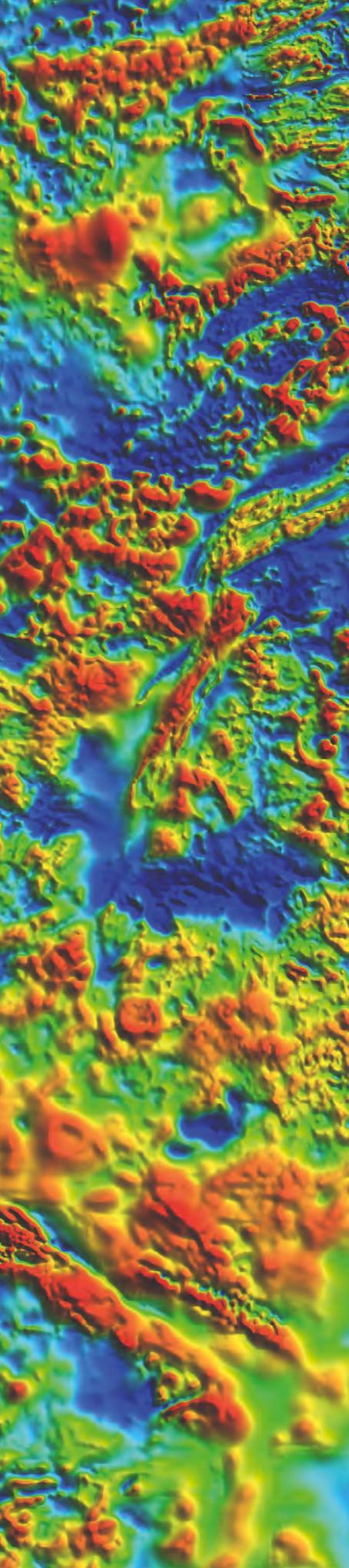




Getech Group plc
Annual Report and Accounts 2016



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Financial Highlights

Revenues £7.03 million (2015: £8.64 million)

PAT £1.09 million (2015: £1.81 million)

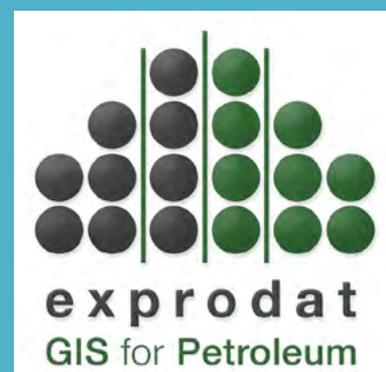
EPS 3.25p (2015: 5.77p)

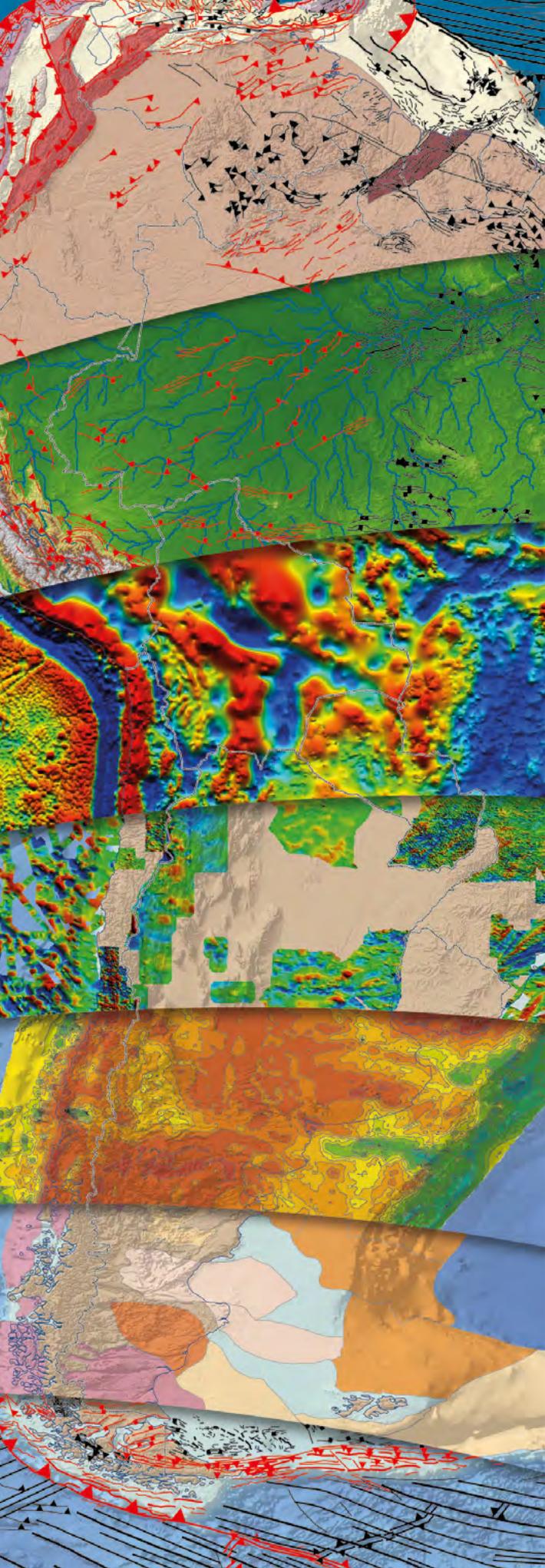


Acquisition of Exprodat Consulting Limited

In June 2016, Getech announced the acquisition of Exprodat Consulting Limited (Exprodat). Exprodat was founded in 2002 and is a London-based consultancy. It specialises in the provision of services and consultancy relating to data management and the use of geographical information systems (GIS). Exprodat provides GIS training in both public and private environments, and has developed, and licences commercially, several software packages that support petroleum exploration.

The Directors believe that the enlarged Getech Group will deliver a number of synergies, both in relation to internal Group performance and in terms of the products and services provided to our clients.





Operational Highlights

Multiclient Products and Services

Globe

Getech's *Globe* is now in its sixth year of continuous client participation and its seventh year of generating innovative geoscience databases and knowledge bases. It is an essential resource for many of the world's largest exploration teams. A central strength of *Globe* is our corporate commitment to driving cutting-edge science through the combination of our in-house industry expertise and our strong academic links with world renowned universities in the UK, Europe and America. We continue to look at new ways to provide companies with robust, well-audited information generated by a team of dedicated experts. The last year has seen *Globe* increasingly take advantage of the growing power and flexibility of web-based delivery systems.

Gravity and magnetics

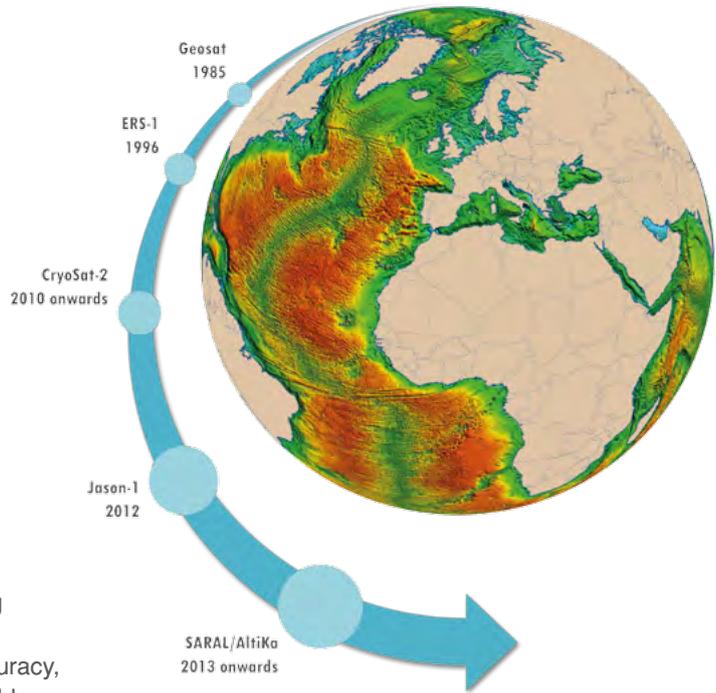
Stretching back to its first project in 1986, Getech has a long heritage of being a world leader in the field of gravity and magnetics. In 2016 we formed the Gravity and Magnetic Solutions Group. This group is built on a strong foundation which comprises the most comprehensive (and ever-growing) global database of gravity and magnetic data, a specialist team of technical experts (with an enviable experience profile) that can offer a spectrum of consultancy services, and a rich history of research and development projects. It is our intention that this group will ensure that Getech is, and continues to be, regarded as a potential fields centre of excellence.

Multiclient regional reports

This year we have completed five new multiclient *Regional Reports*, including reports on the up-and-coming exploration areas of Myanmar and the Canadian North Atlantic, as well as updating our core report areas for the Equatorial Atlantic, South Atlantic and East African regions. The *Regional Reports* provide our clients with valuable insights into the tectonic and geological evolution of study areas, as well as considering the petroleum systems of their basins, helping exploration teams to gain valuable knowledge about different areas.

Multi-Satellite Altimeter Gravity Programme (Multi-Sat)

Contact and relationships with National Oil Companies and government departments continued to develop throughout the year. At the beginning of the financial year, we completed a contract with Sonangol, which was our largest ever single contract. Getech's *Multi-Satellite Altimeter Gravity Programme (Multi-Sat)* has recently been completed. This 3-year study has produced dramatically improved gravity data coverage for the continental margins of the world. Over 20 years of technical experience in this field ensured that we were able to address the challenges of integrating data from 3 new altimeter satellites. The enhanced processing techniques that we have developed have resulted in a gravity data set of improved accuracy, reliability and coherency which forms a valuable component of New Ventures exploration workflows.



Consultancy Projects

Consultancy and licensing rounds

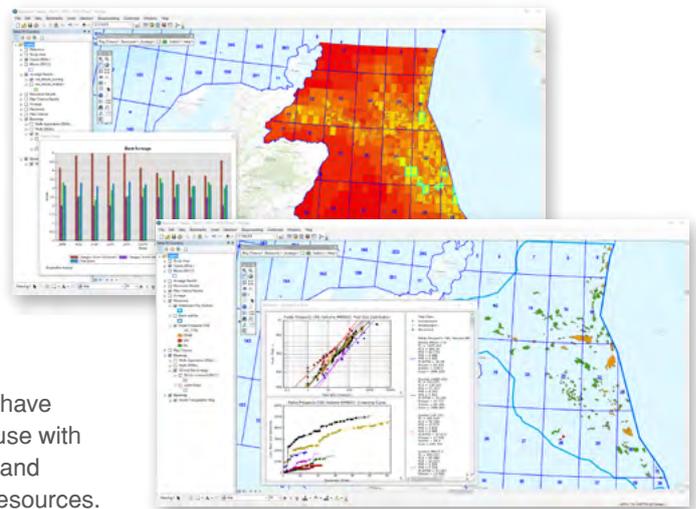
The Group's consultancy team has continued to provide ongoing technical support and advice to the Mozambique government following the very successful fifth licensing round held in 2015. A series of technical studies have been conducted during 2016 that will assist the promotion of open acreage in future licensing rounds.

Significant new projects awarded during 2016 have included both a major multi-disciplinary integrated regional seismic stratigraphic study in Pakistan and a World Bank funded counterpart training programme for the government in Sierra Leone.

GIS software and services

In 2016, Exprodat launched Exploration Analyst Online. This online application allows explorationists to interactively investigate and analyse their resource data. Being web-based, all users within an organisation are able to benefit from the powerful map-based exploration analyses from any device. Previously, these analyses were only available to expert ArcGIS™ Desktop users via Exprodat's Exploration Analyst extension to ArcGIS™ Desktop.

This year, Exprodat's specialist GIS consultants have diversified into the nuclear sector, working in-house with companies to help them to increase efficiencies and maximise the potential from their GIS and data resources.



Chairman's Statement



Dr Stuart M. Paton

Non-executive Chairman

With oil prices remaining low and volatile throughout the financial year ended 31 July 2016, the market backdrop to my sixth report as Chairman remained challenging for a Group largely focussed on the provision of products and services to the natural resources industries. In the first half of the financial year, Getech acted decisively to strengthen its operations through innovation around its core products and by implementing significant cost control measures. These steps resulted in a considerable improvement in Getech's trading performance in the second half of the year, when compared to the first half of the year. Building on this momentum, the Group acquired Exprodat Consulting Limited (Exprodat), largely by issue of new shares. We believe this counter-cyclical acquisition redefines our skill base within geographic information systems (GIS), which is already transforming the value proposition around the Group's core activities and opening new opportunities to markets outside of oil and gas.

