IGAS ENERGY PLC

20 December 2012

IGAS ENERGY PLC

("IGas", "the Company" or "the Group")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

IGas Energy Plc ("IGas"), a domestic oil and gas operator and leading developer of onshore unconventional and conventional hydrocarbons in the UK, today announces its financial results for the six months ended 30 September 2012.

Strategic Highlights:

- Positive geological and political developments for shale gas
    - lifting of restrictions on the hydraulic stimulation of shale ("fraccing")
    - farm out process ongoing
- As previously announced, signed heads of terms agreement for the acquisition of P.R. Singleton Limited ("PR Singleton"), closing expected Q1 2013
- Strengthening of the Board with the appointment of Cuth McDowell, today and Robin Pinchbeck in July 2012

Operational Highlights

- Average production of c.2,513 boepd in the period with tested field potential[1] of more than 3,500 boepd
- Proven reserves growth of 30% from 6.1 to 7.9 MMboe over the period 1 Jan 2012 to 30 Jun 2012, adjusted for production (production in the 6 month period to 30 Jun 2012 of 0.46MMstb)

	Remaining Reserves[2] (1.1.12) (A)	Cumulative Production (1.1.12 - 30.6.12) (B)	Remaining Reserves less Cumulative Production (A – B)	Updated Remaining Reserves[3] (30.6.12)	
1P reserves	6.60	0.46	6.14	7.90	MMboe
2P reserves	11.57	0.46	11.11	11.43	MMboe
3P reserves	16.33	0.46	15.87	15.18	MMboe

1. Tested field potential is the sum of all latest well tests for all wells within a given field or asset whether producing or shut-in. This can include shut-in wells requiring some level of capital expenditure to reinstate but have confirmed and tested rates to validate production value.

2. IGas reserves as at 01/01/2012 sourced from the Senergy reserves report dated 26 June 2012.

3. IGas reserves as at 30/06/2012 sourced from the latest Senergy reserves report dated 19 December 2012.

- Successful test of the Bletchingley–2 well which flowed at ca 3.35MMscf/d for 15 days (580boepd)

- In addition, the "Chase the Barrels" initiative has identified a number of opportunities to enhance production and recovery and the first phase of this activity is planned to commence in Q1, 2013
- Gas production and dewatering at Doe Green CBM site continues, mechanical issues in DG-4 render results from the well in-conclusive. Future evaluation of the CBM will be conducted in conjunction with exploitation of the underlying shale resource

Financial Highlights for the six months to 30 September 2012[1]:

- Revenue - £33.4m (2011 - £nil)
- Underlying operating profit[2] - £12.7m (2011 – loss £1.3m)
- Underlying profit before tax[3] - £8.2m (2011 – loss £1.1m)
- Net back to IGas being realised oil price less operating costs and S,G&A averaged US$66.39 per barrel in the period
- Cash at 30 September 2012 - £8.6m (31 March 2012 - £7.9m)
- Net cash generated through operating activities £15.5m (2011 net cash used £12.5m)
- Borrowings less cash[4] at 30 September 2012 - £65.3m (31 March 2012 – £74.6m)
- Debt of £9.0m (US$13.95m) repaid in the period, further deleveraging the balance sheet

Footnotes:

1 Current period results are for the six month period from 1 April 2012 to 30 September 2012

2 Underlying operating profit excludes the profit on oil price swaps of £6.3m

3 Underlying profit before tax excludes the profit on oil price swaps of £6.3m, loss on revaluation of warrants of £3.9m and loss on interest rate swaps of £0.4m

4 Borrowings excludes capitalised transaction costs of £7.0m

Andrew Austin, CEO of IGas Energy plc commented:

"We are pleased to announce a positive set of results, with growth in reserves, material cash flow and strengthening of the balance sheet. The lifting of the restrictions on fraccing also means that we are now able to advance our shale assets."

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OPERATING REVIEW

IGas has now completed the integration of the Star Energy assets into the IGas portfolio, including numerous operating and associated systems.

Production through the period has continued to be robust with an average for the period of 2,437 bopd and 2,513 boepd total production including electricity generation. This has been achieved without any significant capital expenditure, with rates having been sustained through active well services management utilising IGas' own personnel and equipment.

The "Chase the Barrels" initiative has identified numerous opportunities to enhance production and recovery, for example, field optimisation models have been developed which help highlight production efficiencies and identify lost production opportunities. A number of specific well opportunities have been highlighted and these are being verified and prioritised to form a series of workover/remediation programmes to unlock this additional potential (ca. 400 b/d).

