

**PRESS RELEASE**  
**12<sup>th</sup> September 2002**

**GETMAPPING PLC**  
**Interim Results for the six months ended 30<sup>th</sup> June 2002**

Sales:	£1,850,000 (2001: £1,283,000)
Gross Profit:	£1,506,000 (2001: £822,000)
Loss after tax:	£1,080,000 (2001: £1,493,000)
Net cash balance:	£1,382,000

- Sales up by 44%
- Gross profits up by 83%
- Gross margins as a percentage of sales up from 64% to 81%
- Loss after taxation reduced by 28%
- On-line revenues showing a marked increase
- Public sector sales still adversely impacted by Ordnance Survey action; full hearing due later in the year
- Getmapping Espana S.L. started its flying programme
- Cash balance sufficient for the foreseeable future

Commenting, Tristram Cary, chairman, said:

“The good progress made in the development of the business during the first six months of 2002 is reflected in the Group’s financial results. We feel we are now well placed to derive fully the benefit from our investment in the Millennium Map as well as from our technical expertise in geo-information and internet system solutions.

However, the Ordnance Survey issue is still a significant threat to our business and that, combined with general economic uncertainty, means that sales in the second half of this year will not be materially different from those in the first half. We have already taken steps to reduce costs and are scaling back some of our future development plans.”

**END**

For further information, please call:

Tristram Cary, Getmapping  
Tim McCall, MJ2 Ltd

01252 845444  
020 7491 7776

## **Chairman's statement**

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### **Financial results**

The Group's financial results bear out the good progress made in the development of the business during the first six months of 2002.

The highlights when measured against the results for the first half of 2001 were

- Sales up by 44% from £1,283,000 to £1,850,000
- Gross profits up by 83% from £822,000 to £1,506,000
- Gross margins as a percentage of sales up from 64% to 81%
- Loss before interest, tax, depreciation and amortisation cut by 77% from £912,000 to £241,000
- Loss before and after taxation reduced by 28% from £1,493,000 to £1,080,000.

The Group's cash balances at 30 June 2002 were £1,382,000, sufficient for the Group's foreseeable future requirements.

### **The Millennium Map**

Sales volumes for the Millennium Map continue to grow steadily as customers become used to having seamless map-accurate photography available 'off-the-shelf' over the internet.

The Millennium Map is the first complete map-accurate aerial survey of England and Wales, and, in this respect, it provides a natural baseline (conveniently dated at 2000) from which all future changes can be measured. For this reason we believe that the current first layer of the Millennium Map will always retain a special value. In the balance sheet the Millennium Map is valued at £3.0 million (production cost £5.2 million less depreciation £2.2 million).

Little progress has been made on Scotland or Northern Ireland this year because of the opportunity to coordinate our efforts with Ordnance Survey (Great Britain) and Ordnance Survey (Northern Ireland) respectively. Flying and processing of the Scotland data has recently restarted following an agreement with Ordnance Survey (Great Britain).

The demand for more detailed data from some market sectors has led us to develop 10cm resolution data (rather than 25cm) for selected towns/cities. To date 12 towns/cities have been flown to this new specification.

### **Internet access**

On-line revenue for the first six months this year from our *imagexpress* and *imagexpress plus* services showed a marked increase over the comparable period last year, with a rise in the number of customers and affiliates. A recent survey of *imagexpress* business users showed a high level of satisfaction and an intention to re-use the service.

The internet provides a quick and convenient channel for the sale of aerial imagery, and the high level of satisfaction expressed by existing customers makes us confident that high margin sales via the internet will to continue to grow.

### **NEXTMap Britain**

We have signed an agreement with Intermap Technologies Inc to be the master reseller for their NEXTMap Britain terrain data. NEXTMap Britain is a height model of Britain which is more accurate than any existing data, and which is perfectly complementary to the Millennium Map (since the Millennium Map data can be 'draped' over the terrain data and viewed in a 3D format).

Most of the flying for NEXTMap Britain has been completed and the full product is due to be ready by the end of the year. The whole of NEXTMap Britain has already been sold to the Environment Agency, and we expect that the availability of the combined '3D Photography' product will stimulate growth in many professional markets such as Insurance, Forestry and Utilities.

### **Retail and Education**

There has been steady growth in the education sector and this trend looks set to continue. In the retail sector we are extending the range of our products with new books, new print products, new Photomap titles and new delivery channels. We are continuing to sell prints via newspaper offers although none will match the exceptional size of the Daily Mail offer of last year.

## **Domesday**

Sales of Domesday facsimilies in the first half of 2002 were down 33% on the same period in 2001, mainly due to a reduced marketing spend. Future sales should be boosted by the introduction of the new digital Domesday which will open the way to a wide range of educational products.

We soon expect to conclude negotiations with Editions Aleto (Domesday) Ltd to take over the running of the Domesday business and to increase our share of the net margin on sales from 50% to 100%. This will give the company the full benefit of the Domesday facsimile stock which could over time generate sales in excess of £10 million.

## **Ordnance Survey**

Ordnance Survey's (OS's) entry into Getmapping's market remains the dominant issue for the company.

We were unsuccessful in our application to the High Court for an order for interim relief pending trial of our claim that OS is abusing its position contrary to Section 18 of the Competition Act 1998 and is in breach of its Reseller's Agreement with Getmapping. The full hearing is now due late in the year.

The full substance of our claim against OS is extremely complicated and cannot easily be summarised here. The Board would like to invite any shareholder wanting more information to visit the Company and review the relevant documentation in more detail. Please call the Company Secretary to make an appointment.

