

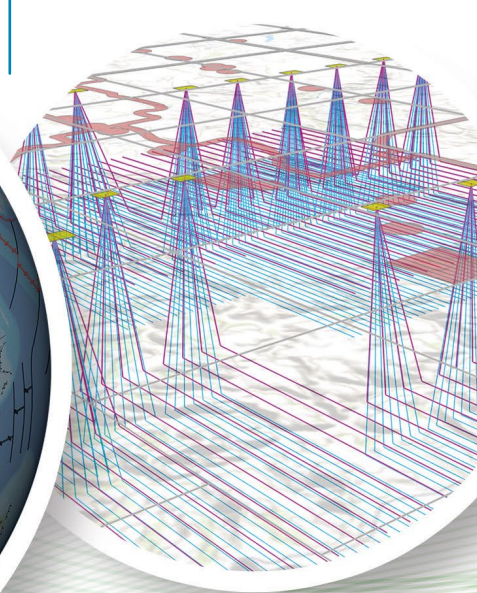
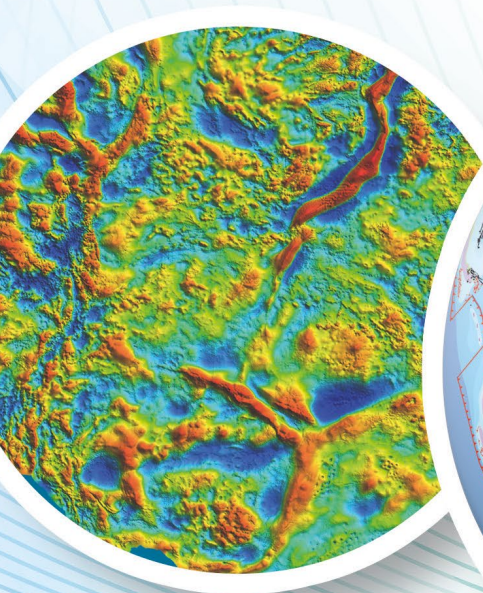
getech

Getech Group plc  
**ANNUAL  
REPORT**  
2018

data

knowledge

analysis



# Getech Group plc

Our customers work primarily in the petroleum industry, but also other natural resource sectors. Our data rich products, geographical information systems (GIS) solutions and trusted advisory services help our customers to achieve their business goals of cost control, operational excellence, regulatory compliance and environmental responsibility.

## Financial Highlights

### Revenue

£8.0m



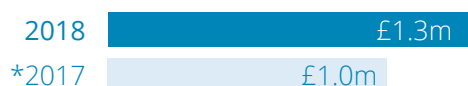
### Earnings per Share

1.35p



### Adjusted EBITDA

£1.3m



### Net cash plus net current receivables

£2.5m



\*Unaudited financial comparator for the 12 months to 31 December 2017 (see page 03 for more details).

## Operational Highlights

- Gravity & Magnetics data and services — continued demand for Gravity & Magnetics data and scientific expertise
- Globe — Globe 2018 released on schedule and within budget, providing new analytic tools and content to its customers
- Software — Data Assistant and Exploration Analyst software released on ArcGIS Pro
- GIS services — super-major support contract win and further diversification into new markets

## Key Achievements in 2018

- Our customers have responded positively to Globe's repositioning — the majority signing multi-year contracts in H1 2018
- Successful sales campaigns targeting multi-year subscriptions to our software products
- Gravity & Magnetics service line delivered strong profitability, underlining our market leading position in this domain
- Reorganisation of our Geoscience services has put us on the road to resetting profitability

## IN THIS REPORT

### About Getech

<< About Us

### Strategic Report

02	Chairman and Chief Executive's Review
04	Operations Review
06	At a Glance
08	Products and Services
10	Principal Risks and Uncertainties
12	Financial Review

### Governance

16	Corporate Governance
18	Directors
19	Advisors
20	Directors' Report
22	QCA Code Principles

### Financial Statements

27	Independent Auditor's Report
32	Consolidated Statement of Comprehensive Income
33	Consolidated Statement of Financial Position
34	Consolidated Statement of Cash Flows
35	Consolidated Statement of Changes in Equity
36	Notes to the Consolidated Financial Statements
63	Parent Company Balance Sheet
64	Parent Company Statement of Changes in Equity
65	Notes to the Parent Company Financial Statements
75	Notice of Annual General Meeting

We supply the expertise, support and knowledge that companies and governments need to better discover, develop and manage Natural Resources.



STRATEGIC REPORT

# Chairman and Chief Executive's Review

By working closely with our customers and by maintaining flexibility in our sales conversations, year-on-year we delivered new customers, 11% growth in revenue, 32% growth in EBITDA\*, and an increase in our baseline of forward sales.



"The Board and Senior Management are focused on ensuring that Getech's assets and capital work hard for all shareholders."

*S Paton*

**Dr Stuart Paton**  
Chairman



"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."

*J Copus*

**Dr Jonathan Copus**  
Chief Executive

## Overview

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 & 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\*, 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. As such, and against a backdrop 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**  
Chairman

**Dr Jonathon Copus**  
Chief Executive

## Highlights

### Revenue Growth

11%

### Profit Growth\*

32%

### Barrel Trade

\$60+ (Per Barrel)

## Reporting Basis

In this Annual Report 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.

\*Adjusted earnings before interest, tax, depreciation and amortisation, adjusted for exceptional items as detailed in the financial review (see page 13).

STRATEGIC REPORT

# Operations Review

---

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.



---

"We continue to be recognised as experts in the use of Esri technology within the petroleum and natural resources sectors."

A handwritten signature in black ink, appearing to read 'Chris Jepps'.

**Chris Jepps**  
Chief Operating Officer

## Overview

Our Gravity & Magnetism 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 & Magnetism 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 & Magnetism 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



## STRATEGIC REPORT

## At a Glance

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

## Our Mission

Help our customers to achieve their business goals of cost control, operational excellence, regulatory compliance and environmental responsibility.

## Our Products

Our customers use our data, information and software products to de-risk their exploration projects and more easily locate, produce and manage natural resources. We enhance our products through a combination of domain expertise, customer collaboration and innovation. Our products are key to our future growth, delivering recurring revenue and opening margin upside.



Geophysical  
Data



Globe



Geospatial  
Software

● Read more about our products on page 08

## Our Services

We position our services to showcase our technical skills and the practical value of our products. We look to combine our geoscience and geospatial expertise to provide solutions to complex customer problems, which add value to their strategic and day-to-day decision making. Through this formula, services are an important access point into new sectors; the work of our geospatial team in particular having expanded to projects in the nuclear, water and energy infrastructure sectors.



Government  
Advisory Services



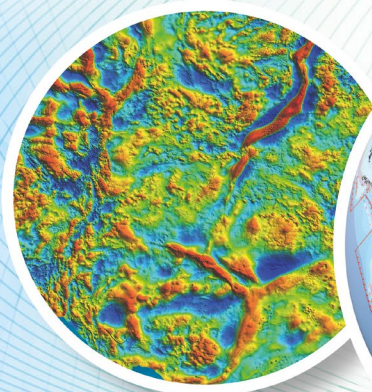
Geoscience  
Services



Geospatial  
Services

● Read more about our services on page 08

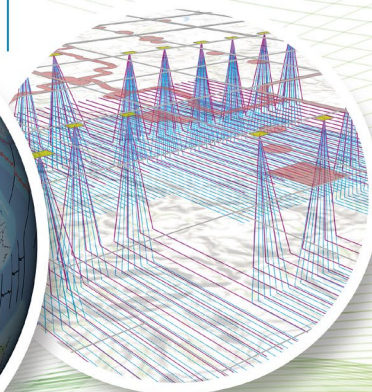
data



knowledge



analysis





## Case Study: Globe

### Earth's evolution unlocked for better exploration

Globe is a geospatial information product that our customers use to strengthen their understanding of the Earth's evolution 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 super-majors and large independent oil & gas companies. By using Globe, they are better positioned to understand petroleum systems and predict geological risk and uncertainty.

### Globe goes from strength-to-strength

Globe is in its ninth year of development and in June 2018 the user-base was consolidated by many of its super-major customers signing up to multi-year licence agreements.

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 completed on time and within budget.

This release comprises the most diverse and innovative inventory of new Globe content and usability features to date. This leveraged Getech's geoscience, geospatial and software expertise to deliver new content, new analytics tools and a broad programme of training options for customers.

Work on the next release, Globe 2019, commenced in August 2018 and contains further valuable enhancements to Globe's capabilities.



## STRATEGIC REPORT

# Products and Services

Our data rich products, GIS solutions and trusted advisory services help our customers to achieve their business goals of cost control, operational excellence, regulatory compliance and environmental responsibility.



## Geophysical Data

Our Gravity & Magnetism data and analysis are an essential component of integrated geoscience interpretation projects, providing crucial insights into areas of interest in order to help our customers minimise exploration risk.

We hold one of the world's largest libraries of data, the global coverage of which is multiple times larger than our closest peer.

We continue to refresh and enhance our data holdings; as well as expand them to include seismic, well and other technical geoscience data.

Our Gravity & Magnetism experts are recognised world leaders in potential field data QC and processing, collectively having over 150 years of combined experience, and deliver bespoke processing services to customers in the mining and petroleum sectors.



## Globe

Globe is a geospatial information product that helps its customers 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. These data are presented across 58 consecutive stratigraphic stages that cover the earth's history from 300 million years ago to the present.

The Globe user base consists of super-majors and large independent oil & gas companies. By using Globe, they are better positioned to understand petroleum systems and predict geological risk and uncertainty.

We build additional value in and around Globe through our Regional Report information products.



## Geospatial Software

Our petroleum-focused software solutions provide enriched visualisation, powerful analytics and data integration tools for companies that need to locate and extract new hydrocarbon resources, improve field management and ensure regulatory compliance.

Our Data Assistant software makes data integration simpler and easier across a range of subsurface interpretation applications, our Exploration Analyst software allows users to perform complex play-based exploration workflows, and through our Unconventionals Analyst software we have broadened our userbase into the production environment; it enabling users to reduce development costs and simplify reserves evaluation.



## Government Advisory Services

We assist Governments and National Oil Companies with Licencing Rounds, Data Management, Capacity Building and Advisory services.

In 2018, we worked for the Governments of Sierra Leone, Lebanon and Ras al Khaimah. In Sierra Leone we have worked in partnership with the Petroleum Directorate since 2016 and we continue to assist them in running the ongoing Fourth Licensing Round.

Our Government Advisory work enables us to access a rich portfolio of technical data, which we are then able to license on behalf of the Government.



## Geoscience Services

Our team delivers a combination of specialist upstream oil & gas expertise, a breadth of industry-specific knowledge and an in-depth understanding of modern exploration workflows.

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 Group products whilst delivering complex integrated geoscience and geospatial consultancy projects, remain key differentiators.

Following careful cost control and enhanced project management through 2018 we are working to return this service line to profitability.



## Geospatial Solutions

We support organisations across the world with a unique blend of petroleum industry, geoscience, geospatial, data management and IT expertise. Our petroleum-focused solutions provide enriched visualisation, geospatial analytics and powerful data integration for businesses that need to locate and extract new resources, improve field management and ensure compliance.

The transferable nature of our geospatial skills has also proved very effective in opening doors to new sectors; the team having completed recent projects in sectors that include nuclear monitoring, water management and energy infrastructure.



## Case Study: Unconventionals Analyst

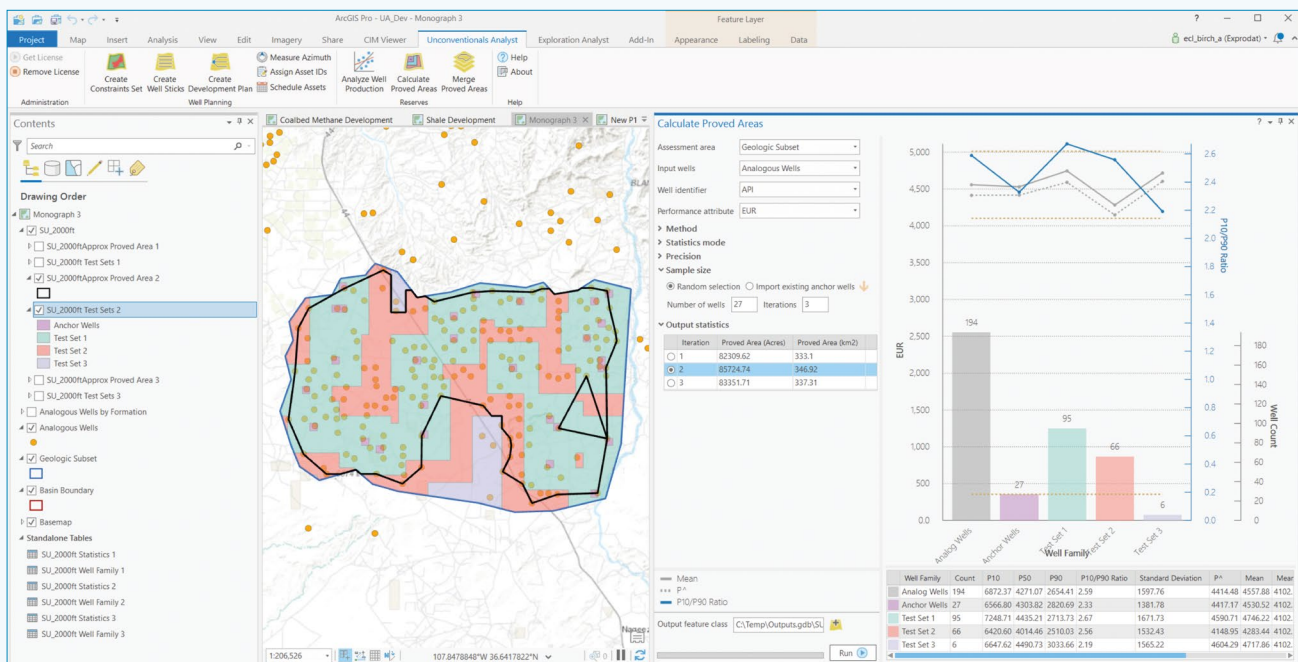
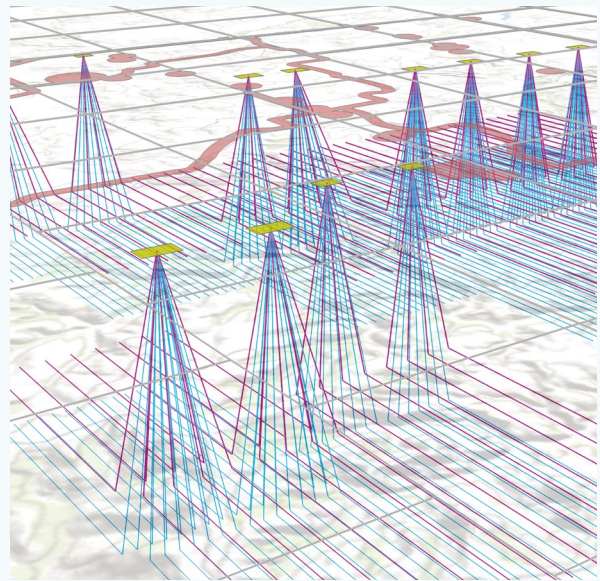
### Well planning made easy

