29 March 2019

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

Interim Results for the six-month period ended 31 December 2018

Parkmead, the UK and Netherlands-focused group, with four business areas, is pleased to report its interim results for the six-month period ended 31 December 2018.

HIGHLIGHTS

Major growth in revenue and profits

- Revenue increased by 95% to £5.3 million (2017: £2.7 million)
- Gross profit more than doubled for the period to £3.8 million (2017: £1.4 million), an increase of 181%
- Net profit for the period of £2.2 million (2017: £4.5 million loss)
- Interim earnings per share of 2.23 pence (2017: loss per share of 4.57 pence)
- Parkmead is cash flow positive on an operating basis
- Strong total asset base of £79.9 million at 31 December 2018 (2017: £75.8 million)
- Well capitalised, with cash balances of US$30.1 million (£23.6 million) as at 31 December 2018 (2017: £24.4 million)
- £6.2 million received post period-end from sale of the Group's stake in Faroe Petroleum plc
- Maintained strict financial discipline
- Debt free
- Low-cost Netherlands gas production, plus benchmarking & economics consultancy, provides positive cash flow to Parkmead

Strong gas production achieved; multiple new opportunities identified

- Average gross production at Diever West for the six-month period was 48.1 million cubic feet per day ("MMscfd"), approximately 8,293 barrels of oil equivalent per day ("boepd"), a 54% increase on the average gross production for the six-month period ended 31 December 2017 of 31.2 MMscfd
- A change in production tubing successfully completed, leading to increased deliverability
- Excellent regional gas prices in the Netherlands during the period
- Numerous exploration opportunities identified nearby Diever West, with similar characteristics
- Boergrup and Leemdijk prospects de-risked by nearby productive fields
- Dynamic reservoir modelling suggests Diever West has approximately 108 billion cubic feet ("Bcf") of gas-in-place, more than double the post-drill static volume estimate of 41 Bcf
- Onshore gas portfolio in the Netherlands produces from four separate gas fields with an average operating cost of just US$12.3 per barrel of oil equivalent
- Further production enhancement work is planned on Parkmead's Netherlands portfolio

Progress on valuable development projects; potential Greater Perth Area tie-back

- Parkmead has entered into commercial discussions with the Scott field partnership, led by China National Offshore Oil Corporation (CNOOC) International, in order to explore terms for a tie-back of the Greater Perth Area ("GPA") oil hub project to the Scott facilities
- A tie-back to Scott is one path to potentially unlock the substantial value of the GPA project
- Parkmead also holding discussions with a number of leading, internationally-renowned service companies in relation to the GPA project
- CNOOC's Scott facilities lie approximately 10km southeast of Parkmead's GPA project
- Parkmead now in full control of the GPA oil hub project with operatorship and 100% equity
- Platypus gas field joint venture partnership is optimising export route ahead of an offtake agreement, with various export options available
- First gas at Platypus targeted for 2021 at rates in excess of 50 MMscfd per day, with further potential upside from the Possum prospect

- Verbier appraisal drilling by Equinor could significantly increase the value of nearby oil and gas assets already owned by Parkmead, such as Polecat and Marten, given the available infrastructure options

37% increase in oil and gas resources

- 2C resources increased by 37% to 100.9 million barrels of oil equivalent ("MMBoe") as at 1 March 2019 (73.9 MMBoe as at 1 March 2018)
- Considerable 2P reserves of 46.0 MMBoe as at 1 March 2019 (46.3 MMBoe as at 1 March 2018)

Well positioned for further acquisitions and opportunities

- Seven acquisitions, at both asset and corporate level, have been completed to date
- Parkmead is actively evaluating further growth opportunities, including wider energy-related opportunities

Parkmead's Executive Chairman, Tom Cross, commented:

"I am pleased to report excellent progress in the six-month period to 31 December 2018. Parkmead has delivered major growth in its revenue and profits. This is an outstanding achievement, creating a strong foundation from which to build.

Parkmead benefits from increasing balance within the Group, with four complementary areas of the business: Netherlands Gas, UK Oil and Gas, Performance Benchmarking and Economics, and Future Opportunities. The combination of these components adds strength and quality to Parkmead's operations.

We are delighted to have significantly grown gas production at the Diever West field, which increases Parkmead's cash flow.

We are also pleased with the major advances made within the Greater Perth Area project. The Group is in discussions with leading, international service companies and oil companies in relation to driving forward the GPA project.

