Interim Report 2017

GEOOP LIMITED
GROUP INTERIM REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

CONTENTS

GEOOP LIMITED
INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

CHAIR AND CHIEF EXECUTIVE OFFICER REPORT

Dear GeoOp shareholder,

GeoOp Limited (GEO) is pleased to provide its interim financial report for the 6 months ended 31 December 2016.

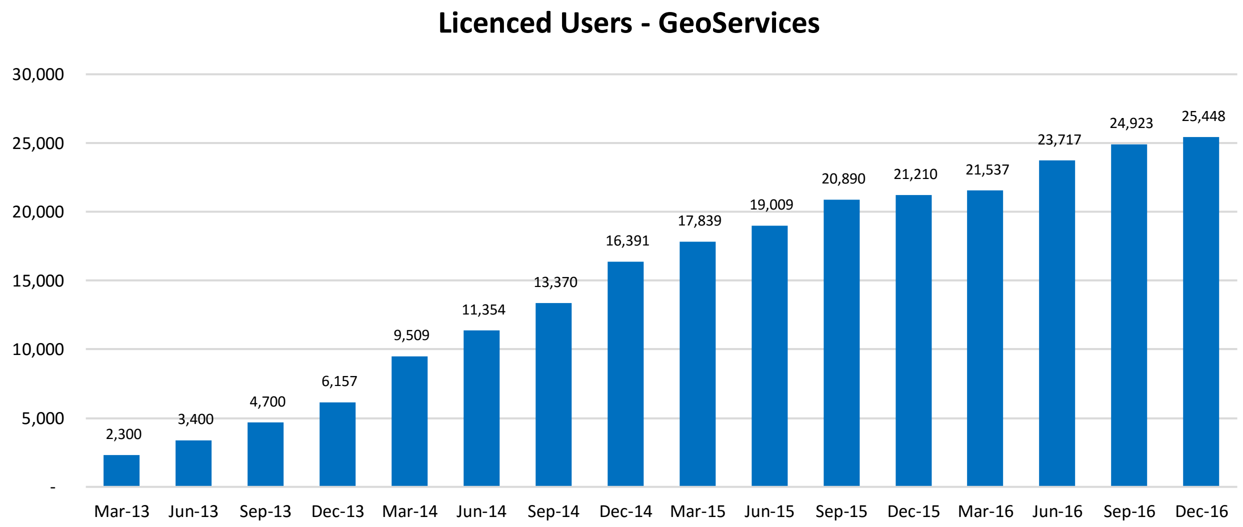
HIGHLIGHTS

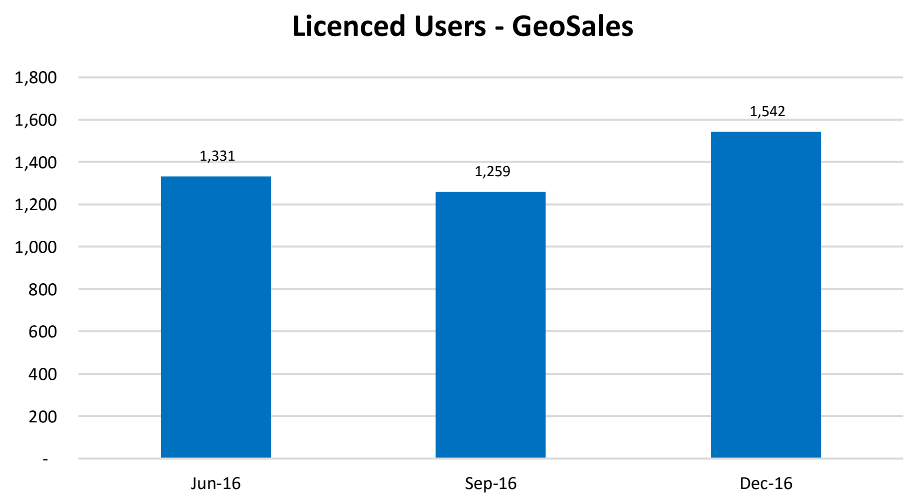
- Total Revenue grew by $1.01m to $2.10m, an increase of 109% over the prior corresponding period (PCP), of which $895k or 89% was attributable to the acquisition of InterfaceIT Pty Limited (IIT) and the GeoSales product (previously iKnock), and $211k or 20% was attributable to organic growth of the GeoServices product.
- GeoServices delivered organic recurring revenue growth of 37% with ARPU (Average Revenue Per User) increasing by 9% to $84.48. With new pricing now in market, this is expected to grow further.
- GeoSales delivered revenue of $895k, down 28% on pre-acquisition PCP due to the previously disclosed loss of a major client in the USA. Since the integration of IIT, GeoSales growth has been restored, with Q2 revenues up 17% on Q1.
- The strong performance in GeoServices and recovery in GeoSales resulted in 11% quarter on quarter growth for the Company (Q2 vs Q1).
- The integration of IIT was successful. Cash expenses were 8% or $337k lower than pro forma PCP after new investments were made in sales, marketing and infrastructure. The 8% cost reduction for the period was mainly achieved in Q2 therefore the annualised improvement is expected to be higher.
- EBITDA for the period, which improved 3% to ($1,724k) included one-off integration costs, moving to AWS and launching a new Enterprise suite.
