Final Results for 12 Months Ended 31 December 2018

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GETECH Group plc
07 May 2019

Getech Group plc
("Getech" or the "Company" and with its subsidiaries the "Group")
Final Results for the 12 months ended 31 December 2018

The Getech Group (AIM; GTC) announces its Final Results for the 12 months ended 31 December 2018.

In this RNS we summarise and discuss Getech's audited financial results for the 12-month accounting period ended 31 December 2018. Having moved our financial year-end to 31 December (from 31 July) Getech's prior audited accounts are for the 17-month period to 31 December 2017 (referred to as AP-2017). To aid analysis, we include unaudited financial comparators for the 12 months ended 31 December 2017 (referred to as FY-2017). The FY-2017 financial comparators have been derived by deducting the five-month period to 31 December 2016 unaudited management accounts from the audited 17-month period to 31 December 2017.

Chairman's and Chief Executive's Review

- Revenue of £8.0m (11% increase on FY-2017) from a leaner and more focused operational base.
- Products deliver a second year of significant growth (FY-2018 24% increase on FY-2017; FY-2017 19% increase on FY-2016) and the Group continued to build recurring revenue.
- Services losses were addressed through a Q4 restructuring of Geoscience Services.
- EBITDA[†] of £1.3m (32% up on FY-2017 before restructuring costs and FY-2017 write-downs).
- Year-end net cash plus net current receivables of £2.5 million (31 December 2017: £1.9 million); the mix between cash and receivables reflective of the Q4 timing of a significant multi-product sale.
- Operational strategy remains to grow investment whilst maintaining capital discipline; the focus being to build staff skills and the practical operational value of our products and services.
- With the sales cycle remaining long we continue to work closely with our customers to address their key needs and consider Getech well positioned to deliver diversified organic growth.
- We also look to leverage our sector knowledge and transferrable skills through acquisitions.

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

The Group's activities focus on a suite of data, software and information products; the value of which we enhance through services that leverage these products and our geoscience-geospatial skills.

Our product-led strategy targets recurring revenue growth. Our investment programme is shaped by a culture of customer collaboration and a commitment to continuous product and service enhancement. This focus on products and the customer reflects a repositioning of Getech that began in 2016 with the appointment of a new CEO and management team.

Since 2016 we have strengthened our business operationally, commercially and financially. We have expanded investment in our people and products but also lowered like-for-like fixed costs by 31%. This leaves Getech's cash profitability significantly leveraged to growth; fixed costs accounting for c85% of the Group's total annual costs. We have also worked to expand Getech's activities beyond oil and gas exploration; key to diversification have been our geospatial software products and services.

In 2018, crude prices strengthened year-on-year, but price volatility left customer exploration and new business budgets constrained. We managed these budget constraints by working closely with our customers and by maintaining flexibility in our sales conversations, which kept them relevant to our customers' changing needs. Year-on-year this translated to new customers, 11% growth in revenue, 32% growth in profit[1], and an increase in our baseline of forward sales. Underpinning this performance is our central ethos - to continuously enhance the practical operational value of our products and services.

We have entered 2019 with a busy schedule of sales campaigns and we consider Getech to be well positioned to deliver diversified organic growth. With industry costs at a cyclical low, our customers' attitude to capital spending is balanced between spot oil prices, which have rallied since the start of 2019, and longer-dated crude prices, which continue to trade above $60 per barrel range. As such, and against a backcloth of falling reserve replacement, we consider the conditions and need for upstream investment to have strengthened. Balancing this, and as indicated in our Trading Update of 27 March, the lengthening of the sales cycle that emerged in Q4 2018 has persisted into 2019; the Directors believe that customers remain cautious over the early release of their exploration and new business budgets. Getech's 2019 sales campaigns and programme of investment are positioned to unlock these conversations.

The Board and Senior Management are focused on ensuring that Getech's assets and capital work hard for all shareholders. We believe volatile macroeconomic conditions have delayed the sale of our Leeds office and we have assumed that this will not happen before the next balance sheet date, however we remain committed to its disposal. We intend to build Getech through a mix of organic and acquisitional growth, and as the markets into which we sell stabilise, we also see potential to reinstate dividend payments.

