,371	953

The remuneration of the Directors, who are all Directors of the Parent Company, is set out in Note 6.

The Directors received dividends amounting to £nil during the year (2016: £47,000).

During the period Getech made payments to Zinc Consultants Limited amounting to £59,000 (2016: £nil) for recruitment services, a company of which Chris Flavell is a director. All transactions were conducted under standard commercial terms.

## 26 PENSIONS

The Group currently operates a Group personal pension plan for the benefit of employees. The amount recognised as an expense is £367,000 (2016: £208,000).

# PARENT COMPANY'S BALANCE SHEET

AS AT 31 JULY 2016

Company registration number: 02891368

	Note	31 December 2017 £'000	31 July 2016 £'000
<b>Non-current assets</b>			
Intangible assets	4	2,257	1,597
Property, plant and equipment	5	2,475	2,643
Investments	6	7,228	7,228
Deferred tax assets	7	—	24
		<b>11,960</b>	<b>11,492</b>
<b>Current assets</b>			
Inventories	8	399	485
Trade and other receivables	9	1,262	1,325
Current tax assets		358	226
Cash and cash equivalents	10	1,032	1,626
		<b>3,051</b>	<b>3,662</b>
<b>Total assets</b>		<b>15,011</b>	<b>15,154</b>
<b>Current liabilities</b>			
Borrowings	11	279	133
Trade and other payables	12	1,676	2,502
		<b>1,955</b>	<b>2,635</b>
<b>Non-current liabilities</b>			
Borrowings	11	355	767
Deferred tax liabilities	7	60	109
		<b>415</b>	<b>876</b>
<b>Total liabilities</b>		<b>2,370</b>	<b>3,511</b>
<b>Net assets</b>		<b>12,641</b>	<b>11,643</b>
<b>Equity</b>			
<b>Equity attributable to owners of the Parent Company</b>			
Share capital	13	94	94
Share premium account		3,053	3,053
Merger relief reserve		2,407	2,407
Share option reserve		164	173
Retained earnings		6,923	5,916
<b>Total equity</b>		<b>12,641</b>	<b>11,643</b>

As permitted by s408 Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income and related notes. The Company's profit for the year was £930,000 (2016 - £1,096,000).

The financial statements on pages 69 to 81 were approved and authorised for issue by the Board on 27 February 2018.

## DR STUART PATON

Non-executive Chairman

The accompanying notes on pages 71 to 81 form an integral part of these financial statements.



# PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

FOR THE 17-MONTH PERIOD ENDED 31 DECEMBER 2017

	Share capital £'000	Share premium account £'000	Merger relief reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
At 1 August 2015	82	3,037	1,159	155	5,037	9,470
Dividends	—	—	—	—	(572)	(572)
Issue of capital under share-based payment options	—	16	—	(34)	34	16
Share-based payment charge	—	—	—	52	—	52
Issue of share capital	12	—	1,248	—	—	1,260
Transactions with owners	12	16	1,248	18	(538)	756
Profit for the year	—	—	—	—	1,417	1,417
Total comprehensive income for the year	—	—	—	—	1,417	1,417
At 31 July 2016	94	3,053	2,407	173	5,916	11,643
Transfer of reserves	—	—	—	(77)	77	—
Share-based payment charge	—	—	—	68	—	68
Transactions with owners	—	—	—	(9)	77	68
Profit for the period	—	—	—	—	930	930
Total comprehensive income for the period	—	—	—	—	930	930
At 31 December 2017	94	3,053	2,407	164	6,923	12,641



# NOTES TO THE PARENT'S COMPANY

# FINANCIAL STATEMENTS

FOR THE 17-MONTH PERIOD ENDED 31 DECEMBER 2017

## 1 COMPANY INFORMATION

The financial statements of the Company for the period ended 31 December 2017 were approved by the Board and authorised for issue on 27 February 2018, and the Balance Sheet was signed on the Board's behalf by Dr Stuart M Paton.

The principal activity of Getech is to provide geoscience and geospatial products and services that companies and governments use to de-risk their exploration programmes and improve their management of natural resources.

The Company is incorporated and domiciled in England and Wales and its registered office address is Kitson House, Elmete Hall, Elmete Lane, Leeds, LS8 2LJ.

The Company's financial statements are presented in pound sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The principal accounting policies adopted by the Company, judgements and key areas of estimation uncertainty are set out in Notes 2.2 and 2.11.

## 2 ACCOUNTING POLICIES

### 2.1 Statement of Compliance

The Company's financial statements have been prepared on a historical cost basis, in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the period unless otherwise stated.

#### Disclosure Exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- A statement of cash flows and related notes
- The requirement to produce a balance sheet at the beginning of the earliest comparative period
- The requirements of IAS 24 related party disclosures to disclose related party transactions entered into between two or more members of the Group as they are wholly owned within the Group
- Presentation of comparative reconciliations for property, plant and equipment and intangible assets
- Disclosure of key management personnel compensation
- Capital management disclosures
- Presentation of comparative reconciliation of the number of shares outstanding at the beginning and end of the period
- The effect of future accounting standards not adopted
- Disclosures in relation to impairment of assets
- Disclosures in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value)
- Fair value measurement disclosures (other than disclosures required as a result of recording financial instruments at fair value)

# NOTES TO THE PARENT'S COMPANY

# FINANCIAL STATEMENTS

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### 2.2 Tangible Fixed Assets and Depreciation

For all tangible fixed assets, depreciation is calculated to write down their cost to estimated residual value by equal instalments over their estimated economic lives at the following rates:

Freehold property	–	2% per annum on cost
Plant and equipment	–	33.3% and 25% per annum on cost

Material residual value and useful life estimates are updated as required but at least annually. Freehold land is carried at acquisition cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

No depreciation is provided on freehold land.

