



Getech Group plc

*Interim Report for the six months
ended 31 January 2015*

Leaders in the world of natural resource location

Getech is a leading petroleum and minerals consultancy, best known historically for its unique global gravity and magnetic data holdings and its flagship “Globe” framework.

Driven by an entrepreneurial vision our company now provides a suite of exploration tools ranging from data through to intelligent interpretations and insights which are derived from an extensive range of data-sets by our multidisciplinary teams of talented geoscientists.

REVIEW OF THE PERIOD

- 01 Highlights
- 02 Chairman's statement

FINANCIAL STATEMENTS

- 04 Consolidated statement of comprehensive income
 - 05 Consolidated statement of financial position
 - 06 Consolidated statement of cash flows
 - 07 Consolidated statement of changes in equity
 - 08 Notes to the interim report
- BC Directors, secretary and advisors



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Highlights

- Revenue for the six months of £3,619,000 (six months ended 31 January 2014: £3,110,000)
- Profit before tax of £707,000 (six months ended 31 January 2014: £233,000)
- Interim dividend proposed of 0.46p per share (2014: 0.44p per share)
- Cash levels strong at £4,733,000
- Strong demand for consultancy work through the half year
- Inertia in the market led to slowdown in major sales

Chairman's statement



Dr Stuart Paton
Non-executive Chairman

Results

Getech reports a Group profit before tax of £707,000 (six months ended 31 January 2014: £233,000) after interest receivable of £5,000 (six months ended 31 January 2014: £16,000) on revenue of £3,619,000 (six months ended 31 January 2014: £3,110,000). The post-tax profit was £691,000 (six months ended 31 January 2014: £193,000).

The accounts have been prepared under International Financial Reporting Standards (IFRS) in issue as adopted by the European Union.

Dividend

Your Board recommends an interim dividend of 0.46p per share.

Business review

Highlights:

- half-year profit before tax was £707,000;
- cash at 31 January was £4,733,000;
- interim dividend increased to 0.46p per share;
- satisfactory half-year position despite the difficult market;
- commissions Group continued to perform strongly;
- largest ever contract signed in September 2014 – \$5,000,000 with Sonangol; and
- first successes for strategy of major new contracts which are individually material.

During the half year the business has continued to be affected by the difficult market conditions. The very significant drop in oil price since mid-2014 has led to cuts in capital expenditure across the full range of exploration and production (E&P) companies and across the E&P business lifecycle. This has had a direct negative impact on the service companies, in particular those focused on exploration. Our previous experience of working through oil price cycles has led to a number of conclusions. First, the market can be difficult for a period of time. During this time it is important to focus on the key needs of clients and companies that are less affected by spending cuts.

“Globe continues to provide an environment that encourages increased interaction with our clients, which is essential to the longer-term benefits of improved exploration performance. With the increased number of clients, the annual Globe workshops in Leeds and Houston have become a major event in the year.”

Second, short-term reductions in expenditure, and hence, activity, led to reduced reserves additions, and hence, longer-term increase in activity. This observation gives us support for the longer-term prospects for the business. Third, downturns lead to opportunities for robust companies, such as Getech, to recruit good staff and consider acquisition opportunities. The Company remains in a very strong financial position. By the end of the period the cash balance amounted to £4,733,000, which is an increase of £1,310,000 on the position at 31 July 2014, despite the payment of a dividend costing £534,000 in December 2014.

Outlook

We start the second half of our year with strong cash balances and a substantial pipeline of sales opportunities. Our strategy of seeking major contracts which, individually, are material to Getech has continued to demonstrate success and we have signed two ongoing major contracts with further discussions underway. This is also a key part of our strategy to increase the level of forward-committed income, the other components of which are Globe sponsorship, research and development projects (Multi-satellite altimeter gravity and Global depth-to-basement studies) and a portfolio of smaller proprietary projects.

We are continuing to build the Globe framework with the aim of making it the pre-eminent exploration tool for oil and gas explorers. As well as increasing the resolution of Globe, we are providing additional functionality to make it more accessible to a wider group of users and more flexible in terms of the sub-global and bespoke products that it can deliver.

While we are fully aware of the need to be vigilant about the potential impact of the current market conditions on our business, our strong position means that we are able to adopt the perspective that this represents an opportunity, and we continue to seek good staff and complementary acquisitions.

