31 March 2021

The Parkmead Group plc
("Parkmead", "the Company" or "the Group")

Interim Results for the six-month period ended 31 December 2020

Parkmead, the independent energy group focused on growth through gas, oil and renewable energy projects, is pleased to report its interim results for the six-month period ended 31 December 2020.

HIGHLIGHTS

Excellent progress on Platypus gas and Greater Perth Area oil projects

- Parkmead has agreed in principle to become operator of the Platypus gas project, subject to regulatory approval. It has entered into advanced commercial discussions with the Platypus supply chain, as well as progressing discussions with the OGA and also Perenco UK, in their role as operator of the Cleeton host facility
- CalEnergy Resources is Parkmead's partner on the project
- Platypus has previously reached some key milestones ahead of its development, including submission of a draft Field Development Plan and Environmental Statement, which are in the process of being updated
- The mid case recoverable gas reserves from Platypus are expected to be 103 billion cubic feet ("Bcf"), with peak gas production of over 60 million cubic feet of gas per day ("MMscfd")
- There is potential for additional gas volumes from the adjacent Platypus East structure. These could be tied into the planned Platypus infrastructure
- Parkmead continues to assess draft commercial offers received from the Scott field partnership for the potential tie-back of the Greater Perth Area ("GPA")
- Infrastructure studies completed in 2020 have confirmed that there are no technical hurdles to produce Perth oil from the wells all the way through to the onshore facilities
- Parkmead is also in discussions with other operators in the GPA vicinity where new opportunities have arisen during the year
- Every $10/bbl increase in the oil price adds approximately £130 million to the P50 post-tax NPV of the Perth field development alone

Major new UK licence secured and significant progress on large Skerryvore project

- Seismic reprocessing work covering the Skerryvore prospect and surrounding area is nearing completion
- This will further mature the collection of prospects
- Rock physics and inversion studies at Skerryvore will shortly commence after current tendering process
- Skerryvore's main prospects are three stacked targets, at Mey and Chalk level, which together could contain 157 million barrels of oil equivalent ("MMBoe")
- Parkmead has accepted the award of Licence P.2516 (Parkmead 50% and operator) containing two undeveloped oil discoveries, Fynn Beauly and Fynn Andrew, as well as an oil prospect in the Piper Formation
- The licence covers Blocks 14/20g & 15/16g situated in the Central North Sea and is adjacent to Parkmead's extensive GPA project
- Fynn Beauly is a very large oil discovery which extends across a number of blocks
- The entire discovery is estimated to contain oil-in-place of between 602 and 1,343 million barrels, with Licence P.2516 containing a section of the discovery to the south holding oil-in-place of between 77 and 202 million barrels
- Fynn Andrew is wholly contained on the licence and holds 50 million barrels of oil-in-place on a P50 basis
- The addition of these blocks to Parkmead's portfolio adds 34.4 million barrels of 2C resources to the Group

Strong financial position and robust producing assets, despite very low gas price environment

- Gross profit achieved of £0.8 million (2019: £0.8 million) despite the historic low gas prices seen in the period, demonstrating the high-quality nature of Parkmead's onshore Netherlands assets
- Gross profit margin increased to 50% (2019: 38%)
- Well capitalised, with cash balances of US$33.6 million (£24.5 million) as at 31 December 2020, equivalent to 22.4 pence per share

- Substantial total assets of £86.8 million at 31 December 2020 (2019: £88.8 million)
- Net assets remained strong at £68.9 million at 31 December 2020 (2019: £70.1 million)
- Parkmead maintains strict financial discipline with very low operating costs
- Revenue for the period was £1.5 million (2019: £2.1 million)
- Gas prices fell to historic lows during the period as a result of the market conditions resulting from the COVID-19 pandemic, falling to under €5/MWh
- Prices have recovered very strongly since and have increased to between approximately €16/MWh and €18/MWh during Q1 2021
- Parkmead's Netherlands assets remain very low cost to operate, with an average field operating cost of just US$9.9 per barrel of oil equivalent