The team at Parkmead is working intensively to evaluate and execute further value-adding opportunities, which could provide additional upside to the Company. These are primarily energy-related and include wider opportunities, which could broaden and enhance the Group's asset base and revenue stream.

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, securing opportunities that maximise long-term value for our shareholders."

For enquiries please contact:

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Review of Activities

Parkmead has delivered significant growth across its oil and gas operations in the UK and the Netherlands, continuing to build a high-quality portfolio.

In May 2018, Parkmead was provisionally awarded nine new UK oil and gas blocks and part blocks spanning five new licences in the UK 30th Licensing Round. These new licences were formally awarded in the second half of 2018 and Parkmead's experienced team have begun various work programmes across the blocks. These newly awarded licences are all operated by Parkmead and are located in the Central North Sea, Southern North Sea and West of Shetland areas.

Two of the new awards cover the highly prospective Skerryvore area and contain seven new prospects, three of which are stacked. The Skerryvore Mey prospect overlies two stacked Chalk prospects (Skerryvore Ekofisk and Skerryvore Tor) which are associated with Skerryvore, 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.

An additional Paleocene Mey prospect (Skerryvore West) and one Chalk prospect (Skerryvore North) are also identified on the blocks. The proposed work programme includes rock physics studies, reprocessing 3D seismic and a contingent well. Parkmead's co-venturers on the licence are Serica Energy, Zennor Petroleum and CalEnergy Gas. Parkmead's equity stake is 30%.

These new awards also include acreage containing the Lowlander oil field, in close proximity to Parkmead's GPA project. Lowlander lies 17km north west of the Parkmead operated Perth field which is at the centre of the Company's GPA oil hub project. Lowlander is an Upper Jurassic Piper sandstone discovery, appraised by five wells and contains 2C oil resources of 20.5 million barrels of recoverable oil on a P50 basis. The Lowlander field is strategically important to Parkmead because it could be developed in conjunction with the GPA project. The block also contains Midlander, an Upper Jurassic turbidite sandstone discovery to the north east of Lowlander that could add to Parkmead's resource base in the area. The work programme consists of obtaining 3D seismic and a drill or drop well.

The addition of the Lowlander field increases Parkmead's 2C resources by 37% to 100.9 MMBoe.

Parkmead has been awarded one new licence adjacent to an existing block that is already operated by the Group in the West of Shetland area.

Block 205/12 (Parkmead 100%) is situated in the Faroe-Shetland Basin immediately to the west of the Parkmead operated block 205/13, which contains the Sanda prospect. One large prospect, Davaar, has been identified in Block 205/12 and is a combination structural and stratigraphic trap in the Vaila Formation. The Palaeocene Vaila Formation is the primary play fairway on this acreage and forms the reservoir in the adjacent Foinaven, Schiehallion and Loyal oil fields and the Laggan and Tormore gas fields. Parkmead will undertake reprocessing of the existing legacy seismic with a new 3D seismic shoot, contingent on the results, and a drill or drop well. Davaar has the potential to contain 204 million barrels of recoverable oil on a P50 basis.

Parkmead has been awarded a new licence in the Southern Gas Basin. This is an area where the Company has a deep technical knowledge of exploration plays and is building a portfolio of targets. Parkmead has already had significant success in the Southern Gas Basin with the gas discovery at Platypus. The field was subsequently appraised with a horizontal well and flow tested at a rate of 27 MMscfd (approximately 4,600 boepd on an equivalent basis).

Blocks 47/10d & 48/6d (Parkmead 75%) contain the Blackadder prospect and Teviot gas discovery. The Permian Rotliegendes Sandstone is the primary play fairway on the acreage and is proven productive by the numerous discoveries in the area including West Sole, Hyde and Amethyst. The work programme contains a drill or drop well. Parkmead's co-venturer on this licence is Cluff Natural Resources.

Considerable progress has been made at Parkmead's Platypus gas field development. The joint venture partnership is currently working towards optimising the export route for Platypus ahead of an offtake agreement. Various export options are available to the partnership, given the extensive availability of infrastructure in the UK Southern Gas Basin. First gas at Platypus is targeted for 2021 at rates in excess of 50 MMscfd per day, not including the additional upside from the Possum prospect which is planned to be drilled as part of the development.

