



PRESS RELEASE

16 November 2009

Offshore Hydrocarbon Mapping plc (the 'Company' or 'OHM' or "OHM Group")

Preliminary Results to 31 August 2009

Offshore Hydrocarbon Mapping plc presents its preliminary results for the year ended 31 August 2009.

Over the past year, the OHM Group has delivered consistent and reliable results to our customers in a number of key areas including:

- West Africa and Latin America Conjugate Margins: Much improved reservoir images which have contributed to our customer's remarkable drilling successes in these very active areas.
- North Sea: Integrated seismic and CSEM data-sets which provide valuable information on both lithology and fluid content within these complex reservoir plays.
- North America Shale Plays: New well-driven rock-physics models which provide a step-change improvement in seismic attribute interpretation and sweet-spot identification.

Separately, the Company has today announced the award by the Bureau of Geophysical Prospecting in China, of a \$2.5 million CSEM survey contract, offshore Equatorial Guinea.

After fruitful negotiations with the owner of the Group's CSEM vessels OHM Express and OHM Leader, most of the future charter liabilities for these vessels, amounting to approximately £27 million, have since the balance sheet date, been exchanged for equity in Offshore Hydrocarbon Mapping plc and a revised "pay as when used" agreement.

Group revenues amounted to £9.2 million in the year to 31 August 2009. This compares to £17.7 million in 2007 and £10.8 million in 2008. Much of this decline was due to an approximate 45% drop in OHM's CSEM marine acquisition market to £4.4 million; this percentage decline is more or less in line with a similar reduction seen in the proprietary marine seismic acquisition market and reflects low utilisation of our two dedicated vessels.

The gross loss from operations was £3.0 million compared to a gross loss in 2008 of £2.3 million. Cash on hand at the balance sheet date of £1.0 million was enhanced by £2.5 million (net of expenses) in September 2009 following a placing of new ordinary shares.

Commenting on the results Chairman, Dave Pratt, said:

"Your Company has navigated an extremely difficult year resulting largely from profound changes that have taken place in the world economy and I am very pleased to say that although we are not out of the woods yet, the future is looking substantially more promising as confidence returns

to both the financial and commodities markets, and as the Group begins to benefit from actions taken to reduce its fixed costs and liabilities.

OHM's leading position in the integration of electromagnetic and acoustic measurements is delivering spectacular improvements in our ability to detect, appraise and monitor subsurface hydrocarbon accumulations which we believe will place us at the forefront of this vital part of the oil service industry in years to come."

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Chairman's statement

Your Company has navigated an extremely difficult year resulting largely from profound changes that have taken place in the world economy and I am very pleased to say that although we are not out of the woods yet, the future is looking substantially more promising as confidence returns to both the financial and commodities markets, and as the Group begins to benefit from actions taken to reduce its fixed costs and liabilities.

We entered this fiscal year with oil prices at around \$120 per barrel, very close to their record highs. By the end of our first half year, the oil price had plummeted to \$40 per barrel, with a resultant significant reduction in our clients' cash inflows. At the same time banks have reduced their lending, further reducing the funding available to our clients. Our clients' response to these events has been to cut their expenditures wherever they can, resulting in significant declines in exploration and production expenditures. Some seismic companies have reported activity drops of over 50% in this period. As oil companies often commit work programs years ahead as part of their bids for concessions, such cuts become preferentially focused on expenditures on newer technology which has not formed part of these bids.

Given this environment, it is unsurprising that a significant number of CSEM acquisition programs that we had expected to win have been postponed or cancelled with a resulting decline in our CSEM revenues. It is therefore commendable that, in this difficult landscape, that we have attained significant growth in our seismic inversion product line, and in our WISE product line which delivers new insights into the subsurface properties of the earth through the advanced integration of seismic and CSEM data.

More recently, the oil price has recovered from its lows to trade in a range within about ten percent of \$70 per barrel. Should we maintain some price stability around or above this level, it is reasonable to expect that there will be a recovery in activity. Achieving such stability will be very dependent on a sustained recovery in the global economic environment, and although there seems to be some promise of this, it is far from clear that we are in the midst of a dependable recovery.

Responding to this uncertain outlook, and a draining of your Company's financial reserves in our recent disappointing year, the management team have reviewed the Group's strategy and taken the following action to reduce the Group's fixed costs and to add cash to the balance sheet:

- Significant cuts were regrettably made to the Group's headcount and capital spending was significantly reduced.
- After fruitful negotiations with the owner of the Group's CSEM vessels OHM Express and OHM Leader, most of the future charter liabilities for these vessels, amounting to approximately £27 million, have since the balance sheet date, been exchanged for equity in Offshore Hydrocarbon Mapping plc and a revised "pay as when used" agreement.
- At the same time, the Group has raised additional funds of £2.5 million through a placing with a number of the Group's key shareholders.

These measures place the Group in a much better position to weather the uncertainty ahead while having a sound foundation for growth to respond to improvements in demand that will result from more stable and favourable oil prices. However, I would draw your attention to the statement on the going concern assumption in note 2 where the directors explain the reasons why it continues to be appropriate to prepare the financial statements on a going concern basis.

