PARKMEAD GROUP

ADVISING AND INVESTING IN THE ENERGY SECTOR

ANNUAL REPORT 2010

THE PARKMEAD GROUP IS A SPECIALIST INVESTMENT AND ADVISORY COMPANY. THE GROUP'S PRIMARY INVESTMENT FOCUS IS IN THE OIL AND GAS EXPLORATION AND PRODUCTION SECTORS.

AS A RESULT OF THE ACQUISITION OF AUPEC LIMITED IN NOVEMBER 2009, THE ENLARGED GROUP HAS ENHANCED TECHNICAL SERVICES THAT WILL ALLOW ASSET EVALUATION WORK TO BE UNDERTAKEN IN-HOUSE AND WILL ASSIST THE GROUP TO SOURCE AND EXECUTE INVESTMENTS IN THE ENERGY SECTOR MORE EFFECTIVELY.

CHAIRMAN'S STATEMENT

I am pleased to report an encouraging set of results for the Group for the year to 30 June 2010. Revenues have increased, operating losses have been reduced substantially, net assets have increased and the Group remains debt free.

The enlargement of the Group through the acquisition of Aupec Limited ("Aupec") was completed on 3 November 2009. Since that time the enlarged Group has been actively pursuing a number of investment and advisory opportunities using the combined capabilities and relationships of Aupec and Parkmead. We have also been reviewing our operations in order to identify synergies and, in particular, areas where cost savings can be made. I am pleased to report that significant cost reductions have already been realised by focusing the operating base of the enlarged group at Aupec's offices in Aberdeen and releasing our central London offices. Total annualised savings for the coming year will be in excess of £250k.

Furthermore, Aupec's substantial technical capabilities have enabled the Group to undertake asset evaluation work in-house. This internal expertise now allows the Group to identify and evaluate investment opportunities in the oil and gas sector more quickly and cost effectively.

We remain focused on the energy sector and will continue to pursue investment opportunities that create shareholder value at an acceptable level of risk. We are also working to further increase Aupec's successful lines of business in energy sector benchmarking and in petroleum economics strategic advice to governments.

Results and Dividends

Our revenues increased to £2.4m (2009: £0.2m) mainly due to Aupec revenues since November 2009, which contributed £2.2m. Administrative expenses were £2.3m (2009: £2.7m). The Group's operating loss for the year was reduced to £1.5m (2009: £2.5m).

The loss before tax was £1.4m (2009: £6.3m) after amounts written off investments of £0.5m (2009: £3.5m). After discontinued operations, which relate to the reduction in value of the deferred consideration due on the sale of Quayside Corporate Services Limited, the loss increased to £1.6m (2009: £6.9m).

The Group's total assets increased to £11.3m (2009: £6.3m), including goodwill on the acquisition of Aupec of £2.2m, increased available-for-sale financial assets of £5.4m (2009: £3.0m), increased receivables of £3.2m (2009: £0.7m) and cash and cash equivalents of £0.3m (2009: £2.5m). The total liabilities increased to £2.8m (2009: £0.8m) mainly due to increased payables of £2.7m (2009: £0.7m).

The Group's net asset value increased to £8.5m (2009: £5.6m). Some 235.3m new ordinary shares were issued as part consideration of the acquisition of Aupec, bringing the Group's total ordinary shares in issue to 603.6m (2009: 368.3m). The net asset value per share at 30 June 2010 was 1.41p (2009: 1.52p).

The Board is not recommending the payment of a dividend in 2010 (2009: nil).

Investments

The Group's main energy sector investments at the start of the year were in Faroe Petroleum plc ("Faroe"), Reservoir Exploration Technologies ASA ("RXT") and Transeuro Energy Corporation ("Transeuro"). The total value of the Group's investment portfolio increased from £3.0m at the start of the year to £5.4m at year-end.

Faroe's share price rose from 70p at 30 June 2009 to 118p at 30 June 2010 following a successful year for the Company during which it had two exploration discoveries with the Glenlivet and Tornado wells in the UK West of Shetland area. As planned, Faroe also sold two undeveloped gas fields, Breagh and Trym. A further exploratory success with the Maria oil discovery in the Norwegian sector in July further boosted the Company's share price.

Faroe completed a 2 for 3 rights issue at 100p per share in May 2010. The Group exercised 1.458m of its 1.946m total entitlement under the Faroe rights issue. The total consideration paid was £1.46m which was satisfied in cash from the Group's existing cash resources. Following the rights issue, Parkmead remains the holder of 4.377m ordinary shares in Faroe, representing 2.5% of the issued share capital of Faroe.
We remain of the view that Faroe has significant medium and long-term upside. This investment is held as available-for-sale and

the increase in its value has been reflected in equity. Faroe's share price at 20 September 2010 was 163.50p, valuing the Group's investment in Faroe at £7.2m.

With regard to RXT, the Company, being a specialised exploration technology company, suffered during the market downturn. At the start of our financial year our shareholding in RXT had been impaired to £56k. During the year we sold our RXT shares for £80k, recording a profit of £24k in the current year.

The performance of our investment in Transeuro, a Canadian oil and gas exploration and development company, was ultimately successful. The original investment was in a C$1.250m convertible debenture. Following a suspension of the Company's shares and a capital reorganisation the investment was restructured and its value was impaired to £225.6k at the year ended 30 June 2009. Subsequently Transeuro's shares recommenced trading and the Company has repaid the total capital and interest outstanding in the course of the current financial year.