Technical studies have also identified additional opportunities to add new production and reserves, for example, at Bletchingley-2 a recent extended well test which flowed at up to 4.4 MMscf/d (ca. 750 boepd) has identified this accumulation as a future shut-in gas monetisation project which will be progressed in 2013.

A review of the portfolio illustrates the potential in the asset base. Our 25 conventional fields have an in place volume (STOIIP) of approximately 475MMstb and the average recovery factor for the portfolio is approximately 18% (individual fields vary between ca. 5-55%). This suggests that there still remains a significant volume of oil to be recovered through detailed analysis and the application of current technology.

Progress continues to be made on the unconventional resources of the group.

As previously announced, IGas opened a data room for the shale assets which has received interest from a number of parties. Given the recent positive developments with respect to UK energy policy, and our improving understanding of the acreage prospectivity, the Board is considering further technical evaluation of the shale resources, including potential appraisal drilling, prior to any formal conclusion of the farm out process.

The Ince Marshes-1 well, drilled as a CBM well which also encountered a thick shale interval, has been instrumental in highlighting the shale potential of the North West acreage. A number of studies, including geochemical analysis and seismic mapping, have contributed to a more detailed understanding of the shale potential. The results from these studies indicate that the IGas acreage is even more prospective than originally envisaged. Mapping of the Bowland Shale interval shows the shale horizon extending across the IGas licences in the North West. The results from these studies, coupled with the soon to be published British Geological Survey (BGS) report on the UK shale resource volumes, is anticipated to further confirm the scale of the shale potential in the UK.

The Doe Green pilot CBM site continues to produce gas and generate electricity. All three production wells (DG-2, -3 and-4), each of which is testing a separate seam, demonstrate that gas is flowing from the seams. DG-4 has experienced mechanical issues with the well completion which to date has precluded the effective de-watering of the coal and this is compromising the test results. Whilst we continue to try to resolve the specific issues at DG-4, options for the utility of this well will be considered as part of the forward programme. Future activity will focus on how the development of the CBM and shale resource can be integrated effectively to optimise the fact that they are co-located.

IGAS ENERGY PLC

FINANCIAL REVIEW

Since the last financial review in June, IGas has continued its strong performance from the conventional assets, which will be augmented through the acquisition of PR Singleton, and the active support the Government is now giving to unconventional oil and gas.

Income statement

The Group recorded revenues of £33.4m in the period (2011: £nil). Group production in the period, was 458,702mboe, representing an average of 2,513boepd.

Cost of sales of £17.4m (2011:£nil) includes depreciation, depletion and amortisation (D,D&A) of £5.0m (2010: £nil), and operating costs of £12.5m (2010:£nil). Operating costs include a £2.3m charge in relation to processing third party oil. Operating costs per barrel of oil equivalent were £20.06, excluding the third party costs.

Gross profit of £16.0m was recognised in the period (2011: £nil). Administrative expenses were £3.4m (2011: £1.3m).

The net back to IGas, being revenues less operating costs and S,G&A averaged US$66.39 per barrel in the period.

In accordance with the Group's accounting policy at the year end and in accordance with International Accounting Standard (IAS) 39 – "*Financial Instruments: Recognition and Measurement"* a gain of £6.3m was recognised in the period in relation to oil price swap contracts. The gain on these contracts arose due to a loss of £2.7m on contracts maturing in the period and an unrealised gain of £9.0m which arose due to marking to market the financial derivatives which the Company had in place at the period end (2011: £nil). As at 30 September 2012, the Group had 2.0 million barrels hedged over the period to 31 December 2017 at an average price of US$93.4 per barrel (55% being in pounds sterling).

The effective tax rate for the period was 110.7% (2011: 0%) which was higher than the statutory tax rate of 62% due to significant tax deductions with regard to finance costs being deductible at lower rates, the fact that deferred tax assets are not recognised in respect of losses from non-ring fence activities and an adjustment to the deferred tax assets recognised in relation to decommissioning provisions due to the Government's enacted decrease in the rate of tax relief on decommissioning expenditure.

Other income amounted to £0.1m and related to agency revenues from the processing and sale of third party oil. Net finance costs amounted to £8.7m (2011: net finance income £0.2m) including a £3.9m loss on the revaluation of warrants (2011: £nil).

Cash flow

Net cash generated from operating activities in the period amounted to £15.5m (2011: net cash used £12.5m).

The Group repaid £9.0m (US$13.95m) of debt principal in the period.

Cash and cash equivalents were £8.6m at the period end (31 March 2012: £7.9m).

Balance sheet

The Group's non-current assets were £176.3m at the period end (31 March 2012: £179.8m) with net assets remaining broadly constant at £54.1m (31 March 2012: 54.9m).