The long term fundamentals for the geophysical industry remain indubitably positive. Consensus forecasts show that output from currently producing oil fields will halve over the next 20 years. Over the same period of time, it is expected that demand for oil and gas will increase driven

mainly by growth in developing economies. The resulting shortfall will, in some part, be met by bringing existing discoveries that are not yet in production online, and by replacing some oil consumption with natural gas. However, a very large part of the resulting shortfall will have to be met by discovering new oilfields and by increasing the amount of oil we recover from our existing fields and discoveries.

Both these challenges require geophysical technology to deliver ever better images and measurements of our subterranean reservoirs and this will drive market demand for advanced geophysical services. OHM's leading position in the integration of electromagnetic and acoustic measurements is delivering spectacular improvements in our ability to detect, appraise and monitor subsurface hydrocarbon accumulations which we believe will place us at the forefront of this vital part of the oil service industry in years to come.

Your Board of directors has seen a number of changes in the year.

Richard Cooper, who entered the Group when we purchased Rock Solid Images, rapidly became a key member of the Executive Management team. Richard possesses a clear vision for the Group's technologies and a profound understanding of the challenges that will be faced in bringing them to market. Throughout his career he has demonstrated strong leadership qualities and a passion for success and I am delighted that he has agreed to succeed me as Chief Executive Officer.

Steve Ludlow, one of our non executive directors, has retired from the Board to concentrate on developing his new business activities in the United States. Steve brought immense experience of the geophysical industry and his wise counsel and insightful questioning contributed significantly to the Board's effectiveness. We are extremely grateful for Steve's hard work and input and wish him the best in his endeavours.

We have been extremely fortunate to be able to recruit Alan Faichney to replace Steve as a non executive director. Alan is a mathematics graduate of St. Andrews University who began his career in the Aerospace industry and later joined the oil exploration industry where he held key technical and strategic roles in product and market development. Alan held the positions of Managing Director of Concept Systems Limited and Senior Vice President of Ion Geophysical Inc. Alan is highly experienced in software development and provision of technical services to industry and his understanding of the issues surrounding technology adoption will be of great assistance to OHM as we strive to further integrate our CSEM and Rock Physics analysis packages.

There is still significant uncertainty around the global economy which will continue to pose a threat to the levels of expenditure that our clients are able to make but we are structurally better prepared to respond to a wide range of market demand. We look forward to the challenges of fiscal year 2010 bolstered by optimism that our strategy of investing in the integration of seismic and CSEM is building significant competitive advantage for the Group. Our optimism is supported by a growing order book across our business lines.

David Pratt
Chairman

Chief Executive Officer's Report

Introduction

Offshore Hydrocarbon Mapping plc (OHM) was founded in 2002 to commercialise controlled source electromagnetic (CSEM) survey techniques within the oil and gas industries and the Company was subsequently floated on the London AIM market in 2004. CSEM is a non invasive technology that helps oil and gas companies identify and define hydrocarbon reservoirs in a marine environment.

OHM took a significant step forward in technology through the acquisition of the Houston, Texas based company Rock Solid Images (RSI) in August of 2007. RSI provides products and services for seismic reservoir characterisation and also delivers the essential seismic and well-based framework within which an integrated CSEM interpretation can be performed.

We believe the value of CSEM to our customers is greatly increased when combined with seismic and well data, and this combination opens up interesting new markets for CSEM in areas of reservoir appraisal and monitoring, in addition to exploration, which OHM is well positioned to take advantage of.

Operating activity in 2009

Over the past year, the OHM Group has delivered consistent and reliable results to our customers in a number of key areas including:

- West Africa and Latin America Conjugate Margins: Much improved reservoir images which have contributed to our customer's remarkable drilling successes in these very active areas.
- North Sea: Integrated seismic and CSEM data-sets which provide valuable information on both lithology and fluid content within these complex reservoir plays.
- North America Shale Plays: New well-driven rock-physics models which provide a step-change improvement in seismic attribute interpretation and sweet-spot identification.

Despite the economic and market adoption challenges we faced during the period, we continued to make progress on a number of fronts. We introduced our WISE (integrated seismic and CSEM) product line at the beginning of 2009. WISE stands for "Well-driven Integration of Seismic and Electromagnetics" and lies at the heart of our strategy going forward. We performed three successful WISE appraisal surveys in the North Sea during FY2009 and have further surveys in backlog for the 2010 financial year. In addition, we have delivered a number of WISE reprocessing projects to customers during the course of the year; reprocessing of CSEM data of earlier vintage acquired by both ourselves and our competitors provides a growing income stream to the Group.

OHM is not a pure-play CSEM company. Expertise in seismic and well technology is essential in order to reduce the risk associated with CSEM data interpretation. In addition, we also undertake project work involving only seismic and well data; this is the traditional domain of our Rock Solid Images subsidiary. RSI has developed a significant reputation for supplying high-quality seismic inversion data to companies exploring in West African countries such as Ghana, Equatorial Guinea and Cote D'Ivoire; we have become the vendor of choice for many operators in this active exploration and development area. In addition, RSI is pursuing an aggressive strategy to commercialise seismic and rock-physics technology to exploit unconventional gas deposits in North America, normally associated with the large shale plays such as the Barnett, Haynesville and Marcellus.

The oil industry adopts new technology at a slow rate relative to other technology markets such as telecommunications and biotechnology. CSEM technology was introduced commercially in

2002 and has yet to reach maturity. Of course, this is positive in the sense that our long term growth potential remains intact, but it is necessary to continue our R&D investment in CSEM through good times and bad and I'm pleased to report that OHM has managed to maintain its long term growth plans.

