ViaLogy PLC ("ViaLogy" or "the Company")

Final Results for the year ended 31 March 2011

Pasadena, September 30, 2011. ViaLogy PLC (AIM: VIY), a provider of reservoir characterization, geophysical imaging and hydrocarbon sizing services to global oil and gas Exploration and Production companies based on proprietary, patented active signal processing technology, is pleased to announce its audited final results for the year ended 31 March 2011 together with updated information.

Commercial Highlights:

- Completion of extended pilot projects for a number of global Exploration and Production firms;

- ViaLogy has submitted tenders and reached contract negotiations for major commercial projects with a Fortune 500 company and a National Oil Company (NOC), both located in South Asia, with contract awards anticipated in the near term;

- This progress marks a major step forward for ViaLogy's strategy to position QuantumRD® as a widely used seismic analysis tool in the industry's mainstream;

- Extended pilot projects provide opportunity to validate QuantumRD® technology for offshore application on large development fields;

- Implemented in close collaboration with the prospective clients, including a US Supermajor, the pilots have demonstrated QuantumRD's added value:

    - In the first case, by delineating non-contiguous gas-bearing deepwater reservoir zones which conventional methods had erroneously shown to be contiguous (Bay of Bengal);
    - In the second case, by identifying porosity barriers in a sandstone channel to refine well offset placement over a development field (South Asia);
    - In a third case, by estimating dolomite formation porosities (a key factor in drilling decisions) across a large development field, another case where conventional technologies had proved inadequate (New Mexico, US).

- ViaLogy anticipates that one or more contract awards may be made on a sole-source basis, attesting to the fact that QuantumRD's active signal processing methods are beyond techniques employed in conventional seismic approaches and commercial analysis offerings.

ViaLogy's CEO, Robert Dean said, "ViaLogy's headway will be judged by the contracts we are awarded as the result of these difficult pilots. We have had to earn our way one-customer-at-a-time to get to this point. It has taken months of in-house effort and technical discussion with the clients, but these are necessary steps in developing a significant revenue stream in this targeted market. It has also enabled the development of strong relationships that are important for continuing business growth. We are under binding confidentiality agreements, but we will be able to release more concrete details when contracts defining our specific work are signed; our business progress should then be apparent. Neither professionals in the field, nor clients, expect scientific certainty in seismic data analysis; what they do expect is value over time, measured at the end of the day by reducing

the aggregate costs of exploration and production. We believe contract performance success should lead to repeat business and long-term commercial relationships."

For further information:

ViaLogy PLC

Terry Bond, Chairman - UK & Europe +44 (0) 1235 834 734

Nominated Advisor to ViaLogy PLC (Seymour Pierce)

Mark Percy / Catherine Leftley, Corporate Finance +44 (0) 207 107 8000

Katie Ratner / Jeremy Stephenson, Corporate Broking +44 (0) 207 107 8000

About ViaLogy:
ViaLogy provides reservoir characterization, geophysical imaging and hydrocarbon sizing services to global oil and gas customers based on proprietary, patented active signal processing technology. ViaLogy's QuantumRD platform assists clients in de-risking prospects over a broad range of subsurface lithologies and complex stratigraphies to generate drilling targets, position offsets and enhance recovery.

ViaLogy's core technology rapidly and accurately detects weak signals buried in high noise background and clutter, and is applicable to active/passive seismic, electromagnetic and magneto telluric data. By exploiting normally disregarded noise variations induced by changes in porosity, fluid presence and permeability across the formation, and adding computer-designed noise to the data, ViaLogy is able to amplify subtle noise variations to enhance areal and depth resolution in complex lithologies that are not achievable through conventional means. For more information on ViaLogy, visit www.vialogy.com

Chairman's Statement

I am pleased to present the annual report and the financial results for your company for the year ending 31 March 2011 and to comment on the progress achieved during that year. In these comments I have also included the most up-to-date information.

Our aim has been to fundamentally reposition ViaLogy in the upstream energy industry and it has been a demanding period in the company's development. In January 2010 the Board, in consultation with its advisers, decided to concentrate on a focussed programme aimed at introducing our patented technology, QuantumRD, to leading global oil and gas Exploration and Production (E&P) companies. This is the market that is most relevant to ViaLogy from a business and financial perspective. The ambitious decision followed 18 months during which we had recruited and worked with smaller E&P companies, for the most part in the Texas Permian Basin. We still work with some of these clients, but the technology's potential had to be demonstrated with global companies who work mainly in very large, complex onshore and deep ocean prospects. Our successful wells in Texas, and the experience gained there in establishing the type of seismic data that could best be put to use by the technology (for example, seismic data containing low and high frequencies normally discarded in conventional analysis) opened this door, but the job of convincing the largest global operators was always going to be a challenge.

