27 March 2015

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

Interim Results for the six-month period ended 31 December 2014

Parkmead, the UK and Netherlands focused oil and gas group, is pleased to report its interim results for the six-month period ended 31 December 2014.

HIGHLIGHTS

Successful exploration leading to trebling of gas production

- New gas field discovered onshore in the Netherlands at Diever West
- Diever-2 well flowed at 29 million cubic feet per day gross (approximately 5,000 barrels of oil equivalent per day) and is expected to be tied into existing production facilities in Q4 2015 via a fast-track development
- Further production enhancement work planned in 2015 on Parkmead's low operating cost Netherlands portfolio, including a new well at the Geesbrug gas field to maximise gas production
- Net gas production in the Netherlands forecast to more than treble by the end of 2015, acting as a natural hedge to the current low oil price environment
- Awarded six new oil and gas licences in the UKCS 28th Licensing Round, covering a total of nine offshore blocks
- Awards include significant new acreage and proven oil fields within the vicinity of the Parkmead operated Perth Dolphin Lowlander (PDL) oil hub development
- UKCS 28th Licensing Round awards grow Parkmead's total number of oil and gas blocks across the UK and Netherlands to 61, with 48 of these operated by the Group

Significant progress on valuable development projects

- Entered into a Heads of Agreement outlining the structure of a joint development of the Perth, Dolphin and Lowlander fields after detailed technical analysis and development planning
- The PDL project has been fully appraised with a combined total of 13 wells drilled and now has expected recoverable reserves of approximately 80 million barrels of oil, double the initial recoverable reserves of a standalone Perth development
- Platypus gas field advancing well, with Field Development Plan (FDP) submission expected in Q4 2015

Reserves and resources increasing

- Considerable 2P reserves of 26.0 million barrels of oil equivalent at December 2014
- Contingent resources increased by 142% to 40.0 million barrels of oil equivalent (16.5 million barrels of oil equivalent at December 2013)

Well positioned for further acquisitions

- Six acquisitions, at both asset and corporate level, have already been completed since repositioning Parkmead as a new independent oil and gas company
- Parkmead is well capitalised with over US$60 million of cash resources at end 2014
- The Parkmead team is evaluating further acquisition opportunities to take advantage of the current low oil price environment

Financial strength

- Total assets grew by 34% to £109.6 million at 31 December 2014 (2013: £81.5 million)
- Revenue increased to £10.1 million (2013: £9.9 million)
- Strong cash position of £39.4 million (US$ 61.5 million) as at 31 December 2014

Tom Cross, Executive Chairman of Parkmead commented:

"I am pleased to report significant progress in the period to 31 December 2014. Parkmead discovered a new onshore gas field at Diever West, in the Netherlands, which delivered excellent production flow rates, providing an additional near-term cash flow opportunity to the Group. Parkmead expects to treble the Group's net gas production in the Netherlands through a low-cost work programme during 2015. This will act as a natural hedge to the low oil price environment.

Parkmead's new licence awards in the 28th Round were an outstanding result for our Company, with nine new offshore oil and gas blocks awarded to the Group. We were delighted with the awards located close to our large PDL development, as they have the potential to add significant value to the project. Contingent resources have increased by 142%.

Parkmead is well positioned to take advantage of the lower oil price environment and the opportunities that are arising from this. We have significant cash resources, and a growing low-cost gas portfolio. The Group will continue with its licensing and acquisition-led growth strategy, securing opportunities that maximise value for our shareholders".

The Parkmead Group plc	01224 622200
Tom Cross, Executive Chairman	
Ryan Stroulger, Finance Director	
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David Simonson / Anca Spiridon	

Review of Activities

Parkmead has delivered considerable growth at its oil and gas operations in the UK and the Netherlands, continuing to build a high quality portfolio of assets across the entire asset life cycle.