To better understand the market potential, management invested considerable time analysing how CSEM data has been used within our industry. It became apparent that in addition to the exploration market there are significant opportunities for the application of CSEM within the promising new areas of the appraisal and monitoring market.

The global economic environment during 2008 and 2009 has been well documented elsewhere and I will not dwell on it, suffice to say that the combined impact of the reduction in commodity prices and capital restrictions slowed oil and gas company spending and, at such times, discretionary spending on new technologies, such as CSEM, suffered.

The main effect seen by OHM was further slowing of activity in our marine CSEM acquisition market. OHM, like its competitors, had invested in a sophisticated range of acquisition technology, which included long-term fixed-rate charters for our two, state-of-the-art vessels, the OHM Leader and the OHM Express. This investment was predicated on growth of the CSEM market that did not in fact take place owing to the issues discussed above. The combination of a large and fixed-rate cash burn with a small and volatile revenue stream resulted in inevitable concerns as to whether the Company had sufficient cash reserves to maintain its technology portfolio and be ready and able to position ourselves for the inevitable upturn.

In response to this, the Company implemented a number of cost-cutting measures in February of 2009, including declaring approximately 40 employee positions redundant, and a renegotiation of our OHM leader and OHM Express vessel charters to a "pay as you use" plan for the remainder of calendar year 2009.

In September of 2009 (the start of our 2010 financial year), OHM was able to successfully convert most of its future vessel charter commitments to equity and at the same time raise additional working capital from key shareholders. Our new relationship with our vessel owners (the Seatrans Group) allows us to use the OHM Leader and/or OHM Express in a "pay as you use" mode which gives the Company considerable flexibility in preparing tenders and developing multi-client projects.

Safety and the environment

OHM conducts operations offshore, often in hostile and remote conditions. In order to control the risks associated with this activity, the Company has developed a comprehensive safety and environmental management system. This system is regularly reviewed and updated for new circumstances and to capture our increasing experience and emerging best practice. Ownership of this system lies not just with the Company and its management but with the operational personnel whose experience and knowledge are vitally important in the development and maintenance of safe working regimes.

It is a testament to the dedication and professionalism of all our staff that we have, for the eighth successive year, achieved our goal of conducting our operations without significant injury, lost time incidents, or accidental damage to our environment.

Research and development

Despite a challenging financial environment, we have managed to maintain and, in some areas, increase our R&D investment. There remains a considerable need to continue to develop and improve CSEM imaging and inversion algorithms in order to accommodate an increasingly broad range of CSEM applications. In addition, as we further develop the integration of seismic and CSEM, so we are constantly improving the underlying science, algorithms, software and

workflows that drive this process. OHM has always been a pioneer in this field and we intend to remain at the forefront of this endeavour.

Our specific R&D focus for 2009 has been on consolidation and integration. Several initiatives are worthy of further mention:

We maintain two very active industry sponsored consortia. These are industry funded research projects designed to develop real-world solutions to problems identified by our customers as requiring a more advanced approach than is currently available within the industry. Our Lithology and Fluid Prediction (LFP) project has approximately 18 oil-company sponsors and is developing improved rock-physics based modelling and inversion technology. The companion WISE product has five industry sponsors and also has a strong rock-physics focus with particular emphasis on advanced processing and integration of CSEM data.

OHM maintains membership in several key academic consortia which provide a further source of expertise and know-how. In addition to our own research staff, we have a network of world-renowned industry consultants who are engaged to undertake work on behalf of our WISE and LFP consortia and to more generally help advance the science of CSEM and seismic inversion including Arthur Cheng, Gary Mavko, Martin Sinha, Tury Taner and Sven Treitel.

Intellectual property

OHM's growing portfolio of intellectual property rights now stands at 58 granted patents with 75 applications pending. OHM's intellectual property strategy is to seek patent protection for instrumentation, processes and applications that improve the effectiveness of CSEM and associated techniques.

Financial review

Group revenues deteriorated further in 2009 and amounted to a disappointing £9.2 million. This compares to £17.7 million in 2007 and £10.8 million in 2008. Much of this decline was due to an approximate 45% drop in OHM's CSEM marine acquisition market to £4.4 million; this percentage decline is more or less in line with a similar reduction seen in the proprietary marine seismic acquisition market and reflects low utilisation of our two dedicated vessels.

Revenues from our Rock Solid Images division increased 40% over 2008 to £3.8 million driven by increased business development in West Africa and a favourable dollar to pound exchange rate. We are also pleased to report that our fledgling WISE CSEM/seismic integration product line grew from effectively zero in 2008 to contribute just under £1.0 million in 2009.

Cost of sales declined slightly compared to 2008 to £12.2 million which was not in proportion to the decline in revenues because of the largely fixed cost nature of the Group's vessel charter capacity. The resulting gross loss from operations was therefore £3.0 million compared to a gross loss in 2008 of £2.3 million.

Following changes made to our cost base (including the 44% reduction in the Group's headcount to 69 employees at the balance sheet date) and stringent cost control measures, overheads were reduced from £7.2 million in 2008 to £5.8 million (which included an exceptional redundancy charge of £116,000 and impairment provisions of £670,000).

