

## **Offshore Hydrocarbon Mapping plc**

### **Interim report and financial statements for the six months ended 29 February 2004**

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#### **Directors**

Dr. Pierre Jean Marie Henri Jungels (Non-executive Chairman)  
David Charles Newall Pratt (Chief Executive Officer)  
Garry Robert Allan (Finance Director)  
Dr Lucy Margaret MacGregor (Chief Scientific Officer)  
Landon Thomas Clay (Non-executive Director)  
David Robert Norwood (Non-executive Director)  
Dr Anthony Raven (Non-executive Director)  
Professor Martin Clarebrough Sinha (Non-executive Director)

Secretary and Registered Office  
Garry Robert Allan,  
Centre for Enterprise & Innovation  
University of Southampton  
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Southampton  
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Company Number 04329960

**Offshore Hydrocarbon Mapping plc**  
**Interim results for the half year ended 29<sup>th</sup> February 2004.**

Offshore Hydrocarbon Mapping plc (OHM), the electromagnetic remote sensing company, today announces its half year results for the period ended 29<sup>th</sup> February 2004.

**Highlights:**

- Half year revenues of £2.3 million (2003 £1.09 million);
- Half year pre tax profits of £194,000 (2003 £23,000);
- Better than forecast performance on existing field crew;
- Successful flotation on AIM; and
- Completion of ITF project focused on the application of OHM's technique to all water depths.

**Flotation**

OHM successfully raised £10 million net of expenses when it floated on AIM on the 11<sup>th</sup> of March 2004, shortly after the completion of the half year reported in these interim results. The impact of this will be reflected in the company's full year results.

**Operations**

In August the Company began operations on a long term international contract for a major oil company, and also has a number of smaller contracts with other leading oil and gas explorers. As a result of better than forecast utilisation and slightly reduced operating and maintenance expenses, the half year profits are slightly better than expected.

**Research and development**

The company continues to place the highest priority on investing in research and development and has a number of key projects under way. Its current focus is on extending the use of its surveying method to shallower water environments and to improving the image of the subsurface created by its techniques.

As part of this process, OHM recently completed a project for a consortium of oil companies facilitated by ITF, an oil industry initiative focused on the creation of joint industry projects that research and develop future technology solutions. The project sought to address issues relating to "airwave" noise, which have to date restricted OHM's technique to deep water areas. Results from this project are promising and a proof of concept survey is being planned for 2004.

Proceeds from the recent flotation are being used to build additional capital equipment to provide the Company with a second field crew, which is expected to enter operation in 2004.

**Financial**

The results for the accounting period up to the 29<sup>th</sup> of February show revenues of £ 2.3 million and a net profit of £194,000. The Company's cash balance was £964,000.

No interim dividend is declared

The Company's auditors, BDO Stoy Hayward LLP, have produced an independent review of the interim accounts and notes.

## **Board and Corporate Governance**

On the 19<sup>th</sup> of December 2003 the Board approved the appointment of Dr Pierre Jungels CBE as non executive Chairman. Dr Jungels succeeds Dr Anthony Raven who has resigned as interim Chairman, but who remains a non executive director of the Company.

On the 16<sup>th</sup> of February 2004 the Board appointed Mr Garry Allan as Chief Financial Officer replacing Mr John Davies, who had previously performed that role on a part time basis. Mr. Davies subsequently retired from the Board. Mr Allan was also appointed to the role of company secretary replacing Mr John Brooks who resigned on the same date.

On the 16<sup>th</sup> of February 2004 Mr David Norwood also joined the Board as a non executive director.

The Board has appointed members to a remuneration committee, a nominations committee, an audit committee, and a health, safety and environmental committee.

## **Prospects**

Following its successful flotation and the positive financial results announced today, the Company believes it has a bright future, as it seeks to deliver value to both its clients and investors. Work is progressing well on the construction of equipment for a second field crew and there are a number of exciting opportunities for the deployment of this asset when it enters service in the summer of 2004. These include a proof of concept survey to test the progress of the company's techniques in shallow water, which if successful will dramatically increase the company's potential market.

