Getech Group plc
(“Getech” or the “Company” and with its subsidiaries the “Group”)
Final Results for the 17 months ended 31 December 2017

The Getech Group (AIM; GTC) announces its final results for the 17 months ended 31 December 2017.

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)
- Adjusted profit after tax: £0.9 million (FY 2016: £0.3 million)
- 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[1]) 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.

[1] 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).

Delivering a stronger Group

In AP 2017 Getech undertook a wide-ranging programme of commercial, operational and cultural change. 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 free cash inflow of £0.1 million (FY 2016: £2.0 million outflow).

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 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 our 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 division. Our offerings 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 user-base 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 user-base 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.

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 (before impairments) 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.

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 user-base 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 dataset 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

Getech Group plc Jonathan Copus, CEO	Tel: 0113 322 2200
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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	
Table 1 - Financial summary	2017 reported (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.

(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 detailed above reverse the change to the fair value of the provision, which was made in 2016 to reflect a deterioration in geoscience service 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		12 months	
	2017		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
Gross 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).

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.

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 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.

Table 3 - Cost base reconciliation	% variance (pro-rata)	17 months 2017 £'000	12 months pro-rata 2017 £'000	12 months 2016 £'000
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 (including restructuring)		5,345	3,773	2,835
Fair value adjustments		—	—	845
Depreciation and amortisation charges		(1,184)	(836)	(671)
Exchange adjustments		8	6	77
Movement on 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 restructuring 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. 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 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

Consolidated Statement of Comprehensive Income

For the 17-month period ended 31 December 2017

	17 months ended 31 Dec 2017 £'000	12 months ended 31 Jul 2016 £'000
Revenue	10,946	7,031
Cost of sales	(5,801)	(3,503)
Exceptional inventory impairments	(461)	—
Gross profit	4,684	3,528
Administrative expenses	(4,858)	(3,654)
Operating loss before exceptional administrative expenses	(174)	(126)
Exceptional administrative expenses:		
Fair value adjustments	—	845
Restructure costs	(487)	(26)
Operating (loss)/profit	(661)	693
Finance income	2	8
Finance costs	(34)	(30)
(Loss)/profit before tax	(693)	671
Income tax credit	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	(0.11)p	3.25p
Diluted earnings per share	(0.11)p	3.17p

All activities relate to continuing operations.

Consolidated Statement of Financial Position

As at 31 December 2017

Company registration number: 02891368

	31 Dec 2017 £'000	31 Jul 2016 £'000
Non-current assets		
Goodwill	3,428	3,428
Intangible assets	3,155	2,948
Property, plant and equipment	2,499	2,691
Deferred tax assets	207	283
	9,289	9,350
Current assets		
Inventories	672	1,067
Trade and other receivables	2,121	3,372
Current tax assets	490	434
Cash and cash equivalents	2,393	2,788
	5,676	7,661
Total assets	14,965	17,011
Current liabilities		
Borrowings	279	133
Trade and other payables	1,958	3,549
Current tax liabilities	—	13
	2,237	3,695
Non-current liabilities		
Borrowings	355	767
Deferred tax liabilities	194	387
	549	1,154
Total liabilities	2,786	4,849
Net assets	12,179	12,162
Equity attributable to owners of the Parent Company		
Share capital	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
Total equity	12,179	12,162

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

Dr Stuart Paton

Non-executive Chairman

Consolidated Statement of Cash Flows

For the 17-month period ended 31 December 2017

	17 months ended 31 Dec 2017 £'000	12 months ended 31 July 2016 £'000
Cash flows from operating activities		
Loss/(profit) before tax	(693)	671
Share-based payment charge	67	52
Depreciation and amortisation charges	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	395	(775)
Decrease in trade and other receivables	1,251	1,491
(Decrease)/Increase in trade and other payables	(1,092)	(1,165)
Cash generated from operations	1,147	41
Income taxes (paid)/refunded	467	(326)
Net cash (used in)/generated from operating activities	1,614	(285)
Cash flows from investing activities		
Purchase of property, plant and equipment	(54)	(32)
Proceeds from sale of fixed assets	—	27
Development costs capitalised	(1,154)	(824)
Acquisition costs, net of cash received	(500)	(240)
Interest received	2	8
Net cash used in investing activities	(1,706)	(1,061)
Cash flows from financing activities		
Proceeds from issue of share capital	—	16
Repayment of long-term borrowings	(266)	(132)
Equity dividends paid	—	(572)
Interest paid	(34)	(30)
Net cash used in financing activities	(300)	(718)
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
Cash and cash equivalents at end of period	2,393	2,788

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**

Notes to the Consolidated Financial Statements

For the 17-month period ended 31 December 2017

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.

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.

The annual report will be posted to shareholders and available on the website on 28 February 2018.

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
Paid during the year		
No final dividend in respect of the year ended 31 July 2016 (2015: 1.74p per share)	—	572
	—	572

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).

Notice of Annual General Meeting

The Annual Report and Accounts, and notice convening the Annual General Meeting of the Company will be posted to shareholders on 28 February 2018 and will be available from the Company's website www.getech.com, from that date. The Annual General Meeting of Getech Group plc ("the Company") will be held at Kitson House, Elmete Hall, Elmete Lane, Leeds LS8 2LJ on 10 April 2018 at 12 noon.