### 2.3 Investments

Fixed asset investments are stated at cost less provisions for diminution in value.

### 2.4 Intangible Assets and Amortisation

Expenditure on development activities is capitalised if the product or process meets the recognition criteria for development expenditure. The expenditure capitalised includes all directly attributable costs, from the date that the intangible asset meets the recognition criteria necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated to write down their cost by equal instalments over their estimated economic lives at the following rate:

Capitalised development costs	–	five to ten years on a straight-line basis
-------------------------------	---	--

### 2.5 Revenue

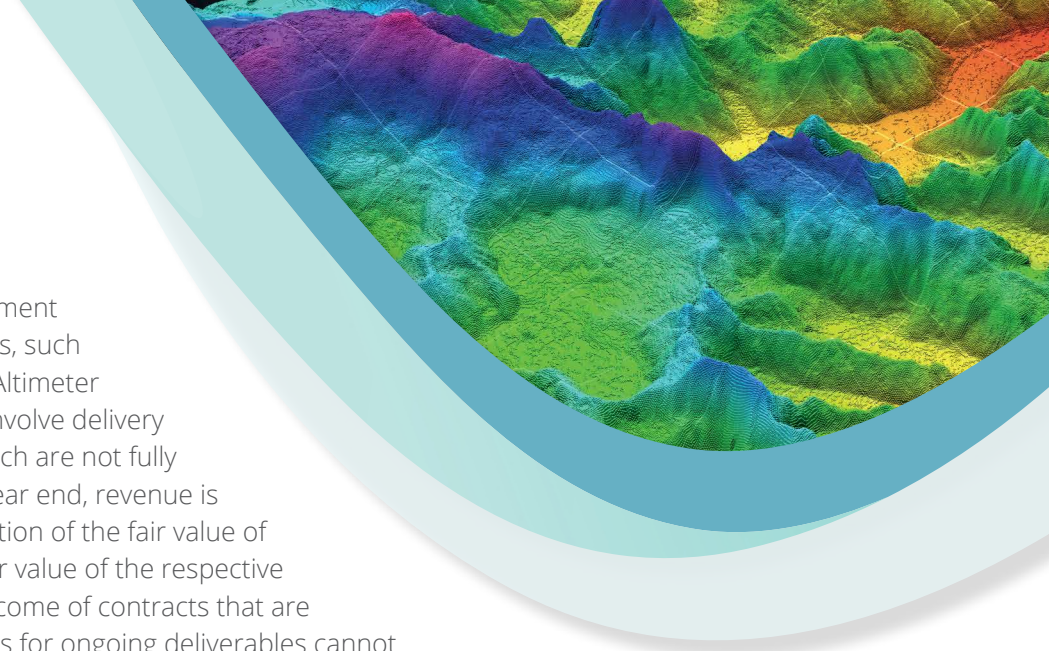
Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods and services provided, excluding VAT and comparable overseas taxes.

#### Proprietary projects

In respect of contracts that are long term in nature and contracts for proprietary projects and other commissions, revenue is recognised according to the value of work done in the period. Revenue in respect of such contracts is calculated on the basis of time spent on the project and estimated work to completion. Where the outcome of contracts cannot be estimated or anticipated revenue is less than the anticipated costs, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### Multiclient products

For sales of data and completed products, revenue is recognised when the transfer of risk and reward is made to the customer, which is on dispatch unless otherwise agreed.



### Multiple element contracts

Where contracts for multiple element products with staged deliverables, such as Globe and the Multi-Satellite Altimeter Gravity Programme (Multi-Sat), involve delivery of several different elements which are not fully delivered or performed by the year end, revenue is recognised based on the proportion of the fair value of the elements delivered to the fair value of the respective overall contracts. Where the outcome of contracts that are long term in nature and contracts for ongoing deliverables cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

- Revenue from multiple element contracts is recognised after separating the contract income as follows:
- Completed project elements and specific products that are immediately deliverable – revenue is recognised when the transfer of risk and reward is made to the customer, which is on dispatch unless otherwise agreed
- Specific products that are to be completed in the future – revenue is recognised in line with the accounting treatment for proprietary projects
- Project elements that are to be delivered from development work that is yet to be completed – revenue is recognised when the transfer of risk and reward is made to the customer, which is on dispatch unless otherwise agreed

### 2.6 Long-term Contracts and Work in Progress

Costs associated with contracts that are long term in nature are included in inventories to the extent that they cannot be matched with contract work accounted for as revenue. Amounts included in work in progress are stated at cost, including absorption of relevant overheads, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

In assessing the costs associated with projects that are long term in nature, the following assumptions and estimates are made:

- At the commencement of each project, an assumption is made concerning the likely revenue from potential sales of that project. Regular impairment reviews reconsider whether that revenue remains achievable
- Costs are carried forward only to the extent that they do not exceed estimates of the recoverable amounts

There is no inventory other than in relation to contracts that are long term in nature.