- The Company's average monthly cash burn (excluding financing costs and one-off grants) has reduced from highs of approximately $480k in H1 2015 to $290k in Q2 2017, following the integration of IIT.
- A capital raising was undertaken during the period, securing commitments for $3.95m through a combination of a $2.55m rights issue and a $1.40m placement with deferred settlement terms.
- After balance date GEO completed the migration of its infrastructure to Amazon Web Services (AWS) and launched its new Enterprise Platform, eliminating operational and subscription costs and consolidating its resources. These two milestones mark a significant step forward in the Company's technology and product assets, providing state of the art flexibility for product development, redundancy and scalability.

Six months ended	**31 December 2016**	**31 December 2015**	**change increase (decrease)**	**% variance positive (negative)**
Revenues ($000)	2,100	1,007	1,093	109%
EBITDA ($000)	(1,724)	(1,785)	61	3%
ARR (Annual reoccurring revenue, $000)	3,674	1,504	2,170	144%
Licences	26,990	21,210	5,780	27%

Licensed Users Growth

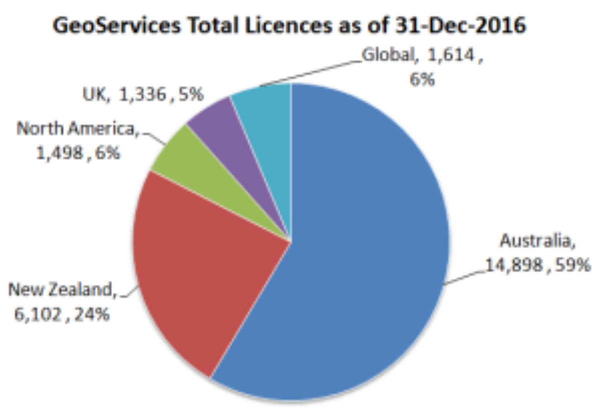
- Licensed users across the group have grown 27% on a PCP basis for the six months to 31 December 2016.
- The graphs below shows licence numbers, for both the GeoServices and GeoSales products.

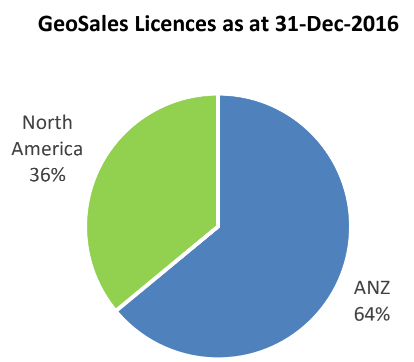




Geographic Customer Spread

Growth continues on a global basis in both business units, with the majority of licences coming from Australia and New Zealand.





Average Revenue Per User ("ARPU")

The GeoServices ARPU increased from $77.29 to $84.48 or 9%, per licence per year.

GeoSales has a much higher ARPU, currently averaging around $1,102 per licence per year. The ARPU is expected to vary over time, as the product is sold in various geographies and currencies, and particularly as large clients are won.