On behalf of the Board and Executive we would like to thank Getech's staff for their hard work, creativity and professionalism throughout 2018.

Dr Stuart Paton	Dr Jonathan Copus
Chairman	Chief Executive

Getech Group plc Jonathan Copus, CEO	Tel: 0113 322 2200
WH Ireland Limited Katy Mitchell	Tel: 0161 832 2174

Operations Review

Our **Gravity and Magnetic Solutions** team performed solidly in 2018, underscoring our market leading position in this domain. Data sales remained robust and our team's unique and leading expertise in potential fields data processing, analysis and interpretation was recognised by a busy programme of Gravity & Magnetic service contracts throughout the year.

Our flagship Globe product, developed by our **Geoscience Information Products** team, goes from strength-to-strength. In 2017 Globe was moved to an annual release cycle. This was to provide more flexibility in shaping the product's development to match our customers' evolving needs. In July 2018 the first of these annual releases, "Globe 2018", was delivered to customers - on time and within budget. Globe 2018 features the most diverse and innovative inventory of new capabilities to date. By leveraging skills from across the Group, Getech's geoscience, geospatial and software expertise have been combined to deliver new information, analytics tools and training options for Globe users. Globe User Group Meetings, held in London and Houston, produced a new level of customer engagement and helped stimulate discussion on product uses, features and opportunities for future product enhancements. Our work to re-position Globe was rewarded in 2018 by many of Globe's super-major customers signing up to multi-year licence agreements.

The focus for our **GIS Software** division in 2018 was to migrate our software products to ArcGIS Pro, Esri's latest desktop GIS application and ArcMap replacement. In the autumn of 2018 both our Data Assistant and Exploration Analyst extensions were released on ArcGIS Pro, providing a significant assistance to customers wishing to upgrade their own environments. In Q3 2018 we began work on migrating our Unconventionals Analyst software product to ArcGIS Pro, targeting a release in Q2 2019. As with Globe, our sales team's focus on delivering recurring revenue enabled us to secure a number of multi-year software contracts during the year.

Our **GIS Services** team continues to be recognised as experts in the use of Esri technology within the petroleum and natural resources sectors. In 2018 we won another long-term GIS support contract with a super-major and diversified further by securing geospatial implementation projects with natural resources customers outside of petroleum.

Our **Geoscience Services** team was relocated to our new London office in Q4 2018, having closed our Henley office. While the market for geoscience services has remained challenging following the period of low and volatile oil prices, we believe this re-organisation has put us back on the road to profitability. It has also enabled us to re-shape this team with closer working relationships with the rest of the Group - providing opportunities to integrate Getech's products, Gravity & Magnetic services and geospatial expertise into an evolving cross-disciplinary geoscience services offering. Our work with governments also continued in 2018, and we continue to work in partnership with the Government of Sierra Leone on its Fourth Licensing Round and with the Lebanon Petroleum Administration.

Chris Jepps
Chief Operating Officer

Financial Review

Getech's current customers operate principally in the oil and gas exploration sector. Their budgets and programmes of activity are shaped by both spot and forward crude prices but also the general cost structure of the industry and the opportunity sets in and around their asset portfolios.

With 2018 Brent averaging $71/bbl, 42% higher than its prior three-year average, and long-dated crude prices consistently in excess of $60/bbl, our sales discussions for most of the year had a more forward-looking tone. In H1 2018 we extended our pipeline of multi-year product subscriptions, which expanded the Group's foundation of recurring revenue. In Q4 2018 however, a sharp fall in crude prices highlighted the fragility of global growth, Brent tumbling from a high of $86/bbl to a low of $50/bbl. This fall lengthened and complicated the sales cycle but by repositioning our customer conversations Getech ended 2018 with a significant sale of data and products, which also added a new Globe customer.

