

# Getech Group plc

*Interim report for the six months ending 30 June 2018*

Company number 02891368

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# Chairman and CEO Statement

## H1 2018 Highlights

- Total sales closed \* £4.3 million – a 39% increase on H1 2017
- Multi-year product subscriptions add £1.4 million to recurring revenue pipeline
- H1 Revenue of £2.9 million – revenue recognition £0.2 million below H1 2017 (£3.1 million)
- Post tax loss of £280,000 (H1 2017: £227,000 loss) – net of R&D tax credits
- Net cash plus receivables flat across the period (£3.9 million)
- Busy programme of product investment – delivered on time and to cost
- FY sales are typically weighted to H2 – this period opening with a \$0.9 million data sale

Getech (AIM; GTC) 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.

In 2017, through a programme of commercial, operational and cultural change, we refocused the Group's activities around a suite of data, software and information products, the value of which we enhance through services that leverage our products and geoscience-geospatial skills. This product-led strategy targets growth in high-margin recurring-revenue opportunities. The impact of this repositioning is evident in the scale, structure and timing of the sales closed in H1 2018 – factors that flow through the financial results presented in this report.

*\* Total sales closed equals the revenues recognised for products and services delivered within the period plus the value of additional contracts signed for products and services that will be delivered after the period.*

## H1 2018 overview

Total sales closed in H1 2018 rose 39% to £4.3 million. This was driven by a significant increase in the number of customers purchasing multi-year subscriptions to our information products and software.

With the environment for oil and gas investment remaining challenging, particularly in relation to exploration expenditure, we see these commitments as a positive demonstration of the practical operational value that our customers find in our products. In H1 2018 we further strengthened this value proposition through our programme of customer collaboration, product investment and service enhancement.

Given the multi-year nature of many of these sales, revenue recognition splits sales between products and services delivered in H1 2018 and those that will be delivered in future periods (mostly H2 2018 and FY 2019). On this basis, H1 revenue was a little below H1 2017 (£2.9 million versus £3.1 million) but the £1.4 million balance (H1 2017: zero) strengthens Getech's pipeline of recurring revenue.

The £0.2 million reduction in sales booked as H1 revenue flows through our accounts but this is balanced post-tax by lower total costs and receipt of our annual R&D tax credit - the Group delivering an H1 post tax loss of £280,000 (H1 2017: £227,000 loss). An additional \$0.9 million high-margin data sale frustratingly missed the 30 June period-end. Now closed, it would have resulted in H1 revenue growth of 16% and delivered a significant expansion in profit.

With Getech's sales typically weighted to the second half of any year, inclusive of debt repayments and product investment, the Group narrowed its H1 cash outflow to £0.5 million (H1 2017: £0.7 million). With c. 50% of H1 2018's forward sales yet to be invoiced at 30 June, net cash plus receivables (£3.9 million) were flat across the period.

We enter H2 with a robust sales pipeline and are working closely with our customers to prioritise spend against products and services that maximise their investment in people and technology. The purchasing power of Exploration and New Venture teams remains constrained by budgets set in 2017 but we are optimistic that as our customers gear up for their 2019 work programmes this will generate new demand for our value-add offering.

Getech is committed to making our capital work hard for the benefit of shareholders. We do this through organic investment and in 2018 we are focused on rationalising our office locations. We also see acquisitional opportunities to grow and diversify the Group and we understand the value to shareholders of reinstating a dividend.

## Operational Review

- G&M data and services – demand underlines our market-leading position in gravity & magnetics
- Globe 2018 - delivered on time and to cost, multi-year contracts signed with majority of user-base
- Software – small exploration losses balanced by multi-year contracts and production growth
- GIS services – super-major support contract win and further diversification
- Geoscience services – on the road to resetting profitability

Our operational strategy places the customer at the heart of our business. We do this through customer collaboration, a focus on how we add value, the provision of training and a commitment to continuous product and service enhancement. In H1 2018, whilst maintaining capital discipline we have invested in our products, reshaped our services, enhanced our focus on project delivery and strengthened our sales and marketing team.

### *Gravity & Magnetic Solutions*

At the heart of our product suite is our portfolio of market-leading Gravity & Magnetic (G&M) data. These data are used by our oil & gas and mining customers to model variations in the Earth's crust, which helps them to visualise the Earth's structures and understand its evolution.