In accordance with IFRS 3(2008), the Group finalised the acquisition accounting of Star Energy Group Ltd, resulting in an increase in goodwill of £2.0m. Further details on the business combination are set out in note 6.

The deferred tax liability was £30.4m at 30 September 2012 (31 March 2012: £19.1m). Deferred tax liabilities are now recognised due to forecast future profit (and differences between the tax base and the carrying amount) and not historic profit.

Net debt, being borrowings less cash, at the period end amounted to £65.3m (31 March 2012: £74.6m). Transaction costs of £7.0m associated with the debt are offset against the drawn debt within the balance sheet and will be recognised over the life of the loan in accordance with the Group's accounting policies.

INDEPENDENT REVIEW REPORT TO IGAS ENERGY PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2012 which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Balance Sheet, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Cash Flow Statement and the related notes 1 to 11. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with International Accounting Standards 34, “Interim Financial Reporting,” as adopted by the European Union.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standards 34, “Interim Financial Reporting,” as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Ernst & Young LLP

London

19 December 2012

IGAS ENERGY PLC

Condensed Consolidated Income Statement

	Note	Unaudited 6 months ended 30 September 2012 £000	Unaudited 6 months ended 30 September 2011 £000	Audited 15 Months ended 31 March 2012 £000
Revenue	3	33,375	15	22,120
Cost of sales:				
Depreciation, depletion and amortisation		(4,950)	-	(3,203)
Other cost of sales		(12,454)	(15)	(8,838)
Total cost of sales		(17,404)	(15)	(12,041)
Gross profit		15,971	-	10,079
Administrative expenses		(3,414)	(1,301)	(4,998)
Costs relating to the acquisition of Star Energy Group Ltd		-	(354)	(2,986)
Other Income		137	-	235
Gain/(loss) on oil price swaps		6,251	-	(18,512)
Operating profit/(loss)		18,945	(1,655)	(16,182)
Finance Income		578	177	2,374
Finance Cost		(9,273)	(2)	(4,089)
Net finance (cost)/income		(8,695)	175	(1,715)
Profit/(loss) on ordinary activities before tax		10,250	(1,480)	(17,897)
Tax on profit/(loss) on ordinary activities	4	(11,343)	-	5,773
Loss from continuing operations attributable to equity shareholders of the Group		(1,093)	(1,480)	(12,124)
Basic and diluted loss per share (pence/share)	5	(0.68p)	(0.93p)	(8.14p)
Adjusted basic (loss)/earnings per share (pence/share)	5	(1.94p)	(0.71p)	5.6p
Adjusted diluted (loss)/earnings per share (pence/share)	5	(1.94p)	(0.71p)	5.4p

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Condensed Consolidated Statement of Comprehensive Income

	Unaudited 6 months ended 30 September 2012 £000	Unaudited 6 months ended 30 September 2011 £000	Audited 15 Months ended 31 March 2012 £000
Loss for the period	(1,093)	(1,480)	(12,124)
Other comprehensive income for the period	-	-	-
Total comprehensive Loss for the period	(1,093)	(1,480)	(12,124)

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Condensed Consolidated Balance Sheet

	Note	Unaudited at 30 September 2012 £000	Unaudited at 30 September 2011 £000	Audited at 31 March 2012 £000
Non-current assets				
Intangible exploration and evaluation assets		58,288	42,692	57,237
Property, plant and equipment		100,458	228	104,983
Goodwill	6	17,600	-	17,600
		176,346	42,920	179,820
Current assets				
Inventories		792	-	716
Trade and other receivables		9,269	12,711	12,113
Cash and cash equivalents		8,637	12,508	7,915
		18,698	25,219	20,744
Current liabilities				
Trade and other payables		(7,284)	(3,953)	(10,480)
Current tax liabilities		(3,167)	-	(3,167)
Finance lease liability		(15)	-	(51)
Borrowings	7	(15,187)	-	(16,475)
Other liabilities	8	(6,674)	-	(2,806)
Derivative financial instruments		(4,541)	-	(8,713)
		(36,868)	(3,953)	(41,692)
Net current (liabilities)/assets		(18,170)	21,266	(20,948)
Total Assets less current liabilities		158,176	64,186	158,872
Non-current liabilities				
Borrowings	7	(51,714)	-	(58,477)
Derivative financial instruments		(3,346)	-	(7,979)
Deferred tax liabilities		(30,417)	-	(19,075)
Provisions		(18,651)	(217)	(18,383)
		(104,128)	(217)	(103,914)
Net assets		54,048	63,969	54,958
Capital and reserves				
Called up share capital		54,213	53,272	54,213
Share premium account		18,036	18,026	18,036
Other reserve		(987)	(1,147)	(1,140)
Retained earnings/(accumulated deficit)		(17,214)	(6,182)	(16,151)
Shareholders' funds		54,048	63,969	54,958