Dr Pierre Jungels CBE  
Chairman

## Offshore Hydrocarbon Mapping plc

### Consolidated Profit and Loss Accounts

	Six Months to 29 February 2004 (Unaudited) £'000	Six Months to 28 February 2003 (Unaudited) £'000	Year to 31 August 2003 (Audited) £'000
<b>Turnover</b>	2,307	1,097	1,609
Cost of sales	(991)	(782)	(1,024)
<b>Gross profit</b>	1,316	315	585
Administrative expenses	(1,136)	(310)	(994)
<b>Operating profit</b>	180	5	(409)
Interest receivable	14	18	47
<b>Profit / (Loss) on ordinary activities before taxation</b>	194	23	(362)
Tax on loss from ordinary activities	-	-	(5)
<b>Retained profit for the period</b>	194	23	(367)
<b>Accumulated loss brought forward</b>	(450)	(83)	(83)
<b>Accumulated loss carried forward</b>	(256)	(60)	(450)

All amounts relate to continuing activities.

There are no recognised gains or losses other than those within the profit and loss account

## Offshore Hydrocarbon Mapping plc

### Consolidated Balance Sheets

	At 29 February 2004 (Unaudited) £'000	At 28 February 2003 (Unaudited) £'000	At 31 August 2003 (Audited) £'000
<b>Fixed assets</b>			
Intangible assets	37	19	28
Tangible assets	981	31	781
	<u>1,018</u>	<u>50</u>	<u>809</u>
<b>Current assets</b>			
Debtors	1,216	248	370
Cash at bank and in hand	964	2,359	1,112
	<u>2,180</u>	<u>2,607</u>	<u>1,482</u>
<b>Creditors: amounts falling due within one year</b>	(956)	(274)	(298)
	<u>1,224</u>	<u>2,333</u>	<u>1,184</u>
<b>Net current assets</b>			
	<u>1,224</u>	<u>2,333</u>	<u>1,184</u>
<b>Total assets less current liabilities</b>	<u><b>2,242</b></u>	<u><b>2,383</b></u>	<u><b>1,993</b></u>
<b>Capital and reserves</b>			
Called up share capital	227	1	1
Share premium account	2,271	2,442	2,442
Profit and loss account	(256)	(60)	(450)
	<u>2,242</u>	<u>2,383</u>	<u>1,993</u>
<b>Equity shareholders' funds</b>	<u><b>2,242</b></u>	<u><b>2,383</b></u>	<u><b>1,993</b></u>

## Offshore Hydrocarbon Mapping plc

### Consolidated Cash Flow Statements

	Notes	Six Months to 29 February 2004 (Unaudited) £'000	Six Months to 28 Feb- ruary 2003 (Unaudited) £'000	Year ended 31 August 2003 (Audited) £'000
Net cash inflow/(outflow) from operating activities	7	349	(65)	(492)
Net cash inflow from returns on investments and servicing of finance		14	18	47
<b>Capital expenditure and financial investment</b>				
Purchase of intangible fixed assets		(14)	0	(25)
Purchase of tangible fixed assets		(547)	(44)	(868)
<b>Net cash (outflow) from capital expenditure</b>		<b>(561)</b>	<b>(44)</b>	<b>(893)</b>
<b>Cash (outflow) before financing</b>		<b>(198)</b>	<b>(91)</b>	<b>(1,338)</b>
<b>Financing</b>				
Issue of ordinary share capital		50	2,342	2,342
<b>Cash inflow from financing</b>		<b>50</b>	<b>2,342</b>	<b>2,342</b>
<b>(Decrease) / Increase in cash for the period</b>	7	<b>(148)</b>	<b>2,251</b>	<b>1,004</b>

## Offshore Hydrocarbon Mapping plc – Notes to the Interim Results

For the six months ended 29 February 2004

### 1. Basis of preparation

The interim results have been prepared in accordance with applicable accounting standards and under the historical cost convention. The interim results are unaudited but have been reviewed in accordance with Auditing Practices Board Bulletin “Review of Interim Financial Information” by the auditors. The interim results do not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985. The information presented for the year ended 31 August 2003 has been extracted from the company’s statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Register of Companies. The auditors’ report on those accounts was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

### 2. Accounting policies

The accounting policies applied in the preparation of the interim results are consistent with those applied in the preparation of the audited financial statements for the year ended 31 August 2003.