In September 2014, a new onshore gas field was discovered at Diever West in the Netherlands, as part of the Group's exploration programme. The Diever-2 well was drilled on behalf of the co-venturers by Vermilion Energy using the Explorer TB2100S drilling rig. The well reached a Total Depth (TD) of 7,457 feet, and gas was discovered in a good quality Rotliegendes age sandstone reservoir. The well discovered a significant 157 foot gas column, with both net pay and porosity values that exceeded pre-drill expectations. The well was flow tested at 29 million cubic feet per day (approximately 5,000 barrels of oil equivalent per day), and is expected to be tied into existing facilities in Q4 2015 under a fast-track development programme. Parkmead's gas assets in the Netherlands continue to provide a robust revenue stream and net cash flows to the Company. A number of enhanced production opportunities are available across Parkmead's existing Netherlands portfolio which the Company intends to capitalise on, with the aim of significantly increasing our net gas production. These include a new low-cost onshore infill well at Geesbrug. The new production from Diever West and the additional Geesbrug well are forecast to more than treble Parkmead's net gas production in the Netherlands by the end of 2015. This will act as a natural hedge against low and volatile oil prices.

In November 2014, Parkmead was awarded six new licences covering a total of nine offshore blocks in the UK 28th Licensing Round. These new licences contain opportunities across the Central and Southern North Sea areas and will all be operated by Parkmead. The awards, which include new exploration prospects as well as proven discoveries, build upon Parkmead securing eight new licences covering a total of 30 offshore blocks in the UK 27th Licensing Round awards. The latest licence awards take Parkmead's total number of oil and gas blocks across the UK and the Netherlands to 61, with 48 of those operated by the Group. These new licences complement Parkmead's strong existing asset base of oil and gas production, exciting exploration prospects and the major PDL oil development.

Three of the new licence awards significantly increase Parkmead's asset base in the vicinity of the Company's large PDL oil hub development project. Blocks 20/3c & 20/4a are located in the Outer Moray Firth Basin, approximately 20km east of the Buzzard field and south west of the Perth field. The blocks contain two sizeable existing Buzzard sandstone oil discoveries, Polecat and Marten. Polecat was discovered in 2005 and appraised in 2010. The 2010 appraisal well was flow tested at 4,373 barrels of oil per day. The Marten discovery was made in 1984, encountering three oil bearing sandstones of Upper Buzzard age. Block 14/25a is situated adjacent to the Perth oil field, and detailed mapping and seismic interpretation indicates that the block contains a possible extension to the Perth field (named Perth West). An additional prospect has been identified on the block at Lower Cretaceous Scapa level. Blocks 15/11 & 15/16f were also awarded to Parkmead in the 28th Licensing Round, and are situated approximately 12km north of the Perth field and close to the large Tartan and Piper oil fields. Two exciting oil prospects, Fynn and Penny, have been identified in the Upper Jurassic Piper Formation on the blocks. These new, strategically positioned awards have the potential to add significant value to the PDL project.

Two further licences were awarded to the Group in the Central North Sea at Block 30/17e and Block 16/22d. Block 30/17e lies adjacent to Parkmead's blocks that contain the Skerryvore prospect in the Central Graben area of the North Sea. Parkmead's extensive mapping and seismic analysis indicates that the Skerryvore Chalk prospect extends into Block 30/17e. A site survey has now been completed offshore, providing detailed technical information on the Skerryvore location, ahead of the prospect being drilled. The Skerryvore prospect has the potential to contain up to 122 million barrels of recoverable oil on a most likely, P50 basis. Block 16/22d provides Parkmead with two new exploration prospects, which lie approximately 10km north east of the world-class Britannia and Alba fields. The two prospects identified on the block are situated across geological horizons, one at Palaeocene level which overlies the other prospect at Devonian level.

The sixth new licence awarded to Parkmead lies in the Southern North Sea, where the Company already has considerable gas interests. This licence, located in Blocks 42/19 & 42/20b, is adjacent to Parkmead's existing licence containing the Farne prospect. The major prospect on the new licence is an extension of the Farne prospect.