Unconventionals Analyst is an extension to Esri's ArcGIS platform for use in "unconventional" resource projects such as shale gas, shale oil, coal bed methane (CBM) or coal seam gas (CSG).

It enables land, drilling and subsurface teams to holistically plan field developments in order to streamline operations; and to evaluate reserve areas and forecast volumes during production.

The software also enables operators to create a holistic model of well pads and multilaterals across an area of land that it wishes to develop for petroleum extraction. Using proprietary geospatial algorithms Unconventionals Analyst quickly identifies the most efficient mixture of lateral lengths and pads to optimally develop the field - minimising costly surface footprint and environmental impacts, while maximising lateral lengths for increased production.

Using the software, its customers can dramatically cut complex, time-consuming and resource intensive operational workflows, and make significant cost savings during operational planning.





## STRATEGIC REPORT

# Principal Risks and Uncertainties





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.

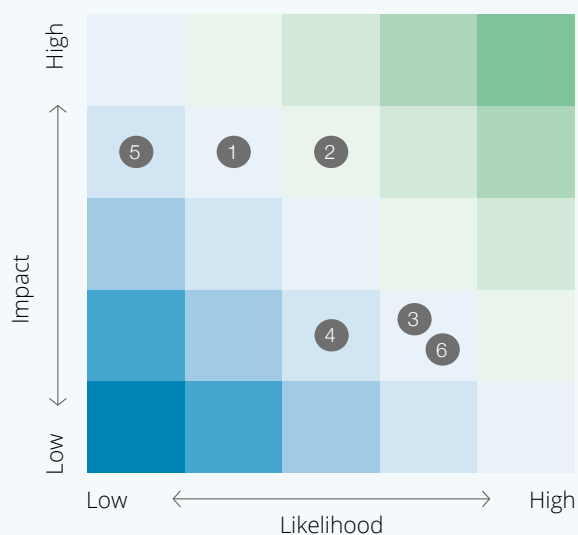
The key features of the Group's systems of internal control are as follows:

- A management structure with clearly identified responsibilities
- The production of timely and comprehensive management information
- Detailed budgeting and forecasting
- An analysis of risks and opportunities 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 EBITDA.

## Risk Status Key







-  Risk increased
  Risk decreased
-  Risk unchanged
  Risk reduced



## Risk Scale

- 1 Liquidity and cash flow risk
- 2 Oil investment cycle
- 3 Financial risk
- 4 People
- 5 Systems and infrastructure
- 6 The withdrawal of the UK from the EU

The principal risks facing the business are outlined below (impact and likelihood ranked from 1 to 5):

Risk	Description	Mitigation	Impact	Likelihood	Change in risk
1 Liquidity and cash flow risk	The risk that the Group may be unable to meet short-term financial demands as a result of a volatile working capital cycle.	Cash flow forecasts and future income levels are carefully monitored on a regular basis to pre-empt liquidity issues before they occur. Careful budgeting and close control over expenditure have also contributed to a decreased risk.	4	2	
2 Oil investment cycle	The risk that Getech's customers permanently reduce their spending on hydrocarbon exploration.	Diversification of Getech's product and service offerings to areas outside of hydrocarbon exploration. Activity in these areas already includes hydrocarbon Production as well as broader fields of Natural Resource Management that are not hydrocarbon based.	4	3	
3 Financial risk	The key elements of financial risk for Getech are market borrowing interest rate risk, customer credit risk and currency risk. Price risk is not considered material.	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, where sales and purchases are in currencies other than pound sterling. Uncertainty in currency markets has increased risk.	2	4	
4 People	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.	2	3	
5 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. Getech continually invests in its network and storage hardware to ensure the IT infrastructure keeps pace with developments in the Group's product and service offerings.	4	1	
6 The withdrawal of the UK from the EU	The risk that the UK's withdrawal from the EU will affect the Group's ability to trade with EU customers.	If trading restrictions are to be applied to UK companies by the EU directly, then the Group has the flexibility to trade through its US entity. Furthermore, the majority of our EU customer base have trading entities in the US and beyond that would be unrestricted.	2	4	

## STRATEGIC REPORT

## Financial Review

Getech's current customers operate principally in the oil & 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.



"Getech is committed to making our capital work hard for the benefit of all shareholders. We do this through organic investment and in 2018 we focused on rationalising our office locations."

**Andrew Darbyshire**  
Chief Financial Officer

## Highlights

## Revenue

£8,019,000

## EBITDA (Adjusted)

£1,268,000

## Earnings per Share

1.35p

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).

## 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 & Magnetism 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.



## Financial Summary<sup>(1)</sup>

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.

Table 1 <sup>(1)</sup>	12 months to 31 Dec 2018 (FY-2018)		17 months to 31 Dec 2018 (FY-2017)		12 months to 31 Dec 2018 (FY-2017)	
	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 <sup>(2)(3)</sup>	1,071	1,268	645	1,593	384	958
Operating profit <sup>(2)(3)</sup>	250	447	(661)	287	(429)	145
Profit after tax <sup>(2)(3)</sup>	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) <sup>(2)</sup>	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 <sup>(2)</sup>	(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 adjustments

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.

## STRATEGIC REPORT

## Financial Review cont.

**Operating Results cont.****Gross Margin**

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.

**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). Further details regarding Getech's foreign currency risk and mitigation are set out in Note 19 to the Consolidated Financial Statements.

**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. 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 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. (See Table 3).

**Operating cash flow**

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).

## Gross Margin by Reporting Segment

	12 months to 31 Dec 2018 (audited)		17 months to 31 Dec 2018 (audited)		12 months to 31 Dec 2018 (unaudited)	
	Products	Services	Products	Services	Products	Services
<b>Table 2</b>						
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.

### 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 addition, Notes 19 and 20 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 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

Chief Financial Officer

3 May 2019

The Strategic Report on pages 1 to 15 was approved by the Board on 3 May 2019.



**Dr Stuart Paton**  
Chairman

## Cost Base Reconciliation

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

Table 3	% Variance	12 months to 31 Dec 2018 (audited) £'000	17 months to 31 Dec 2018 (audited) £'000	12 months to 31 Dec 2018 (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.



## GOVERNANCE

## Corporate Governance



"The Board is responsible for approving overall strategic, financial and operational matters and for the identification of risks faced by the Group."

*S Paton*

**Dr Stuart Paton**  
Chairman

Getech is committed to high standards of corporate governance. As such, the Board has chosen to adopt the principles of the Quoted Companies Alliance ('QCA') Corporate Governance Code for Small and Mid-Size Quoted Companies 2018 ('the Code'). Details of how Getech complies with the Code, and the reasons for any non-compliance, are set out on pages 22 to 26 of this report.

Prior to formal adoption of the Code, the Group has operated in compliance with recommendations of the QCA, in so far as the size of the Group and its Board permitted. For that reason, no significant changes in governance-related matters have been needed. No key governance matters have arisen since the publication of the last Annual Report.

The Board considers that the structure of the Board provides a cost-effective and practical method of directing and managing the Group. As the Group's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

### The Board

The Board currently comprises of four Non-Executive Directors and three 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 pages 20 and 21.

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 year is summarised on page 17.

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 meets 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 meets 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, 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.

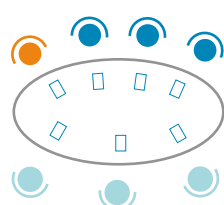
### Nomination Committee

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:

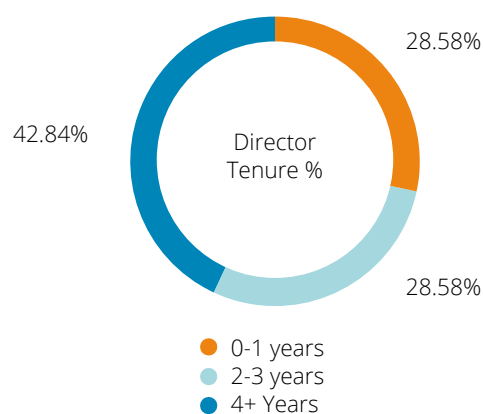
- Regularly reviewing the structure, size and composition of the Board
- Giving consideration to succession planning for Directors and other senior Executives
- Identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise
- Deciding membership of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

### Dr Stuart Paton

Chairman



- Chairman
- Executive Directors
- Non-Executive Directors



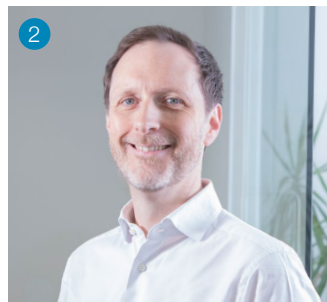
## Board of Directors' Attendance

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Dr Stuart Paton	7/7	3/3	2/2	1/1
Peter Stephens	6/7	3/3	—	1/1
Dr Alison Fielding	7/7	3/3	2/2	1/1
Chris Flavell	7/7	—	2/2	1/1
Dr Jonathan Copus	7/7	—	—	—
Huw Edwards	0/1	—	—	—
Andrew Darbyshire	6/6	—	—	—
Chris Jepps	6/6	—	—	—

## GOVERNANCE

## Directors

Getech 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.



## Committee Membership

- Audit Committee
- Nomination Committee
- Remuneration Committee

1

**Dr Stuart Paton**  
Non-Executive Chairman

Appointed  
April 2011

## Key strengths and experience

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.

2

**Dr Jonathan Copus**  
Chief Executive Officer

Appointed  
August 2016

## Key strengths and experience

Jonathan joined Getech as CEO in August 2016. Jonathan has extensive industry, corporate finance and capital markets experience, having worked as an Exploration Geologist at Shell, as a number one rated E&P Equity Analyst at a number of City institutions (including Investec and Deutsche Bank) and most recently as CFO 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.

3

**Andrew Darbyshire**  
Chief Financial Officer

Appointed  
February 2018

## Key strengths and experience

Andrew started his accounting and finance career at Garbutt & Elliott and went on to work in audit for Grant Thornton. Andrew joined Getech in 2014, to establish their new finance team. He was formally appointed to the Board in February 2018. Andrew has a master's degree in Mathematics from the University of York and is a member of the Institute of Chartered Accountants in England and Wales, he is also the treasurer for a charity, Live Music Now North East.



4

## Chris Jepps

### Chief Operating Officer

Appointed  
February 2018

#### Key strengths and experience

Chris has extensive petroleum industry, GIS and entrepreneurial experience, having worked within integrated exploration teams at Shell, as a professional services consultant at Landmark Graphics and most recently as Technical Director at Exprodat; where Chris established the Company's technical strategy and led its software design and development. Following Exprodat's acquisition by Getech Group plc in 2016, Chris initially joined as Products Director, becoming Getech Group plc COO in February 2018. Chris has a BSc in Geology from Imperial College, London, and is a current member of Esri's Partner Advisory Council.

6

## Peter Stephens

### Non-Executive Director

Appointed  
September 2005

#### Key strengths and experience

Peter is currently Chairman of ASX quoted Etherstack, Boisdale Canary Wharf and True Luxury Travel having been an original investor in Scott Dunn in 1988, sold in 2014. He was Chairman of Getech from its flotation on AIM in 2005 up until 2013 and remains a Director. Previously, Peter was an early investor in Tristel plc, and was a Director during the company's flotation on AIM in 2005 up until 2013. He was the Head of European Equities Sales at Salomon Brothers 1986-2000 and Crédit Lyonnais 2000-2004. He was Chairman of Cavendish Ware, Wealth Manager from 2008 until 2018 and remains a significant shareholder. 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.