### 2.7 Foreign Currency Translation

Where supplies are obtained, or sales made on terms denominated in foreign currency, such transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of

# NOTES TO THE PARENT'S COMPANY

# FINANCIAL STATEMENTS

## CONT.

exchange ruling at the end of the reporting period. Exchange gains or losses arising on the settlement or translation of monetary items are included in profit or loss from operations.

### 2.8 Equity

Equity comprises the following:

- 'Share capital' represents the nominal value of equity shares
- 'Share premium account' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue
- 'Merger relief reserve' represents the premium on shares issued to acquire ERCL and Exprodat Consulting Limited;
- 'Capital redemption reserve' represents the nominal value of equity shares redeemed
- 'Share option reserve' represents the fair value of share options in accordance with IFRS 2 'Share-based Payment'
- 'Currency translation reserve' represents the value of exchange differences in translating the assets and liabilities of the foreign subsidiary
- 'Retained earnings' represents retained profits

### 2.9 Share Options

When share options are granted, a charge is made to the Parent Company's profit and loss account and a reserve is created to record the fair value of the awards in accordance with IFRS 2 'Share-based payment'. A charge is recognised in the profit and loss account in relation to share options granted based on the fair value (the economic value) of the grant, measured at the grant date. The charge is spread over the vesting period. The valuation methodology takes into account assumptions and estimates of share price volatility, the future risk-free interest rate and exercise behaviour, and is based on the Black Scholes method. When share options are exercised, there is a transfer from the share option reserve to retained earnings.

At each balance sheet date, the Parent Company revises its estimate of the number of share options that are expected to vest, taking into account those that have lapsed or been cancelled. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to the share option reserve. If the terms and conditions of share options are modified before they vest, the change in the fair value of the share options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

### 2.10 Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.



A net deferred tax asset is regarded as recoverable and it is therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

## 2.11 Significant Areas of Judgement and Estimation Uncertainty

In applying the above accounting policies, management has made appropriate estimates in key areas, and the actual outcomes may differ from those calculated.

### Significant areas of judgement

The key sources of judgement at the end of the reporting period are as follows:

#### *Recognition of revenue from multiple element contracts*

When an element of a contract is reliant on core development work, such as the work being carried out to complete the Globe project, it is judged that revenue from ongoing core development work is generated in line with the stage of completion of the separately identifiable intangible assets to which they relate.

#### *Capitalisation of development costs*

The capitalisation of development expenditure is dependent on the costs meeting the recognition criteria in accordance with IAS 38 'Intangible Assets'. In assessing the criteria, management makes judgements on the level of future economic benefits of the asset flowing to the Company. Management is assisted in making these judgements through the monitoring both of sales forecasts and of the level of future cost benefits arising.

#### *Deferred taxation*

Management judgement is required in determining provisions for deferred tax liabilities and assets. The process involves estimating the actual current tax exposure together with assessing temporary differences resulting from the different valuation of certain assets and liabilities in the financial statements and the tax returns. Management must assess the probability that the deferred tax assets will be recovered from future taxable income.

### Significant areas of estimation uncertainty

The key sources of estimation uncertainty at the end of the reporting period are as follows:

#### *Contracts that are long term in nature and contracts for ongoing services*

The value of revenue recognised during the year is dependent on estimates of work to completion. This method requires the Group to estimate the stage of completion to date as a proportion of the total work to be performed. Were the proportion of work completed to total work to be performed to differ by 5% from management's estimates, the amount of revenue recognised would increase/decrease by £27,000.

# NOTES TO THE PARENT'S COMPANY

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## *Multiple element contracts*

Management uses estimates in determining the fair value of individual elements of the multiple element contracts in order to appropriately recognise the revenue attributable to each element. A value is assigned to each element of the contract, based on an estimate of the value of that element if it were sold individually; the ratio of these values is then used to calculate a fair value for each element. The value of revenue recognised during the year is also dependent on estimates of work to completion, as with long-term contracts.

## *Carrying amount of non-current assets*

Where there is an indication of impairment, a review of the carrying values of non-current assets is undertaken as follows:

- Intangible non-current assets are estimated on the basis of value in use

The value is calculated from the present value of future cash flows expected to be derived from the asset under review. The key elements of estimation are the calculation of future cash flows. For freehold land and buildings, future cash flows are the estimated cost to rent an equivalent building on the open market. For intangible assets, future cash flows are forecast revenues from the associated cash-generating unit. Further estimation is made in determining an appropriate discount rate that reflects the specific risks associated with the asset or cash-generating unit.

## *Share options*

Share-based payments are dependent on estimates as to the number of shares that are expected to vest, and, by using the Black Scholes valuation model, estimates are made in expected volatility, the risk-free rate and the expected time to exercise. Where appropriate, management uses historical market data as a basis for estimating the fair value of share options on grant.