Our limited resources, as well as the barriers to entry for a new technology in a conservative industry, dictated a focus initially on just a few companies. After more than a year's effort with three firms, following lengthy and successful pilot projects and extensive technical interchanges, I am pleased to say we have reached contract negotiations and expect awards in the near term. In addition, two other global firms are actively evaluating the technology. The sales cycle from the time we can achieve a sufficiently high-level technical hearing, through the process of convincing all the relevant players in a very large organisation, is an extended one – a fact of life in this market. Our goal is to achieve an integral place for QuantumRD in the workflow of major companies to begin producing a healthy revenue stream and to use this technical credibility to grow the company.

Highlights :

- **Pilot contract completed with Supermajor and currently under technical evaluation**
- **Pilot contract for offshore prospect signed with major South Asian listed E&P company**
- **Success of offshore pilot acknowledged by the same major South Asian listed E&P company**
- **Initial seismic data analysis and extended technical discussions with South Asian National Oil Company (NOC)**
- **Technology development: QuantumRD validated for offshore application**
- **Second follow-on contract with large US independent**
- **Second Permian Basin well success for repeat client**
- **Request for Tender and bid submission to South Asian E&P Company (above)**
- **Request for Tender and bid submission to South Asian NOC (above)**
- **Technical exchange ongoing with two additional global firms**

Finance

For the year ending 31 March 2011 the ViaLogy consolidated financial statements accounts show a net loss of £5.8 million (2010: £5.7 million). The loss after tax and after adding back the non-cash items, depreciation and amortisation charge and share based payment expense was £2 million (2010: £2.1 million).

As investors ourselves, the directors are conscious that dilution, the issuing of additional equity, is not popular with shareholders. On the other hand, finance is the essential lifeblood for the ongoing activities of young technology businesses such as ViaLogy and it is the duty of the directors to make sure that the company is secure. At the beginning of the 2010-11 year, the refocusing of our business to concentrate on large international contracts and the need to progress the technology's development meant that our revenue stream was going to come later rather than sooner and on 25 January 2011 we considered it prudent to raise £1.25 million through the placing of 41,666,664 new ordinary shares of 1p each ("Placing Shares") at a price of 3p per share. We continue as a Board to evaluate the most appropriate ways in which to finance the company going forward as we move towards meaningful revenue generation.

Our thanks

There are times, if you are lucky, that you may become involved with a team where you feel you are privileged to be included. This is such a case – thoroughly original, technically excellent, and very hardworking – a select group who spare no effort to further the technology they believe in. I am proud to thank them.

I would also like to record our thanks for the contribution of Dr Bob Parney and wish him well with his future plans.

The future

My message is threefold:

First, while because of client-imposed confidentiality we are unable to publicise our progress fully, we count the last year as one of major achievement in bringing the company to the point of landing significant contracted work with major firms in the industry's mainstream and in building the strong relationships that are a prerequisite for this.

Second, impatience in the stock market is understandable, but the enduring test for the technology and for the company's ambitions is the ability to gain acceptance and generate growing revenues from the global firms that determine the energy industry's future, and whose take-up of new technology is a deliberate and incremental process.

Third, the work that it has taken to get the company to this point has been accomplished with a relatively small resource base that has simultaneously supported both business progress and continuous development and adaptation of the technology. While salesmanship and perseverance are essential to this enterprise, the heart of your company is in the mathematics, developed software code, accompanying patents, and the continued progress of all of these.

The directors and management of your company believe we are on the threshold of great things. From this vantage point, the next twelve months will be devoted to performance excellence on our expected contracts, building on that effort to grow revenues, and keeping the technology moving. Perhaps the company's greatest challenge is providing the resources to achieve these objectives. We have made good headway, punching above our weight and capturing the attention – and, we expect shortly, the business – of global clients. There is still a long way to go, but we believe the prize will be worth the effort.

On behalf of the directors I thank you for your continued support.

Terry Bond

Chairman

29 September 2011

Chief Executive's Report

In early 2010 the Board adopted a strategy to position its QuantumRD technology as a seismic data analysis tool in the mainstream of the global Exploration and Production industry, accepted for use by large E&P companies in a variety of onshore and offshore prospects. The target group of companies is the Supermajors, majors, national oil companies, and larger independents - companies that have the capabilities to explore and produce oil and gas anywhere in the world or on an extended basis regionally, and where the areas to be developed often comprise thousands of square kilometres. ViaLogy wants large geographic areas because pricing and revenues are calculated on a square kilometre basis. The Board realized that its successes in Texas, and the further development of those markets, did not necessarily create a path to such firms. They would have to be directly engaged by ViaLogy, and would have to be involved themselves in evaluating and using the technology in pilot projects if they were to adopt it. It is fair to say that the challenges have been considerable in implementing the new strategy. It also fair to say that we are close to success.