We remain confident about our medium and longer-term prospects.

Dr Stuart Paton

Non-executive Chairman

24 March 2015

Consolidated statement of comprehensive income

For the six months ended 31 January 2015

	Note	Six months ended 31 January 2015 Unaudited £'000	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £'000
Revenue		3,619	3,110	6,593
Cost of sales		(1,111)	(1,137)	(2,126)
Gross profit		2,508	1,973	4,467
Administrative costs		(1,805)	(1,755)	(3,498)
Operating profit		703	218	969
Finance income		5	16	33
Finance costs		(1)	(1)	(1)
Profit before tax		707	233	1,001
Income tax (expense)/credit		(16)	(40)	574
Profit for the period attributable to owners of the Parent		691	193	1,575
Other comprehensive income				
Currency translation differences on translation of foreign operations		95	(90)	(95)
Total comprehensive income for the period attributable to owners of the Parent		786	103	1,480
Earnings per share	5			
Basic earnings per share		2.28p	0.64p	5.21p
Diluted earnings per share		2.21p	0.60p	4.95p

Consolidated statement of financial position

As at 31 January 2015

Company registration number 2891368

	31 January 2015 Unaudited £'000	31 January 2014 Unaudited £'000	31 July 2014 Audited £'000
Assets			
Non-current assets			
Property, plant and equipment	2,861	2,713	2,748
Intangible assets	1,109	505	513
Deferred tax assets	332	123	312
	4,302	3,341	3,573
Current assets			
Inventories	199	301	180
Trade and other receivables	4,333	1,124	2,850
Other financial assets	—	500	—
Current tax assets	100	118	813
Cash and cash equivalents	4,733	3,603	3,423
	9,365	5,646	7,266
Total assets	13,667	8,987	10,839
Liabilities			
Current liabilities			
Trade and other payables	5,214	2,291	2,708
Current tax liabilities	183	53	—
	5,397	2,344	2,708
Non-current liabilities			
Deferred tax liabilities	174	88	321
	174	88	321
Total liabilities	5,572	2,432	3,029
Net assets	8,096	6,555	7,810
Equity			
Equity attributable to owners of the Parent			
Share capital	76	76	76
Share premium account	3,016	3,013	3,013
Share option reserve	154	115	126
Currency translation reserve	(36)	(126)	(131)
Retained earnings	4,886	3,477	4,726
Total equity	8,096	6,555	7,810

Consolidated statement of cash flows

For the six months ended 31 January 2015

	Six months ended 31 January 2015 Unaudited £'000	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £'000
Cash flows from operating activities			
Profit before tax	707	233	1,001
Share-based payment charges	31	10	21
Depreciation and amortisation charges	152	119	240
Finance income	(5)	(16)	(33)
Finance costs	1	1	1
Exchange adjustments	(55)	28	44
Increase in inventories	(19)	(135)	(14)
(Increase)/decrease in trade and other receivables	(1,482)	1,000	(727)
Decrease/(increase) in trade and other payables	2,380	(1,250)	(833)
Cash generated from/(used in) operating activities	1,710	(10)	(300)
Income taxes refunded/(paid)	713	(102)	(180)
Net cash generated from/(used in) operating activities	2,423	(112)	(480)
Cash flows from investing activities			
Purchase of property, plant and equipment	(196)	(14)	(107)
Development costs capitalised	(482)	—	(83)
Funds transferred from fixed term deposits	—	—	500
Interest received	5	16	33
Net cash (used in)/generated from investing activities	(673)	2	343
Cash flows from financing activities			
Proceeds from issue of share capital	2	20	20
Repayment of long-term borrowings	—	(119)	(119)
Dividends paid	(534)	(483)	(616)
Interest paid	(1)	(1)	(1)
Net cash used in financing activities	(533)	(583)	(716)
Net increase/(decrease) in cash and cash equivalents	1,217	(693)	(853)
Cash and cash equivalents at beginning of period	3,423	4,358	4,358
Exchange adjustments to cash and cash equivalents at beginning of period	93	(62)	(82)
Cash and cash equivalents at end of period	4,733	3,603	3,423

