RNS Number : 3299B
RockRose Energy plc
20 September 2018

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20 September 2018

**ROCKROSE ENERGY PLC**

**("RockRose" or "the Company")**

**Unaudited results for the six months ended 30 June 2018**

RockRose Energy PLC ("RockRose" or the "Company") is pleased to announce its interim results for the six months ended 30 June 2018.

**Chairman's Statement**

Your Company continues to make strong progress and is in the process of completing two further acquisitions, which will more than double current production to over 11,000 boepd. All conditions precedent for the Dyas acquisition have now been satisfied. We continue to benefit from rising hydrocarbon prices. We are also observing an increase in the economic life of the portfolio with dates for decommissioning being delayed in line with the government's MER strategy. The Company sees the cash cost of decommissioning averaging around 20-25% of annual EBITDA for the next five years at current hydrocarbon prices.

We look forward to working with our new partners in the Arran development to bring this discovery on stream and benefiting from the impact of production and reserves from Arran on RockRose Energy's production profile, ensuring current production is exceeded or maintained until at least 2025.

**Results Summary**

| | **30 June 2018** | **30 June 2017** |
|---|---|---|
| | **$'000** | **$'000** |
| Revenue | 66,661 | - |
| Adjusted EBITDA | 27,567 | (2,407) |
| Profit/(loss) after tax | 5,063 | (2,406) |
| Net cash inflow / (outflow) from operating activities | 9,798 | (1,196) |
| | | |
| Cash and Cash equivalents | 30,096 | 1,869 |
| Restricted Cash | 52,485 | - |
| Total Cash | 82,581 | 1,869 |
| Deposit for acquisition of Dyas | 13,000 | - |
| Total Cash (pre-acquisition of Dyas) | 95,581 | 1,869 |

The Risks and Uncertainties are unchanged from the last reporting period and are described in detail in our annual report for 2017.

**Operational and Financial Update**

- Strong revenue of $66.7m with average realised oil price of $72.85/bbl and gas price of $44.64/boe
- Average production of 5,176 boepd of which 444 boepd relates to gas production. (1H 2017: 0 boepd)

- Combined production (including Dyas B.V) in excess of 11,000 boepd for the period
- Return to shareholders of $31.5m (£23m (£1.50per share)) to shareholders in February 2018
- Payment of $13m refundable deposit for the Dyas BV acquisition is included in the period results
- Cash at Bank as at the date of this announcement is $108m, of which $52m is restricted.

Outlook

- Dyas acquisition - On 24th May the Group signed a Sale & Purchase Agreement (SPA) to acquire 100% of the issued share capital of Dyas B.V., and its subsidiary Dyas Infrastructure, which have various non-operated interests in producing fields in the Dutch sector of the North Sea and onshore Netherlands. Total consideration is €107 million. A refundable deposit of €10.7 million ($13 million) was paid on signing the SPA. All Conditions Precedent have now been met and completion will occur on 1st October.
- The effective date of the Dyas acquisition is 1st January 2018, and assuming the acquisition had taken place on this date, forecast production for the 12 months ending 31st December 2018 would be circa 11,000 boepd of which 50% is oil and 50% is gas. Forecast EBITDA would be expected to be in excess of $100 million for the full year.
- Arran acquisition - On the 9th August the Company signed a SPA to acquire a 20.43% interest in blocks, 23/11a, 23/16b and 23/16c, which contain the Arran field in the UK Central North Sea, from Dana Petroleum for a nominal consideration. On 19th September, RockRose further to the SPA, has signed an Equity Realignment Letter Agreement on Arran that takes the Company's interest to 30.43%. The acquisition adds a further 8.5 mmboe 2P reserves to the Group and 5,200 boepd of initial production post development. The acquisition is subject to OGA approval and assuming approval is granted the completion is expected to occur by the end of September.
- Tain development - The Group has commissioned ERC Equipoise to evaluate both the existing upside potential within the Blake field (30.82%) and, the nearby Tain satellite discovery (50%). The partners are committed to submitting an initial FDP by the end of the year.
- Ross and Blake extension update - The Group has also commissioned an independent report from Crondall Energy to review the FPSO options on the Blake & Ross field. The scope is in two parts; firstly looking at extending the life of the Bleo Holm vessel which is operated by Repsol Sinopec, the company's joint venture partner and then considering the alternative of replacing the current vessel. The Bleo Holm is currently targeted to be on station until 2024. This is being undertaken to extend the life of the fields and give the opportunity to fully deliver other discovered hydrocarbons in the area. An extension of the field life of Blake and Ross to 2029 would increase reserves by circa 5.5mboe net to RockRose from the existing well stock.