In the year to 31 December 2018, from a significantly leaner and more focused operational base, Getech delivered 11% year-on-year revenue growth against FY-2017, which drove a 32% expansion in adjusted EBITDA. The Group ended 2018 with net cash plus net current receivables of £2,503,000 (31 December 2017: £1,922,000). Having refinanced our borrowings in H2 2018, net of long-term debt this figure totalled £3,322,000 (31 December 2017: £2,277,000).

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 exceptional items.

	12 months to 31 Dec 2018 (FY-2018)		17 months to 31 Dec 2017 (AP-2017)		12 months to 31 Dec 2017 (FY-2017)	
Table 1 - Financial summary (1)	**Reported *(audited)* £'000**	**Adjusted *(unaudited)* £'000**	Reported *(audited)* £'000	Adjusted *(unaudited)* £'000	Reported *(unaudited)* £'000	Adjusted *(unaudited)* £'000
Revenue	**8,019**	**8,019**	**10,946**	**10,946**	**7,215**	**7,215**
EBITDA (2) (3)	**1,071**	**1,268**	**645**	**1,593**	**384**	**958**
Operating profit (2) (3)	250	447	(661)	287	(429)	145
Profit after tax (2) (3)	508	705	(40)	908	58	632
EPS	1.35p	1.88p	(0.11)p	2.42p	0.15p	1.68p
Cash inflow from operations (before W/C adjustments) (2)	**1,073**	**1,270**	**1,416**	**1,903**	**1,108**	**1,221**
Development costs	(861)	(861)	(1,154)	(1,154)	(804)	(804)
Report building costs	(13)	(13)	(429)	(429)	(427)	(427)
Acquisition costs	-	-	(500)	(500)	(400)	(400)
Net (decrease)/increase in cash (2)	(1,040)	(843)	(392)	95	80	193
Cash and cash equivalents	1,400		2,393		2,393	
Net cash	468		1,759		1,759	
Net cash plus net current receivables	**2,503**		**1,922**		**1,922**	

(1) Change in accounting treatment and prior year adjustment

The introduction of IFRS 15 has led to a general reappraisal of the accounting treatment for inventory costs. For Getech this has impacted the way we account for costs associated with the building of Reports. The 2017 accounts have been restated to reflect this change in treatment.

Inventory assets held previously on the Balance Sheet have been reviewed and reclassified as Intangible assets. This has minimal effect on the Income Statement. More significantly, the cost of building Reports, previously classified as an operational cost in the Cash Flow statement, are now reclassified as an investment cost.

Reflective of the lower level of investment in Reports in 2018 versus 2017, this reclassification has resulted in a minor increase in FY-2018 cash inflow from operating activities before working capital adjustments of £47,000 but the reported cash inflow from operating activities before working capital adjustments in AP-2017 has increased by £823,000 versus the previously reported figure (FY-2017: a £659,000 increase).

(2) Restructuring costs

In Q4 2018, the Group combined its activities in London and Henley into one new London office, and restructured the Geoscience Services team (previously based in Henley) to address its declining revenues and profitability. This resulted in one-off costs of £197,000 during FY-2018 and followed a larger Group-wide restructuring programme, which was completed in late 2016/early 2017 (AP-2017: £487,000, FY-2017: £113,000).

(3) Write-down of intangible assets

In the 2017 comparative periods, following management's review of intangible assets, it was considered prudent to impair the carrying value of several reports and studies; the cost of which were carried on the balance sheet. No asset impairments have been taken in 2018 (AP-2017 and FY-2017: £461,000). In the comparative periods, the impairment has been charged to cost of sales on the Consolidated Statement of Comprehensive Income and has been adjusted for in the comparative periods above.

Operating results

Revenue

Revenue for FY-2018 totalled £8,019,000, an increase of 11% from the previous 12 months (AP-2017: £10,946,000, FY-2017: £7,215,000). Within this figure, Products revenue grew by 24%, compounding growth of 19% in FY-2017, and in FY-2018 Products accounted for 80% of group revenue. In contrast, the Services market remained challenging and despite our Geospatial and Gravity & Magnetic Service teams both delivering revenue and profit growth, a contraction in Geoscience Service income led to a 22% fall in service division revenue. We restructured our Geoscience Service activities in Q4 2018 and we are seeing signs of improvement.