Residual Investments

The Group continues to hold a number of technology investments including Future Route Limited, Prevx Group Limited and Speed-Trap Holdings Limited. These investments are in unquoted private companies which are unlikely to make dividend payments in the foreseeable future. We have therefore impaired these investments to nil.

Principal Risks and Uncertainties

The principal trading risk of the Group is that of sourcing, appraising and managing suitable investments. As noted the Group is focused on making investments in the oil and gas sector and there are inherent risks associated with investing in this sector. These mainly relate fluctuations in crude oil and gas prices and also the exchange rate of the US dollar (in which these commodity prices are expressed) against sterling which is the Group's functional and reporting currency.

A significant proportion of Aupec's revenues are denominated in US dollars and this is also subject to currency exchange fluctuations. In addition, around 75% of Aupec's revenue is derived from a 3-year contract with a developing world government ministry. The contract which is governed by the local law of the Aupec counterparty expires on 24 March 2011, however the Group expects that this contract will be renewed for a further 3-year period.

Outlook

Following the acquisition of Aupec and the successful merger of the Parkmead and Aupec organisations to form the enlarged Group, the Directors believe that the Group is now better placed to deliver value in the medium and long term. The enlargement of the Group has allowed:

- Diversification of the Group's revenue stream
- A significant increase in our economic, financial and technical analytical skills, specifically in relation to the energy sector
- Promotion of Aupec's consultancy services across Parkmead's wider network

We continue to seek investment opportunities in the energy sector at both the asset and corporate levels and will update shareholders as we make further progress.

Colin Goodall
22 September 2010

THE BOARD

COLIN GOODALL
Non-Executive Chairman

Colin Goodall is currently non-Executive Chairman of The Parkmead Group plc. Prior to this, he had a 24-year upstream oil career with the BP group, during which time he became the first Chief of Staff within the BP group. From 1995 to 1999 he served as Chief Financial Officer of BP Europe and then as BP's senior representative in Russia.

Colin's other Directorships are at Dana Petroleum plc, Lamprell plc and Sindicatum Carbon Capital Ltd.

Colin chairs the Audit Committee and is a member of the Remuneration Committee of The Parkmead Group.

DONALD MACKAY
Chief Financial Officer

Donald is currently Chief Financial Officer of The Parkmead Group plc. He has been Managing Director of Aupec Limited since 2001. Prior to this he held senior international finance and operational positions with Unocal Corporation (now part of Chevron).

A Chartered Accountant, he has over 30 years experience in the energy sector and has extensive international work experience having worked in South East Asia, the Middle East and Africa as well as the US and the UK.

Donald is Company Secretary of The Parkmead Group.

FAYSAL HAMZA
Non-Executive Director

Faysal is currently Managing Director of the Swicorp Joussour Company, a $1 billion private equity vehicle focusing on the Energy Sector. Previously he worked for Arab Petroleum Investment Corporation, Khalid Ali Alturki and Sons Group, Arco International Oil and Gas Company, Saudi International Bank, and Saudi Arabian Oil Company.

Faysal has a BSc in Business Administration from The American University, Washington, and an MBA from Georgetown University.

NIALL DORAN
Chief Executive Officer

Niall started his career in 1992 with Accenture and worked on a series of large projects in banking and financial markets. In 1995 he was appointed the first Chief of Staff to the UK Managing Partner of Accenture and was a leading member of the project team who designed and implemented a new global operating model for Accenture. In 1996 he joined the Energy Practice of Accenture and worked on a series of ground breaking deals in Brussels, Moscow and Houston. In 2000 he was appointed a Partner in Accenture's Energy practice.

In 2003 Niall was recruited to take on the role of turnaround CEO for an Indian company providing services to the Energy Sector. The business was stabilised, returned to profit and sold to a leading provider of supply chain solutions.

THOMAS CROSS
Non-Executive Director

Tom is Chief Executive of Dana Petroleum plc. He is a Chartered Director and petroleum engineer with extensive energy sector experience spanning projects in over 20 countries. Tom is Chairman of BRINDEX, the Association of British Independent Oil Companies and a Fellow of the Institute of Directors. He chairs Aupec Limited, has served as a Chairman of the Society of Petroleum Engineers and an advisor to BBC Radio on oil and gas affairs.

Tom chairs the Remuneration Committee and is a member of the Audit Committee of The Parkmead Group.

BRIAN WILSON
Non-Executive Director

Brian Wilson is a former Labour government minister who began in the Scottish Office in 1997 before moving to the Department of Trade and Industry. He subsequently served the Government within the Scottish Office; as a Foreign Office minister; as Energy minister within the DTI; and as a special advisor to the prime minister on Trade and Energy. Brian is a member of the Privy Council.

The directorships and partnerships held by Brian Wilson are as follows: Celtic plc, Amec Nuclear, Harris Tweed Hebrides, Havana Energy, UKSMG, Scottish Resources Group and CMA Scotland.

Brian is the Senior Independent Non-Executive Director of The Parkmead Group.

DIRECTORS' REPORT

The Directors present their annual report and financial statements of the Company and of the Group for the year ended 30 June 2010.

GENERAL INFORMATION

The Parkmead Group plc is a public limited company incorporated and domiciled in the UK and is listed on the AIM market of the London Stock Exchange. The Company's registered number is 03914068.

