



6 September 2011

Rock Solid Images (AIM: RSI)

Trading Update

As our 2011 financial year comes to a close, we can look back on an extremely challenging year, but more importantly a year where we were able to successfully enact fundamental changes to the Group's structure and strategy.

Re-positioning:

We began the year as Offshore Hydrocarbon Mapping plc; a company heavily invested in the marine CSEM market and consequently considerably exposed to the risks and uncertainties surrounding this important, valuable but also immature technology. A significant liability was our marine acquisition division; the successful divestment of this operation (OHM Ltd) to a group of Norwegian investors ready and willing to invest further in this business, allowed the remaining entity to focus on high-value interpretation products and services for seismic, CSEM and well data.

Following this divestment in November 2010, we re-branded as RSI, and re-named the public entity as "Rock Solid Images plc" in February 2011.

Since January 2011, we have re-energised our core seismic and well-based ("WSS") reservoir characterization products and services. We remain a successful player in the offshore seismic inversion market for deep-water exploration plays, particularly West Africa. We have also been leveraging our world-class rock-physics technology and skills into the growing "unconventional shale gas" markets in both North America, but increasingly overseas too.

Nevertheless, we remain committed to the development of CSEM as a valuable exploration and exploitation tool to complement seismic. Freed of the distractions created by a high-capital offshore data acquisition division, we have been able to devote management time, personnel and capital to developing a next-generation integrated CSEM processing and interpretation system under our "WISE" product banner. We believe strongly that for CSEM to take its place alongside seismic as a valuable risk-reduction tool requires the development

and commercialisation of robust and reliable interpretation systems and the Group intends to be at the forefront of this effort.

Financial information:

The Group's current financial year ended on 31 August 2011. Revenues for the Group's business segments are expected to be as follows:

- Seismic reservoir characterisation (WSS) revenues are estimated to be £3.2 million compared to £2.8 million in FY10 representing a 14% growth; and
- the WISE seismic/CSEM integrated product line will achieve revenues of approximately £0.8 million similar to the £0.8 million in FY10.

In aggregate, the Group's revenues are expected to be approximately £4.0 million for the year to 31 August 2011 compared to £3.6 million for the year to 31 August 2010 (restated for discontinued operations).

We are pleased with the growth we see in our WSS product revenues, which compensated for the corresponding lack of performance from our CSEM-driven WISE business lines.

The CSEM market remains immature; revenues generated through the Service Agreement with our divested operation (OHM Ltd) have not transpired as anticipated at the time of the divestment. However, we note the recently announced sale of OHM Ltd to emgs, the industry's largest marine EM data acquirer. We believe it likely that the resulting transfer of our Services Agreement from OHM to emgs will result in an increase in our WISE project backlog. We have also been in discussions with large oil and gas companies and National Oil Companies about re-processing CSEM data already acquired on their behalf, and it is anticipated that these discussions will translate into valuable business in the near future.

In July we raised £1.9 million from existing and new investors in a Placing of New Ordinary Shares at 4.0 pence per share.

Direct costs and overheads for the Group have increased to between £6.8 million and £7.0 million for FY11 compared to £6.1 million for the year to 31 August 2010 (as adjusted). The Company has increased its sales force and marketing efforts and also invested more in research and development activities during FY11. Development of our sales and marketing group is central to the continued growth of the Group and we plan further increases in this area in 2012 as we expand into new geographic markets.

Much of the cost increases in R&D relate to our investment in our CSEM WISE technology base, specifically the development of a next generation CSEM processing and interpretation platform. We are monitoring these costs closely and anticipate increased CSEM product revenues in 2012 which will provide a growing return on this investment.

The pre-tax loss for FY11 will be in the £2.8 to £3.0 million range, compared to a £4.7 million loss for the same period last year (which included a £2.2 million impairment provision).

We remain focused on restoring the Group to profitability as soon as possible, via continued revenue growth and careful control of costs.

We expect an end of year cash-balance of £1.7 million, compared to £3.4 million at 31 August 2010.

The figures for FY11 have yet to be audited.

Peter Reilly, Rock Solid Images Non-executive Chairman, said:

"Following the divestment of the marine CSEM acquisition business in November 2010, the Board set about putting the remaining geophysical data processing and interpretation business, comprising the traditional Well and Seismic (WSS) and the emerging Well Integrated with Seismic and Electromagnetic (WISE) services, on a recovery path.

These actions, plus expansion of our sales force have laid solid foundations for a much stronger financial year ahead. The timing of increased sales is difficult to predict, however the Board is confident that RSI is now in a position to generate sales growth and handle the increased workload that growth will bring."

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