

## THE PARKMEAD GROUP PLC (“Parkmead” or the “Group”)

### Unaudited Preliminary Results for the year ended 30 June 2009

#### Financial highlights

- Successful acquisition of Aupec Limited
- Net cash balances of £2.5 million as at 30 June 2009
- Improving investment outlook for the Group’s investment portfolio
- Net asset per share of 1.52 pence

Commenting on the results, Colin Goodall, Chairman of The Parkmead Group plc, said:

“2009 proved to be a challenging year for the Group. Global equity, commodity and financial markets experienced unprecedented turbulence which in turn has had a marked impact on our balance sheet and profit and loss account. Notwithstanding, the Group has emerged with net cash and, more latterly, we have seen an improvement in the performance of our investment portfolio. We also completed the acquisition of Aupec Limited which, the Board believes, will provide the Group with significant opportunities to increase its advisory business and improve our in house technical skills. We remain committed to sourcing and executing investments in the energy sector”

-Ends-

For further information:

<b>The Parkmead Group plc</b>	<b>020 7494 5770</b>
Niall Doran CEO	
Gordon Ashworth, CFO	
<b>Madano Partnership</b>	<b>0207 593 4000</b>
Matthew Moth	
<b>Charles Stanley Securities</b>	<b>0207 149 6000</b>
<b>Nominated Adviser &amp; Broker</b>	
Rick Thompson / Carl Holmes	

<b>THE PARKMEAD GROUP PLC</b>
<b>CHAIRMAN'S STATEMENT</b>

2009 proved to be a challenging year for the Group. During the period under review, global equity, commodity and financial markets experienced unprecedented turbulence which in turn has had a marked impact on our balance sheet and profit and loss account. Trading in our advisory business was also down with an absence of success fees earned from our advisory clients consistent with our strategy to refocus on internal projects. As set out later in this statement we also pursued a number of asset transactions, however, without access to reliable sources of finance we were unable to conclude them. Despite these disappointments we have recently completed the acquisition of Aupec Limited ("Aupec") which, the Board believes, will provide the Group with significant opportunities to increase its advisory business and improve our in house technical skills.

We remain fully focused on the energy sector and will continue to seek investment opportunities that create shareholder returns at an acceptable level of risk. We believe that the acquisition of Aupec will complement this strategy both in terms of strengthening the Group with access to internal expertise and also by way of access to Aupec's client base.

### **Investments**

At the start of the year the Group's principal energy sector investments were in Faroe Petroleum plc ("Faroe"), Reservoir Exploration Technologies ASA ("RXT") and Transeuro Energy Corporation ("Transeuro").

With regard to Faroe, as at 30 June 2009 its share price had fallen to £0.7025 pence against a purchase price of £1.82. The Board believed and continues to believe in the underlying value in Faroe. Equally the Board is pleased to see that recent improvement in market sentiment and news flow has helped Faroe's share price climb back to £1.365 as at 3 December 2009. We remain of the view that Faroe has significant long term upside. The Board believes that the diminution in value is temporary, and as the asset is held as available-for-sale this fall has been reflected in equity.

Our investment, RXT, has fared poorly. Like most sectors, the energy sector holds back on capital expenditure and new exploration investment when faced with recessionary conditions. RXT, being a specialised exploration technology company, has borne the full force of the reduction in investment levels. RXT undertook an emergency placing at a severely dilutive price in March 2009. Overall the Board feels that it is unlikely that this investment will return to pre 2008 levels and as a result we have impaired the investment down to its market price. The impact of this was to record a charge of £1.2 million in the year.

The performance of our investment in Transeuro has been mixed. The initial investment was in a CA\$ 1,250,000 convertible debenture with warrants attached. Values were attributed to the convertibility of the debenture and the warrants. The loan component of the debenture was valued at \$50,000 as, at inception, the majority of the value in the arrangement was attributed to the warrants. As at the year ended 30 June 2009, Transeuro shares were suspended following the announcement of a capital reorganisation and discussions with its creditors. As these assets were held at fair value through the profit and loss account both the warrant and the convertibility were impaired with a corresponding charge to the income statement of £0.7 million. Subsequent to the year end Transeuro's shares have recommenced trading, and Transeuro has repaid half of the outstanding capital and paid the final interest payment in advance. The Directors believe that our remaining investment is fully covered by a fixed charge over certain Transeuro assets. The charge is set at a level well below the market value of the assets and we are confident that the loan will be repaid in full.