PRINCIPAL ACTIVITY

The Group's and Company's principal activity carried out in the United Kingdom is that of provision of business services and investors in the energy sector.

RESULTS AND DIVIDENDS

The Group loss for the financial year after taxation amounted to £1.6million (2009: £6.9 million). The Directors do not recommend the payment of a final dividend (2009: £nil).

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The review of the business for the year, future developments and events since the end of year are set out in the Chairman's Statement on pages 2 to 3. The information which fulfils the requirements of the Business Review as set out in the Companies Act is included therein.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company during the period were as follows:

Colin Goodall	
Niall Doran	
Gordon Ashworth	resigned 1 February 2010
Donald MacKay	appointed 1 February 2010
Thomas Cross	
Brian Wilson	
Faysal Hamza	
John Leggate	resigned 22 December 2009

The names and biographical details of the current Directors, as at the date of signing these financial statements, are given on page 4.

The following Directors have been granted options:

	Date of grant	Options granted	Exercise price
N Doran	22 May 2006 *	33,485,616	£0.08

* The vesting conditions associated with these options are such that 50% of the options vest at any time if the closing mid market price of the ordinary shares of the Company exceeds 18 pence. The remainder of the options vest if, at any time, the closing mid market price exceeds 27 pence. The options expire in May 2016.

All options granted above relate to The Parkmead Group plc. No options were exercised during the year. 600,000 options previously granted to G Ashworth lapsed on his leaving the Company.

DIRECTORS' INDEMNITY

The Company provides, subject to the provisions of UK legislation, an indemnity for Directors and Officers against all costs, charges, losses, expenses and liabilities incurred by them in the execution and discharge of their duties or in relation thereto including any liability incurred by them in defending any civil or criminal proceedings, which relate to anything done or omitted or alleged to have been done or omitted by them as an Officer or employee of the Company and in which judgment is given in their favour (or the proceedings otherwise disposed of without any finding or admission of any material breach of duty on their part) or in which they are acquitted, or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to them by the Court.

Appropriate Directors' and Officers' Liability insurance cover is in place in respect of all the Company's Directors.

INVESTMENTS

Investments are stated at fair value. Details of changes in the Group's investment holdings are set out in Note 20 to these financial statements.

FINANCIAL RISK MANAGEMENT POLICIES

Further details of the Group's financial risk management policies are set out in Note 29 to the financial statements.

CHARITABLE AND POLITICAL DONATIONS

The Group made charitable donations of £300 during the year (2009: £46). The Group made no political donations during the year (2009:£nil).

SUPPLIER PAYMENT POLICY AND PRACTICES

It is Group policy to agree and communicate clearly the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to these based on the timely receipt of an accurate invoice.

Average trade creditor days based on payables as at 30 June 2010 were 41 days (2009: 64 days) for the Company.

SHARE CAPITAL

At 30 June 2010 the total issued ordinary share capital was 603,635,898 shares of 0.1 pence each. All of the Company's shares are fully paid up and quoted on AIM. The rights and obligations attaching to the Company's ordinary shares as well as the powers of the Company's Directors are set out in the Company's articles of association, copies of which can be obtained from the Company website (www.parkmeadgroup.com), Companies House, or by writing to the Company Secretary. There are no restrictions on the voting rights attaching to or the transfer of the Company's issued ordinary shares. No person holds securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions in the transfer of securities or voting rights. The Company's articles of association may be amended by special resolution of the Company's shareholders.

PURCHASE OF OWN ORDINARY SHARES

The Directors are authorised to make market purchases of the Company's ordinary shares under an authority granted by the Annual General Meeting held on 3 December 2008.
No purchases were made under this authority during the year (2009: Nil). The maximum number of ordinary shares which may be acquired is 10% or less of the Company's issued ordinary shares as at 3 December 2008. The Directors have no immediate intention of exercising the authority but they will keep the matter under review. Any shares purchased in accordance with this authority will subsequently be cancelled.

SUBSTANTIAL SHAREHOLDINGS

The Company has been advised of the following substantial shareholdings as at 31 August 2010:

No. of Ordinary	Shares Held	% of Ordinary Shares
Mr Thomas Cross	85,414,701	14.15%
Mrs Linda Cross	84,346,824	13.97%
Mr David Mills	63,146,567	10.46%
Schroder Investment Management	58,967,220	9.77%
Mr David Rose	45,884,188	7.60%
Mr Kenneth Olisa	34,248,076	5.67%
Mr Niall Doran	35,491,677	5.88%
Prof. Alexander Kemp	30,589,459	5.07%
Shoaibi Group	30,300,000	5.02%

DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant available information of which the Company's auditors were unaware; and
- that Director has taken all steps a Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITORS

PricewaterhouseCoopers resigned as auditors for the Company on 25 May 2010. Nexia Smith & Williamson were appointed auditors to the Company and have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the forthcoming Annual General Meeting.

