25 November 2015

IGas Energy plc (AIM: IGAS)

Unaudited results for the period ended 30 September 2015

IGas Energy plc ("IGas" or "the Company" or "the Group"), one of the leading producers of hydrocarbons onshore in Britain, announces its unaudited half year results for the six months to 30 September 2015.

Results Summary

	Six months to 30 Sept 2015 £m	Six months to 30 Sept 2014 £m
Revenues	**17.6**	34.5
Adjusted EBITDA[1]	**7.4**	14.8
Loss after tax	**(19.3)**	(3.8)
Net cash (used in)/from operating activities	**(0.1)**	12.4
Net debt	**64.0**	80.8
Cash and cash equivalents	**34.5**	29.1

Note 1 : Adjusted EBITDA relates to earnings before gains/(losses) on oil price derivatives, net finance costs, tax, depletion, depreciation and amortisation, impairments, acquisition costs, restructuring costs and share based payment charges

Key Points

- Delivering against Five Year Development plan
  - Planning application for Springs Road (PEDL 140) in North Nottinghamshire validated by Nottinghamshire County Council ("NCC") on 30 October 2015
  - Pre-application scoping Report for Tinker Lane (PEDL 200) also in North Nottinghamshire submitted in October 2015
  - Acquisition of 110km² of 3D seismic in North West completed in early November 2015
  - Shale given national priority status by government; clarity on the planning and appeal process timetable announced
- Average net production in the period was 2,540 boepd (1H 2014: 2,766 boepd)
- Cost reduction programme completed with operating costs now $31.0/boe (1H 2014: $38.3/boe), excluding reorganisation costs; we continue to review our cost base
- Financials impacted by continued oil price decline with average realised price of $60.9/boe (1H 2014: $104.2/boe) resulting in impairments in the period of £19.5 m (net of tax) (1H 2014: £nil)
- 555,000 barrels hedged in the 15 month period October 2015 to December 2016 at an average floor price of c.US$62 per barrel
- INEOS Upstream Limited ("INEOS") farm-out completed in May 2015 - £30m cash consideration
- Offered a total of 6 new licences in the UK's 14th Onshore Oil and Gas Licensing first round with the second tranche of the 14th onshore licensing round expected later in the year, subject to the Habitats Directive

Commenting today Stephen Bowler, Chief Executive Officer, said:

"Whilst it has been a challenging period with a further weakening of the oil price, the Group has continued to make good progress across its asset base. We completed the farm-out to INEOS in May 2015, receiving £30m in cash and have a gross carried work programme of up to $285 million across our shale assets, with our partners Total, GdF and INEOS.

We are delivering on our 5 year development plan, with the completion of the acquisition of 110km^2 of 3D seismic in the North West, on time and on budget, and submission of the application to drill two wells in North Nottinghamshire. We are in the process of identifying a number of sites for further shale appraisal drilling and hydraulic fracturing of wells to determine flow rates and assess commerciality.

We remain focused on maintaining flexibility for the business in the current oil price environment and to deliver against our strategy."

A results presentation will be available at http://www.igasplc.com/investors/investor-presentations.

John Blaymires, Chief Operating Officer of IGas Energy plc, and a qualified person as defined in the Guidance Note for Mining, Oil and Gas Companies, March 2006, of the London Stock Exchange, has reviewed and approved the technical information contained in this announcement. Mr. Blaymires has more than 30 years' oil and gas exploration and production experience.

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Operating review

We have continued to make good progress across the business in the first six months of the financial year, against a difficult oil price environment for our production business.

Following receipt of all the necessary consents and approvals from the Department of Energy and Climate Change ("DECC") the INEOS deal completed on 7 May 2015. We have been working closely with INEOS to handover operatorship of PEDLs 133, 145 and 193 and EXL 273 which is expected to complete imminently.

In August 2015, the Government made clear that the development of shale gas is a national priority and set out to the Local Authorities a number of measures that would be implemented to ensure the planning system is working effectively. These measures give clarity on the timetable for determining planning decisions for onshore oil and gas exploration and should help to avoid delays.

In the first tranche of awards in the 14th Onshore Licensing Round IGas was offered six new licences, covering seven blocks. Blocks SE41e, SK49, SK89e, SK88b and SK87c were offered to a joint venture comprising IGas, Total E&P UK Limited ("Total") and Egdon Resources plc ("Egdon"). IGas would be operator of the licences with a 35% interest, Total will have a 50% interest and Egdon a 15% interest. IGas has also been offered blocks SK99a and TF18b and, on award, would be the operator with a 100% interest. A second tranche of awards is expected later this year following the outcome of the public consultation, under the Conservation of Habitats and Species Regulations 2010, which was also launched in August 2015.

Further progress has been made on the disposal of non-core international assets with the disposal and relinquishment of licences in Australia complete and the majority of Indonesian interests now also completed. The work programme and well testing associated with the Assam project in India is drawing to a conclusion and once completed, a decision will be made on block relinquishment. An application to the German regulator has been made to relinquish all blocks held in their jurisdiction.

Producing assets

The average net production in the six months to 30 September 2015 was 2,540 boepd (1H 2014: 2,766 boepd). Production for the year ended 31 March 2016 is expected to be approximately 2,600 – 2,700 boepd dependent on the results of the Stockbridge sidetracks. Production in the period was impacted by a deferral in workover activity to allow an extended maintenance programme on a key workover rig to be conducted. This unit has now been returned to service and the level of workover activity has now resumed with production back to anticipated levels.

We are currently operating a drilling programme of three sidetrack wells at our Stockbridge site in the Weald Basin. The first sidetrack has been successfully drilled in the target reservoir and will shortly be production tested. Drilling of the second sidetrack has just been completed and the rig is now being mobilised to the planned third sidetrack location.

We continue to progress our three gas monetisation projects. The planning application at Bletchingley for gas production has been submitted and validated and we await determination. The application for compressed natural gas at Albury has also been submitted and validated. At Lybster, in Scotland, we are redeveloping the existing facilities whilst we continue discussions with a number of partners to evaluate the off-take options for the associated gas. In the interim, the well remains shut-in while the various site upgrades are completed. Consideration will be given to recommencing oil production in 2016 but the duration of the flow period will be determined by the gas off-take discussions.

We continue to monitor and evaluate our water injection pilots and to consider methods to increase injection rates and improve reservoir management to enhance production and recovery.

Further optimisation of well performance has been achieved through changes in the artificial lift methods adopted on certain wells and this has resulted in reduced operating costs and enhanced productivity. A number of further opportunities to optimise our operations have been identified, and are in the process of being prioritised for 2016.

Appraisal assets

Recent activity, outlined below, commences our work under the five year development plan to advance the evaluation and development of our shale gas resources through to commercial development.

We continue to work with local businesses and energy intensive industries to build a supply chain capable of supporting the shale industry and identify opportunities across our acreage where we can maximise infrastructure and resources to ensure, where possible, we minimise our surface footprint and local impacts. These are always key considerations for site selection.