Parkmead has entered into commercial discussions with the Scott field partnership, led by China National Offshore Oil Corporation (CNOOC) International, in order to explore terms for a tie-back of the GPA oil hub project to the Scott facilities. The Scott facilities lie just some 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 one path to potentially unlock the substantial value of the GPA project. Parkmead is also holding discussions with a number of leading, internationally-renowned service companies in relation to the GPA project.

Planned 2019 appraisal drilling near to Parkmead licences

Parkmead notes the appraisal drilling which is occurring close to the Parkmead operated Polecat and Marten oil fields in the UK Central North Sea. It has been announced that Equinor have commenced appraisal drilling at the Verbier discovery located in Blocks 20/5b & 21/1d, approximately 12km east of Polecat and Marten. Verbier is estimated to contain between 25 and 130 MMBoe. The appraisal drilling will seek to refine the potential volume range of the discovery. Verbier lies in the same play fairway as Polecat and Marten and shares many similarities with these fields. In light of the Maximising Economic Recovery (MER) strategy adopted in the UK North Sea and infrastructure options in the area, the Verbier appraisal results could have the potential to significantly increase the value of nearby oil and gas assets already owned by Parkmead.

Strong Netherlands asset base

The Parkmead portfolio includes producing gas fields with a very low operating cost. This profitable gas production from the Netherlands provides important cash flow to the Group.

Average gross production at Diever West for the six-month period was 48.1 MMscfd, approximately 8,293 boepd. The Group substantially increased production from the Diever West gas field in 2018. After perforating the Akkrum formation section of the reservoir, a change in production tubing was successfully completed on the field. This intervention has led to the production achieving its full potential from the two perforated intervals.

The Diever West field has performed above expectations since its first production. Dynamic reservoir modelling suggests that the field holds approximately 108 billion cubic feet of gross gas-in-place, this is more than double the earlier, post-drill static volume estimate of 41 billion cubic feet.

A large number of further exploration opportunities exist within the Drenthe VI concession, which contains the Diever West field. The Boergrup prospect, located to the west of Diever, is a stacked Rotliegendes/Vlieland sandstone structure situated between three productive fields; De Hoeve, Vinkega and Diever West. A further significant prospect on the Drenthe VI licence is Leemdijk. Leemdijk consists of three fault bounded dip closures which are potentially in communication, forming one larger structure.

Detailed work has begun on the Ottoland oil and gas discovery, located on the same Andel Va block as the Brakel gas field. The Ottoland discovery well encountered 75ft of net oil pay in two Triassic sandstone formations. Seismic interpretation and depth migration studies, followed by structural and static modelling, will refine the volumetrics ahead of a development plan, potentially including a new horizontal well. In addition, seismic reprocessing has been completed on the Andel Vb licence ahead of updating the prospectivity estimates for this area.

At Parkmead's producing Geesbrug gas field, the potential for a new low-cost infill well is being studied in order to maximise production. In addition, compressor optimisation work at the Grolloo field is expected to be carried out in 2019.

Results

During the six-month period to 31 December 2018, the Group generated revenues of £5.3 million (2017: £2.7 million). Parkmead more than doubled its gross profit for the period to £3.8 million (2017: £1.4 million profit) delivering a net profit of £2.2 million (2017: £4.5 million loss).

This is a significant achievement and is testament to the success of the Group's onshore gas portfolio and careful financial discipline. The Group's gas portfolio in the Netherlands generates positive cash flows and Parkmead's four separate gas fields have an average operating cost of just US$12.3 per barrel of oil equivalent.

Administrative expenses/credits amounted to a £0.3 million credit (2017: £0.3 million expense). Underlying administrative expenses (not including non-cash share based payment credits/charges) are continually being monitored and reviewed to ensure that Parkmead maintains a strong balance sheet.

Parkmead's total assets as at 31 December 2018 stood at £79.9 million (2017: £75.8 million). Financial assets were £5.7 million (2017: £4.1 million). Cash and cash equivalents at year end were £23.6 million (2017: £24.4 million). Parkmead is very carefully managed and remains debt free. Interest bearing loan assets were £3.0 million (2017: £1.7 million). The Group's net asset value was £66.6 million (2017: £65.2 million). Parkmead is therefore well positioned for growth. This positive position is a direct result of experienced portfolio management and a strong focus on the Company's capital discipline.

Investments

The Group's largest investment is in Faroe Petroleum plc (LSE AIM: FPM.L). As at 31 December 2018, this investment was carried at a value of £5.7 million.