**Operational review**

**Producing assets**

The average net production in the six months to 30th June 2018 was 5,176 boepd of which 444 boepd was gas production. Actual production was marginally below the budgeted annual production rate of 5,250 boepd due to the timing of maintenance work in some of the fields. However, this was more than offset by higher than budgeted oil and gas prices with revenue 20% above budget.

Average operating expense per boe produced was $33.81 compared to a budget of $32.60 due to increased operating costs as a result of the earlier than planned maintenance work. It is expected that full year operating expenditure will be in line with budget.

**Financial review**

The Group generated revenue of $66.7m in the first six months of 2018 with total sales of 945,982 boe realising an average oil price of $72.85/bbl and gas price of $44.64/boe.

**Adjusted EBITDA**

Adjusted EBITDA is considered by the Company to be a useful additional measure to help understand underlying performance.

EBITDA for the first six months of 2018 was $21.2m (1H 2017: $(2.4m)) and the profit after tax was $5.1m (1H 2017: $(2.4m loss)). The adjustment to this figure relates to oil derivative losses of $7.8m which have been recognised in the consolidated statements of comprehensive income due to the higher oil prices than average hedged oil prices of $67.9 per barrel. Of the total losses recognised, $1.3m relates to realised loss and $6.4m of unrealised losses which could increase/decrease by the year end if the oil price increases/decreases.

| | 30 June 2018<br>$'000 | 30 June 2017<br>$'000 |
|---|---|---|
| Operating profit/(loss) | 9,805 | (2,407) |
| Depreciation and amortization | 11,377 | - |
| **EBITDA** | **21,182** | **(2,407)** |
| Add back unrealised losses on oil derivatives | 6,385 | - |
| **Adjusted EBITDA** | **27,567** | **(2,407)** |

**Financial review**

The major elements in the movement in the cash position can be summarised as follows.

| | $'000 | $'000 |
|---|---|---|
| EBITDA | | 21,182 |
| Return to shareholders | (31,150) | |
| Refundable deposit for Dyas acquisition | (13,000) | |
| Increase in oil produced/delivered cash not received (net) | (12,500) | |
| Others | 589 | |
| | | (56,061) |
| Net cash outflow in period | | (34,879) |

Net cash generated (used) in operating activities was $9.8m (1H 2017 (1.2m)) mainly due to the $9.4m accrued income for sale of crude oil.

**Principal risks and uncertainties**

The Group has an established risk management reporting framework, as detailed in the Group's 2017 Annual Report and Accounts on page 4, which includes the requirement for all businesses to identify, evaluate and monitor risks and take steps to reduce, eliminate or manage the risk.

There are a number of principal risks that could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results.

Some of the risks that RockRose is exposed to, which could have a material adverse impact on the Group, arise from the specific activities undertaken by the Group, whereas other risks are common to many exploration and production companies. The principal risks are: reserves discovery, development and project delivery; operational performance; commodity prices; decommissioning cost estimates and timing; fluctuations in exchanges rates; and credit. Details of those principal risks facing the Group are on pages 4 of the Group's 2017 Annual Report and Accounts.

The Directors do not consider that the principal risks have changed significantly since the publication of the 2017 Annual Report and Accounts, and as such, these risks continue to apply to the Group for the remaining six months of the financial year.

**STATEMENT OF DIRECTORS RESPONSIBILITIES**

The directors confirm, to the best of their knowledge, that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the period and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the period; and

- material related-party transactions in the period, and any material changes in the related party transactions are described in the annual report.

The directors believe that the interim results taken as a whole are fair, balanced and understandable. In arriving at this conclusion the Board considered the opinion and recommendation of the Audit Committee who undertook the following work:

- review of early drafts of the interim results;
- regular review of and discussion over the financial results during the period, including briefings by Group finance; and
- receipt and review of a report from the external auditors.

The directors of the Company are listed on page 12 in the Group's 2017 Annual Report and Accounts and on the Company's website: www. rockroseenergy.com.