Gross margins

Getech's group gross margin in FY-2018 equalled 47% (AP-2017: 47%, FY-2017: 51% before exceptional intangible asset impairments of £461,000). Underlying this is the continued 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 62% for the year (AP-2017: 65%, FY-2017: 70%), the margin on Services moving to a loss (FY-2018: negative 14% AP-2017: positive 7%, FY-2017: positive 3%). Getech continues to target a return to a 25% margin for the Services division in the mid-term.

Product margin fell between FY-2017 and FY-2018 due to a rise in third party costs, which reflects a year-on-year shift in the sales mix. This reduced the product margin despite growth in revenues and a reduction in fixed costs. This does not point to any specific long-term cost trend.

Table 2 - Gross margin by reporting segment	**12 months to 31 Dec 2018 (audited)**		17 months to 31 Dec 2017 (audited)		12 months to 31 Dec 2017 (unaudited)	
	Products	**Services**	Products	Services	Products	Services
Revenue	**6,434**	**1,585**	7,570	3,372	5,155	2,060
Cost of sales	**(2,421)**	**(1,810)**	(2,649)	(3,152)	(1,564)	(1,992)
Gross profit (before impairments)	**4,013**	**(225)**	**4,921**	**220**	**3,591**	**68**
Gross margin (before impairments)	***62%***	***(14)%***	***65%***	***7%***	***70%***	***3%***
Impairment of intangible assets	-	-	(461)	-	(461)	-
Gross profit	**4,013**	**(225)**	4,460	220	3,130	68
Gross margin	*62%*	*(14)%*	*59%*	*7%*	*61%*	*3%*

In AP-2017 there was Revenue attributed to other segments totalling £4,000 with no costs associated.

Administrative costs

During FY-2018 we maintained fiscal discipline when managing our administrative costs, which for the year totalled £3,341,000; 5% lower than FY-2017 (AP-2017: £4,858,000, FY-2017: £3,514,000).

Currency

Getech's cost base is predominantly in pound sterling, but a significant proportion of its revenue is denominated in US dollars. During the year sterling weakness was favourable to the Group, but the timing of some larger US Dollar transactions resulted in the Group recording a loss on foreign exchange of £39,000 (AP-2017: £77,000 gain, FY-2017: £18,000 gain).

EBITDA

Having delivered revenue growth from an operational base that has been strengthened by a multi-year programme of capital discipline, Getech expanded its EBITDA to £1,071,000 (AP 2017: £645,000; FY-2017: £384,000). This however includes restructuring costs of £197,000 (AP-2017: £487,000, FY-2017: £113,000) and in 2017, an impairment of intangibles of £461,000.

Taking account of these one-off adjustments, the Group made an adjusted EBITDA of £1,268,000. Year-on-year this is 32% growth (AP-2017: £1,593,000; FY-2017: £958,000).

Depreciation and Amortisation

Depreciation and amortisation charges totalled £821,000 in 2018 and were allocated to administrative costs in the income statement (AP-2017: £1,306,000, FY-2017: £813,000). Whilst amortisation charges on Globe and software development costs have increased, a significant proportion of our Data Holdings were fully amortised, accounting for the overall decrease in amortisation charge.

Operating profit

The Group reported an operating profit of £250,000 for the year (AP-2017: £661,000 loss, FY-2017: £429,000 loss). Adjusted for restructuring costs and intangible asset impairments (discussed above), Getech delivered an adjusted operating profit of £447,000 (AP-2017: £287,000 profit, FY-2017: £145,000 profit).

Income tax

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 current tax credit for FY-2018 of £137,000 (AP-2017: £533,000). The year-on-year reduction in the tax credit is a function of the Group's increased profitability in 2018.

After taxation, Getech reported a profit of £508,000 (AP-2017: £40,000 loss, FY-2017: £58,000 profit).