The Group's cash balance at 31st August 2009 stood at £1.0 million, down from £8.2 million at the end of August 2008.

(Note that the Group successfully completed a further round of fund-raising early in September 2009 which contributed an additional gross cash amount of £2.6 million less £100,000 of expenses.)

Trading outlook

Although we will continue to operate in the exploration sector, we have placed increasing R&D and sales and marketing emphasis on the appraisal and monitoring markets which we believe will provide a substantial return on investment over the coming years. OHM is well positioned to operate in these new areas since we have the seismic and well technology available to us through our Rock Solid Images subsidiary.

We are seeing increased bid activity in the marine CSEM acquisition market. Several of the larger multinational oil and gas companies are now routinely using CSEM surveying in conjunction with seismic methods. This gives us some confidence that the technology is becoming more mainstream and that we are moving up the adoption curve. The associated stabilising of the oil price and steady improvements in the capital markets too will help increase both budgeted and discretionary spending.

The total number of CSEM crews available to service the worldwide CSEM market has also declined by approximately half since a year ago. This should mean a move from an over-supply to a tighter market for CSEM crews and thus utilisation levels improving for all suppliers, especially OHM.

Rock Solid Images continues to win contracts and grow its client base and this is expected to continue especially as more companies recognise the benefits of the integrated CSEM and rock physics offering.

We believe 2009 was a watershed year for OHM. Despite a challenging environment, we have managed to retain our key personnel, maintain our core technology and deliver exceptional value to our customers. We believe we are well positioned to take advantage of the upturn in the CSEM and seismic market which is developing over the coming years.

Richard Cooper

Chief Executive Officer

Offshore Hydrocarbon Mapping plc
Consolidated Group Income Statement
For the year ended 31 August 2009

	2009	2008
	£'000	£'000
Revenue	9,227	10,795
Cost of sales	12,238	13,046
Gross loss	(3,011)	(2,251)
Administrative expenses	5,770	7,253
Group operating loss	(8,781)	(9,504)
Finance income	81	777
Finance costs	(11)	(17)
Loss before taxation	(8,711)	(8,744)
Income tax expense	(121)	47
Loss for the period	(8,832)	(8,697)
Loss per ordinary share		
Basic	(20.41)p	(20.17)p
Diluted	(20.41)p	(20.17)p

Offshore Hydrocarbon Mapping plc
Consolidated Group Balance Sheet
At 31 August 2009

	2009 £'000	2008 £'000
Assets		
Non-current assets		
Goodwill	12,636	11,414
Intangible assets - multi client data library	2,679	3,560
- software	2,575	2,349
- patent costs	1,101	981
- consortium fees	153	154
	6,508	7,044
Plant and machinery	4,283	5,029
	23,427	23,487
Current assets		
Inventories	607	745
Trade and other receivables	749	3,919
Cash and cash equivalents	1,043	8,222
	2,399	12,886
Total assets	25,826	36,373
Liabilities		
Current liabilities		
Trade and other payables	2,941	6,345
Current tax liabilities	48	102
Finance leases	9	42
	2,998	6,489
Non current liabilities		
Deferred tax liabilities	736	724
Finance leases	-	8
	736	732
Total liabilities	3,734	7,221
Net assets	22,092	29,152
Shareholders' equity		
Share capital	434	432
Share premium	36,668	36,668
Share based payments reserve	1,322	1,107
Merger reserve	5,355	5,355
Retained earnings	(24,531)	(15,699)
Cumulative translation reserve	2,844	1,289
Total shareholders' equity	22,092	29,152

The financial statements were approved by the board of directors and authorised for issue on 16 November 2009 and are signed on its behalf by:

D C N Pratt
Director

R I Auckland
Director

Offshore Hydrocarbon Mapping plc
Consolidated Group Cashflow Statement
For the year ended 31 August 2009

	2009	2008
	£'000	£'000
Cash flow from operating activities		
Loss before taxation	(8,711)	(8,744)
Adjustments for:		
Depreciation of tangible fixed assets	947	1,339
Amortisation of intangible fixed assets	1,345	1,023
Share based payments charge	215	259
Intangible asset transfer from balance sheet	53	1,903
Loss on disposal of plant and equipment	35	30
Finance income	(81)	(777)
 Operating cash flows before changes in working capital	 (6,197)	 (4,967)
Decrease/(increase) in inventories	138	(111)
Decrease in trade and other receivables	3,170	763
(Decrease)/increase in trade and other payables	(3,577)	1,150
 Cash absorbed by operations	 (6,466)	 (3,165)
Foreign taxes paid	-	(29)
Net cash used in operating activities	(6,466)	(3,194)
 Cash flow from investing activities		
Payments to acquire multi client data library	(59)	(3,861)
Payments to acquire software	(294)	(284)
Payments to acquire patents	(124)	(229)
Purchase of plant and equipment	(200)	(3,892)
Proceeds from sale of plant and equipment	11	-
Net cash outflow on acquisition of subsidiary	-	(20)
Interest received	81	777
Net cash used in investing activities	(585)	(7,509)
 Cash flow from financing activities		
Proceeds from issue of ordinary share capital	2	226
Line of credit	-	(89)
Finance lease obligation	(41)	(66)
Other adjustments	-	(97)
Net cash used in financing activities	(39)	(26)
 Net decrease in cash and cash equivalents	 (7,090)	 (10,729)
 Opening cash and cash equivalents	 8,222	 18,968
Effect of foreign exchange rate changes	(89)	(17)
Closing cash and cash equivalents	1,043	8,222