North West

We have now successfully completed a significant 3D seismic acquisition programme in the North West covering an area of 110km². The next phase will be processing and interpretation of the seismic data which will commence shortly. We expect this to be completed towards the end of the first quarter of 2016 and these results will determine our future exploration and appraisal work programme in the area.

As we move into the appraisal stage, we are in the process of identifying a number of sites for further appraisal drilling and hydraulic fracturing of the wells to determine flow rates and assess commerciality.

In October 2015, we were granted an extension to our planning permission by Trafford Council for a coal bed methane production site in Davyhulme on PEDL 193. The permission, which is to drill two exploration wells and two production laterals, as well as an access road, and equipment to generate electricity from any gas produced, has been extended for up to 25 years.

East Midlands and Yorkshire

In October 2015 we submitted a planning application at our Springs Road site, in North Nottinghamshire. The proposal covers works to drill two exploratory wells in order to evaluate the geology in the local area and begin assessing its potential for shale gas recovery. The site is located in PEDL 140, where we operate on behalf of Total, Egdon and eCorp Oil & Gas UK Ltd.

The application met all of NCC's requirements and it will now undergo a period of consultation before planning officers make a recommendation to the planning committee. Subject to that planning consent and associated permits, it is anticipated that drilling would commence in the summer of 2016.

The drilling of the wells at Springs Road would be an important step in helping us to understand the shale gas potential in North Nottinghamshire and more widely in the East Midlands and Yorkshire.

In the adjoining licence block, PEDL 200, we have identified a new site, Tinker Lane, and have submitted an initial scoping request to NCC to drill a single vertical exploration well to obtain key geological data, including logs and cores.

It is essential to keep the communities in which we work fully informed of our activities and we have a comprehensive engagement programme for both projects including a number of community events. Further information can be found at www.igas-engage.co.uk and www.springsroad.co.uk.

Financial review

Good progress was made in the period in strengthening the Group's balance sheet. The farm-out to INEOS for £30m in cash and up to a £138m carried gross work programme has improved the Group's cash position and the amendment of the bond terms has provided the Group with more financial flexibility. The Group now has a carried gross work programme of $285m on its shale assets which has enhanced the Group's ability to deliver on its strategy.

However, the last six months has seen a further decline in the oil price environment and this has materially impacted the financial results. In 1H 2015 adjusted EBITDA[1] was £7.4m (1H 2014: £14.8m) whilst a loss was recognised from continuing activities after tax of £19.5m (1H 2014: £3.8m). The main factors explaining the movements between 1H 2015 and 1H 2014 were:

- Reduced revenues of £17.6m (1H 2014: £34.5m) principally due to reduced oil prices;
- Restructuring costs of £1.8m (1H 2014: £nil) following completion of a cost reduction programme;
- Impairment charges of £19.5m (net of tax) (1H 2014: £nil) due to the reduced oil price;
- An exploration write off of £2.6m (net of tax) (1H 2014: £nil);
- A profit on disposal of £4.0m (1H 2014: £nil) on the INEOS farm-out; and
- A tax credit of £10.8m (1H 2014: £5.3m charge) due mainly to timing difference reversals caused by the impairments.

We remain focused on maintaining flexibility for the business in the current oil price environment.

Income statement

The Group recognised revenues of £17.6m in the period (1H 2014: £34.5m). Group production in the period was 453,649 barrels of oil, with ca. 5,500 Mwh of electricity sold, which together represents an average of 2,540 boepd (1H 2014: 2,766 boepd). Revenues for the period also included £1.4m (1H 2014: £4.5m) relating to the sale of third party oil, the bulk of which is processed through our gathering centre at Holybourne in the Weald Basin.

The average realised price for the period per barrel pre hedge was $55.3 (1H 2014: $104.2) and post hedge $60.9 (1H 2014: $104.2). The average exchange rate for the period was £1: $1.54 (1H 2014: £1: $1.68) which positively impacted revenues.

Cost of sales for the period were £16.7m (1H 2014: £21.9m) including depreciation, depletion and amortisation (D,D&A) of £5.6m (1H 2014: £5.7m), and operating costs of £11.1m (1H 2014: £16.2m). Operating costs include a £1.3m charge (1H 2014: £4.2m) in relation to processing third party oil, a decrease of £2.9m from the comparative period due to the decreased number of barrels purchased from third parties and processed by us and the significant fall in the oil price. The contribution received from processing this third party oil was £0.1m (1H 2014: £0.4m). Excluding the costs of processing third party oil, operating costs decreased by £2.2m on the prior period following a cost reduction exercise carried out by the Group earlier in the year.

Operating costs per barrel of oil equivalent were £20.1 ($31.0), excluding the third party costs (1H 2014: £22.8 ($38.3) per barrel).

Adjusted EBITDA[1] in the period was £7.4m (1H 2014: £14.8m). Gross profit of £0.9m was recognised in the period (1H 2014: £12.5m). Administrative costs decreased by £0.1m to £4.3m (1H 2014: £4.4m) principally due to the cost reduction exercise.

Net back per boe (on an Income Statement basis)[2] was $15.5 (£10.1), (1H 2014: $51.5 (£30.7)) and on a pre G&A basis was $29.9 (£19.4) (1H 2014: $66.2 (£39.5)).

[1] Adjusted EBITDA relates to earnings before gains/(losses) on oil price derivatives, net finance costs, tax, depletion, depreciation and amortisation, impairments, acquisition costs, restructuring costs and IFRS 2 charges

[2] Net back per boe on an Income Statement basis is realised oil price, less operating costs and G&A

The Group recognised an impairment charge of £19.5m (net of tax) (1H 2014: £nil) relating to producing assets (£5.0m net of tax) and goodwill (£14.5m), principally as a result of the reduction in commodity forward curves at the period end. Exploration costs written off were £2.6m (net of tax) (1H 2014: £nil).

Net finance costs were £3.6m in the period (1H 2014: £6.2m), including interest on borrowings of £5.8m (1H 2014: £6.1m), gain on fair value of warrants £0.2m (1H 2014: gain of £2.4m) and a net foreign exchange gain of £2.1m (1H 2014: losses of £2.3m).

Portfolio management

During the period the Group completed the farm-out to INEOS, who acquired an interest in certain licences in the North West and East Midlands and the Group's participating interest in the acreage held under PEDL 133 in Scotland. The consideration for IGas' participating interests comprised £30m cash which was received on completion and a funded forward work programme of up to £138m gross, of which IGas' share to be funded fully by INEOS is expected to amount to approximately £65m. The Group recognised a profit of £4.0m on this transaction.

Cash flow

Net cash used in operating activities in the period amounted to £0.1m (1H 2014: cash generated £12.4m). The Group invested £4.5m across its asset base in the period (1H 2014: £5.3m), of which £3.1m was invested in the conventional assets, where we continue to invest to maintain our production at current levels.

IGas repaid £2.7m ($4.1m) of principal on borrowings to bondholders in the period in accordance with the terms of the bonds (1H 2014: £2.5m ($4.1m)), which represents a repayment of 2.5% of the original principal amount of the secured bonds. In June 2015, the Company repurchased bonds with a face value of $2.0m for $1.9m.