During H1 2018 demand for G&M data was good and we added new data to our portfolio on the Irish Atlantic Margin. We also updated our Global Depth to Basement product and completed enhancements of Colombian data.

Data sales are typically high-value, high-margin and lumpy. Demand for G&M data has continued despite oil price uncertainty but the broader budget constraints of our customers have lengthened the sales cycle. This creates financial volatility in our internal budgets, which we are working to mitigate by growing our sources of recurring revenue. In H1 2018 the impact of this volatility was highlighted by a \$0.9 million data sale that we negotiated in the period but that frustratingly missed the 30 June period-end. This data sale is now closed.

With our Gravity & Magnetics Service line also delivering good staff utilisation and strong profitability in the period, we believe that this underlines our market-leading position in these data products.

### *Information Products*

Globe is a large geospatial information product that its customers, a broad group of super-majors and large independent oil & gas companies, use to model the Earth's geological evolution and predict the location of oil & gas. Our Regional Reports then add further value to exploration focus areas through more in-depth analysis and project-ready geospatial datasets.

By aligning our Information Products with the programme of continuous improvement already established in Software, Globe's development is now structured around an annual release-cycle. The first of these – Globe 2018 – was completed on time/within budget in H1 2018 and delivered to customers in July 2018. The product's content and functionality has been expanded to include innovative new heat flow and palaeo-surface geology modules, and a variety of interactive analytic capabilities have been added. These upgrades draw on geoscience, G&M and software development expertise from across the Group. Our customers have responded positively to Globe's repositioning – the majority signing multi-year contracts in H1 2018.

### *Software*

Our software enables our oil & gas customers to easily integrate data from sub-surface interpretation applications, run play-based exploration projects and manage unconventional developments such as shale oil.

In H1 2018 we enhanced our software products to include a range of new customer-requested functionality and upgraded them to include support for Esri's latest 10.6 release. In H1 three Exploration Analyst customers took the strategic decision to significantly scale back their exploration activities. This impacted H1 revenue but a significant portion of this was offset by a new global customer for Exploration Analyst. Several regional and global software customers also upgraded to multi-year licenses and we expanded our exposure to onshore production operations by doubling the number of Unconventional Analyst license holders.

### *Geospatial Services*

We provide Geospatial Services to oil & gas companies that range from small independents to super-majors. In H1 2018 we won an additional support contract from a super-major. The transferable nature of our geospatial skills enables us to diversify revenues and in H1 2018 we undertook contracts in the environmental, utilities and maritime sectors.

### *Geoscience Services*

On the roadmap to improve the profitability of our Geoscience Services we are repositioning this offering around the delivery of projects that integrate complex geoscience with geospatial insights. By taking steps in H1 to consolidate our Henley and London activities into a single location, we anticipate that greater collaboration between the geoscience and geospatial teams will further support our efforts to transform what we do.

Building on our long history of assisting governments we are promoting Sierra Leone's Fourth Licensing Round. This Round enables us to broker a potentially high value portfolio of seismic and well data to prospective investors. The dialogue around these data will continue through the recently announced industry consultation period.

## Financial Review

- £4.3 million sales closed in the period (up 39% from H1 2017)
- H1 2018 revenue £2.9 million (down £0.2 million, 6% from H1 2017)
- £1.4 million balance strengthens pipeline of recurring revenue
- Post tax loss £280,000 (H1 2017: £227,000 loss)
- Net cash generated from operations totalling £0.1 million (2017 H1: £0.3 million)
- Cash balance, net of borrowings £1.4 million (H1 2017: £0.8 million)

Having recently moved our Accounting Reference Date to 31 December, this is Getech's first Interim Results for the 1 January to 30 June period. The new Reference Date introduces seasonality to our financial results, H1:H2 revenue historically being split in a 40:60 ratio.

### *Revenues and Sales*

Following successful sales campaigns targeting multi-year subscriptions to our products and software, sales closed in H1 2018 totalled £4.3 million, a 39% increase versus H1 2017 (£3.1 million).

Given the multi-year nature of many of these sales, recognition of their revenue has been split between H1 2018 and future periods. Reflecting this, H1 2018 revenues totalled £2.9 million (H1 2017: £3.1 million); the £1.4 million balance relating to products and services that will be delivered in future periods. The majority of these forward sales will be delivered in H2 2018 and FY 2019 and at 30 June 2018 we had invoiced for c. 50% of the total forward sales value.