Condensed Consolidated Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Other reserves £000	Retained earnings / (accumulated deficit) £000	Total £000
Balance at 1 April 2011 (unaudited)	**53,272**	**18,026**	**(1,236)**	**(4,702)**	**65,360**
Change in equity for the six months to 30 September 2011					
Loss for the period	-	-	-	(1,480)	(1,480)
Capital contribution	-	-	47	-	47
Employee share plans – cost under IFRS2	-	-	42	-	42
Balance at 30 September 2011 (unaudited)	**53,272**	**18,026**	**(1,147)**	**(6,182)**	**63,969**
Change in equity for 15 months to 31 March 2012					
Balance at 1 January 2011 (audited)	**19,665**	**2,500**	**(1,236)**	**(4,201)**	**16,728**
Loss for the period	-	-	-	(12,124)	(12,124)
Capital contribution	-	-	47	-	47
Employee share plans – cost under IFRS2	-		49	174	223
Issue of new shares during the period	34,548	15,536	-	-	50,084
Balance at 31 March 2012 (audited)	**54,213**	**18,036**	**(1,140)**	**(16,151)**	**54,958**
Change in equity for the six months to 30 September 2012					
Loss for the period	-	-	-	(1,093)	(1,093)
Employee share plans – cost under IFRS2	-	-	153	30	183
Balance at 30 September 2012 (unaudited)	**54,213**	**18,036**	**(987)**	**(17,214)**	**54,048**

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Condensed Consolidated Cash Flow Statement

	6 months ended 30 September 2012 Unaudited	6 months ended 30 September 2011 Unaudited	15 months ended 31 March 2012 Audited
	£000	**£000**	£000
Operating activities:			
Profit/(loss) before tax for the period	**10,250**	(1,480)	(17,897)
Depreciation, depletion and amortisation	**5,055**	9	3,354
Share based payment charge	**97**	17	1,117
(Profit)/loss on derivative financial instruments	**(9,012)**	-	16,160
Finance income	**(71)**	(177)	(2,374)
Finance costs, including unwinding of discount of decommissioning	**9,273**	2	4,286
Decrease/(increase) in trade and other receivables	**2,844**	(12,423)	(3,866)
(Decrease)/increase in trade and other payables, net of accruals related to investing activities	**(2,490)**	1,515	(1,025)
Increase in inventories	**(76)**	-	(34)
Impairment of E&E assets	**-**	42	42
Abandonment costs incurred	**(5)**	-	(18)
Revaluation effects as a result of foreign exchange movements	**(390)**	-	3
Taxation paid	**(1)**	-	(2,340)
Net cash from/(used in) operating activities	**15,474**	(12,495)	(2,592)
Investing activities			
Acquisition of exploration and evaluation assets	**(1,569)**	(6,368)	(17,880)
Acquisition of property, plant and equipment	**(650)**	(45)	(653)
Acquisition of Star Energy Group Ltd	**-**	-	(79,630)
Interest received	**71**	177	336
Net cash used in investing activities	**(2,148)**	(6,236)	(97,827)
Financing activities			
Cash proceeds from issue of Ordinary Share Capital	**-**	-	19,944
Capital contribution	**-**	47	47

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Interest paid	**(3,457)**	-	(2,143)
Cash proceeds from loans and borrowings	**-**	-	84,569
Loan issue costs	**-**	-	(3,141)
Repayment of loans and borrowings	**(8,965)**	-	(3,100)
Repayment of finance lease/hire purchase agreement	**(36)**	-	(21)
Net cash (used in)/from financing activities	**(12,458)**	47	96,155
Net increase/(decrease) in cash and cash equivalents in the period	**868**	(18,684)	(4,264)
Net foreign exchange difference	**(146)**	-	92
Cash and cash equivalents at the beginning of the period	**7,915**	31,192	12,087
Cash and cash equivalents at the end of the period	**8,637**	12,508	7,915

1 Corporate information

The interim condensed consolidated financial statements of the Group for the six months ended 30 September 2012, which are unaudited, were authorised for issue in accordance with a resolution of the directors on 19 December 2012.

IGas Energy Plc is a public limited company incorporated and domiciled in England whose shares are publicly traded.

The Group's principal area of activity is exploring for, appraising, developing and producing oil and gas resources in Great Britain.

