



# VIALOGY

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## ViaLogy PLC

Interim Report and Unaudited  
accounts for six months ended  
30 September 2013

# ViaLogy PLC

## Chairman's statement for the six months ended 30 September 2013

The Interim Report covers the six-month period to 30 September 2013. The figures show a loss for the period of £1,130,356 which includes a non-cash loss of £239,627 for amortisation and depreciation. The amortisation charges relate to the value of ViaLogy's Intellectual Property and associated research and development which is amortised over a period of six years. The cash outflow from operations during the period was £983,156.

This six month period in the company's history has been focussed on consolidating ViaLogy's commercial arrangements with existing clients, exploring new business opportunities for QuantumRD and establishing a significant working relationship with one of the biggest and most important companies in the global oil and gas sector, CGG. Among our achievements have been:

- The signing of a Business and Technical Collaboration Agreement with CGG (NYSE: CGG, Euronext: CGG: PA, [www.cgg.com](http://www.cgg.com)) of France, one of the world's largest geosciences companies. It provides ViaLogy with global sales and services locations, access to CGG customers, assistance in scaling ViaLogy's QuantumRD technology to large geographical areas, and specialised high tech data processing to prepare seismic datasets for QuantumRD.
- A new contract with our flagship client Chevron ([www.chevron.com](http://www.chevron.com)) expanding ViaLogy's work in the US Delaware Basin. Our task was to precisely map subsurface reservoirs for horizontal drilling that were well below the resolution of 3D seismic. This contract has been successfully completed.
- Signing an important contract with a new client, a subsidiary of Singapore-based Gente Oil Global, Pte. Ltd., to apply QuantumRD seismic interpretation technology on Ecuadorian properties in the Oriente Basin. ViaLogy focussed on reservoir discovery, delineation, and development in Napo sandstone formations that have proven too complicated to understand through conventional interpretation. The contract was completed and results were delivered to Gente in September.

During the summer and autumn the Board has also spent a considerable time honing plans for the proposed radical restructuring of ViaLogy. The aim is to position the company so that it can achieve carefully planned technical and commercial expansion whilst maintaining long-term shareholder value.

Full details of the proposed restructuring can be found in the circular to shareholders dated 18 November 2013. A link to the circular can be found on the company website. A General Meeting has been convened for Wednesday, December 4 2013 to seek shareholder support for the plans. Following the General Meeting it is the intention of the ViaLogy Board to recapitalise ViaLogy which is likely to entail the issue of new equity.

# ViaLogy PLC

This is an ambitious and exciting juncture in the company's history and I believe the time has come for the business to benefit from a younger pair of hands on the helm. I have therefore decided to step down as chairman and director of the company at the close of the meeting on the 4th of December. My fellow director, Peter Reynolds, has also decided to resign from the Board at this time to pursue his other business interests. We both take this opportunity to wish ViaLogy every success in the future.

**Terry Bond**  
**Chairman**  
**ViaLogy PLC**

2 December 2013

## Directors

Terry Bond	–	Executive Chairman
Dr. Robert W Dean	–	Chief Executive Officer
Dr. Sandeep Gulati	–	Chief Technology Officer
Peter Reynolds	–	Non-Executive Director

# ViaLogy PLC

## Consolidated income statement for the six months ended 30 September 2013

	Notes	<b>Unaudited 6 months to 30 Sep 2013 £</b>	Unaudited 6 months to 30 Sep 2012 £	Audited Year to to 31 Mar 2013 £
<b>Revenue</b>	2	<b>61,569</b>	84,691	257,681
Cost of sales		<b>126,030</b>	273,115	555,156
<b>Gross loss</b>	2	<b>(64,461)</b>	(188,424)	(297,475)
Share based payments		<b>22,748</b>	271,399	528,182
Depreciation and amortisation		<b>239,627</b>	1,611,829	2,203,657
Other administrative expenses		<b>803,538</b>	911,814	1,931,708
Total administrative expenses		<b>1,065,913</b>	2,795,042	4,663,547
<b>Loss from Operations</b>		<b>(1,130,374)</b>	(2,983,466)	(4,961,022)
Finance income		<b>18</b>	180	2,014
<b>Loss for the period/year before taxation</b>		<b>(1,130,356)</b>	(2,983,286)	(4,959,008)
Taxation	3	<b>–</b>	144,176	294,822
<b>Loss for the period/year attributable to equity holders of the parent</b>	2	<b>(1,130,356)</b>	(2,839,110)	(4,664,186)
<b>Loss per share</b>				
Basic and diluted	4	<b>(0.109)p</b>	(0.316)p	(0.506)p