ACQUISITION UPDATE

Interface IT was successfully integrated into the GEO business with a reduction in cash expenses of 8% on PCP basis and a quarter on quarter uplift in revenues of 11% in Q2.

CAPITAL RAISING AND CASH BALANCES

GEO undertook a successful capital raising to raise $3.95m through a combination of a $2.55m rights issue and a $1.40m placement, which has deferred settlement terms. The capital raising was well supported by institutional investors in New Zealand and Australia.

Cash as at 31 December 2016 was $1.69m (30 June 2016: $1.07m). The remaining $1.20m in funds from the placement are due to be settled on or before 30 June 2017.

AWARDS AND GRANTS

GEO was pleased to be recognized in the Deloitte Fast 50 awards in 2016.

GEO kindly acknowledges Callaghan Innovation and NZTE for their support during the period through a growth grant and introducing business opportunities.

FUTURE CAPITAL REQUIREMENTS AND GOING CONCERN

Subject to appropriate market conditions the Company is planning to list on the Australian Stock Exchange during 2017. Preparations are underway.

The going concern assumption remains dependent on raising sufficient cash through the issuance of further share capital. Notwithstanding this dependency, the Directors are confident that the Group remains a going concern and are confident of being able to raise further share capital.

OUTLOOK

GeoOp remains focused on profitable growth.

The Company is considering further acquisitions that are central to its core business of providing best-in-class productivity tools and related services to mobile workforces.

DIVIDEND

The directors have resolved that no dividend will be declared for the six-month reporting period to 31 December 2016.

SINCE BALANCE DATE

GEO has migrated its infrastructure to Amazon Web Services (AWS) reducing operational and subscription costs and consolidating its resources. The new Enterprise Platform is now fully operational with new customers signing up since January 2017. New pricing has also been rolled out for new customers. These two milestones mark a significant advance in the Company's technology and product assets, as they provide state of the art flexibility for product development, redundancy and scalability.

Changes to the Preliminary Results

The Company acquired Interface IT Pty Limited at the end of the 2016 financial year. As noted in the Company's 2016 Annual Report the necessary market valuations for IIT and related calculations had not been finalised at the time of acquisition and were provisionally determined at that time based on the Directors' best estimate.

An independent market valuation was completed subsequent to the Company's 2017 Preliminary Announcement and has resulted in a $1.5m increase in the value of IIT's intellectual property to $5.1m, a tax benefit of $423k being recognised in the Profit and Loss Statement, and Goodwill being reduced by $1.1m. Amortisation has increased $138k due to the increase in intellectual property value.

The interim Report has been updated to reflect these changes.

JOINT CHAIR AND CEO STATEMENT

"GEO is well positioned for its journey towards profitability. With a new platform, new scalable infrastructure, and a new product line following the acquisition of InterfaceIT in June 2016, GEO has strengthened its market position and customer base.

Following the integration of IIT and its main product, GeoSales, strong organic revenue growth resumed in Q2. Your management team remains focused on delivering further growth from all revenue streams.

The Company achieved net cost savings of 8% through the merger of GEO and IIT since June 2016, and has reinvested some of the savings achieved in infrastructure, product, sales and marketing to build a solid base for future growth. The outcome of this investment resulted in a 11% quarter on quarter revenue growth in the second quarter.

Since balance date the Company has fully migrated to Amazon Web Services and has launched its new SaaS platform, completing a technology stack rebuild. The combination of these developments will provide significantly improved speed to market, flexibility and reliability.

We are pleased with the progress made during the first half."

Signed on behalf of the Board on 28 April 2017 by

Roger Sharp	Anna Cicognani
Chair	Chief Executive Officer and Managing Director

GEOOP LIMITED
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 December 2016

	6 mths Unaudited 31 Dec 16 $000	6 mths Unaudited 31 Dec 15 $000
Revenues		
Operating revenue	1,955	752
Other income	145	255
	2,100	1,007
Expenses		
Research and development	1,253	1,030
Sales and marketing	1,014	757
General operating and administration	1,577	995
Amortisation	445	110
	4,289	2,892
(Loss) before tax	(2,189)	(1,885)
Income tax benefit	-	-
Net (loss) for the period	(2,189)	(1,885)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Profit/(Loss) on translation of foreign operations	-	50
Total comprehensive (loss) for the period, net of tax attributable to shareholders	(2,189)	(1,835)
(Loss) per Share:		
Basic and Diluted (loss) per share (cents)	(3.77)	(5.77)

Calculated on a weighted average basis of the number of shares and warrants on issue.