Offshore Hydrocarbon Mapping plc
Statement of Changes in Equity
For the year ended 31 August 2009

Group	Attributable to equity holders of the parent company						Total equity
	Share capital	Share premium	Share based payments reserve	Merger reserve	Retained earnings	Translation reserve	
	£'000	£'000	£'000	£'000	£'000	£'000	
At 1 September 2007	426	36,447	848	5,355	(6,905)	(214)	35,957
Foreign currency translation difference arising on consolidation of subsidiaries	-	-	-	-	-	1,503	1,503
Loss for the year	-	-	-	-	(8,697)	-	(8,697)
Total recognised income and expense for the year	-	-	-	-	(8,697)	1,503	(7,194)
Share based payments	-	-	259	-	-	-	259
Other adjustments	-	-	-	-	(97)	-	(97)
Share placing	6	221	-	-	-	-	227
At 31 August 2008	432	36,668	1,107	5,355	(15,699)	1,289	29,152
Foreign currency translation difference arising on consolidation of subsidiaries	-	-	-	-	-	1,555	1,555
Loss for the year	-	-	-	-	(8,832)	-	(8,832)
Total recognised income and expense for the year	-	-	-	-	(8,832)	1,555	(7,277)
Share based payments	-	-	215	-	-	-	215
Share issue	2	-	-	-	-	-	2
At 31 August 2009	434	36,668	1,322	5,355	(24,531)	2,844	22,092

The charge to the share based payments reserve represents the fair value of the shares to be awarded under the Group's Share Option Plans and Share Award and Annual Bonus Plans. Corresponding amounts are included in the loss for the relevant periods with the consequence that the Company's accounting for share based payments has no net impact on total equity.

The share based payments reserve comprises the credit entry relating to share based charges included in the Income Statement and calculated in accordance with IFRS 2.

The merger reserve represents the excess of the fair value of the shares issued over their nominal value which is recorded when shares are issued in exchange for shares to effect an investment in an undertaking.

Other reserves represent the credit entry relating to share based payment charges on the implementation of IFRIC 11. This impacts the Company only.

Retained earnings comprise net gains and losses recognised in the Income Statement. The translation reserve comprises gains and losses arising on the translation of the net assets of overseas operations.

Notes to the Preliminary Results

1 General information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 August 2009 or 2008, but is derived from those accounts.

Statutory accounts for the years ended 31 August 2009 and 31 August 2008 have been reported on by the Independent Auditors.

The Independent Auditors' Report on the Annual Report and Financial Statements for 2008 was unqualified and did not contain a statement under 237(2) or 237(3) of the Companies Act 1985. The report did contain an emphasis of matter paragraph regarding going concern.

The Independent Auditors' Report on the Annual Report and Financial Statements for 2009 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 August 2008 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 August 2009 will be delivered to the Registrar following the Company's annual general meeting.

Accounts for the year ending 31 August 2009 will be dispatched to shareholders during November 2009 and will shortly be available on the Company's website, www.ohmrsi.com. The AGM will take place at 2.00pm on 15 January 2010 at the offices of KBC Peel Hunt Ltd, 111 Old Broad Street, London, EC2N 1PH.

Offshore Hydrocarbon Mapping plc is a company registered in England and Wales. The nature of the Group's operations and its principal activities are set out in the Directors' Report.

2 Significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with IFRS (International Financial Reporting Standards) as endorsed for use in the European Union and also in accordance with those parts of the Companies Act 2006 that remain applicable to companies who report under IFRS.

Going concern assumption

In the 2008 Annual Report, the directors outlined a number of initiatives that they were considering to improve the viability of the Group given the difficult trading environment that it was experiencing. Coupled with plans for cost reductions, these measures were:

- Sub charter of one of the Group's dedicated vessels for a period of at least 12 months;
- Spot sub charter of one of the Group's dedicated vessels for shorter periods between CSEM contracts;
- The issue of a number of ordinary shares of one pence each to existing shareholders;
- A reorganisation of the OHM group resulting in the sale for cash of some parts of the existing Group;
- A sale of the entire Group.

Since that statement:

- A review of the Group's cost structure was completed in March 2009 resulting in significant reductions in the Group's fixed costs with a number of staff, at all levels in the

- Group, being made redundant. As a consequence of this, on an annualised basis, Group fixed costs were reduced by approximately £13 million.
- In August 2009 the Group announced an agreement with the owner of its two chartered CSEM vessels for the conversion of the day rate contracts for the vessels to a “pay as used” and revenue sharing contract. These amendments superseded the temporary “pay as used” arrangements which had been due to expire at the end of the calendar year. The contract amendments, which were executed in September 2009, reduced the Group’s future financial commitments by approximately \$45 million (£27 million) (the cash value of the future minimum financial commitment reduced from approximately \$53 million (£32 million) to approximately \$8 million (£5 million) over the life of the charters).
 - In September 2009 the Group successfully raised £2.6 million through a placing of 12,023,572 new ordinary shares at a price of 21.52 pence per share.