ANNUAL GENERAL MEETING

Your attention is drawn to the Notice of the Annual General Meeting to be held on 18 October 2010 which is set out on page 53 to this Report. Under ordinary business shareholders will be asked to consider:

- approving the Annual Report and financial statements for the year ended 30 June 2010
- the reappointment of Directors who, in accordance with the articles of association of the Company have retired by rotation
- approving the reappointment of Nexia Smith & Williamson as auditors to the Company

BY ORDER OF THE BOARD

Donald MacKay
Chief Financial Officer
22 September 2010

The Company is committed to high standards of corporate governance. The Parkmead Group plc, as an AIM listed company, is not required to comply with the June 2008 Combined Code on Corporate Governance. However, the Board recognises the importance of sound corporate governance and has ensured that the Company has adopted policies and procedures that the Directors' consider appropriate to the Company's size, which reflect such Principles of Good Governance and the Code of Best Practice as published by the Committee on Corporate Governance (commonly known as the "Combined Code").

THE BOARD

Board effectiveness

The Board, which is set up to control the Company and Group meets formally at least four times a year and in the year under review met on seven occasions. As at the year end the Board was composed of six Directors – two Executive and four Non-Executive Directors. Three of the Non-Executive Directors, namely the Chairman (Mr. C Goodall), Mr. F Hamza and Mr. B Wilson are considered by the Board to be independent, notwithstanding the fact that they have shares in the Company.

Each Board member receives the latest financial and management information each month, which consists of:

- management accounts setting out actual costs and revenues against budgeted costs and revenues;
- cash collections and forecasts;
- a statement of income compared with budget;
- balance sheet values including net assets per share; and,
- internal rate of return on investments.

The Board reserves to itself a range of key decisions to ensure it retains proper direction and control of the Group, whilst delegating authority to individual Directors who are responsible for the day to day management of the business.

All Directors have access to the advice and services of the Company Secretary and can also seek independent professional advice, if necessary, at the Company's expense.

Board appointments

All appointments to the Board are discussed at a full board meeting and each member is given the opportunity to meet the individual concerned prior to an appointment being made.

Chairman and Chief Executive Officer

The Board has shown its commitment to dividing responsibility for running the Board and the business by appointing Mr. C Goodall as Non-Executive Chairman and Mr. N Doran as Chief Executive Officer.

Re-election of Directors

All Directors are subject to re-election every three years in accordance with the Company's Articles of Association. This year the following Director due for re-election is Mr. N Doran.

COMMITTEES AND AUDITORS

Committees

The Directors have delegated certain of their responsibilities to various committees, which operate within specific terms of reference and authority limits.

The Audit Committee meets at least twice a year and consists of Mr. C Goodall and Mr. T Cross. Mr. N Doran and Mr. D MacKay attend by invitation. In the year ended 30 June 2010 the Audit Committee met three times, all meetings were fully attended.

The duties of the Audit Committee include:

- review of the scope and the results of the audit;
- assessment of the cost effectiveness of the audit;
- monitoring the independence and objectivity of the Auditors;
- review and assessment of current updates of changes in accounting standards and their likely impact on the Group's accounts;
- review and assessment of the internal controls of the Company; and
- assessment of the competencies of the financial human resources available to the Company.

The Chairman of the Audit Committee has recent and relevant financial experience. The Audit Committee advises the Board on the appointment, re-appointment or removal of the external Auditors and on their remuneration. The Audit Committee discusses the nature and scope of the audit with the external Auditors and provides a forum for reporting by the Group's external Auditors on any matters it considers appropriate.

It is the task of the Audit Committee to ensure that auditor objectivity and independence is safeguarded when non-audit services are provided by the Auditors. To ensure auditor objectivity and independence there is a process in place to approve any non-audit work at each audit committee meeting.

The Remuneration Committee, which consists of Mr. T Cross and Mr. C Goodall, also meets at least once a year. In the year ended 30 June 2010 the Remuneration Committee met once, the meeting was fully attended.

The Remuneration Committee is responsible for reviewing the level and make-up of the remuneration of Executive Directors.

The Executive Directors meet regularly on an informal basis and deal with decisions that do not require full Board approval. The Directors believe that this process for making business decisions provides sufficient division of responsibility to meet the requirements of the Combined Code.

Shareholder relations

The Company communicates with current and potential shareholders through the Annual Report and financial statements, the Interim Statement and any trading updates. Additionally, through the Company's website (www.parkmeadgroup.com), the Company makes available announcements relating to progress on investments and industry relationships, which whilst not a regulatory requirement to be disclosed, provide investors with further insight as to progress made by the Company. Directors are available at the Annual General Meeting where shareholders can ask questions or represent their views. Additionally, in accordance with the AIM rules, specifically Rule 26, the Company has disclosed fully all relevant information so as to ensure that it is fully compliant.

The Company maintains a website (*www.parkmeadgroup.com*) where the Group's statutory financial statements can be accessed.

The following information can also be found there:

- copies of regulatory announcements;
- announcements made to relevant industry media;
- Directors' biographies;
- information relating to the Group's services; and
- details of the Group's investments.

All queries raised by shareholders are dealt with by the Chief Financial Officer, Mr. D MacKay.

Accountability and audit

The Board believes that the Annual Report and financial statements play an important part in presenting shareholders with an assessment of the Group's position and prospects, and in particular the Chairman's Statement, which contains a detailed consideration of the Group's financial position and prospects.