In January 2019, post reporting period end, a recommended cash offer for Faroe Petroleum was made by DNO ASA of 160 pence for each share in Faroe Petroleum. This offer was successful, and as a result, Parkmead received £6.2 million at the end of January 2019.

Outlook

Parkmead has delivered considerable growth in both its financial position and asset base in the six-month period to 31 December 2018. This was achieved by more than doubling Parkmead's gross profit and increasing gas production from the low-cost onshore Netherlands portfolio, as well as increasing the Group's asset base through the success in the UK 30th Licensing Round.

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 upside. Therefore, we believe Parkmead is well positioned to build further on the progress to date and to capitalise on new opportunities. We are delighted by the operational enhancements achieved at Diever West and the increased cash flow this has resulted in.

Parkmead clearly benefits from increasing balance within the Group, with four complementary arms of the business: Netherlands Gas, UK Oil and Gas, Benchmarking and Economics, and Future Opportunities. The combination of these components adds strength and value to Parkmead's operations.

As we move further into 2019, Parkmead maintains its appetite for acquisitions and is looking carefully at a number of opportunities. The Board of Directors believes that Parkmead is well positioned to drive the business forward and to build upon the achievements already made to date.

Tom Cross
Executive Chairman

28 March 2019

This announcement contains inside information for the purposes of Article 7 of Regulation 596/2014. Upon the publication of this announcement, the information contained herein is now considered to be in the public domain.

Notes:

1. Dr Colin Percival, Parkmead's Technical Director, who holds a First Class Honours Degree in Geology and a Ph.D in Sedimentology and has over 35 years of experience in the oil and gas industry, has reviewed and approved the technical information contained in this announcement. Reserves and contingent resource estimates are stated as at 1 March 2019. 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.

Glossary of key terms

boped	Barrels of oil equivalent per day
Bcf	Billions of cubic feet of gas
Gas in place	The total quantity of gas that is estimated to exist originally in naturally occurring reservoirs
Oil in place	The total quantity of oil that is estimated to exist originally in naturally occurring reservoirs
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources
Recoverable resources	Those quantities of hydrocarbons that are estimated to be producible from discovered or undiscovered accumulations
Proved and Probable or "2P"	Those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50 per cent. probability that the actual quantities recovered will equal or exceed the 2P estimate
Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status
P50	Reflects a volume estimate that, assuming the accumulation is developed, there is a 50% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a median or best case estimate
2C	Denotes the best estimate scenario, or P50, of Contingent Resources
FEED	Front End Engineering Design

Group statement of profit or loss

for the six months ended 31 December 2018

	Notes	Six months to 31 December 2018 (unaudited) £'000	Six months to 31 December 2017 (unaudited) £'000	Twelve months to 30 June 2018 £'000
Revenue		5,274	2,707	7,022
Cost of sales		(1,432)	(1,339)	(2,960)
Gross profit		3,842	1,368	4,062
Exploration and evaluation expenses	2	(162)	(4,815)	(5,244)
Administrative (expenses)/credit	3	304	(301)	(4,153)
Operating profit / (loss)		3,984	(3,748)	(5,335)
Finance income		76	19	92
Finance costs		(269)	(352)	(645)
Profit / (loss) before taxation		3,791	(4,081)	(5,888)
Taxation		(1,586)	(437)	(1,259)
Profit / (loss) for the period attributable to the equity holders of the Parent		2,205	(4,518)	(7,147)
Earnings / (loss) per share (pence)				
Basic	6	2.23	(4.57)	(7.22)
Diluted		2.04	(4.57)	(7.22)

Group statement of profit or loss and other comprehensive income

for the six months ended 31 December 2018

	Notes	Six months to 31 December 2018 (unaudited) £'000	Six months to 31 December 2017 (unaudited) £'000	Twelve months to 30 June 2018 £'000
Profit / (loss) for the period		2,205	(4,518)	(7,147)
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Gain on disposal of financial assets	5	130	-	-
Fair value gain on financial assets	5	15	-	-
		145	-	-
Items that may be reclassified subsequently to profit or loss				
Fair value gain on financial assets		-	855	2,473
		-	855	2,473
Income tax relating to components of other comprehensive income		-	-	-
Other comprehensive income for the period, net of tax		145	855	2,473
Total comprehensive profit /(loss) for the period attributable to the equity holders of the Parent		2,350	(3,663)	(4,674)