GEOOP LIMITED
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 December 2016

Unaudited	Share Capital $000	Share Based Payments Reserve $000	Foreign Currency Translation Reserve $000	Accumulated Losses $000	Total Equity $000
Balance at 1 July 2015	13,434	186	(18)	(10,925)	2,677
Loss for the year	-	-	-	(1,885)	(1,885)
Currency translation movements	-	-	50	-	50
Total Comprehensive Income	-	-	50	(1,885)	(1,835)
Transactions with Owners					
Issue of shares, net of transaction costs	3,115	-	-	-	3,115
Transfer to share based payment reserve	118	(118)	-	-	-
Share based payment expense	-	(22)	-	-	(22)
Balance at 31 December 2015	16,667	46	32	(12,810)	3,935

Unaudited	Share Capital $000	Share Based Payments Reserve $000	Foreign Currency Translation Reserve $000	Accumulated Losses $000	Total Equity $000
Balance at 1 July 2016	20,861	88	(135)	(13,223)	7,591
Loss for the six months	-	-	-	(2,189)	(2,189)
Currency translation movements	-	-	(20)	-	(20)
Total Comprehensive Income	-	-	(20)	(2,189)	(2,209)
Transactions with Owners					
Issue of shares	4,127	-	-	-	4,127
Share based payment expense	118	24	-	-	142
Balance at 31 December 2016	25,106	112	(155)	(15,412)	9,651

GEOOP LIMITED
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes	Unaudited 31 Dec 16 $000	Restated Unaudited 30 June 16 $000
Current assets			
Cash and short term deposits		1,687	1,068
Accounts receivable		715	684
		2,402	1,752
Non current assets			
Property, plant & equipment		80	100
Intangible assets	4	10,189	10,533
Related party loans		361	351
Other receivables		120	100
		10,750	11,084
Total assets		13,152	12,836
Current liabilities			
Trade and other payables		965	1,220
Convertible note	5	1,466	3,000
		2,431	4,220
Non Current liabilities			
Provision for long service leave		70	25
Contingent consideration	8	1,000	1,000
		1,070	1,025
Total liabilities		3,501	5,245
Total net assets		9,651	7,591
Owners equity			
Share capital	6	25,106	20,861
Share based payments reserve	7	112	88
Foreign currency translation reserve		(155)	(135)
Accumulated losses		(15,412)	(13,223)
Total equity		9,651	7,591
Net tangible assets per share (cents)		4.20	4.62

Note: The 30 June 2016 balance sheet has been restated to reflect IP Valuation

GEOOP LIMITED
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the six months ended 31 December 2016

	Notes	6 mths Unaudited 31 Dec 16 $000	6 mths Unaudited 31 Dec 15 $000
Cash flows from operating activities			
Cash was provided from (applied to):			
Receipts from customers		1,923	960
Interest received		8	27
Payments to suppliers & employees		(3,876)	(2,759)
Grants received		138	284
Net cash outflow from operating activities	3	(1,807)	(1,488)
Cash flows from investing activities			
Cash was provided from (applied to):			
Purchase of property, plant and equipment		(8)	(2)
Capitalised development costs		(111)	(273)
Net cash outflow from investing activities		(119)	(275)
Cash flows from financing activities			
Cash was provided from (applied to):			
Issue of ordinary shares		2,658	3,081
Transaction costs of shares issued		(113)	(143)
Net cash inflow from financing activities		2,545	2,938
Net (decrease)/increase in cash held		619	1,175
Foreign currency translation		-	50
Add cash and cash equivalents at start of the period		1,068	1,475
Balance at end of the period		1,687	2,700
Comprised of:			
Cash and cash equivalents		1,687	2,700

GEOOP LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months ended 31 December 2016

1. CORPORATE ENTITY

Reporting Entity and Statement of Compliance

GeoOp Limited (the "Company") and its subsidiaries ("GEO" or the "Group") is a for profit entity incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and whose shares publicly trade on the New Zealand Alternative Stock Exchange (NZAX:GEO). The registered office of the Company is located on level 3, 12 Heather Street, Auckland, New Zealand.