IGas paid £4.9m ($7.5m) in interest (1H 2014: £5.6m ($9.3m)). Cash and cash equivalents were £34.5m at the period end (1H 2014: £29.1m).

Balance sheet

Net assets at 30 September 2015 amounted to £125.7m (31 March 2015: £146.6m) with the decrease in net assets resulting from the loss during 1H 2015 from continuing activities principally due to impairments to assets and goodwill caused by the reduction in commodity prices.

Net debt, being borrowings less cash, at the period end amounted to £64.0m (1H 2014: £80.8m).

Principal risks and uncertainties

The Group constantly monitors the Group's risk exposures and reports to the Audit Committee and the Board on a regular basis. The Audit Committee receives and reviews these reports and focuses on ensuring that the effective systems of internal financial and non-financial controls including the management of risk are maintained. The results of this work are reported to the Board which in turn performs its own review and assessment.

The principal risks for the Group remain as previously detailed on page 26 of the 2014-2015 Annual Report and Accounts and can be summarised as:

- Planning, environmental, licensing and other permitting risks associated with its operations and, in particular, with drilling and production operations;
- No guarantee can be given that oil or gas can be produced in the anticipated quantities from any or all of the Group's assets or that oil or gas can be delivered economically;
- Successful development of shale gas resources;
- Market price risk through variations in the wholesale price of oil in the context of the production from oil fields it owns and operates;

- Market price risk through variations in the wholesale price of gas and electricity in the context of its future unconventional production volumes;
- Exchange rate risk through both its major source of revenue and its major borrowings being priced in US$ while most of the Group’s operating and G&A costs are denominated in UK pounds sterling.
- Liquidity risk through its operations;
- Capital risk resulting from its capital structure, including operating within the covenants of its existing bond agreements; and
- Political risk such as change in Government or the effect of local or national referendum.

Going concern

The Group closely monitors and manages its liquidity risks. Cash forecasts for the Group are regularly produced based on, inter alia, the Group's production and expenditure forecasts, management's best estimate of future oil prices (based on current forward curves, adjusted for the Group's hedging programme) and the Group's borrowing facilities. Sensitivities are run to reflect different scenarios including, but not limited to, possible further reductions in commodity prices below the current forward curve and reductions in forecast oil and gas production rates.

The ability of the Group to operate as a going concern is dependent upon the continued availability of future cash flows and the availability of the monies drawn under its Bonds, which in turn is dependent on the Group not breaching covenants. In light of the continuing weakness in oil and gas prices, during the last six months the Board implemented a series of cost saving initiatives that have materially reduced both operating costs and G&A spend. In addition, following positive discussions with the bondholders, the net leverage covenant has been amended to take account of the Group’s improved cash position following the INEOS farm-out which was completed during the period.

Whilst the Group has delivered on the above initiatives and has significant available cash balances, on the basis of the Group's current forecasts in this low and uncertain oil price environment the Group could be non-compliant with certain of its covenants in the first half of 2016. In order to continue to meet the covenants, the Board has approved and is implementing a number of available actions. These actions include, but are not limited to, further significant cost reduction, bond buy-backs, further hedging activities and asset portfolio management. The Board continues to engage proactively with bondholders.

The Board believes, on the information currently available, that the actions described above can be delivered to ensure that the Group is compliant with its covenants and it is therefore considered appropriate to adopt the going concern basis in preparing the financial statements.

Responsibility statement

The Directors confirm that to the best of their knowledge:

a) The condensed set of financial statements has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’; and
b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the six months and description of principal risks and uncertainties for the remaining six months of the year).

By order of the Board,

Stephen Bowler	Julian Tedder
Chief Executive Officer	Chief Financial Officer
24 November 2015	24 November 2015

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 2015 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 17. 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 the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 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 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
24 November 2015

Condensed Consolidated Income Statement

	Notes	**Unaudited 6 months ended 30 September 2015 £000**	Unaudited 6 months ended 30 September 2014 £000	Audited year ended 31 March 2015 £000
Revenue	4	**17,564**	34,463	58,160
Cost of sales:				
Depletion, depreciation and amortisation		**(5,593)**	(5,751)	(12,805)
Other costs of sales		**(11,076)**	(16,181)	(29,927)
Total cost of sales		**(16,669)**	(21,932)	(42,732)
Gross profit		**895**	12,531	15,428
Administrative expenses		**(5,005)**	(5,284)	(9,412)
Restructuring costs		**(1,761)**	-	-
Impairment of goodwill	10	**(14,459)**	-	-
Exploration and evaluation assets written off	11	**(5,141)**	-	(15,406)
Impairment of property, plant and equipment	12	**(10,103)**	-	(3,946)
Profit on disposal of oil and gas assets	5	**3,997**	-	-
Gain on oil price derivatives		**4,692**	283	7,018
Other income		**115**	144	254
Operating (loss)/profit		**(26,770)**	7,674	(6,064)
Finance income	6	**2,441**	2,468	6,902
Finance costs	6	**(6,029)**	(8,638)	(19,362)
(Loss)/profit from continuing activities before tax		**(30,358)**	1,504	(18,524)
Income tax credit/(charge)	7	**10,827**	(5,320)	23,769
(Loss)/profit after tax from continuing operations attributable to equity shareholders of the Group		**(19,531)**	(3,816)	5,245
Profit/(loss) after tax from discontinued operations	16	**254**	-	(80)
Net (loss)/profit attributable to equity shareholders of the Group		**(19,277)**	(3,816)	5,165
(Loss)/profit attributable to equity shareholders:				
Basic (loss)/earnings per share (pence/share)	8	**(6.61p)**	(1.87p)	2.09p
Diluted (loss)/earnings per share (pence/share)	8	**(6.61p)**	(1.87p)	2.05p

Condensed Consolidated Statement of Comprehensive Income

	Unaudited 6 months ended 30 September 2015 £000	Unaudited 6 months ended 30 September 2014 £000	Audited year ended 31 March 2015 £000
(Loss)/profit for the year	**(19,277)**	(3,816)	5,165
Other comprehensive (loss)/income for the year:			
Currency translation adjustments	**(4,570)**	-	(3,035)
Total comprehensive (loss)/income for the year	**(23,847)**	(3,816)	2,130