Divestment of non-core acreage and acceleration of renewable energy project

- Two successful sales of two separate areas of non-core land from UK renewable energy portfolio achieved an aggregate consideration of £4.0 million (with the second sale of £3.3 million being completed post period end)
- Sites with the largest renewable energy potential have been retained and high-graded
- Technical studies are already underway on a specific location within the Group's onshore land portfolio for the potential development of a large wind farm
- This area of land lies adjacent to the Mid Hill Wind Farm which encompasses 33 Siemens wind turbines with a generating capacity of around 75 megawatts
- Other renewable opportunities exist across the Group's asset portfolio
- Parkmead's early commitment to building a balanced energy business through its focus on gas, widely seen as the primary transition fuel, pre-empted the recent energy transition debate
- Member of OGUK's Vision 2035 which aims to provide a roadmap to a lower carbon energy mix

Robust, high-quality Netherlands portfolio; multiple new opportunities identified

- Average gross production for the period across the Group's Netherlands assets was 32.8 MMscfd, approximately 5,648 barrels of oil equivalent per day ("boepd")
- Multiple exploration opportunities exist around the Diever field, such as the Boergrup and De Bree prospects, both of which contain stacked targets with similar characteristics to Diever
- A new seismic reprocessing project is being carried out which will help define and high-grade the extensive prospectivity around Diever
- Dynamic reservoir modelling suggests Diever held initial gas-in-place of approximately 108 Bcf, more than double the post-drill static volume estimate of 41 Bcf
- Diever is the 8th highest producing field in the Netherlands to the end of 2020, according to official data
- Concept selection planning at the Papekop oil and gas discovery is continuing, a proven field with 24.2 million barrels of oil-in-place and 39.4 Bcf of gas-in-place

Substantial oil and gas reserves and resources

- 2P reserves of 45.7 MMBoe as at 1 March 2021 (45.7 MMBoe as at 1 March 2020)

Well positioned for further acquisitions and opportunities

- Eight acquisitions, at both asset and corporate level, have been completed to date
- Parkmead is actively evaluating further acquisition opportunities in each of its areas of activity – renewables, gas and oil

Parkmead's Executive Chairman, Tom Cross, commented:

"I am pleased to report excellent progress in the six-month period to 31 December 2020 across the Group, despite our revenues being impacted by the low gas price environment. Parkmead has made significant advances within its asset portfolio, whilst retaining financial strength. This creates a very good foundation from which to build as the energy sector continues to recover from the COVID-19 pandemic.

Parkmead is already taking advantage of the strong position we have achieved, accelerating a number of growth steps since the period end.

We are delighted to be moving ahead, in principle, as operator of the Platypus gas development. This has the potential to add significant value to Parkmead.

Our team continues to work intensively to evaluate and execute further value-adding opportunities which could provide additional upside for the Group.

Parkmead is well positioned for the future. We have excellent UK and Netherlands regional expertise, significant cash resources, and a growing portfolio of high-quality assets. The Group will continue to build upon the inherent value in its existing interests with a balanced, acquisition-led, growth strategy to secure opportunities that maximise future value for our shareholders."

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Review of Activities

Parkmead has delivered significant growth in its high-quality asset portfolio across the UK and the Netherlands.

UK Oil and Gas Projects

Platypus Gas Field

Parkmead has agreed in principle to become operator of the Platypus gas project and has entered into advanced commercial discussions with the Platypus supply chain. CalEnergy Resources is Parkmead's partner on the project.

The change of operatorship will be subject to the standard regulatory approvals.

Platypus has previously reached some key milestones ahead of its development, including submission of a draft Field Development Plan and Environmental Statement, which are in the process of being updated. The mid case recoverable reserves from Platypus are expected to be 103 Bcf, with peak gas production of over 60 MMscfd.

Platypus East (previously named Possum) provides a material upside opportunity for the project, potentially adding another 50 Bcf of recoverable gas reserves.

The Platypus field is located in the UK Southern North Sea in Blocks 47/5b and 48/1a, approximately 18 km north west of the West Sole gas field and 15 km south west of the Babbage gas field. The Platypus field was discovered in 2010 and was successfully appraised with a horizontal well in 2012 which was flow tested at a rate of 27 MMscfd (approximately 4,600 barrels of oil per day on an equivalent basis).