The benefits of both the charter reorganisations and the cost cutting program were not fully realised in the 2009 financial year and the Group has reported a loss before taxation of £8,711,000 in the period ended on 31 August 2009. This follows a loss before taxation of £8,744,000 reported in the previous year to 31 August 2008. The Group’s cash balance at 31 August 2009, before receipt of funds from the fundraising, was £1,043,000 (2008: £8,222,000).

The changes made since the last annual report materially improve the Group’s financial position. Like any other business, the Group relies on an inflow of profitable orders from its clients to generate cash flows. In this respect the directors are optimistic that adequate CSEM and WISE related revenues will be generated during the 2010 financial year, whilst the seismic data inversion (WSS) order book remains strong and continues to give encouraging visibility. With demand for CSEM marine survey work picking up (as evidenced by the increasing level of enquiries and tender activity), the directors see strong indications for an improvement in demand in 2010. Should this demand recovery not result in a flow of profitable orders, additional funding may yet be required by the Group. The directors are therefore continuing to consider a number of funding options, should such a course of action become necessary.

After making enquiries, the directors believe that there are reasonable prospects that order backlog and the resulting revenues will increase significantly in 2010 compared to 2009, leading to stronger operational cash flows, providing a satisfactory level of confidence to the Board in respect of trading in the year ahead. The directors have a reasonable expectation that both the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 August 2009 each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of subsidiaries acquired in the year are included in the Consolidated Income Statement from the effective date of acquisition. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS

5 “Non Current Assets Held for Sale and Discontinued Operations”, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Groups’ interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group’s interest exceeds the cost of the business combination, the excess is recognised immediately in the Income Statement.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group’s interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the Income Statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group’s cash-generating units expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue represents sales in respect of the provision of oil exploration services to external customers at invoiced amounts less value added tax or local taxes on sales. Revenue is recognised in line with the performance of these services, to the extent that the performance entitles the Group to receive consideration in line with the terms of the service contracts under which the Group operates. Included within revenue are amounts in respect of data acquisition offshore, data modelling and data interpretation services provided to external customers. Reimbursable expenses billed to customers are included in revenue.

Interest receivable

Interest income is recognised on an accruals basis under the effective interest method and is recognised within finance income in the Income Statement.

Research and development

Expenditure on pure and applied research is charged as an expense in the year in which it is incurred. Development costs which are expected to generate probable future economic benefits are capitalised in accordance with IAS 38 “Intangible Assets” and amortised on a straight line basis over their useful economic lives. All other development expenditure is charged to the Income Statement.

Under IAS 38, an internally-generated intangible asset arising from the Groups’ product development is recognised only if all of the following conditions are met:

- the technical feasibility of completing the intangible asset so that it will be available for sale,
- its intention to complete the intangible asset,
- its ability to use or sell the intangible asset,

- it is probable that the asset created will generate future economic benefits,
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the development cost of the asset can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised in the Group or Company Balance Sheet when the Group or Company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at fair value with appropriate allowances for estimated irrecoverable amounts recognised in the Income Statement. All amounts are subsequently valued at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents have original maturity of three months or less from acquisition and comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Bank borrowings

Interest-bearing loans and overdrafts are initially recognised at fair value and subsequently at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement 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. The Group does not capitalise any interest with respect to borrowings.

Loans and receivables

Loans made from the parent company to its subsidiaries are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest method. Where the fair value of such loans is less than the loan amount the difference is treated as an increase in the investment in that subsidiary.

Trade payables

Trade payables are initially measured at fair value. All amounts are subsequently valued at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All the other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Foreign currencies

In preparing the financial statements of the individual companies that comprise the Group, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

On consolidation, income statements of foreign operations are translated into sterling at monthly average rates which approximate to the actual rate for the relevant accounting periods. Assets and liabilities are translated at exchange rates ruling at the balance sheet date. Exchange differences on all balances, except foreign currency loans accounted for as net investment hedges, are taken to the Income Statement. Exchange differences arising on consolidation of the net investments in overseas subsidiaries, together with those on foreign currency loans accounted for as net investment hedges, are taken to equity.

An intra-group monetary item for which settlement is neither planned nor likely in the foreseeable future is, in substance, a part of the Group's net investment in the foreign operation. Exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation are recognised in a separate component of equity.

Investments

The parent company's investments in subsidiary undertakings are stated at cost.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for assets in the course of construction, over their expected useful lives. It is calculated at the following rates:

Plant and machinery	– 12.5% to 66.7% straight line
Computer equipment	– 20% to 50% straight line
Office equipment	– 14.3% to 66.7% straight line

Impairment of fixed assets

Impairment reviews of fixed assets are carried out on each cash-generating unit identified in accordance with IAS 36 "Impairment of Assets". The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use. Any such impairment arising is recognised in the Income Statement as impairment.

Where there has been a charge for impairment in an earlier period that charge will be reversed in a later period where there has been a change in circumstances to the extent that the discounted future net cash flows are higher than the net book value at the time. In reversing impairment losses, the carrying amount of the asset will be increased to the lower of its original carrying value or the carrying value that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods.

Intangible assets

Patent costs

Costs of obtaining patents are capitalised and amortised on a straight line basis over their useful life from the date they are awarded which ranges from ten to seventeen years.

Software developed internally

Software developed internally is capitalised and amortised on a straight line basis over its useful life which ranges from two to ten years.

Consortium fees

Recurring fees from research consortia are fair valued on acquisition, capitalised and amortised on a straight line basis over their useful lives which ranges from five to ten years.