REMUNERATION POLICY

The Remuneration Committee is responsible for reviewing the level and make-up of the remuneration of Executive Directors. In doing so the Committee's aims are:

- to ensure that remuneration packages are sufficient to attract and retain Executive Directors of the requisite calibre;
- to ensure that the targets of the Group and its Executive Directors are aligned;
- to ensure that the remuneration policies adopted by the Group give full consideration to the requirements of the Combined Code appended to the Listing Rules of the UK Listing Authority;
- to consider, and if thought fit, grant options to Executive Directors and staff under the Group's Option Schemes; and
- where applicable, to assess targets that should be used in the fixing of performance related pay for Executive Directors. Such bonuses are paid at the discretion of the Remuneration Committee.

Non-Executive Directors

The remuneration of the Non-Executive Directors is determined by the Board within the limits set out in the Articles of Association.

INTERNAL CONTROL

The Board has decided that at this stage in the Group's development the creation of an internal audit function is not warranted. In reaching this decision the Board has had regard to the internal controls that have been implemented across the Group. These are

- the establishment of a Board with an appropriate balance of Executive and Non-Executive Directors, which has overall responsibility for decision making across the Group;
- the preparation and approval of an annual budget in advance of each financial year and monitoring performance against this at an appropriate level of detail on a timely basis;
- establishing clear lines of reporting, responsibility and delegation throughout the Group and documenting this in a clearly defined organisational chart;
- ensuring that clearly defined control procedures covering expenditure and authority levels are in place. In particular the Group requires that all significant expenditure is authorised prior to ordering by at least one Executive Director and that all financial payments are made under dual signature; and,
- undertaking a risk assessment of the Group's activities and monitoring the risks identified.

There is an ongoing process for identifying, evaluating and managing risks faced by the Company. These processes were in place during the year.

CORPORATE SOCIAL RESPONSIBILITY

The Group acquits itself of its commitment to Corporate Social Responsibility through the implementation of policies across the following areas:

- equal opportunities across the Group; and
- health and safety

GOING CONCERN

The Directors, after making appropriate enquiries have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent company financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Donald MacKay
Chief Financial Officer
22 September 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PARKMEAD GROUP PLC

We have audited the Group and Parent Company financial statements (the "financial statements") of The Parkmead Group plc for the year ended 30 June 2010 which comprise the Group Income Statement, the Group and Parent Company Statements of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Statements of Cash Flows, and the related notes 1 to 35. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement as set out on page 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and Parent Company's affairs as at 30 June 2010 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Nexia Smith & Williamson

Andrew Bond
Senior Statutory Auditor, for and on behalf of,
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY
22 September 2010

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	NOTES	2010 £	2009 £
Continuing operations			
Revenue	3	**2,364,151**	161,498
Cost of sales		**(1,549,671)**	-
Gross profit		**814,480**	161,498
Administrative expenses		**(2,274,291)**	(2,704,221)
Operating loss	4	**(1,459,811)**	(2,542,723)
Finance income	9	**531,403**	399,901
Finance costs	10	**(6,739)**	(803)
Profit on sale of available-for-sale financial assets	11	**74,396**	-
Amounts written off available-for-sale financial assets and loans		**(539,995)**	(3,493,967)
Other (losses)/gains on financial assets at fair value through profit or loss	12	**(8,033)**	(689,130)
Loss before taxation		**(1,408,779)**	(6,326,722)
Taxation	13	**(85,773)**	-
Loss for the year from continuing operations		**(1,494,552)**	(6,326,722)
Discontinued operations			
Loss for the year from discontinued operations	14	**(108,825)**	(569,652)
Loss for the year attributable to the equity holders of the Parent		**(1,603,377)**	(6,896,374)
Loss per share (pence)			
Continuing operations			
Basic and diluted	15	**(0.29)**	(1.72)
Continuing and discontinued operations			
Basic and diluted	15	**(0.31)**	(1.87)

CONSOLIDATED AND COMPANY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	GROUP		COMPANY	
	2010	2009	2010	2009
	£	£	£	£
Loss for the year	**(1,603,377)**	(6,896,374)	**(2,057,345)**	(6,846,203)
Other comprehensive income				
Available-for-sale financial assets				
Fair value gain/(loss) on available-for-sale financial assets	**1,716,492**	(3,860,830)	**1,716,492**	(3,860,830)
	1,716,492	(3,860,830)	**1,716,492**	(3,860,830)
Income tax relating to components of other comprehensive income	-	-	-	-
Other comprehensive income for the year, net of tax	**1,716,492**	(3,860,830)	**1,716,492**	(3,860,830)
Total comprehensive income for the year attributable to the equity holders of the Parent	**113,115**	(10,757,204)	**(340,853)**	(10,707,033)