In addition, a \$0.9 million data sale negotiated in H1 2018 frustratingly missed the 30 June period-end. This sale is now closed. With it H1 revenue would have risen 16% year-on-year and total sales closed would have risen 61%.

### Cost management

Between 2016 and 2017 Getech reduced its cost base by 32%. In H1 2018 we have continued to exercise capital discipline, whilst maintaining a programme of product investment. In the past 12 months we have also invested in our sales and marketing teams and strengthened our project management capabilities.

The Group's cost base for H1 2018 was £3.5m (H1 2017: £3.6m) – a 4% period on period reduction, inclusive of internal investments. More detail is given below.

	Percent variance from prior 6 months	Six months ended 30 June 2018 Unaudited £'000	Six months ended 30 June 2017 Unaudited £'000	17 months ended 31 Dec 2017 Audited £'000
Cost of sales		1,690	1,871	6,262
Increase/(decrease) in inventories		59	82	(395)
Development costs capitalised		420	470	1,154
Administrative costs (including restructuring costs)		1,711	1,583	5,345
Depreciation and amortisation charges		(353)	(393)	(1,184)
Exchange adjustments		(30)	23	8
Non-cash provisions		-	-	(118)
<b>Cost base</b>	<b>(4)%</b>	<b>3,497</b>	<b>3,636</b>	<b>11,072</b>
Restructuring costs		-	-	(487)
<b>Cost base, excluding one-off restructuring costs</b>	<b>(4)%</b>	<b>3,497</b>	<b>3,636</b>	<b>10,585</b>

*Cost base is measured as: cost of sales, administrative costs and development costs capitalised, less depreciation and amortisation, and adjusted for movement in inventories, foreign exchange and non-cash provisions.*

### Profitability

From H1 revenue of £2.9 million, Getech reports Gross Profit of £1.2 million (H1 2017: £1.2 million) and Gross Profit Margin of 41% (H1 2017: 39%). This translates to a loss before interest, depreciation and amortisation of £169,000 (H1 2017: £6,000 loss).

This reflects our largely fixed cost base and the H2-weighted seasonality in our financial results. It does not, however, reflect the groups improved pipeline of sales of products and services that will be delivered in future periods (see revenue and sales section).

Getech's post-tax loss was £280,000 (H1 2017: £227,000).

### Operating cash flow

Getech generated a net operating cash inflow of £76,000 (H1 2017: £296,000). This is inclusive of tax receipts of £608,000 (H1 2017: £572,000), and includes tax credits for expenditure on R&D.

### Investment, capital expenditure and financing

Getech has continued investment in its Globe platform and Software products, with expenditure of £420,000 during the reported period (H1 2017: £470,000).

During H1 2018 the Group upgraded its geospatial software products to include a range of new customer-focused functionality and development of the 2018 phase of Globe was completed on budget and to schedule. Work has now commenced on the next annual phase of Globe development, for which we have secured pre-funding.

At the end of H1 2018, Getech's outstanding loan balance was £0.5 million (H1 2017: £0.8 million), having made capital repayments of £0.3 million since the end of H1 2017, which includes £145,000 repaid during H1 2018.

### Liquidity

At the end of the six-month period under review, Getech held £1.9 million in cash and cash equivalents, and

borrowings of £0.5 million (2017 H1: £1.6 million in cash and cash equivalents, and borrowings of £0.8 million). This represents a net cash position of £1.4 million versus £0.8 million at the same point in 2017.

Reflecting the seasonal H2-weighting of Getech's revenue, Net Cash was lower than at 31 December 2017 (£1.8 million). However, with the rate of sales ramping up through H1 2018 and c. 50% of forward product sales yet to be invoiced at 30 June 2018, receivables grew to £2.5 million (31 December 2017: £2.1 million).

As such, net cash plus receivables totalled £3.9 million and were flat across the period.

### *Dividends*

Having considered the continued volatility of the oil & gas investment environment the Board decided that it was appropriate to not pay a dividend at this time.