Cost base analysis

In Q4 2018 Getech merged its London and Henley offices and reduced headcount in the Geoscience Services team. This, combined with capital discipline, meant that the Group again reduced its fixed cost base. A change in the mix of sales however resulted in higher costs to third parties, which has obscured the savings made. Closure of Henley and the restructuring of Geoscience Services had an associated cost of £197,000 but these steps are expected to deliver annualised fixed cost savings of £500,000.

The table below reconciles our cost base to the financial statements.

Table 3 - Cost base reconciliation	**% variance**	**12 months to 31 Dec 2018 (audited) £'000**	17 months to 31 Dec 2017 (audited) £'000	12 months to 31 Dec 2017 (unaudited) £'000
Cost of sales		**4,231**	6,262	4,017
Development costs capitalised		**861**	1,154	804
Capitalised cost of building Reports		**13**	429	427
Impairment of intangibles		-	(700)	(661)
Administrative costs		**3,341**	4,858	3,514
Restructuring costs		**197**	487	113
Depreciation and amortisation charges		**(821)**	(1,306)	(813)
Exchange adjustments		**16**	7	(18)
Movement on provisions		**(34)**	(118)	(117)
Cost base	7%	**7,804**	11,073	7,266
Deduct restructuring costs		**(197)**	(487)	(113)
Cost base, excluding one-off restructuring costs	6%	**7,607**	10,586	7,153

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.

Operating cash flows

Before working capital adjustments Getech generated £1,073,000 in cash from operations (AP-2017: £1,416,000, FY-2017: £1,108,000). This includes restructuring costs of £197,000 (AP-2017: £487,000, FY-2017: £113,000). Adjusted for restructuring costs, cash from operations would have been £1,270,000 (AP-2017: £1,903,000, FY-2017: £1,221,000).

Note however, that as highlighted in Note 1 to Table 1, the reclassification of expenditure on Reports from operational costs to investment costs has led to a significant upward restatement in operating cash inflow in AP-2017 and FY-2017. Net of the Group's expenditure on producing Reports, adjusted cash flows generated from operations totalled £1,257,000 (AP-2017: £1,474,000, FY-2017: £794,000).

Changes in working capital

During the year there was significant movement in working capital (FY-2018: £1,919,000 negative movement, AP-2017: £160,000 positive movement, FY-2017: £472,000 positive movement). A large proportion of this movement was due to the timing of a high value sale of data and products towards the end of 2018, which is included in the receivables balance at the year end.

Cash taxation

Getech received cash tax credits totalling £514,000 during 2018 (AP-2017: £467,000, FY-2017: £437,000) as a result of Getech's continued investment into research and development. Getech expects cash tax credits to be lower in 2019 due to the Group's increased profitability in 2018; Getech's current tax asset provision at 31 December 2018 is £104,000 (31 December 2017: £490,000).

Investment and Capital Expenditure

In line with the Group's strategy to invest and enhance its product offering, development expenditure on Globe and Software increased to £861,000 (AP-2017: £1,154,000, FY-2017: £804,000). Getech expects to continue with this level of investment in its products throughout 2019.

A repositioning of the work of the Geoscience Information Products team meant that in 2018 expenditure on Report building fell to £13,000 (AP-2017: £429,000, FY-2017: £427,000).

Financing

During the year Getech refinanced its long-term loan that was reaching maturity. This involved repaying the outstanding amounts on the expiring loan, which totalled £634,000 and drawing down a new loan facility of £950,000. At the year end, Getech had made repayments of the new loan totalling £19,000. In 2019, £113,000 of the loan capital falls due. The new loan facility is repayable over 5 years and accrues interest at 2.75% above base rate. The loan is secured against the Leeds office, which has a net book value of £2,388,000.

Liquidity and Going Concern

At the end of 2018, Getech held £1,400,000 in cash and cash equivalents (AP-2017/FY-2017: £2,393,000). A fall in cash balances toward the year-end was due to the timing of sales and at 31 December 2018 Getech held a material net current receivables balance (current receivables, less current payables) totalling £2,035,000 (31 December 2017: £163,000).