Beyond 2016, having built an unparalleled suite of global geological and geophysical data, analysis and products, Getech is now focussed on enhancing this offering through providing better access to its data sets and refocussing its offering to more practically address the day-to-day commercial challenges faced by our customers. I am excited by the value potential that this looks to unlock.

Results

For the financial year ended 31 July 2016, the Group reports a profit before tax of £671,000 (2015: £1,992,000) on revenue of £7,031,000 (2015: £8,639,000). The post-tax profit was £1,089,000 (2015: £1,813,000), giving earnings per share of 3.25p (2015: earnings per share of 5.77p).

Dividends

The Directors are not proposing a final dividend in respect of the financial year to 31 July 2016 (2015: final dividend of 1.74p per share). Getech intends to continue its policy of progressive dividends as appropriate, but given the ongoing market conditions, the Directors do not consider it prudent to pay a dividend at this time.

Business Review

The continuing low oil price throughout the 2016 financial year resulted in challenging conditions for the Group. Getech was initially affected by the reduction in exploration expenditure in late 2013. The sustained low oil price since the middle of 2014 led to ongoing low levels of capital expenditure across the whole exploration and production (E&P) sector, with exploration expenditure particularly hard hit. There have been numerous major redundancy rounds in many E&P and service companies. A wide range of service companies have been severely affected, both in terms of their incomes and their profits, with a number going bankrupt and consolidation taking place across the sector. The low oil price has also detrimentally influenced national oil companies' (NOCs') abilities to finance exploration efforts as their national budgets have been severely impacted.

The Group has relentlessly pursued sales opportunities in all markets in which it operates. Many clients express strong support for the Group's products but they do not currently have any budget available to make purchases. Our strong relationships with clients ensure that we stay up-to-date with their requirements and hence we believe we are well positioned to act on an improvement in the market. The acquisition of Exprodat in June 2016 has significantly strengthened the Group's capabilities, both in terms of the range of services we can offer and by creating synergies to the Group's existing services. A key focus in the coming year will be to develop these synergies to create new products and services and to broaden Exprodat's software offering. Exprodat also provides very close links to ESRI, a key geographical information services platform, which has already brought connections to other businesses outside E&P.

Getech has made some very hard decisions during the year, including making a number of staff redundant, reducing staff hours and salaries, and cutting back non-essential expenditure. It is incredibly difficult to make these decisions as they directly impact individual people and their families; however, these steps have had to be taken to ensure the resilience of the Group.

Outlook

The oil price has strengthened recently, from lows of around US\$30/bbl in early 2016 to around US\$50/bbl by the end of Getech's financial year in July 2016. This strengthening in the oil price, combined with a reduced cost profile, should make future E&P investment more attractive. Many analysts and market commentators consider that US onshore will become the 'swing producer' and hence should be the focus of short-term capital; however, there has been very limited exploration spend across the whole sector for the last two or more years. Therefore, in the medium term, as has happened in previous cycles, we are likely to see the oil price strengthen further due to supply constraints caused by the reduced level of investment. This strengthening in oil price will presumably also affect the level of investment from NOCs, who will need to maintain production levels while encouraging new investment through license rounds to increase longer-term production.

At the same time, the deep cuts to staffing in many companies, including the International Oil Companies (IOCs) and large US Independents, mean that their capability to undertake exploration is severely curtailed. In the medium term, this provides a real opportunity for Getech to provide focussed, high-quality advice to these companies. The Group continues to believe that its range of products provides a strong foundation upon which it can grow the business. We work with a wide range of clients across the world, from NOCs and Super Majors to mid-size and small companies.

The Group's key focus in the coming year will be to maximise the value of combining the knowledge and data from Getech with the skills we have gained through

the ERCL and Exprodat acquisitions to create a portfolio of products that are an essential part of the exploration process. This will involve a clear understanding of the issues faced by explorationists and the application of our integrated approach to address these issues in a timely and cost-efficient manner.

We believe the Group will require organisational changes and strong leadership to identify, build and deliver these products. The appointment of Dr Jonathan Copus as CEO provides the leadership required to make these organisational changes and to drive the business forward for its next stage of growth. Jonathan brings extensive industry, corporate finance and capital markets experience, having worked as an Exploration Geologist at Shell, as the top-rated E&P Sell-side Equity Analyst at a number of City companies (including Investec and Deutsche Bank) and most recently as Chief Financial Officer at Salamander Energy plc, which was acquired by Ophir plc in 2015. His professional training as a geologist, his industry experience with both Super Major and UK-listed Independent Oil and Gas Companies, and his extensive City experience make him uniquely suited for this role. The Board is very pleased to have been able to attract an individual of this calibre to the role and look forward to working with him to grow the Group.

I am very pleased that Mr Chris Flavell joined the Board in November 2015. Chris has 35 years' experience in operating E&P companies and consultancies, and he brings a wealth of knowledge and industry contacts. Most recently, he managed Tullow Oil's exploration geoscience team from 2007 to 2013, which was a period of outstanding success and growth for the company. In 2013, he left Tullow Oil to form a geoscience-focussed recruitment consultancy.

The last year has seen many changes in Directors and staff in the business. I would like to reiterate our thanks to Mr Raymond Wolfson for his outstanding contribution and commitment to Getech over many years. I would also like to thank both Mr Colin Glass, who stepped down as a Director in November 2015 after 16 years of involvement with Getech, and Dr Paul F. Carey, who announced that he is stepping down as a Director and leaving the Group with effect from 1 January 2017. A number of staff have also left the business through the redundancy process; I would like to thank each and every one of them for their commitment to the Group.

Finally, I would like to say how pleased I am to continue to be involved with the Group and to thank the staff and my fellow Directors for all their hard work and dedication. I am delighted to welcome the Exprodat staff based in London. The whole organisation has shown great fortitude in challenging circumstances.

Dr Stuart M. Paton

Operating Review



Dr Jonathan Copus

Chief Executive Officer

I am pleased to make my first report as CEO of Getech, having joined the Group at the beginning of August 2016. I take up the reins in what continues to be a challenging business environment for both our customers and the Group. Across Getech's financial year to July 2016, budgets for drilling exploration wells did not see any significant signs of recovery and the market for proprietary consulting work remained weak. Our customers, however, continue to refresh and rework their views around the opportunity sets within and outside of their exploration portfolios, which has resulted in continued demand for our data and regional multiclient consulting activities. Across our broad client base, our customers have continued to value Getech's core products and services, many of which form important components of their day-to-day operational workflows.

Getech's focus is to deliver to our customers value creative products from a diversified and stable business platform. To achieve this, the Group must produce a high-quality, innovative, technical offering and maintain a steady focus on costs. It must also retain the vision to see this market as an opportunity to significantly strengthen the Group's offering. The most recent step along this path was the acquisition of Exprodat Consulting Limited (Exprodat), a geographical information systems (GIS) services and software specialist.

In Partnership With our Customers to Deliver Data and Analysis at a Global Scale

Getech remains committed to the continued expansion of our unrivalled inventory of gravity and magnetics data and expertise, and our *Globe* products and services.

In 2016, the Group enhanced its capabilities in gravity and magnetics through the formation of a dedicated centre of excellence. As a low-cost alternative to seismic data, gravity and magnetic data continues to be seen as an attractive purchase for Getech's natural resources clients. As such, data sales remain an important revenue stream for the Group. In July 2016, Getech also delivered the three-year *Multi-Satellite Altimeter Gravity Programme* (*Multi-Sat* project), which has provided a route for our customers to greatly enhance the quality of their satellite data.

Globe, as a client-funded product suite, is now in its sixth year of support and continues to gain more interest and use. Activity throughout 2016 was

pre-funded by a broad grouping of International Oil Company and large Independent Oil Company customers. Through *Globe*, Getech delivers to its customers the most comprehensive reconstruction of past geography, depositional environments, tectonics and climate undertaken by any organisation to date. *Globe* continues to provide an environment that encourages regular interaction with our clients. The work also feeds through into Getech's multiclient *Regional Report* products and focussed consultancy work, both of which draw on the full spectrum of Getech's knowledge bases and operations.

Within consulting, 2016 saw the completion of work on Getech's extensive, multi-disciplinary Angolan basin review for Sonangol. This contract was one of the largest Getech have had and it is testament to our strong relationship with Sonangol. Against a depressed consultancy market, we have recently been awarded further consultancy work by the government of Sierra Leone (see below). We remain confident that as the market improves, we will secure other contracts with national oil companies (NOCs) who see the value of our integrated, multi-disciplinary approach that is underpinned by excellent data and a strong GIS platform.

The continued demand throughout 2016 for Getech's *Regional Reports* indicates that although our customers are not drilling, they continue to refresh and rework their views around the opportunity sets within and outside of their exploration portfolios. This pattern has continued into the first half of Getech's 2017 financial year, although the market remains both fragile and volatile.

Finding Opportunity within a Turbulent Market

Against this backdrop, Getech's Board took an active decision to not just hunker-down and wait for an oil-price driven market recovery. Instead, the Board saw a number of clear partnership or transactional opportunities across a range of companies. The Board's focus continues to be on companies that are not in direct competition with Getech and where there is the potential to deliver significant value enhancement through complementary skills and customer relationships.

The first of these acquisitions, ERCL, was completed in 2015. Its operations were progressively integrated into the Group during the course of 2016. ERCL has extended Getech's commercial reach beyond its

traditional regional gravity and magnetics new business venture market into a more seismic-linked sphere where the Group is now able to offer detailed well planning, field development and asset and data management advice to companies, governments and NOCs.

Throughout 2016, under the ERCL brand, Getech continued to support the Mozambique Government's petroleum activities through the provision of commercial and geotechnical advice and training. As part of this work, 2016 saw the completion of the country's fifth licensing round (a program assisted by ERCL) and work commenced on the preparation of data products for future rounds. In addition to this work, ERCL recently won a World Bank contract to support the government of Sierra Leone in its petroleum activities and it has ongoing work in a number of other countries, including Lebanon, Namibia, Palestine and Pakistan. Complementing these government and NOC projects, ERCL also provides exploration and development-based technical/commercial assistance to a range of independent upstream companies; recent activity includes operations in China, Equatorial Guinea, Mexico, Morocco and Spain.

In June 2016, Getech completed a second significant transaction: the acquisition of Exprodat. Exprodat specialises in the provision of services and consultancy relating to data management and the use of GIS. GIS, in the form of ESRI's ArcGIS™ product suite, is an industry-standard tool that is fundamental in supporting many aspects of oil and gas operations. Getech already has a long-standing and highly skilled GIS team, but this team had to date been focussed on servicing Getech's internal business needs. Exprodat therefore brings an additional skilled GIS resource that is dedicated to generating an external income stream for the Group.

As a key part of its activities, Exprodat has developed, and licenses commercially, several GIS software packages that support petroleum exploration. During the current downturn, the client retention of these subscription-based software products has been ~95%; this brings a substantial client base to Getech, with a significant proportion of recurring income. For Getech, it is particularly relevant that although the Exprodat staff specialise in GIS and software skills, they are also predominantly geologists by training, giving them an understanding of our clients' commercial and data management needs. Exprodat also delivers GIS training in both public and private environments; since 2007, Exprodat has trained approximately 2,500 oil and gas professionals in GIS.

Operating Review cont.

Exprodat is an ESRI Gold Partner (one of only two in Europe) and it has ISO 9001 certification. Each of these features represents an external validation and recognition of the quality of the company's services. With GIS being used in many industries other than the exploration and production (E&P) service sector, it is very pleasing to note that through the acquisition of Exprodat, Getech is now using its geoscience, GIS, software and consulting skills to extend its operations beyond its core oil and gas customer base; the Group is currently engaged in operations within the nuclear, mining, agriculture and water management industries.

A Focus on Costs

Getech's management team is focussed on opportunities that strengthen and broaden the Group's product offering, while at the same time taking steps that balance the Group's cost base with our customer's ability to pay for our products.

By taking advantage of the current turbulent market to build a broader service offering, the two acquisitions completed to date have also brought increased operational costs into the Group. Management has therefore kept a close watch on Group profitability, and in the first half of the 2016 financial year, a significant cost reduction program was launched. In the second half of the 2016 financial year, the delivery of this program resulted in a material step-down in the Group's cost structure: staff, general and administrative costs were lowered by 22% on an annualised basis.

Continuing the Group's focus on profitability, following the acquisition of Exprodat, a further series of cost reduction measures are currently being enacted across the Group.