## 3 EMPLOYEES

The employee benefit expenses during the year were as follows:

	17 months ended 31 Dec 2017 £'000	12 months ended 31 Jul 2016 £'000
Short-term employee benefits	3,490	3,159
Social security costs	353	316
Pension costs	197	157
Share-based payment charge	68	52
	<b>4,108</b>	<b>3,684</b>

The average number employed by the company, including Executive Directors, was as follows:

	17 months ended 31 Dec 2017 £'000	12 months ended 31 Jul 2016 £'000
Directors	2	3
Administration	12	14
Technical	46	68
	<b>60</b>	<b>85</b>

#### 4 INTANGIBLE ASSETS

	Development costs £'000	Total £'000
<b>Cost</b>		
At 1 August 2016	1,883	<b>1,883</b>
Additions	1,154	<b>1,154</b>
<b>At 31 December 2017</b>	<b>3,037</b>	<b>3,037</b>
<b>Depreciation</b>		
At 1 August 2016	286	<b>286</b>
Charge for the period	494	<b>494</b>
At 31 December 2017	780	<b>780</b>
<b>Net book value</b>		
<b>At 31 December 2017</b>	<b>2,257</b>	<b>2,257</b>
At 31 July 2016	1,597	<b>1,597</b>

#### 5 PROPERTY, PLANT AND EQUIPMENT

	Freehold property £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>			
At 1 August 2016	2,798	953	<b>3,751</b>
Additions	—	33	<b>33</b>
Disposals	—	—	<b>—</b>
<b>At 31 December 2017</b>	<b>2,798</b>	<b>986</b>	<b>3,784</b>
<b>Depreciation</b>			
At 1 August 2016	323	786	<b>1,109</b>
Charge for the period	50	150	<b>200</b>
On disposals	—	—	<b>—</b>
At 31 December 2017	373	936	<b>1,309</b>
<b>Net book value</b>			
<b>At 31 December 2017</b>	<b>2,425</b>	<b>50</b>	<b>2,475</b>
At 31 July 2016	2,475	167	<b>2,642</b>

The net book value of freehold land in the Parent Company, not subject to depreciation, amounted to £1,000,000 (2016: £1,000,000).

# NOTES TO THE PARENT'S COMPANY

# FINANCIAL STATEMENTS

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## 6 INVESTMENTS

	31 Dec 2017 £'000	31 Jul 2016 £'000
Shares in group undertakings	7,228	7,228

The Parent Company owns 100% equity interest in Geophysical Exploration Technology Inc., a company incorporated in the USA. The principal activity of Geophysical Exploration Technology Inc. is the marketing of gravity and magnetic data, services and geological evaluations. The cost of US\$10 capital stock was £1 and this has been written off in an earlier period. The results of Geophysical Exploration Technology Inc. are included in the consolidated figures for the year.

The Parent Company owns 100% of the Ordinary Share capital in ERCL, a company incorporated in England and Wales. The principal activity of ERCL is specialist international upstream oil and gas consultancy.

On 14 June 2016, the Parent Company acquired 100% of the Ordinary Share capital in Exprodat Consulting Limited, a company incorporated in England and Wales. The principal activity of Exprodat Consulting Limited is providing Geospatial and information management solutions to the upstream oil and gas industry.

In the opinion of the Directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

## 7 DEFERRED TAX

	31 December 2017 £'000	31 July 2016 £'000
<b>Deferred tax assets</b>		
Balance brought forward	24	18
Post-employment benefits	2	(1)
Movement from asset to liability	(25)	—
Tax losses	(1)	7
Balance carried forward	—	24
<b>Deferred tax liabilities</b>		
Balance brought forward	(109)	(126)
Movement from asset to liability	25	—
Accelerated capital allowances	24	17
Balance carried forward	(60)	(109)

The deferred taxation recognised in the financial statements at 17% (2016: 18%) for UK taxation is set out below:

	31 December 2017 £'000	31 July 2016 £'000
Accelerated capital allowances	(85)	(109)
Tax losses	21	22
Share options	28	—
Post-employment benefits	4	2
Net deferred tax asset/(liability)	(60)	(85)

The most appropriate tax rate for the Getech is considered to be 19.47% (2016: 20%), the standard rate of profits tax in the UK, which is the primary source of profit for Getech.

The deferred tax asset in respect of the UK Company is calculated at 17% (2016: 18%) in light of the future tax rates announced.

## 8 INVENTORIES

	31 Dec 2017 £'000	31 Jul 2016 £'000
Work in progress	399	485

There is a charge included in profit or loss for the year of £nil (2016: £nil) as an expense arising from an impairment review of inventories.

## 9 TRADE AND OTHER RECEIVABLES

	31 Dec 2017 £'000	31 Jul 2016 £'000
Trade receivables	912	691
Amounts owed by Group	120	316
Social security and other taxes	—	76
Other receivables	66	5
Prepayments and accrued income	164	237
	1,262	1,325

All amounts are short term. The carrying amounts of trade and other receivables are considered to be reasonable approximations to fair value.

All of the Company's trade and other receivables have been reviewed for indicators of impairment. No trade receivables were found to be impaired. In addition, some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	31 Dec 2017 £'000	31 Jul 2016 £'000
Not more than three months	500	736
More than three months but not more than six months	—	—
More than six months but not more than one year	—	5
	500	741

## 10 CASH AND CASH EQUIVALENTS

	31 Dec 2017 £'000	31 Jul 2016 £'000
Cash at bank and in hand	1,032	1,626



# NOTES TO THE PARENT'S COMPANY

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## 11 BORROWINGS

The bank loan carries a variable interest rate of 2.04% above bank base rate and is repayable in equal monthly instalments. The loan is secured by land and buildings owned by the Parent Company, with a current carrying value of £2,424,000 (2016: £2,475,000).