Condensed Consolidated Balance Sheet

	Notes	**Unaudited at 30 September 2015 £000**	Unaudited at 30 September 2014 £000	Audited at 31 March 2015 £000
ASSETS				
Non-current assets				
Intangible exploration and evaluation assets	11	**120,975**	95,452	151,615
Property, plant and equipment	12	**91,356**	111,989	104,314
Goodwill	10	**29,569**	39,227	44,028
		241,900	246,668	299,957
Current assets				
Inventories		**1,299**	1,363	960
Trade and other receivables		**10,113**	9,825	8,151
Cash and cash equivalents	15	**34,481**	29,051	19,025
Other financial assets – restricted cash	15	**2,766**	-	2,097
Derivative financial instruments	13	**4,443**	233	1,574
Assets classified as held for sale		**1,178**	-	5,013
		54,280	40,472	36,820
Total assets		**296,180**	287,140	336,777
LIABILITIES				
Current liabilities				
Trade and other payables		**(9,893)**	(8,917)	(7,981)
Current tax liabilities		**(1,220)**	-	(1,085)
Borrowings	15	**(5,091)**	(5,089)	(5,310)
Other liabilities		**(148)**	(3,250)	(349)
Derivative financial instruments	13	**-**	-	(201)
Liabilities associated with assets classified as held for sale		**(1,811)**	-	(5,998)
		(18,163)	(17,256)	(20,924)
Non-current liabilities				
Borrowings	15	**(96,165)**	(104,724)	(102,229)
Deferred tax liabilities		**(21,688)**	(62,984)	(32,811)
Provisions		**(29,084)**	(28,470)	(28,826)
Contingent deferred consideration	9	**(5,367)**	-	(5,367)
		(152,304)	(196,178)	(169,233)
Total liabilities		**(170,467)**	(213,434)	(190,157)
Net assets		**125,713**	73,706	146,620
EQUITY				
Capital and reserves				
Called up share capital		**26,527**	17,392	26,446
Share premium account		**117,601**	60,915	117,463
Capital redemption reserve		**41,239**	41,239	41,239
Foreign currency translation reserve		**(4,570)**	-	(3,035)
Other reserves		**664**	385	1,264
Accumulated deficit		**(55,748)**	(46,225)	(36,757)
Shareholders' funds		**125,713**	73,706	146,620

Condensed Consolidated Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Foreign currency translation reserve* £000	Other reserves** £000	Accumulated deficit £000	Total £000
At 1 April 2014 (audited)	**17,226**	**58,933**	**41,239**	**-**	**(667)**	**(42,409)**	**74,322**
Total comprehensive loss for the period	-	-	-	-	-	(3,816)	(3,816)
Employee share plans	-	-	-	-	1,167	-	1,167
Employee share plans – treasury shares issued under SIP	-	-	-	-	(115)	-	(115)
Warrants exercised	-	1,117	-	-			1,117
Issue of shares during the period	166	865	-	-	-	-	1,031
At 30 September 2014 (unaudited)	**17,392**	**60,915**	**41,239**	**-**	**385**	**(46,225)**	**73,706**
Total comprehensive profit for the year	-	-	-	-	-	8,981	8,981
Employee share plans	-	-	-	-	1,366	-	1,366
Lapse of LTIPs under the employee share plan	-	-	-	-	(487)	487	-
Warrants exercised	-	-	-	-	-	-	-
Issue of shares during the year	9,054	56,548	-	-	-	-	65,602
Currency translation adjustments	-	-	-	(3,035)	-	-	(3,035)
At 1 April 2015 (audited)	**26,446**	**117,463**	**41,239**	**(3,035)**	**1,264**	**(36,757)**	**146,620**
Total comprehensive loss for the period	-	-	-	-	-	(19,277)	(19,277)
Employee share plans (note 14)	-	-	-	-	687	-	687
Forfeiture of LTIPs under the employee share plan (note 14)	-	-	-	-	(1,001)	-	(1,001)
Lapse of LTIPs under the employee share plan (note 14)	-	-	-	-	(286)	286	-
Issue of shares during the period	81	138	-	-	-	-	219
Currency translation adjustments	-	-	-	(1,535)	-		(1,535)
At 30 September 2015 (unaudited)	**26,527**	**117,601**	**41,239**	**(4,570)**	**664**	**(55,748)**	**125,713**

* The foreign currency translation reserve represents exchange gains and losses arising on translation of foreign currency subsidiaries net assets and results for the period and on translation of those subsidiaries intercompany balances which form part of the net investment of the Group.

** Other reserves include: 1) LTIP/VCP/EDRP reserves which represent the cost of share options issued under the long term incentive plans; 2) share investment plan reserve which represents the cost of the partnership and matching shares; 3) treasury shares reserve which represents the cost of shares in IGas Energy plc purchased in the market and held by the IGas Employee Benefit Trust to satisfy awards held under the Group incentive plans; and 4) capital contribution reserve which arose following the acquisition of IGas Exploration UK Limited.

Condensed Consolidated Cash Flow Statement

	Notes	Unaudited 6 Months ended 30 September 2015 £000	Unaudited 6 Months ended 30 September 2014 £000	Audited year ended 31 March 2015 £000
Cash flows from operating activities:				
(Loss)/profit before tax for the period		**(30,103)**	1,504	(18,524)
Adjustment for non-operating gain relating to farm-out		**(3,997)**	-	-
Depreciation, depletion and amortisation		**5,681**	5,823	13,031
Abandonment costs incurred		**(6)**	(35)	(95)
Share based payment charge	14	**46**	667	1,487
Impairment of goodwill	10	**14,459**	-	-
Exploration and evaluation assets written off	11	**5,141**	-	15,406
Impairment of property, plant and equipment	12	**10,103**	-	3,964
Gain on oil price derivatives		**(3,070)**	(283)	(1,422)
Finance income	6	**(2,441)**	(2,468)	(6,902)
Finance costs	6	**6,029**	8,638	19,362
Other non-cash adjustments		**(74)**	-	(24)
Profit from discontinued operations		**(254)**	-	-
Operating cash flow before working capital movements		**1,514**	13,846	26,066
(Increase)/decrease in trade and other receivables and other financial assets		**(2,545)**	1,536	5,755
Increase/(decrease) in trade and other payables, net of accruals related to investing activities		**1,296**	(2,981)	(5,920)
(Increase)/decrease in inventories		**(26)**	(19)	383
Cash generated from continuing operating activities		**239**	12,382	26,284
Cash used in discontinued operating activities		**(371)**	-	-
Taxation paid		**-**	-	(15)
Net cash used in operating activities		**(132)**	12,382	26,469
Cash flows from investing activities				
Purchase of exploration and evaluation assets		**(1,361)**	(2,965)	(11,033)
Purchase of property, plant and equipment		**(3,107)**	(2,344)	(5,775)
Acquisitions, net of cash acquired		**-**	-	2,524
Disposal of investment		**-**	-	1,500
Disposal of exploration and evaluation assets		**30,000**	-	375
Disposal of oil and gas assets		**181**	-	-
Interest received		**99**	31	70
Cash generated from/(used in) continuing investing activities		**25,812**	(5,278)	(12,399))
Cash used in discontinued investing activities		**(565)**	-	-
Net cash generated from/(used in) investing activities		**25,247**	(5,278)	(12,339)
Cash flows from financing activities				
Cash proceeds from issue of ordinary share capital		**88**	910	997
Share issue costs		**-**	-	(1,882)
Interest paid		**(4,905)**	(5,614)	(11,548)
Bond renegotiation costs		**(936)**	-	-
Repayment of loans and borrowings		**(3,917)**	(2,484)	(13,688)
Cash used in continuing financing activities		**(9,670)**	(7,188)	(26,121)
Cash used in discontinued financing activities		**(77)**	-	-
Net cash used in financing activities		**(9,747)**	(7,188)	(26,121)
Net increase/(decrease) in cash and cash equivalents in the period		**15,368**	(84)	(11,991)
Net foreign exchange difference		**(98)**	834	2,715
Cash and cash equivalents at the beginning of the period		**19,025**	28,301	28,301
Cash and cash equivalents at the end of the period	15	**34,295**	29,051	19,025

Cash and cash equivalents at the end of the period include £0.2 million overdraft relating to discontinued operations

1 Corporate information

The interim condensed consolidated financial statements of the Group for the six months ended 30 September 2015, which are unaudited, were authorised for issue in accordance with a resolution of the Directors on 24 November 2015.