Many of the large energy company websites will tell you that innovation and new technologies are the key to finding and extracting more gas and oil, but most industry professionals will tell you that there are few early adopters of new technology. In situations of high risk and enormous capital expenditures, drilling location decisions are the composite product of the best analytical tools and minds in the industry and of established workflows. The bias is decidedly toward the known. Mistakes are expensive. In a typical complex offshore project, platform and rig costs alone can run to the hundreds of millions of dollars and the timeline from leasing to drilling can be three to six years. It is no surprise that these factors combine to form a conservative, risk-averse culture.

The ViaLogy team has waged a focused, never-let-go campaign to recruit major clients. We would have liked to dictate the pace of QuantumRD's acceptance, but we have had to respect the deliberate evaluation procedures of our prospective clients. I am pleased to say that we are very close to doing business with two, and possibly three, large well-known companies. Two are based in South Asia: one is a large national oil company (NOC), and the other is a recognized, publicly listed firm. The third opportunity is under our previously announced Master Services contract with a Supermajor. We are under binding confidentiality agreements with all of them.

We have worked with each of the three prospective clients for over a year; we have conducted successful pilot projects (a pay-to-play prerequisite for our sales process), and engaged in multiple technical discussions with their in-house geophysical teams. These pilots have demonstrated QuantumRD's added value: in the first case, by delineating non-contiguous gas-bearing deepwater reservoir zones which conventional methods had erroneously shown to be contiguous; in the second case, by identifying permeability barriers in a sandstone channel to refine well placement design over a development field; and in the third case, by correctly estimating formation porosities (a key factor in drilling decisions) across a fifty square kilometre area with carbonate pay, another case where conventional technologies had proved inadequate. Over the last months, the process with two of the firms has evolved to detailed contract discussions, and we believe significant contracted work will soon come our way in precisely the mainstream markets we targeted. Because we have to work so closely with our clients, our goal is to develop business partnerships with four to six firms where expanding follow-on contracts and revenues will be the norm and where further development of the technology will occur. We are aware that our shareholders have expected faster

progress, but the goal is worth the effort and our progress should be clear in the coming weeks and months.

We continue to investigate a potential strategic partnership with one of the large international Oil & Gas industry firms although I believe that it is only when we have secured one or more of the potential contracts I have discussed above that we will be in a position to move forward.

I believe it is important to emphasize again that QuantumRD's active signal processing methods are beyond techniques employed in conventional geoseismic approaches and commercial analysis offerings. In brief, our ability to utilize seismic data traces of weaker amplitudes (those normally discarded in other approaches) increases data resolution and extends the bandwidth of geophysical data; this effectively enables use of a greater portion of the seismic bandwidth to enhance areal and vertical resolution for computation of hydrocarbon reservoir attributes. This means our approach has the capability to pull out reservoir structures and net pay that are otherwise too difficult to discern. Simply put, we believe that ViaLogy's technology can be the next advance in seismic data analysis, and it leverages existing industry workflow techniques to achieve new level of risk reduction and better decision making.

These are significant objectives in an industry that moves only incrementally; so winning acceptance of the technology for widespread operational use will be a continuing effort, but success breeds success and the take-up of the technology should quicken. This has been a year of enormous effort by the team in Pasadena. We have come a long way in achieving the strategic positioning that we intend, even if client names and progress cannot be disclosed. Each of the projects that our CTO details in his accompanying report has resulted in success, each has demonstrated the versatility of the technology to a central player in the industry, and each should win us business going forward. We express our gratitude for the support of our shareholders.

Dr. Robert W Dean

Chief Executive Officer

29 September 2011

Chief Technology Officer's Review

ViaLogy's strategic business shift to global majors and larger E&P companies accelerated our product development efforts to scale the QuantumRD® platform's functionality and throughput. Higher oil prices and expanding worldwide demand have intensified the search for new plays, for hydrocarbon production from difficult targets, and for the redevelopment of mature producing fields, all opening new opportunities for QuantumRD. As new reservoirs become smaller and deeper, capital risk increases, E&P customers want to do everything possible to reduce risk prior to drilling or committing to full-scale field development.