Parkmead's experienced geoscience team has already begun various work programmes across these licences, with development analysis and detailed mapping work underway. Parkmead will continue to invest heavily in licensing round applications, both in the UK and overseas, and views this as a key component in the Group's strategy to build an attractive and balanced portfolio that offers major exploration upside.

Parkmead has also applied for certain licences within the Southern Gas Basin and West of Shetland region in the 28th Round. The remaining 28th Round awards are expected to be announced at a later date, after further assessment of these specific areas by the UK Government.

In November 2014, the workover to replace the two Electric Submersible Pumps (ESPs) on the P4 well at the Athena oil field was completed successfully using the Ocean Princess drilling rig. Production at the P4 well came back on stream in late November, and has performed steadily after clean-up operations were completed and the rig left the site. Strong production uptime was maintained during the workover process, and field shut-down time was limited to ten days. The workover reduced the technical risk associated with the Athena field, with stable production now extracted from three fully operational wells instead of two.

Considerable progress was made during the year towards a joint development of the Perth, Dolphin and Lowlander fields. The PDL project is one of the largest undeveloped oil projects in the North Sea. During 2014, a joint development study was carried out to assess the potential of a joint development of the Lowlander field with Perth. The analysis indicated that a joint project of the two fields could significantly increase the value of the Perth project. This marks an important milestone for Parkmead.

In addition, our experienced subsurface team carried out detailed technical work on the Dolphin oil discovery during the year. This successful work confirmed that Dolphin will also be included in the wider Perth project, providing a further increase in the oil reserves of the project. The development of the three fields as a single project creates significant economies of scale, by using the same dedicated production facilities, whilst providing a new long-term hub for future projects in the area. The three fields are fully appraised, with a combined total of 13 wells drilled, and contain oil in place of over 400 million barrels. It is expected that recoverable reserves from the PDL oil hub development will be over 80 million barrels of oil, this is approximately double the initial recoverable reserves of Perth as a standalone project.

A Heads of Agreement was signed in August 2014 to enable the future joint development of the PDL fields. The agreement provides the framework needed to bring the enlarged project together, and outlines partner cooperation with regards to equity alignment and the future work programme. Parkmead's partners in the PDL project are Faroe Petroleum plc and Atlantic Petroleum plc. Parkmead, as the Perth-Dolphin operator, continues to work closely with its PDL project partners to maximise oil reserves and financial returns from PDL, and the wider regional area.

Financial Results

During the six month period to 31 December 2014, the Group generated revenues of £10.1 million, an increase from £9.9 million in the same period in 2013. The Group recorded a post-tax loss (excluding impairment) of £2.0 million. Including the non-cash impairment charge of £12.9 million recorded in the period, which relates to the impact on the Athena field of the collapse in global oil prices, the Group generated a loss of £14.9 million (2013: £2.6 million profit). The higher cost of sales during the period reflected Parkmead's increased working interest in the Athena oil field, acquired through the purchase of an additional 20 per cent. interest in Athena from EWE VERTRIEB GmbH in April 2014. The significant reduction in global oil prices has, as expected, impacted the Group's revenue during the six month period ended 31 December 2014. During this time, the price of oil has fallen from near US$110 per barrel, to seven year lows of approximately US$50 per barrel. This has severely impacted the revenues and cash flows of oil and gas producers globally. Parkmead and its co-venturers have sought to reduce operating costs across its producing asset portfolio to reflect the substantially altered macro environment.

The Group's cash and cash equivalents stood at £39.4 million at 31 December 2014, reflecting the strength of the Company's balance sheet. Total assets increased by 34 per cent. to £109.6 million at 31 December 2014 (£81.5 million at 31 December 2013). Net assets rose by 48 per cent. to £82.8 million at 31 December 2014 (£55.9 million at 31 December 2013). Parkmead is therefore well positioned to withstand the current market conditions, and indeed views the current macro environment as an opportunity for further growth. This is as a result of experienced portfolio management and a keen focus on capital discipline.