	Within one year £'000	In one to two years £'000	In two to five years £'000	31 Dec 2017 £'000
Borrowings – held at amortised cost	279	355	—	634

## 12 TRADE AND OTHER PAYABLES

	31 Dec 2017 £'000	31 Jul 2016 £'000
Trade payables	995	917
Amounts owed to Group undertakings	359	404
Social security and other taxes	150	84
Other payables	26	544
Accruals and deferred income	146	553
	1,676	2,502

The carrying amounts of trade and other payables are considered to be reasonable approximations to fair value.

## 13 SHARE CAPITAL

	31 Dec 2017 £'000	31 Jul 2016 £'000
<b>Authorised</b>		
90,000,000 Ordinary Shares of 0.25p each (2016: 90,000,000)	225	225
<b>Issued, called up and fully paid</b>		
37,563,615 Ordinary Shares of 0.25p each (2016: 37,562,415)	94	94

	31 Dec 2017 Number	31 Jul 2016 Number
<b>Shares issued, called up and fully paid</b>		
Balance brought forward	37,562,415	32,729,790
Acquisition of subsidiary	—	4,666,667
Shares issued under share-based payments	1,200	165,958
Balance carried forward	37,563,615	37,562,415



## 14 RELATED PARTY TRANSACTIONS

The remuneration of the Directors of the Parent Company is set out in Note 6 to the consolidated financial statements.

Transactions with Directors of the Parent Company during the period and outstanding amounts at the balance sheet date were as follows:

	Dividends paid £'000	Amounts charged to the Group £'000	Amounts payable at 31 Dec 2017 £'000
<b>Other related parties</b>			
IP Group Limited	—	19	—
Noon and Co. Limited	—	19	—
TantlonGeo Limited	—	19	—
Zinc Consultants Limited*	—	59	—

\* Amounts charged to the Group by Zinc Consultants Limited for recruitment services, a company of which Chris Flavell is a Director. All transactions were on standard commercial terms.

Amounts for the year ended 31 July 2016 were as follows:

	Dividends paid £'000	Amounts charged to the Group £'000	Amounts payable at 31 July 2016 £'000
<b>Executive Directors</b>			
Dr Paul Markwick	3	—	—
Raymond Wolfson	8	—	—
Huw Edwards	17	—	—
<b>Non-executive Directors</b>			
Peter Stephens	19	—	—
<b>Other related parties</b>			
IP Group Limited	—	10	—
Noon and Co. Limited	—	8	—
Winburn Glass Norfolk	—	34	—

# NOTES TO THE PARENT'S COMPANY

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## 15 ULTIMATE CONTROLLING PARTY

The Directors consider that there is no ultimate controlling party

## 16 SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2017 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% held directly	% held indirectly
Exprodat Consulting Limited <sup>1</sup>	England & Wales	Consultancy	Ordinary	100	—
ERCL Limited <sup>2</sup>	England & Wales	Consultancy	Ordinary	100	—
Geophysical Exploration Technology Inc <sup>3</sup>	United States of America	Sales & Marketing agency	Ordinary	100	—

The registered offices of the subsidiaries listed above are as follows:

<sup>1</sup> as the Company

<sup>2</sup> Dragon Court, 15 Station Road, Henley-On-Thames, Oxfordshire, RG9 1AT

<sup>3</sup> 3000 Wilcrest Drive, Suite 155, Houston, TX 77042, USA



# NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the twenty-fourth Annual General Meeting of Getech Group plc (hereafter referred to as the Company) will be held at Kitson House, Elmete Hall, Elmete Lane, Leeds LS8 2LJ on 10 April 2018 at 12.00 noon to consider and, if thought fit, pass the resolutions below. Resolutions 10 and 11 will be proposed as special resolutions; all other resolutions will be proposed as ordinary resolutions.

## ORDINARY BUSINESS

To consider and, if thought fit, pass resolutions 1 to 8 as ordinary resolutions.

- 1** To receive the Report of the Directors, the Strategic Report and the audited accounts of the Company for the period ended 31 December 2017.
- 2** To re-elect Alison Fielding as a Director of the Company, in accordance with article 35 of the Company's Articles of Association, who offers herself for re-election as a Director of the Company.
- 3** To re-elect Stuart Paton as a Director of the Company, in accordance with article 35 of the Company's Articles of Association, who offers himself for re-election as a Director of the Company.
- 4** To re-elect Chris Flavell as a Director of the Company, in accordance with article 35 of the Company's Articles of Association, who offers himself for re-election as a Director of the Company.
- 5** To re-appoint Chris Jepps, who was appointed since the last annual general meeting, in accordance with article 30 of the Company's Articles of Association, as a Director of the Company.
- 6** To re-appoint Andrew Darbyshire, who was appointed since the last annual general meeting, in accordance with article 30 of the Company's Articles of Association, as a Director of the Company.
- 7** To re-appoint Grant Thornton UK LLP as auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
- 8** To authorise the Directors to determine the auditor's remuneration.

## SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions which in the case of resolution 9 will be proposed as an ordinary resolution and in the case of resolutions 10 and 11 will be proposed as special resolutions.