### **Other Energy Sector Investing Activities**

During the year we pursued a number of asset and corporate based deals. In particular we attempted to invest in a significant gas field in the Former Soviet Union. We also progressed to an advanced stage a transaction relating to some exciting exploration assets which would have been transformational for the Group. Whilst we were unsuccessful in executing these transactions we continue to see a healthy flow of investment opportunities. Importantly, we believe that the acquisition of Aupec will provide the Group with significant technical expertise and investment appraisal skills which will prove complementary to our investing activities.

### **Residual Technology Investments**

The Group continues to hold a number of technology investments including Speed-Trap Holdings Limited, Future Route Limited, and Retento Limited. These investments are recorded at fair value. During the year, another of the Group's investments, Thruvision Limited, was placed into administration by its debt providers and Red-M Group Limited entered into a pre pack administration process. Accordingly, we impaired these

investments to Enil incurring a charge of £2.2 million. The Board will continue to monitor the performance of its residual technology investments.

### **Results and Dividends**

Corporate finance revenues fell to £0.2 million (2008: £1.3 million). Administrative expenses amounted to £2.7 million (2008: £2.6 million) which were somewhat inflated by costs of £0.4 million relating non recurring transaction expenses. The Group's operating loss for the year was £2.5 million (2008: £1.3 million).

The loss before tax was £6.3 million (2008: £0.4 million), after impairments on investments of £3.5 million (2008:£nil) and other losses of £0.7 million (2008: gain of £0.1 million) arising on the write down of the Transeuro warrants. After discontinued operations, which relate to the reduction in value of the deferred consideration due on the prior year sale of Quayside Corporate Services Limited, this increased to £6.9 million (2008: £0.7 million).

The Group's key performance indicator is net asset per share. The impact of the current year performance on our balance sheet was to reduce our net asset per share from 4.40 pence (at 30 June 2008) to 1.52 pence. However, we remain debt free with consolidated cash balances of £2.5 million.

The Board is not recommending the payment of a dividend (2008: £nil).

### **Principal Risks and Uncertainties**

The principal trading risk of the Group is that of sourcing, appraising, investing in and managing suitable investments. As noted, the Group is focused on making investments in the oil and gas energy sectors and there are inherent risks associated investing in this sector. Principally these relate to commodity prices, in particular crude oil and gas prices, and also the exchange rate of the US dollar (in which these commodity prices are expressed) and the Group's presentation currency and exploration and project development risks. Notwithstanding this the Group is mindful of the long term nature of investments made in its chosen investment focus area and in selecting its investments has sought to identify long term capital gain opportunities.

### **Outlook**

As announced on 12 October 2009 the Group conditionally agreed to acquire the entire share capital of Aupec Limited ("Aupec"). The acquisition went unconditional on 2 November 2009. Aupec is a private company which was established in 1986 to commercialise on the accumulated skills of members of the University of Aberdeen's Department of Economics. Aupec has since grown into a respected global authority in energy sector economics, valuation and benchmarking and has been providing economic consultancy services to the oil and gas sector for over 20 years. Aupec has built a reputation for delivery of high quality decision support tools and independent consulting advice in the energy sector. Aupec's clients include major, independent and national oil companies, oil service companies, government ministries and agencies, as well as financial institutions.

The Board believes that there is a natural fit between the two organisations which will allow the Group to expedite its stated strategy to be a leading small cap oil and gas investment and advisory house. Furthermore the acquisition will allow the enlarged Group to:

- diversify the Group's revenue stream
- increase our financial and technical appraisal skills relative to the energy sector
- promote Aupec's services across Parkmead's wider client and industry contact network

Overall the Directors believe that the enlarged Group will be better positioned to deliver shareholder value in the medium and long term.