Outlook

While the market is at best uncertain, our dialogue with our customers remains vigorous and the Group has a pipeline of significant sales proposals awaiting approval. As we approach the end of our customers' budget year, for the first time in several years, feedback from clients leaves us encouraged by the market mood; the recent increase in the oil price gives our customers more confidence that their budgets will become available in 2017.

Getech's management, however, is focussed on optimising the Group's positioning regardless of any potential recovery in the market. Having built an unparalleled suite of global geological and geophysical knowledge bases, Getech is now moving towards a model where the Group is focussed on enhancing this offering through providing better access to its data sets and refocussing its products and services so that they more specifically address the commercial challenges faced by our customers.

Key to achieving this goal will be further integration of both ERCL and Exprodat into the Getech Group. The 2017 financial year has seen far greater movement of staff between the Group's offices and a blurring of the project staffing and management lines between Leeds, Henley-on-Thames and London.

Test marketing has already demonstrated that the application of Exprodat's software and advanced GIS skills to Getech's core products and services has the potential to revolutionise the way that our customers access these offerings. This is expected, in turn, to open up new potential for the commercial application of information held within the Group's knowledge bases, which subsequently should redefine the value proposition to our customers. This potential is evident on a single-product basis (e.g. *Globe* or *Regional Reports*) as well as through multi-disciplinary/multi-product programs of work (e.g. proprietary work for government agencies and NOCs).

Although not yet significant as standalone revenue streams, Getech's recent advances into sectors beyond oil and gas highlight the fact that the Group's geoscience and GIS skills have the potential to be applied to a much broader spectrum of activities. These opportunities are under investigation and have the potential to diversify the Group's revenue base.

Dr Jonathan Copus

Chief Executive Officer

Financial Review



Andrew Darbyshire

Finance Manager

With oil prices falling a further 38% across the 2016 financial year, the exploration budgets of our customers remained under considerable pressure. For Getech, the financial year was one of two halves: the first half reflected lower revenues and pre-integration costs associated with the acquisition of ERCL; the second half saw a revenue-driven trading improvement and the benefits of a program of significant cost management.

Operating Income and Cash Flow

Revenue for the 2016 financial year amounted to £7,031,000 (2015: £8,639,000), a reduction of 19% from the previous financial year. While we have seen continued interest in Getech's industry-leading products and services, the restricted exploration budgets for the majority of E&P companies have had a direct effect on Getech's operating income.

In the first half of the 2016 financial year, slow trading conditions compounded a post-acquisition expansion in the Group's cost base, resulting in a first half loss before tax of £704,000 on revenues of £3,288,000. Getech rationalised its cost base towards the end of the first half of the 2016 financial year, which led to a cost base reduction of 17% in the second half of the financial year. The combination of these reductions and a 14% increase in revenues to £3,743,000 resulted in improved underlying performance in the second half of the year. Getech's second half profit before tax amounted to £1,375,000. This included an £845,000 write-down adjustment made to the fair value of the ERCL acquisition earn-out provision (the amount by which the total cash consideration for the ERCL acquisition has reduced from our original expectation). Full year profit before tax was £671,000 (2015: £1,992,000).

The Group's cost base is predominantly in pound sterling, but a significant proportion of its revenue is denominated in US dollars. Recently, currency markets have been favourable to the Group, with gain on foreign exchange movement reaching £123,000 for the 2016 financial year (2015: £99,000). Further details regarding the Group's foreign currency risk and mitigation are set out in Note 20 to the Consolidated Financial Statements.

Having reported a net operating cash out-flow of £488,000 in the first half of the 2016 financial year (prior to the changes in working capital, which are detailed below), this was more than reversed by a £978,000 in-flow in the second half of the year; the full year operating cash in-flow figure totals £489,000 (2015: £2,348,000).

Financial Review cont.

During the year, trade and other receivables balances reduced by £1,491,000 (2015: £202,000). A significant contributing factor to this was the payment during 2016 of the debtor balances from National Oil Companies that had been outstanding at the end of the 2015 financial year. Trade and other payables balances fell by £1,164,000 during the year (2015: increased by £483,000); the primary reason for this decrease was the release of deferred income relating to *Globe* deliverables throughout the 2016 financial year. Inventories have increased by £775,000 over the year (2015: £112,000) due to the timing of the multiclient Regional Reports product cycle, with several new reports nearing completion at the end of the financial year, creating new products to be sold in 2017.

Taking these changes in working capital into account, Getech's total cash in-flow from pre-tax operations during the 2016 financial year was £41,000 (2015: £2,921,000).

During the 2016 financial year, Getech made cash tax payments of £326,000 (2015: tax refund of £456,000). These payments relate to: profits in the 2015 financial year (predominantly payable in the US), payments on account for the current financial year and tax withheld in Angola. We anticipate tax refunds in the 2017 financial year from both the US and UK tax authorities as a result of our Group-wide research and development commitments as well as refunds for tax overpaid through payments on account – the £434,000 current tax asset in the Consolidated Statement of Financial Position.

Investment and Capital Expenditure

During the 2016 financial year, Getech continued its strategy of identifying counter-cyclical investment opportunities, and on 14 June 2016, it completed the acquisition of Exprodat Consulting Limited (Exprodat) in a deal valued at £1,760,000. The deal brought new areas of expertise to the extended Group, allowing us to offer a wider suite of products and services to exploration customers and other markets. The acquisition presents new opportunities for Getech, which are discussed in the Chairman's Statement and the Operating Review. The financial statements reflect the revenue and expenses incurred from the Exprodat assets for the 6 week period from the acquisition until the end of the financial year. Full year pro-forma numbers are also stated in the relevant sections of the notes to the financial statements.

Net cash out-flow from all investing activities was £1,061,000 (2015: £2,481,000). Within this figure, acquisition costs net of cash received were £240,000 (2015: £1,130,000), relating to the acquisitions of ERCL and Exprodat.

Getech has continued to invest in its *Globe* platform, with expenditure of £824,000 (2015: £977,000). The *Globe* platform is amortised over a 3 to 7 year period, and the first full year of amortisation has resulted in an increase in the Group amortisation costs from £186,000 in the 2015 financial year to £479,000 in the 2016 financial year. The *Globe* platform continues to be a key asset to Getech, forming the basis for many of the Company's cutting-edge products.

Financing

In the 2015 financial year, Getech used a £1,100,000 loan to partially fund the ERCL acquisition. During the 2016 financial year, capital repayments of the loan amounted to £132,000 (2015: £68,000).

Cash dividend payments totalled £572,000 (2015: £683,000).

Liquidity and Going Concern

At the end of the 2016 financial year, Getech held £2,788,000 in cash and cash equivalents, and a gross debt of £900,000 (2015: £4,727,000 in cash and cash equivalents, and a gross debt of £1,032,000).

The Group's business activities and the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Operating Review. The financial position of the Group, its cash flows and its liquidity position are described in the financial statements. In addition, Notes 20 and 21 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 cash flow forecasts. As a result of this review, the Directors consider that the Company and the Group are going concerns and the financial statements are prepared on that basis.

Andrew Darbyshire

Finance Manager

¹ 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, foreign exchange (as this predominantly relates to income for the Group) and fair value adjustments. The 6 weeks of Exprodat's costs were also excluded for comparative purposes.

Principal Risks and Uncertainties

Internal Control and Risk Management

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 historical management information
- Detailed budgeting and forecasting
- A monthly analysis of risks and threats 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 revenue, operating profit and cash flow.

The principal risks facing the business are outlined below:

Risk	Description	Mitigation	Change
Liquidity risk	The Group's cash levels fell during the year as a result of a high fixed cost base and difficult trading conditions.	Cash flow forecasts and future income levels are carefully monitored on a regular basis.	
Financial risk	The most important components of financial risk are market borrowing interest rate risk, customer credit risk and currency risk.	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, as far as possible, the timing of settling invoices where sales and purchases are in currencies other than pound sterling.	
Staff engagement and retention	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.	
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. During the year, an internal audit of information management protocols and procedures was conducted.	
Oil price	During the year, there has been continued uncertainty over the long-term price of oil.	The Directors and Executive team meet regularly to monitor the impact on demand for our products and services, and to refine our strategy to mitigate the effects of a long-term reduction in the price of oil.	

Approval of the Strategic Report

The Strategic Report on pages 5 to 12 was approved by the Board on 7 November 2016.

Dr Stuart M. Paton

Non-executive Chairman

Directors



Dr Stuart M. Paton (aged 49)

Non-executive Chairman

Stuart currently holds a variety of advisory roles, including ones with Lime Rock Partners LLP and Transform Exploration Pty Ltd. 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.

Audit Committee, Remuneration Committee, Nomination Committee



Peter F. H. Stephens (aged 61)

Non-executive Director

Peter is currently Chairman of ASX quoted Etherstack, BLL Bespoke and Cavendish Ware (and CIO of the latter). He is also a Director of various private companies. He was Chairman of Getech from its flotation on AIM in 2005 up until 2013. Previously, Peter was the Chairman and founder of Tristel plc, and was a Director during the company's flotation on AIM in 2005 up until 2013. He was also the Head of European Equities Sales at Salomon Brothers and Cr dit Lyonnais. Peter has an MA in Jurisprudence from Oxford University and he qualified as a barrister in 1978.

Audit Committee, Nomination Committee



Dr Alison M. Fielding (aged 52)

Non-executive Director

Alison is an experienced entrepreneur, creating, building and investing in high-growth companies. Her career has spanned scientific research at Zeneca, strategy consultancy at McKinsey and business building at IP Group plc. She is a board member of Perachem Holdings Limited, 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.

Audit Committee, Remuneration Committee, Nomination Committee



Chris Flavell (aged 59)

Non-executive Director

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 8 years. Chris's 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.

Remuneration Committee



Dr Jonathan Copus (aged 44)

Chief Executive Officer

Jonathan has extensive industry, corporate finance and capital markets experience, having worked as an Exploration Geologist at Shell, as the top-rated Exploration & Production Sell-side Equity Analyst at a number of City companies (including Investec and Deutsche Bank) and most recently as Chief Financial Officer 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.



Dr Paul J. Markwick (aged 52)

Technical Director

Paul has a BA in Geology from St. Edmund Hall, Oxford and a PhD in Geophysical Sciences from the University of Chicago. He worked for two years at BP's Research Centre in Sunbury-on-Thames before moving to Chicago, where he studied with Professor Fred Ziegler's oil industry-sponsored Palaeogeographic Atlas Project. He joined Getech in 2004. Paul is also a Research Fellow at the Universities of Leeds and Bristol.



Dr Paul F. Carey (aged 50)

Marketing and Sales Director

Paul has a BSc in Geology and a PhD from Queen's University Belfast, where he lectured until joining Badley Ashton & Associates as a Reservoir Technologist. He was then appointed to the role of Chair in Petroleum Geology at the University of the Western Cape with academic, commercial and consulting positions. Subsequently, he joined Fugro Robertson, taking roles including Head of Geochemistry and Head of Global Multi-client Products in Fugro Data Solutions. After a short return to Cape Town, he joined Getech in 2011.



Huw Edwards (aged 60)

Director

Huw has a BSc in Geology from the University of Manchester and an MSc in Geophysics from Imperial College. He started his career at Amoco and went on to work for Superior Oil, Exploration Consultants Limited as their Chief Geophysicist, BG Group as their Manager of Geophysics and PGS as their Project Director. He started up the original ERCL in 2010. In January 2014, Huw merged the original ERCL with part of the business of SAER Limited to form a new combined company that Getech went on to acquire in April 2015.

Corporate Governance Report

The Group is committed to high standards of corporate governance, so far as is practicable and appropriate for a Group of its size and nature. As such, the Group has given careful consideration to the principles of the UK Corporate Governance Code (hereafter referred to as the Code). The Group does not comply with the Code; however, we have reported on our corporate governance arrangements by drawing upon best practice available, including those aspects of the Code that we consider to be relevant.

Board Structure and Meetings

During the year, the Board of Directors comprised four Non-executive Directors and four Executive Directors. On 10 November 2015, Chris Flavell was appointed to the Board as a Non-executive Director following the announcement that Colin Glass would resign as a Non-executive Director with effect from 8 December 2015. The Non-executive Directors ensure a balance to the Board by constructively challenging the Executive Directors.

In February 2016, it was announced that Raymond Wolfson would step down as Chief Executive Officer on 31 July 2016. On 2 August 2016, Jonathan Copus was appointed as Chief Executive Officer.

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.

Board Meetings

The Board is responsible to the shareholders for the proper management of the Group. A Directors' Responsibilities statement in respect of the financial statements is set out in this Annual Report on page 20.

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:

- The Annual Report and Accounts
- The dividend policy
- The budget and major capital expenditure
- Acquisitions and alliances policies

The Board delegates certain matters regarding audit and remuneration to its principal committees.