QuantumRD implements a fundamentally alternate geophysical workflow that utilizes multiple seismic scattering events and an extended seismic spectral bandwidth to improve predictability in the characterization of subsurface structures, rock and fluid properties. QuantumRD processing provides an opportunity for short circuiting many of the limitations inherent in conventional geophysical processing, gather conditioning and imaging. Coupling recent industry advances in full seismic wavefront imaging with ViaLogy's proprietary nonlinear signal processing, synthetic noise injection protocols and quantum resonance algorithms, QuantumRD delivers powerful practical computational tools for exploration seismologists and geoscientists to address complex reservoir issues:

- at intervals where reservoir and non-reservoir lithologies could not be previously differentiated using 3D seismic data; and
- to achieve areal and depth resolution where reservoir features can be given geological or geomorphological significance.

As the CEO's report points out, broadly speaking the industry acknowledges that advances in seismic data analysis can only result from the use of novel, disruptive technologies such as QuantumRD. But in addition the sophisticated industry players insist on ensuring up front that it will work on their hardest problems, in their fields, using their datasets and, under their technical auspices. This past year, ViaLogy's geosciences and engineering staff worked closely with targeted customers to demonstrate and benchmark QuantumRD's value proposition in a variety of complex geological settings, including extensions to both shallow and deepwater exploration plays. Specifically:

- **Deep Water Clastic Reservoir Characterization**

  QuantumRD successfully analyzed early-to-late cretaceous sandstone stratigraphic zones in a South Asian deep water exploration prospect to demonstrate a 2X increase in a real and vertical resolution for characterizing reservoir gas sand bodies. The project used existing datasets that had been extensively analyzed using conventional technology and had led to mixed success. QuantumRD demonstrated new capabilities to extract hydrocarbon mapping markers from seismic datasets and to delineate gas-water and oil-water contacts based on spectral energy adsorption physics. This is an extremely difficult marker to develop using conventional linear signal processing as it entails exploitation of seismic amplitudes that are well below the noise background. Application of the QuantumRD markers altered the resource distribution

understanding for the prospect and enabled QuantumRD to explain retrospectively the success or failure outcomes of multiple exploratory wells.

Deep water exploratory wells are very expensive. Each well on this prospect had cost in excess of $50M and had been drilled on the basis of conventional seismic amplitude analysis and state-of-the-art seismic inversion technology. QuantumRD delineated new reservoir geobodies away from the existing wells, adding to the resource potential for the formation. More importantly, this pilot project for a major South Asian E&P firm reinforced how QuantumRD standardized deliverables, including seismically derived porosity, fluid distribution and lithology volumes, could complement and de-risk beyond conventional products. This study has provided ViaLogy a reference dataset that can be showcased to global customers for winning new projects. This extension of QuantumRD to offshore datasets reduces a barrier to entry for sales to global E&P majors operating both onshore and offshore assets as they seek to standardize and have common interpretation workflows for both regimes.

Onshore and deep water clastic reservoirs are among the world's largest, most explored, and most productive hydrocarbon plays, and going forward ViaLogy sees a larger opportunity in offshore applications of QuantumRD. These reservoirs include a variety of sand-body geometries such as channels, lobes, sheets and levees in complex down-slope settings. Post-depositional stresses modify primary sedimentary structures, changing pore size distribution and permeability characteristics, thereby challenging interpretation of pay and saturation distribution in otherwise sand-prone reservoirs. Exploration success, and subsequent appraisal and development of these highly productive reservoirs, depends upon accurately mapping the interplay of sediment dispersal within reservoir-scale or basin-scale geometries to delineate source, seal and reservoir geologies. Conventional de-risking has relied on acquiring large offsets and expensive higher frequency data. While this has advanced structural interpretation, success has been spotty due to lack of robust fluid imaging capability. In this study, the client has concluded that QuantumRD's ability to exploit noise within seismic data and to increase resolution for jointly assessing sand-stacking along with in-place fluid saturation could be significant in de-risking and finding additional net pay. ViaLogy is now in discussions on how to deploy this technology in larger operational settings.

- **Dolomitized Shelf Carbonate Reservoir Characterization**

QuantumRD was applied to predict formation porosity for an onshore field. Abandoned two decades ago because of inadequate geophysical imaging technology, the Supermajor owning the lease has now marked it for commercial redevelopment. To locate hydrocarbon-bearing geobodies, QuantumRD analyzed a 50 sq. km. stratigraphic dolomite section on the Northwest Shelf of the Permian Basin in New Mexico. Previous seismic analysis studies had failed to correlate with the earth model interpretation and basin geology, thus preventing cost-effective development drilling using either vertical or horizontal wells. Accurate porosity mapping using broad-area seismic is essential to optimizing hydrocarbon recovery for this type of formation, which is found all over the world. Successful completion of this pilot project should extend the reach of the QuantumRD technology to enable workovers, drilling of replacement wells, drilling new wells, planning horizontals and researching problem wells.