Despite the grueling impact that the markets have wrought over the past 18 months and the consequent financial uncertainties, the Group looks forward with some degree of optimism. We have taken action to reduce our cost base; in particular we reduced our staff costs to £0.9 million (2008 £1.3 million), and overall our administrative costs fell by 11% from £2.6 million to £2.3 million (before non recurring transaction expenses). We will seek further cost reductions where possible. Our investments in Faroe and Transeuro have fared much better over the past few months, the Group remains debt free and has £2.5 million of cash. Our prospects have been boosted significantly by the acquisition of Aupec and I look forward to reporting back to shareholders on progress over the coming year.

**Colin Goodall**  
**3 December 2009**

**CONSOLIDATED AND COMPANY BALANCE SHEETS  
AS AT 30 JUNE 2009**

	GROUP		COMPANY	
	AUDITED 2009	AUDITED 2008 RESTATED	AUDITED 2009	AUDITED 2008 RESTATED
	£	£	£	£
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	166,850	230,076	166,850	230,076
Investment in subsidiary and joint ventures	-	-	51,000	201,000
Available-for-sale financial assets	2,983,951	10,097,920	2,983,951	10,097,920
Trade and other receivables	-	73,264	-	73,264
<b>Total non-current assets</b>	<b>3,150,801</b>	<b>10,401,260</b>	<b>3,201,801</b>	<b>10,602,260</b>
<b>Current assets</b>				
Trade and other receivables	674,762	1,943,994	709,030	1,964,855
Other financial assets at fair value through profit or loss	2,673	678,577	2,673	678,577
Cash and cash equivalents	2,516,892	4,243,690	2,491,807	4,037,610
<b>Total current assets</b>	<b>3,194,327</b>	<b>6,866,261</b>	<b>3,203,510</b>	<b>6,681,042</b>
<b>Total assets</b>	<b>6,345,128</b>	<b>17,267,521</b>	<b>6,405,311</b>	<b>17,283,302</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Current portion of capital lease obligations	(12,521)	(12,521)	(12,521)	(12,521)
Trade and other payables	(734,689)	(1,008,607)	(707,518)	(987,205)
Provision for liabilities and charges	(3,619)	(18,836)	(3,619)	(18,836)
<b>Total current liabilities</b>	<b>(750,829)</b>	<b>(1,039,964)</b>	<b>(723,658)</b>	<b>(1,018,562)</b>
<b>Non-current liabilities</b>				
Capital lease obligations	(1,044)	(13,565)	(1,044)	(13,565)
<b>Total non-current liabilities</b>	<b>(1,044)</b>	<b>(13,565)</b>	<b>(1,044)</b>	<b>(13,565)</b>
<b>Total liabilities</b>	<b>(751,873)</b>	<b>(1,053,529)</b>	<b>(724,702)</b>	<b>(1,032,127)</b>
<b>Net assets</b>	<b>5,593,255</b>	<b>16,213,992</b>	<b>5,680,609</b>	<b>16,251,175</b>
<b>Capital and reserves</b>				
Called up share capital	18,417,089	18,417,089	18,417,089	18,417,089
Merger reserve	(952,109)	(952,109)	1,454,546	1,454,546
Employee benefit trust reserve	(1,128,008)	(1,128,008)	(1,128,008)	(1,128,008)
Foreign exchange reserve	157,382	159,149	157,382	159,149
Revaluation reserve	(2,892,904)	966,159	(2,892,904)	966,159
Retained deficit	(8,008,195)	(1,248,288)	(10,327,496)	(3,617,760)
<b>Equity shareholders' funds</b>	<b>5,593,255</b>	<b>16,213,992</b>	<b>5,680,609</b>	<b>16,251,175</b>