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 the following page.

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Dr S. M. Paton (Non-executive Chairman)	9/9	2/2	1/1	2/2
Dr A. M. Fielding (Non-executive)	9/9	1/1	1/1	2/2
P. F. H. Stephens (Non-executive)	9/9	2/2	—	2/2
C. Flavell (Non-executive)	8/8	—	0/0	—
C. Glass (Non-executive)*	2/2	1/1	1/1	—
R. Wolfson *	9/9	—	—	—
Dr P. J. Markwick	9/9	—	—	—
Dr P. F. Carey	6/9	—	—	—
H. Edwards	7/9	—	—	—

** up to date of resignation from the board*

Audit Committee

The Audit Committee comprises Alison M. Fielding (Chairman – effective from 8 December 2015), Stuart M. Paton and Peter F. H. Stephens. Colin Glass stepped down from his position as Audit Committee Chairman from 8 December 2015.

The Audit Committee deals with various matters on behalf of the Board during the year, the most significant of which are:

- To monitor the Group's internal financial controls and to assess their adequacy
- To review key estimates, judgements and assumptions applied by management in preparing the published financial statements
- To review the annual appointment of an external auditor (the committee has delegated power from the Board to exercise the power from shareholders to agree fees for external auditors)
- To monitor the safeguards in place to ensure the independence and objectivity of the auditor in respect of non-audit services
- To review the risks and returns associated with significant new contracts

The Audit Committee receives reports from the Group's management and from the external auditor relating to the Annual and Interim Accounts and relating to the adequacy of internal financial controls.

The Audit Committee also reviews the requirement for an internal audit function and provides recommendations to the Board in this respect. Given the current size and composition of the Group, the Audit Committee is currently of the opinion that an internal audit function is not required, but this will continue to be monitored.

The Audit Committee meets each year with the external auditor and on other occasions as necessary.

Corporate Governance Report cont.

Remuneration Committee

The Remuneration Committee comprises Alison M. Fielding (Chairman), Stuart M. Paton and Chris Flavell. Colin Glass served on the Remuneration Committee until his resignation from the Board on 8 December 2015. The primary responsibilities of the Remuneration Committee are as follows:

- To monitor the performance of the Executive Directors and make recommendations to the Board in relation to their remuneration and terms of service
- To determine individual remuneration packages, including bonuses, incentive payments, share options, pension arrangements and any other benefits
- To determine the contractual terms on termination and individual termination payments, ensuring that the duty of the individual to mitigate loss is fully recognised
- To define the policy for authorising claims for expenses from the Chief Executive Officer and from the Chairman of the Board

The Remuneration Committee meets a minimum of once per year and on other occasions as necessary to discuss and set the remuneration of the Executive Directors.

Nomination Committee

During the year, the Board appointed Stuart M. Paton (Chairman), Alison M. Fielding and Peter F. H. Stephens to the newly created Nomination Committee to assist with the recruitment of a Chief Executive Officer and to make a recommendation for the position to the Board.

The Nomination Committee meets as necessary to fulfil its role.

Investor Relations

The Group enters into dialogue with both institutional and private investors at the Annual General Meeting and throughout the year on an ad hoc basis. All ad hoc communications are dealt with by either the Chief Executive Officer or the Chairman.

At the Annual General Meeting, the Chairman presents a review of the results and provides a commentary on current business activity. It is the Directors' intention that all shareholders will receive 20 working days' notice of the Annual General Meeting. The Chairmen of the Audit and Remuneration Committees are made available to answer any investor's questions.

The Group publishes its Annual Report and Interim Report, along with other information, on its website at www.getech.com.

Report of the Directors

The Directors present their report and financial statements for the year ended 31 July 2016.

Results and Dividends

The profit for the year before taxation was £671,000 (2015: £1,992,000). The revenue for the year was £7,031,000 (2015: £8,639,000). This result is discussed further in the Chairman's Statement and the Operating Review.

The Directors do not recommend a dividend (2015: 1.74p per share).

Directors

The Directors of the Parent Company who served during the year were:

Dr P. F. Carey	C. Flavell (appointed 10 November 2015)
Dr J. Copus (appointed 2 August 2016)	Dr P. J. Markwick
H. Edwards	Dr S. M. Paton
Dr A. M. Fielding	P. F. H. Stephens
C. Glass (resigned 8 December 2015)	R. Wolfson (resigned 31 July 2016)

Substantial Shareholders

The Parent Company was notified on 18 August 2016 of the following interests in excess of 10% of its issued Ordinary Share capital. Please see the table below:

	Number of Ordinary Shares	% of issued share capital
IP Group plc	7,413,943	19.74
Professor J. D. Fairhead	4,208,474	11.20

Report of the Directors cont.

Corporate Governance

See separate Corporate Governance Report.

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 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.

Directors' Indemnity

Qualifying third-party indemnity provisions (as defined in Section 234 of the Companies Act 2006) are in force for the benefit of Directors.

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

7 November 2016

Directors' Responsibilities

In Respect of the Preparation of the Financial Statements

The Directors are responsible for preparing the Strategic Report, 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 period. 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 Company'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.

Independent Auditor's Report

To the Members of Getech Group plc

We have audited the financial statements of Getech Group plc for the year ended 31 July 2016; the financial statements comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the Parent Company's statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the Parent Company's statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the Group's financial statements is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company's financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'The Reduced Disclosure Framework'.

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 that 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.

Respective Responsibilities of Directors and the Auditor

As explained more fully in the Directors' Responsibilities statement set out on page 20, the Directors are responsible for the preparation of the financial statements and for being satisfied that these statements give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the Financial Statements

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 July 2016 and of the Group's profit for the year then ended
- The Parent Company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- The Group's financial statements have been properly prepared in accordance with IFRS as adopted by the European Union
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following matters where 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
- The Parent Company's financial statements are not in agreement with the accounting records and returns
- Certain disclosures of Directors' remuneration specified by law are not made
- We have not received all the information and explanations we require for our audit

Victoria McLoughlin

Senior Statutory Auditor

For and on behalf of Grant Thornton UK LLP

Statutory Auditor

Chartered Accountants

Leeds

7 November 2016

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2016

	Note	2016 £'000	2015 £'000
Revenue	4	7,031	8,639
Cost of sales		(3,503)	(3,002)
Gross profit		3,528	5,637
Administrative costs		(2,835)	(3,650)
Operating profit	5	693	1,987
Finance income	7	8	14
Finance costs	8	(30)	(8)
Profit before tax		671	1,992
Income tax credit/(expense)	9	418	(179)
Profit for the year attributable to owners of the Parent Company		1,089	1,813
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences on translation of foreign operations		110	20
Total comprehensive income for the year attributable to owners of the Parent Company		1,199	1,833
Earnings per share			
Basic earnings per share	11	3.25p	5.77p
Diluted earnings per share	11	3.17p	5.61p

All activities relate to continuing operations.

The accompanying notes on pages 27 to 56 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 July 2016

Company registration number: 02891368

	Note	2016 £'000	2015 £'000
Non-current assets			
Property, plant and equipment	12	2,691	2,853
Goodwill	13	3,428	3,132
Intangible assets	14	2,948	2,046
Deferred tax assets	9	283	160
	4	9,350	8,190
Current assets			
Inventories	15	1,067	292
Trade and other receivables	16	3,372	4,235
Current tax assets	9	434	118
Cash and cash equivalents	17	2,788	4,727
		7,661	9,371
Total assets		17,011	17,561
Current liabilities			
Borrowings	18	133	266
Trade and other payables	19	3,549	4,628
Current tax liabilities	9	13	395
		3,695	5,289
Non-current liabilities			
Borrowings	18	767	766
Trade and other payables	19	—	980
Deferred tax liabilities	9	387	319
		1,154	2,065
Total liabilities		4,849	7,354
Net assets		12,162	10,207
Equity attributable to owners of the Parent Company			
Share capital	22	94	82
Share premium account		3,053	3,037
Merger relief reserve		2,407	1,159
Share option reserve		173	155
Currency translation reserve		(1)	(111)
Retained earnings		6,435	5,885
Total equity		12,162	10,207

The financial statements on pages 23 to 56 were approved by the Board of Directors on 7 November 2016.

Dr Stuart M. Paton

Non-executive Chairman

The accompanying notes on pages 27 to 56 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 July 2016

	Note	2016 £'000	2015 £'000
Cash flows from operating activities			
Profit before tax		671	1,992
Share-based payment charge		52	59
Depreciation and amortisation charges	12/14	671	367
Profit on disposal of fixed assets		(4)	—
Impairment of intangible assets		—	298
Fair value adjustments		(845)	(304)
Finance income		(8)	(13)
Finance costs		30	8
Exchange adjustments		(77)	(59)
Increase in inventories		(775)	(112)
Decrease in trade and other receivables		1,491	202
(Decrease)/Increase in trade and other payables		(1,164)	483
Cash generated from operations		41	2,921
Income taxes (paid)/refunded		(326)	456
Net cash (used in)/generated from operating activities		(285)	3,377
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(32)	(259)
Purchase of intangible assets		—	(128)
Proceeds from sale of fixed assets		27	—
Development costs capitalised	14	(824)	(977)
Acquisition costs, net of cash received		(240)	(1,130)
Interest received		8	13
Net cash used in investing activities		(1,061)	(2,481)
Cash flows from financing activities			
Proceeds from issue of share capital		16	24
New term loan		—	1,100
Repayment of long-term borrowings		(132)	(68)
Equity dividends paid	10	(572)	(683)
Interest paid		(30)	(8)
Net cash (used in)/generated from financing activities		(718)	365
Net (decrease)/increase in cash and cash equivalents		(2,064)	1,261
Cash and cash equivalents at beginning of year		4,727	3,423
Exchange adjustments to cash and cash equivalents at beginning of year		125	43
Cash and cash equivalents at end of year	17	2,788	4,727

The accompanying notes on pages 27 to 56 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 July 2016

	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 2014	76	3,013	—	126	(131)	4,726	7,810
Dividends	—	—	—	—	—	(684)	(684)
Issue of capital under share-based payment options	1	24	—	(30)	—	30	25
Share-based payment charge	—	—	—	59	—	—	59
Issue of share capital	5	—	1,159	—	—	—	1,164
Transactions with owners	6	24	1,159	29	—	(654)	564
Profit for the year	—	—	—	—	—	1,813	1,813
Other comprehensive income							
Currency translation differences	—	—	—	—	20	—	20
Total comprehensive income for the year	—	—	—	—	20	1,813	1,833
At 31 July 2015	82	3,037	1,159	155	(111)	5,885	10,207
Dividends	—	—	—	—	—	(572)	(572)
Issue of capital under share-based payment options	—	16	—	(34)	—	34	16
Share-based payment charge	—	—	—	52	—	—	52
Issue of share capital	12	—	1,248	—	—	—	1,260
Transactions with owners	12	16	1,248	18	—	(538)	756
Profit for the year	—	—	—	—	—	1,089	1,089
Other comprehensive income							
Currency translation differences	—	—	—	—	110	—	110
Total comprehensive income for the year	—	—	—	—	110	1,089	1,199
At 31 July 2016	94	3,053	2,407	173	(1)	6,435	12,162

Notes to the Consolidated Financial Statements

For the year ended 31 July 2016

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 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, with the exception of certain items measured at fair value, and are presented to the nearest thousand pounds (£'000) except as otherwise stated.

The Directors have instituted regular reviews of trading and cash flow forecasts and have considered the sensitivity of these forecasts with regards to different assumptions about future income and costs. With continued prospects for profitable trading, the Directors are fully satisfied that the Group is a going concern and will be able to continue trading for the foreseeable future.

2.1 Standards, Amendments and Interpretations Not Yet Applied by Getech

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 2016 financial statements:

Standard or interpretation	Effective for reporting periods starting on or after
Annual improvements 2012–2014 cycle	1 July 2016 ³
IFRS 9 'Financial Instruments'	1 January 2018 ³
IFRS 14 'Regulatory Deferral Accounts'	1 January 2016 ³
IAS 16 and 38 (amendments) 'Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016
IAS 1 (amendments) 'Disclosure Initiative – Presentation of Financial Statements'	1 January 2016 ³
IFRS 15 'Revenue from Contracts with Customers'	1 January 2018
³ Not yet adopted by the EU.	

It is anticipated that the adoption of these standards will not have a significant impact on the financial statements of the Group, except for additional disclosure and presentational requirements; the impact of all other standards and interpretations not yet adopted is not expected to be material.