By order of the Board

**Andrew Austin**
**Executive Chairman**
**20 September 2018**

**Ends**

The person who arranged for the release of this announcement on behalf of the Company was Andrew Austin, Executive Chairman.

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For further information, please visit the Company's updated website at www.rockroseenergy.com.

**Independent review report to RockRose Energy plc**
**Report on the interim condensed consolidated financial statements**

**Our conclusion**

We have reviewed RockRose Energy plc's condensed consolidated interim financial statements (the "interim financial statements") in the interim results of RockRose Energy plc for the 6 month period ended 30 June 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

**What we have reviewed**
The interim financial statements comprise:

- the Condensed Consolidated Interim Statement of Financial Position as at 30 June 2018;
- the Condensed Consolidated Interim Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Interim Statement of Changes in Equity for the period then ended;
- the Condensed Consolidated Interim Statement of Cash Flows for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial statements.

The interim financial statements included in the interim results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

**Responsibilities for the interim financial statements and the review**
**Our responsibilities and those of the directors**
The interim results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**What a review of interim financial statements involves**
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, 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.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

**Independent review report to RockRose Energy plc**
**Report on the interim condensed consolidated financial statements**

**PricewaterhouseCoopers LLP**
Chartered Accountants
London
20 September 2018

a) The maintenance and integrity of the RockRose Energy plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.
b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE SIX MONTHS ENDED 30 JUNE 2018**

| | Notes | Six months ended 30 June 2018 $'000 | Six months ended 30 June 2017 $'000 |
|---|---|---|---|
| Revenue | 2 | 66,661 | - |
| Cost of sales | | (45,327) | - |
| **Gross profit / (loss)** | | **21,334** | **-** |
| Administrative costs | | (3,694) | (2,407) |
| Loss on oil price derivatives | 3 | (7,835) | - |
| **Operating profit / (loss)** | | **9,805** | **(2,407)** |
| Finance income | 4 | 41 | 1 |
| Finance costs | 5 | (4,957) | - |
| Foreign exchange gain / (loss) | | 174 | - |
| **Profit / (loss) before income tax** | | **5,063** | **(2,406)** |
| Tax | | - | - |
| **Profit / (loss) for the period and total comprehensive income / (expense)** | | **5,063** | **(2,406)** |
| **Basic gain / (loss) per share** | **6** | **0.34** | **(0.24)** |
| **Diluted gain / (loss) per share** | **6** | **0.32** | **(0.24)** |

The notes are an integral part of these condensed consolidated interim financial statements.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**
**AS AT 30 JUNE 2018**

| | Notes | 30 June 2018 $'000 | 31 December 2017 $'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current Assets** | | | |
| Intangible assets | | 1,723 | 1,723 |
| Property, plant and equipment | 7 | 168,808 | 180,325 |
| Deferred tax | | 36,472 | 36,472 |
| **Total non-current assets** | | **207,003** | **218,520** |
| **Current Assets** | | | |
| Inventory | 8 | 8,765 | 6,005 |
| Trade and other receivables | 9 | 40,933 | 14,997 |
| Cash and cash equivalents | 10 | 30,096 | 64,955 |
| Restricted cash | 11 | 52,485 | 55,336 |
| **Total current assets** | | **132,279** | **141,293** |
| **Total Assets** | | **339,282** | **359,813** |
| **Equity** | | | |
| Share Capital | 14 | 4,272 | 4,269 |
| Share Premium | 14 | 38 | 9,902 |
| Other reserves | | 31,669 | (75) |
| Accumulated Profits | | 22,963 | 71,228 |
| **Total equity** | | **58,942** | **85,324** |
| **Liabilities** | | | |
| **Non-current Liabilities** | | | |
| Provisions for liabilities and other charges | 13 | 251,504 | 247,048 |
| **Total non-current liabilities** | | **251,504** | **247,048** |
| **Current Liabilities** | | | |
| Trade and other payables | 12 | 23,277 | 21,882 |
| Provisions for liabilities and other charges | 13 | 5,559 | 5,559 |
| **Total current liabilities** | | **28,836** | **27,441** |
| **Total liabilities** | | **280,340** | **274,489** |
| **Total equity and liabilities** | | **339,282** | **359,813** |