5

## Dr Alison Fielding

### Non-Executive Director

Appointed  
October 2010

#### Key strengths and experience

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 Maven Income and Growth VCT 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.

7

## Chris Flavell

### Non-Executive Director

Appointed  
November 2015

#### Key strengths and experience

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 eight years. Chris' 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.

## Advisors

### Registered Office for the Parent Company

Kitson House  
Elmete Hall  
Elmete Lane  
Leeds  
LS8 2LJ

### Nominated Advisor and Broker

WH Ireland Limited

Third Floor  
Royal House  
28 Sovereign Street  
Leeds  
LS1 4BJ

### Auditor

Grant Thornton UK LLP  
No. 1 Whitehall Riverside  
Whitehall Road  
Leeds  
LS1 4BN

### Solicitors

Bond Dickinson  
1 Whitehall Riverside  
Leeds  
LS1 4BN

### Principal Bankers

National Westminster Bank Plc  
PO Box 183  
8 Park Row  
Leeds  
LS1 1QT

### Registrars

Link Asset Services  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield  
HD8 0GA

## GOVERNANCE

# Directors' Report



"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 enhance management of natural resources."

**Andrew Darbyshire**  
Chief Financial Officer

The Directors present their report and financial statements for the year ended 31 December 2018.

## 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 year were:

Dr Jonathan Copus  
Andrew Darbyshire  
(appointed 28 February 2018)  
Huw Edwards (resigned 28 February 2018)  
Dr Alison Fielding  
Chris Flavell  
Chris Jepps (appointed 28 February 2018)  
Dr Stuart Paton  
Peter Stephens

## Results and Dividends

The results for the year are set out on page 32. The Directors do not recommend a dividend (2017: 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 including around financial risk management are included in the Strategic Report (see page 10).

## Substantial Shareholders

The Parent Company was notified on 20 February 2019 of the following interests in excess of 3% of its issued Ordinary Share capital. Please see the table on page 21.

## Corporate Governance

See separate Corporate Governance Report.

## Directors' responsibilities

The Directors are responsible for preparing the 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 year.

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 Group'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.

#### 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

3 May 2019

## Substantial Shareholders

	Number of Ordinary Shares	% of issued share capital
IP Group plc	4,132,054	11.0
Alto Invest	3,776,088	10.2
BGF Group	3,805,350	10.1
JD Fairhead	3,072,474	8.2
Peter Stephens	1,876,500	5.0
Chris Green	1,797,080	4.8
Hargreaves Lansdown	1,357,230	3.6
Hargreave Hale	1,322,131	3.5

## GOVERNANCE

## QCA Code Principles

Getech is committed to achieve and maintain high standards of governance. As such, the Board has chosen to adopt the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies 2018 ('the QCA Code'). Detailed below is how the Board applies the 10 principles of Corporate Governance, which form part of the QCA code.

Principle	Application	Compliance
Establish a strategy and business model which promote long-term value for shareholders	<p>The Board must be able to express a shared view of the Company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the Company intends to deliver shareholder value in the medium to long-term.</p> <p>It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the Company from unnecessary risk and securing its long-term future.</p>	<p>The Company's vision is to invest in and develop its operating business to deliver long-term, sustainable growth in shareholder value.</p> <p>It seeks to share this vision and details of the implementation of its strategy through internal dialogue with employees as well as external communications by way of public announcements and dissemination of information through the Company website (<a href="http://www.getech.com">www.getech.com</a>) and the Annual Report.</p> <p>The Group's strategy places our data, software and information products at the heart of our business. We target 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 revenue potential.</p>
Seek to understand and meet shareholder needs and expectations	<p>Directors must develop a good understanding of the needs and expectations of all elements of the Company's shareholder base.</p> <p>The Board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.</p>	<p>The Board is committed to maintaining an open dialogue with shareholders. Communication with shareholders is co-ordinated by the Chairman, and the Chief Executive Officer and Group Finance Director.</p> <p>Throughout the year, the Board maintains a regular dialogue with institutional investors, providing them with such information on the Company's progress as is permitted within the guidelines of the AIM rules, Market Abuse Regulation (MAR) and requirements of the relevant legislation.</p> <p>Twice yearly, at the time of announcing the Group's interim and full-year results, the Company does a round of visits to its major shareholders to update them on developments and to receive feedback and suggestions from them. The Board believes that the Annual Report and Accounts, and the Interim Report published at the half-year, play an important part in presenting all shareholders with an assessment of the Group's position and prospects. All reports and press releases are published in the Investor section of the Group's website.</p> <p>The Board is aware of the need to protect the interests of minority shareholders and balancing these interests with those of any more substantial shareholders. The Annual General Meeting ('AGM') is the principal opportunity for private shareholders to meet and discuss the Group's business with the Directors. There is an open question and answer session during which shareholders may ask questions both about the resolutions being proposed and the business in general. The Directors are also available after the meeting for an informal discussion with shareholders.</p>



Principle	Application	Compliance
Take into account wider stakeholder and social responsibilities and their implications for long-term success	<p>Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The Board needs to identify the Company's stakeholders and understand their needs, interests and expectations.</p> <p>Where matters that relate to the Company's impact on society, the communities within which it operates, or the environment have the potential to affect the Company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the Company's strategy and business model. Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.</p>	<p>The Board recognises that the Group's long-term success is reliant on the efforts of its employees, contractors, customers and suppliers. As part of the staff appraisal process, employees are invited into an open dialogue and agreement on goals targets, aspirations and personal development opportunities.</p> <p>We engage annually with our Globe and potential Globe customers at the Getech Globe user-group meeting, which provides valuable insight into our customers' needs. In addition, we request feedback on our products and services from our customers.</p> <p>Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups. All new suppliers and contractors must complete our KYC process and all contractors must agree to the terms of our anti-bribery policies. Key relationships with customers, suppliers, contractors and regulators are closely managed by the Executive Directors and the Executive Committee.</p> <p>The Board are appraised of any issues arising. The Board also understands that it has a responsibility to consider, where practicable, the social, environmental and economic impact of its corporate strategy.</p> <p>As part of our social responsibility and to safeguard our employees and contractors, we follow the UK foreign office advice on travelling and working abroad in high risk countries and territories. As a Group we aim to minimise our carbon footprint; initiatives include the introduction of low energy LED lighting in our offices, waste recycling and the use of video-conferencing in place of international travel where practical.</p>

## GOVERNANCE

## QCA Code Principles cont.

Principle	Application	Compliance
Embed effective risk management, considering both opportunities and threats, throughout the organisation	<p>The Board needs to ensure that the Company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the Company's supply chain, from key suppliers to end-customer.</p> <p>Setting strategy includes determining the extent of exposure to the identified risks that the Company is able to bear and willing to take (risk tolerance and risk appetite).</p>	<p>The Board has an established Audit Committee, a summary of which is set out above. Included in the remit of the Audit Committee is approval of significant new contracts, whereby the committee takes into consideration the balance of risk and return, opportunity and threat.</p> <p>The Company receives regular feedback from its external auditors on the state of its internal controls. The Board maintains a register of risks and publishes an annual summary of the significant risks and uncertainties in the Annual Report.</p>
Maintain the Board as a well-functioning, balanced team led by the chair	<p>The Board members have a collective responsibility and legal obligation to promote the interests of the Company and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the Board. The Board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.</p> <p>The Board should have an appropriate balance between executive and Non-Executive Directors and should have at least two independent Non-Executive Directors. Independence is a Board judgement. The Board should be supported by committees (eg audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively. Directors must commit the time necessary to fulfil their roles.</p>	<p>The Board is comprised of a Chairman, three Executive Directors, and three additional Non-Executive Directors. The roles of the Chairman and Chief Executive Officer are clearly separated.</p> <p>The Chief Executive is responsible for the operational management of the business of the Group and for the implementation of strategy and policies as agreed by the Board. The Chairman is responsible for the leadership and effective working of the Board, for setting the Board agenda, and ensuring that Directors receive accurate, timely and clear information.</p> <p>The Non-Executive Directors are considered by the Board to be independent of management and free to exercise independence of judgement. A description of the roles of the Directors is included on pages 18 and 19.</p>
Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	<p>The Board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The Board should understand and challenge its own diversity, including gender balance, as part of its composition.</p> <p>The Board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board. As companies evolve, the mix of skills and experience required on the Board will change, and Board composition will need to evolve to reflect this change.</p>	<p>Directors who have been appointed to the Company have been chosen because of the skills and experience they offer. Full biographical details of all Directors are included on pages 18 and 19.</p> <p>As noted above, the Company has put in place an Audit Committee as well as Remuneration and Nomination Committees. The responsibilities of each of these committees have been summarised on pages 16 and 17.</p>

Principle	Application	Compliance
Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	<p>The Board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual Directors. The Board performance review may be carried out internally or, ideally, externally facilitated from time to time.</p> <p>The review should identify development or mentoring needs of individual Directors or the wider senior management team. It is healthy for membership of the Board to be periodically refreshed. Succession planning is a vital task for Boards. No member of the Board should become indispensable.</p>	<p>The Company undertakes regular monitoring of personal and corporate performance using agreed Key Performance Indicators and detailed financial reports.</p> <p>Responsibility for assessing and monitoring the performance of the Executive Directors lies with the Chairman and the Non-Executive Directors.</p> <p>The Board undertakes an annual Company health-check, where the Board performs an appraisal of its effectiveness as a whole.</p> <p>Where areas for improvement are identified, specific actions are set, to be completed in a suitable timescale.</p> <p>Progress of these actions are monitored on a regular basis. The Board considers the need for the periodic refreshing of its membership, this involves ensuring the skillsets provided by the Board members continues to be aligned with corporate strategy and risk.</p>
Promote a corporate culture that is based on ethical values and behaviours	<p>The Board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.</p> <p>The policy set by the Board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the Company.</p> <p>The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the Company. The corporate culture should be recognisable throughout the disclosures in the Annual Report, website and any other statements issued by the Company.</p>	<p>Getech has a strong ethical culture, which is promoted by the actions of the Board and executive team. The Group has an anti-bribery policy and has implemented adequate procedures described by the Bribery Act 2010.</p> <p>The Group reports on its compliance to the Board on an annual basis. The Group has undertaken a review of its requirements under the General Data Protection Regulation, implementing appropriate policies, procedures and training to ensure it is compliant.</p>

## GOVERNANCE

## QCA Code Principles cont.

Principle	Application	Compliance
Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	<p>The Company should maintain governance structures and processes in line with its corporate culture and appropriate to its:</p> <ul style="list-style-type: none"> <li>• size and complexity; and</li> <li>• capacity, appetite and tolerance for risk.</li> </ul> <p>The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the Company.</p>	<p>Details of the Company's corporate governance arrangements are provided above and include; the Board structure and Board member biographies, and summaries and terms of reference for the Board sub-committees: Audit Committee, remuneration committee, and nomination committee.</p> <p>The Board believes that an appropriate governance structure is in place based on the size, complexity and risk tolerance of the Group.</p> <p>This is monitored by the Board as the Company evolves over time to ensure alignment with Group objectives, strategy, size and complexity, and changes to risk appetite.</p> <p>See also Rule 26 disclosures on the Getech website (<a href="http://www.getech.com">www.getech.com</a>).</p>
Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	<p>A healthy dialogue should exist between the Board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the Company. In particular, appropriate communication and reporting structures should exist between the Board and all constituent parts of its shareholder base. This will assist:</p> <ul style="list-style-type: none"> <li>• the communication of shareholders' views to the Board; and</li> <li>• the shareholders' understanding of the unique circumstances and constraints faced by the Company.</li> </ul> <p>It should be clear where these communication practices are described (Annual Report or website).</p>	<p>The Company encourages two-way communication with both its institutional and private investors and responds quickly to all queries received.</p> <p>The Chairman and the Chief Executive talk regularly with the Group's major shareholders and ensures that their views are communicated fully to the Board.</p> <p>The Board recognises the AGM as an important opportunity to meet private shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM.</p> <p>The Board produces a series of updates throughout the year relating to Company performance, these are distributed by RNS and RNS reach.</p> <p>Copies of all RNS announcements can also be found on the investor section of the website, <a href="http://www.getech.com">here</a>.</p> <p>The resolutions passed following the most recent AGM can be found on the Getech website (<a href="http://www.getech.com">www.getech.com</a>).</p>



# 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 year ended 31 December 2018, 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 Parent company balance sheet, the Parent 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 2018 and of the group's profit for the year 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.

#### 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 materiality: £41,125, which represents 0.5% of the group's total revenues;
- Key audit matters were identified as revenue recognition and the 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 full scope financial statement audits and specific scope audit procedures.

## FINANCIAL STATEMENTS

# Independent Auditor's Report cont.

## to the members of Getech Group Plc

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year 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.