The principal activity of the Company is the development and commercial deployment of cloud based mobile workforce productivity technologies.

The consolidated interim financial statements represented are those for the Group.

GEO is a FMC reporting entity for the purpose of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013 and is listed on the NZX alternative market ("NZAX").

The Board of Directors approved these financial statements on 28 April 2017.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of Preparation

The consolidated interim financial statements are prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and NZ IAS 34, Interim Financial Reporting. In complying with NZ IAS 34, these Interim Financial Statements also comply with IAS 34, Interim Financial Reporting. These interim financial statements do not include all of the notes of the type normally included in an annual financial report. Accordingly, the interim financial statements should be read in conjunction with the Group Annual Report for the year ended 30 June 2016.

The financial statements are presented in thousands of New Zealand dollars.

The same accounting policies and methods of computation are followed in these interim financial statements as were applied in the preparation of the Group's financial statements for the year ended 30 June 2016.

The financial statements have been prepared on the basis of historical cost and on a going concern basis. Cost is based on the fair values of the consideration given in exchange for assets

(i) Going concern

For the 6 months to 31 December 2016 operating revenues grew to $2,100,000, which is a 109% increase from the comparative 6 months to 30 December 2015. Licensed users in Geo Services have increased by 20% over the past 12 months which is a compound average growth rate (CAGR) of 99% p.a for the past 3 and half years. The addition of the Geo Sales business to GeoOp contributed $896k of the revenue growth, with an additional 1542 licences.

Given the Group still remains in the early stage of its operations and is investing for growth, it has recorded a net loss of ($2,189,000) for the 6 months ended 31 December 2016 (6 months to December 2015: ($1,885,000)) with equity of $9,651,000 as at 31 December 2016 (as at 30 June 2016: $7,591,000).

As at 31 December 2016, the Group has cash and cash equivalents of $1,687,000 (as at 30 June 2016: $1,068,000), and the net cash outflow from operating activities for the 6 months to 31 December 2016 was ($1,807,000) (6 months to December 2015: ($1,488,000)). The Company raised $2,545,000 (net of costs) during the 6 months to 31 December 2016 (2015: $2,938,000) through a combination of private share placements and a share purchase plan. A further $1.2m of funds has been raised with payment unconditionally on or before 30 June 2017. In addition, subject to appropriate market conditions the Company is planning to list on the Australian Stock Exchange during 2017.

GEOOP LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the six months ended 31 December 2016

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)
(i) Going Concern (continued)

At 31 December 2016 the Group is in a net asset position of $9,651,000 (30 June 2016: $7,591,000). Due to the Group being a technology focused business and the recent acquisition of Interface IT Pty Ltd, a large portion of the Group's assets is represented by intangibles, including $5,555,000 of software assets (30 June 2016: $5,596,000) and $4,634,000 of goodwill (30 June 2016: $4,632,000).

At 31 December 2016 the Group is in a net current liability position of $29,000 (30 June 2016: $2,468,000). $1,466,000 of the Group's current liability balance relates to convertible notes which, if settled prior to 1 June 2018, would be settled through the issuance of shares rather than cash. Excluding the convertibles notes, the Group is in a net current asset position of $1,437,000 at 31 December 2016.

The Group's forecasts indicate that cash on hand combined with cash flows from operations and the issuance of new share capital will enable the Group to continue operating for the foreseeable future, which is not less than 12 months from the date these financial statements are approved for issue.

Whilst the Directors are taking a number of actions in respect of development of the Group's business, in the short term, the going concern assumption is mainly dependent on raising sufficient cash through the issuance of further share capital. The dependency on future capital raising creates a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and therefore that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

Notwithstanding this dependency on raising further capital the Directors are confident that the Group remains a going concern and are confident of being able to raise further share capital. Accordingly, the Directors believe the going concern assumption is valid and have reached this conclusion having regard to the circumstances which they consider likely to affect the Group during the period of one year from the date these financials are approved.