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

	NOTES	2009 AUDITED £	2008 AUDITED £
<b>Revenue</b>	1	<b>161,498</b>	1,283,153
Other operating income		-	12,352
Administrative expenses		<b>(2,704,221)</b>	(2,566,880)
<b>Operating loss</b>		<b>(2,542,723)</b>	(1,271,375)
Finance income		<b>399,901</b>	504,971
Finance costs		<b>(803)</b>	(803)
Profit on sale of investments		-	303,706
Amounts written available-for-sale financial assets and loans		<b>(3,493,967)</b>	-
Other (losses)/gains on financial assets at fair value through profit or loss		<b>(689,130)</b>	89,229
<b>Loss before tax</b>		<b>(6,326,722)</b>	(374,272)
Taxation		-	-
<b>Loss after tax- continuing operations</b>		<b>(6,326,722)</b>	(374,272)
Loss after tax- discontinued operations		<b>(569,652)</b>	(328,555)
<b>Loss for the financial year</b>		<b>(6,896,374)</b>	(702,827)
<b>Attributable to:</b>			
Equity shareholders		<b>(6,896,374)</b>	(702,827)
<b>Loss for the financial year</b>		<b>(6,896,374)</b>	(702,827)
<b>Loss per 5 pence ordinary share (pence)</b>			
Continuing operations- basic and diluted	2	<b>(1.72)</b>	(0.10)
Total- basic and diluted	2	<b>(1.87)</b>	(0.19)

**CONSOLIDATED AND COMPANY STATEMENTS OF RECOGNISED INCOME AND EXPENSE  
FOR THE YEAR ENDED 30 JUNE 2009**

	GROUP		COMPANY	
	2009 AUDITED £	2008 AUDITED £	2009 AUDITED £	2008 AUDITED £
Movement on value of investment in quoted companies	<b>(3,624,887)</b>	280,007	<b>(3,624,887)</b>	280,007
Movement on value of investment in unquoted companies	<b>(235,943)</b>	500,919	<b>(235,943)</b>	500,919
<b>Net (expense)/income recognised directly in equity</b>	<b>(3,860,830)</b>	780,926	<b>(3,860,830)</b>	780,926
Loss for the financial year	<b>(6,896,374)</b>	(702,827)	<b>(6,846,203)</b>	(904,681)
<b>Total recognised (expense)/income for the year</b>	<b>(10,757,204)</b>	78,099	<b>(10,707,033)</b>	(123,755)
<b>Attributable to:</b>				
Equity shareholders	<b>(10,757,204)</b>	78,099	<b>(10,707,033)</b>	(123,755)
	<b>(10,757,204)</b>	78,099	<b>(10,707,033)</b>	(123,755)

**CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2009**

	NOTES	GROUP		COMPANY	
		2009 AUDITED £	2008 AUDITED £	2009 AUDITED £	2008 AUDITED £
<b>Cash flows from operating activities</b>					
Continuing activities	3	(1,405,380)	(2,020,265)	(1,398,571)	(2,040,986)
Discontinued operations	3	-	(4,250)	-	-
Interest received		136,836	588,066	132,401	576,352
<b>Net cash used in operating activities</b>		<b>(1,268,544)</b>	<b>(1,436,449)</b>	<b>(1,266,170)</b>	<b>(1,464,634)</b>
<b>Cash flow from investing activities</b>					
Proceeds from sale of subsidiaries		-	589,247	-	589,247
Proceeds from sale of investments		280,000	1,198,466	280,000	1,198,466
Cash disposed of with subsidiaries		-	(15,685)	-	-
Liquidation dividend received from subsidiary		-	-	178,621	-
Acquisition of investments		(716,500)	(8,727,996)	(716,500)	(8,727,996)
Acquisition of property, plant and equipment		(9,233)	(193,273)	(9,233)	(193,273)
Proceeds from sale of property, plant and equipment		-	13,529	-	6,529
<b>Net cash used in investing activities</b>		<b>(445,733)</b>	<b>(7,135,712)</b>	<b>(267,112)</b>	<b>(7,127,027)</b>
<b>Cash flow from financing activities</b>					
Income from debt and lease financing		-	37,564	-	37,564
Finance lease principal payments		(12,521)	(11,478)	(12,521)	(11,478)
<b>Net cash (used in)/generated by financing activities</b>		<b>(12,521)</b>	<b>26,086</b>	<b>(12,521)</b>	<b>26,086</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,726,798)</b>	<b>(8,546,075)</b>	<b>(1,545,803)</b>	<b>(8,565,575)</b>
Cash and cash equivalents at beginning of year		4,243,690	12,758,804	4,037,610	12,572,224
Effect of exchange rate fluctuations		-	30,961	-	30,961
Cash and cash equivalents at end of year		2,516,892	4,243,690	2,491,807	4,037,610

The above table includes information relating to discontinued operations, see Note 3 c).

## NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2009

### 1. SEGMENTAL ANALYSIS

The Directors believe that the Group has only one reportable business segment, which is investment and advisory as all revenues were generated by corporate finance advisory fees, and one geographical segment, as all activity is carried out from the United Kingdom.

### 2. LOSS PER SHARE

Loss per share attributable to equity holders of the Company arise from continuing and discontinued operations as follows:

	2009 AUDITED	2008 AUDITED
Loss per 5p ordinary share from continuing operations (pence) – basic and diluted	<u>(1.72p)</u>	<u>(0.10p)</u>
(Loss)/Profit per 5p ordinary share from discontinued operations (pence) – basic and diluted	<u>(0.15p)</u>	<u>(0.09p)</u>
Loss per 5p ordinary share from total operations (pence) – basic and diluted	<u>(1.87p)</u>	<u>(0.19p)</u>

The calculations were based on the following information:

	2009 AUDITED	2008 AUDITED
Loss attributable to ordinary shareholders (£)		
- continuing operations	(6,326,722)	(374,272)
- discontinued operations	<u>(569,652)</u>	<u>(328,555)</u>
- total	<u>(6,896,374)</u>	<u>(702,827)</u>
Weighted average number of shares in issue		
- basic	368,341,780	368,341,780
- diluted	368,341,780	368,341,780

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

#### Diluted loss per share

Earnings 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. For a loss making company with outstanding share options, net loss per share would only be decreased by the exercise of out-of-the-money share options. No adjustment has been made to diluted loss per share for out-of-the-money share options and there are no other diluting future share issues which were not included in the calculation for the period presented.

### 3. NOTES TO THE STATEMENT OF CASH FLOWS

#### (a) Reconciliation of operating loss to net cash flow from continuing operations

Group	Company
-------	---------

	2009 AUDITED £	2008 AUDITED £	2009 AUDITED £	2008 AUDITED £
Operating loss	(2,542,723)	(1,271,375)	(2,518,479)	(1,197,895)
Depreciation	71,024	70,113	71,024	70,113
Gain on disposal of fixed assets	-	(3,234)	-	(3,234)
Charge for share based payments	136,467	138,949	136,467	138,949
Decrease/(Increase) in debtors	1,214,775	(1,016,181)	1,203,179	(1,041,190)
(Decrease)/Increase in creditors	(269,706)	412,903	(275,545)	343,711
Decrease in other provisions	(15,217)	(351,440)	(15,217)	(351,440)
<b>Net cash flow from operations</b>	<b>(1,405,380)</b>	<b>(2,020,265)</b>	<b>(1,398,571)</b>	<b>(2,040,986)</b>

**(b) Reconciliation of operating profit to net cash flow from discontinued operations**

	Group	
	2009 AUDITED £	2008 AUDITED £
Operating profit	-	143,295
Depreciation	-	1,453
Gain on disposal of fixed assets	-	(447)
Increase in debtors	-	(146,929)
Decrease in creditors	-	(1,622)
<b>Net cash flow from operations</b>	<b>-</b>	<b>(4,250)</b>

**(c) Reconciliation of cash flows from discontinued operations**

Cash in/(out) flow from operating activities total £nil (2008: (3,911)). These figures were made up of; operating activities £nil (2008: £(4,250)), and interest received £nil (2008: £339).

Cash flow from investing activities total £nil (2008: £(8,685)). These figures were made up of: cash disposed of with subsidiary £nil (2008: £(15,685)), and proceeds from sale of property, plant and equipment £nil (2008: £7,000).

#### **4 APPROVAL OF THIS PRELIMINARY ANNOUNCEMENT**

The preliminary report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the report in accordance with the AIM rules issued by the London Stock Exchange.

This announcement was approved by the Board of Directors on 3 December 2009.

#### **5. POSTING OF ANNUAL REPORT & ACCOUNTS**

Copies of the Annual Report & Accounts will be posted to shareholders today. The Annual Report & Account will be made available to download later today, along with a copy of this announcement, on the investor relations section of the Company's website [www.parkmeadgroup.com](http://www.parkmeadgroup.com).