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 July 2016. 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 so as 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

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods and services provided, excluding VAT and comparable overseas taxes. Revenue from goods and services falls into the three categories below:

Consultancy projects

In respect of contracts that are long term in nature and contracts for consultancy projects and other commissioned work, revenue is recognised according to the value of work done in the period. Revenue in respect of such contracts is calculated on the basis of time spent on the project and estimated work to completion. Where the outcome of contracts cannot be estimated reliably or anticipated revenue is less than the anticipated costs, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Multiclient products and services

For sales of data and completed project reports, revenue is recognised when the transfer of risk and reward is made to the customer, which is on dispatch unless otherwise agreed.

Multiple element contracts

Where contracts for multiple element products with staged deliverables, such as *Globe* and the *Multi-Satellite Altimeter Gravity Programme (Multi-Sat)*, 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 transfer of risk and reward is made to the customer, which is on dispatch unless otherwise agreed
- Specific reports that are to be completed in the future – revenue is recognised in line with the accounting treatment for proprietary reports and commissions
- Project elements that are to be delivered from development work that is yet to be completed – revenue is recognised when the transfer of risk and reward is made to the customer, which is on dispatch unless otherwise agreed

Notes to the Consolidated Financial Statements cont.

3.3 Inventories

Costs associated with contracts that are long term in nature are included in inventories to the extent that they cannot be matched with contract work accounted for as revenue. Amounts included in work in progress are stated at cost, including absorption of relevant overheads, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

In assessing the costs associated with deliverables that are long term in nature, the following assumptions and estimates are made:

- At the commencement of each deliverable, an assumption is made concerning the likely revenue from potential sales of that project. Regular impairment reviews reconsider whether that revenue remains achievable
- Costs are carried forward only to the extent that they do not exceed estimates of the recoverable amounts

There is no inventory other than in relation to contracts that are long term in nature.

3.4 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.

3.5 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.

3.6 Research

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

3.7 Lease Contracts

Operating leases exist where the lessee of a leased asset does not substantially bear all the risks and rewards relating to the ownership of the asset. Economic ownership of the leased asset is not transferred to the lessee. Payments made under operating leases are charged to profit or loss on a straight line basis over the lease term.

3.8 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.

3.9 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.

Notes to the Consolidated Financial Statements cont.

The following useful lives are applied:

Customer relationships	–	15 years
Software development	–	5 years
Development costs	–	3 to 7 years
Data holdings	–	10 years
Trade and domain names	–	10 years
Goodwill on consolidation	–	indefinite, annual impairment review

Amortisation is included within 'Administrative costs.'

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.

3.10 Financial Assets

Financial assets are assigned to different categories by management on initial recognition, depending on the purpose for which they were acquired. All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets comprise the following:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables, cash and cash equivalents, and other financial assets are classified as loans and receivables. Loans and receivables are measured initially at fair value plus transaction costs, and subsequently at amortised cost using the effective interest rate method less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due under the original terms of those receivables. The amount of the write down is determined as the difference between the asset's carrying value and the present value of estimated future cash flows.

3.11 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).

3.12 Cash and Cash Equivalents

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

3.13 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
- '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

3.14 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.

3.15 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 remeasured 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.

Notes to the Consolidated Financial Statements cont.

3.16 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.

3.17 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

When an element of a contract is reliant on core development work (such as the work being carried out to complete the *Globe* project), it is judged that revenue from ongoing core development work is generated in line with the stage of completion of the separately identifiable intangible assets to which it relates.

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 make 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 valuations 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:

Contracts that are long term in nature and contracts for ongoing services

The value of revenue recognised during the year is dependent on estimates of work to completion. This method requires the Group to estimate the stage of completion to date as a proportion of the total work to be performed. 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 £123,000.

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.

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:

- Freehold land and buildings are estimated on the basis of value in use
- Intangible non-current assets 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 calculations of future cash flows. For freehold land and buildings, future cash flows are the estimated cost to rent an equivalent building on the open market. 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.

Intangible assets – customer relationships

To measure the fair value of the intangible customer relationships in ERCL, a multi-period excess earnings method was used. The significant areas of estimation uncertainty in this calculation were i) the rate at which customers are retained and ii) the discount factor to be applied to the intangible in calculating the present value. The rate of retention was estimated at 90% through consideration of past experience in the industry; a reduction in this rate of 5% would have decreased the valuation of the asset by £35,000. The asset-specific discount factor applied to customer relationships was 18% to reflect the inherent risk associated with customer relationships over the business risk as a whole; an increase of 1% in the discount factor used would have decreased the valuation of the asset by £36,000.

Share options

When new share options are granted, their estimated fair value is calculated using the Black Scholes model. This model requires estimations of the following variables in order to calculate the estimated value of the share options issued: the percentage of options expected to vest, the expected share price volatility, the risk-free rate of investment and the expected time to exercise the options. Where appropriate, management use historical market data as a basis for estimation.

Notes to the Consolidated Financial Statements cont.

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:

- Multiclient products
- Proprietary reports

The sources of revenue included in 'all other segments' are from the provision of training and 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.

	2016		2015	
	Revenue £'000	Profit £'000	Revenue £'000	Profit £'000
Multiclient products and services	4,320	2,822	4,727	3,154
Consultancy projects	2,628	658	3,903	2,209
All other segments	83	2	9	1
	7,031	3,482	8,639	5,364
Central administrative costs, Directors' salaries and depreciation		(2,942)		(3,476)
Finance income		8		5
Currency translation differences on foreign operations		123		99
Profit before tax		671		1,992

The segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2015: £nil).

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 Directors' salaries, finance costs and currency translation differences on foreign operations. 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.

	2016		2015	
	Revenue £'000	Non-current assets £'000	Revenue £'000	Non-current assets £'000
North America	2,449	350	2,236	449
United Kingdom	814	8,890	1,033	8,168
Africa	1,722	—	3,215	—
Rest of Europe	1,094	—	815	—
Asia	787	—	767	—
Australasia	143	—	373	—
South and Central America	22	—	200	—
	7,031	9,240	8,639	8,617

Within revenue, no sales to customers exceeded 10% of turnover (2015: one sale exceeded 10% of turnover). The values of those sales are £nil (2015: £2,512,000), all of which are included in the multiclient operating segment.

5 Operating Profit

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

	2016 £'000	2015 £'000
Cost of inventories recognised as an expense	232	287
Depreciation of property, plant and equipment	181	185
Amortisation of intangible assets	479	186
Impairment of intangible assets	—	298
Fair value adjustments	(845)	(304)
Remuneration receivable by the Group's auditor for audit services:		
– the auditing of the accounts	40	33
Operating leases:		
– rental costs of land and building	141	80
Foreign exchange movement	(123)	(99)
Share-based payments charge	52	59
Research and development costs expensed as incurred	1,034	1,434
Write down of inventories to fair value less costs to sell	244	85

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

Notes to the Consolidated Financial Statements cont.

6 Directors and Employees

The employee benefit expenses during the year were as follows:

	2016 £'000	2015 £'000
Short-term employee benefits	4,642	3,832
Social security costs	474	381
Pension costs	208	167
Share-based payment charge	52	50
	5,376	4,431

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

	2016 numbers	2015 numbers
Directors	4	3
Administration	20	15
Technical	90	82
	114	100

Remuneration in respect of the Directors was as follows:

	2016				
	Fees/salary £'000	Pension contributions £'000	Benefits in kind £'000	Total before share options £'000	Share-based payment charge £'000
Executive					
Dr P. F. Carey	100	5	—	105	14
Dr P. J. Markwick	107	5	—	112	14
R. Wolfson	140	6	1	147	14
H. Edwards	148	—	—	148	—
Non-executive					
Dr A. M. Fielding ¹	10	—	—	10	—
C. Glass ²	8	—	—	8	—
Dr S. M. Paton	49	2	—	49	7
P. F. H. Stephens ³	8	—	—	8	—
	570	18	1	587	49

2015					
	Fees/salary £'000	Pension contributions £'000	Benefits in kind £'000	Total before share options £'000	Share-based payment charge £'000
Executive					
Dr P. F. Carey	136	2	—	138	14
Dr P. J. Markwick	119	5	—	124	14
R. Wolfson	122	6	1	128	14
H. Edwards	58	—	—	58	—
Non-executive					
Dr A. M. Fielding ¹	24	—	—	24	—
C. Glass ²	22	—	—	22	—
Dr S. M. Paton	33	1	—	34	7
P. F. H. Stephens ³	18	—	—	18	2
	532	14	1	546	51

1 Director's fees for Dr A. M. Fielding were paid to IP Group Limited, a company of which she is a Director.

2 Director's fees for C. Glass were paid to Winburn Glass Norfolk, Chartered Accountants, a firm of which he is a partner.

3 Director's fees for P. F. H. Stephens were paid to Noon and Co. Limited, a company of which he is a Director.

Included above is £25,000 paid to R. Wolfson as compensation for loss of office (2015: £nil).

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.

Notes to the Consolidated Financial Statements cont.

6.1 Directors' Share Options

Details of the share options held by Directors are:

Date granted	Exercise period	Option price	Number of shares			
			2015	Granted	Exercised	2016
Dr P F Carey						
13 December 2012	13 December 2014 – 12 December 2022	21.30p	200,000	—	—	200,000
23 July 2014	23 July 2016 – 22 July 2024	48.00p	200,000	—	—	200,000
Dr P J Markwick						
13 December 2012	13 December 2014 – 12 December 2022	21.30p	200,000	—	—	200,000
23 July 2014	23 July 2016 – 22 July 2024	48.00p	200,000	—	—	200,000
R Wolfson						
26 August 2005	31 July 2008 – 26 August 2015	9.87p	25,532	—	(25,532)	—
26 August 2005	31 July 2010 – 26 August 2015	9.87p	19,149	—	(19,149)	—
26 August 2005	31 July 2011 – 26 August 2015	9.87p	19,149	—	(19,149)	—
26 August 2005	31 July 2012 – 26 August 2015	9.87p	19,149	—	(19,149)	—
13 December 2012	13 December 2014 – 12 December 2022	21.30p	200,000	—	—	200,000
23 July 2014	23 July 2016 – 22 July 2024	48.00p	200,000	—	—	200,000
C Glass						
26 August 2005	31 July 2008 – 26 August 2015	9.87p	25,532	—	(25,532)	—
26 August 2005	31 July 2010 – 26 August 2015	9.87p	19,149	—	(19,149)	—
26 August 2005	31 July 2011 – 26 August 2015	9.87p	19,149	—	(19,149)	—
26 August 2005	31 July 2012 – 26 August 2015	9.87p	19,149	—	(19,149)	—
Dr S M Paton						
27 April 2011	27 April 2011 – 27 April 2021	17.50p	300,000	—	—	300,000
27 April 2011	27 April 2012 – 27 April 2021	17.50p	200,000	—	—	200,000
27 April 2011	27 April 2013 – 27 April 2021	17.50p	200,000	—	—	200,000
27 April 2011	27 April 2014 – 27 April 2021	17.50p	200,000	—	—	200,000
P F H Stephens						
24 December 2010	24 December 2012 – 24 December 2021	15.00p	41,490	—	—	41,490

The market price of the shares at the end of the financial year was 24.5p and the range of market prices during the year was between 64.0p and 23.5p.

Full share-based payment disclosures are provided in Note 23.

7 Finance Income

	2016 £'000	2015 £'000
Interest on bank deposits	8	14

8 Finance Costs

	2016 £'000	2015 £'000
Interest on bank borrowings	30	8

9 Income Tax

The income tax (credit)/charge comprises:

	2016 £'000	2015 £'000
Current income tax		
Current year	(236)	211
Prior year	(124)	—
Total current tax	(360)	211
Deferred tax		
Current year	(49)	(36)
Prior year	(7)	4
Total deferred tax	(56)	(32)
Tax expense/(credit) on profit	(416)	179

Notes to the Consolidated Financial Statements cont.

Factors affecting the tax charge for the year

The taxation assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015: 20%).