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

Basis of preparation

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 year ended 31 March 2015.

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 as at 31 March 2015 is based on the statutory accounts for the financial period ended 31 March 2015. 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 2015, has been delivered to the Register of Companies and is available on the Company's website at www.igasplc.com. The auditor's 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 to report an exception in accordance with section 498 (2) and (3) of the Companies Act 2006.

The comparative amounts have been amended to reflect the finalisation of the acquisition accounting for Dart (note 9).

Changes in presentation and disclosures

In May 2014, amendments were made to the AIM rules in relation to the interim reporting in order to align these to accounting standards. Specifically, the rule regarding the comparative periods has changed such that the comparative balance sheet as at the prior year interim date is no longer required. Whilst the Group has prepared its prior year interim statements on this basis, it chooses to revert back to having comparative period data going forward.

In previous years, certain exceptional items, as defined in the Group's accounting policies, were disclosed separately under the heading "exceptional items" in the income statement after operating profit. During the current period, all exceptional items are reported within operating profit, thereby reducing operating profit by £876k in the six months ended 30 September 2014 and increasing operating loss by £876k for the year ended 31 March 2015. The directors consider this change to provide more reliable and relevant information as the nature of separately disclosed exceptional items was not sufficiently distinct from other separately disclosed material items in the income statement

In addition, the Group no longer presents adjusted earnings per share (EPS); the comparative period disclosures have therefore also not been presented. Management considers the removal of adjusted EPS to result in clearer disclosure and more reliable and relevant information, recognising that the adjusted earnings measure is not defined by IFRS and required judgement in determining the relevant adjustments.

Going concern

The Group closely monitors and manages its liquidity risks. Cash forecasts for the Group are regularly produced based on, inter alia, the Group's production and expenditure forecasts, management's best estimate of future oil prices (based on current forward curves, adjusted for the Group's hedging programme) and the Group's borrowing facilities. Sensitivities are run to reflect different scenarios including, but not limited to, possible further reductions in commodity prices below the current forward curve and reductions in forecast oil and gas production rates.

The ability of the Group to operate as a going concern is dependent upon the continued availability of future cash flows and the availability of the monies drawn under its Bonds, which in turn is dependent on the Group not breaching covenants. In light of the continuing weakness in oil and gas prices, during the last six months the Board implemented a series of cost saving initiatives that have materially reduced both operating costs and G&A spend. In addition, following positive discussions with the bondholders, the net leverage covenant has been amended to take account of the Group's improved cash position following the INEOS farm-out which was completed during the period.

Whilst the Group has delivered on the above initiatives and has significant available cash balances, on the basis of the Group's current forecasts in this low and uncertain oil price environment the Group could be non-compliant with certain of its covenants in the first half of 2016. In order to continue to meet the covenants, the Board has approved and is implementing a number of available actions. These actions include, but are not limited to, further significant cost reduction, bond buy-backs, further hedging activities and asset portfolio management. The Board continues to engage proactively with bondholders.

The Board believes, on the information currently available, that the actions described above can be delivered to ensure that the Group is compliant with its covenants and it is therefore considered appropriate to adopt the going concern basis in preparing the financial statements.

Accounting policies

The accounting policies applied in these condensed financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 March 2015, except for the update to the policy for non-current assets in connection with farm-outs and for the update to the policy for share based payments. These are as follows:

Farm-outs – in the exploration and evaluation phase

The Group does not record any expenditure made by the farmee on its account. It also does not immediately recognise any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

Share based payments

Where an equity settled award is identified as a replacement it will be treated as a modification to the original plan where the incremental fair value of the replacement award is expensed over the vesting period of the replacement award. The fair value of the original award on its grant date is continued to be recognised over its original vesting period.

There are no new standards, interpretations and amendments to adopt which are effective as of 1 April 2015.

New and amended standards and interpretations

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 January 2016 or later periods and which the Group has not adopted early. Those that may be applicable to the Group in future are as follows:

IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	1 January 2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11	1 January 2016
IAS 1	Disclosure initiative – Amendments to IAS 1	1 January 2016
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018

* 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 Group is currently assessing the impact that these amendments will have on its financial position. The Group does not anticipate adopting these standards and interpretations ahead of their effective dates.

3 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 those of 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.

4 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 segments and assess their 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 representing core (UK) and non-core (Rest of the World) operating segments. Therefore the Group has two operating and reportable segments as reflected in the Group's annual report and accounts for the year ended 31 March 2015.

All revenue, which represents turnover, arises solely within the United Kingdom and relates to external parties. The majority of the Group's non-current assets are in the United Kingdom.

	UK/ Europe £000	**Rest of the World £000**	**6 months ended 30 September 2015 Group £000**
Oil sales to external customers	**17,281**	**-**	**17,281**
Electricity sales to external customers	**283**	**-**	**283**
Segment operating loss	**(26,556)**	**(214)**	**(26,770)**
Interest expense (note 6)	**(5,765)**	**-**	**(5,765)**
Net finance income excluding interest (note 6)	**2,174**	**3**	**2,177**
Loss before tax and discontinued operations	**(30,147)**	**(211)**	**(30,358)**

	UK/ Europe £000	Rest of the World £000	6 months ended 30 September 2015 Group £000
Oil sales to external customers	34,023	-	34,023
Electricity sales to external customers	440	-	440
Segment operating profit	7,674	-	7,674
Interest expense (note 6)	(6,111)	-	(6,111)
Net finance expenses excluding interest (note 6)	(59)	-	(59)
Profit before tax and discontinued operations	1,504	-	1,504

	UK/ Europe £000	Rest of the World £000	Year ended 31 March 2015 Group £000
Oil sales to external customers	57,297	-	57,297
Electricity sales to external customers	863	-	863
Segment operating loss	(5,589)	(475)	(6,064)
Interest expense (note 6)	(12,582)	-	(12,582)
Net finance income excluding interest (note 6)	122	-	122
Loss before tax and discontinued operations	(18,049)	(475)	(18,524)

5 Profit on disposal of oil and gas assets

The profit on disposal of oil and gas assets has arisen as a result of the farm-out agreement entered into between the Group and INEOS Upstream Limited ("INEOS") which completed on 7 May 2015.