Investments

The Group's largest investment is in Faroe Petroleum plc (LSE AIM: FPM.L). As at 31 December 2014 this investment was carried at a value of £2.4 million.

Outlook

Parkmead has delivered significant growth in its asset base in the six month period to 31 December 2014. This was achieved through successful exploration drilling and new licence awards, all within our core areas of the UK North Sea and the Netherlands.

The Company is in a strong position, both operationally and in terms of our balance sheet, at a challenging time in the global oil and gas industry. The Board of Directors has positioned Parkmead to take advantage of the lower oil price environment and view this as a good opportunity to continue the Group's strong growth trajectory. Our acquisition-led growth strategy has resulted in six deals for Parkmead since repositioning the business as an independent oil and gas company in 2011, and we intend to build on this excellent track record. As we look forward into 2015 and beyond, we will continue to keep shareholders informed of our progress across our exploration, appraisal, development and production activities. The Board is pleased with the Group's progress, and believes that Parkmead's proven management team is well positioned to drive the business forward and to build upon the achievements already made to date.

Tom Cross
Executive Chairman
27 March 2015

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 30 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 31 December 2014 and these include deals signed during the year that subsequently completed post financial year-end. 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.

Group statement of profit or loss

for the six months ended 31 December 2014

	Notes	Six months to 31 December 2014 (unaudited) £'000	Six months to 31 December 2013 (unaudited) £'000	Twelve months to 30 June 2014 £'000
Continuing operations				
Revenue		10,118	9,945	24,656
Cost of sales		(16,871)	(8,666)	(21,426)
Impairment of property, plant and equipment	2	(12,905)	-	-
Gross (loss)/profit		(19,658)	1,279	3,230
Exploration and evaluation expenses		(57)	(83)	(507)
Administrative credit/(expenses)	3	2,282	(2,254)	(5,668)
Gain on bargain purchase	4	-	5,003	5,003
Operating (loss)/profit		(17,433)	3,945	2,058
Finance income		1,487	31	835
Finance costs		(1,072)	(922)	(1,856)
(Loss)/profit before taxation		(17,018)	3,054	1,037
Taxation		2,091	(412)	200
(Loss)/profit for the period attributable to the equity holders of the Parent		(14,927)	2,642	1,237
(Loss)/profit per share (pence)				
Continuing operations				
Basic	5	(19.59)	3.88	1.62
Diluted		(19.59)	3.79	1.59

Group statement of profit or loss and other comprehensive income

for the six months ended 31 December 2014

	Six months to 31 December 2014 (unaudited) £'000	Six months to 31 December 2013 (unaudited) £'000	Twelve months to 30 June 2014 £'000
Loss/(profit) for the period	(14,927)	2,642	1,237
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gains arising on repayment of employee share based loans	271	-	-
	271	-	-
Items that may be reclassified subsequently to profit or loss			
Fair value gain/(loss) on available-for-sale financial assets	(2,468)	224	428
	(2,468)	224	428
Income tax relating to components of other comprehensive income	-	-	-
Other comprehensive income/(loss) for the period, net of tax	(2,197)	224	1,665
Total comprehensive income/(loss) for the period attributable to the equity holders of the Parent	(17,124)	2,866	1,665