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	NOTES	GROUP		COMPANY	
		2010	2009	2010	2009
		£	£	£	£
Non-current assets					
Property, plant and equipment	16	**60,778**	166,850	**16,072**	166,850
Goodwill	17	**2,173,532**	-	**-**	-
Other intangible assets	17	**99,106**	-	**-**	-
Investment in subsidiary and joint ventures	18	**-**	-	**3,883,353**	51,000
Available-for-sale financial assets	20	**5,384,124**	2,983,951	**5,384,124**	2,983,951
Trade and other receivables	21	**33,320**	-	**94,715**	-
Deferred tax assets	26	**101,574**	-	**-**	-
Total non-current assets		**7,852,434**	3,150,801	**9,378,264**	3,201,801
Current assets					
Trade and other receivables	21	**3,199,194**	674,762	**206,834**	709,030
Other financial assets	22	**878**	2,673	**878**	2,673
Cash and cash equivalents	23	**291,869**	2,516,892	**6,661**	2,491,807
Total current assets		**3,491,941**	3,194,327	**214,373**	3,203,510
Total assets		**11,344,375**	6,345,128	**9,592,637**	6,405,311
Current liabilities					
Current portion of capital lease obligations	24	**(1,043)**	(12,521)	**(1,043)**	(12,521)
Trade and other payables	25	**(2,737,838)**	(734,689)	**(1,445,640)**	(707,518)
Current tax liabilities		**(66,097)**	-	**-**	-
Provisions	27	**(1,959)**	(3,619)	**(1,959)**	(3,619)
Total current liabilities		**(2,806,937)**	(750,829)	**(1,448,642)**	(723,658)
Non-current liabilities					
Capital lease obligations	24	**-**	(1,044)	**-**	(1,044)
Deferred tax liabilities	26	**(26,829)**	-	**-**	-
Total non-current liabilities		**(26,829)**	(1,044)	**-**	(1,044)
Total liabilities		**(2,833,766)**	(751,873)	**(1,448,642)**	(724,702)
Net assets		**8,510,609**	5,593,255	**8,143,995**	5,680,609
Equity attributable to equity holders					
Called up share capital	30	**18,652,383**	18,417,089	**18,652,383**	18,417,089
Share premium	30	**2,647,059**	-	**2,647,059**	-
Merger reserve	30	**(952,109)**	(952,109)	**1,454,546**	1,454,546
Employee benefit trust reserve	30	**(1,128,008)**	(1,128,008)	**(1,128,008)**	(1,128,008)
Foreign exchange reserve	30	**7,377**	157,382	**7,377**	157,382
Revaluation reserve	30	**(1,182,639)**	(2,892,904)	**(1,182,639)**	(2,892,904)
Retained deficit		**(9,533,454)**	(8,008,195)	**(12,306,723)**	(10,327,496)
Total Equity		**8,510,609**	5,593,255	**8,143,995**	5,680,609

The financial statements on pages 11 to 52 were approved by the Board of Directors on 22 September 2010 and signed on its behalf by:

Niall Doran
Director

Donald MacKay
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Share capital £	Share premium £	Merger reserve £	Employee Benefit Trust reserve £	Foreign exchange reserve £	Revaluation reserve £	Retained earnings £	Total £
At 1 July 2008	18,417,089	-	(952,109)	(1,128,008)	159,149	966,159	(1,248,288)	16,213,992
Loss for the year	-	-	-	-	-	-	(6,896,374)	(6,896,374)
Fair value (loss) on available-for-sale financial assets	-	-	-	-	(1,767)	(3,859,063)	-	(3,860,830)
Total comprehensive income for the year	-	-	-	-	(1,767)	(3,859,063)	(6,896,374)	(10,757,204)
Share-based payments	-	-	-	-	-	-	136,467	136,467
At 30 June 2009	18,417,089	-	(952,109)	(1,128,008)	157,382	(2,892,904)	(8,008,195)	5,593,255
Loss for the year	-	-	-	-	-	-	(1,603,377)	(1,603,377)
Fair value gain on available-for-sale financial assets	-	-	-	-	6,227	1,710,265	-	1,716,492
Total comprehensive income for the year	-	-	-	-	6,227	1,710,265	(1,603,377)	113,115
Foreign exchange gain on available-for-sale financial asset recognised in profit or loss on derecognition	-	-	-	-	(156,232)	-	-	(156,232)
Issue of new ordinary shares	235,294	2,647,059	-	-	-	-	-	2,882,353
Share-based payments	-	-	-	-	-	-	78,118	78,118
At 30 June 2010	18,652,383	2,647,059	(952,109)	(1,128,008)	7,377	(1,182,639)	(9,533,454)	8,510,609

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Share capital £	Share premium £	Merger reserve £	Employee Benefit Trust £	Foreign exchange reserve £	Revaluation reserve £	Retained earnings £	Total £
At 1 July 2008	18,417,089	-	1,454,546	(1,128,008)	159,149	966,159	(3,617,760)	16,251,175
Retained loss for the year	-	-	-	-	-	-	(6,846,203)	(6,846,203)
Fair value (loss) on available-for-sale financial assets	-	-	-	-	(1,767)	(3,859,063)	-	(3,860,830)
Total comprehensive income for the period	-	-	-	-	(1,767)	(3,859,063)	(6,846,203)	(10,707,033)
Share-based payments	-	-	-	-	-	-	136,467	136,467
At 30 June 2009	18,417,089	-	1,454,546	(1,128,008)	157,382	(2,892,904)	(10,327,496)	5,680,609
Retained loss for the year	-	-	-	-	-	-	(2,057,345)	(2,057,345)
Fair value gain on available-for-sale financial assets	-	-	-	-	6,227	1,710,265	-	1,716,492
Total comprehensive income for the year	-	-	-	-	6,227	1,710,265	(2,057,345)	(340,853)
Foreign exchange gain on available-for-sale financial asset recognised in profit or loss on derecognition	-	-	-	-	(156,232)	-	-	(156,232)
Issue of new ordinary shares	235,294	2,647,059	-	-	-	-	-	2,882,353
Share-based payments	-	-	-	-	-	-	78,118	78,118
At 30 June 2010	18,652,383	2,647,059	1,454,546	(1,128,008)	7,377	(1,182,639)	(12,306,723)	8,143,995