Key Audit Matter — Group	How the matter was addressed in the audit — Group
<p><b>Risk 1 — Revenue recognition</b></p> <p>There is a risk that revenue from sales of products and services 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, and performance obligations have been met.</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, and hence revenue recognition, 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, and testing of the operational effectiveness of the controls where the documentation of these could be evidenced.</li> <li>• Evaluation of the revenue recognition policies for appropriateness with IFRS 15, which was adopted in the year, and of the accounts disclosures relating to the adoption of the standard.</li> <li>• Testing a sample of revenue transactions in respect of sale of products and provision of services and assessing them against supporting documentation to determine whether revenue has been appropriately recognised in accordance with the Group's accounting policy.</li> <li>• Testing of transactions around the year end to determine the application of correct cut-off procedures, including assessment of appropriate deferral of revenue.</li> <li>• Comparison of current year revenue with that from the prior period, and obtaining and corroborating the explanations received for significant and unusual variances.</li> </ul> <p>The group's accounting policy on revenue recognition and the key sources of estimation uncertainty are shown in Notes 3.2 and 3.17 in the Summary of Accounting policies section of the consolidated financial statements and related disclosures are included in Note 4 to the consolidated financial statements.</p> <p><b>Key observations</b></p> <p>Based on our work performed, we have not identified any material misstatements with respect to revenue recognition.</p>
<p><b>Risk 2 — Carrying value of goodwill and other intangible assets</b></p> <p>Within the consolidated statement of financial position are significant balances for goodwill and other intangible assets arising from both previous acquisition activity and internal development work.</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, the consolidated financial statements are at risk of being materially misstated due to unrecorded impairment. Further, the forward forecasts for the group include a degree of estimation as to future projects to be delivered and the results to be derived therefrom.</p> <p>We therefore identified the 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 internal 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, of additions to intangible assets during the year to supporting documentation, including work records and timesheets.</li> <li>• Development of an expectation of amortisation expense for the year 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 and cash flows from the underlying cash generating units relative to historic performance, prospects of future commercial projects, and assessment of the growth rates and discount rates applied.</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

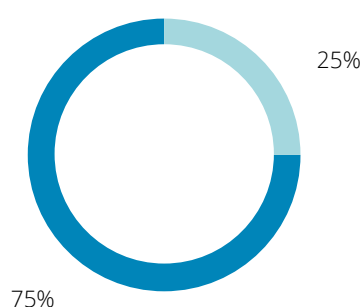
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating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

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£41,125 which is 0.5% of total revenues. This benchmark is considered the most appropriate because it is the most consistent balance in the financial statements over recent years and is a key focus of the Group. Materiality for the current year is lower than the level that we determined for the period ended 31 December 2017 due to the prior period being based on normalised profit before tax over the prior 3 years. Given the inconsistency of this balance over recent years within the Group, the use of revenues for the current year was considered to be more appropriate.	£37,000 which is based on the Parent company profit before tax, capped at 90% of Group materiality. This benchmark was considered to be most appropriate because the Parent company is also the largest trading company, therefore the profit before tax basis ensures that materiality is based on the most important figure to the users of the financial statements. Materiality for the current year is lower than the level that we determined for the period ended 31 December 2017 due to the reduction in the Group materiality level.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Communication of misstatements to the audit committee	£2,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£1,850 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

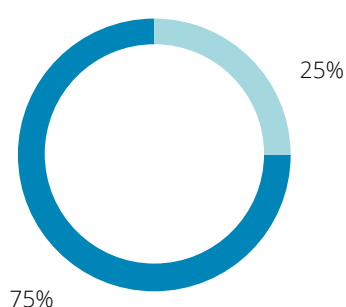
The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality — group



- Tolerance for potential uncorrected misstatements
- Performance materiality

Overall materiality — parent



- Tolerance for potential uncorrected misstatements
- Performance materiality

## FINANCIAL STATEMENTS

# Independent Auditor's Report cont.

## to the members of Getech Group Plc

### 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 and other significant risks.
- 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 the 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 specific scope procedures over the balance sheet and income statement, performed taking into account group materiality and group performance materiality, with a focus on Key audit matters and other significant risks and the significance to the Group's balances.
- The components subject to a full scope audit approach cover 83% of the consolidated revenues, 92% of consolidated assets and 77% of total profit before tax, with the component subject to a specific scope approach representing 17% of the consolidated revenues, 8% of consolidated assets and 23% of total profit before tax.
- 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, 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 pages 20 and 21 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.

## Use of our report

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.

## Victoria McLoughlin BA FCA

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

3 May 2019

## FINANCIAL STATEMENTS

# Consolidated Statement of Comprehensive Income

For the 12 months ended 31 December 2018

	Note	12 months ended 31 Dec 2018 £'000	17 months ended 31 Dec 2017 (Restated) £'000	12 months ended 31 Dec 2017 (Unaudited) £'000
Revenue	4	8,019	10,946	7,215
Cost of sales		(4,231)	(5,801)	(3,556)
Exceptional inventory impairments		—	(461)	(461)
Gross profit	4	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 (loss)/profit	5	250	(661)	(429)
Finance income	7	—	2	—
Finance costs	8	(25)	(34)	(30)
<b>Profit/(Loss) before tax</b>		225	(693)	(459)
Income tax credit	9	283	653	517
<b>Profit for the year attributable to owners of the Parent Company</b>		508	(40)	58
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences on translation of foreign operations		36	(10)	7
<b>Total comprehensive income for the year attributable to owners of the Parent Company</b>		544	(50)	65
<b>Earnings per share</b>				
Basic earnings per share	11	1.35p	(0.11)p	0.15p
Diluted earnings per share	11	1.33p	(0.11)p	0.15p

All activities relate to continuing operations.

The accompanying Notes on pages 36 to 62 form an integral part of these financial statements.

# Consolidated Statement of Financial Position

As at 31 December 2018

Company registration number: 02891368

	Note	31 Dec 2018 £'000	31 Dec 2017 (Restated) £'000	31 Jul 2016 (Restated) £'000
<b>Non-current assets</b>				
Goodwill	12	3,428	3,428	3,428
Intangible assets	13	4,018	3,827	4,015
Property, plant and equipment	14	3,086	2,499	2,691
Deferred tax assets	9	305	207	283
		10,837	9,961	10,417
<b>Current assets</b>				
Trade and other receivables	15	4,941	2,121	3,372
Current tax assets		104	490	434
Cash and cash equivalents	16	1,400	2,393	2,788
		6,445	5,004	6,594
<b>Total assets</b>		17,282	14,965	17,011
<b>Current liabilities</b>				
Borrowings	17	113	279	133
Trade and other payables	18	2,906	1,958	3,549
Current tax liabilities		—	—	13
		3,019	2,237	3,695
<b>Non-current liabilities</b>				
Borrowings	17	819	355	767
Trade and other payables	18	565	—	—
Deferred tax liabilities	9	137	194	387
		1,521	549	1,154
<b>Total liabilities</b>		4,540	2,786	4,849
<b>Net assets</b>		12,742	12,179	12,162
<b>Equity attributable to owners of the Parent Company</b>				
Share capital	21	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
<b>Total equity</b>		12,742	12,179	12,162

The financial statements on pages 32 to 62 were approved and authorised for issue by the Board of Directors on 3 May 2019.



**Dr Stuart Paton**

Non-executive Chairman

3 May 2019

The accompanying Notes on pages 36 to 62 form an integral part of these financial statements.

## FINANCIAL STATEMENTS

## Consolidated Statement of Cash Flows

For the 12 months ended 31 December 2018

	Note	12 months ended 31 Dec 2018 £'000	17 months ended 31 Dec 2017 (Restated) £'000	12 months ended 31 Dec 2017 (unaudited) £'000
<b>Cash flows from operating activities</b>				
Profit/(loss) before tax		225	(693)	(459)
Share-based payment charge		19	67	44
Depreciation and amortisation charges	13/14	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
<b>Cash inflow from operating activities before working capital movement</b>		<b>1,073</b>	<b>1,416</b>	<b>1,108</b>
Movement in working capital:				
(Increase)/decrease in trade and other receivables	15	(2,820)	1,251	919
Increase/(decrease) in trade and other payables	18	901	(1,091)	(447)
<b>Cash (used in)/generated from operations</b>		<b>(846)</b>	<b>1,576</b>	<b>1,580</b>
Income taxes refunded		514	467	437
<b>Net cash (used in)/generated from operating activities</b>		<b>(332)</b>	<b>2,043</b>	<b>2,017</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	14	(78)	(54)	(9)
Development costs capitalised	13	(861)	(1,154)	(804)
Capitalised cost of Reports	13	(13)	(429)	(427)
Acquisition costs, net of cash received		—	(500)	(400)
Interest received		—	2	—
<b>Net cash used in investing activities</b>		<b>(952)</b>	<b>(2,135)</b>	<b>(1,640)</b>
<b>Cash flows from financing activities</b>				
Receipt of new loan		950	—	—
Repayment of long-term borrowings		(652)	(266)	(266)
Repayment of lease liabilities		(29)	—	—
Interest paid		(25)	(34)	(31)
<b>Net cash generated from/(used in) financing activities</b>		<b>244</b>	<b>(300)</b>	<b>(297)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,040)</b>	<b>(392)</b>	<b>80</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>2,393</b>	<b>2,788</b>	<b>2,317</b>
Exchange adjustments to cash and cash equivalents at beginning of period		47	(3)	(4)
<b>Cash and cash equivalents at end of period</b>	16	<b>1,400</b>	<b>2,393</b>	<b>2,393</b>

The accompanying Notes on pages 36 to 62 form an integral part of these financial statements.



# 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)
<b>Other comprehensive income</b>							
Currency translation differences	—	—	—	—	(10)	—	(10)
Total comprehensive income for the period	—	—	—	—	(10)	(40)	(50)
<b>At 31 December 2017</b>	<b>94</b>	<b>3,053</b>	<b>2,407</b>	<b>164</b>	<b>(11)</b>	<b>6,472</b>	<b>12,179</b>
Transfer of reserves	—	—	—	—	—	—	—
Share-based payment charge	—	—	—	19	—	—	19
Transactions with owners	—	—	—	19	—	—	19
Profit for the year	—	—	—	—	—	508	508
<b>Other comprehensive income</b>							
Currency translation differences	—	—	—	—	36	—	36
Total comprehensive income for the year	—	—	—	—	36	508	544
<b>At 31 December 2018</b>	<b>94</b>	<b>3,053</b>	<b>2,407</b>	<b>183</b>	<b>25</b>	<b>6,980</b>	<b>12,742</b>

The accompanying Notes on pages 36 to 62 form an integral part of these financial statements.

## FINANCIAL STATEMENTS

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2018

**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 Board 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 except for certain items measured at fair value and are presented to the nearest thousand pounds (£'000) except as otherwise stated.

**Going Concern**

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.

**2.1 New standards adopted as at 1 January 2018****IFRS 15 'Revenue from Contracts with Customers'**

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new Standard has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at 1 January 2018. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 January 2018. Our review of prior period contracts resulted in no adjustment to the opening balance of retained earnings.

**Contracts with multiple performance obligations**

Many of the Group's contracts comprise a variety of performance obligations including, but not limited to, hardware, software, elements of design and customisation, after-sales services, and installation. Under IFRS 15, the Group must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (ie the Group does not provide a significant service integrating, modifying or customising it).

Whilst this represents significant new guidance, the implementation of this new guidance did not have a significant impact on the timing or amount of revenue recognised by the Group in any year.

**IFRS 9 'Financial Instruments'**

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets. When adopting IFRS 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment are recognised in retained earnings.

There have been no changes in classification or measurement of financial assets or liabilities as a result of the application of IFRS 9.

**IFRS 16 'Leases'**

IFRS 16 replaces IAS 17 'Leases' and three related Interpretations. It completes the IASB's long running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. There are two important reliefs provided by IFRS 16 for assets of low value and short-term leases of less than 12 months.

IFRS 16 is effective from periods beginning on or after 1 January 2019. The Group have decided to early adopt using the Standard's modified retrospective approach. Under this approach the cumulative effect of initially applying IFRS 16 is recognised as an adjustment to equity at the date of initial application. Comparative information is not restated.

The Group did not hold any leases in the prior year with a term of over 12 months and as a result there is no adjustment to equity as at 1 January 2018.

As a result of implementing IFRS 16, leases are recorded on the statement of financial position in the form of a right-of-use asset and a lease liability. There are no other material impacts on the Group's financial statements.

## 2 Basis of preparation cont.

### 2.2 Standards, amendments and interpretations not yet applied

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 2018 financial statements:

## Standard or Interpretation

	EU effective date
Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2019

The Group does not anticipate any material impact on the financial statements from the implementation of the above future standards.

## 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 2018. 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 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

The Group has adopted IFRS 15 and its principles. 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. Typical invoice payment terms are 30 days for all categories of revenue.

Revenue from products and services falls into the four categories below:

#### Consultancy services

The Group provides various consulting services to its customers. Revenue from these services is recognised on a time-and-materials basis plus a margin as the services are provided. Customers are invoiced monthly as work progresses.

The Group also provides outsourcing services for a fixed fee for an agreed period. As the amount of work required to perform these services does not vary significantly from month-to-month, revenue is recognised on a straight-line basis over the term of the contract.

This revenue accounting policy is applicable for revenues from Government Advisory Services, Geoscience Services and Geospatial Solutions.

#### Multiclient products

For sales of data and completed products, revenue is recognised when performance obligations have been satisfied, which is on dispatch unless otherwise agreed.

This revenue accounting policy is applicable for revenues from Geophysical Data, Globe and Regional Reports.

#### Multiple element contracts

Where contracts for multiple element products with staged deliverables 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.

## FINANCIAL STATEMENTS

# Notes to the Consolidated Financial Statements cont.

## For the year ended 31 December 2018

### 3 Summary of Accounting Policies cont.

#### 3.2 Revenue cont.

##### Multiple element contracts cont.

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 performance obligations have been satisfied, which is on dispatch unless otherwise agreed
- Service elements of the contract — revenue is recognised in line with the accounting treatment for consultancy services
- Project elements that are to be delivered from development work that is yet to be completed — revenue is recognised when the performance obligations have been satisfied, which is on dispatch unless otherwise agreed

##### Software licences

Customers subscribe to Getech's software licences, usually over a 12-month term. The customer has the rights to all of the benefits provided by the product over the term of the licence, as such, revenue is recognised over the term of the licence. The balance of the revenue invoiced is deferred.