Multi client data library

The cost of collecting and processing electromagnetic and seismic data for onward licensing to clients on a non-exclusive basis is capitalised and held in the Balance Sheet as an intangible asset. The carrying cost of the electromagnetic data is held on an identified prospect basis with the costs being reduced as sales occur or, if insufficient sales are realised, amortised on a straight line basis over a period of three years starting in the first month of the next half year following completion of the data library product. The carrying cost of well data is amortised on a straight line basis over a period of five years. All sales of information from the library attract a cost based on regular review of operating margins.

Stocks and long term contracts

Stocks of spare parts and consumables are carried at the lower of cost or net realisable value.

Long-term contracts are assessed on a contract by contract basis and are reflected in the Income Statement by recording revenue and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the Income Statement as the difference between the reported revenue and related costs for that contract. As soon as a contract is expected to be loss making overall, all future contract losses are provided for in the period.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. The Group's liability for current tax is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income

Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The Group has no defined benefit retirement schemes.

Share-based payments

The Group operates a number of equity settled share-based payment schemes under which shares are issued to certain employees. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period. For schemes with only market based performance conditions, those conditions are taken into account in arriving at the fair value at grant date. Accordingly, no subsequent adjustment to the amortised fair value is made for achievement or otherwise of those conditions. For schemes that include non-market based conditions or no conditions, a “true-up” model is applied to the expense at each reporting date based on the expected number of shares that will eventually vest.

Group and treasury share transactions

Through its share award and share option schemes the Company allows its subsidiary undertakings to remunerate their employees with shares that the Company has issued. The Company accounts for these share based payments as a capital contribution to the subsidiary undertaking including the fair value of this capital contribution as an addition to its investment in the subsidiary undertaking

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Significant judgements and estimates in these financial statements have been made in a number of areas and an explanation of key uncertainties or assumptions used by management in accounting for these items is explained, where material, in the following paragraphs and in the relevant notes.

Impairment of goodwill, tangible and intangible assets

The Group is required to test, on an annual basis, whether goodwill and other tangible and intangible assets have suffered any impairment. At each reporting date where there are indicators of impairment, the net book value of the cash-generating unit is compared with the associated expected discounted future cash flows. If the net book value is higher, then the difference is written off to the Income Statement as impairment. The recoverable amount is determined based on “value in use” calculations.

The Group has determined that it has two largely independent cash-generating units, the controlled source electromagnetic business (CSEM), and the well and surface seismic interpretation business (WSS). These cash-generating units correspond broadly to the Group’s business segments and further information describing these is set out in note 4.

The use of this “value in use” method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the net cash flows. Discounted future net cash flows for IAS 36 purposes are calculated using a post tax discount rate of 17.5%

(2008:17.5%). The Group determines forecasted revenues and costs for each cash-generating unit over a five year period based on a combination of historical experience and projected growth rates for the CSEM and WSS segments which are corroborated by external sources.

Impairment of goodwill, tangible and intangible assets (continued)

The CSEM market is forecast to grow by between 40% and 50% pa (2008: between 15% and 20% pa) over the next five years with the Group's share of this market remaining between 10% and 20% (2008: between 10% and 20%). The Group's CSEM revenues are forecast to increase by between 40% and 50% pa (2008: between 25% and 40%) over this period. This increased rate of growth in CSEM market size and the Group's forecast revenues is due to the lower base level caused by the CSEM downturn in the later part of 2008 and in 2009. Assumptions relating to the growth of the CSEM market are based on projections made by independent analysts.

The WSS market is forecast to grow by between 10% and 15% pa (2008: between 10 and 15% pa) over the next five years with the Group's share of this market increasing from approximately 10% (2008: under 5%) to between 10% and 25% (2008: between 7% and 10%). The Group's WSS revenues are therefore forecast to increase by between 30% and 40% pa (2008: between 25% and 50% pa) over this period.

The calculation of the value in use for each cash-generating unit is most sensitive to assumptions for:

- (a) the forecast growth in the size of the CSEM market over the next five years;
- (b) the Group's share of the CSEM and WSS markets over this period;
- (c) the gross profit margins achieved by the CSEM and WSS cash-generating units; and
- (d) the discount rate used.

The Board considers the value attributable to net cash flows generated from the CSEM and WSS businesses to be higher than the current carrying value of goodwill, tangible and intangible assets and consequently no impairment adjustment is required.

Useful lives of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the Consolidated Income Statement in specific periods.

Share based payments

The Group has two types of equity-settled share-based remuneration schemes for employees. Employee services received, and corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options and awards is estimated by using valuation models, such as Monte Carlo and Cox, Ross & Rubinstein binomial, on the date of grant based on certain assumptions. Those assumptions include, among others, the dividend growth rate, expected volatility, estimated number of employees leaving, expected life of the options and number expected to vest.

4 Business and geographical segments

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns which are different from those of other business segments. At 31 August 2009 and 31 August 2008 the Group is organised into three reportable business segments - Controlled Source ElectroMagnetic (CSEM) business, Well-driven Integration of Seismic and Electromagnetics (WISE) business and the Well and Surface Seismic (WSS) business.