Group statement of financial position

as at 31 December 2018

	Notes	At 31 December 2018 (unaudited) £'000	At 31 December 2017 (unaudited) £'000	At 30 June 2018 £'000
Non-current assets				
Property, plant and equipment: development & production		12,442	12,850	12,292
Property, plant and equipment: other		154	39	38
Goodwill		2,174	2,174	2,174
Exploration and evaluation assets		31,381	29,360	30,308
Financial assets	5	5,715	4,082	5,700
Interest bearing loans		2,967	1,711	2,930
Deferred tax assets		3	3	3
Total non-current assets		54,836	50,219	53,445
Current assets				
Trade and other receivables		1,466	1,168	1,294
Current tax asset		-	-	343
Cash and cash equivalents		23,552	24,415	23,804
Total current assets		25,018	25,583	25,441
Total assets		79,854	75,802	78,886
Current liabilities				
Trade and other payables		(4,774)	(2,608)	(5,407)
Current tax liabilities		(576)	(440)	(1,279)
Total current liabilities		(5,350)	(3,048)	(6,686)
Non-current liabilities				
Other liabilities		(32)	(82)	(275)
Deferred tax liabilities		(1,284)	(1,284)	(1,284)
Decommissioning provisions		(6,598)	(6,171)	(6,417)
Total non-current liabilities		(7,914)	(7,537)	(7,976)
Total liabilities		(13,264)	(10,585)	(14,662)
Net assets		66,590	65,217	64,224
Equity attributable to equity holders				
Called up share capital		19,533	19,533	19,533
Share premium		87,805	87,805	87,805
Revaluation reserve		(310)	(1,943)	(325)
Retained deficit		(40,438)	(40,178)	(42,789)
Total equity		66,590	65,217	64,224

Group statement of changes in equity

for the six months ended 31 December 2018

	Share capital	Share premium	Revaluation reserve	Retained deficit	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 July 2017	19,533	87,805	(2,798)	(35,660)	68,880
Loss for the period	-	-	-	(4,518)	(4,518)
Fair value gain on financial assets	-	-	855	-	855
Total comprehensive income / (loss) for the period	-	-	855	(4,518)	(3,663)
Share-based payments	-	-	-	-	-
At 31 December 2017	19,533	87,805	(1,943)	(40,178)	65,217
Loss for the period	-	-	-	(2,629)	(2,629)
Fair value gain on financial assets	-	-	1,618	-	1,618
Total comprehensive loss for the period	-	-	1,618	(2,629)	(1,011)
Share-based payments	-	-	-	18	18
At 30 June 2018	19,533	87,805	(325)	(42,789)	64,224
Profit for the period	-	-	-	2,205	2,205
Gain on disposal of financial assets	-	-	-	130	130
Fair value gain on financial assets	-	-	15	-	15
Total comprehensive income for the period	-	-	15	2,335	2,350
Share-based payments	-	-	-	16	16
At 31 December 2018	19,533	87,805	(310)	(40,438)	66,590

Group statement of cashflows

for the six months ended 31 December 2018

	Notes	Six months to 31 December 2018 (unaudited) £'000	Six months to 31 December 2017 (unaudited) £'000	Twelve months to 30 June 2018 £'000
Cashflows from operating activities				
Cashflows from operations	7	3,164	1,077	2,973
Taxation paid		(1,949)	(457)	(777)
Net cash generated from operating activities		1,215	620	2,196
Cash flow from investing activities				
Interest received		40	19	62
Acquisition of exploration and evaluation assets		(1,633)	(895)	(1,892)
Acquisition of property, plant and equipment: development and production		-	(74)	(81)
Acquisition of property, plant and equipment: other		(144)	(4)	(19)
Proceeds from financial assets		130	-	-
Loans issued		-	(1,711)	(2,900)
Net cash used in investing activities		(1,607)	(2,665)	(4,830)
Cash flow from financing activities				
Interest paid		(22)	(1)	(34)
Net cash used in financing activities		(22)	(1)	(34)
Net decrease in cash and cash equivalents		(414)	(2,046)	(2,668)
Cash and cash equivalents at beginning of period		23,804	26,396	26,396
Effect of foreign exchange rate differences		162	65	76
Cash and cash equivalents at end of period		23,552	24,415	23,804

Notes to the Interim financial statements

1 Accounting policies

Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the European Union 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 European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the European Union and applicable as at 30 June 2019.