Consolidated statement of changes in equity

For the six months ended 31 January 2015

	Share capital £'000	Share premium account £'000	Share option reserve £'000	Currency translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 August 2014 – audited	76	3,013	126	(131)	4,726	7,810
Issue of share capital under share-based payment options	—	3	(3)	—	3	3
Share-based payment charge	—	—	31	—	—	31
Dividends paid	—	—	—	—	(534)	(534)
Transactions with owners	—	3	28	—	(531)	(500)
Profit for the period	—	—	—	—	691	691
Other comprehensive income						
Currency translation differences	—	—	—	95	—	95
Total comprehensive income for the period	—	—	—	95	691	786
At 31 January 2015 – unaudited	76	3,016	154	(36)	4,886	8,096

Notes to the interim report

For the six months ended 31 January 2015

1 Nature of operations

The principal activity of Getech Group plc ("the Company") and its subsidiary company, Geophysical Exploration Technology Inc. (collectively "Getech" or "the Group") is the provision of gravity and magnetic data, services and geological studies to the petroleum and mining industries to assist in their exploration activities.

2 General information

Getech Group plc is the Group's ultimate Parent Company. It is incorporated in England and Wales and domiciled in England (CRN: 2891368). The address of its registered office is Convention House, St Mary's Street, Leeds LS9 7DP. Its principal place of business is Kitson House, Elmete Hall, Elmete Lane, Leeds LS8 2LJ. The Company's shares are admitted to trading on the London Stock Exchange's AIM.

The financial information for the six months ended 31 January 2015 and 31 January 2014 has not been audited and does not constitute full financial statements within the meaning of Section 434 of the Companies Act 2006. These consolidated interim financial statements ("the interim financial statements") have been approved by the Board.

The financial information relating to the year ended 31 July 2014 is based on the Group's statutory accounts for that period. The statutory accounts were prepared in accordance with IFRS in issue as adopted by the European Union. IFRS include interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The statutory accounts received an unqualified audit report, did not contain statements under Sections 498(2) or (3) of the Companies Act 2006 and have been filed with the Registrar of Companies.

3 Basis of preparation

The interim financial statements are for the six months ended 31 January 2015. They have been prepared using the recognition and measurement principles of IFRS. The interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the financial statements of the Group for the year ended 31 July 2014.

The interim financial statements have been prepared under the historical cost convention except in relation to financial instruments held at face value through profit or loss. They have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 July 2014.

The accounting policies have been applied consistently throughout the Group for the purpose of preparation of the interim financial statements.

4 Dividends

	Six months ended 31 January 2015 Unaudited £'000	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £'000
Paid during the period			
At: 1.76p per share (six months ended 2014: 1.60p per share; year ended 31 July 2014: 2.04p per share)	534	483	617
Proposed after the period end (not recognised as a liability)			
At: 0.46p per share (six months ended 2014: 0.44p per share; year ended 31 July 2014: 1.76p per share)	140	133	534

The proposed dividend is payable on 1 May 2015 to members on the register at 7 April 2015.

5 Earnings per share

Basic earnings per share is calculated on the basis of the profit for the period after tax, divided by the weighted average number of Ordinary Shares in issue in the period of 30,327,196 (six months ended 31 January 2014: 30,183,332; year ended 31 July 2014: 30,249,212).

Diluted earnings per share is calculated on the basis of the profit for the period after tax, divided by the weighted average number of Ordinary Shares in issue plus the weighted average number of Ordinary Shares which would be issued if all options granted were exercised. The addition to the weighted average number of Ordinary Shares used in the calculation of diluted earnings per share for the six months ended 31 January 2015 is 905,712 (six months ended 31 January 2014: 1,820,077; year ended 31 July 2014: 1,560,109).

6 Interim Report

This Interim Report is being sent to the shareholders of Getech and will be available at its registered office, Convention House, St Mary's Street, Leeds LS9 7DP, UK, and from its website, www.getech.com, from 2 April 2015.

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Directors, secretary and advisors

Directors

Dr Stuart Paton

Non-executive Chairman

Raymond Wolfson

Chief Executive Officer

Professor Paul Carey

Marketing and Sales Director

Dr Paul Markwick

Technical Director

Peter Stephens

Non-executive Director

Colin Glass

Non-executive Finance Director

Dr Alison Fielding

Non-executive Director

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