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 20% (2015: 20%) as follows:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	671	1,992
Tax at UK corporation tax rate of 20% (2015: 20%)	95	398
Effects of:		
Fixed asset differences	29	5
Intangible asset differences	63	—
Expenses not deductible for tax purposes	34	59
Research and development enhanced expenditure	(282)	(280)
Surrender of tax losses for R&D tax credit refund	70	—
R&D expenditure credits	11	—
Foreign tax credits	63	18
Adjustment for tax rate changes in foreign jurisdictions	—	(17)
Adjustment for tax computation in foreign jurisdictions	(129)	(9)
Other differences	(27)	—
Adjustment to tax charge in respect of prior years	(131)	5
Total tax (credit)/expense reported in the consolidated statement of comprehensive income	(416)	179

Deferred taxation

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

	2016 £'000	2015 £'000
Deferred tax assets		
Balance brought forward	159	312
Share-based payments	3	3
Intangible assets of foreign subsidiary company	(174)	26
Tax losses	296	(184)
Post-employment benefits	(1)	2
Balance carried forward	283	159
Deferred tax liabilities		
Balance brought forward	(319)	(321)
Accelerated capital allowances	(3)	(23)
Intangible assets acquired in business combinations	(63)	(112)
Foreign tax jurisdictions	(1)	137
Balance carried forward	(387)	(319)

The deferred taxation recognised in the financial statements at 18% (2015: 20%) for UK taxation and 35% (2015: 34%) for USA taxation is set out below:

	2016 £'000	2015 £'000
Share-based payments	31	28
Accelerated capital allowances	(133)	(130)
Foreign tax jurisdictions	(91)	(96)
Intangible assets of foreign subsidiary company	(48)	133
Tax losses	311	15
Intangible assets acquired in business combinations	(175)	(112)
Post-employment benefits	2	2
Net deferred tax asset/(liability)	(104)	(160)

The most appropriate tax rate for the Group is considered to be 20% (2015: 20%), the standard 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 18% (2015: 20%) 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 July 2016.

	2016 £'000	2015 £'000
Paid during the year		
Final dividend in respect of the year ended 31 July 2015 at 1.74p per share (2014: 1.76p)	572	534
No interim dividend (2015: 0.46p per share)	—	150
	572	684
Proposed after the year end (not recognised as a liability)		
No final dividend in respect of the year ended 31 July 2016 (2015: 1.74p per share)	—	572

Notes to the Consolidated Financial Statements cont.

11 Earnings Per Share

A 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.

	2016	2015
Profit attributable to equity holders of the Group	£1,089,000	£1,813,000
Weighted average number of Ordinary Shares in issue	33,490,000	31,417,000
Basic earnings per share	3.25p	5.77p
Diluted earnings per share	3.17p	5.61p

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 that 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 July 2016 is 884,259 (2015: 1,510,171).

12 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	Plant and equipment £'000	Total £'000
Cost			
At 1 August 2014	2,798	863	3,661
Additions	—	285	285
Exchange differences	—	13	13
At 31 July 2015	2,798	1,161	3,959
Additions	—	85	85
Disposals	—	(193)	(193)
Exchange differences	—	15	15
At 31 July 2016	2,798	1,068	3,866
Depreciation			
At 1 August 2014	251	662	913
Charge for the period	36	145	181
Exchange differences	—	13	13
At 31 July 2015	287	820	1,107
Charge for the period	36	158	194
Disposals	—	(171)	(171)
Exchange differences	—	15	15
At 31 July 2016	323	822	1,145
Carrying amount			
At 31 July 2016	2,475	246	2,721
At 31 July 2015	2,511	341	2,853
At 1 August 2014	2,547	201	2,748

The carrying amount of freehold land not subject to depreciation amounted to £1,000,000 (2015: £1,000,000).

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

13 Goodwill

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

	Goodwill £'000
Gross carrying amount	
At 1 August 2014	—
Acquired through business combination	3,132
At 31 July 2015	3,132
Acquired through business combination	296
At 31 July 2016	3,428
Accumulated impairment	
At 1 August 2014 and 31 July 2015	—
Impairment loss recognised	—
At 31 July 2016	—
Carrying amount	
At 31 July 2016	3,428
At 31 July 2015	3,132
At 1 August 2014	—

For the purpose of annual impairment testing, goodwill is allocated to the proprietary projects operating segment, which is expected to benefit from the synergies and the continued high profitability of the business combination.

The recoverable amount was determined based on value in use calculations, covering a detailed three-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives. The recoverable amount of the proprietary projects operating segment is set out below:

Operating segment	2016 £'000	2015 £'000
Proprietary projects	11,781	7,055

The present value of the expected cash flows of proprietary projects is determined by applying a suitable discount rate that reflects both the current market assessments of the time value of money and the risks specific to the segment. The discount rate applied of 15% takes into consideration the industry-wide risks as well as those specific to the Group's proprietary projects operating segment.

The calculations use cash flow projections based on financial budgets approval by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated industry growth rate of 2%.

Sales volumes over the five-year period are based on past performance and management's expectations of market development. Sensitivity analysis is carried out on all budgets, strategic plans and discount rates used in the calculations.

Notes to the Consolidated Financial Statements cont.

14 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	Data holdings £'000	Trade and domain names £'000	Total £'000
Cost						
At 1 August 2014	—	—	83	1,189	2	1,274
Additions	877	—	977	128	—	1,982
Exchange differences	—	—	—	97	—	97
At 31 July 2015	877	—	1,060	1,414	2	3,353
Additions	—	451	823	—	—	1,274
Exchange differences	—	—	—	249	—	249
At 31 July 2016	877	451	1,883	1,663	2	4,886
Amortisation and impairment						
At 1 August 2014	—	—	—	758	2	760
Amortisation charge	19	—	20	146	—	186
Impairment charge	298	—	—	—	—	298
Exchange differences	—	—	—	62	—	62
At 31 July 2015	317	—	20	966	2	1,306
Amortisation charge	38	12	266	163	—	479
Exchange differences	—	—	—	185	—	185
At 31 July 2016	354	12	286	1,314	2	1,968
Carrying amount						
At 31 July 2016	523	439	1,597	349	—	2,918
At 31 July 2015	561	—	1,040	448	—	2,047
At 1 August 2014	—	—	83	431	—	514

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

15 Inventories

	2016 £'000	2015 £'000
Work in progress	1,067	292

There is a charge included in profit or loss for the year of £244,000 (2015: £85,000) as an expense arising from an impairment review of inventories.

16 Trade and Other Receivables

	2016 £'000	2015 £'000
Trade receivables	2,371	3,546
Social security and other taxes	76	37
Other receivables	136	2
Prepayments and accrued income	789	650
	3,372	4,235

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 Group's trade and other receivables have been reviewed for indicators of impairment. Provisions have been made amounting to £131,000 (2015: £18,000). 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:

	2016 £'000	2015 £'000
Not more than three months	858	736
More than three months but not more than six months	189	—
More than six months but not more than one year	36	5
	1,083	741

17 Cash and Cash Equivalents

	2016 £'000	2015 £'000
Cash at bank and in hand	2,788	4,727

18 Borrowings

The bank loan carries a variable interest rate of 2.04% 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 £2,475,000 (2015: £2,511,000).

Notes to the Consolidated Financial Statements cont.

19 Trade and Other Payables

	2016 £'000	2015 £'000
Current liabilities		
Trade payables	1,146	1,272
Social security and other taxes	166	152
Other payables	635	1,090
Accruals and deferred income	1,601	2,114
	3,548	4,628

	2016 £'000	2015 £'000
Non-current liabilities		
Other payables	—	980

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

20 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 pound 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 July 2016. 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 year ended 31 July 2016. Sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of each reporting period.

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

	2016		2015	
	+10% £'000	-10% £'000	+10% £'000	-10% £'000
Profit before tax	671	671	1,992	1,992
Sensitivity to movement in currency exchange rates				
US dollar	(154)	189	(306)	357
Euro	(24)	26	(28)	35
Profit before tax	493	886	1,658	2,384

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:

	2016 £'000	2015 £'000
Denominated in US dollars		
Financial assets	1,718	3,152
Financial liabilities	(691)	(709)
Exposure	1,027	2,443
Denominated in euros		
Financial assets	272	323
Financial liabilities	(8)	(11)
Exposure	264	312

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:

	2016 £'000	2015 £'000
Classes of financial assets – carrying amounts		
Trade and other receivables	2,863	3,682
Cash and cash equivalents	2,788	4,727
	5,651	8,409

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 oil and mining 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.

Notes to the Consolidated Financial Statements cont.

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 16. 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 July 2016 the Group had cash subject to variable rates of £1,684,000 (2015: £3,275,000) and borrowings subject to variable rates of £900,000 (2015: £1,032,000). There is no other material interest rate risk.

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

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.

	2016		2015	
	+1% £'000	-1% £'000	+1% £'000	-1% £'000
Profit before tax	686	656	2,016	1,968

Capital and liquidity risk

The Group manages its liquidity needs by carefully monitoring scheduled cash out-flows and anticipated cash in-flows. 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	2016 £'000
Trade and other payables – held at amortised cost	2,264	—	—	2,264
Borrowings – held at amortised cost	145	289	503	937
	2,409	289	503	3,201

	Within one year £'000	In one to two years £'000	In two to five years £'000	2015 £'000
Trade and other payables – held at amortised cost	2,109	—	—	2,109
Trade and other payables – held at fair value through profit or loss	1,055	455	525	2,035
Borrowings – held at amortised cost	289	289	507	1,086
	3,453	744	1,032	5,230

**Summary of the Group's financial assets and liabilities as defined in IAS 39
'Financial Instruments: Recognition and Measurement'**

	2016 £'000	2015 £'000
Current assets – loans and receivables		
Trade and other receivables	3,187	3,682
Cash and cash equivalents	2,788	4,727
	5,975	8,409
Current liabilities		
Borrowings – held at amortised cost	(133)	(266)
Trade and other payables – held at amortised cost	(2,264)	(2,109)
Trade and other payables – held at fair value through profit or loss	—	(1,055)
	(2,397)	(3,430)
Non-current liabilities		
Borrowings – held at amortised cost	(767)	(769)
Trade and other payables – held at fair value through profit or loss	—	(980)
	(767)	(1,749)
Net financial assets and liabilities	2,811	3,231

The Directors consider that the fair value of financial assets and liabilities equates to the carrying value for both 2016 and 2015. Items carried at fair value through profit or loss are valued in accordance with Level 3 as defined in IFRS 13 'Financial Instruments', i.e. inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

21 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:

	2016 £'000	2015 £'000
Total equity	11,967	10,207
Less: cash and cash equivalents	(2,788)	(4,727)
	9,179	5,480

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.

Notes to the Consolidated Financial Statements cont.

22 Share Capital

	2016 £'000	2015 £'000
Authorised		
90,000,000 Ordinary Shares of 0.25p each (2015: 90,000,000)	225	225
Issued, called up and fully paid		
37,562,415 Ordinary Shares of 0.25p each (2015: 32,729,790)	94	82

	2016 £'000	2015 £'000
Shares issued, called up and fully paid		
Balance brought forward	32,729,790	30,316,184
Acquisition of subsidiary	4,666,667	2,176,630
Shares issued under share-based payments	165,958	236,976
Balance carried forward	37,562,415	32,729,790

The following additional Ordinary Shares of 0.25p each, relating to share-based payments, were issued during the year:

	Number of shares	
	9.87p/share	2016
11 August 2016	165,958	165,958

23 Share-based Payments

At 31 July 2016, 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.

At 31 July 2016, rights to options over Ordinary Shares of the Parent Company were outstanding as follows:

EMI share scheme

Exercise period	Number of shares				
	2015	Granted	Exercised	Lapsed	2016
Granted 26 August 2005, exercise price: 9.87p per share					
31 July 2008–26 August 2015	25,532	—	—	(25,532)	—
31 July 2010–26 August 2015	19,149	—	—	(19,149)	—
31 July 2011–26 August 2015	19,149	—	—	(19,149)	—
31 July 2012–26 August 2015	27,128	—	—	(27,128)	—
	90,958	—	—	(90,958)	—
Granted 24 December 2010, exercise price: 15.0p per share					
24 December 2012–24 December 2020	47,898	—	—	(19,149)	28,749
Granted 13 December 2012, exercise price: 21.3p per share					
13 December 2014–12 December 2022	600,000	—	—	—	600,000
Granted 22 July 2014, exercise price: 48.0p per share					
22 July 2016–21 July 2024	700,000	—	—	(20,000)	680,000
Total EMI share scheme options	1,438,856	—	—	(130,107)	1,308,749

Unapproved options scheme

Exercise period	Number of shares				
	2015	Granted	Exercised	Lapsed	2016
Granted 26 August 2005, exercise price: 9.87p per share					
31 July 2008–26 August 2015	51,064	—	(51,064)	—	—
31 July 2010–26 August 2015	38,298	—	(38,298)	—	—
31 July 2011–26 August 2015	38,298	—	(38,298)	—	—
31 July 2012–26 August 2015	38,298	—	(38,298)	—	—
	165,958	—	(165,958)	—	—
Granted 24 December 2010, exercise price: 15.0p per share					
24 December 2012–24 December 2020	41,490	—	—	—	41,490
Granted 27 April 2011, exercise price: 17.5p per share					
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
Total unapproved options	1,107,448	—	(165,958)	—	941,490
Total EMI share scheme and unapproved options	2,546,304	—	(165,958)	(130,107)	2,250,239

Notes to the Consolidated Financial Statements cont.