Group statement of financial position

as at 31 December 2014

	At 31 December 2014 (unaudited) £'000	At 31 December 2013 (unaudited) £'000	At 30 June 2014 £'000
Non-current assets			
Property, plant and equipment: development & production	25,491	25,338	29,902
Property, plant and equipment: other	156	146	181
Goodwill	2,174	2,174	2,174
Other intangible assets	-	6	-
Exploration and evaluation assets	33,858	30,412	31,225
Available-for-sale financial assets	2,352	4,617	4,821
Deferred tax assets	2,942	555	1,235
Total non-current assets	66,973	63,248	69,538
Current assets			
Inventories	-	64	-
Trade and other receivables	3,159	5,532	11,560
Current tax asset	111	-	-
Cash and cash equivalents	39,394	12,702	46,346
Total current assets	42,664	18,298	57,906
Total assets	109,637	81,546	127,444
Current liabilities			
Trade and other payables	(6,995)	(10,564)	(7,973)
Interest-bearing loans and borrowings	(542)	(1,737)	(2,071)
Current tax liabilities	-	(292)	(361)
Other provisions	(128)	(167)	(107)
Total current liabilities	(7,665)	(12,760)	(10,512)
Non-current liabilities			
Interest-bearing loans and borrowings	(4,181)	(5,938)	(4,178)
Other liabilities	(699)	(2,051)	(2,140)
Deferred tax liabilities	(1,541)	(1,593)	(1,593)
Decommissioning provisions	(12,770)	(3,327)	(9,305)
Total non-current liabilities	(19,191)	(12,909)	(17,216)
Total liabilities	(26,856)	(25,669)	(27,728)
Net assets	82,781	55,877	99,716
Equity attributable to equity holders			
Called up share capital	19,365	19,085	19,365
Share premium	74,967	30,448	74,967
Merger reserve	27,187	27,187	27,187
Revaluation reserve	(3,672)	(1,408)	(1,204)
Retained deficit	(35,066)	(19,435)	(20,599)
Total Equity	82,781	55,877	99,716

Group statement of changes in equity

for the six months ended 31 December 2014

	Share capital	Share premium	Merger reserve	Revaluation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2013	18,970	30,448	12,631	(1,632)	(23,074)	37,343
Profit for the period	-	-	-	-	2,642	2,642
Fair value gain on available-for-sale financial assets	-	-	-	224	-	224
Total comprehensive income for the period	-	-	-	224	2,642	2,866
Issue of new ordinary shares on acquisition of subsidiary	115	-	14,556	-	-	14,671
Share-based payments	-	-	-	-	997	997
At 31 December 2013	19,085	30,448	27,187	(1,408)	(19,435)	55,877
Loss for the period	-	-	-	-	(1,405)	(1,405)
Fair value gain on available-for-sale financial assets	-	-	-	204	-	204
Total comprehensive income for the period	-	-	-	204	(1,405)	(1,201)
Issue of new ordinary shares	276	43,883	-	-	-	44,159
Issue of new ordinary shares on asset acquisition	4	636	-	-	-	640
Share-based payments	-	-	-	-	241	241
At 30 June 2014	19,365	74,967	27,187	(1,204)	(20,599)	99,716
Loss for the period	-	-	-	-	(14,927)	(14,927)
Fair value loss on available-for-sale financial assets	-	-	-	(2,468)	-	(2,468)
Gains arising on repayment of employee share based loan	-	-	-	-	271	271
Total comprehensive income for the period	-	-	-	(2,468)	(14,656)	(17,124)
Share-based payments	-	-	-	-	189	189
At 31 December 2014	19,365	74,967	27,187	(3,672)	(35,066)	82,781