32nd Round

In March 2021, Parkmead accepted the award of Licence P.2516 (Parkmead 50% and operator) as part of the most recent UK 32nd licensing round awards.

The licence covers Blocks 14/20g & 15/16g (Parkmead 50% and operator) situated in the Central North Sea, adjacent to Parkmead's extensive GPA project. These blocks contain two undeveloped oil discoveries, Fynn Beauly and Fynn Andrew, as well as an oil prospect in the Piper Formation.

Fynn Beauly is a very large heavy oil discovery which extends across a number of blocks. The entire discovery is estimated to contain oil-in-place of between 602 and 1343 million barrels. Blocks 14/20g & 15/16g contain a section of the discovery to the south, with oil-in-place of between 77 and 202 million barrels. The second discovery, Fynn Andrew, is wholly contained on the offered blocks and holds 50 million barrels of oil-in-place on a P50 basis.

The addition of these blocks to Parkmead's portfolio adds 34.4 million barrels of 2C resources to the Group.

Greater Perth Area ("GPA")

The Greater Perth Area development continues to form a key part of our balanced portfolio of assets. This year has seen the completion of transportation studies for our base case development concept. The studies have confirmed there are no technical hurdles associated with the transportation and processing of fluids from the Perth producing wells all the way through the infrastructure to the onshore facilities. Parkmead continues to engage with leading, internationally-renowned supply chain companies in order to optimise the commercial solution.

Parkmead continues to assess draft commercial offers received from the Scott field partnership for the potential tie-back of the GPA project. Scott lies just 10km southeast of the GPA project and a tie-back could yield a number of mutually beneficial advantages for both the Scott partnership and Parkmead. A tie-back to Scott is just one path to potentially unlock the substantial value of the GPA project. The GPA project has the potential to deliver 75-130 MMBoe on a P50 basis.

Skerryvore

Progress has also been made on the Group's large Skerryvore opportunity in the Central North Sea. Seismic reprocessing work is nearing completion which will further mature the collection of prospects in the area. Rock physics and inversion studies will soon commence after a successful tendering process. The Skerryvore Mey prospect overlies two stacked Chalk prospects (Skerryvore Ekofisk and Skerryvore Tor) which are associated with a Zechstein salt diapir. The Chalk in these prospects is thought to have been re-worked, which significantly improves permeability over conventional Chalk reservoirs. These three stacked prospects have the potential to contain 157 million barrels of recoverable oil equivalent on a P50 basis.

UK Renewables Portfolio

Parkmead has completed two successful sales of two separate areas of non-core land from its UK renewable energy portfolio for an aggregate consideration of £4.0 million, including one that was completed post period end.

This divestment follows detailed analysis carried out across the Group's onshore land portfolio. Sites with the largest renewable energy potential have been retained and high-graded, with a strategy to divest non-core land. These sales are in line with this strategy.

Parkmead has identified substantial wind energy potential at one location within its renewables portfolio, some 15 miles west of Aberdeen. The acreage has excellent average wind speeds and lies adjacent to the Mid Hill Wind Farm which contains 33 Siemens wind turbines with a generating capacity of around 75 megawatts (MW). Technical studies are already underway on this site.

Parkmead continues to advance its renewable energy opportunities through its in-house technical and commercial expertise, working with regional experts. This will ensure that the Group is able to maximise the upside value from its assets in the renewables sector.

High-quality Netherlands asset base

Average gross production for the period across the Group's Netherlands assets was 32.8 MMscfd, approximately 5,648 boepd.

Parkmead's Netherlands production was uninterrupted by the lockdown restrictions introduced by the Dutch Government during 2020.

The Diever field has performed above expectations since first production. Dynamic reservoir modelling suggests that the field holds approximately 108 Bcf gross gas-in-place, this is more than double the earlier, post-drill static volume estimate of 41 Bcf. Diever is the 8th highest producing field in the Netherlands, according to official data.

A number of further exploration opportunities exist within the Drenthe VI concession, which contains the Diever field. Two of these are the Boergrup and De Bree prospects, both of which have stacked independent targets in the Vlieland and Rotliegendes (Boergrup) and Rotliegendes and Carboniferous (De Bree). A new seismic reprocessing project is being carried out which will help define and high-grade the extensive prospectivity around Diever.