## Outlook

Since 30 June 2017 oil prices have risen c. 75%. With industry costs at a cyclical low and against budgets set 12 months or more previous, the increased oil price has transformed the cash generation of our customers. The oil and gas sector has used this unbudgeted cashflow to rebuild balance sheets. There has also been a rise in production-focused M&A but despite falling rates of reserve replacement there has not yet been a sector-wide return to exploration.

The upstream investment environment for our products and service therefore remains volatile but we expect 2019 budgets to set a clearer and more positive path. Evidence for this comes from our customers' renewing investment in their tools and people - which in H1 2018 resulted in an increase in total sales through multi-year commitments.

### *H2 2018 investment and sales activity*

In H2 2018 we are investing in further releases of our software, we have commenced work on the next release of Globe and we are actively refreshing our data holdings. We are also rationalising our office locations and using our products and geoscience-geospatial skills to reshape and differentiate our services.

With Getech's revenue historically distributed 40:60 in favour of H2, our sales team is working on a series of campaigns that target the ramp-up in spending that comes at our customer's year-end. We expect these campaigns to deliver both 'spot' and recurring revenue sales, delivering revenue in both H2 2018 and future periods.

We are following up leads in new geographies – the Middle East and Asia of note, exploring ways to expand access to our data products and solutions, and working to grow our software footprint in onshore US production.

We enter H2 with a robust sales pipeline and the \$0.9 million data sale described in this report delivered a good start to the half. We are working closely with our customers to prioritise spend against products and services that maximise their investment in people and technology. The purchasing power of Exploration and New Venture teams remains constrained by budgets set in 2017 but we are optimistic that as our customers gear up for their 2019 work programmes this will generate new demand for our value-add offering.

### *Operational and Capital Management*

In H1 2018 we placed Getech's Leeds office on the market for sale. A number of parties have expressed interest and we will update as discussions proceed. We estimate costs associated with the Leeds sale, closure of our Henley office and relocation of staff to London to total c. £200,000. We expect to report these costs as an exceptional item in H2 2018. Inclusive of these exceptional costs we do not expect Group full year costs to exceed those in 2017.

### **Dr Stuart Paton**

Non-executive Chairman

### **Dr Jonathan Copus**

Chief Executive Officer

# Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 Unaudited £'000	Six months ended 30 June 2017 Unaudited £'000	17 months ended 31 Dec 2017 Audited £'000
Revenue		2,879	3,055	10,946
Cost of sales		(1,690)	(1,871)	(5,801)
Exceptional inventory impairments		--	--	(461)
<b>Gross profit</b>		<b>1,189</b>	<b>1,184</b>	<b>4,684</b>
Administrative costs		(1,711)	(1,583)	(4,858)
<b>Operating (loss)/profit before exceptional administrative expenses</b>		<b>(522)</b>	<b>(399)</b>	<b>(174)</b>
<b>Exceptional administrative expenses</b>				
Restructure costs		--	--	(487)
<b>Operating loss</b>		<b>(522)</b>	<b>(399)</b>	<b>(661)</b>
Finance income		--	--	2
Finance costs		(9)	(20)	(34)
<b>Loss before tax</b>		<b>(531)</b>	<b>(419)</b>	<b>(693)</b>
Income tax credit		251	192	653
<b>Loss for the period attributable to owners of the Parent Company</b>		<b>(280)</b>	<b>(227)</b>	<b>(40)</b>
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences on translation of foreign operations		21	83	(10)
<b>Total comprehensive income for the period attributable to owners of the Parent Company</b>		<b>(259)</b>	<b>(144)</b>	<b>(50)</b>
<b>Earnings per share</b>	4			
Basic earnings per share		<b>(0.74)p</b>	(0.60)p	(0.11)p
Diluted earnings per share		<b>(0.73)p</b>	(0.59)p	(0.11)p