INEOS acquired a 50% interest in IGas' UK Onshore PEDLs 147, 184, 189 and 190 and a 60% interest in IGas' UK Onshore PEDLs 145, 193 and EXL 273, (the "Bowland Licences") in the North West of England. In addition, INEOS acquired IGas' entire working interest in the acreage held under PEDL 133 in Scotland. In the East Midlands, INEOS also acquired a 20% interest in in PEDLs 012 and 200. INEOS will assume operatorship of PEDLs 145 and 193 and EXL 273. IGas will retain operatorship of all other Bowland Licences.

INEOS made a cash payment to IGas of £30.0 million on completion of the deal (resulting in a gain of £4.0 million) and will provide a fully funded future work programme of up to £138.0 million gross, of which IGas' share is expected to amount to approximately £65.0 million.

6 Finance income and costs

	Unaudited 6 months ended 30 September 2015 £000	Unaudited 6 months ended 30 September 2014 £000	Audited year ended 31 March 2015 £000
Finance income			
Interest on short-term deposits	**51**	31	119
Other interest	**1**	-	6
Gain on bond buyback (note 15)	**47**	-	1,439
Gain on fair value of warrants	**201**	2,437	5,338
Foreign exchange gains	**2,141**	-	-
Finance income recognised in income statement	**2,441**	2,468	6,902
Finance expense			
Finance lease charges	-	-	7
Other interest	-	-	12
Interest on borrowings	**5,765**	6,111	12,563
Interest expense	**5,765**	6,111	12,582
Foreign exchange loss	**-**	2,269	6,249
Unwinding of discount on provisions	**264**	258	531
Finance expense recognised in income statement	**6,029**	8,638	19,362

7 Tax on profit on ordinary activities

The Group calculates the period income tax expense using the tax rate that would be applicable to expected total annual earnings. The major components of income tax expense in the interim condensed statement of profit or loss are:

	Unaudited 6 months ended 30 September 2015 £000	Unaudited 6 months ended 30 September 2014 £000	Audited year ended 31 March 2015 £000
UK corporation tax			
Current tax on income for the year	**295**	-	1,085
Total current tax charge	**295**	-	1,085
Deferred tax			
Current year (credit)/charge relating to the origination or reversal of temporary differences	**(11,122)**	5,320	(8,151)
Current year credit relating to the movement due to the tax rate changes	-	-	(14,200)
Credit in relation to prior year	-	-	(2,503)
Total deferred tax (credit)/charge	**(11,122)**	5,320	(24,854)
Tax (credit)/charge on profit on ordinary activities	**(10,827)**	5,320	(23,769)

Investment Allowance ("IA") has been introduced with effect from 1 April 2015 which reduces the profits subject to supplementary charge once activated by production income. Within the Group, the IA, which was calculated as 62.5% of the qualifying ring fence expenditure, reduced the profits in the period subject to supplementary charge.

8 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 based on the loss for the period after taxation attributable to ordinary equity holders of the parent of £19.3m (1H 2014: £3.8m) and the weighted average number of ordinary shares outstanding during the period of 295.6 million (1H 2014: 204.2 million).

Diluted EPS amounts are based on the loss after taxation attributable to the ordinary equity holders of the parent and 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. The weighted average number of ordinary shares is increased by 1.9 million (1H 2014: 13.9 million) in respect of employee share options, LTIPs and warrants, which are not included in the calculation of diluted earnings per share because they were anti-dilutive as their conversion to ordinary shares would decrease the loss per share.

9 Acquisitions

Acquisition of Dart Energy Limited

On 16 October 2014, the Company acquired the entire issued share capital of Dart Energy Limited ("Dart") on a share for share exchange basis for a consideration of 89,997,626 Ordinary Shares of 10p each (the "Acquisition"). The fair value of that consideration was £67.4 million. The combination created a market leading onshore UK oil and gas company with the largest area in the UK under licence of over 1 million net acres including major UK shale basins.

The non-core assets (those Dart assets located outside of the UK), have been classified on acquisition as assets held-for-sale (note 16).

The accounting for the acquisition of Dart Energy Limited as of 16 October 2014 (acquisition date) was provisionally determined in respect of the fair values of certain assets acquired and liabilities assumed in the financial statements for the year ended 31 March 2015. During the interim period to 30 September 2015, the necessary valuations and assessments have been undertaken so that the accounting for this acquisition has been finalised. The details of the adjustments to the provisionally determined fair values of assets acquired and liabilities assumed are shown below:

	Provisional fair values £'000	Adjustments £'000	Final fair values £'000
Assets			
Investments	1,566	-	**1,566**
Exploration and evaluation (note 11)[1]	60,559	616	**61,175**
Other intangible assets	2,374	-	**2,374**
Property, plant and equipment (note 12)	338	-	**338**
Cash and cash equivalents	2,525	-	**2,525**
Restricted cash	2,513	-	**2,513**
Other receivables	2,710	-	**2,710**
Assets classified as held for sale (note 16)	2,343	-	**2,343**
	74,928	616	**75,544**
Liabilities			
Trade and other payables	(1,822)	-	**(1,822)**
Provisions	(4,076)	-	**(4,076)**
Contingent deferred consideration	(5,367)	-	**(5,367)**
Liabilities associated with assets classified as held for sale (note 16)	(1,718)	-	**(1,718)**
	(12,983)	-	**(12,983)**
Total identifiable net assets at fair value	**61,945**	**616**	62,561
Purchase consideration	**67,362**	**-**	67,362
Goodwill	**5,417**	**(616)**	4,801

[1] Adjustments to the fair value of E&E following re-measurement of E&E assets relate to conventional assets and related tax effects.

10 Goodwill

	Unaudited 6 months ended 30 September 2015 £'000	Unaudited 6 months ended 30 September 2014 £'000	Audited Year ended 31 March 2015 £'000
Opening balance	**44,028**	39,227	39,227
Acquisitions	-	-	4,801
Impairments	(14,459)	-	-
	29,569	39,227	44,028

Impairment testing of goodwill

Goodwill has been assigned to the UK business segment, the level at which goodwill is monitored for internal management purposes. The UK business segment is considered to be the cash generating unit for the purpose of impairment testing of this goodwill.

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired. During the period ended 30 September 2015, the Group has undertaken an impairment test of goodwill due to the decline in the oil price. The Group assessed whether goodwill was impaired by calculating fair value less cost to disposal ("FVLCD") using discounted future cash flows of the cash generating unit and comparing this to the total carrying value of the cash generating unit including goodwill.

The calculation of FVLCD includes the following key assumptions:

- Future production volumes
- Crude oil prices
- Discount rate

Estimated future production volumes are based on detailed data for each of the Group's fields and take into account development plans for the fields which would be expected to be undertaken by a market participant.

The crude oil prices used are based on the forward oil price curve for three years followed by management's view of long-term price ($75/bbl).

The post-tax discount rate in 2015 is 10.0 per cent. The period over which the Group has projected cash flows is in excess of five years and is considered to be appropriate by the Group as it is underpinned by estimates of reserves and resources.

It was determined that the carrying amount of goodwill is impaired by £14.4 million (1H 2014: £nil).

The Directors have considered the sensitivity of the key assumptions and have concluded that changes to the inputs and assumptions in the next year may result in further impairment or reversal of impairment.