These financial statements were approved by the Board of Directors on 20th September 2018 and were signed on its behalf by:

**Andrew Austin**
**Director**

The notes are an integral part of these condensed consolidated interim financial statements.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**
**FOR THE SIX MONTHS ENDED 30 JUNE 2018**

| | Share Capital | Share Premium | Other Reserves | Accumulated profit | Total |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance at** | | | | | |
| **1 January 2018** | 4,269 | 9,902 | (75) | 71,228 | 85,324 |
| Issue of share capital | 3 | 38 | - | - | 41 |
| Total comprehensive income for the year | - | - | - | 5,063 | 5,063 |
| Transfer of reserves | - | (9,902) | 31,743 | (53,328) | (31,487) |
| **Balance at 30 June 2018** | 4,272 | 38 | 31,668 | 22,964 | 58,942 |

The notes are an integral part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**
**FOR THE SIX MONTHS ENDED 30 JUNE 2018**

| | Six months ended 30 June 2018 | Six months ended 30 June 2017 |
|---|---|---|
| | $'000 | $'000 |
| *Cash flows from operating activities* | | |
| Profit / (Loss) before income tax | 5,063 | (2,406) |
| Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows: | | |
| Foreign exchange gains on operating activities | (174) | - |
| Finance income | 41 | - |
| Unwind of discount on decommissioning provision | 4,947 | - |
| Finance expense | (10) | (1) |
| Share based payments | - | 48 |
| Depreciation and amortization | 11,377 | - |
| Operating cash flows before movements in working capital | 21,244 | (2,359) |
| Increase in inventory | (2,761) | - |
| Increase in trade and other receivables | (12,936) | (1,059) |
| Decrease in restricted cash | 2,850 | - |
| Increase in trade and other payables | 1,400 | 2,221 |
| Net cash generated (used) in operating activities | 9,797 | (1,196) |
| Cash flows from investing activities | | |
| Refundable deposit payment for Dyas BV acquisition | (13,000) | - |
| Additions of property, plant and equipment | 140 | - |
| Net cash generated from investing activities | (12,860) | - |
| Cash flows from financing activities | | |
| Issue of new shares for SIP | 40 | - |
| Return to shareholders | (31,825) | - |
| Finance income | (41) | - |
| Finance cost | 10 | 1 |
| Net cash generated from financing activities | (31,816) | 1 |
| Net decrease in cash and cash equivalents | (34.879) | (1,195) |
| Cash and cash equivalents at 1 January | 64,955 | 2,938 |

| | | |
|---|---|---|
| Effect of foreign exchange | 20 | 126 |
| Cash and cash equivalents at 30 June | 30,096 | 1,869 |

The notes are an integral part of these condensed consolidated interim financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
**FOR THE SIX MONTHS ENDED 30 JUNE 2018**

**1. Principal accounting policies**

**General information**

RockRose Energy PLC ('the Company' or together with its subsidiaries, 'the Group') has been formed to make acquisitions of companies or businesses in the upstream oil and gas and power sector.
The Company is a public limited company incorporated on 1 July 2015, which is listed on the London Stock Exchange and incorporated and domiciled in England and Wales.
The address of its registered office is Dashwood House, 69 Old Broad Street, London, EC2M 1QS.

**Basis of preparation**
These condensed interim financial statements for the six months ended 30 June 2018 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting', as adopted by the European Union. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRSs as adopted by the European Union.

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2017 were approved by the board of directors on 31 March 2018 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

**Going concern**
These condensed consolidated interim financial statements have been prepared on a going concern basis. The Directors have considered the application of the going concern basis of accounting and are satisfied that for the foreseeable future the Group will continue in operational existence and will have adequate resources to meet its liabilities as they fall due. The Directors continue to adopt the going concern basis of accounting in preparing these condensed consolidated interim financial statements.

**Accounting policies**
The accounting policies applied in these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2017.
A number of amendments to IFRSs became effective for the financial year beginning on 1 January 2018 however the group did not have to change its accounting policies or make material retrospective adjustments as a result of adopting these new standards.

**Consolidation**
The condensed consolidated interim financial statements include the financial statements of the Company and its subsidiary for the six months ended 30 June 2018. Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

**Segment reporting**
In the opinion of the directors the operations of the company represent one segment, and are treated as such, when evaluating its performance. The chief operating decision maker is the Board of Directors. The Board of Directors reviews management accounts prepared for the company when assessing performance.