Group statement of cashflows

for the six months ended 31 December 2014

	Notes	Six months to 31 December 2014 (unaudited) £'000	Six months to 31 December 2013 (unaudited) £'000	Twelve months to 30 June 2014 £'000
Cashflows from operating activities				
Continuing activities	6	4,977	6,840	7,014
Taxation paid		(139)	(303)	(303)
Net cash generated by operating activities		4,838	6,537	6,711
Cash flow from investing activities				
Interest received		92	31	129
Acquisition of subsidiary, net of cash		-	1,052	1,052
Acquisition of exploration and evaluation assets		(2,685)	(4,563)	(5,677)
Acquisition of property, plant and equipment: development & production		(8,634)	(245)	(4,022)
Acquisition of property, plant and equipment: other		(25)	(27)	(111)
Repayment of employee share based loans		271	-	-
Net cash (used in) investing activities		(10,981)	(3,752)	(8,629)
Cash flow from financing activities				
Issue of ordinary shares		-	-	39,546
Interest paid		(679)	(1,422)	(1,503)
Repayments of loans and borrowings		(130)	(1,930)	(3,048)
Net cash (used in)/generated by financing activities		(809)	(3,352)	34,995
Net (decrease)/increase in cash and cash equivalents		(6,952)	(567)	33,077
Cash and cash equivalents at beginning of period		46,346	13,269	13,269
Cash and cash equivalents at end of period		39,394	12,702	46,346

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 2015.

The Group has chosen not to adopt IAS34 – Interim Financial Statements, in preparing these 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 2014 has been extracted from the audited statutory accounts. The statutory accounts for the year ended 30 June 2014 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 2014 and 31 December 2013 is unaudited.

2 Impairment of property, plant and equipment

An impairment charge of £12,905,000 was recorded in respect of the Athena producing asset in accordance with IAS 36 "Impairment of assets". The impairment reflected the difference between the carrying book value and the estimated future economic value in use as a result of the global collapse in crude oil prices.

3 Administrative expenses

Administration expenses include a credit in respect of a non-cash revaluation of share appreciation rights (SAR's) totalling £3,120,790. The SAR's are settled by cash and are therefore revalued with the movement in share price. The valuation was impacted by the decline in share price between 30 June 2014 and 31 December 2014.

4 Gain on bargain purchase

The prior year comparative includes a gain on bargain purchase of £5,003,000 in respect of the acquisition of the Lochard Energy Group plc on 26 July 2013. Full details of this business combination were disclosed in the 2014 Annual Report.

5 (Loss)/profit per share

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

	Six months to 31 December 2014 (unaudited)	**Six months to 31 December 2013** (unaudited)	**Twelve months to 30 June 2014**
(Loss)/profit per 1.5p ordinary share from continuing operations (pence)			
Basic	(19.59)	3.88	1.62
Diluted	(19.59)	3.79	1.59

Notes to the Interim financial statements

The calculations were based on the following information:

	Six months to 31 December 2014	Six months to 31 December 2013	Twelve months to 30 June 2014
	(unaudited)	(unaudited)	
	£'000	£'000	£'000
(Loss)/profit attributable to ordinary shareholders			
Continuing operations	(14,927)	2,642	1,237
Total	(14,927)	2,642	1,237
Weighted average number of shares in issue			
Basic weighted average number of shares	76,215,704	68,037,912	76,215,704
Number of dilutive shares under option	1,434,731	1,657,376	1,434,731
Weighted average number of shares for the purpose of dilutive earnings per share	77,650,435	69,695,288	77,650,435

Profit/(loss) per share is calculated by dividing the profit/loss for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per share

Profit/(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. For a loss making company with outstanding share options, net loss per share would only be decreased by the exercise of share options.

6 Notes to the statement of cashflows

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

	Six months to 31 December 2014	Six months to 31 December 2013	Twelve months to 30 June 2014
	(unaudited)	(unaudited)	
	£'000	£'000	£'000
Operating (loss) / profit	(17,433)	3,945	2,058
Depreciation	3,169	4,000	9,036
Amortisation and exploration write-off	51	-	322
Impairment of property, plant and equipment	12,905	-	-
Gain on bargain purchase	-	(5,003)	(5,003)
Provision for share based payments	(2,932)	236	2,489
Decrease in inventories	-	597	-
Decrease/(increase) in receivables	8,401	1,979	(3,315)
Increase in payables	795	950	1,334
Increase in other provisions	21	136	93
Net cash flow from operations	4,977	6,840	7,014