Technical modelling and concept selection planning is being carried out on the Papekop oil and gas discovery.

Parkmead's Netherlands portfolio includes producing gas fields with a very low operating cost. Despite the low gas price experienced in the period, this continues to provide important cash flow to the Group via profitable gas production.

Results

During the six-month period to 31 December 2020, the Group generated revenues of £1.5 million (2019: £2.1 million). This reduction is mainly a result of the considerable fall in gas prices to historic lows of under €5/MWh during the period as a result of the market conditions brought about by the COVID-19 pandemic. Prices have recovered very strongly since and have ranged between approximately €16/MWh and €18/MWh during Q1 2021. Despite the low price environment, gross profit was £0.8 million (2019: £0.8 million) demonstrating the high-quality nature of Parkmead's onshore gas portfolio. Detailed technical work undertaken across the wider Parkmead portfolio has allowed the Group to release non-core acreage, such as licence P.2362, considerably reducing licence costs. The release of this acreage led to a non-cash impairment charge of £0.4 million which contributed to the net loss of £1.6 million for the period (2019: £1.7 million loss). Administrative expenses amounted to £1.1 million (2019: £0.8 million).

Parkmead's total assets as at 31 December 2020 stood at £86.8 million (2019: £88.8 million). Parkmead is very carefully managed and retains an excellent financial position. Cash and cash equivalents at calendar year end were £24.5 million (2019: £25.9 million). Interest bearing loan assets were £2.9 million (2019: £2.9 million). Debt reduced during the period to £3.1 million (2019: £3.6 million). This debt was assumed through the purchase of Pitreadie. The Group's net asset value remained strong at £68.9 million (2019: £70.1 million). Parkmead is therefore well positioned for growth. This positive position is a direct result of Parkmead's experienced portfolio management and a strong focus on capital discipline.

Outlook

Parkmead has delivered significant growth across its asset portfolio in the six-month period to 31 December 2020 and in the three months post period end. This had been achieved whilst maintaining the Group's healthy financial position.

The Directors of Parkmead are pleased with the Group's continuing progress in building a high-quality business of increasing breadth and scale. Parkmead has a strong core of profitable gas production and a balanced portfolio with significant growth potential.

As we move further into 2021, Parkmead maintains its appetite for acquisitions and is carefully analysing a number of opportunities. The Board is confident that the Parkmead team is well positioned to drive the business forward and to build upon the achievements already made to date.

Tom Cross
Executive Chairman

31 March 2021

Notes:

1. Tim Coxe, Parkmead Group's Managing Director, North Sea, who holds a First-Class Master's Degree in Engineering and over 25 years of experience in the oil and gas industry, has overseen the review and approval of the technical information contained in this announcement. Tim is accountable for the company's HSE, Subsurface, Drilling, Production Operations and Development Project functions. Reserves and contingent resource estimates have been produced by Parkmead's subsurface team and are stated as of 1 March 2021. Parkmead's evaluation of reserves and resources was prepared in accordance with the 2007 Petroleum Resources Management System prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers and reviewed and jointly sponsored by the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers.

A glossary of key terms can be found at https://www.ogauthority.co.uk/site-tools/glossary-of-terms/

Condensed Consolidated statement of profit and loss and other comprehensive income

for the six months ended 31 December 2020

	Notes	Six months to 31 December 2020 (unaudited) £'000	Six months to 31 December 2019 (unaudited) £'000	Twelve months to 30 June 2020 (audited) £'000
Continuing operations				
Revenue		1,548	2,111	4,080
Cost of sales		(772)	(1,308)	(2,806)
Gross profit		776	803	1,274
Exploration and evaluation expenses	2	(605)	(1,475)	(1,556)
Gain on bargain purchase		-	362	362
Loss on disposal of property, plant and equipment: other		(35)	-	-
Administrative expenses	3	(1,192)	(836)	(257)
Operating loss		(1,056)	(1,146)	(177)
Finance income		62	95	199
Finance costs		(393)	(362)	(814)
Loss before taxation		(1,387)	(1,413)	(792)
Taxation		(165)	(303)	310
Loss and total comprehensive loss for the period		(1,552)	(1,716)	(482)
Loss per share (pence)				
Basic	5	(1.42)	(1.65)	(0.45)
Diluted		(1.42)	(1.65)	(0.45)