2 Accounting policies

Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ('IAS') 34 - Interim Financial Reporting as adopted by the European Union. Accordingly the interim financial statements do not include all of the information or disclosures required in the annual financial statements, and therefore should be read in conjunction with the consolidated financial statements and the notes thereto in the Group's annual report and accounts for the period ended 31 March 2012.

The financial information contained in this document does not constitute statutory accounts as defined by Section 435 of the Companies Act 2006 (England & Wales). The financial information for the period ended 31 March 2012 is based on the statutory accounts for the financial period ended 31 March 2012. A copy of the statutory accounts for that year, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union up to 31 March 2012, has been delivered to the Register of Companies and is available on the Company's website at www.igasplc.com. The auditors' report in accordance with Chapter 3 Part 16 of the Companies Act 2006 in relation to those accounts was unqualified and did not contain any matters on which the auditors are required report on exception in accordance with section 498 (2) and (3) of the Companies Act 2006.

The financial information has been prepared under the historical cost convention.

Going concern

The Group's principal activity and principal risks and uncertainties are detailed in the Annual Report and Accounts. The ability of the Group to operate as a going concern is dependent upon the continued availability of bank funding, which in turn is dependent on the Group not breaching covenants, without cure or formal waiver from its bankers. Under its bank facilities the Group drew down US$135m of committed funds in connection with the acquisition of Star Energy Group Limited, which is repayable in tranches over the period of a 5 year term until December 2016. The Group regularly monitors forecasts to determine that breaches are not anticipated to occur in the future. On the basis of the Group's current forecasts, no breaches in covenants are anticipated. However these forecasts are based on certain assumptions particularly in relation to oil prices, production rates, operating costs, capital and general expenditure. The Group is protected to a material degree against volatility in the oil price, by having a significant proportion of its production hedged at above $90 per barrel. Despite this, there can be no certainty that these forecasts will be achieved, in which case the financial covenants could be breached. Should any breach be anticipated to arise, the Group would manage its working capital profile, reduce discretionary expenditure, where necessary and, if applicable, take additional mitigating actions that have already been identified as a precautionary measure. The Directors consider that the expected operating cash flows of the group combined with the current borrowing facilities give them confidence that the Group has adequate resources to continue as a going concern. The financial statements have, therefore, been prepared on the going concern basis.

Accounting policies

The accounting policies applied in the preparation of the financial information are consistent with those followed in the preparation of the Group's financial statements for the period ended 31 March 2012.

Certain new standards, interpretations and amendments to existing standards have been published and are mandatory only for the Group's accounting periods beginning on or after 1 April 2012 or later periods and which the Group has not adopted early. Those that may be applicable to the Group in future are as follows:

		Effective date*
IAS 1	Amendment to IAS 1 – Financial Statement Presentation – This amendment changes the grouping of items presented in the Other Comprehensive Income . Items that could be reclassified to profit and loss at a future point in time (for example, upon de-recognition or settlement) would be presented separately from items which will never be reclassified. The amendment affects presentation only.	1 July 2012

Improvements to IFRS

IFRS 9	IFRS 9 – Financial Instruments: Classification and Measurement – IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.	1 January 2015
IFRS 7/IAS 32	IFRS 7/IAS 32 -The amendments to IAS 32 and IFRS 7 on offsetting of financial instruments are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The clarifying amendments to IAS 32 are effective for the annual periods beginning on or after 1 January 2014. The new disclosures in IFRS 7 are required for annual periods beginning on or after 1 January 2013. The Group is currently assessing the impact that these amendments will have on the financial position.	1 January 2014
IFRS 10	IFRS10 - replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation —Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27.	1 January 2013
IFRS 11	IFRS11 - Joint Arrangements – IFRS11 establishes principle of the financial reporting by parties to a joint arrangement. IFRS 11 supersedes IAS31. It removes the option for jointly controlled entities (JCE) using proportionate consolidation.	1 January 2013
IFRS 12	IFRS12 - Disclosures of involvement with other entities - IFRS12 combines, enhances and replaces the disclosure requirement for subsidiaries, joint arrangements, associates and in consolidated structured entities.	1 January 2013
IFRS 13	IFRS 13 – Fair Value Measurement – IFRS13 defines fair value, setting out in a single IFRS a framework for measuring fair value and requires disclosure about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or liability at fair value, change what is measured at fair value in IFRS or address how to present changes in fair value	1 January 2013
IAS 28	IAS28 - Investments in Associates and Joint Venture- IAS28 has been renamed as a consequence of the new IFRS 11 and IFRS 12 and describes the application of the method to investments in joint venture in addition to associates.	1 January 2013

IAS 27 Revised	IAS 27 Revised – Consolidated and Separate Financial Statements. The objective of the Standard is to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 January 2013

*The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the group prepares its financial statements in accordance with IFRS as adopted by the European Union (EU), the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the group's discretion to early adopt standards.