# Consolidated Statement of Financial Position

As at 30 June 2018

Company registration number: 02891368

	<b>30 June 2018</b>	30 June 2017	31 Dec 2017
	<b>Unaudited</b>	Unaudited	Audited
	<b>£'000</b>	£'000	£'000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	3,428	3,428	3,428
Intangible assets	3,271	3,220	3,155
Property, plant and equipment	2,477	2,559	2,499
Deferred tax assets	204	333	207
	<b>9,380</b>	9,540	9,289
<b>Current assets</b>			
Inventories	731	986	672
Trade and other receivables	2,526	2,799	2,121
Current tax assets	189	275	490
Cash and cash equivalents	1,878	1,605	2,393
	<b>5,324</b>	5,665	5,676
<b>Total assets</b>	<b>14,704</b>	15,205	14,965
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	276	293	279
Trade and other payables	2,088	1,953	1,958
Current tax liabilities	--	--	--
	<b>2,364</b>	2,246	2,237
<b>Non-current liabilities</b>			
Borrowings	213	486	355
Deferred tax liabilities	185	503	194
	<b>398</b>	989	549
<b>Total liabilities</b>	<b>2,762</b>	3,235	2,786
<b>Net assets</b>	<b>11,942</b>	11,970	12,179
<b>Equity</b>			
<b>Equity attributable to owners of the Parent Company</b>			
Share capital	94	94	94
Share premium account	3,053	3,053	3,053
Merger relief reserve	2,407	2,407	2,407
Share option reserve	186	143	164
Currency translation reserve	10	65	(11)
Retained earnings	6,192	6,208	6,472
<b>Total equity</b>	<b>11,942</b>	11,970	12,179

# Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	<b>Six months ended 30 June 2018 Unaudited £'000</b>	Six months ended 30 June 2017 Unaudited £'000	17 months ended 31 Dec 2017 Audited £'000
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax	(531)	(419)	(693)
Share-based payment charge	22	22	67
Depreciation and amortisation charges	353	393	1,184
Profit on disposal of fixed assets	--	--	11
Finance income	--	--	(2)
Finance costs	9	20	34
Exchange adjustments	11	64	(8)
Decrease/(increase) in inventories	(59)	(82)	395
Decrease/(increase) in trade and other receivables	(467)	178	1,251
(Decrease) in trade and other payables	130	(452)	(1,092)
<b>Cash generated from/(used in) operations</b>	<b>(532)</b>	<b>(276)</b>	<b>1,147</b>
Income taxes refunded/(paid)	608	572	467
<b>Net cash generated from operating activities</b>	<b>76</b>	<b>296</b>	<b>1,614</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(25)	(15)	(54)
Proceeds from sale of fixed assets	--	--	--
Development costs capitalised	(420)	(470)	(1,154)
Acquisition costs, net of cash received	--	(400)	(500)
Interest received	--	--	2
<b>Net cash used in investing activities</b>	<b>(445)</b>	<b>(885)</b>	<b>(1,706)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	--	--	--
Repayment of long-term borrowings	(145)	(121)	(266)
Equity dividends paid	--	--	--
Interest paid	(9)	(20)	(34)
<b>Net cash used in financing activities</b>	<b>(154)</b>	<b>(141)</b>	<b>(300)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(523)</b>	<b>(730)</b>	<b>(392)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,393</b>	<b>2,317</b>	<b>2,788</b>
Exchange adjustments to cash and cash equivalents at beginning of period	8	18	(3)
<b>Cash and cash equivalents at end of period</b>	<b>1,878</b>	<b>1,605</b>	<b>2,393</b>

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 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
<b>At 1 January 2018</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	—	—	—	22	—	—	22
Transactions with owners	—	—	—	22	—	—	22
Loss for the period	—	—	—	—	—	(280)	(280)
Other comprehensive income							
Currency translation differences	—	—	—	—	21	—	21
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>21</b>	<b>(280)</b>	<b>(259)</b>
<b>At 30 June 2018 - unaudited</b>	<b>94</b>	<b>3,053</b>	<b>2,407</b>	<b>186</b>	<b>10</b>	<b>6,192</b>	<b>11,942</b>

For the six months ended 30 June 2017

	Share capital £'000	Share premium account £'000	Merger relief reserve £'000	Share option reserve £'000	Currency translation reserve £'000	Retained earnings £'000	Total £'000
<b>At 1 January 2017</b>	<b>94</b>	<b>3,053</b>	<b>2,407</b>	<b>160</b>	<b>(18)</b>	<b>6,396</b>	<b>12,092</b>
Transfer of reserves	—	—	—	(39)	—	39	—
Share-based payment charge	—	—	—	22	—	—	22
Transactions with owners	—	—	—	(17)	—	39	22
Loss for the period	—	—	—	—	—	(227)	(227)
Other comprehensive income							
Currency translation differences	—	—	—	—	83	—	83
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>83</b>	<b>(227)</b>	<b>(144)</b>
<b>At 30 June 2017 - unaudited</b>	<b>94</b>	<b>3,053</b>	<b>2,407</b>	<b>143</b>	<b>65</b>	<b>6,208</b>	<b>11,970</b>