3. RECONCILIATION OF NET LOSS WITH CASH FLOWS FROM OPERATING ACTIVITIES

	6 mths Unaudited 31 Dec 16 $000	**6 mths Unaudited 31 Dec 15 $000**
Net loss for the period	(2,189)	(1,885)
Adjustments for non-cash items		
Amortisation of capitalised development costs	445	110
Depreciation	28	17
Related party benefit	(10)	(10)
Non Cash settlement of shares issued	166	59
Other gains and losses	59	95
	688	271
Movements in working capital		
Accounts receivable and other receivables	(31)	186
Accounts payable and accruals	(255)	(60)
Other Assets	(20)	-
	(306)	236
Net cash (outflow) from operating activities	(1,807)	(1,488)

GEOOP LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the six months ended 31 December 2016

4. INTANGIBLE ASSETS

(a) Capitalised development expenditure

The capitalised development expenditure relates to the continued development of the Group's technology platform hosted in the cloud and mobile application software.

	Unaudited Application Software $'000
At 30 June 2015	
Cost	1,211
Accumulated amortisation	(430)
Carrying amount at end of period	781
Year ended 30 June 2016	
Additions	389
Amortisation	(370)
Additions – Acquisition	5,100
Carrying amount at end of year	5,900
At 30 June 2016	
Cost	6,700
Accumulated amortisation	(800)
Carrying amount at end of year	5,900
Half Year ended 31 December 2016	
Additions	100
Amortisation	(445)
Carrying amount at the Half year	5,555
At 31 December 2016	
Cost	6,800
Accumulated amortisation	(1,245)
Carrying amount at end of Half year	5,555

(b) Goodwill

At 30 June 2016	
Cost	4,634
Accumulated impairment	-
Carrying amount at end of year	4,634
Year ended 31 December 2016	
Carrying amount at beginning of period	4,634
Accumulated impairment	-
Carrying amount at end of year	4,634

No impairment losses were recorded in 2016 (2015: Nil)

(c) Impairment Consideration

During the year ended 30 June 2016, the Board and management reviewed Interface IT Pty Ltd assets including goodwill, as a cash generating unit. The Company has two cash generating units: GeoOp Limited and the recently acquired Interface IT Pty Ltd. Goodwill is allocated to the Interface IT Pty Ltd cash generating unit. The Board has determined that there is no impairment of any amount, including the intangible assets.

The calculation of the recoverable amounts has been determined based on a value in use calculation that uses cash flow projections based on financial forecasts approved by management and the Board. Management has determined that the recoverable amount calculations are most sensitive to changes in the post-tax discount rates used and the cash flow projections themselves. The recoverable amount is sensitive to the assumptions being achieved. If the assumptions are not met goodwill may require impairment.

5. BORROWINGS

Unaudited	**31 Dec 16 $000**	**30 Jun 16 $000**
Unsecured		
Unlisted convertible notes	1,466	3,000

3,000,000 unlisted convertible notes of $1 each were issued as part consideration to the vendors on the acquisition of Interface IT Pty Ltd on 1 June 2016.

The notes are fully paid, having a 0% coupon and a two year term at which time they will, at the option of the holder, be repaid or converted to ordinary shares (at the 90 day volume weighted average price per share over the preceding 90 trading days). The notes may convert earlier, at the option of the holder, at the 90 day volume weighted average price per share over the preceding 90 trading days or, if GEO undertakes a capital raise, at the capital raise price.

Fair value
The fair value of the convertible notes has been calculated based on an implied interest rate of 10% and over a 2 year term and an assessment of the value of the converting option built into the note.

As part of the capital raise the note holders agreed to convert $1.534m into shares at 20c.