The Directors do not anticipate that the adoption of these standards and interpretations will either individually or collectively have a material impact on the Group's financial statements in the period of initial application, except potentially where noted above. The Group does not anticipate adopting these standards and interpretations ahead of their effective date.

Basis of consolidation

The condensed consolidated financial statements present the results of IGas Energy plc and its subsidiaries as if they formed a single entity. The financial statements of subsidiaries used in the preparation of consolidated financial statements are based on consistent accounting policies to the parent. All intercompany transactions and balances between Group companies, including unrealised profits arising from them, are eliminated in full. Where shares are issued to an Employee Benefit Trust, and the Company is the sponsoring entity, it is treated as an extension of the entity.

3 Revenue and segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which financial information is available. In the case of the Group the CODM are the Chief Executive Officer and the Board of Directors and all information reported to the CODM is based on the consolidated results of the Group as one operating segment as the Group's activities relate to UK oil and gas. Therefore the Group has one operating and reportable segment as reflected in the Group's condensed consolidated financial statements.

All revenue, which represents turnover, arises within the United Kingdom and relates to external parties.

All the Group's non-current assets are in the United Kingdom.

4 Tax on loss on ordinary activities

The Group calculates the period income tax expense using the tax rate that would be applicable to expected total annual earnings, i.e. the estimated average annual effective income tax rate of 98% is applied to the pre tax income. September 2011 21%.

	Unaudited 6 Months ended 30 September 2012	Unaudited 6 Months ended 30 September 2011	Audited 15 Months ended 31 March 2012
	£'000	£'000	£'000
Income Taxes			
Current income tax expense	-	-	-
Deferred tax:			
Deferred income tax charge/(credit)	10,045	-	(5,773)
Change in tax rate on decommissioning	1,298	-	-
Income tax charge/(credit)	11,343	-	(5,773)
Tax charge/(credit) on profit or loss on ordinary activities	11,343	-	(5,773)

5 Earnings per share (EPS)

The calculation of the basic and diluted profit/loss per share is based on the following data:

Basic EPS amounts are calculated by dividing the profit/loss for the period attributable to ordinary equity holders of the parent by the weighted average number of Ordinary Shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the profit/loss attributable to the ordinary equity holders of the parent by the weighted average number of shares outstanding during the period plus the weighted average number of Ordinary Shares that would be issued on the conversion of all the potentially dilutive Ordinary Shares into Ordinary Shares, except where these are anti-dilutive.

Adjusted EPS amounts are calculated by dividing the profit/loss for the period, after adjusting for one-off costs relating to acquisitions and “mark to market” valuation adjustments which do not reflect the trading of the Group, attributable to the ordinary equity holders of the parent by the adjusted weighted average number of shares outstanding during the period.

Diluted adjusted EPS amounts are calculated by dividing the profit/loss for the period, after adjusting for one-off costs relating to acquisitions and “mark to market” valuation adjustments which do not reflect the trading of the Group, attributable to the ordinary equity holders of the parent by the diluted adjusted weighted average number of shares outstanding during the period, except where these are anti-dilutive.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Unaudited 6 months ended 30 September 2012	Unaudited 6 Months ended 30 September 2011	Audited 15 Months ended 31 March 2012
Basic EPS - Ordinary Shares of 10p each (pence)	(0.68p)	(0.93p)	(8.14p)
Diluted EPS - Ordinary Shares of 10p each (pence)	(0.68p)	(0.93p)	(8.14p)
Adjusted EPS- Ordinary Shares of 10p each (pence)	(1.94p)	(0.71p)	5.6p
Adjusted Diluted EPS – Ordinary Shares of 10p each (pence)	(1.94p)	(0.71p)	5.4p
Profit/(loss) for the period attributable to equity holders of the parent (£000)	(1,093)	(1,480)	(12,124)
Add back:			
(Gain)/Loss on oil price swaps	(6,251)	-	18,512
Loss on interest rate swaps	374	-	632
Acquisition costs	-	354	2,986
Loss/(gain) on revaluation of warrants	3,868	-	(1,651)
	(3,102)	(1,126)	8,355
Weighted average number of Ordinary Shares in the period – basic EPS, and adjusted EPS	160,190,953	158,309,765	148,947,106
Weighted average number of Ordinary Shares in the period – diluted basic EPS	160,190,953	158,309,765	148,947,106
Weighted average number of ordinary shares in the year- diluted adjusted EPS	160,190,953	158,309,765	154,760,053

There are 24,856,067 potentially dilutive warrants and options over the Ordinary Shares at 30 September 2012 (2011: 2,447,204) which are not included in the calculation of diluted earnings per share and diluted adjusted earnings per share because they were anti-dilutive for the period as their conversion to Ordinary Shares would decrease the loss per share.