At year-end, net cash plus net current receivables (cash, less borrowings, plus net current receivables) totalled £2,503,000 (31 December 2017: £1,922,000). Excluding long-term debt, the total rose to £3,322,000 (31 December 2017: £2,277,000).

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 December 2020. 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 12 months ended 31 December 2018

	12 months ended 31 Dec 2018 £'000	17 months ended 31 Dec 2017 (Restated) £'000	12 months ended 31 Dec 2017 (Unaudited) £'000
Revenue	8,019	10,946	7,215
Cost of sales	(4,231)	(5,801)	(3,556)
Exceptional intangible impairments	-	(461)	(461)
Gross profit	3,788	4,684	3,198
Administrative expenses	(3,341)	(4,858)	(3,514)
Operating profit/(loss) before exceptional administrative expenses	447	(174)	(316)
Exceptional administrative expenses:			
Restructure costs	(197)	(487)	(113)
Operating profit/(loss)	250	(661)	(429)
Finance income	-	2	-
Finance costs	(25)	(34)	(30)
Profit/(Loss) before tax	225	(693)	(459)
Income tax credit	283	653	517
Profit for the year attributable to owners of the Parent Company	508	(40)	58
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences on translation of foreign operations	36	(10)	7
Total comprehensive income for the year attributable to owners of the Parent Company	544	(50)	65
Earnings per share			
Basic earnings per share	1.35p	(0.11)p	0.15p
Diluted earnings per share	1.33p	(0.11)p	0.15p

All activities relate to continuing operations.

Consolidated Statement of Financial Position

As at 31 December 2018

Company registration number: 02891368

	31 Dec 2018 £'000	31 Dec 2017 (Restated) £'000	31 Jul 2016 (Restated) £'000
Non-current assets			
Goodwill	3,428	3,428	3,428
Intangible assets	4,018	3,827	4,015
Property, plant and equipment	3,086	2,499	2,691
Deferred tax assets	305	207	283
	10,837	9,961	10,417
Current assets			
Trade and other receivables	4,941	2,121	3,372
Current tax assets	104	490	434
Cash and cash equivalents	1,400	2,393	2,788

	6,445	5,004	6,594
Total assets	**17,282**	14,965	17,011
Current liabilities			
Borrowings	113	279	133
Trade and other payables	2,906	1,958	3,549
Current tax liabilities	-	-	13
	3,019	2,237	3,695
Non-current liabilities			
Borrowings	819	355	767
Trade and other payables	565	-	-
Deferred tax liabilities	137	194	387
	1,521	549	1,154
Total liabilities	**4,540**	2,786	4,849
Net assets	**12,742**	12,179	12,162
Equity attributable to owners of the Parent Company			
Share capital	94	94	94
Share premium account	3,053	3,053	3,053
Merger relief reserve	2,407	2,407	2,407
Share option reserve	183	164	173
Currency translation reserve	25	(11)	(1)
Retained earnings	6,980	6,472	6,436
Total equity	**12,742**	12,179	12,162

The financial statements were approved and authorised for issue by the Board of Directors on 3 May 2019.

Dr Stuart Paton
Non-executive Chairman

Consolidated Statement of Cash Flows

For the 12 months ended 31 December 2018

	12 months ended 31 Dec 2018 £'000	17 months ended 31 Dec 2017 (Restated) £'000	12 months ended 31 Dec 2017 (Unaudited) £'000
Cash flows from operating activities			
Profit/(loss) before tax	225	(693)	(459)
Share-based payment charge	19	67	44
Depreciation and amortisation charges	820	1,306	813
Impairment of intangible assets	-	700	661
Loss on disposal of fixed assets	-	11	-
Finance income	-	(2)	-
Finance costs	25	34	31
Exchange adjustments	(16)	(7)	18
Cash inflow from operating activities before working capital movement	1,073	1,416	1,108
Movement in working capital:			
(Increase)/decrease in trade and other receivables	(2,820)	1,251	919
Increase/(decrease) in trade and other payables	901	(1,091)	(447)
Cash (used in)/generated from operations	(846)	1,576	1,580
Income taxes refunded	514	467	437
Net cash (used in)/generated from operating activities	(332)	2,043	2,017
Cash flows from investing activities			
Purchase of property, plant and equipment	(78)	(54)	(9)
Development costs capitalised	(861)	(1,154)	(804)
Capitalised cost of Reports	(13)	(429)	(427)
Acquisition costs, net of cash received	-	(500)	(400)
Interest received	-	2	-
Net cash used in investing activities	(952)	(2,135)	(1,640)
Cash flows from financing activities			
Receipt of new loan	950	-	-