	Weighted average exercise price	Number
Options outstanding at 31 July 2016	—	—
Options exercisable at 31 July 2016	27.7p	2,250,239
		2,250,239

The following share options were exercised during the year:

Date of grant	Share scheme	Number exercised	Exercise date	Share price at exercise date
26 August 2005	Unapproved	165,958	10 August 2015	56.25p

On 2 August 2016, 1,000,000 EMI options were granted with an exercise price of 24.5p per share; a further 400,000 unapproved options were also granted on the same day with an exercise price of 24.5p per share.

At 31 July 2015, rights to options over Ordinary Shares of the Parent Company were outstanding as follows:

EMI share scheme

Exercise period	Number of shares				
	2014	Granted	Exercised	Lapsed	2015
Granted 26 August 2005, exercise price: 9.87p per share					
31 July 2008–26 August 2015	51,064	—	(25,532)	—	25,532
31 July 2010–26 August 2015	46,809	—	(27,660)	—	19,149
31 July 2011–26 August 2015	65,959	—	(46,810)	—	19,149
31 July 2012–26 August 2015	85,106	—	(57,978)	—	27,128
	248,938	—	(157,980)	—	90,958
Granted 24 December 2010, exercise price: 15p per share					
24 December 2012–24 December 2020	50,298	—	(2,400)	—	47,898
Granted 13 December 2012, exercise price: 21.3p per share					
13 December 2014–12 December 2022	600,000	—	—	—	600,000
Granted 22 July 2014, exercise price: 48.0p per share					
22 July 2016–21 July 2024	720,000	—	—	(20,000)	700,000
Total EMI share scheme options	1,619,236	—	(160,380)	(20,000)	1,438,856

Unapproved options scheme

Exercise period	Number of shares				
	2014	Granted	Exercised	Lapsed	2015
Granted 26 August 2005, exercise price: 9.87p per share					
31 July 2008–26 August 2015	51,064	—	—	—	51,064
31 July 2010–26 August 2015	57,447	—	(19,149)	—	38,298
31 July 2011–26 August 2015	57,447	—	(19,149)	—	38,298
31 July 2012–26 August 2015	57,447	—	(19,149)	—	38,298
	223,405	—	(57,447)	—	165,958
Granted 24 December 2010, exercise price: 15.0p per share					
24 December 2012–24 December 2020	60,639	—	(19,149)	—	41,490
Granted 27 April 2011, exercise price: 17.5p per share					
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
Total unapproved options	1,184,044	—	(76,596)	—	1,107,448
Total EMI share scheme and unapproved options	2,803,280	—	(236,976)	(20,000)	2,546,304

	Weighted average exercise price	Number
Options outstanding at 31 July 2015	48.0p	700,000
Options exercisable at 31 July 2015	17.6p	1,846,304
		2,546,304

Notes to the Consolidated Financial Statements cont.

24 Financial Commitments

Operating leases

At 31 July 2016, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2016 Land and buildings £'000	2015 Land and buildings £'000
In less than one year	87	25
In one to two years	65	6
In two to five years	—	—
	152	31

Capital commitments

There were no capital commitments at 31 July 2016 (2015: £nil).

25 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:

	2016 £'000	2015 £'000
Short-term employee benefits	873	769
Post-employment benefits	39	33
Share-based payments	41	43
	953	845

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

The Directors received dividends amounting to £47,000 during the year (2015: £17,000).

Director's fees for C. Glass were paid to Winburn Glass Norfolk, Chartered Accountants, a firm of which he is a partner. In addition, fees for services of £26,000 (2015: £20,000) provided on an arm's length basis in its normal course of business were charged by Winburn Glass Norfolk.

26 Pensions

The Group currently operates a Group personal pension plan for the benefit of employees. The amount recognised as an expense is £208,000 (2015: £167,000).

27 Business Combination

On 14 June 2016, the Parent Company acquired 100% of the issued share capital of Exprodat Consulting Limited, a company specialising in the provision of geographical information systems (GIS) software and services to the oil and gas industry. The acquisition enables Getech to provide improved products, services, software and training more broadly across client workflows in the petroleum sector.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	£'000
Cash paid	250
Ordinary Shares issued	1,260
Deferred cash consideration	250
Total	1,760

The fair value of the 4,666,667 shares issued as part of the consideration paid for Exprodat Consulting Limited was based on the published price on 14 June 2016 of 25.00p per share.

The assets and liabilities recognised as a result of the acquisition are as follows:

Purchase consideration	£'000
Cash and cash equivalents	950
Trade receivables	396
Plant and equipment	53
Prepayments	60
Other debtors	202
Trade payables	(152)
Accruals	(125)
Corporation tax liability	(8)
Social security and other taxation	(70)
Deferred income	(293)
Software development	451
Fair value of net identifiable assets required	1,464
Add: goodwill	296
Net assets acquired	1,760

The goodwill is attributable to the workforce, expected synergies from combining operations and the profitability of the acquired business. It will not be deductible for tax purposes.

Purchase consideration – cash out-flow:

	2016 £'000	2015 £'000
Cash consideration	250	1,750
Net asset payments	940	214
Less:		
Cash balance acquired	(950)	(833)
Net out-flow of cash – investing activities	240	1,131

Acquisition-related costs of £35,000 (2015: £60,000) that were not directly attributable to the issue of shares are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows. The acquired business contributed revenues of £357,000 and profit before tax of £32,000 for the period from 14 June 2016 to 31 July 2016. If the acquisition had occurred on 1 August 2015, consolidated pro-forma revenue and profit before tax for the year ended 31 July 2016 would have been £9,082,000 and £375,000 respectively.

Parent Company's Balance Sheet

As at 31 July 2016

Company registration number: 02891368

	Note	2016 £'000	2015 £'000
Non-current assets			
Property, plant and equipment	3	2,643	2,826
Intangible assets	4	1,597	1,039
Investments	5	7,228	5,468
Deferred tax assets	11	24	45
		11,492	9,378
Current assets			
Inventories	6	485	176
Trade and other receivables	7	1,325	2,698
Current tax assets		226	100
Cash and cash equivalents	8	1,626	3,870
		3,662	6,844
Total assets		15,154	16,220
Current liabilities			
Borrowings	9	133	266
Trade and other payables	10	2,502	4,585
Current tax liabilities		—	2
		2,635	4,853
Non-current liabilities			
Borrowings	9	767	766
Trade and other payables	10	—	980
Deferred tax liabilities	11	109	151
		876	1,897
Total liabilities		3,551	6,750
Net assets		11,644	9,470
Equity			
Equity attributable to owners of the Parent Company			
Share capital	12	94	82
Share premium account	13	3,053	3,037
Merger relief reserve	13	2,407	1,159
Share option reserve	13	173	155
Retained earnings	13	5,916	5,036
Total equity		11,644	9,470

The financial statements on pages 57 to 69 were approved by the Board on 7 November 2016.

Dr Stuart M. Paton

Non-executive Chairman

The accompanying notes on pages 59 to 69 form an integral part of these financial statements.

Parent Company's Statement of Changes in Equity

For the year ended 31 July 2016

	Share capital £'000	Share premium account £'000	Merger relief reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
At 1 August 2014	76	3,013	—	126	3,749	6,964
Dividends	—	—	—	—	(684)	(684)
Issue of capital under share-based payment options	1	24	—	(30)	30	25
Share-based payment charge	—	—	—	59	—	59
Issue of share capital	5	—	1,159	—	—	1,164
Transactions with owners	6	24	1,159	29	(654)	564
Profit for the year	—	—	—	—	1,942	1,942
Total comprehensive income for the year	—	—	—	—	1,942	1,942
At 31 July 2015	82	3,037	1,159	155	5,037	9,470
Dividends	—	—	—	—	(572)	(572)
Issue of capital under share-based payment options	—	16	—	(34)	34	16
Share-based payment charge	—	—	—	52	—	52
Issue of share capital	12	—	1,248	—	—	1,260
Transactions with owners	12	16	1,248	18	(538)	756
Profit for the year	—	—	—	—	1,417	1,417
Total comprehensive income for the year	—	—	—	—	1,417	1,417
At 31 July 2016	94	3,053	2,407	173	5,916	11,644

Notes to the Parent Company's Financial Statements

For the year ended 31 July 2016

1 Company Information

The financial statements of the Company for the year ended 31 July 2016 were approved by the Board and authorised for issue on 7 November 2016, and the Balance Sheet was signed on the Board's behalf by Dr Stuart M. Paton.

The principal activity of Getech is the provision of geological services, reports and data to the petroleum and mining industries to assist in their exploration activities.

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, the significant areas of judgement and uncertainty, and the transition to FRS 101 are set out in Notes 2.2 and 2.12.

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 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 period unless otherwise stated.

2.2 First-time Adoption of FRS 101

The Company has transitioned to FRS 101 from UK Generally Accepted Accounting Practice for all periods presented. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 August 2014, which was the Company's date of transition to FRS 101.

There are no material differences for the Company when preparing FRS 101 for the first time, and we have therefore not prepared a reconciliation as at the date of transition.

2.3 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)

2.4 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.

2.5 Investments

Fixed asset investments are stated at cost less provisions for diminution in value.

2.6 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	–	3 to 7 years on a straight line basis
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Notes to the Parent Company's Financial Statements cont.

2.7 Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods and services provided, excluding VAT and comparable overseas taxes.

Consultancy projects

In respect of contracts that are long term in nature and contracts for consultancy reports and other commission of work, revenue is recognised according to the value of work done in the period. Revenue in respect of such contracts is calculated on the basis of time spent on the project and estimated work to completion. Where the outcome of contracts cannot be estimated reliably or anticipated revenue is less than the anticipated costs, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Multiclient products and services

For sales of data and completed project reports, revenue is recognised when the transfer of risk and reward is made to the customer, which is on dispatch unless otherwise agreed.

Multiple element contracts

Where contracts for multiple element products with staged deliverables, such as *Globe* and the *Multi-Satellite Altimeter Gravity Programme (Multi-Sat)*, 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 transfer of risk and reward is made to the customer, which is on dispatch unless otherwise agreed
- Specific reports that are to be completed in the future – revenue is recognised in line with the accounting treatment for proprietary reports and commissions
- Project elements that are to be delivered from development work that is yet to be completed – revenue is recognised when the transfer of risk and reward is made to the customer, which is on dispatch unless otherwise agreed

2.8 Long-term Contracts and Work in Progress

Costs associated with contracts that are long term in nature are included in inventories to the extent that they cannot be matched with contract work accounted for as revenue. Amounts included in work in progress are stated at cost, including absorption of relevant overheads, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

In assessing the costs associated with projects that are long term in nature, the following assumptions and estimates are made:

- At the commencement of each project, an assumption is made concerning the likely revenue from potential sales of that project. Regular impairment reviews reconsider whether that revenue remains achievable
- Costs are carried forward only to the extent that they do not exceed estimates of the recoverable amounts

There is no inventory other than in relation to contracts that are long term in nature.

2.9 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.

2.10 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.

2.11 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.

2.12 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:

Notes to the Parent Company's Financial Statements cont.

Recognition of revenue from multiple element contracts

When an element of a contract is reliant on core development work, such as the work being carried out to complete the *Globe* project, it is judged that revenue from ongoing core development work is generated in line with the stage of completion of the separately identifiable intangible assets to which they relate.

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:

Contracts that are long term in nature and contracts for ongoing services

The value of revenue recognised during the year is dependent on estimates of work to completion. This method requires the Group to estimate the stage of completion to date as a proportion of the total work to be performed. 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 £123,000.

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.

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:

- Freehold land and buildings are estimated on the basis of value in use
- Intangible non-current assets 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 calculations of future cash flows. For freehold land and buildings, future cash flows are the estimated cost to rent an equivalent building on the open market. 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.

Share options

When new share options are granted, their estimated fair value is calculated using the Black Scholes model. This model requires estimations of the following variables in order to calculate the estimated value of the share options issued: the percentage of options expected to vest, the expected share price volatility, the risk-free rate of investment and the expected time to exercise the options. Where appropriate, management use historical market data as a basis for estimation.