6. SHARE CAPITAL

Unaudited	**Notes**	**Number of shares**	**$000's**
Balance at 30 June 2016		49,393,299	20,861
Movements during the six-month period			
Issue of shares on conversion of notes – related parties	i	4,195,395	839
Issue of shares under rights issue - related parties	ii (a)	2,945,020	589
Issue of shares under rights issue – other parties	ii (b)	6,787,325	1,357
Issue of shares under rights issue from conversion of loans – related parties	ii (c)	2,529,167	510
Issue of shares on conversion of notes - related parties	iii	3,474,720	695
Issue of shares under placement	iv	250,000	50
Issue of shares under placement - other parties	v	1,000,000	200
Transaction costs for the issue of new shares		-	(113)
Transfer from share based payments reserve		-	118
Balance at 31 December 2016		70,574,926	25,106

All shares have been issued as fully paid and have no par value. In the 6 months to 31 December 2016, the Company issued equity as follows:

i. On 16 September 2016, the company converted convertible notes into equity by issuing 4,195,395 ordinary shares at an issue price of $0.20, reducing the related convertible note liability by $839,079.

ii. On 20 October 2016, the Company completed a rights issue, raising $2,452,302 and issuing 12,261,512 ordinary shares, of which:
(a) 2,945,020 shares were issued to related parties, raising $589,004;
(b) 6,787,325 shares were issued to non-related parties, raising $1,357,465; and
(c) 2,529,167 shares were issued to Directors pursuant to a conversion of loans made prior to the rights issue, raising $505,833.

iii. On 20 October 2016, the company converted convertible notes into equity by issuing 3,474,720 ordinary shares at an issue price of $0.20, reducing the related liability by $694,944.

iv. On 17 November 2016, the Company issued 250,000 ordinary shares at an issue price of $0.20 per share under a placement, raising $50,000.

v. On 20 December 2016, the Company issued 1,000,000 ordinary shares at an issue price of $0.20 per share under a placement to Kestrel Capital, raising $200,000.

GEOOP LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the six months ended 31 December 2016

7. RESERVES

Unaudited	**Share Based Payments Reserve $000's**
Balance at 30 June 2015	186
Movements during the year	
Currency translation movements	-
Share based payments expenses	53
Transfer to share capital	(151)
Balance at 30 June 2016	88
Movements during the six month period	
Currency translation movement	-
Share based payments expenses	24
Transfer to share capital	-
Balance at 31 December 2016	112

8. CONTINGENT CONSIDERATION

	Unaudited 31 Dec 2016 $000's	**Audited 30 Jun 16 $000's**
Balance at 31 December 2016	1,000	1,000

The purchase price of Interface IT Pty Ltd is subject to a potential performance payment, calculated as: $2 x the amount of recurrent revenue of the merged group in excess of $4.5m for the year ended 30 June 2017. Recurrent revenue represents gross recurring subscription and licence fee and support revenue received.

9. INVESTMENT IN SUBSIDIARY

Subsidiary	**Percentage Held**		**Balance Date**	**Principal Activity**
	2016	**2015**		
GeoOp Pty Limited	100%	100%	30 June	Limited risk distributor
GeoOp Trustees Limited	100%	100%	30 June	Trustee
Interface IT Pty Limited	100%	-	30 June	Software sales
Interface IT Inc	100%	-	30 June	Software sales

GeoOp.

GEOOP LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the six months ended 31 December 2016

10. BUSINESS COMBINATIONS

(a) Adjusted assets acquired and liabilities recognised at the date of acquisition

	Interface IT Pty Ltd 2016
	$'000
Current Assets	
Cash and cash equivalents	64
Trade and other receivables	419
Non-current Assets	
Plant and equipment	8
Security deposit	11
Intellectual property	5,100
Current liabilities	
Trade and other payables	(434)
Non-current liabilities	
Provision for Long Service Leave	(24)
Deferred tax liability	(1,428)
	3,716

(b) Goodwill arising on acquisition

	Interface IT Pty Ltd $'000
Consideration transferred	8,350
Less: Adjusted fair value of identifiable net assets acquired	3,716
Adjusted goodwill arising on acquisition	4,634

(c) Impact on 30 June 2016 Group Accumulated Losses

	Group $'000
Accumulated Losses per 30 June 2016 Financial Statements	(13,646)
Addback: Tax Benefit arising from increase in valuation of IP	423
Adjusted Accumulated Losses	(13,223)

An Independent valuation report on the Intellectual Property of Interface IT Pty Limited was completed as at the 31st of March 2017. The accounting for the acquisition of Interface IT Pty Ltd has been adjusted to reflect this valuation, which resulted in the intellectual property being valued at $5.1m up $1.5m from the value recognised at the time of the acquisition, a tax benefit of $423k being recognised in the Profit and Loss Account, Goodwill being reduced by the balance of $1.1m. The increased intellectual property value has led to a $138k increase in amortisation in the current period.