# ViaLogy PLC

## Consolidated statement of comprehensive income for the six months ended 30 September 2013

	<b>Unaudited 6 months to 30 Sep 2013 £</b>	Unaudited 6 months to 30 Sep 2012 £	Audited year to 31 Mar 2013 £
<b>Loss after taxation</b>	<b>(1,130,356)</b>	(2,839,110)	(4,664,186)
<b>Other comprehensive income</b>			
Exchange differences on translating foreign operations	<b>(31,035)</b>	(10,759)	22,677
<b>Total other comprehensive (loss)/income for the period/year</b>	<b>(31,035)</b>	(10,759)	22,677
<b>Total comprehensive loss for the period/year attributable to the equity holders of the parent company</b>	<b>(1,161,391)</b>	(2,849,869)	(4,641,509)

# ViaLogy PLC

## Consolidated statement of changes in equity for the six months ended 30 September 2013

<b>Unaudited</b>	Share capital £	Share premium £	Warrant reserve £	Foreign exchange reserve £	Retained deficit £	Total £
At 1 April 2013	<b>10,391,069</b>	<b>22,733,906</b>	<b>225,000</b>	<b>1,637,611</b>	<b>(32,354,126)</b>	<b>2,633,460</b>
Total loss for the year	-	-	-	-	<b>(1,130,356)</b>	<b>(1,130,356)</b>
Other comprehensive income	-	-	-	<b>(31,035)</b>	-	<b>(31,035)</b>
Issue of shares	<b>5,333</b>	<b>1,333</b>	-	-	-	<b>6,666</b>
Warrant exercise	-	<b>3,200</b>	<b>(3,200)</b>	-	-	-
Share options expense	-	-	-	-	<b>22,748</b>	<b>22,748</b>
Balance at 30 September 2013	<u><b>10,396,402</b></u>	<u><b>22,738,439</b></u>	<u><b>221,800</b></u>	<u><b>1,606,576</b></u>	<u><b>(33,461,734)</b></u>	<u><b>1,501,483</b></u>
	Share capital £	Share premium £	Warrant reserve £	Foreign exchange reserve £	Retained deficit £	Total £
At 1 April 2012	8,519,551	21,475,505	-	1,614,934	(28,218,122)	3,391,868
Total loss for the year	-	-	-	-	(4,664,186)	(4,664,186)
Other comprehensive income	-	-	-	22,677	-	22,677
Issue of shares	1,871,518	1,363,151	-	-	-	3,234,669
Share issue expenses	-	(104,750)	-	-	-	(104,750)
Share options expense	-	-	-	-	528,182	528,182
Issue of warrants	-	-	225,000	-	-	225,000
Balance at 31 March 2013	<u>10,391,069</u>	<u>22,733,906</u>	<u>225,000</u>	<u>1,637,611</u>	<u>(32,354,126)</u>	<u>2,633,460</u>

# ViaLogy PLC

## Consolidated statement of financial position at 30 September 2013

	<b>Unaudited 30 Sep 2013</b>	Unaudited 30 Sep 2012	Audited 31 Mar 2013
Notes	£	£	£
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<b>328,496</b>	374,268	359,165
Intangible assets	<b>882,087</b>	1,390,785	1,022,054
	<b>1,210,583</b>	1,765,053	1,381,219
<b>Current assets</b>			
Trade and other receivables	<b>107,799</b>	180,288	153,876
Cash and cash equivalents	<b>307,047</b>	1,150,073	1,304,729
	<b>414,846</b>	1,330,361	1,458,605
<b>Total Assets</b>	<b>2 1,625,429</b>	3,095,414	2,839,824
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	<b>123,946</b>	138,010	206,364
<b>Non-current liabilities</b>			
Deferred tax liability	<b>3 –</b>	141,037	–
<b>Total liabilities</b>	<b>2 123,946</b>	279,047	206,364
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	<b>10,396,402</b>	9,266,069	10,391,069
Share premium	<b>22,738,439</b>	22,731,956	22,733,906
Warrant reserve	<b>221,800</b>	–	225,000
Foreign exchange reserve	<b>1,606,576</b>	1,604,175	1,637,611
Retained deficit	<b>(33,461,734)</b>	(30,785,833)	(32,354,126)
<b>Shareholders' funds</b>	<b>1,501,483</b>	2,816,367	2,633,460
<b>Total equity and liabilities</b>	<b>1,625,429</b>	3,095,414	2,839,824