Condensed Consolidated statement of financial position

as at 31 December 2020

	Notes	At 31 December 2020	At 31 December 2019	At 30 June 2020
		(unaudited)	(unaudited)	(audited)
		£’000	**£’000**	**£’000**
Non-current assets				
Property, plant and equipment: development & production		11,926	12,442	11,979
Property, plant and equipment: other		8,491	9,533	9,411
Goodwill		2,174	2,174	2,174
Exploration and evaluation assets		36,019	34,918	34,089
Interest bearing loans	4	-	2,937	2,900
Deferred tax assets		3	3	3
Total non-current assets		58,613	61,154	62,556
Current assets				
Trade and other receivables		597	1,419	1,414
Interest bearing loans	4	2,937	-	-
Stock		114	320	131
Cash and cash equivalents		24,533	25,880	25,708
Total current assets		28,181	27,619	27,523
Total assets		86,794	88,773	89,809
Current liabilities				
Trade and other payables		(4,162)	(4,988)	(4,437)
Total current liabilities		(4,162)	(4,988)	(4,437)
Non-current liabilities				
Trade and other payables		(1,247)	(1,837)	(1,372)
Bank loan		(3,110)	(3,600)	(3,600)
Deferred tax liabilities		(1,404)	(1,404)	(1,404)
Decommissioning provisions		(7,945)	(6,873)	(7,650)
Total non-current liabilities		(13,706)	(13,714)	(14,023)
Total liabilities		(17,868)	(18,702)	(18,643)
Net assets		68,926	70,071	71,346
Equity attributable to equity holders				
Called up share capital		19,687	19,678	19,678
Share premium		87,983	87,805	87,805
Merger reserve		3,376	3,376	3,376
Retained deficit		(42,120)	(40,788)	(39,513)
Total equity		68,926	70,071	71,346

Condensed Consolidated statement of changes in equity

for the six months ended 31 December 2020

	Share capital	Share premium	Merger reserve	Retained deficit	Total
	£'000	£'000	£'000	£'000	£'000
At 1 July 2019	19,533	87,805	-	(39,082)	68,256
Loss for the period	-	-	-	(1,716)	(1,716)
Total comprehensive income for the year	-	-	-	(1,716)	(1,716)
Issue of share capital	145	-	3,376	-	3,521
Share-based payments	-	-	-	10	10
At 31 December 2019	19,678	87,805	3,376	(40,788)	70,071
Profit for the period	-	-	-	1,234	1,234
Total comprehensive income / (loss) for the year	-	-	-	1,234	1,234
Share-based payments	-	-	-	41	41
At 30 June 2020	19,678	87,805	3,376	(39,513)	71,346
Loss for the period	-	-	-	(1,552)	(1,552)
Total comprehensive income / (loss) for the year	-	-	-	(1,552)	(1,552)
Share capital issued	9	178	-	-	187
Share-based payments	-	-	-	(1,055)	(1,055)
At 31 December 2020	19,687	87,983	3,376	(42,120)	68,926

Condensed Consolidated statement of cashflows
for the six months ended 31 December 2020

	Notes	Six months to 31 December 2020 (unaudited) £'000	Six months to 31 December 2019 (unaudited) £'000	Twelve months to 30 June 2020 (audited) £'000
Cashflows from operating activities				
Cashflows used in operations	6	(1)	921	882
Taxation paid		(293)	(2,592)	(1,883)
Net cash used in operating activities		(294)	(1,671)	(1,001)
Cash flow from investing activities				
Interest received		43	37	163
Acquisition of exploration and evaluation assets		(346)	(2,154)	(3,335)
Acquisition of property, plant and equipment: development and production		(16)	(39)	(34)
Acquisition of property, plant and equipment: other		(75)	(393)	(416)
Proceeds from sale of property, plant and equipment: other		700	-	-
Net cash from Pitreadie		-	24	24
Net cash generated from / (used in) investing activities		306	(2,525)	(3,598)
Cash flow from financing activities				
Lease payments		(222)	-	(410)
Interest paid		(56)	(20)	(113)
Repayment of loans and borrowings		(490)	-	-
Net cash used in financing activities		(768)	(20)	(523)
Net decrease in cash and cash equivalents		(756)	(4,216)	(5,122)
Cash and cash equivalents at beginning of period		25,708	30,666	30,666
Effect of foreign exchange rate differences		(419)	(570)	164
Cash and cash equivalents at end of period		24,533	25,880	25,708