**Estimates**
The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
**FOR THE SIX MONTHS ENDED 30 JUNE 2018**

**1. Principal accounting policies (continued)**

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2017.
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**Financial risk management**
The Group's activities expose it to a variety of financial risks; market risk (including currency risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31

December 2017.

There have been no changes in any risk management policies since the year end.

**2. Revenue**

| | 6 months ended 30 June 2018 | 6 months ended 30 June 2017 |
|---|---|---|
| | **$'000** | **$'000** |
| Crude oil | 63,095 | - |
| Gas | 3,566 | - |
| | **66,661** | **-** |

**3. Other costs**

| | 6 months ended 30 June 2018 | 6 months ended 30 June 2017 |
|---|---|---|
| | **$'000** | **$'000** |
| Realised loss in oil hedges | 1,450 | - |
| Unrealised loss in oil hedges | 6,385 | - |
| | **7,835** | **-** |

Unrealised losses are subject to changes as future oil prices change.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**
**FOR THE SIX MONTHS ENDED 30 JUNE 2018**

**4. Finance income**

| | 6 months ended 30 June 2018 | 6 months ended 30 June 2017 |
|---|---|---|
| | **$'000** | **$'000** |
| Interest income - bank | 41 | 1 |
| | **41** | **1** |

**5. Finance cost**

| | 6 months ended 30 June 2018 $'000 | 6 months ended 30 June 2017 $'000 |
|---|---|---|
| Interest expense on bank and operator liabilities | 10 | - |
| Unwind of discount on decommissioning provision | 4,947 | - |
| | 4,957 | - |

**6. Earnings/(Loss) per share**

Basic earnings / (loss) per share amounts are calculated by dividing the profit / (loss) for the period by the weighted average number of shares outstanding during the period. The weighted average number of shares excludes those shares held as treasury shares. The basic and diluted earnings / (loss) per share are the same as there are no instruments that have a dilutive effect on earnings.

| | 6 months ended 30 June 2018 $'000 | 6 months ended 30 June 2017 $'000 |
|---|---|---|
| Profit / (Loss) for the period attributable to the shareholders | 5,063 | (2,406) |
| Weighted average number of basic ordinary shares | 14,966,741 | 10,000,000 |
| Weighted average number of diluted ordinary shares | 15,800,926 | 10,000,000 |
| **Basic profit / (loss) per share** | **0.34** | **(0.24)** |
| **Diluted profit / (loss) per share** | **0.32** | **(0.24)** |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**
**FOR THE SIX MONTHS ENDED 30 JUNE 2018**

**7. Property, plant and equipment**

| | Oil & Gas assets | Administrative assets | Total assets |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| Cost | | | |
| At 1 January 2018 | 181,353 | 641 | 181,994 |
| Additions | (149) | 9 | (140) |
| **At 30 June 2018** | **181,204** | **650** | **181,854** |
| Depreciation and impairment | | | |
| At 1 January 2018 | (1,655) | (14) | (1,669) |
| Depreciation charge | (11,303) | (74) | (11,377) |
| **At 30 June 2018** | **(12,958)** | **(88)** | **(13,046)** |
| Net book value | | | |
| **At 30 June 2018** | **168,246** | **562** | **168,808** |
| **At 1 January 2018** | **179,698** | **627** | **180,325** |

The oil and gas assets consist of producing and development assets and decommissioning assets in accordance with IAS 16 'Property,

Plant and Equipment'.
The administrative assets consist of fixture and fittings, computer equipment and leasehold improvements.

In assessing whether any impairment is required to the carrying value of assets, their carrying value is compared with their recoverable amount. The cash generating unit (CGU) assessed for impairment is generally the field, or group of fields where these are economically dependent. The recoverable amount is the higher of the asset's fair value less costs to sell or value in use. No indicators of impairment were identified for the Group's oil & gas assets as at 30 June 2018.