Many of the existing large onshore carbonate reservoirs are slated for enhanced recovery using waterflood and CO2 injection processes. Clients recognize that such a demonstrated capability for mapping reservoir compartmentalization and porosity distribution in dolomitized carbonates could deliver them significant cost savings. Also, it is estimated that 60% of the world's oil and 40% of the world's remaining gas reserves are in carbonates. One ViaLogy goal has been to expand its technology development efforts focusing on QuantumRD's capability to characterize complex stratigraphic carbonates, their stacking, continuity, fracture density and spacing prediction. Porosity prediction is at the heart of discriminating potentially productive carbonate bodies. Carbonate reservoirs continue to be difficult to characterize using 3D seismic due to their greater heterogeneity from rapid vertical and lateral facies variation, lower seismic resolution due to higher velocities and the difficulty of directly imaging fracturing. Basin geology models provide limited insight for positioning of individual wells and offset wells as formation properties change unpredictably.

- **Delineation and Contiguity of Channel Sandstone Reservoirs**

  ViaLogy extended QuantumRD to demonstrate accuracy in delineating productive zones in channel formations on a non-US onshore prospect. Globally, significant oil and gas production continues to be realized from channel and tidal bar geologies. However, most of these structural reservoirs are stratigraphic in character, exhibiting high permeability and porosity variations over small areas. This impacts development drilling using gridded offsets, as each subsequent well has to be individually analyzed, located and sized for resource extraction. The net pay sands are often too thin for horizontal drilling. In this pilot project, ViaLogy applied QuantumRD to show how variability in drilled well outcomes could be explained by a more accurate interpretation of the compartmentalization of the reservoir sandstone.

- **Multi-zone Clastic/Carbonate Stratigraphy**

  Prior technical successes, in both clastic and carbonate formations resulted in a contract win for ViaLogy on a large onshore redevelopment prospect. QuantumRD outputs including lithology and fluid saturation volumes will be used to improve decisions on drilling locations and development offset well locations, potentially for over 50 wells in a single Texas field. This is a complex hybrid reservoir with separate plays in Devonian, Wolfcamp, Strawn, and Atoka formations. Each formation needs to be analyzed individually for generating drilling targets. ViaLogy's development team extended the QuantumRD workflow capabilities to automatically decompose conventionally processed, complex seismic datasets into optimal smaller volume cells (or voxels) over individual sandstone and carbonate zones for each subsurface formation of interest. The individual voxels can then be analyzed, within their rock physics contexts for porosity, fluids and other rock properties, and, then recombined to build net-pay reservoir models from the bottom-up. This is an important advance in automated analysis and interpretation to support the larger E&Ps in their efforts to increase their onshore drilling in the US. This ongoing project will showcase QuantumRD as a cost-effective de-risking technology that can be used to high-grade marginal prospects where additional areal and vertical resolution of hydrocarbon bearing geobodies is important, and where higher confidence on lithology and porosity predictions can maximize recovery via multi-zone wells.

In summary, seismic data analysis for reservoir characterization is not a one-size-fits-all discipline, and QuantumRD must be developed and adapted to, and shown to work in, a variety of subsurface formations. The accomplishments in these projects have demonstrated QuantumRD's effectiveness to sophisticated customers in a number of formation types, both onshore and offshore. Seismic data analysis is not about certainty, and neither professionals in the field nor clients expect certainty. What they do expect is value over time, measured at the end of the day in reducing the aggregate costs of exploration and development. In each of the cases above, QuantumRD provided a striking improvement over what conventional methods now in widespread use had been able to achieve -- predicting porosity, fluid distribution and shale distribution.

Microseismic Application Development Underway

While reservoir discovery and characterization continues be the main focus for ViaLogy, to further broaden the its commercial offerings, ViaLogy launched a development project to extend the use of Quantum Resonance Interferometry (QRI), the fundamental patented IP, to the shale gas microseismic market. This rapidly developing market segment utilizes seismic data to monitor subsurface activity during the fracturing process, a key step in the production of natural gas. Vast natural gas deposits in the US and elsewhere will depend upon microseismic analysis for extraction. ViaLogy believes its weak signal detection technology and the ability to detect subtle fractures, can both reduce costs and facilitate production. Natural gas is projected to account for 24% of the global energy supply by 2020 and shale gas is expected to account for over 64% of the natural gas in the US by 2020. ViaLogy's initial results demonstrated ability to detect the onset of micro-fracture events weaker than noise. However, this is a technology development effort which, to realize its promise, calls for significantly more technical staffing and resources in future.