11 Intangible exploration and evaluation assets

	Unaudited 6 months ended 30 September 2015 £'000	Unaudited 6 months ended 30 September 2014 £'000	Audited Year ended 31 March 2015 £'000
At 1 October/1 April	**151,615**	90,997	90,997
Additions	**778**	4,455	14,235
Farm-out	**(26,277)**	-	-
Acquisitions (note 9)	**-**	-	61,175
Transfer from intangible assets	**-**	-	2,374
Transfers to assets held for sale	**-**	-	(1,903)
Changes in decommissioning	**-**	-	143
Licence relinquishments	**-**		(224)
Impairment	**(5,141)**	-	(15,182)
At 30 September/31 March	**120,975**	**95,452**	**151,615**

Under the terms of the Secured Bond agreement, the Bondholders have a fixed and floating charge over these assets.

Due to the continued decline in the oil price, assets with conventional oil resources were tested for impairment. As a result of these tests, there was an impairment of £5.1 million pre-tax (£2.6 million post-tax) in the UK-conventional E&E assets for the 6 month period to 30 September 2015 (1H 2014: £nil)

In calculating this impairment, management used contingent resource estimates, internal cost estimates and a range of assumptions as per the table below. The recoverable amount was based on management's estimate of value in use.

	Trigger for impairment	Unaudited 6 months ended 30 September 2015 impairment £000	Unaudited 6 months ended 30 September 2014 impairment £000	Audited Year ended 31 March 2015 impairment £000	Discount rate assumption	Oil price short-term price assumption	Oil price long-term price assumption
UK Conventional	a	5,141	-	15,182	b	c	d
Total impairment before tax		**5,141**	**-**	15,182			
Associated deferred tax credit		**(2,571)**	-	(8,693)			
Total impairment after tax		**2,570**	**-**	6,219			

a. Reduction in crude oil commodity forward curve and long-term price
b. 30 September 2015 (14%), 31 March 2015 (13.5%) Pre tax
c. 30 September 2015 (3 year forward curve), 31 March 2015 (5 year forward curve)
d. 30 September 2015 ($75/bbl), 31 March 2015 ($85/bbl)

The Directors have considered the sensitivity of the key assumptions and have concluded that the model supporting the determination of value in use is most sensitive to oil commodity price assumptions and have performed a sensitivity analysis of the UK Conventional CGU, where a reasonable possible change in prices could lead to further impairments.

12 Property, plant and equipment

	Six months ended 30 September 2015 (Unaudited)			Six months ended 30 September 2014 (Unaudited)			Year ended 31 March 2015 (Audited)		
	Oil and gas assets	Other fixed assets	Total	Oil and gas assets	Other fixed assets	Total	Oil and gas assets	Other fixed assets	Total
Cost									
At 1 October/1 April	144,230	4,318	148,548	139,163	3,699	142,862	139,163	3,699	142,862
Additions	2,991	231	3,222	1,813	531	2,344	5,069	686	5,755
Disposals	(376)	(951)	(1,327)		(128)	(128)		(128)	(128)
Acquisitions (note 9)	-	-	-	-	-	-		338	338
Transfers to assets held for sale	-	-	-	-	-	-		(277)	(277)
Changes in decommissioning	-	-	-	-	-	-	(2)	-	(2)
Foreign exchange	-	(1)	(1)	-	-	-	-	-	-
At 30 September/31 March	**146,845**	**3,597**	**150,442**	**140,976**	**4,102**	**145,078**	**144,230**	**4,318**	**148,548**
Depreciation and Impairment									
At 1 April	42,524	1,710	44,234	25,829	1,555	27,384	25,829	1,555	27,384
Charge for the year	5,494	197	5,691	5,821	12	5,833	12,749	283	13,032
Disposals	(357)	(584)	(941)		(128)	(128)	-	(128)	(128)
Impairment	10,103	-	10,103	-	-	-	3,946	-	3,946
Foreign exchange	-	(1)	(1)	-	-	-	-	-	-
At 30 September/31 March	**57,764**	**1,322**	**59,086**	**31,650**	**1,439**	**33,089**	**42,524**	**1,710**	**44,234**
NBV at 30 September/31 March	**89,081**	**2,275**	**91,356**	**109,326**	**2,663**	**111,989**	**101,706**	**2,608**	**104,314**

Under the terms of the Secured Bond agreement, the Bondholders have a fixed and floating charge over these assets.

Due to the decline in the oil price, oil and gas properties were tested for impairment. As a result, an impairment charge of £10.1 million pre-tax (£5.0 million post tax) was recognised in the 6 months to 30 September 2015 (31 March 2015: £3.9 million pre-tax (£1.6 million post-tax)). The impairment charge and recoverable amount of the CGUs where impairment was charged are set out below.

The recoverable values of CGUs were calculated based on management's estimate of the FVLCD. The fair value is a level 3 fair value measurement, as defined in note 13. The crude oil prices used are based on the forward oil price curve for three years followed by management's view of long term price ($75/bbl). The post-tax discount rate was 10.0%.

	Trigger for impairment	**6 months ended 30 September 2015 impairment £000**	6 months ended 30 September 2014 impairment £000	Year ended 31 March 2015 impairment £000	Discount rate assumption	Oil price short-term price assumption	Oil price long term price assumption
Horndean	a	**906**	-	-	b	c	d
Gainsborough	a	**6,632**	-	1,381	b	c	d
Singleton	a	**-**	-	2,565	b	c	d
Welton	a	**2,565**	-	-	b	c	d
Total impairment before tax		**10,103**	-	3,946			
Associated deferred tax credit		**(5,052)**	-	(2,330)			
Total impairment after tax		**5,051**	-	1,616			

a. Reduction in crude oil commodity forward curve and long-term price assumption
b. 30 September 2015 (10%), 31 March 2015 (10%) Post tax
c. 30 September 2015 (3 year forward curve), 31 March 2015 (5 year forward curve)
d. 30 September 2015 ($75/bbl), 31 March 2015 ($85/bbl)

Changes to the inputs and assumptions in the next year may result in further impairment or a reversal of impairment.

13 Financial Instruments – fair value disclosure

The Group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For financial instruments there are no non-recurring fair value measurements nor have there been any transfers between levels of the fair value hierarchy.