6 Business combinations

On 14 December 2011, the Group acquired the entire issued share capital of Star Energy Group Limited ("Star"), an unlisted oil and gas exploration and production company for a cash consideration of £110 million. The acquisition of Star added a portfolio of 25 UK onshore licences, occupying or owning 105 sites with an inventory of 247 wells (of which 85 are currently still in operation), a number of development and exploration opportunities and an experienced execution team.

The Group funded the acquisition by way of a $135 million debt facility from Macquarie Bank Limited; cash generated by Star and held in escrow prior to closing and IGas' existing cash resources.

The accounting for the acquisition of Star as of 14 December 2011 (acquisition date) was only provisionally determined in respect of the fair values of certain assets acquired and liabilities assumed. During the six month period to 30 September 2012, the necessary valuations and assessments have been undertaken so that the accounting for this acquisition has been finalised. The details of the adjustments of the provisionally determined fair values of assets acquired and liabilities assumed are shown below:

	Provisional fair value £'000	**Adjustments £'000**	**Comments**	**Acquired fair values £'000**
Assets				
Intangible exploration and evaluation assets	3,775	-		3,775
Property, plant and equipment	108,739	(1,260)	1	107,479
Investment in associate	-	-		-
Cash and cash equivalents	30,707	-		30,707
Trade and other receivables	6,809	-		6,809
Inventories	1,368	-		1,368
	151,398	**(1,260)**		**150,138**
Liabilities				

Trade and other payables	(9,685)	-		(9,685)
Current tax liabilities	(5,934)	394	2	(5,540)
Deferred tax liabilities	(29,004)	4,156	3	(24,848)
Provisions	(12,324)	(5,291)	4	(17,615)
	(56,947)	**(741)**		**(57,688)**
Total identifiable net assets at fair value	**94,451**	**(2,001)**		**92,450**
Purchase consideration transferred	**110,050**	**-**		**110,050**
Goodwill	**15,599**	**2,001**		**17,600**

1. Write down based on final external valuation for land acquired
2. Final tax computations based on the final acquisition balance sheet
3. Revision based on adjustments made to property, plant and equipment and provisions
4. Revision based on re-assessment of future decommissioning liability

7 Borrowings

	Unaudited at 30 September 2012			**Unaudited at 30 September 2011**			**Audited at 31 March 2012**		
	Within 1 year	Greater than 1 year	Total	Within 1 year	Greater than 1 year	Total	Within 1 year	Greater than 1 year	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Facility A*	15,187	25,696	40,883	-	-	-	16,475	32,818	49,293
Facility B*	-	26,018	26,018	-	-	-	-	25,659	25,659
	15,187	51,714	66,901	-	-	-	16,475	58,477	74,952

*Transaction costs of raising debt of £7 million have been netted off against the liability

On 21 November 2011 the Company and Macquarie entered into a senior secured facility agreement (the "Credit Agreement"). The Credit Agreement consists of three separate facilities:

(i) $ 90,000,000 5 year senior secured term loan, carrying interest at 5.5% over LIBOR and a 2% commitment fee;
(ii) $ 45,000,000 5 year senior secured term loan, carrying interest at 12% above LIBOR and a commitment fee of 3.5%; and
(iii) Up to $ 15,000,000 uncommitted working capital facility, which may be made available at the discretion of Macquarie (remained undrawn at 30 September 2012).

The Credit Agreement contains certain representations, warranties and covenants customary for a credit facility of this nature. Such covenants include the provision of financial and reporting information, compliance with environmental law, maintenance of financial ratios and certain restrictions on mergers, acquisitions, joint ventures, granting of security, disposals, issuances of loans, incurrence of financial indebtedness and on payments of dividends by the Company and its operating subsidiaries. The Credit Agreement also contains customary events of default, the occurrence of which allow Macquarie (and any other lender that accedes to the Credit Agreement) to accelerate outstanding loans and terminate the commitments. The facilities are required to be repaid in full on the date that is 60 months following the completion of the Acquisition of Star Energy Group Limited, or on a change of control and the sale of the assets of the Group.

The Group's financing under the Credit Agreement is denominated in US dollars.