This revenue accounting policy is applicable for revenues from Geospatial Solutions Software.

#### 3.3 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.

#### 3.4 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.

#### 3.5 Research

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

#### 3.6 Right-of-use assets and lease liabilities

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use.

The right-of-use assets are initially measured at cost, which comprises:

- The amount of initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives;
- any initial direct costs incurred by the lessee;
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.



### 3 Summary of Accounting Policies cont.

#### 3.6 Right-of-use assets and lease liabilities cont.

After the commencement date of the right-to-use assets are measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of the lease liability.

Depreciation is calculated using the straight-line method over the life of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's incremental borrowing rate (3.5%), or the rate implicit in the lease contract.

After the commencement date, the Group measures the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability; and
- reducing the carrying amount to reflect lease payments made.

#### 3.7 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.

#### 3.8 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	– 15 years
Software development	– five years
Development costs	– five to ten years
Reports	– ten years
Data holdings	– ten years
Goodwill on consolidation	– indefinite, annual impairment review

Amortisation is included within 'Administrative costs', except for amortisation of Reports, which is included in Cost of Sales.

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.

## FINANCIAL STATEMENTS

# Notes to the Consolidated Financial Statements cont.

## For the year ended 31 December 2018

### 3 Summary of Accounting Policies cont.

#### 3.9 Financial Assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

#### Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented the Group does not have any financial assets categorised as FVOCI or FVTPL.

#### Subsequent measurement of financial assets - Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

#### Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses — the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### Previous financial asset impairment under IAS 39

In the prior year, the impairment of trade receivables was based on the incurred loss model. Receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default.

### 3 Summary of Accounting Policies cont.

#### 3.10 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).

#### 3.11 Cash and Cash Equivalents

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

#### 3.12 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

#### 3.13 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.

#### 3.14 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.

## FINANCIAL STATEMENTS

# Notes to the Consolidated Financial Statements cont.

## For the year ended 31 December 2018

### 3 Summary of Accounting Policies cont.

#### 3.15 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.

#### 3.16 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 relating to specific market events; and
- other particularly significant or unusual items.

#### 3.17 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*

Management use judgement in determining the fair value of multiple element contracts in order to appropriately recognise the revenue attributable to each element. The value of revenue recognised in the period is dependent on an assessment of work to completion

##### *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:

##### *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. 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 £48,000.

##### *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, including goodwill, 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 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. See Note 12 for further details of assumptions made and sensitivity testing regarding Goodwill and Intangible Assets.



### 3 Summary of Accounting Policies cont.

#### 3.17 Significant Areas of Judgement and Estimation Uncertainty cont.

##### Share options

Share-based payments are valued using the Black Scholes valuation model. Estimates are made in expected volatility and the risk-free rate. Where appropriate, management uses historical market data as a basis for estimating the fair value of share options on grant. Increasing the risk-free rate by 2% and increasing the volatility window in the calculation of volatility from 5 days to 30 days made no material difference to the valuation of share options issued during the year.

#### 3.18 Reporting period

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.

### 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.

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

- Products (Including Geophysical Data, Globe, Regional Reports and Software revenues)
- Services (Including Government Advisory Services, Geoscience Services and Geospatial Solutions revenues)

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.

	12 months ended 31 Dec 2018 (audited)		17 months ended 31 Dec 2017 (audited)		12 months ended 31 Dec 2017 (unaudited)	
	Revenue £'000	Profit £'000	Revenue £'000	Profit £'000	Revenue £'000	Profit £'000
Products	6,434	4,013	7,570	4,921	5,155	3,591
Services	1,585	(225)	3,372	220	2,060	68
Other segments	—	—	4	4	—	—
Exceptional intangible impairments <sup>1</sup>	—	—	—	(461)	—	(461)
	8,019	3,788	10,946	4,684	7,215	3,198
Central administrative costs		(3,341)		(4,858)		(3,514)
Restructuring costs		(197)		(487)		(113)
Net finance costs		(25)		(32)		(30)
<b>Profit before tax</b>		<b>225</b>		<b>(693)</b>		<b>(459)</b>

<sup>1</sup> Profit for the 17 months and 12 months ended 31 December 2017 includes impairment of intangibles of £461,000.

The segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2017: £nil).

## FINANCIAL STATEMENTS

# Notes to the Consolidated Financial Statements cont.

## For the year ended 31 December 2018

**4 Segmental Reporting cont.****4.2 Segment Revenues and Results cont.**

The analysis of revenue by timing of revenue recognition:

Year ended 31 Dec 2018	Products	Services	Other	Consolidated
At a point in time	3,470	—	—	3,470
Over time	2,964	1,585	—	4,549
	6,434	1,585	—	8,019

17 months ended 31 Dec 2017	Products	Services	Other	Consolidated
At a point in time	3,796	—	4	3,800
Over time	3,774	3,372	—	7,146
	7,570	3,372	4	10,946

12 months ended 31 Dec 2017 (Unaudited)	Products	Services	Other	Consolidated
At a point in time	2,786	—	—	2,786
Over time	2,369	2,060	—	4,429
	5,155	2,060	—	7,215

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 finance costs. 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.

	12 months ended 31 Dec 2018		17 months ended 31 Dec 2017		12 months ended 31 Dec 2017 (unaudited)	
	Revenue £'000	Non-current assets £'000	Revenue £'000	Non-current assets £'000	Revenue £'000	Non-current assets £'000
North America	1,309	261	3,509	267	2,313	267
United Kingdom	992	10,576	2,336	9,694	1,540	9,694
Africa	282	—	668	—	440	—
Rest of Europe	4,122	—	2,095	—	1,381	—
Asia	740	—	1,562	—	1,030	—
Australasia	504	—	219	—	144	—
South and Central America	70	—	557	—	367	—
	8,019	10,837	10,946	9,961	7,215	9,961

Within revenue, there are sales to one customer exceeding 10% of turnover, amounting to £2,506,000 (2017: no sales to customers exceeded 10% of turnover).

## 5 Operating Profit/(Loss)

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

	12 months ended 31 Dec 2018 £'000	17 months ended 31 Dec 2017 £'000
Depreciation of property, plant and equipment	132	235
Amortisation of intangible assets	689	1,072
Exceptional impairment of inventories	—	461
Other impairment of intangibles	—	239
Exceptional restructure costs	197	487
Remuneration receivable by the Group's auditor for services:		
– the auditing of the accounts	43	42
– audit related services	6	12
Operating leases:		
– rental costs of land and building	311	418
Foreign exchange movement	39	(77)
Share-based payments charge	19	67
Research and development costs expensed as incurred	597	916

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

The rental costs of land and buildings relate to leases that expired in the year and were therefore not restated under IFRS 16

## 6 Directors and Employees

The employee benefit expenses during the year were as follows:

	12 months ended 31 Dec 2018 £'000	17 months ended 31 Dec 2017 £'000
Short-term employee benefits	3,825	6,421
Social security costs	401	702
Pension costs	222	367
Share-based payment charge	30	68
	4,478	7,558

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

	12 months ended 31 Dec 2018 £'000	17 months ended 31 Dec 2017 Number
Directors	4	3
Administration	16	18
Technical	59	74
	79	95

## FINANCIAL STATEMENTS

# Notes to the Consolidated Financial Statements cont.

## For the year ended 31 December 2018

**6 Directors and Employees cont.**

Directors' remuneration for the year ended 31 December 2018 was as follows:

	12 months ended 31 Dec 2018				
	Fees/salary £'000	Pension contributions £'000	Benefits in kind £'000	Total before share options £'000	Share-based payment charge £'000
<b>Executive</b>					
Dr Jonathan Copus	250	11	—	261	15
Chris Jepps <sup>1</sup>	125	6	—	131	1
Andrew Darbyshire <sup>1</sup>	83	4	—	87	1
Huw Edwards <sup>2</sup>	30	—	—	30	—
<b>Non-executive</b>					
Dr Alison Fielding <sup>3</sup>	20	—	—	20	—
Dr Stuart Paton	40	—	—	40	—
Peter Stephens <sup>4</sup>	20	—	—	20	—
Chris Flavell <sup>5</sup>	20	—	—	20	—
	<b>588</b>	<b>21</b>	<b>—</b>	<b>609</b>	<b>17</b>

	17 months ended 31 Dec 2017				
	Fees/salary £'000	Pension contributions £'000	Benefits in kind £'000	Total before share options £'000	Share-based payment charge £'000
<b>Executive</b>					
Dr Jonathan Copus	323	15	—	338	39
Huw Edwards <sup>6</sup>	196	—	1	197	—
Dr Paul Carey <sup>7</sup>	54	—	—	54	—
Dr Paul Markwick <sup>8</sup>	119	5	—	124	—
<b>Non-executive</b>					
Dr Alison Fielding <sup>3</sup>	19	—	—	19	—
Dr Stuart Paton	55	—	—	55	—
Peter Stephens <sup>4</sup>	19	—	—	19	—
Chris Flavell <sup>5</sup>	19	—	—	19	—
	<b>804</b>	<b>20</b>	<b>1</b>	<b>825</b>	<b>39</b>

1 Andrew Darbyshire and Chris Jepps were appointed to the Board on 28 February 2018, as such only remuneration from this date is included.

2 Huw Edwards worked a four-day week and left office on 28 February 2018, as such only remuneration up to this date is included.

3 Director's fees for Alison Fielding were paid to IP Group plc, a company of which she is an employee.

4 Director's fees for Peter Stephens were paid to Noon and Co. Limited, a company of which he is a Director.

5 Director's fees for Chris Flavell were paid to TantlonGeo Limited, a company of which he is a Director.

6 Huw Edwards took a three-month sabbatical in the 17 months to 31 December 2017 and worked a four-day week.

7 Dr Paul Carey left office on 31 December 2016.

8 Dr Paul Markwick left office on 31 January 2017, included in 2017 salary is £63,000 compensation for loss of office.

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.

## 6 Directors and Employees cont.

## Directors' Share Options

Details of the share options held by Directors are:

						Number of shares
Date granted	Exercise period	Option price	31 Dec 2017	Granted	Lapsed	31 Dec 2018
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
20 Nov 2018	2 Aug 2019 — 19 Nov 2028	35.00p	—	100,000	—	100,000
20 Nov 2018	20 Nov 2019 — 19 Nov 2028	35.00p	—	125,000	—	125,000
20 Nov 2018	20 Nov 2020 — 19 Nov 2028	35.00p	—	125,000	—	125,000
Chris Jepps						
20 Nov 2018	20 Nov 2019 — 19 Nov 2028	35.00p	—	125,000	—	125,000
20 Nov 2018	20 Nov 2020 — 19 Nov 2028	35.00p	—	125,000	—	125,000
Andrew Darbyshire						
20 Nov 2018	20 Nov 2019 — 19 Nov 2028	35.00p	—	125,000	—	125,000
20 Nov 2018	20 Nov 2020 — 19 Nov 2028	35.00p	—	125,000	—	125,000
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 31.00p and the range of market prices during the year was between 42.00p and 22.50p.

Full share-based payment disclosures are provided in Note 22.



## FINANCIAL STATEMENTS

# Notes to the Consolidated Financial Statements cont.

For the year ended 31 December 2018

**7 Finance Income**

	12 months ended 31 Dec 2018 £'000	17 months ended 31 Dec 2017 £'000
Interest on bank deposits	—	2

**8 Finance Costs**

	12 months ended 31 Dec 2018 £'000	17 months ended 31 Dec 2017 £'000
Interest on bank borrowings	25	34

**9 Income Tax**

The income tax credit comprises:

	12 months ended 31 Dec 2018 £'000	17 months ended 31 Dec 2017 £'000
<b>Current income tax</b>		
Current year	(57)	(410)
Prior year	(80)	(159)
Foreign taxation	—	36
<b>Total current tax</b>	<b>(137)</b>	<b>(533)</b>
<b>Deferred tax</b>		
Current year	(141)	(222)
Prior year	(5)	—
Adjustments for change in tax rate	—	102
<b>Total deferred tax</b>	<b>(146)</b>	<b>(120)</b>
<b>Tax expense/(credit) on profit</b>	<b>(283)</b>	<b>(653)</b>

## 9 Income Tax cont.

### 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% (2017: 19.47%).

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% (2017: 19.47%) as follows:

	12 months ended 31 Dec 2018 £'000	17 months ended 31 Dec 2017 £'000
Profit /(Loss) on ordinary activities before tax	225	(693)
Tax at UK corporation tax rate of 19% (2017: 19.47%)	43	(135)
Effects of:		
Fixed asset differences	14	8
Expenses not deductible for tax purposes	10	13
Income deductible for tax purposes	—	(37)
Research and development enhanced expenditure	(268)	(517)
Surrender of tax losses for R&D tax credit refund	74	140
R&D expenditure credits	—	11
Movement in deferred tax not recognised	(9)	—
Share-based payments charge	(35)	—
Foreign tax credits	(4)	36
Adjustment for tax computation in foreign jurisdictions	—	(19)
Other differences	(23)	6
Adjustment to tax charge in respect of prior years	(85)	(159)
<b>Total tax credit reported in the consolidated statement of comprehensive income</b>	<b>(283)</b>	<b>(653)</b>

### Deferred taxation

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

	12 months ended 31 Dec 2018 £'000	17 months ended 31 Dec 2017 £'000
<b>Deferred tax assets</b>		
Balance brought forward	207	283
Share-based payments	—	(31)
Intangible assets of foreign subsidiary company	2	23
Tax losses	42	(70)
Post-employment benefits	—	2
Foreign tax jurisdictions	54	—
Balance carried forward	305	207
<b>Deferred tax liabilities</b>		
Balance brought forward	(194)	(387)
Accelerated capital allowances	—	47
Intangible assets of foreign subsidiary company	—	70
Intangible assets acquired in business combinations	22	41
Share based payments	35	—
Foreign tax jurisdictions	—	35
Balance carried forward	(137)	(194)

## FINANCIAL STATEMENTS

# Notes to the Consolidated Financial Statements cont.

## For the year ended 31 December 2018

**9 Income Tax cont.****Deferred taxation cont.**

The deferred taxation recognised in the financial statements, at 17% (2017: 17%) for UK taxation and 21% (2017: 21%) for USA taxation, is set out below:

	12 months ended 31 Dec 2018 £'000	17 months ended 31 Dec 2017 £'000
Share-based payments	36	—
Accelerated capital allowances	(91)	(86)
Foreign tax jurisdictions	(5)	(56)
Intangible assets of foreign subsidiary company	(28)	(22)
Tax losses	360	306
Intangible assets acquired in business combinations	(111)	(133)
Provisions	3	—
Post-employment benefits	4	4
<b>Net deferred tax asset/(liability)</b>	<b>168</b>	<b>13</b>

The most appropriate tax rate for the Group is considered to be 19% (2017: 19.47%), 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% (2017: 17%) 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 year ended 31 December 2018.