Notes to the Interim financial statements

1 Accounting policies

General Information

These condensed consolidated interim financial statements of The Parkmead Group plc and its subsidiaries (the "Group") were approved by the Board of Directors on 31 March 2021. The Parkmead Group plc is the parent company of the Group. Its shares are quoted on AIM, part of the London Stock Exchange. The registered office is located at 20 Farringdon Street, 8th Floor, London, England, EC4A 4AB.

The condensed consolidated interim financial statements for the period 1 July 2020 to 31 December 2020 are unaudited. In the opinion of the Directors, the condensed consolidated interim financial statements for the period presents fairly the financial position, and results from operations and cash flows for the period in conformity with the generally accepted accounting principles consistently applied. The condensed consolidated interim financial statements incorporate unaudited comparative figures for the interim period 1 July 2019 to 31 December 2019 and the audited financial year ended 30 June 2020.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory accounts for the year ended 30 June 2020 which were prepared under International Financial Reporting Standards ("IFRS") as adopted for use in the European Union, were filed with the Registrar of Companies. The auditors reported on these accounts and their report was unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

Basis of preparation

The interim financial information in this report has been prepared under the historical cost convention using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the UK and IFRS Interpretations Committee (IFRIC) interpretations. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and IFRIC and there is an ongoing process of review and endorsement by the UK. The financial information has been prepared on the basis of UK-adopted international accounting standards that the Directors expect to be adopted and applicable as at 30 June 2021.

The Group has chosen not to adopt IAS 34 – Interim Financial Statements, in preparing these financial statements.

The accounting policies applied in this report are the same as those applied in the consolidated financial statements for the year ended 30 June 2020.

Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern. As at 31 December 2020 the Group had £68.9 million of net assets of which £24.5 million is held in cash, of which £6.5 million is held as restricted cash.

The Group's production in the Netherlands has been uninterrupted by COVID-19 and the Group and Company employees have utilised technology to work remotely. The Group's current cash reserves, are the principal source of funding and are expected to more than exceed its estimated liabilities. Based on these circumstances, the Directors have considered it appropriate to adopt the going concern basis of accounting in preparing these interim results.

2 Exploration and evaluation expenses

Exploration and evaluation expenses includes impairment charges of £416,000 recorded in respect of exploration licences relinquished in the period (Six months to 31 December 2019: £1,287,000, Twelve months to 30 June 2020: £1,298,000).

3 Administrative expenses

Administrative expenses include an expense in respect of a non-cash revaluation of share appreciation rights (SARs) totalling £556,000 (Six months to 31 December 2019: £349,000 credit, Twelve months to 30 June 2020: £1,428,000 credit). The SARs may be settled by cash or shares and are therefore revalued with the movement in share price. The valuation was impacted by the increase in The Parkmead Group plc share price between 30 June 2020 and 31 December 2020.

Administrative expenses also includes a non-cash share based payment credit of £1,055,000 due to options which have been granted, lapsed or forfeited (Six months to 31 December 2019: £10,000 expense, Twelve months to 30 June 2020: £51,000 expense).

Administrative expenses also includes a foreign exchange expense of £419,000 (Six months to 31 December 2019: £570,000 expense, Twelve months to 30 June 2020: £164,000 credit).

Notes to the Interim financial statements

4 Interest bearing loans

On 27 July 2017, The Parkmead Group plc entered into a credit facility with Energy Management Associates Limited, whereby Parkmead agreed to lend up to £2,900,000 to Energy Management Associates Limited.