### 3. Share Capital

	At 29 February 2004	At 28 February 2003	At 31 August 2003
<b>Authorised</b>			
22,711,600 (2003: 100,000) ordinary shares of 1p each	£227,116	£1,000	£1,000
	<hr/>	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>			
22,674,410 (2003:58,646) ordinary shares of 1p each	£226,744	£586	£586
	<hr/>	<hr/>	<hr/>

*Period Ended 29 February 2004*

On 6 February 2004 464 ordinary shares were issued at £107.61 per ordinary share

On 10 February 2004 3,700 ordinary shares were issued for cash at par to Southampton Asset Management Limited pursuant to the exercise of an option.

On 26 February 2004 the authorised share capital was increased from £1,000 to £227,116 by the creation of an additional 22,611,600 ordinary shares and 22,611,600 ordinary shares were issued pursuant to a 360 for 1 bonus issue.

#### 4. Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
Premium on shares issued	100	-	100
Loss for the year	-	(83)	(83)
<b>As at 31 August 2002</b>	100	(83)	17
Premium on shares issued	2,342	-	2,342
Loss for the year	-	(367)	(367)
<b>As at 31 August 2003</b>	2,442	(450)	1,992
Premium on shares issued	55	-	55
Bonus Issue	(226)	-	(226)
Profit for the Period	-	194	194
<b>As at 29 February 2004</b>	2,271	(256)	2,015

#### 5. Taxation

There is no tax charge for the period as a consequence of trading losses carried forward from previous years.

#### 6. Post Balance Sheet Events

On 11 March 2004 9,108,268 shares of 1 pence each were issued and placed with various institutions at a price of £1.70 per share and the company was admitted to the Alternative Investment Market of the London Stock Exchange.

**7. a) Reconciliation of operating profit / (loss) to net cash flow from operating activities**

	Six Months to 29 Febru- ary 2004 £'000	Six Months to 28 February 2003 £'000	Year ended 31 August 2003 £'000
Operating profit / (loss)	180	5	(409)
Amortisation of intangible fixed assets	5	2	5
Depreciation	347	2	90
(Increase)/decrease in debtors	(846)	416	293
Increase/(decrease) in creditors	663	(490)	(471)
	<hr/>	<hr/>	<hr/>
Net cash inflow / (outflow) from operating activities	349	(65)	(492)
	<hr/>	<hr/>	<hr/>

**b) Reconciliation of net cash flow to movement in net funds**

	Six months to 29 Febru- ary 2004 £'000	Six Months to 28 Febru- ary 2003 £'000	Year ended 31 August 2003 £'000
Increase / (Decrease) in cash in the year / period	(148)	2,251	1,004
	<hr/>	<hr/>	<hr/>
Movement in net funds in the year / period	(148)	2,251	1,004
Net funds at the beginning of the period	1,112	108	108
	<hr/>	<hr/>	<hr/>
<b>Net funds at the end of the period</b>	<b>964</b>	<b>2,359</b>	<b>1,112</b>
	<hr/>	<hr/>	<hr/>

**c) Analysis of Net Debt**

	At start of the period £'000	Cash flow £'000	At the end of the period £'000
<b>Period ended 29 February 2004</b>			
Cash, at bank and in hand	1,112	(148)	964
	<hr/>	<hr/>	<hr/>

## **Independent review report to Offshore Hydrocarbon Mapping plc**

### *Introduction*

We have been instructed by the company to review the financial information for the six months ended 29 February 2004 on pages 2 to 9. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

### *Directors' responsibilities*

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. Where a company is fully listed, the directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed. The directors of Offshore Hydrocarbon Mapping plc have voluntarily complied with this requirement in preparing the interim report.

### *Review work performed*

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom by auditors of fully listed companies. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

### *Review conclusion*

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 29 February 2004

**BDO STOY HAYWARD LLP**  
*Chartered Accountants*

**Glasgow**

19 April 2004