3 Property, Plant and Equipment

	Freehold property £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 August 2015	2,798	963	3,761
Additions	—	21	21
Disposals	—	(27)	(27)
At 31 July 2016	2,798	957	3,755
Depreciation			
At 1 August 2015	287	646	935
Charge for the period	36	146	182
On disposals	—	(4)	(4)
At 31 July 2016	323	788	1,112
Net book value			
At 31 July 2016	2,475	168	2,643
At 31 July 2015	2,511	316	2,826

The net book value of freehold land in the Parent Company, not subject to depreciation, amounted to £1,000,000 (2015: £1,000,000).

4 Intangible Assets

	Development costs £'000	Total £'000
Cost		
At 1 August 2015	1,060	1,060
Additions	823	823
At 31 July 2016	1,883	1,883
Depreciation		
At 1 August 2015	20	20
Charge for the period	266	266
At 31 July 2016	286	286
Net book value		
At 31 July 2016	1,597	1,597
At 31 July 2015	1,039	1,039

Notes to the Parent Company's Financial Statements cont.

5 Fixed Asset Investments

	2016 £'000	2015 £'000
Shares in group undertakings	7,228	5,468

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 and magnetic 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 and gas consultancy.

On 14 June 2016, the Parent Company acquired 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 GIS and information management solutions to the upstream oil and gas industry.

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.

6 Inventories

	2016 £'000	2015 £'000
Work in progress	485	176

There is a charge included in profit or loss for the year of £nil (2015: £85,000) as an expense arising from an impairment review of inventories.

7 Trade and Other Receivables

	2016 £'000	2015 £'000
Trade receivables	691	1,647
Amounts owed by Group undertakings	316	711
Social security and other taxes	76	17
Other receivables	5	1
Prepayments and accrued income	237	322
	1,325	2,698

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 indicators of impairment. No trade receivables were found to be impaired. 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:

	2016 £'000	2015 £'000
Not more than three months	324	736
More than three months but not more than six months	62	—
More than six months but not more than one year	—	5
	386	741

8 Cash and Cash Equivalents

	2016 £'000	2015 £'000
Cash at bank and in hand	1,626	3,870

9 Borrowings

The bank loan carries a variable interest rate of 2.04% 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 £2,475,000 (2015: £2,511,000).

	Within one year £'000	In one to two years £'000	In two to five years £'000	2016 £'000
Borrowings – held at amortised cost	134	273	493	900

10 Trade and Other Payables

	2016 £'000	2015 £'000
Current liabilities		
Trade payables	917	1,222
Amounts owed to Group undertakings	404	1,054
Social security and other taxes	84	98
Other payables	544	1,090
Accruals and deferred income	553	1,121
	2,502	4,585

	2016 £'000	2015 £'000
Non-current liabilities		
Other payables	—	980
	—	980

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

11 Deferred Tax

	2016 £'000	2015 £'000
Deferred tax assets		
Balance brought forward	18	205
Post-employment benefits	(1)	—
Tax losses	7	(187)
Balance carried forward	24	18
Deferred tax liabilities		
Balance brought forward	(126)	(88)
Accelerated capital allowances	17	(38)
Balance carried forward	(109)	(126)

Notes to the Parent Company's Financial Statements cont.

The deferred taxation recognised in the financial statements at 17% (2015: 20%) for UK taxation is set out below:

	2016 £'000	2015 £'000
Accelerated capital allowances	(109)	(124)
Tax losses	22	16
Post-employment benefits	2	2
Net deferred tax asset/(liability)	(85)	(106)

The most appropriate tax rate for the Getech is considered to be 20% (2015: 20%), 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% (2015: 20%) 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.

12 Share Capital

	2016 £'000	2015 £'000
Authorised		
90,000,000 Ordinary Shares of 0.25p each (2015: 90,000,000)	225	225
Issued, called up and fully paid		
37,562,415 Ordinary Shares of 0.25p each (2015: 32,729,790)	94	82

	2016 Number	2015 Number
Shares issued, called up and fully paid		
Balance brought forward	32,729,790	30,316,184
Acquisition of subsidiary	4,666,667	2,176,630
Shares issued under share-based payments	165,958	236,976
Balance carried forward	37,562,415	32,729,790

13 Reserves

Called-up share capital represents the nominal value of shares that have been issued.

Share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Merger relief reserve includes the excess of fair value of shares issued over nominal value when shares are issued in exchange for obtaining at least a 90% interest in the equity share capital of another entity.

Share option reserve represents the excess of fair value of shares issued over nominal value when shares are issued on exercise of a share option agreement.

Profit and loss account includes all current and prior period retained profits and losses.

14 Related Party Transactions

The Parent Company has taken advantage of the exemption in FRS 101 exemption from IAS 24 and has not disclosed transactions with Group undertakings.

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 year and outstanding amounts at the balance sheet date were as follows:

	Dividends paid £'000	Amounts charged to the Group £'000	Amounts payable at 31 July 2016 £'000
Executive Directors			
Dr P. J. Markwick	3	—	—
R. Wolfson	8	—	—
H. Edwards	17	—	—
Non-executive Directors			
P. F. H. Stephens	19	—	—
Other related parties			
IP Group Limited ¹	—	10	—
Noon and Co. Limited ²	—	8	—
Winburn Glass Norfolk ³	—	34	—

Amounts for the year ended 31 July 2015 were as follows:

	Dividends paid £'000	Amounts charged to the Group £'000	Amounts payable at 31 July 2015 £'000
Executive Directors			
Dr P. J. Markwick	4	—	—
R. Wolfson	9	—	—
H. Edwards	4	—	—
Non-executive Directors			
C. Glass	13	—	—
P. F. H. Stephens	19	—	—
Other related parties			
IP Group Limited ¹	—	24	—
Noon and Co. Limited ²	—	18	—
Winburn Glass Norfolk ³	—	42	7

1 Director's fees and expenses for Dr A. M. Fielding were paid to IP Group Limited, a company of which Dr A. M. Fielding is a Director.

2 Director's fees and expenses for P. F. H. Stephens were paid to Noon and Co. Limited, a company of which P. F. H. Stephens is a Director.

3 Director's fees for C. Glass of £8,000 (2015: £22,000) and fees for services of £26,000 (2015: £20,488) provided on an arm's length basis in its normal course of business were charged by Winburn Glass Norfolk, Chartered Accountants, a firm of which C. Glass is a partner.

Notes to the Parent Company's Financial Statements cont.

15 Ultimate Controlling Party

The Directors consider that there is no ultimate controlling party.

16 Profit for the Financial Year

The Parent Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Parent Company's profit after taxation for the year was £1,272,000 (2015: £1,942,000).

Notice of Annual General Meeting

Notice is given that the twenty-third 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 13 December 2016 at 12.00 noon to consider and, if thought fit, pass the resolutions outlined 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 July 2016.
- 2 To re-elect Paul J. Markwick 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 Peter F. H. 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.
- 4 To re-appoint Jonathan Copus, who was appointed since the last Annual General Meeting, in accordance with Article 30 of the Company's Articles of Association, 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

In the following resolutions, the words and expressions listed below shall have the following meanings:

- | | | |
|---------------------------|---|---|
| 'Act' | – | the Companies Act 2006 (as amended) |
| 'Latest Practicable Date' | – | close of business on 7 November 2016 |
| '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 £31,302.01 (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 £62,604.03 (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 12 March 2018 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

Notice of Annual General Meeting cont.

- 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.

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 £14,085.91 (being 15% of the issued share capital of the Company as at the Latest Practicable Date); and
- 8.3 the authorities given by resolution 8 shall expire on the earlier of either midnight on 12 March 2018 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 3,756,241 (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 5 business days immediately preceding the day on which the Ordinary Share is purchased or 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 12 March 2018 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
7 November 2016

Registered Office
Kitson House
Elmete Hall, Elmete Lane
Leeds LS8 2LJ

Notes

- 1 This notice is the formal notification to shareholders of the Company's Annual General Meeting: its date, time and place, and the matters to be considered. If you are in doubt as to what action to take, you should consult an independent advisor.
- 2 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those shareholders registered in the register of members of the Company as at 6pm on 9 December 2016 or, if the meeting is adjourned, at 6pm 2 working days prior to the adjourned meeting (the 'Cut-off Date') as holders of Ordinary Shares shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 6pm on the Cut-off Date shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 3 A member of the Company entitled to attend, speak and vote is entitled to appoint a proxy to attend, speak and vote instead of him or her. A member 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 share or shares held by him or her. A proxy need not be a member of the Company. Proxy forms must be in the hands of the registrars by no later than 12.00 noon on 9 December 2016 or, if the meeting is adjourned, 2 working days before the meeting. Further details of how to appoint a proxy are set out in the notes to the proxy form, which is enclosed with this document.
- 4 The return of a proxy form will not prevent a member attending the Annual General Meeting and voting in person if he/she so wishes.
- 5 If a member appoints a proxy or proxies and then decides to attend the Annual General Meeting in person and vote using his/her poll card, then the vote in person will override the proxy vote(s). If the vote in person is in respect of the member's entire holding, then all proxy votes will be disregarded. If, however, the member votes at the meeting in respect of less than the member's entire holding, then if the member indicates on his/her polling card that all proxies are to be disregarded, that shall be the case; but if the member does not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding the member's entire holding. If you do not have a proxy form and/or believe that you should have one or if you require additional forms, please contact the Company at its registered office.
- 6 To change your proxy instructions, simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see Note 3) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Asset Services at PXS 1, 34 Beckenham Road, BECKENHAM, BR3 4ZF.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Notice of Annual General Meeting cont.

- 7 In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard-copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services. In the case of a member that is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Asset Services at PXS 1, 34 Beckenham Road, BECKENHAM, BR3 4ZF no later than 12.00 noon on 9 December 2016. If you attempt to revoke your proxy appointment but the revocation is received after the time specified, then, subject to Note 5 above, your appointment will remain valid.

- 8 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting convened by this notice and any adjournment(s) thereof by utilising the procedures described in the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting 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.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message ('CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) 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 RAI0) by the latest time for receipt of proxy appointments specified in Note 3. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. 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 their 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 service providers are referred, in particular, to those sections of the CREST Manual concerning the 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.

- 9 If a corporation is a member of the Company, it may by resolution of its Directors or other governing body authorise one or more persons to act as its representative or representatives at the Annual General Meeting and any such representative or representatives shall be entitled to exercise on behalf of the corporation all the powers that the corporation could exercise if it were an individual member of the Company.

Corporate representatives should bring with them either an original or certified copy of the appropriate Board resolution or an original letter confirming the appointment, provided it is on the corporation's letterhead and is signed by an authorised signatory and accompanied by evidence of the signatory's authority.

- 10 Copies of Directors' service contracts with the Company and with any of its subsidiary undertakings and letters of appointment of Non-executive Directors will be available for at least 15 minutes prior to the Annual General Meeting and during the meeting.

- 11 As at 7 November 2016 (being the last business day prior to the publication of this notice), the Company's issued share capital consists of 37,562,415 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 7 November 2016 is 37,562,415.

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 July 2016. That report and those accounts, and the report of the Company's auditor on those accounts, are set out on pages 21 to 69 of this document.

Resolution numbers 2, 3 and 4 – re-election and re-appointment 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. Paul J. Markwick and Peter F. H. Stephens retire by rotation and are offering themselves for re-election. Jonathan Copus was appointed by the Directors during the year, and offers himself for re-appointment.

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 £31,302.01, being one-third of the Company's Ordinary Share capital in issue at 7 November 2016.

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 £62,604.03 (representing two-thirds of the Company's Ordinary Share capital in issue at 7 November 2016) 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 £14,085.91, being 15% of the Company's Ordinary Share capital in issue at 7 November 2016. 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.

Notice of Annual General Meeting cont.

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 3,756,241 Ordinary Shares (being approximately 10% of the Company's Ordinary Share capital in issue at 7 November 2016) 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.

Advisors

Registered office for the Parent Company

Kitson House
Elmete Hall
Elmete Lane
Leeds LS8 2LJ

Nominated advisor and broker

WHIreland Limited
Third Floor
Royal House
28 Sovereign Street
Leeds LS1 4BJ

Auditor

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

Solicitors

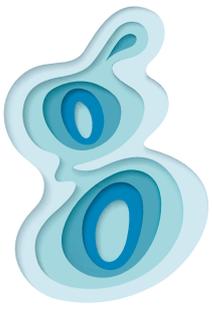
Bond Dickinson
1 Whitehall Riverside
Leeds LS1 4BN

Principal bankers

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

Registrars

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



getech

Getech Group plc

Kitson House

Elmete Hall

Elmete Lane

Leeds LS8 2LJ

☎ 0113 322 2200

📠 0113 273 5236

✉ info@getech.com

🌐 www.getech.com