The financial assets and liabilities measured at fair value are categorised into the fair value hierarchy as at the reporting dates as follows:

Financial assets and liabilities measured at fair value

	Level 1	Level 2	Level 3	Total
	£000	**£000**	**£000**	**£000**
At 30 September 2015				
Financial assets				
Derivative financial instruments	**-**	**4,443**	**-**	**4,443**
Total	**-**	**4,443**	**-**	**4,443**
Financial liabilities				
Warrants	**-**	**148**	**-**	**148**
Contingent consideration	**-**	**-**	**5,367**	**5,367**
Total	**-**	**148**	**5,367**	**5,515**

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
At 30 September 2014				
Financial assets				
Derivative financial instruments	-	233	-	233
Total	-	233	-	233
Financial liabilities				
Derivative financial liabilities	-	3,250	-	3,250
Total	-	3,250	-	3,250

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
At 31 March 2015				
Financial assets				
Derivative financial instruments	-	1,574	-	1,574
Total	-	1,574	-	1,574
Financial liabilities				
Derivative financial instruments	-	201	-	201
Warrants	-	349	-	349
Contingent consideration	-	-	5,367	5,367
Total	-	550	5,367	5,917

Fair value of derivative financial instruments

The fair values of the commodity price options were provided by counterparties with whom the trades have been entered into. These consist of Asian style put and call options to sell/buy oil. The options are valued using a Black-Scholes methodology; however, certain adjustments are made to the spot-price volatility of oil prices due to the nature of the options. These adjustments are made either through Monte Carlo simulations or through statistical formulae. The inputs to these valuations include the price of oil, its volatility, and risk free interest rates.

Fair value of contingent consideration

The deferred consideration amount relates to the amount payable by a wholly owned subsidiary of the Group (acquired as part of the Dart acquisition), GP Energy Ltd, to its earlier joint venture partner in certain licences contingent upon various exploration and development success outcomes. Inputs that may have a significant effect on the recorded fair value have been identified as the change in the discount rate used to discount future cash flows and other unobservable factors such as the time period over which these monies are expected to be paid, which is based on internal estimates.

Management regularly assesses possible alternatives for those significant unobservable inputs described above and determines their impact on the total fair value. The fair value of the deferred consideration is sensitive to a reasonable change in the time assumption and the discount rate used to discount future cash flows.

Fair value of financial assets and financial liabilities

The carrying values of the financial assets and financial liabilities are considered to be materially equivalent to their fair values.

14 Employee share plans – equity settled

In July 2015, the Group adopted a new share-based payment scheme, the Executive Director Retention Plan ("EDRP"). Under the EDRP, participants are granted nil cost options which vest and become exercisable on the first anniversary of grant subject to the Directors' continued employment and to a one year holding period following the date of vesting.

Executives were granted 6,500,000 options in the EDRP in lieu of waived options granted under the 2011 Long Term Incentive Plan (LTIP) and the Value Creation Plan (VCP). The options have been designated by the Group as replacement awards at grant date and were accounted for as a modification of the original scheme. The fair value of the cancelled awards was re-measured at the replacement date. The fair value of waived options was based on the share price at grant date of £0.2475. The fair value of replacement awards was based on the Monte Carlo valuation model. The key inputs into the model were: threshold price of between £0.945 and £1.664, a risk free interest rate of between 0.49% and 0.60% and an implied share price volatility of between 70% and 78%. It was also assumed that no dividends would be paid during the life of the options. This resulted in an incremental fair value of £1.5 million.

In June 2015, the awards granted in June 2012 under 2011 LTIP lapsed due to performance criteria not being met. The number of awards that lapsed is 1,071,542 and the amount previously recognised in other reserves of £0.3 million is transferred to retained earnings.

During the period to 30 September 2015, the Company undertook a restructuring programme. The share options and units previously granted to employees under 2011 LTIP and the VCP have been forfeited, none of which having vested or become exercisable prior to this date due to the termination of employment. This resulted in a release of prior charges under IFRS 2 – credit to the income statement of £0.5 million, credit against exploration and evaluation assets of £0.5 million and a charge to other reserves of £1.0 million.

15 Net debt

Borrowings - secured and unsecured bonds

In 2013, the Company and Norsk Tillitsmann ("Bond Trustee") entered into a Bond Agreement for the Company to issue up to US$165.0 million secured bonds and up to US$30.0 million unsecured bonds (issued at 96% of par). These bonds were subsequently listed on Oslo Bors and the Alternative bond market in Oslo. During the current period the Company amended the terms of the Bond agreement. The primary changes were in relation to the covenants and the maintenance of financial ratios including the establishment of a Debt Service Retention Account ("DSRA").

Both secured and unsecured bonds carry a coupon of 10% per annum (where interest is payable semi-annually in arrears). Secured bonds are amortised semi-annually at 2.5% of the initial loan amount. Final maturity on the secured notes is on 22 March 2018 and on the unsecured notes is 11 December 2018.

During June 2015, the Company repurchased 2,000,000 secured bonds resulting in a gain of £0.1 million (1H 2014: £nil).

Cash and cash equivalents

Included within cash and cash equivalents is £11.2 million (1H 2014: £nil) held in the DSRA account which at the Company's discretion is designated for the buy-back of bonds or for repayment of bonds.

16 Assets classified as held for sale and discontinued operations

Certain assets acquired as part of the Dart Acquisition, namely the Rest of the World segment principally consisting of Indonesian and Australian assets, were acquired with the intention to divest all business and activities in all these countries.

Indonesia was recognised at its fair value at the acquisition date and there have been no changes to that fair value since that date. Australia was valued at £nil at the acquisition date and no re-measurement has occurred in the subsequent period.

The operations in Indonesia and Australia represent geographies the Group is exiting. As such, these areas have been classified as discontinued operations. The profit for the period before tax in respect of discontinued operations was £0.3 million (31 March 2015: a loss of £0.1 million), which represents income and expenses of the discontinued operations. There was no tax charged on this amount and there is no charge as a result of measuring the non-current asset (or disposal group) at fair value less costs to sell.

17 Subsequent events

Issued shares

On 22 October 2015, the Company issued 513,930 Ordinary 10p shares in relation to the Group's SIP scheme and 573,576 Ordinary 10p shares in connection with Jefferies International Limited's advisory services relating to the Company's farm-out and purchase agreement with INEOS which completed on 7 May 2015.

Disposal of Australia and Indonesia licenses

The sale of Australian licenses completed on 29 October 2015. The sale of the majority of Indonesian licenses completed on 20 November 2015.

Repurchase of bonds

During October and November 2015, the Company repurchased $3.4 million secured bonds for $2.5 million.

Hedging

In November 2015 the Group entered into additional hedging arrangements by acquiring put and call options at zero cost for 30,000 barrels over the period October 2016 to December 2016.

DIRECTORS AND ADVISERS

Directors	F Gugen – Non-Executive Chairman S Bowler – Chief Executive Officer J Blaymires – Chief Operating Officer J Tedder – Chief Financial Officer J Bryant – Non-Executive R Pinchbeck – Non-Executive C McDowell – Non-Executive
Company Secretary	**Cooley (UK) LLP** Dashwood 69 Old Broad Street London EC2M 1QS
Nominated Adviser and Broker	**NOMAD and Joint Broker** Jefferies Hoare Govett Vintners Place 68 Upper Thames Street London EC4V 3BJ
Joint Broker	**Canaccord Genuity** 88 Wood Street London EC2V 7QR
Registrars	**Computershare Investors Services plc** The Pavilions Bridgwater Road Bristol BS13 8AE
Auditor	**Ernst & Young LLP** 1 More London Place London SE1 2AF
Banker	**Barclay Bank PLC** 1 Churchill Place London E14 5HP
Registered office	7 Down Street London W1J 7AJ
Company's registered number	**4981279**