In the subsequent resolutions, the following words and expressions shall have the following meanings:

- |                           |   |   |
|---------------------------|---|---|
| 'Act'                     | – | the Companies Act 2006 (as amended)   |
| 'Latest Practicable Date' | – | close of business on 27 February 2018   |
| 'Ordinary Shares'         | – | Ordinary Shares of 0.25p each in the capital of the Company                   |
| 'Rights'                  | – | rights to subscribe for or to convert any security into shares in the Company |
- 9** To authorise the Board generally and unconditionally pursuant to Section 551 of the Act to exercise all powers of the Company to allot shares in the Company and to grant Rights:
    - 9.1** up to an aggregate nominal amount of £31,303.01 (being one-third of the issued share capital of the Company as at the Latest Practicable Date); and
    - 9.2** comprising equity securities (within the meaning of Section 560 of the Act) up to an aggregate nominal amount of £62,606.03 (after deducting from such amount any shares allotted under the authority conferred by virtue of resolution 9.1) in connection with or pursuant to a Rights Issue (as defined below),

# NOTICE OF ANNUAL GENERAL MEETING

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provided that:

- a) such authorities shall expire on the earlier of either midnight on 10 July 2019 or the date of the next annual general meeting of the Company after the passing of this resolution unless varied, revoked or renewed by the Company in a general meeting (save that the Board may, before the expiry of the authorities granted by this resolution, make a further offer or agreement that would or might require shares to be allotted or Rights to be granted after such expiry and the Board may allot shares and grant Rights in pursuance of such an offer or agreement as if the authorities conferred by this resolution had not expired); and
- b) the authorities granted by this resolution are in substitution for all previous authorities granted to the Directors to allot shares and grant Rights which (to the extent that they remain in force and unexercised) are revoked but without prejudice to any allotment or grant of Rights made or entered into prior to the date of resolution 9.

For the purposes of resolution 9, 'Rights Issue' means an offer or invitation to: i) holders of Ordinary Shares in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them on the record date for such allotment, and ii) holders of other classes of equity securities if this is required by the rights of such securities (if any) or, if the Directors of the Company consider necessary, as permitted by the rights of those securities, to subscribe for further securities, but subject in both cases to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties that may arise under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory or any other matter whatever.

### SPECIAL RESOLUTIONS

- 10** To empower the Board (subject to the passing of resolution 9) pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred upon them by resolution 9 or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the Act as if Section 561(1) and sub-sections (1)–(6) of Section 562 of the Act did not apply to any such allotment, provided that this power shall be limited to:

- 10.1** the allotment of equity securities in connection with or pursuant to a Rights Issue (as defined in resolution 9); and
- 10.2** the allotment (otherwise than pursuant to sub-paragraph 10.1 above) of equity securities up to an aggregate nominal value of £14,085.91 (being 15% of the issued share capital of the Company as at the Latest Practicable Date); and

the authorities given by resolution 10 shall expire on the earlier of either midnight on 10 July 2019 or the date of the next annual general meeting after the passing of this resolution, unless renewed or extended prior to such expiry, save that the Company may, before the expiry of any power contained in this resolution, make a further offer or agreement that would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such offer or agreement as if the powers conferred by this resolution had not expired.

- 11** To authorise the Company generally and unconditionally for the purpose of Section 701 of the Act to



make one or more market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares provided that:

- 11.1** the maximum aggregate number of Ordinary Shares authorised by this resolution to be purchased is 3,756,361 (representing approximately 10% of the Company's issued share capital as at the Latest Practicable Date);
- 11.2** the minimum price that may be paid for such Ordinary Shares is 0.25p per share (exclusive of expenses);
- 11.3** the maximum price (exclusive of expenses) that may be paid for an Ordinary Share is the higher of a) 5% above the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the Ordinary Share is purchased or b) the higher of the price quoted for i) the last independent trade of or ii) the highest current independent bid for any number of Ordinary Shares on the trading venue where the purchase is carried out; and
- 11.4** unless previously revoked or varied, the authority conferred by this resolution shall expire on the earlier of either midnight on 10 July 2019 or the date of the next annual general meeting of the Company after the passing of this resolution, save that the Company may, before such expiry, make a contract or contracts to purchase Ordinary Shares after such expiry as if the power conferred by this resolution had not expired.

By order of the Board

**ANDREW DARBYSHIRE**

Company Secretary  
27 February 2018

## NOTES

- 1** This notice is the formal notification to shareholders of the Company's Annual General Meeting: its date, time and place, and the matters to be considered. If you are in doubt as to what action to take, you should consult an independent advisor.
- 2** Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those shareholders registered in the register of members of the Company as at close of business on 6 April 2018 or, if the meeting is adjourned, at close of business 2 working days prior to the adjourned meeting (the 'Cut-off Date') as holders of Ordinary Shares shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after close of business on the Cut-off Date shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 3** A member of the Company entitled to attend, speak and vote is entitled to appoint a proxy to attend, speak and vote instead of him or her. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him or her. A proxy need not be a member of the Company. Proxy forms must be in the hands of the registrars by no later than 12.00 noon on 6 April 2018 or, if the meeting is adjourned, 2 working days before the meeting. Further details of how to appoint a proxy are set out in the notes to the proxy form, which is enclosed with this document.
- 4** The return of a proxy form will not prevent a member attending the Annual General Meeting and voting in person if he/she so wishes.
- 5** If a member appoints a proxy or proxies and then decides to attend the Annual General Meeting in person and vote using his/her poll card, then the vote in person will override the proxy vote(s). If the

# NOTICE OF ANNUAL GENERAL MEETING

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vote in person is in respect of the member's entire holding, then all proxy votes will be disregarded. If, however, the member votes at the meeting in respect of less than the member's entire holding, then if the member indicates on his/her polling card that all proxies are to be disregarded, that shall be the case; but if the member does not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding the member's entire holding. If you do not have a proxy form and/or believe that you should have one or if you require additional forms, please contact the Company at its registered office.