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	NOTES	GROUP		COMPANY	
		2010	2009	2010	2009
		£	£	£	£
Cash flows from operating activities					
Continuing activities	32	**(2,613,588)**	(1,405,380)	**(462,728)**	(1,398,571)
Income tax paid		**(124,288)**	-	**-**	-
Net cash (used in) operating activities		**(2,737,876)**	(1,405,380)	**(462,728)**	(1,398,571)
Cash flow from investing activities					
Interest received		**14,075**	136,836	**13,575**	132,401
Proceeds from sale of investments		**439,083**	280,000	**439,083**	280,000
Liquidation dividend received from subsidiary		**-**	-	**-**	178,621
Acquisition of subsidiary net of cash acquired	19	**1,558,808**	-	**(1,000,000)**	-
Acquisition of investments		**(1,458,315)**	(716,500)	**(1,458,315)**	(716,500)
Acquisition of intangible assets		**(7,834)**	-	**-**	-
Acquisition of property, plant and equipment		**(20,264)**	(9,233)	**(4,240)**	(9,233)
Net cash (used in)/generated by investing activities		**525,553**	(308,897)	**(2,009,897)**	(134,711)
Cash flow from financing activities					
Income from debt and lease financing		**-**	-	**-**	-
Interest paid		**(179)**	-	**-**	-
Finance lease principal payments		**(12,521)**	(12,521)	**(12,521)**	(12,521)
Net cash (used in) financing activities		**(12,700)**	(12,521)	**(12,521)**	(12,521)
Net decrease in cash and cash equivalents		**(2,225,023)**	(1,726,798)	**(2,485,146)**	(1,545,803)
Cash and cash equivalents at beginning of year		**2,516,892**	4,243,690	**2,491,807**	4,037,610
Cash and cash equivalents at end of year		**291,869**	2,516,892	**6,661**	2,491,807

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATMENT OF COMPLIANCE WITH IFRS

The consolidated financial statements of the Group for the year ended 30 June 2010 were authorised for issue by the Board of Directors on 24 September 2010 and the Statement of Financial Position was signed on the Board's behalf by Niall Doran and Donald MacKay. The Group is a public limited company incorporated in England & Wales and domiciled in Scotland. The Company's shares are publicly traded on AIM on the London Stock Exchange. The registered office is located at Pellipar House, 9 Cloak Lane, London.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the financial statements of the Group for the year ended 30 June 2010.

2. ACCOUNTING POLICIES

Basis of preparation of the financial statements

The consolidated financial information presented in this statement has been prepared in accordance with IFRSs as adopted by the EU, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and available-for-sale financial assets.

The Company has taken the advantage of the exemption permitted under Section 408 of the Companies Act 2006 and does not present its own profit and loss account.

Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Consideration, including deferred consideration, is measured at fair value on the date of acquisition or disposal. Deferred consideration is re-measured, where appropriate, at each balance sheet date to reflect the anticipated amount due.

On sale of a subsidiary, deferred consideration is recorded as an available for sale financial asset. Any impairment in deferred consideration due is recorded in equity, unless the impairment is considered other than temporary where it is charged within the income statement within the profit or loss from discontinued operations.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

The Group and Company have adopted IFRS 3 Business Combinations (revised) and IAS 27 Separate and Consolidated Financial Statements (revised) during the current year. The purchase of Aupec Limited on 3 November 2009 (see Note 19) is the first business combination to which the revised standards have been applied.

Interest in Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, in that strategic financial and operating decisions require the unanimous consent of the parties.

The Group's interest in joint ventures is accounted for using the proportionate consolidation method, whereby the Group's share of the results and assets and liabilities of a jointly-controlled entity is combined line by line with similar items in the Group's consolidated financial statements.

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 July 2009:

- IFRS 2 Share-based Payment: Vesting Conditions and Cancellations effective 1 January 2009
- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January2010 (early adopted)

- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) including consequential amendments to IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39
- IFRS 7 Financial Instruments: Disclosures effective 1 January 2009
- IFRS 8 Operating Segments effective 1 January 2009
- IAS 1 Presentation of Financial Statements effective 1 January 2009
- IAS 23 Borrowing Costs (Revised) effective 1 January 2009
- IAS 32 Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation effective 1 January 2009
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items effective 1 July 2009
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation effective 1 October 2008
- IFRIC 18 Transfers of Assets from Customers effective 1 July 2009
- Improvements to IFRSs (April 2009)

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 which clarifies the definition of vesting conditions and prescribes the treatment for an award that is cancelled. The Group adopted this amendment as of 1 July 2009. It did not have an impact on the financial position or performance of the Group.

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group adopted this amendment as of 1 July 2009. It did not have an impact on the financial position or performance of the Group.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

The Group adopted the revised IFRS 3 from 1 January 2009. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results. IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. The change in accounting policy was applied prospectively and had no material impact on earnings per share.

The Group and Company have applied IFRS 3 (revised) and IAS 27 (revised) to the purchase of Aupec Limited (see Note 19). This is the first business combination to which the revised standards have been applied.

IFRS 7 Financial Instruments: Disclosures

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 20. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 29.