GEOOP LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the six months ended 31 December 2016

11. SEGMENTAL REPORTING

(a) Identification of reportable segments

The group has identified two reporting segments within the business based on the internal reports reviewed and used by the Chief Executive as the chief operating decision maker in assessing the performance and determining the allocation of resources.

(b) Types of services provided

GeoServices is a mobile workforce management and costing solution that helps users create, schedule and assign jobs to field workers in real time. On site, workers can generate quotes, record job details and attach photos, signatures and files immediately. Once the jobs have been completed, workers can send invoices and organise fast payment. All customer records are available anywhere, at any time.

GeoSales was introduced to GEO's product suite in 2016, through the acquisition of Interface IT and is a market-leading field sales management solution. It allows managers to allocate selling regions to staff, provides detailed geographic and demographic information and monitor sales performance in real time.

Unaudited Six months ended December 2016	Geo Services ($'000)	Geo Sales ($'000)	Total ($'000)
Total segment income	1,197	895	2,092
Total segment expenses	2,556	1,260	3,816
Segment earnings before interest, taxation and depreciation (Segment EBITDA)	(1,359)	(365)	(1,724)
Unaudited Six months ended December 2015			
Total segment income	986	-	986
Total segment expenses	2,764	-	2,764
Segment earnings before interest, taxation and depreciation (Segment EBITDA)	(1,778)	-	(1,778)

GEOOP LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the six months ended 31 December 2016

(c) Segment reconciliation to segment EBITDA to statement of comprehensive income:

	Unaudited 6 months to 31 Dec 2016 ($'000)	Unaudited 6 months to 31 Dec 2015 ($'000)
Segment EBITDA	(1,724)	(1,778)
Interest Received	8	21
Amortisation	(445)	(108)
Depreciation	(28)	(20)
Net Profit before Tax	(2,189)	(1,885)

12. SUBSEQUENT EVENTS

GEO has migrated its infrastructure to Amazon Web Services (AWS) reducing operational and subscription costs and consolidating its resources. The new Enterprise Platform is now fully operational with new customers signing up since January 2017. New pricing has also been rolled out for new customers. These two milestones mark a significant advance in the Company's technology and product assets, as they provide state of the art flexibility for product development, redundancy and scalability.

As noted in 2(i) a further $1.2m of funds has been committed to GEO. Subsequent to the period end the settlement date has been modified, which was originally due on 31 March 2017. Settlement of the remaining amount will now occur in monthly instalments with overall completion by no later than 30 June 2017.

INDEPENDENT REVIEW REPORT
TO THE SHAREHOLDERS OF GEOOP LIMITED

We have reviewed the condensed consolidated interim financial statements of GeoOp Limited ('the Company') and its subsidiaries ('the Group') which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the six month period ended on that date, and a summary of significant accounting policies and other explanatory information on pages 6 to 18.

This report is made solely to the Company's shareholders, as a body. Our review has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our engagement, for this report, or for the opinions we have formed.

Board of Directors' Responsibilities

The Board of Directors is responsible on behalf of the Group for the preparation and fair presentation of the condensed consolidated interim financial statements, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the Board of Directors determine is necessary to enable the preparation and fair presentation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ('NZ SRE 2410'). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. As the auditor of GeoOp Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of the condensed consolidated interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in GeoOp Limited or any of its subsidiaries. These services have not impaired our independence as auditor of the Company and Group.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2016 and its financial performance and cash flows for the six month period ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

Emphasis of Matter

We draw attention to Note 2(i) in the consolidated interim financial statements, which indicates that the Group recorded a net loss of $2.189 million, and net cash outflow from operating activities of $1.807 million for the six months period ended 31 December 2016, as stated in Note 2(i). These conditions, along with other matters as set forth in Note 2(i), specifically that the Group is required to raise additional capital to continue as a going concern, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Deloitte Limited

AUCKLAND, NEW ZEALAND
28 April 2017