We must accept that OS has decided to enter our market and will have a complete product by about 2004 (at the earliest) and this will make the market much more competitive. However we believe that we can compete successfully provided that OS is not allowed to subsidise its Imagery Layer (and thereby sell it at less than a fair market price) or to bundle its Imagery together with its maps into Service Level Agreements (and thereby reserve large customer blocks for itself) or to otherwise unfairly leverage off its dominant market position. It is therefore critical to our future that OS competes fairly and this is why we have taken legal action.

However, at present we still do not have any clear answers to our concerns. We do know from OS's evidence that it intended to cross-subsidise its Imagery Layer. We also know that OS intends to reserve the Digital National Framework system (which is largely publicly-funded) exclusively for its own Imagery Layer, which on the face of it represents a major cross-subsidy and unfair leverage from its dominant market position.

However, since we started our legal proceedings the Urban Affairs Select Committee has investigated OS and in June it published an important report which concluded, among other things, that:

- there was a need for greater transparency in the way that OS used its public funds
- if OS enters into commercial activities, these must be separately accounted for and its commercial arm should pay the same copyright fees as any other organisation
- there is a clear need for some form of independent arbitration so that conflicts can be resolved without going to the courts
- the committee strongly opposed OS's proposed transition to a Government Owned PLC ('GOPLC').

In response to the Select Committee report and the second stage of the OS Quinquennial review the Office of the Deputy Prime Minister (ODPM) has already announced that OS will not become a GOPLC. OS and ODPM are now conducting a review, due to be published in the autumn, which will explain how OS will react to the rest of the issues raised. We hope that this review will satisfy all our concerns over cross-subsidy and other non-competitive practices and will set up a strong regulatory mechanism to prevent any possible future abuses.

But in the meantime nobody knows the price at which OS intends to sell its Imagery or the areas of the country that will be available when the Imagery Layer is launched at the end of this year. The resulting uncertainty in the market place has damaged our sales, particularly to the public sector. Many organisations feel that they cannot place an order for our data before they know the price, quality and timescales of OS's alternative.

## **Overseas**

Getmapping Espana S.L. ('GME') has started its flying programme and has launched its website. We have developed the GME website and are

processing about half the data. GME's sales volumes are still very small but there are some good prospects for the future.

### **Board Changes**

As already announced, Joe Studholme, the Chairman and co-founder of Getmapping, resigned from the Board at the conclusion of the Annual General Meeting on 30 May 2002, having passed the normal retirement age. On behalf of the Board, I would like to express our thanks to him for his dedication and hard work in helping to build the Company.

Until a long term successor to Joe is found I have taken on the role of Chairman, while continuing to be Managing Director of the Company.

### **Outlook**

We are now in a good position to derive benefit from our investment in the Millennium Map as well as from our technical expertise in geo-information and internet system solutions.

However the Ordnance Survey issue is still a significant threat to our business. That, combined with general economic uncertainty, means that sales in the second half of this year will not be materially different from those in the first half. Consequently we have already taken steps to reduce costs and we are scaling back our future development plans.

Tristram Cary

**Chairman and Managing Director**

12 September 2002

# GETMAPPING PLC

## Consolidated profit and loss account for the six months ended 30 June 2002

	6 months ended 30 June 2002 Unaudited £' 000	6 months ended 30 June 2001 Unaudited £' 000
<b>Turnover</b>	<b>1850</b>	1283
Cost of Sales	(344)	(461)
<b>Gross profit</b>	<b>1506</b>	822
Development, marketing and administrative expenses	(1747)	(1734)
<b>Loss before interest, tax, depreciation and amortisation</b>	<b>(241)</b>	(912)
Depreciation and amortisation	(854)	(675)
<b>Operating loss</b>	<b>(1095)</b>	(1587)
Interest receivable	17	96
Interest payable	(2)	(2)
<b>Loss on ordinary activities before and after taxation</b>	<b>(1080)</b>	(1493)
Loss per share - basic	<b>3.74p</b>	5.18p

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

# GETMAPPING PLC

## Consolidated balance sheet at 30 June 2002

	30 June 2002 Unaudited £' 000	30 June 2001 Unaudited £' 000
<b>Fixed assets</b>		
Intangible assets	175	250
Tangible assets	3779	4408
Investments	628	0
	<u>4582</u>	<u>4658</u>
<b>Current assets</b>		
Stocks and work in progress	81	44
Debtors	865	1054
Cash at bank and in hand	1382	3935
	<u>2328</u>	<u>5033</u>
<b>Creditors: amounts falling due within one year</b>	665	1052
<b>Net current assets</b>	<u>1663</u>	<u>3981</u>
<b>Total assets less current liabilities</b>	6245	8639
<b>Creditors: amounts falling due after more than one year</b>	0	126
<b>Provision for liabilities and charges</b>	7	42
	<u>6238</u>	<u>8471</u>
<b>Capital and reserves</b>		
Called up share capital	87	87
Share premium account	12479	12479
Profit and loss account	(6328)	(4095)
<b>Shareholders' funds - equity</b>	<u>6238</u>	<u>8471</u>



# GETMAPPING PLC

## Consolidated cash flow statement for the six months ended 30 June 2002

	6 months ended 30 June 2002 Unaudited £' 000	6 months ended 30 June 2001 Unaudited £' 000
<b>Net cash outflow from operating activities</b>	<b>(461)</b>	<b>(1043)</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	17	96
Interest element of finance lease rental payments	(2)	(2)
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>15</b>	<b>94</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(417)	(1404)
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(417)</b>	<b>(1404)</b>
<b>Financing</b>		
Capital element of finance leases	(8)	(9)
<b>Cash (outflow) from financing</b>	<b>(8)</b>	<b>(9)</b>
<b>Decrease in cash during period</b>	<b>(871)</b>	<b>(2362)</b>