# ViaLogy PLC

## Consolidated statement of cash flows for six months ended 30 September 2013

	<b>Unaudited 30 Sep 2013 £</b>	Unaudited 30 Sep 2012 £	Audited 31 Mar 2013 £
Cash flows from operating activities			
Loss from operations before tax	<b>(1,130,356)</b>	(2,983,286)	(4,959,008)
Adjustments for:-			
Finance income	<b>(18)</b>	(180)	(2,014)
Depreciation	<b>26,989</b>	36,640	77,273
Amortisation	<b>212,638</b>	1,575,189	2,216,384
Share option expense	<b>22,748</b>	271,399	528,183
Foreign exchange movements	<b>4,201</b>	12,729	22,677
Director's fees prepaid	<b>-</b>	82,968	27,656
	<hr/>	<hr/>	<hr/>
Cashflows used in operating activities before changes in working capital	<b>(863,798)</b>	(1,004,541)	(2,178,849)
Decrease/(increase) in trade and other receivables	<b>46,077</b>	(106,125)	3,255
(Decrease)/increase in trade and other payables	<b>(82,418)</b>	(66,498)	1,856
	<hr/>	<hr/>	<hr/>
<b>Net cash flows used in operating activities</b>	<b>(900,139)</b>	(1,177,164)	(2,173,738)
<b>Investing activities</b>			
Internally generated intangible asset	<b>(84,985)</b>	(191,671)	(341,222)
Purchase of property, plant and equipment	<b>(4,680)</b>	(21,284)	(25,361)
Interest received	<b>18</b>	180	2,014
	<hr/>	<hr/>	<hr/>
	<b>(89,683)</b>	(212,775)	(364,569)
<b>Cash flows from financing activities</b>			
Cash inflow from issue of new shares	<b>-</b>	2,045,000	3,459,669
Share issue costs	<b>-</b>	(50,450)	(104,750)
Cash inflow from exercise of options and warrants	<b>6,666</b>	8,419	-
	<hr/>	<hr/>	<hr/>
	<b>6,666</b>	2,002,969	3,354,919
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(983,156)</b>	613,030	816,612
Foreign exchange differences on translation of cash and cash equivalents	<b>(14,526)</b>	(18,324)	(67,250)
Cash and cash equivalents at beginning of period/year	<b>1,304,729</b>	555,367	555,367
	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period/year</b>	<b>307,047</b>	1,150,073	1,304,729
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## Notes forming part of the unaudited consolidated accounts for the six months ended 30 September 2013

### I Accounting policies

#### ***Basis of preparation***

The interim financial information has been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. The interim financial information has been prepared using the accounting policies which will be applied in the Group's statutory financial information for the year ended 31 March 2014.

The interim financial information for the period 1 April 2013 to 30 September 2013 is unaudited. In the opinion of the Directors the interim financial information for the period presents fairly the financial position, results from operations and cash flows for the period in conformity with the generally accepted accounting principles consistently applied. The interim financial information incorporates comparative figures for the interim period 1 April 2012 to 30 September 2012 and the audited financial year to 31 March 2013. The financial information contained in this interim report does not constitute statutory accounts as defined by section 435 of the Companies Act 2006. The comparatives for the full year ended 31 March 2013 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, but did include references to any matters to which the auditor drew attention by way of emphasis in respect of going concern, without qualifying their report and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

#### ***Going concern***

As noted in the circular sent to shareholders on 18 November 2013 for the General Meeting on 4 December 2013, the Board are proposing to restructure the company. The net result of the restructuring will be that working capital requirements will be greatly reduced from 1 January 2014. Following the General Meeting, it is the intention of the newly constituted ViaLogy Board to recapitalise ViaLogy which is likely to entail the issue of new equity. Whilst the Directors are confident that additional funding can be raised to meet the Group's development and working capital needs, and the Group has been successful in the past in this regard, a significant uncertainty exists given the absence of committed funding at the date of approval of these financial statements.

The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

## Notes forming part of the unaudited consolidated accounts for the six months ended 30 September 2013

### 2 Segmental analysis

The Group has two reportable segments:

- Head office – this segment is the head office of the Group.
- Operations – this segment is involved in sales and technology development in the USA.

The operating results of these segments are regularly reviewed by the Group's chief operating decision maker in order to make decisions about the allocation of resources and assess their performance.