- 6** To change your proxy instructions, simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see Note 3) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Asset Services at PXS 1, 34 Beckenham Road, BECKENHAM, BR3 4TU.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

- 7** In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard-copy notice clearly stating your intention to revoke your proxy appointment to Link Asset Services. In the case of a member that is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Link Asset Services at PXS 1, 34 Beckenham Road, BECKENHAM, BR3 4TU no later than 12.00 noon on 6 April 2018. If you attempt to revoke your proxy appointment but the revocation is received after the time specified, then, subject to Note 5 above, your appointment will remain valid.

- 8** CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting convened by this notice and any adjournment(s) thereof by utilising the procedures described in the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message ('CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RAI0) by the latest time for receipt of proxy appointments specified in Note 3. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. CREST members and, where applicable, their CREST sponsors or voting service providers should note that

EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time). In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning the practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- 9 If a corporation is a member of the Company, it may by resolution of its Directors or other governing body authorise one or more persons to act as its representative or representatives at the Annual General Meeting and any such representative or representatives shall be entitled to exercise on behalf of the corporation all the powers that the corporation could exercise if it were an individual member of the Company.

Corporate representatives should bring with them either an original or certified copy of the appropriate Board resolution or an original letter confirming the appointment, provided it is on the corporation's letterhead and is signed by an authorised signatory and accompanied by evidence of the signatory's authority.

- 10 Copies of Directors' service contracts with the Company and with any of its subsidiary undertakings and letters of appointment of Non-executive Directors will be available for at least 15 minutes prior to the Annual General Meeting and during the meeting.
- 11 As at 27 February 2018 (being the last business day prior to the publication of this notice), the Company's issued share capital consists of 37,563,615 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 27 February 2018 is 37,563,615.

## EXPLANATION OF RESOLUTIONS

### *Resolution number 1 – accounts*

The Directors of the Company are obliged to present to shareholders the report of the Directors and the accounts for the Company for the period ended 31 December 2017. That report and those accounts, and the report of the Company's auditor on those accounts, are set out on pages 24 to 81 of this document.

### *Resolution numbers 2, 3, 4, 5 and 6 – re-election and re-appointment of Directors*

At each general meeting, one-third of the Directors for the time being (other than those appointed since the latest annual general meeting) are required to retire. If the number of relevant Directors is not a multiple of three, the number nearest to but not less than one-third of the Directors should be obliged to retire. Directors due to retire by rotation are those who have been longest in office since their last re-election and as between persons who become or were last re-elected on the same day, those due to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director is eligible for re-election. Alison Fielding, Stuart Paton and Chris Flavell retire by rotation and are offering themselves for re-election. The Directors have agreed to appoint Chris Jepps and Andrew Darbyshire to the board with effect from 28 February 2018. In accordance with the articles of association they therefore offer themselves for re-appointment by the shareholders at the general meeting.

### *Resolution number 7 – re-appointment of auditor and approving its remuneration*

At each general meeting at which accounts are laid, the Company is required to appoint an auditor to hold office until the next general meeting. The present auditor, Grant Thornton UK LLP, is willing to continue in office for a further year, and this resolution proposes its re-appointment.

# NOTICE OF ANNUAL GENERAL MEETING

## CONT.

### *Resolution number 8 – authority to determine auditor's remuneration*

In accordance with standard practice, this resolution will authorise the Directors to determine the level of the auditor's remuneration.

### *Resolution number 9 – authority to allot shares*

The resolution grants the Directors authority to allot relevant securities up to an aggregate nominal amount of £31,303.01, being one-third of the Company's Ordinary Share capital in issue at 26 February 2018.

In line with guidance issued by the Association of British Insurers, resolution 9 also grants the Directors of the Company authority to allot unissued share capital in connection with a Rights Issue in favour of ordinary shareholders up to an aggregate nominal amount of £62,606.03 (representing two-thirds of the Company's Ordinary Share capital in issue at 26 February 2018) as reduced by the nominal amount of any shares issued under resolution 9.1.

It is not the Directors' current intention to allot relevant securities pursuant to this resolution. This authority replaces the existing authority to allot relevant securities but does not affect the ability to allot shares under the Company's share option schemes.

### *Resolution number 10 – disapplication of statutory pre-emption rights*

This resolution disapplies the statutory pre-emption rights that would otherwise apply on an issue of shares for cash and is limited to allotments in connection with Rights Issues or other pre-emptive offers and, otherwise, authorises the Directors to allot securities on a non-pre-emptive basis for cash up to a nominal value of £14,086.36, being 15% of the Company's Ordinary Share capital in issue at 27 February 2018. This replaces the existing authority to disapply pre-emption rights and expires at the conclusion of the next annual general meeting of the Company after the passing of this resolution or 15 months after the date of the annual general meeting, whichever is the earlier.