Dr. Sandeep Gulati

Vice President and Chief Technology Officer

ViaLogy PLC

29 September 2011

Consolidated income statement for the year ended 31 March 2011

	Notes	2011	2010
		£	£
Revenue		**58,365**	151,388
Cost of sales		**535,645**	326,412
Gross loss		**(477,280)**	(175,024)
Share based payments		**575,306**	532,051
Depreciation and amortisation		**3,239,218**	3,009,785
Other administrative expenses		**2,066,625**	2,441,074
Total administrative expenses		**5,881,149**	5,982,910
Loss from operations		**(6,358,429)**	(6,157,934)
Finance income		**969**	687
Loss for the year before taxation		**(6,357,460)**	(6,157,247)
Taxation		**532,116**	489,784
Loss for the year attributable to equity holders of the parent company		**(5,825,344)**	(5,667,463)
Loss per share			
Basic and diluted (pence)		**(0.834)**	(0.931)

Consolidated statement of comprehensive loss for the year ended 31 March 2011

	2011	2010
	£	£
Loss after taxation	**(5,825,344)**	(5,667,463)
Other comprehensive loss		
Exchange differences on translating foreign operations	**(394,365)**	(678,044)
Total other comprehensive loss for the year	**(394,365)**	(678,044)
Total comprehensive loss for the year attributable to the equity holders of the parent company	**(6,219,709)**	(6,345,507)

Consolidated statement of changes in equity

	Share capital	Share premium account	Warrant reserve	Foreign exchange translation reserve	Retained deficit	Total
	£	£	£	£	£	£
At 1 April 2010	6,904,753	20,665,231	-	2,000,787	(18,259,974)	11,310,797
Total comprehensive loss recognised for the year	-	-	-	(394,365)	(5,825,344)	(6,219,709)
Issue of shares	436,274	872,848	-	-	-	1,309,122
Share issue expenses	-	(100,000)	-	-	-	(100,000)
Share options expense	-	-	-	-	575,306	575,306
Balance at 31 March 2011	7,341,027	21,438,079	-	1,606,422	(23,510,012)	6,875,516

	Share capital	Share premium account	Warrant reserve	Foreign exchange translation reserve	Retained deficit	Total
	£	£	£	£	£	£
At 1 April 2009	5,037,736	15,705,702	387,500	2,678,831	(13,124,562)	10,685,207
Total comprehensive loss recognised for the year	-	-	-	(678,044)	(5,667,463)	(6,345,507)
Issue of shares	1,867,017	5,102,959	(379,375)	-	-	6,590,601
Share issue expenses	-	(151,555)	-	-	-	(151,555)
Warrants lapsed during year	-	8,125	(8,125)	-	-	-
Share options expense	-	-	-	-	532,051	532,051
Balance at 31 March 2010	6,904,753	20,665,231	-	2,000,787	(18,259,974)	11,310,797

Consolidated statement of financial position as at 31 March 2011

Company number 3971582	**Notes**	**2011**	2010
		£	£
Assets			
Non current assets			
Intangible assets		**5,473,599**	8,564,187
Property, plant and equipment		**461,805**	467,064
		5,935,404	9,031,251
Current assets			
Trade and other receivables		**268,102**	90,006
Cash and cash equivalents		**1,624,130**	3,697,866
		1,892,232	3,787,872
Total assets		**7,827,636**	12,819,123
Liabilities			
Current liabilities			
Trade and other payables		**180,043**	161,930
Corporation tax liability		**-**	6,288
		180,043	168,218
Non-current liabilities			
Deferred tax liability		**772,077**	1,340,108
Total liabilities		**952,120**	1,508,326
Capital and reserves attributable to equity holders of the parent company			
Share capital		**7,341,027**	6,904,753
Share premium account		**21,438,079**	20,665,231
Foreign exchange translation reserve		**1,606,422**	2,000,787
Retained deficit		**(23,510,012)**	(18,259,974)
Warrant reserve		**-**	-
Total equity		**6,875,516**	11,310,797
Total equity and liabilities		**7,827,636**	12,819,123