Controlled Source ElectroMagnetic (CSEM)

OHM provides offshore CSEM acquisition and data processing services. CSEM surveying can detect the presence of resistive features in the earth which when carefully interpreted can provide evidence for and information on hydrocarbon accumulations prior to drilling. The Group has not divided financial information for its CSEM activities into further different segments as it offers only one CSEM surveying product range to its clients, who are international and state owned oil and gas companies

The risk and profitability of the Group's operations is similar in different geographical regions of the world. Most of the Group's plant and machinery is deployed on survey vessels and, as the CSEM surveys are executed worldwide with equipment often being relocated to meet capacity requirements, the Group is not able to allocate these assets specifically to any geographical region.

Well-driven Integration of Seismic and Electromagnetics (WISE)

The value of geophysical data and interpretations derived from them is significantly increased when different data types are integrated to utilise the strengths of each. The Group's WISE interpretation approaches use available seismic, CSEM and well log data to add value to interpretations at all stages of the oil field life cycle, by providing quantitative measurements of rock and fluid properties.

The directors view the WISE product range and focus as being critical to the future success of the Group and are allocating resources to this business segment and monitoring performance accordingly.

Well and Surface Seismic (WSS)

The Group's subsidiary Rock Solid Images (RSI), is the industry leader in the integration of fundamental rock physics with well data and surface seismic in order to interpret geophysical signatures in terms of reservoir properties. Careful integration of these data can lead to quantitative measurements of rock and fluid properties such as porosity and hydrocarbon saturation.

The following tables present revenue, profit and loss, and certain asset and liability information regarding the Group's three business segments for the years ended 31 August 2009 and 2008.

Primary reporting format – business segments

	CSEM 2009 £'000	WISE 2009 £'000	WSS 2009 £'000	Total 2009 £'000
Continuing operations revenue				
External revenue	4,486	972	3,769	9,227
Segment gross (loss)/ profit	(5,216)	573	1,632	(3,011)
Administrative expenses	(2,654)	(429)	(2,687)	(5,770)
Segment operating (loss)/profit	(7,870)	144	(1,055)	(8,781)
Finance income	61	13	7	81
Finance costs	(13)	(1)	3	(11)
Segment (loss)/profit before taxation	(7,822)	156	(1,045)	(8,711)
Income tax expense	(197)	-	76	(121)
Segment (loss)/profit for the year	(8,019)	156	(969)	(8,832)

	CSEM 2008 (restate d) £'000	WISE 2008 (restate d) £'000	WSS 2008 (restate d) £'000	Total 2008 £'000
Continuing operations revenue				
External revenue	8,087	37	2,671	10,795
Segment gross (loss)/ profit	(2,950)	37	662	(2,251)
Administrative expenses	(4,787)	(194)	(2,272)	(7,253)
Segment operating loss	(7,737)	(157)	(1,610)	(9,504)
Finance income	777	-	-	777
Finance costs	(9)	-	(8)	(17)
Segment loss before taxation	(6,969)	(157)	(1,618)	(8,744)
Income tax expense	(29)	-	76	47
Segment loss for the year	(6,998)	(157)	(1,542)	(8,697)

	CSEM 2009 £'000	WISE 2009 £'000	WSS 2009 £'000	Total 2009 £'000
Net capital investment during 2009				
Capital additions – goodwill	-	-	-	-
- multi client data library	59	-	-	59
- software	119	5	151	294
- patent costs	-	-	5	124
- consortium fees	82	24	94	200
- tangible fixed assets	398	29	250	677
	(1,098)	(39)	(1,155)	(2,292)
Depreciation and amortisation charges	(700)	(10)	(905)	(1,615)
Balance sheet				
Segment assets	8,754	3,316	13,756	25,826
Segment liabilities	(2,181)	(342)	(1,211)	(3,734)
Total net assets	6,573	2,974	12,545	22,092

	CSEM 2008 (restated) £'000	WISE 2008 (restated) £'000	WSS 2008 (restated) £'000	Total 2008 £'000
Net capital investment during 2008				
Capital additions – goodwill	-	-	-	-
- multi client data library	3,861	-	-	3,861
- software	212	-	72	284
- patent costs	192	-	37	229
- consortium fees	-	-	-	-
- tangible fixed assets	3,760	5	127	3,892

	8,025	5	236	8,266
Depreciation and amortisation charges	(1,778)	(2)	(582)	(2,362)
	6,247	3	(346)	5,904
Balance sheet				
Segment assets	20,096	3,167	13,110	36,373
Segment liabilities	(2,790)	(131)	(4,300)	(7,221)
Total net assets	17,306	3,036	8,810	29,152

Secondary reporting format – geographical segments

The Group's operations are analysed between Europe, Africa, the Americas and Asia Pacific. The following table provides analysis of the Group's revenue by location of the contracted activity:

	Revenue	
	2009 £'000	2008 £'000
Europe	4,776	7,680
Africa	915	680
Americas	2,970	1,204
Asia Pacific	566	1,231
	9,227	10,795

The following table is an analysis of the carrying amount of total assets, and additions to the property, plant and machinery and intangible assets, analysed by the location in which the assets are located:

	Total assets		Capital expenditure	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Europe	6,961	17,693	412	4,310
Africa	-	-	-	-
Americas	16,298	15,976	243	383
Asia Pacific	152	159	9	20
Unallocated – including plant and machinery on vessels	2,415	2,545	13	3,553
	25,826	36,373	677	8,266