8 Other liabilities

	Unaudited at 30 September 2012 £000	Unaudited at 30 September 2011 £000	Audited at 31 March 2012 £000
Opening balance	2,806	-	-
Warrants issued during period	-	-	4,457
Revaluation	3,868	-	(1,651)
Closing balance	6,674	-	2,806

Warrants issued to Macquarie Bank under the Facilities Agreement can be exercised in four different ways and, although the cost to the Company would be the same under each exercise option, these warrants do not qualify as equity instruments under IAS39 due to the variable number of shares that would be issued in each case. Accordingly they have been accounted for as financial liabilities.

All warrants vested on grant and accordingly the key assumptions made in arriving at the Black–Scholes valuations were: share price on date of valuation, adjusted for subsequent consolidations where appropriate and the length of time for which the warrants were expected to remain exercisable. A risk free interest rate of 1.04% and an implied volatility of 35% were used in valuing the warrants at 31 March 2012, and an interest rate of 0.79% and an implied volatility of 31% were used at 30 September 2012. It was also assumed that no dividends would be paid during the life of the warrants.

9 Commitments

The Group's outstanding capital commitments comprised:

	Unaudited at 30 September 2012 £000	**Unaudited at 30 September 2011 £000**	**Audited at 31 March 2012 £000**
Capital Commitments:			
Obligation under 13th licensing round	**2,000**	2,845	2,000
Total capital commitments	**2,000**	2,845	2,000

10 Employee Share Plans- Equity Settled

	LTIP		**2011 LTIP**		**Share Option Plan**	
	Number of Options	Weighted average exercise price (pence)	Number of Options	Weighted average exercise price (pence)	Number of Options	Weighted average exercise price (pence)
Outstanding at 1 April and 30 September 2011	1,125,000	-	-	-	1,322,204	70
Exercisable at 1 April and 30 September 2011	-	-	-	-	-	-
Movement in the fifteen months to 31 March 2012						
Granted during the period	-	-	2,107,485	-	-	-
Cancelled during the period	(1,075,000)	-	-	-	(910,930)	70
Exercised during the period	-	-	-	-	-	-
Outstanding at 31 March 2012	50,000	-	2,107,485	-	411,274	70
Exercisable at 31 March 2012	-	-	-	-	-	
Movement in the six months to 30 September 2012						
Granted during the period	-	-	1,071,542	-	-	-
Cancelled during the period	(50,000)	-	-	-	(237,773)	70
Exercised during the period	-	-	-	-	-	-
Outstanding at 30 September 2012	-	-	3,179,027	-	173,501	70
Exercisable at 30 September 2012	-	-	-	-	-	-

There were no Long Term Incentive Plans (”LTIPs”) exercised during the period. The LTIPs outstanding at 30 September 2012 had both a weighted average remaining contractual life and maximum term remaining of 9.5 years.

The total charge for the period was £111 thousand. Of this amount, £14 thousand was capitalised and £97 thousand was charged to the income statement in relation to the fair value of the awards granted under the Share Option scheme measured at grant date using a Monte Carlo Simulation Model.

11 Related party transactions

Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Nexen Petroleum UK Limited is related by virtue of having 24.77% share interest in the Group following the Group's acquisition of Nexen Exploration UK Limited on 9 March 2011. Pursuant to the terms of the Secondment Agreement dated 10 March 2011 entered into by the Company, Nexen Petroleum UK Limited provided various services in relation to the Group's operations. For the six months ended 30 September 2012, the services provided to the Group amounted to £102 thousand of which £73 thousand remained outstanding (period ending 30 September 2011: £86 thousand services with £60 thousand outstanding. Period ended 31 March 2012: £264 thousand services of which £nil remained outstanding).

DIRECTORS AND ADVISERS

Directors	F Gugen – Chairman A Austin – Chief Executive Officer S Bowler- Chief Financial Officer J Blaymires – Chief Operating Officer R Armstrong – Non-Executive J Bryant – Non-Executive J Hamilton – Non-Executive R Pinchbeck – Non-Executive
Company Secretary	MoFo Secretaries Limited Citypoint, One Ropemaker Street London EC2Y 9AW
Nominated Adviser and Broker	Jefferies Hoare Govett Vitners Place 68 Upper Thames Street
Registrars	Computershare Investors Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF
Public Relations	Kreab & Gavin Anderson and Company Scandinavian House 2 – 6 Cannon Street London EC3M 6XJ
Bankers	Barclay Bank PLC 1 Churchill Place London Macquarie Bank Ltd Roper market Place 28 Roper Street
Registered office	Interpark House 7 Down Street London W1J 7AJ

Company's registered number 04981279