#### 30 September 2013 Reportable segment analysis – unaudited

	Operations £	Head Office £	Consolidated £
Revenue from external customers	61,569	–	61,569
Gross loss	(64,461)	–	(64,461)
Finance income	–	18	18
Loss for the period after taxation	(944,221)	(186,135)	(1,130,356)
Segment assets	1,304,037	321,392	1,625,429
Segment liabilities	44,332	79,614	123,946
Costs to acquire plant, property and equipment	4,680	–	4,680
Costs to acquire intangible assets	84,985	–	84,985
Depreciation and amortisation	239,477	150	239,627
Share based payments	18,364	4,384	22,748

#### Year ended 31 March 2013 Reportable segment analysis – audited

	Operations £	Head Office £	Consolidated £
Revenue from external customers	257,681	–	257,681
Gross loss	(297,475)	–	(297,475)
Finance income	–	2,014	2,014
Tax credit	294,822	–	294,822
Loss for the year after taxation	(4,028,262)	(635,924)	(4,664,186)
Segment assets	1,559,043	1,280,781	2,839,824
Segment liabilities	128,012	78,352	206,364
Costs to acquire plant, property and equipment	42,309	(16,948)	25,361
Costs to acquire intangible assets	341,222	–	341,222
Depreciation and amortisation	2,196,101	7,556	2,203,657
Share based payments charged	451,056	77,126	528,182

All material non-current assets are owned by the USA subsidiary and are located in the USA.

# ViaLogy PLC

## Notes forming part of the unaudited consolidated accounts for the six months ended 30 September 2013

### 3 Deferred Tax

	<b>Unaudited Period to 30 Sep 2013 £</b>	Unaudited Period to 30 Sep 2012 £
<b>At 1 April</b>	–	285,242
Credit to the income statement for the six months to 30 September	–	(144,176)
Foreign exchange translation	–	(29)
	<hr/>	<hr/>
<b>At 30 September</b>	<b>–</b>	<b>141,037</b>
	<hr/> <hr/>	<hr/> <hr/>
	<b>Audited Year ended 31 March 2013 £</b>	
<b>At 1 April</b>	285,242	
Credit to the income statement for the year	(294,822)	
Foreign exchange translation	9,580	
	<hr/>	
At 31 March	–	
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Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 35%.

### 4 Loss per share

#### **Basic**

The calculation of loss per share is based on the loss for the period of £1,130,356 (2012 – loss £2,839,110, full year loss £4,664,186) and on 1,039,523,650, (2012 – 899,549,947, 2012 full year – 921,224,058) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

#### **Diluted**

Diluted loss per share dilutes the basic loss per share to take into account share options and warrants. The calculation includes the weighted average number of ordinary shares that would have been issued on the conversion of all the dilutive share options and warrants into ordinary shares. 33,890,242 options (2012 – 106,020,272 options, 2012 full year 125,535,913 options) have been excluded from this calculation as this would reduce the loss per share.

# ViaLogy PLC

## Notes forming part of the unaudited consolidated accounts for the six months ended 30 September 2013

### 5 Share capital – unaudited

	Allotted, called up and fully paid			
	2013	2012	2013	2012
	Number	Number	£	£
Ordinary Shares of 1p each				
At 1 April	<b>1,039,106,911</b>	851,955,130	<b>10,391,069</b>	8,519,551
Shares issued	–	74,363,637	–	743,637
Employee share options exercised	–	288,144	–	2,881
Warrants exercised	<b>533,333</b>	–	<b>5,333</b>	–
At 30 September	<b>1,039,640,244</b>	929,606,911	<b>10,396,402</b>	9,266,069

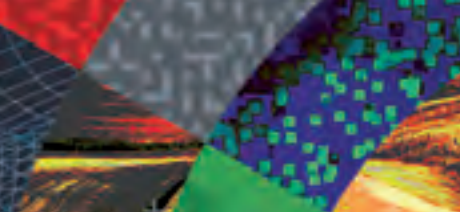
### Year Ended 31 March 2013 Share capital – audited

	Allotted, called up and fully paid			
	2013	2012	2013	2012
	Number	Number	£	£
Ordinary shares of 1p each				
At 1 April	<b>851,955,130</b>	734,102,725	<b>8,519,551</b>	7,341,027
Shares issued	<b>187,151,781</b>	117,852,405	<b>1,871,518</b>	1,178,524
At 31 March	<b>1,039,106,911</b>	851,955,130	<b>10,391,069</b>	8,519,551

### 6 Post Reporting date events

There are no post reporting date events.





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