# Consolidated Statement of Changes in Equity

For the 17 months ended 31 December 2017

	Share capital £'000	Share premium account £'000	Merger relief reserve £'000	Share option reserve £'000	Currency translation reserve £'000	Retained earnings £'000	Total £'000
At 1 August 2016	94	3,053	2,407	173	(1)	6,436	12,162
Transfer of reserves	—	—	—	(76)	—	76	—
Share-based payment charge	—	—	—	67	—	—	67
Transactions with owners	—	—	—	(9)	—	76	67
Profit for the period	—	—	—	—	—	(40)	(40)
Other comprehensive income							
Currency translation differences	—	—	—	—	(10)	—	(10)
Total comprehensive income for the period	—	—	—	—	(10)	(40)	(50)
At 31 December 2017 - audited	94	3,053	2,407	164	(11)	6,472	12,179

# Notes to the Interim Report

For the six months ended 30 June 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 the provision of geological services, reports and data to the petroleum and mining industries to assist in their exploration activities.

## 2. Basis of Preparation

The interim results are for the six months ended 30 June 2018. They have been prepared using the recognition and measurement principals of IFRS. As permitted, this interim report has been prepared in accordance with the AIM rules and not in accordance with IAS 34 'Interim Financial Reporting'.

The Group has adopted IFRS 15 Revenue from contracts with customers. IFRS 15 sets out a single and comprehensive framework for revenue recognition. An assessment of the impact of IFRS 15 has been completed, including a comprehensive review of the contracts that exist across the Group's revenue streams. This has ascertained that for the current contracts within the Group there will be no significant impact on revenue as previously recognised.

This interim report does not constitute full statutory financial statements within the meaning of section 434(5) of the Companies Act 2006 and the financial statements are unaudited. The unaudited interim financial statements were approved for issue by the board on 27 September 2018.

The financial statements are prepared on a going concern basis under the historical cost convention with the exception of certain items measured at fair value and are presented to the nearest thousand pounds (£'000) except as otherwise stated. They have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the period ended 31 December 2017. A copy of the audited financial statements for that period has been delivered to the Registrar of Companies. The Auditors' opinion on those financial statements was unqualified, did not draw attention to any matters by way of an emphasis of matter paragraph, and it contained no statement under section 498(2) or section 498(3) of the Companies Act 2006.

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.

## 3. Dividends

	<b>Six months ended 30 June 2018 Unaudited £'000</b>	Six months ended 30 June 2017 Unaudited £'000	17 months ended 31 Dec 2017 Audited £'000
<b>Paid during the year</b>			
No final dividend in respect of the period ended 31 December 2017 (year ended 31 July 2016: £nil per share)	--	--	--

#### 4. 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 period.

	<b>Six months ended 30 June 2018 Unaudited £'000</b>	Six months ended 30 June 2017 Unaudited £'000	17 months ended 31 Dec 2017 Audited £'000
Profit/(loss) attributable to equity holders of the Group	<b>£(280,000)</b>	£(227,000)	£(40,000)
Weighted average number of Ordinary Shares in issue	<b>37,563,615</b>	37,562,415	37,562,454
Basic earnings per share	<b>(0.74)p</b>	(0.60)p	(0.11)p
Diluted earnings per share	<b>(0.73)p</b>	(0.59)p	(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 six months ended 30 June 2018 is 679,833 (six months ended 30 June 2017: 789,754; 17-month period ended 31 December 2017: 629,707).

# Directors, Officers and Advisors

## Directors and officers

### Dr Stuart Paton

Non-executive Chairman

### Peter Stephens

Non-executive Director

### Dr Alison Fielding

Non-executive Director

### Chris Flavell

Non-executive Director

### Dr Jonathan Copus

Chief Executive Officer

### Andrew Darbyshire

Chief Financial Officer

### Chris Jepps

Chief Operating Officer

## Registered office

Kitson House  
Elmete Hall  
Elmete Lane  
Leeds LS8 2LJ

## Advisors

### 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  
Leeds LS1 4BN

### Solicitors

Bond Dickinson  
No. 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