Consolidated statement of cash flows for the year ended 31 March 2011

	2011	2010
	£	£
Cash flow from operating activities		
Loss before tax	**(6,357,460)**	(6,157,247)
Adjustments for :		
Finance income	**(969)**	(687)
Depreciation	**133,072**	55,320
Amortisation	**3,106,146**	2,954,614
Share option expense	**575,306**	532,051
Provision against available for sale investment	**-**	200,000
Foreign exchange movements	**89,576**	5,589
Cash flow from operating activities before changes in working capital	**(2,454,329)**	(2,410,360)
Increase in trade and other receivables	**(178,096)**	(75,399)
Decrease in inventories	**-**	15,945
Increase/(decrease in trade and other payables	**18,113**	(78,247)
Interest received	**969**	687
Cash generated from operations	**(2,613,343)**	(2,547,374)
Tax recovered/(paid)	23,388	(23,500)
Net cash flows from operating activities	**(2,589,955)**	(2,570,874)
Investing activities		
Internally generated intangible asset	**(451,115)**	(271,512)
Purchase of property, plant and equipment	**(136,321)**	(358,827)
Payment for non compete services	**(331,873)**	-
Net cash used in investing activities	**(919,309)**	(630,339)
Financing Activities		
Cash inflow from issue of new shares	**1,309,122**	6,590,601
Share issue costs	**(100,000)**	(151,555)
Net cash from financing activities	**1,209,122**	6,439,046
(Decrease)/ increase in cash and cash equivalents	**(2,300,142)**	3,237,833
Foreign exchange differences on translation of cash and cash equivalents	**226,406**	27,843
Cash and cash equivalents at beginning of year	**3,697,866**	432,190
Cash and cash equivalents at end of year	**1,624,130**	3,697,866

Going concern

The Group's current pipeline of sales from existing clients and new significant customers will generate cash inflows but in order to continue to develop the Group's assets and fully fund its working capital requirements additional financing will be needed. While the directors are confident that additional funding can be raised in order to meet its development and working capital requirements there is an inherent uncertainty that this funding may not be raised. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The financial statements have been prepared on a going concern basis, however the conditions outlined above indicate the existence of material uncertainties which may cast doubt about the Company's and the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern

Accordingly the financial statements set out above have been prepared on a going concern basis.

Principal accounting policies

ViaLogy PLC ('the Company') is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Ashcome Court, Woolsack Way Godalming, Surrey, GU7 1LQ. The consolidated financial statements of the Company as at and for the period ended 31 March 2011 comprise the Company and its subsidiaries (together referred to as 'the Group'). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements for the year ended 31 March 2011 have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union.

The consolidated financial statements have been drawn up on the basis of accounting policies consistent with those applied in the financial statements for the year to 31 March 2010. The following standards, interpretations and amendments to existing standards have been adopted for the first time in 2011:

International Accounting Standards (IAS/IFRS)		Effective date
IAS 27	- Amendment – Consolidated and Separate Financial Statements	1 July 2009
IFRS 3	- Revised - Business Combinations	1 Jul 2009
IAS 39	– Amendment - Financial Instruments: Recognition and Measurement: Eligible Hedged Items	1 Jul 2009
IFRS 2	- Amendment - Group Cash-settled Share-based Payment Transactions	1 Jan 2010
'Additional exemptions for first-time adopters' (Amendment to IFRS 1)		1 Jan 2010
Improvements to IFRSs (2009)		Generally 1 January 2010
IAS 9 & IFRIC 9	- Amendment - Embedded Derivative	1 Jan 2010

International Financial Reporting Interpretations (IFRIC)		Effective date
IFRIC 16	- Hedges of a Net Investment in a Foreign Operation	1 Jan 2010
IFRIC 17	- Distributions of Non-cash Assets to Owners	1 Jan 2010
IFRIC 18	- Transfer of Assets from Customers	1 Jan 2010

The adoption of these standards, interpretations and amendments did not affect the Group results of operations or financial positions. The presentation of these financial statements incorporates changes arising from adoption of these standards, interpretations and amendments.

The IASB and IFRIC have issued the following standards and interpretations which are effective for reporting periods beginning after the date of these financial statements, and which the Group is not early adopting:

International Accounting Standards (IAS/IFRS)		**Effective date**
IAS 32	Amendment - Classification of Right Issues	1 Feb 2010
IFRS 1	Amendment - First Time Adoption of IFRS	1 Jul 2010
IAS 24	Revised - Related Party Disclosures	1 Jan 2011
IFRS 7 *	Amendment - Transfer of financial assets	1 Jul 2011
IFRS 1 *	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 Jul 2011
	Improvements to IFRSs (2010) *	1 Jan 2011
IAS 12 *	Deferred Tax: Recovery of Underlying Assets	1 Jan 2012
IFRS 9 *	Financial instruments	1 Jan 2013
IFRS 13 *	Fair Value Measurement	1 Jan 2013
IFRS 12 *	Disclosure of Interest in Other Entities	1 Jan 2013
IFRS 11 *	Joint Arrangements	1 Jan 2013
IFRS 10 *	Consolidated Financial Statements	1 Jan 2013

International Financial Reporting Interpretations (IFRIC)		**Effective date**
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 Jul 2010
IFRIC 14	Amendment - IAS 19 Limit on a defined benefit asset	1 Jan 2011

The Group has not yet assessed the impact of IFRS 9. Except for the amended disclosure requirements of IAS 24 (the above revised standards), amendments and interpretations are not expected to materially affect the Group's reporting or reported numbers.