**8. Inventory**

| | At 30 June 2018<br>$'000 | At 31 December 2017<br>$'000 |
|---|---|---|
| Crude oil | 8,184 | 5,424 |
| Materials | 581 | 581 |
| | 8,765 | 6,005 |



**9. Trade and other receivables**

| | At 30 June 2018<br>$'000 | At 31 December 2017<br>$'000 |
|---|---|---|
| Trade receivables | 18,116 | 13,244 |
| Prepayments and accrued income | 9,411 | 312 |
| Deposit for acquisition | 13,000 | - |
| Other deposits | 116 | 135 |
| Tax receivables | 290 | 326 |
| Other debtors | - | 980 |
| | 40,933 | 14,997 |

All trade and other receivables are due within one year from the statement of financial position date.
The carrying value of the Company's trade and other receivables as stated above is considered to be a reasonable approximation of the fair value. None of the above trade receivables were considered past due or impaired as of 30 June 2018 (2017: $nil).
The deposit for acquisition of $13.0m relates to the payment for Dyas BV which is refundable if the transaction does not complete.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

**10. Cash and cash equivalent**

| | At 30 June 2018<br>$'000 | At 31 December 2017<br>$'000 |
|---|---|---|
| Available cash at bank and in hand | 16,946 | 64,955 |
| Short term deposits | 13,150 | - |
| | 30,096 | 64,955 |

Cash equivalents comprise highly liquid investments with maturities of three months or less. Interest rates earned on these deposits are floating rates based on daily bank deposit rates.
Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.
The fair values of cash and cash equivalents are the same as the above book values.

## 11. Restricted cash

| | At 30 June 2018 $'000 | At 31 December 2017 $'000 |
|---|---|---|
| Restricted cash | 52,485 | 55,336 |
| | **52,485** | **55,336** |

Restricted cash balances are amounts deposited with trustees under the terms of various decommissioning security agreements in place on certain fields in which the Group has an interest. The reduction in the period is due to a reduction in the amount required to be deposited for the Nelson field of $16.0 million offset by a requirement for the Galley field of $13.2 million.
The fair value of restricted cash is the same as the above book values.

## 12. Trade and other payables

| | At 30 June 2018 $'000 | At 31 December 2017 $'000 |
|---|---|---|
| Trade payables | 6,515 | 1,564 |
| Accruals | 4,988 | 13,189 |
| Provisions for liabilities and other charges | 3,612 | 5,559 |
| Crude oil over lift | 8,072 | 3,773 |
| Other creditors | 90 | 3,356 |
| | **23,277** | **27,441** |



All current trade and other payables are due within one year from the statement of financial position date including non-interest bearing intercompany balances. The carrying value of the trade and other payables as stated above is considered to be a reasonable approximation of the fair value. All trade and other payables are settled within three months of invoice date.

## 13. Provision for liabilities and other charges

| | Decommissioning provisions | Other provisions | Total provisions |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| At January 2018 | 252,553 | 54 | 252,607 |
| Utilisation | (491) | - | (491) |
| Unwinding of discount | 4,947 | - | 4,947 |
| **At 30 June 2018** | **257,009** | **54** | **257,063** |

The estimated cost of decommissioning at the end of the producing lives of the fields is reviewed annually and engineering estimates and reports are updated periodically. Provision is made for the estimated cost of decommissioning at the statement of financial position date for the Company's share of the overall costs. The estimated decommissioning liability falling due in 2018 is $5.6m and included as current liabilities.

## 14. Share capital and share premium

| | Share number | Share capital $'000 | Share premium $'000 | Total $'000 |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| **Issued at 31 December 2017** | **15,333,334** | **4,269** | **9,902** | **14,171** |
| Issue of new shares | 22,746 | 3 | 38 | 41 |
| Reduction of share premium | - | - | (9,902) | (9,902) |
| **At 30 June 2018** | **15,356,080** | **4,272** | **38** | **4,310** |

All new shares issued relate to the shares issued under the SIP scheme to company employees.

**15. Events after reporting date**

On 9th August the Company signed a SPA to acquire a 20.43% interest in blocks, 23/11a, 23/16b and 23/16c, which contain the Arran field in the UK Central North Sea, from Dana Petroleum for a nominal consideration. On 19th September, RockRose further to the SPA, has signed an Equity Realignment Letter Agreement on Arran that takes the Company's interest to 30.43%. The combined effect of this acquisition will add a further 8.5 mmboe 2P reserves to the Group and 5,200 boepd of initial production post development. All of the conditions precedent (CP's) under the Dyas B.V SPA have now been met and this transaction will now complete on the 1st October 2018.



END

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