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

**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.

	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).

## 12 Goodwill

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

	Goodwill £'000
<b>Gross carrying amount</b>	
At 1 August 2016, 31 December 2017 and 31 December 2018	3,428
<b>Accumulated impairment</b>	
At 1 August 2016, 31 December 2017 and 31 December 2018	—
<b>Carrying amount</b>	
At 1 August 2016, 31 December 2017 and 31 December 2018	3,428

For the purpose of annual impairment testing, goodwill and intangibles assets are allocated to the relevant cash generating unit.

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 present value of the expected cash flows is determined by applying a suitable discount rate reflecting the current market assessments of the time value of money and risks specific to the cash generating unit.

The recoverable amount is set out below:

	31 Dec 2018 £'000	31 Dec 2017 £'000
Group's goodwill and intangible assets	18,399	9,847
	18,399	9,847

In extrapolating future cash flows, long-term industry growth has been modelled at an annual rate of 3%, together with a 3% rate of inflation on costs annually.

Sales volumes over the five-year period are based on past performance and management's expectations of a market recovery staggered over that period, reflected by 10% year-on-year growth. The cash flow model also includes revenues from a successful licencing round in 2019.

The discount rate applied of 11.3% takes into consideration the industry-wide risks as well as those specific to the Group's Services operating segment.

Sensitivity analysis is carried out on all budgets, strategic plans and discount rates used in the calculations. The cash flow model is sensitive to short term market recovery and to the initiation of a successful licencing round. In a scenario whereby revenues increase at a lower rate matching the long-term industry growth rate of 3 percent annually and the licencing round is unsuccessful, then this would result in an impairment to goodwill and intangibles of £234,000.

## FINANCIAL STATEMENTS

# Notes to the Consolidated Financial Statements cont.

## For the year ended 31 December 2018

**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	Reports £'000	Data holdings £'000	Other intangibles £'000	Total £'000
<b>Cost</b>							
At 1 August 2016 restated	877	462	1,883	1,067	1,663	2	5,954
Additions	—	—	1,154	429	—	—	1,583
Transferred	—	—	—	—	—	30	30
Disposals	—	—	—	—	—	(3)	(3)
Exchange differences	—	—	—	—	(29)	—	(29)
At 31 December 2017 restated	877	462	3,037	1,496	1,634	29	7,535
Additions	—	—	861	13	—	—	874
Exchange differences	—	—	—	—	94	—	94
<b>At 31 December 2018</b>	<b>877</b>	<b>462</b>	<b>3,898</b>	<b>1,509</b>	<b>1,728</b>	<b>29</b>	<b>8,503</b>
<b>Amortisation and impairment</b>							
At 1 August 2016 restated	355	12	286	—	1,314	2	1,969
Amortisation charge	54	131	494	123	251	19	1,072
Impairment	—	—	—	700	—	—	700
Exchange differences	—	—	—	—	(34)	—	(34)
At 31 December 2017 restated	409	143	780	823	1,531	21	3,707
Amortisation charge	38	92	503	33	15	8	689
Exchange differences	—	—	—	—	89	—	89
<b>At 31 December 2018</b>	<b>447</b>	<b>235</b>	<b>1,283</b>	<b>856</b>	<b>1,635</b>	<b>29</b>	<b>4,485</b>
<b>Carrying amount</b>							
<b>At 31 December 2018</b>	<b>430</b>	<b>227</b>	<b>2,615</b>	<b>653</b>	<b>93</b>	<b>—</b>	<b>4,018</b>
At 31 December 2017 restated	468	319	2,257	672	103	8	3,827
At 1 August 2016 restated	522	450	1,597	1,067	349	—	4,015

Amortisation charges are included in 'Administrative costs' in the consolidated statement of comprehensive income with the exception of Reports, where amortisation charges are included in 'Cost of Sales'.

Included in development costs are completed phases of product development that are being amortised. The total cost of these products is £3,461,000 and carry a net book value of £2,178,000.



## 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	Right-of-use assets £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>				
At 1 August 2016	2,798	—	1,068	3,866
Additions	—	—	54	54
Transferred	—	—	(30)	(30)
Disposals	—	—	(12)	(12)
At 31 December 2017	2,798	—	1,080	3,878
Additions	—	641	78	719
Disposals	—	—	(33)	(33)
Exchange differences	—	—	1	1
<b>At 31 December 2018</b>	<b>2,798</b>	<b>641</b>	<b>1,126</b>	<b>4,565</b>
<b>Depreciation</b>				
At 1 August 2016	323	—	822	1,145
Charge for the period	51	—	184	235
Disposals	—	—	(1)	(1)
At 31 December 2017	374	—	1,005	1,379
Charge for the period	36	34	62	132
Disposals	—	—	(33)	(33)
Exchange differences	—	—	1	1
<b>At 31 December 2018</b>	<b>410</b>	<b>34</b>	<b>1,035</b>	<b>1,479</b>
<b>Carrying amount</b>				
<b>At 31 December 2018</b>	<b>2,388</b>	<b>607</b>	<b>91</b>	<b>3,086</b>
At 31 December 2017	2,424	—	75	2,499
At 1 August 2016	2,475	—	246	2,721

The carrying amount of freehold land not subject to depreciation amounted to £1,000,000 (2017: £1,000,000).

As detailed in the strategic report, the Group are exploring the future sale of Kitson House. The requirements of IFRS 5 have been reviewed, and based on the expected timeframe for disposal it is considered appropriate to continue to classify the land and buildings as a non-current asset rather than an asset held for sale.

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

## 15 Trade and Other Receivables

	31 Dec 2018 £'000	31 Dec 2017 £'000
Trade receivables	3,523	1,424
Other receivables	88	99
Prepayments	235	228
Accrued income	1,095	370
	<b>4,941</b>	<b>2,121</b>

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

## FINANCIAL STATEMENTS

# Notes to the Consolidated Financial Statements cont.

## For the year ended 31 December 2018

**15 Trade and Other Receivables cont.**

The Group's trade receivables have been reviewed for expected credit losses. Provisions have been made amounting to £283,000 (2017: £249,000). It is considered that expected credit loss for receivables balances less than six months is immaterial. Movement on provisions for doubtful debts on trade receivables are as follows:

	31 Dec 2018 £'000
Loss allowance as at 1 January calculated under IAS 39	249
Loss allowance recognised during the year	34
Loss allowance unused and reversed during the year	—
<b>Loss allowance as at 31 December</b>	<b>283</b>

The expected credit loss for trade receivables as at 31 December 2018 was determined as follows:

31 December 2018	Current	Less than 3 months	Less than 6 months	More than 6 months	Total
Expected credit loss rate	0%	0%	0%	100%	—
Gross carrying amount	2,917	275	48	283	3,523
Lifetime expected credit loss	—	—	—	283	283

The age of financial assets past due, but not impaired as at 31 December 2017 is as follows:

	31 Dec 2017 £'000
Not more than three months	609
More than three months but not more than six months	14
More than six months but not more than one year	10
	<b>633</b>

**16 Cash and Cash Equivalents**

	31 Dec 2018 £'000	31 Dec 2017 £'000
Cash at bank and in hand	1,400	2,393

**17 Borrowings**

During the year, the bank loan held at 1 January 2018 was re-financed, as a result, the outstanding balance of £634,000 was repaid during the year. A new loan facility for £950,000 was drawn down. The new bank loan carries a variable interest rate of 2.75% above bank base rate and is repayable in monthly instalments over a 60-month term. The loan is secured by land and buildings owned by the Parent Company, with a current carrying value of £2,388,000 (2017: £2,424,000).

Borrowings are presented as £113,000 due in less than one year, and £819,000 due in more than one year.

## 18 Trade and Other Payables

Trade and other payables due within one year

	31 Dec 2018 £'000	31 Dec 2017 £'000
Trade payables	1,805	1,072
Social security and other taxes	120	205
Other payables	36	28
Accruals	172	156
Deferred income	701	497
Lease liabilities	72	—
	2,906	1,958

All deferred revenue is expected to be recognised as revenue within one year. Revenue recognised in the year that was included in opening deferred income amounted to £497,000.

Trade and other payables due after more than one year

	31 Dec 2018 £'000	31 Dec 2017 £'000
Lease liabilities	540	—
Dilapidation provisions	25	—
	565	—

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

The lease liabilities relate to long-term property leases.

## 19 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 2018. 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 2018. Sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of each reporting period.

## FINANCIAL STATEMENTS

# Notes to the Consolidated Financial Statements cont.

## For the year ended 31 December 2018

**19 Financial Instruments cont.****Foreign currency risk cont.**

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

	31 December 2018		31 December 2017	
	+10% £'000	-10% £'000	+10% £'000	-10% £'000
Reported Profit/(loss) before tax	225	225	(693)	(693)
Sensitivity to movement in currency exchange rates:				
US Dollar	(119)	131	(63)	69
Euro	(12)	13	—	1
<b>(Loss)/Profit before tax</b>	<b>94</b>	<b>369</b>	<b>(756)</b>	<b>(623)</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 2018 £'000	31 Dec 2017 £'000
<b>Denominated in US Dollars</b>		
Financial assets	3,513	2,307
Financial liabilities	(1,516)	(777)
<b>Exposure</b>	<b>1,997</b>	<b>1,530</b>
<b>Denominated in euros</b>		
Financial assets	137	15
Financial liabilities	(10)	(10)
<b>Exposure</b>	<b>127</b>	<b>5</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 2018 £'000	31 Dec 2017 £'000
<b>Classes of financial assets — carrying amounts</b>		
Trade and other receivables	4,706	1,891
Cash and cash equivalents	1,400	2,393
	<b>6,106</b>	<b>4,284</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 15. 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.

**Interest rate risk**

At 31 December 2018 the Group had cash subject to variable rates of £929,000 (2017: £861,000) and borrowings subject to variable rates of £931,000 (2017: £634,000). There is no other material interest rate risk.

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

**19 Financial Instruments cont.****Interest rate risk cont.**

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 2018		31 December 2017	
	+1% £'000	-1% £'000	+1% £'000	-1% £'000
Reported (Loss)/Profit before tax	225	225	(693)	(693)
Sensitivity to changes in interest rates	1	(1)	5	(5)
<b>(Loss)/Profit before tax</b>	<b>226</b>	<b>224</b>	<b>(688)</b>	<b>(698)</b>

**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 2018 £'000
Trade and other payables — held at amortised cost	2,013	—	—	2,013
Borrowings — held at amortised cost	113	113	705	931
	<b>2,126</b>	<b>113</b>	<b>705</b>	<b>2,944</b>

	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
	<b>1,508</b>	<b>355</b>	<b>—</b>	<b>1,863</b>

**Summary of the Group's financial assets and liabilities as defined in IFRS 9 'Financial Instruments: Recognition and Measurement'**

	31 Dec 2018 £'000	31 Dec 2017 £'000
<b>Current assets — loans and receivables</b>		
Trade and other receivables	4,706	1,891
Cash and cash equivalents	1,400	2,393
	<b>6,106</b>	<b>4,284</b>
<b>Current liabilities</b>		
Borrowings — held at amortised cost	(113)	(279)
Trade and other payables — held at amortised cost	(2,013)	(1,229)
	<b>(2,126)</b>	<b>(1,508)</b>
<b>Non-current liabilities</b>		
Borrowings — held at amortised cost	(819)	(355)
	<b>(819)</b>	<b>(355)</b>
<b>Net financial assets and liabilities</b>	<b>3,161</b>	<b>2,401</b>

The Directors consider that the fair value of financial assets and liabilities equates to the carrying value for both 2018 and 2017.