The Loan has a period of two years, with a fixed interest rate of 2.5 per cent. Interest charged during the period amounted to £37,000 (Six months to 31 December 2019: £37,000, Twelve months to 30 June 2020: £73,000).

On 27 July 2019, The Parkmead Group plc entered into a 24-month extension of the interest-bearing loan to Energy Management Associates Limited. As this is within one year the balance has been reclassified to current assets.

5 Loss per share

Loss per share attributable to equity holders of the Company arise as follows:

	Six months to 31 December 2020 (unaudited)	Six months to 31 December 2019 (unaudited)	Twelve months to 30 June 2020
Loss per 1.5p ordinary share (pence)			
Basic	(1.42)	(1.65)	(0.45)
Diluted	(1.42)	(1.65)	(0.45)

The calculations were based on the following information:

	Six months to 31 December 2020 (unaudited) £'000	Six months to 31 December 2019 (unaudited) £'000	Twelve months to 30 June 2020 £'000
Loss attributable to ordinary shareholders	(1,552)	(1,716)	(482)
Weighted average number of shares in issue			
Basic weighted average number of shares	109,181,797	104,014,105	106,282,006
Dilutive potential ordinary shares			
Share options	9,314,068	9,314,068	9,314,068

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the loss for the period by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Diluted loss per share
Loss per share requires presentation of diluted loss per share when a company could be called upon to issue shares that would decrease net profit or net loss per share. When the Group makes a loss the outstanding share options are anti-dilutive and so are not included in dilutive potential ordinary shares.

Notes to the Interim financial statements

6 Notes to the statement of cashflows

Reconciliation of operating (loss) / profit to net cash flow from operations

	Six months to 31 December 2020	Six months to 31 December 2019	Twelve months to 30 June 2020
	(unaudited)	(unaudited)	(audited)
	£'000	£'000	£'000
Operating loss	(1,056)	(1,146)	(177)
Depreciation	328	240	764
Amortisation and exploration write-off	416	1,475	1,298
Loss on disposal of assets	35	-	-
Gain on bargain purchase	-	(362)	(362)
Provision for share based payments	(1,055)	10	51
Currency translation adjustments	419	570	(164)
Decrease / (increase) in receivables	779	(247)	(683)
Decrease in stock	17	41	230
Increase/(decrease) in payables	116	340	(75)
Net cash flow (used in) / from operations	(1)	921	882

7 Business combinations

On 26 September 2019, the Group completed the acquisition of 100% of the share capital of Pitreadie Farm Limited ("Pitreadie") to purchase a company with extensive farmland and sites in Scotland with significant renewable energy potential. This acquisition constituted a related party transaction pursuant to Rule 13 of the AIM Rules for Companies. The valuations presented below are based on current available information. The fair values of the identifiable assets and liabilities of Pitreadie at the acquisition date are shown below:

	£ 000
Non current assets	
Property, plant and equipment: other	8,153
Current assets	
Stock	361
Debtors	103
Prepayments and accrued income	10
Cash	24
Current creditors	
Trade creditors	(37)
Other creditors and accruals	(68)
Lease liabilities	(289)
Non current liabilities	
Bank loan	(3,600)
Accruals and deferred income	(654)
Deferred tax liability	(120)
Net assets	3,883
Non cash consideration	(3,521)
Gain on bargain purchase	**(362)**

The land and buildings, being acquired, were valued at £7,590,000 by CKD Galbraith LLP, a leading independent property consultancy. The Company also held £563,000 of equipment of which £289,000 was leased and recognised under a right of use asset. The primary objective of the transaction was to acquire land with significant renewables potential. Based on this valuation the group has made a bargain purchase gain of £362,000

Notes to the Interim financial statements

8 Post balance sheet events

In March 2021, Parkmead accepted the award of Licence P.2516 (Parkmead 50% and operator) containing two undeveloped oil discoveries, Fynn Beauly and Fynn Andrew, as well as an oil prospect in the Piper Formation

Also In March 2021, Parkmead completed a second sale of non-core land from its UK renewable energy portfolio for a consideration £3.3 million and has repaid £2.61 million of debt.