* These standards have not been endorsed by the European Union. The Group is evaluating the impact of the above pronouncements but they are not expected to be material to the Group's earnings or to shareholders' funds.

Revenue

Service fees arising from analytical surveys using ViaLogy's patented computational software products are recognised once the report is delivered to the customer.

Service fees arising from government contracts are billed at the end of each month based on man hours worked on the project.

Revenue arising from sales of ViaLogy's direct entitlement of oil and gas production is recognised by reference to the quantity and price of oil sold by the customer into the market at the date of transfer of the risk and reward.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as Dr Robert Dean, Chief Executive Officer.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they form a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated statement of financial position, the acquiree's identifiable assets and liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of the acquired operations are included in the consolidated income statement from the date on which control is obtained. The acquirer has been identified as that entity giving up equity instruments and cash for control of the acquiree.

Critical accounting estimates and judgments

The preparation of consolidated financial statements under IFRS requires the Group to make estimates and judgments that effect the application of policies and reported amounts. In applying these policies the directors are required to make estimates and subjective judgements that may affect the reported amounts of assets and liabilities at the reporting date and reported profit or loss for the year. Although the directors base these on combination of past experience and any other evidence that is relevant to the particular circumstance, the actual results could ultimately differ from those estimates.

Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and identifiable intangibles are reviewed for impairment at the reporting date in addition to whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected discounted future cash flow from the use of the assets and their eventual disposition is less than the carrying amount of the assets, an impairment loss is recognised and measured using the asset's fair value or discounted cash flows.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the administrative expenses line in the income statement.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts are arrived at by using appropriate valuation techniques.

In-process research and development programmes acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development costs above are not met.

The significant intangible asset recognised by the Group and its useful economic life is shown in the table below:

Intangible assets	**Useful economic life**
Intellectual Property	6 years

Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;

- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised on a straight line basis over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within administrative expenses in the income statement.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the income statement as incurred.

Intangible assets	**Useful economic life**
Development	6 years

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost.

Depreciation is provided on all items of property, plant and equipment to write off the carrying value of items over their expected useful lives. Depreciation is applied at the following rates:

Office equipment	20% per annum reducing balance
Computer equipment	33.3% per annum reducing balance
Motor vehicles	33.3% per annum reducing balance
Furniture	20% per annum reducing balance

Oil and gas assets

ViaLogy follows a successful efforts based accounting policy for oil and gas assets.

Interests acquired in successful production wells are initially recognised at cost within property, plant and equipment. Where interests in such wells are acquired as the success fee element of the revenue from an analytical contract, no cost is initially recognised.

Subsequent expenditure is capitalised only where it enhances the economic benefits of the producing asset.

Depletion

ViaLogy depletes oil and gas assets on a unit of production basis, based on proved and probable reserves on a field by field basis.

Impairment

Impairment reviews on Oil and Gas assets are carried out on each cash-generating unit. ViaLogy's cash generating units are those assets which generate largely independent cash flows

and are normally, but not always, single development areas.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

Tax

The major components of income tax on the profit or loss from ordinary activities include current and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowed and is calculated using tax rates that have been enacted or substantively enacted by the year end date.

Income tax is charged or credited to the income statement, except when the tax relates to items credited or charged directly to equity, in which case the tax is also dealt with in equity.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs to its tax base, except for differences arising on:

- the initial recognition of goodwill;
- goodwill for which amortisation is not tax deductible;
- the initial recognition of an asset or liability which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference

will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that the taxable profit will be available against which the differences can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Foreign currency

The functional currency of the parent entity is pounds sterling. The functional currency of the subsidiary is US dollars. Transactions entered into by Group entities in a currency other than the reporting currency are recorded at the rates ruling when the transaction occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences arising on the re-translation of the unsettled monetary assets and liabilities are similarly recognised in the income statement.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date.

Presentation currency

These accounts have been presented in Sterling as the Directors consider this to be most useful form of presentation to the shareholders.

Financial assets

The Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group accounting policy for each category is as follows:

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. They are carried at cost less any provision for impairment.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. A financial liability is a contractual obligation to either deliver cash or another financial asset to another entity or to exchange a financial asset or financial liability with another entity, including obligations which may be settled by the Group using its equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities

At initial recognition, financial liabilities (trade and other payables), are measured at their fair value plus, if appropriate, any transaction costs that are directly attributable to the issue of the financial liability. These financial liabilities are subsequently carried at amortised cost.

Equity instruments

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

Availability of Report and accounts

The Company's report and accounts for the year ended 31 March 2011 will be available on www.Vialogy.com today and will be posted to shareholders today. Copies of the report and accounts for the year ended 31 March 2011 are available from the Company's registered address.