## FINANCIAL STATEMENTS

# Notes to the Consolidated Financial Statements cont.

## For the year ended 31 December 2018

### 20 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:

	31 Dec 2018 £'000	31 Dec 2017 £'000
Total equity	12,742	12,179
Less: cash and cash equivalents	(1,400)	(2,393)
	11,342	9,786

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.

### 21 Share Capital

	31 Dec 2018 £'000	31 Dec 2017 £'000
<b>Authorised</b>		
90,000,000 Ordinary Shares of £0.0025 each (2017: 90,000,000)	225	225
<b>Issued, called up and fully paid</b>		
37,563,615 Ordinary Shares of £0.0025 each (2017: 37,563,615)	94	94

	31 Dec 2018 Number	31 Dec 2017 Number
<b>Shares issued, called up and fully paid</b>		
Balance brought forward	37,563,615	37,562,415
Acquisition of subsidiary	—	—
Shares issued under share-based payments	—	1,200
<b>Balance carried forward</b>	<b>37,563,615</b>	<b>37,563,615</b>

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.

### 22 Share-based Payments

At 31 December 2018, 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.

**22 Share-based Payments cont.**

At 31 December 2018, rights to options over Ordinary Shares of the Parent Company were outstanding as follows:

**EMI share scheme**

Exercise period	Number of shares				31 Dec 2018
	31 Dec 2017	Granted	Exercised	Lapsed	
<b>Granted 24 December 2010, exercise price: 15.0p per share</b>					
24 December 2012–24 December 2020	27,549	—	—	—	27,549
<b>Granted 13 December 2012, exercise price: 21.3p per share</b>					
13 December 2014–12 December 2022	200,000	—	—	—	200,000
<b>Granted 22 July 2014, exercise price: 48.0p per share</b>					
22 July 2016–21 July 2024	280,000	—	—	—	280,000
<b>Granted 2 August 2016, exercise price: 24.5p per share</b>					
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
<b>Granted 20 November 2018, exercise price: 35.0p per share</b>					
20 November 2019–19 November 2028	—	500,000	—	—	500,000
20 November 2020–19 November 2028	—	500,000	—	—	500,000
	—	1,000,000	—	—	1,000,000
<b>Total EMI share scheme options</b>	<b>1,507,549</b>	<b>1,000,000</b>	<b>—</b>	<b>—</b>	<b>2,507,549</b>

**Unapproved options scheme**

Exercise period	Number of shares				31 Dec 2018
	31 Dec 2017	Granted	Exercised	Lapsed	
<b>Granted 24 December 2010, exercise price: 15.0p per share</b>					
24 December 2012–24 December 2020	41,490	—	—	—	41,490
<b>Granted 27 April 2011, exercise price: 17.5p per share</b>					
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>Granted 2 August 2016, exercise price: 24.5p per share</b>					
2 August 2019–1 August 2026	400,000	—	—	—	400,000
<b>Granted 20 November 2018, exercise price: 35.0p per share</b>					
2 August 2019–19 November 2028	—	100,000	—	—	100,000
20 November 2019–19 November 2028	—	125,000	—	—	125,000
20 November 2020–19 November 2028	—	125,000	—	—	125,000
	—	350,000	—	—	350,000
<b>Total unapproved options</b>	<b>1,341,490</b>	<b>350,000</b>	<b>—</b>	<b>—</b>	<b>1,691,490</b>
<b>Total EMI share scheme and unapproved options</b>	<b>2,849,039</b>	<b>350,000</b>	<b>—</b>	<b>—</b>	<b>4,199,039</b>

## FINANCIAL STATEMENTS

# Notes to the Consolidated Financial Statements cont.

For the year ended 31 December 2018

## 22 Share-based Payments cont.

	Weighted average exercise price	Number
Options outstanding at 31 December 2018	24.1p	2,449,039
Options exercisable at 31 December 2018	32.6p	1,750,000
		<b>4,199,039</b>

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

## EMI share scheme

Exercise period	Number of shares				31 Dec 2017
	31 Jul 2016	Granted	Exercised	Lapsed	
<b>Granted 24 December 2010, exercise price: 15.0p per share</b>					
24 December 2012–24 December 2020	28,749	—	(1,200)	—	27,549
<b>Granted 13 December 2012, exercise price: 21.3p per share</b>					
13 December 2014–12 December 2022	600,000	—	—	(400,000)	200,000
<b>Granted 22 July 2014, exercise price: 48.0p per share</b>					
22 July 2016–21 July 2024	680,000	—	—	(400,000)	280,000
<b>Granted 2 August 2016, exercise price: 24.5p per share</b>					
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
<b>Total EMI share scheme options</b>	<b>1,308,749</b>	<b>1,000,000</b>	<b>(1,200)</b>	<b>(800,000)</b>	<b>1,507,549</b>

## Unapproved options scheme

Exercise period	Number of shares				31 Dec 2017
	31 Jul 2016	Granted	Exercised	Lapsed	
<b>Granted 24 December 2010, exercise price: 15.0p per share</b>					
24 December 2012–24 December 2020	41,490	—	—	—	41,490
<b>Granted 27 April 2011, exercise price: 17.5p per share</b>					
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>Granted 2 August 2016, exercise price: 24.5p per share</b>					
2 August 2019–1 August 2026	—	400,000	—	—	400,000
<b>Total unapproved options</b>	<b>941,490</b>	<b>400,000</b>	<b>—</b>	<b>—</b>	<b>1,341,490</b>
<b>Total EMI share scheme and unapproved options</b>	<b>2,250,239</b>	<b>1,400,000</b>	<b>(1,200)</b>	<b>(800,000)</b>	<b>2,849,039</b>

## 22 Share-based Payments cont

	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
		2,849,039

No share options were exercised during the year.

## 23 Financial Commitments

### Capital commitments

There were no capital commitments at 31 December 2018 (2017: £nil).

### Guarantees

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

## 24 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 Dec 2018 £'000	31 Dec 2017 £'000
Short-term employee benefits	830	1,270
Post-employment benefits	44	62
Share-based payments	39	39
	913	1,371

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

The Directors did not receive dividends during the year.

During the period Getech made payments to Zinc Consultants Limited amounting to £nil (2017: £59,000) for recruitment services, a company of which Chris Flavell is a Director. All transactions were conducted under standard commercial terms.

## 25 Pensions

The Group currently operates a Group personal pension plan for the benefit of employees. The amount recognised as an expense is £222,000 (2017: £367,000).

## FINANCIAL STATEMENTS

# Notes to the Consolidated Financial Statements cont.

## For the year ended 31 December 2018

**26 Prior year adjustment**

The prior period has been adjusted to reclassify Reports generated internally from Inventories to Intangible Assets. The nature of the underlying Reports and their longer-term value means they meet the criteria for recording as Intangible Assets. The adjustment has resulted in the following revisions to line items in the financial statements:

**Statement of Comprehensive Income**

No amendments have been made to the prior period Statement of Comprehensive Income.

**Statement of Financial Position**

	Unadjusted balance £'000	Adjustment £'000	Adjusted balance £'000
31 December 2017			
Intangible assets	3,155	672	3,827
Inventories	672	(672)	—

The opening balance adjustment for the period ending 31 December 2017 was as follows:

	Unadjusted balance £'000	Adjustment £'000	Adjusted balance £'000
1 August 2016			
Intangible assets	2,948	1,067	4,015
Inventories	1,067	(1,067)	—

**Statement of Cash Flows**

	Unadjusted balance £'000	Adjustment £'000	Adjusted balance £'000
17 months to 31 December 2017			
Depreciation and amortisation charges	1,184	123	1,307
Impairment of intangible assets	—	700	700
Decrease in inventories	395	(395)	—
Capitalised cost of Reports	—	(429)	(429)

There was no impact to Earnings per Share.



# Parent Company Balance Sheet

As at 31 December 2018

Company registration number: 02891368

	Note	31 Dec 2018 £'000	31 Dec 2017 (Restated) £'000	31 July 2016 (Restated) £'000
<b>Non-current assets</b>				
Intangible assets	4	2,879	2,640	2,082
Property, plant and equipment	5	3,032	2,475	2,643
Investments	6	6,519	7,228	7,228
Deferred tax assets	7	—	—	24
		12,430	12,343	11,977
<b>Current assets</b>				
Trade and other receivables	8	3,910	1,262	1,325
Current tax assets		46	358	226
Cash and cash equivalents	9	606	1,032	1,626
		4,562	2,652	3,177
<b>Total assets</b>		16,992	14,995	15,154
<b>Current liabilities</b>				
Borrowings	10	113	279	133
Trade and other payables	11	2,707	1,676	2,502
		2,820	1,955	2,635
<b>Non-current liabilities</b>				
Borrowings	10	819	355	767
Trade and other payables	11	565	—	—
Deferred tax liabilities	7	25	60	109
		1,409	415	876
<b>Total liabilities</b>		4,229	2,370	3,511
<b>Net assets</b>		12,763	12,625	11,643
<b>Equity attributable to owners of the Parent Company</b>				
Share capital	12	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
Retained earnings		7,026	6,907	5,916
<b>Total equity</b>		12,763	12,625	11,643

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 £119,000 (2017 restated: £914,000).

The financial statements on pages 63 to 74 were approved and authorised for issue by the Board on 3 May 2019.

**Dr Stuart Paton**

Non-executive Chairman

The accompanying Notes on pages 65 to 74 form an integral part of these financial statements.

## FINANCIAL STATEMENTS

# Parent Company Statement of Changes in Equity

For the year ended 31 December 2018

	Share capital £'000	Share premium account £'000	Merger relief reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
At 1 August 2016	94	3,053	2,407	173	5,916	11,643
Transfer of reserves	—	—	—	(77)	77	—
Share-based payment charge	—	—	—	68	—	68
<b>Transactions with owners</b>	—	—	—	(9)	77	68
Profit for the period restated	—	—	—	—	914	914
<b>Total comprehensive income for the period restated</b>	—	—	—	—	914	914
At 31 December 2017 restated	94	3,053	2,407	164	6,907	12,625
Share-based payment charge	—	—	—	19	—	19
<b>Transactions with owners</b>	—	—	—	19	—	19
Profit for the year	—	—	—	—	119	119
<b>Total comprehensive income for the year</b>	—	—	—	—	119	119
At 31 December 2018	94	3,053	2,407	183	7,026	12,763

# Notes to the Parent Company Financial Statements

## For the year ended 31 December 2018

### 1 Company Information

The financial statements of the Company for the year ended 31 December 2018 were approved by the Board and authorised for issue on 3 May 2019, 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 year 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)

#### 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.
Reports	– ten years on a straight-line basis

## FINANCIAL STATEMENTS

# Notes to the Parent Company Financial Statements cont.

## For the year ended 31 December 2018

### 2 Accounting Policies cont.

#### 2.5 Revenue

The Company has adopted IFRS 15 and its principles. Revenue is measured by reference to the fair value of consideration received or receivable by the Company for products and services provided, excluding VAT and comparable overseas taxes. Typical invoice payment terms are 30 days for all categories of revenue.

Revenue from products and services falls into the three categories below:

##### Consultancy services

The Company provides various consulting services to its customers. Revenue from these services is recognised on a time-and-materials basis plus a margin as the services are provided. Customers are invoiced monthly as work progresses.

The Company also provides outsourcing services for a fixed fee for an agreed period. As the amount of work required to perform these services does not vary significantly from month-to-month, revenue is recognised on a straight-line basis over the term of the contract.

This revenue accounting policy is applicable to revenues from Geoscience Services.

##### Multiclient products

For sales of data and completed products, revenue is recognised when performance obligations have been satisfied, which is on dispatch unless otherwise agreed.

This revenue accounting policy is applicable for revenues from Geophysical Data, Globe and Regional Reports.

##### Multiple element contracts

Where contracts for multiple element products with staged deliverables 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 performance obligations have been satisfied, which is on dispatch unless otherwise agreed
- Service elements of the contract — revenue is recognised in line with the accounting treatment for consultancy services
- Project elements that are to be delivered from development work that is yet to be completed — revenue is recognised when the performance obligations have been satisfied, which is on dispatch unless otherwise agreed

#### 2.6 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 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.

#### 2.7 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
- 'Share option reserve' represents the fair value of share options in accordance with IFRS 2 'Share-based Payment'
- 'Retained earnings' represents retained profits

## 2 Accounting Policies cont.

### 2.8 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.

### 2.9 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.

### 2.10 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*

Management use judgement in determining the fair value of multiple element contracts in order to appropriately recognise the revenue attributable to each element. The value of revenue recognised in the period is dependent on an assessment of work to completion.

#### *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.

## FINANCIAL STATEMENTS

# Notes to the Parent Company Financial Statements cont.

## For the year ended 31 December 2018

**2 Accounting Policies cont.****2.10 Significant Areas of Judgement and Estimation Uncertainty cont.****Significant areas of estimation uncertainty**

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

**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. 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 £48,000.

**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 and investments 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 intangible assets and investments, future cash flows are forecast revenues from the associated asset or 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. See Note 6 for further details of assumptions made and sensitivity testing regarding Investments.

**Share options**

Share-based payments are valued using the Black Scholes valuation model. Estimates are made in expected volatility and the risk-free rate. Where appropriate, management uses historical market data as a basis for estimating the fair value of share options on grant. Increasing the risk-free rate by two percent and increasing the volatility window in the calculation of volatility from 5 days to 30 days made no material difference to the valuation of share options issued during the year.