### *Resolution number 11 – purchase of own shares*

In certain circumstances, it may be advantageous for the Company to purchase its own shares, and this resolution seeks authority to do this. The Directors would only consider making purchases if they believed that such purchases would be in the best interests of shareholders generally, having regard to the effect on earnings per share and the Company's overall financial position.

The resolution gives general authority for the Company to make purchases of up to 3,756,361 Ordinary Shares (being approximately 10% of the Company's Ordinary Share capital in issue at 27 February 2018) at a minimum price of 0.25p and a maximum price being the higher of a) 105% of the average of the middle market quotations for Ordinary Shares for the 5 business days prior to the purchase or b) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out.

Companies are permitted to retain any of their own shares that they have purchased as treasury stock with a view to possible re-issue at a future date, rather than cancelling them. The Company will consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury stock. This would give the Company the ability to re-issue treasury shares quickly and cost effectively, and would provide the Company with additional flexibility in the management of its capital base.

## **ADVISORS**

### **REGISTERED OFFICE FOR THE PARENT COMPANY**

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Leeds  
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### **AUDITOR**

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Leeds  
LS1 4BN

### **SOLICITORS**

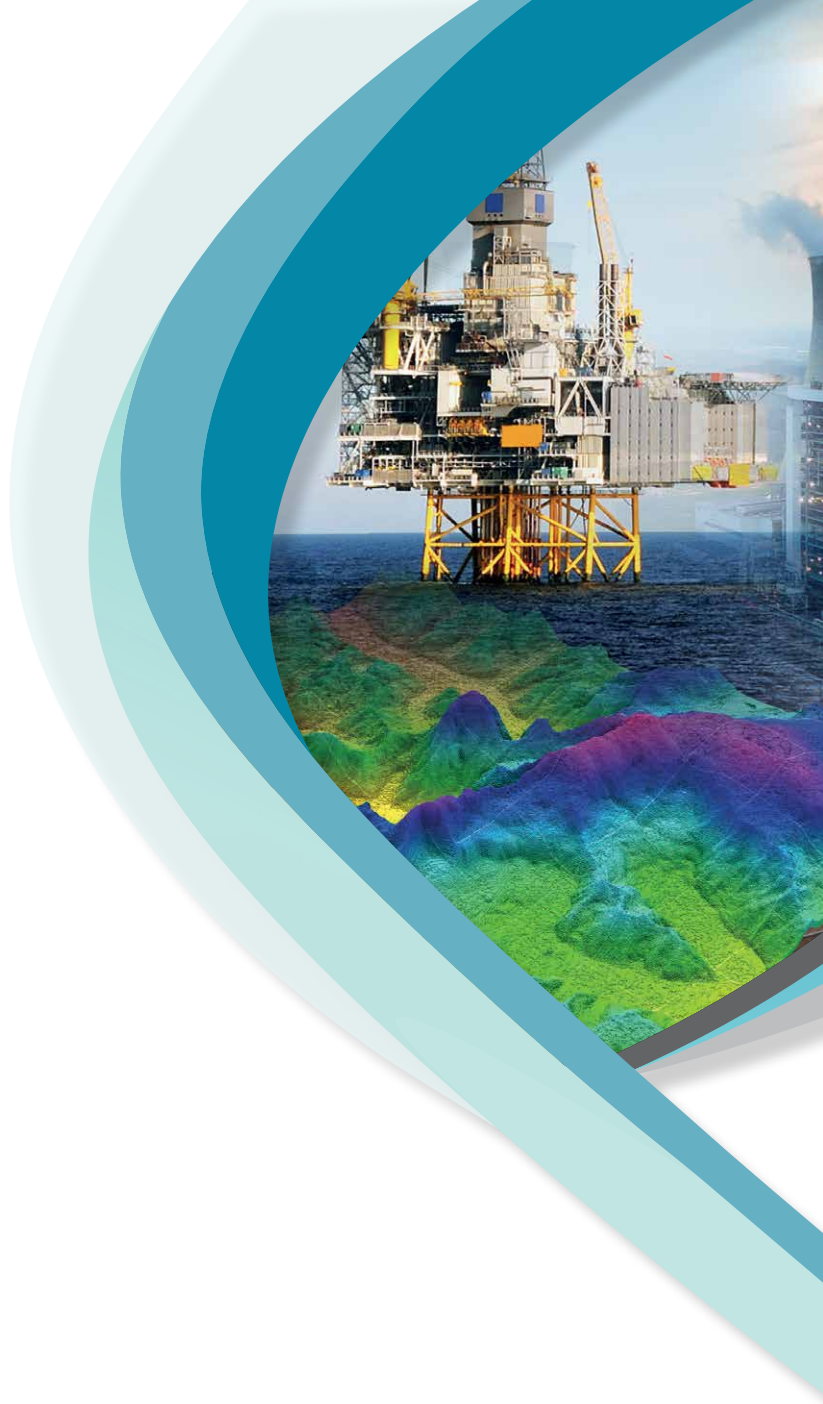
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### **PRINCIPAL BANKERS**

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### **REGISTRARS**

Link Asset Services  
Northern House  
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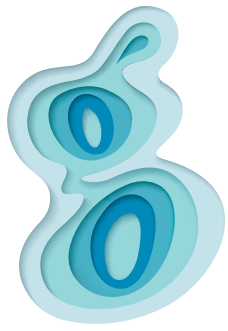













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