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 2018, with the exception of IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from contracts with customers” which are new standards applicable mandatory for the year ending 30 June 2019. These new standards are not expected to have a material impact on the financial statements.

Non-statutory accounts

The financial information set out in this interim report does not constitute the Group’s statutory accounts.

The financial information for the year ended 30 June 2018 has been extracted from the audited statutory accounts. The statutory accounts for the year ended 30 June 2018 have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, 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.

The financial information for the 6 months ended 31 December 2018 and 31 December 2017 is unaudited.

2 Impairment of exploration and evaluation assets

Exploration and evaluation expenses includes impairment charges of £Nil recorded in respect of exploration licences relinquished in the period. (Six months to 31 December 2017: £4,508,000, Twelve months to 30 June 2018: £4,966,000).

3 Administrative (expenses)/credit

Administrative (expenses)/credit include a credit in respect of a non-cash revaluation of share appreciation rights (SARs) totalling £704,000 (Six months to 31 December 2017: £345,000 credit, Twelve months to 30 June 2018: £2,488,000 debit). 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 decrease in The Parkmead Group plc share price between 30 June 2018 and 31 December 2018.

Administrative (expenses)/credit also includes a credit for foreign exchange gains of £177,000 (Six months to 31 December 2017: £17,000 credit, Twelve months to 30 June 2018: £16,000 credit).

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.

£2,900,000 has been lent to Energy Management Associates Limited by The Parkmead Group Plc as at 31 December 2018. Interest charged during the period amounted to £37,000. (Six months to 31 December 2017: £11,000, Twelve months to 30 June 2018: £41,000). Outstanding interest due at 31 December 2018 was £67,000.

Notes to the Interim financial statements

5 Financial assets

In the previous year's financial statements, fair value gains or losses on equity investments were recognised in other comprehensive income in accordance with IAS 39 but were classified as 'items that may be reclassified subsequently to profit or loss.' In this year's financial statements, in accordance with IFRS 9, the Group has elected to recognize fair value gains and losses on its investment in Faroe Petroleum and gain on disposal of Webroot in the statement of other comprehensive income. However, any subsequent disposals would be recognised in the statement of other comprehensive income rather than recognised through the statement of profit or loss. Hence they have been classified as such in the current year financial statements. The Group have chosen not to restate prior year comparatives.

The Group’s largest investment is in Faroe Petroleum plc. As at 31 December 2018, it was valued at a fair value of £5.7 million.

In January 2019, post period end, a recommended cash offer for Faroe Petroleum was received from DNO ASA of 160 pence for each share in Faroe Petroleum. This offer was successful and Parkmead received £6.2 million at the end of January 2019.

6 Earnings / (loss) per share

Earnings / (loss) per share attributable to equity holders of the Company arise as follows:

	Six months to 31 December 2018 (unaudited)	Six months to 31 December 2017 (unaudited)	Twelve months to 30 June 2018
Earnings / (loss) per 1.5p ordinary share (pence)			
Basic	2.23	(4.57)	(7.22)
Diluted	2.04	(4.57)	(7.22)

The calculations were based on the following information:

	Six months to 31 December 2018 (unaudited) £’000	Six months to 31 December 2017 (unaudited) £’000	Twelve months to 30 June 2018 £’000
Earnings / (loss) attributable to ordinary shareholders	2,205	(4,518)	(7,147)
Weighted average number of shares in issue			
Basic weighted average number of shares	98,929,160	98,929,160	98,929,160
Dilutive potential ordinary shares			
Share options	9,314,068	9,314,068	9,314,068

Basic earnings/(loss) per share is calculated by dividing the profit or 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 profit 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 increase net loss per share. When the Group makes a loss the outstanding share options are therefore anti-dilutive and so are not included in dilutive potential ordinary shares.

Notes to the Interim financial statements

7 Notes to the statement of cashflows

Reconciliation of operating loss to net cash flow from operations

	Six months to 31 December 2018	Six months to 31 December 2017	Twelve months to 30 June 2018
	(unaudited)	(unaudited)	
	£'000	£'000	£'000
Operating profit / (loss)	3,984	(3,748)	(5,335)
Depreciation	173	364	536
Amortisation and exploration write-off	-	4,508	4,966
Provision for share based payments	16	(333)	18
Currency translation adjustments	(162)	(65)	(76)
Increase in receivables	(171)	(241)	(368)
Increase/(decrease) in payables	(676)	592	3,232
Net cash flow from operations	3,164	1,077	2,973