Repayment of long-term borrowings	**(652)**	(266)	(266)
Repayment of lease liabilities	**(29)**	-	-
Interest paid	**(25)**	(34)	(31)
Net cash generated from/ (used in) financing activities	**244**	(300)	(297)
Net (decrease)/increase in cash and cash equivalents	**(1,040)**	(392)	80
Cash and cash equivalents at beginning of period	**2,393**	2,788	2,317
Exchange adjustments to cash and cash equivalents at beginning of period	**47**	(3)	(4)
Cash and cash equivalents at end of period	**1,400**	2,393	2,393

Consolidated Statement of Changes in Equity

For the 12 months ended 31 December 2018

	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 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
Transfer of reserves	-	-	-	-	-	-	-
Share-based payment charge	-	-	-	19	-	-	19
Transactions with owners	-	-	-	19	-	-	19
Profit for the year	-	-	-	-	-	508	508
Other comprehensive income							
Currency translation differences	-	-	-	-	36	-	36
Total comprehensive income for the year	-	-	-	-	36	508	544
At 31 December 2018	**94**	**3,053**	**2,407**	**183**	**25**	**6,980**	**12,742**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018

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 set out in this preliminary announcement do not constitute statutory accounts as defined by section 434 of the Companies Act 2006. It has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) adopted for use in the European Union, including IFRIC interpretations issued by the International Accounting Standards Board, and in accordance with the AIM rules and is not therefore in full compliance with IFRS. The principal accounting policies of the Group have remained unchanged from those set out in the Group's 2017 annual report. The financial statements have been prepared under the historical cost convention and are presented in sterling.

Statutory accounts for the years ended 31 December 2018 and 31 December 2017 have been reported on by the Independent Auditor. The Independent Auditor's Reports on the Annual Report and Financial Statements for the periods ended 31 December 2018 and 31 December 2017 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The statutory accounts for the year ended 31 December 2018 were approved by the board on 3 May 2019 and the information included in this preliminary announcement was extracted therefrom.

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 current period covers a 12-month period from 1 January 2018 to 31 December 2018. The comparative period was 17 months. To aid analysis we include unaudited financial comparators in the main financial statements for the 12 months ended 31 December 2017. These comparators were derived by deducting the five-month period to 31 December 2016 unaudited management accounts from the audited 17-month period to 31 December 2017.

The annual report will be posted to shareholders and available on the website from 29 May 2019.

Dividends

There is no final dividend proposed for the year ended 31 December 2018.

	12 months ended 31 Dec 2018 £'000	17 months ended 31 Dec 2017 £'000
Paid during the year		
No final dividend in respect of the year ended 31 December 2017 (2016: £nil per share)	**-**	-
	-	-

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.

	12 months ended 31 Dec 2018	17 months ended 31 Dec 2017
Profit/(loss) attributable to equity holders of the Group	**£508,000**	£(40,000)
Weighted average number of Ordinary Shares in issue	**37,563,615**	37,562,454
Basic earnings per share	**1.35p**	(0.11)p
Diluted earnings per share	**1.33p**	(0.11)p

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 2018 is 738,949 (2017: 629,707).

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 29 May 2019 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 25 June 2019 at 12 noon.

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[1] Adjusted earnings before interest, tax, depreciation and amortisation, adjusted for exceptional items as detailed in the financial review.