**3 Employees**

The employee benefit expenses during the year were as follows:

	12 months ended 31 Dec 2018 £'000	17 months ended 31 Dec 2017 £'000
Short-term employee benefits	2,384	3,490
Social security costs	256	353
Pension costs	136	197
Share-based payment charge	30	68
	2,806	4,108

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

	12 months ended 31 Dec 2018 £'000	17 months ended 31 Dec 2017 £'000
Directors	3	2
Administration	13	12
Technical	39	46
	55	60



#### 4 Intangible Assets

	Development costs £'000	Reports £'000	Total £'000
<b>Cost</b>			
At 1 January 2018 restated	3,037	399	3,436
Additions	766	—	766
<b>At 31 December 2018</b>	<b>3,803</b>	<b>399</b>	<b>4,202</b>
<b>Depreciation</b>			
At 1 January 2018 restated	780	16	796
Charge for the period	501	26	527
<b>At 31 December 2018</b>	<b>1,281</b>	<b>42</b>	<b>1,323</b>
<b>Net book value</b>			
<b>At 31 December 2018</b>	<b>2,522</b>	<b>357</b>	<b>2,879</b>
At 1 January 2018 restated	2,257	383	2,640

#### 5 Property, Plant and Equipment

	Freehold property £'000	Plant and equipment £'000	Right-of-use assets £'000	Total £'000
<b>Cost</b>				
At 1 January 2018	2,798	986	—	3,784
Additions	—	20	641	661
<b>At 31 December 2018</b>	<b>2,798</b>	<b>1,006</b>	<b>641</b>	<b>4,445</b>
<b>Depreciation</b>				
At 1 January 2018	373	936	—	1,309
Charge for the period	36	34	34	104
<b>At 31 December 2018</b>	<b>409</b>	<b>970</b>	<b>34</b>	<b>1,413</b>
<b>Net book value</b>				
<b>At 31 December 2018</b>	<b>2,389</b>	<b>36</b>	<b>607</b>	<b>3,032</b>
At 1 January 2018	2,425	50	—	2,475

The net book value of freehold land in the Parent Company, not subject to depreciation, amounted to £1,000,000 (2017: £1,000,000).

#### 6 Investments

	31 Dec 2018 £'000	31 Dec 2017 £'000
<b>Gross carrying value</b>		
At 1 January 2018	7,228	7,228
Additions	—	—
<b>At 31 December 2018</b>	<b>7,228</b>	<b>7,228</b>
<b>Accumulated impairment</b>		
At 1 January 2018	—	—
Charge for the period	709	—
<b>At 31 December 2018</b>	<b>709</b>	<b>—</b>
<b>Carrying amount</b>		
<b>At 31 December 2018</b>	<b>6,519</b>	<b>7,228</b>

## FINANCIAL STATEMENTS

# Notes to the Parent Company Financial Statements cont.

## For the year ended 31 December 2018

### 6 Investments cont.

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 & Magnetics 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 & gas consultancy.

The Parent Company owns 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 & gas industry.

The investment in subsidiary undertakings has been tested for impairment and the Company has impaired the carrying value of its investment in ERCL Limited by £709,000. 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.

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 present value of the expected cash flows is determined by applying a suitable discount rate reflecting the current market assessments of the time value of money and risks specific to the segment.

In extrapolating future cash flows, long-term industry growth has been modelled at an annual rate of 3%, together with a 3% rate of inflation on costs annually.

Sales volumes over the five-year period are based on past performance and management's expectations of a market recovery staggered over a five-year period, reflected by 10% year-on-year growth. The cash flow model also includes revenues from a successful licencing round in 2019.

The discount rate applied of 11.3% takes into consideration the industry-wide risks as well as those specific to the Group's Services operating segment.

Sensitivity analysis is carried out on all budgets, strategic plans and discount rates used in the calculations. The cash flow model is sensitive to short term market recovery and to the initiation of a successful licencing round. In a scenario whereby revenues increase at a lower rate matching the long-term industry growth rate of 3 percent annually and the licencing round is unsuccessful, then this would result in an impairment to investments of £836,000.

### 7 Deferred Tax

	31 Dec 2018 £'000	31 Dec 2017 £'000
<b>Deferred tax assets</b>		
Balance brought forward	—	24
Post-employment benefits	—	2
Movement from asset to liability	—	(25)
Tax losses	—	(1)
Balance carried forward	—	—
<b>Deferred tax liabilities</b>		
Balance brought forward	(60)	(109)
Movement from asset to liability	—	25
Share based payments	35	—
Accelerated capital allowances	—	24
Balance carried forward	(25)	(60)

## 7 Deferred Tax cont.

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

	31 Dec 2018 £'000	31 Dec 2017 £'000
Accelerated capital allowances	(85)	(85)
Tax losses	21	21
Share options	35	—
Post-employment benefits	4	4
Net deferred tax asset/(liability)	(25)	(60)

The most appropriate tax rate for Getech is considered to be 19% (2017: 19.47%), 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% (2017: 17%) in light of the future tax rates announced.

## 8 Trade and Other Receivables

	31 Dec 2018 £'000	31 Dec 2017 £'000
Trade receivables	2,856	912
Amounts owed by Group undertakings	26	120
Social security and other taxes	—	—
Other receivables	28	66
Prepayments and accrued income	1,000	164
	3,910	1,262

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 expected credit loss. Any credit loss against receivables were found to be immaterial. 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 2018 £'000	31 Dec 2017 £'000
Not more than three months	162	500
More than three months but not more than six months	25	—
More than six months but not more than one year	—	—
	187	500

## 9 Cash and Cash Equivalents

	31 Dec 2018 £'000	31 Dec 2017 £'000
Cash at bank and in hand	606	1,032

## 10 Borrowings

The bank loan carries a variable interest rate of 2.75% 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 £2,389,000 (2017: £2,425,000).

	Within one year £'000	In one to two years £'000	In two to five years £'000	31 Dec 2018 £'000
Borrowings — held at amortised cost	113	113	706	932

## FINANCIAL STATEMENTS

# Notes to the Parent Company Financial Statements cont.

For the year ended 31 December 2018

**11 Trade and Other Payables****Trade and other payables due within one year**

	31 Dec 2018 £'000	31 Dec 2017 £'000
Trade payables	1,780	995
Amounts owed to Group undertakings	425	359
Social security and other taxes	81	150
Other payables	34	26
Lease liabilities	72	—
Accruals and deferred income	315	146
	<b>2,707</b>	<b>1,676</b>

**Trade and other payables due after one year**

	31 Dec 2018 £'000	31 Dec 2017 £'000
Lease liabilities	540	—
Dilapidation provisions	25	—
	<b>565</b>	<b>—</b>

The carrying amounts of trade and other payables are considered to be reasonable approximations to fair value. The lease liabilities relate to long-term property leases.

**12 Share Capital**

	31 Dec 2018 £'000	31 Dec 2017 £'000
<b>Authorised</b>		
90,000,000 Ordinary Shares of 0.25p each (2017: 90,000,000)	225	225
<b>Issued, called up and fully paid</b>		
37,563,615 Ordinary Shares of 0.25p each (2017: 37,562,415)	94	94
	31 Dec 2018 Number	31 Dec 2017 Number
<b>Shares issued, called up and fully paid</b>		
Balance brought forward	37,563,615	37,562,415
Shares issued under share-based payments	—	1,200
Balance carried forward	<b>37,563,615</b>	<b>37,563,615</b>

### 13 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 2018 £'000
<b>Other related parties</b>			
Noon and Co. Limited	—	20	3
TantlonGeo Limited	—	20	5

For the 17-month period ended 31 December 2017:

	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	7
Noon and Co. Limited	—	19	4
TantlonGeo Limited	—	19	5
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.

### 14 Ultimate Controlling Party

The Directors consider that there is no ultimate controlling party.

### 15 Subsidiaries

Details of the Company's subsidiaries as at 31 December 2018 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> As the Company.

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

## FINANCIAL STATEMENTS

# Notes to the Parent Company Financial Statements cont.

## For the year ended 31 December 2018

### 16 Prior year adjustment

The prior period has been adjusted to reclassify Reports generated internally from Inventories to Intangible Assets as, on consideration, the nature of the underlying Reports and their longer-term value means they meet the criteria for recording as Intangible Assets. The adjustment has resulted in the following revisions to line items in the financial statements:

#### Statement of Financial Position

	Unadjusted balance £'000	Adjustment £'000	Adjusted balance £'000
31 December 2017			
Intangible assets	2,257	383	2,640
Inventories	399	(399)	—
Retained earnings	6,923	(16)	6,907

The opening balance adjustment for the period ending 31 December 2017 was as follows:

	Unadjusted balance £'000	Adjustment £'000	Adjusted balance £'000
1 August 2016			
Intangible assets	1,597	485	2,082
Inventories	485	(485)	—

Profit in the period ended 31 December 2017 was reduced by £16,000 to £914,000.



# Notice of Annual General Meeting

Notice is given that the twenty-fifth 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 25 June 2019 at 12.00 noon to consider and, if thought fit, pass the resolutions below. Resolutions 8 and 9 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 6 as ordinary resolutions.

1. To receive the Report of the Directors, the Strategic Report and the audited accounts of the Company for the year ended 31 December 2018.
2. To re-elect Peter Stephens 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.
3. To re-elect Jonathan Copus 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 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.
5. 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.
6. 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 7 will be proposed as an ordinary resolution and in the case of resolutions 8 and 9 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 3 May 2019
'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

7. 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:
  - 7.1. 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
  - 7.2. 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 7.1) in connection with or pursuant to a Rights Issue (as defined below), provided that:
    - a) such authorities shall expire on the earlier of either midnight on 25 September 2020<sup>1</sup> 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 7.

For the purposes of resolution 7, '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.

<sup>1</sup> 15 months from date of AGM.

## FINANCIAL STATEMENTS

# Notice of Annual General Meeting cont.

## Special Resolutions

8. To empower the Board (subject to the passing of resolution 7) 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 7 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:
  - 8.1.the allotment of equity securities in connection with or pursuant to a Rights Issue (as defined in resolution 7); and
  - 8.2.the allotment (otherwise than pursuant to sub-paragraph 8.1 above) of equity securities up to an aggregate nominal value of £14,086.36 (being 15% of the issued share capital of the Company as at the Latest Practicable Date); and

the authorities given by resolution 8 shall expire on the earlier of either midnight on 25 September 2020 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.
9. 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:
  - 9.1.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);
  - 9.2.the minimum price that may be paid for such Ordinary Shares is 0.25p per share (exclusive of expenses);
  - 9.3.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 five business days immediately preceding the day on which the Ordinary Share is purchased and 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
  - 9.4.unless previously revoked or varied, the authority conferred by this resolution shall expire on the earlier of either midnight on 25 September 2020 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

3 May 2019

## Notes

The following notes explain your general rights as a shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf.

1. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on 21 June. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
2. Shareholders, or their proxies, intending to attend the Meeting in person are requested, if possible, to arrive at the Meeting venue at least 20 minutes prior to the commencement of the Meeting so that their shareholding may be checked against the Company's Register of Members and attendances recorded.
3. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder 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 Ordinary Share or Ordinary Shares held by that shareholder. A proxy need not be a shareholder of the Company.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
6. You can vote:
  - by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions;
  - by requesting a hard copy form of proxy directly from the registrars, Link Asset Services (previously called Capita), on Tel: 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00-17:30, Monday to Friday excluding public holidays in England and Wales; or
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In order for a proxy appointment to be valid a completed form of proxy must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by 12 noon on 21 June 2019 (together with, in the case of a hard copy form of proxy, the original or a certified copy of any power of attorney or other authority pursuant to which such form of proxy has been signed).

7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
8. The return of a completed form of proxy, electronic filing or any CREST Proxy Instruction (as described in Note 11 below) will not prevent a shareholder from attending the Meeting and voting in person if he/she wishes to do so.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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.
10. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's 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 RA10) by 12 noon on 21 June 2019. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

## FINANCIAL STATEMENTS

# Notice of Annual General Meeting cont.

11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. 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 his 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 system providers are referred, in particular, to those sections of the CREST Manual concerning 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.
12. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.
13. As at 3 May 2019 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 37,563,615 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 3 May 2019 are 37,563,615.
14. Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
15. Any shareholder attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
16. Copies of the Directors' letters of appointment or service contracts are available for inspection during normal business hours at the registered office of the Company on any business day from the date of this Notice until the time of the Meeting and may also be inspected at the Meeting venue, as specified in this Notice, from 11.45 am on the day of the Meeting until the conclusion of the Meeting.
17. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
18. All references to times in this Notice are to UK time.

A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at [www.getech.com](http://www.getech.com)

## 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 year ended 31 December 2018. That report and those accounts, and the report of the Company's auditor on those accounts, are set out on pages 20 to 74 of this document.

### Resolution numbers 2, 3 and 4 — re-election 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. Peter Stephens, Jonathan Copus and Alison Fielding retire by rotation and are offering themselves for re-election.

### Resolution number 5 — 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.

### Resolution number 6 — 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 7 — 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 3 May 2019.

In line with guidance issued by the Association of British Insurers, resolution 7 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 3 May 2019) as reduced by the nominal amount of any shares issued under resolution 7.1.

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 8 — 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 3 May 2019. 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 9 — 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 3 May 2019) 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.

# Notes

---





**Getech Group plc**

Kitson House  
Elmete Hall  
Elmete Lane  
Leeds  
LS8 2LJ  
UK

+44 113 322 2200  
[info@getech.com](mailto:info@getech.com)  
[www.getech.com](http://www.getech.com)