IFRS 8 Operating Segments

IFRS 8 replaced IAS 14 Segment Reporting upon its effective date. The Group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. IFRS 8 disclosures are shown in Note 6, including the related revised comparative information.

IAS 1 Presentation of Financial Statements

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

IAS 1 has also introduced a number of changes in terminology, and as a consequence the balance sheet has been renamed the 'consolidated statement of financial position' and the cash flow statement has been renamed the 'consolidated statement of cash flows'. There have been no changes to the reported results or financial position as a result of adopting the revised standard.

Standards, amendments and interpretations to existing standards that are not yet effective and are not expected to have a significant effect on the Group

- IAS 24 Related Party Disclosures (Revised) effective 1 January 2011

- IFRS 9 Financial Instruments effective 1 January 2013
- IFRIC 14 Prepayments of a Minimum Requirement (Amendment) effective 1 January 2011
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments effective 1 July 2010
- Improvements to International Financial Reporting Standards (issued 2009) effective 1 January 2011

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown net of discounts, VAT and other sales related taxes.

The Group and the Company recognise revenue as services are provided and when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Revenues from long-term fixed-price contracts are recognised under the "percentage-of-completion" method. The stage of completion of a contract is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total costs of the contract.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available-for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker as required by IFRS 8 "Operating Segments". The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The accounting policies of the reportable segments are consistent with the accounting policies of the Group as a whole. Segment profit represents the profit earned by each segment without allocation of foreign exchange gains or losses, gains or losses on the disposal of available-for-sale investments, investment income, interest payable and tax. This is the measure of profit that is reported to the Board of Directors for the purpose of resource allocation and the assessment of segment performance.

When assessing segment performance and considering the allocation of resources, the Board of Directors review information about segment assets and liabilities. For this purpose, all assets and liabilities are allocated to reportable segments with the exception of cash and cash equivalents, available-for-sale financial assets and current and deferred tax assets and liabilities.

Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in pounds sterling, which are the Company's functional, and presentation currency and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the fair value of the security, and other changes in the carrying amount of the security. Translation differences related to changes in fair value are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the revaluation reserve in equity.

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Pensions

The Group contributes 10% of employees' gross salary into personal pension funds of their choice. The cost of providing pension contributions for employees is charged to the income statement as accrued.

Share based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the income statement.

Incentives are provided to employees under an unapproved share option scheme and an Inland Revenue approved Enterprise Management Incentive ("EMI") scheme and through other discretionary share based awards.

The Group measures the fair value of any share based awards issued by the Group to employees at the date of grant. The fair value at the date of grant is expensed over the vesting period, except where market based conditions make it more appropriate to recognise the costs over the expected vesting period of the options. All share based awards are settled in equity and accordingly the share based payment is credited directly to equity.

The requirements of IFRS 2 apply to all grants of share options made after 7 November 2002 which had not vested on or before 30 June 2005.

Where the share based payment has taken the form of a loan from the Employee Benefit Trust, a charge based on the fair value of the anticipated benefit is determined on a consistent basis with the other share based awards. The charge is recognised in the income statement and any difference between the charge and the loan is debited to Employee Benefit Trust Reserve.

Employee Benefit Trust

The Company has provided loan finance to an Employee Benefit Trust such that it can purchase shares in the Group. Assets and liabilities of the Employee Benefit Trust are included in the Group balance sheet. The costs of running the Trust are charged to the income statement.

Property, Plant and Equipment

Property, plant and equipment are stated at historic purchase cost less depreciation and any provision for impairment.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset into its working condition. Depreciation is provided on all tangible fixed assets on a straight line basis to write each asset down to its estimated residual value over its expected useful life, as follows:

Short leasehold improvements	5 years
Fixtures, fittings and computer equipment	3 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Transaction costs relating to acquisition of a subsidiary are recognised directly in the income statement.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually (as at 30 June) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

Financial assets

Classification of financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for assets with maturities greater than 12 months after the balance sheet date where they are classified as non-current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Measurement of financial assets

Initial recognition

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset.

Available-for-sale financial assets (including deferred consideration) are initially recognised at fair value, plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques.

These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Loans and receivables are carried at amortised cost using the effective interest method.

Subsequent measurement

Available-for-sale financial assets (including deferred consideration) and financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category and dividend income from financial assets at fair value through profit or loss are presented in the income statement within 'other (losses)/gains on financial assets at fair value through profit or loss' in the period in which they arise.

Changes in the value of available-for-sale financial assets are recorded in equity within the revaluation reserve, unless impairment in value is considered to be other than temporary where the loss is charged to the income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of finance income.

Loans and receivables are carried at amortised costs and the accretion in the values of loans and receivables to their principal amount is recorded within finance income.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If it is determined that an impairment for an available-for-sale financial assets is other than temporary, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement.

Derivative financial instruments

Derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement except where derivatives qualify for cash flow hedge accounting.

A derivative may be embedded in another financial instrument known as the host contract. Where the economic characteristics and risks of an embedded derivative are not closely related to those of the host contract the embedded derivative is separated from the host and held on the balance sheet at fair value. Movements in fair value are recorded within the income statement whilst the host contract is accounted for according to the policy for that class of financial instrument.

Cash and cash equivalents

Cash and cash equivalents for the purposes of the cash flow statement includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade receivables

Trade receivables are initially stated at fair value and subsequently accreted for interest and adjusted for any provisions for impairment. Trade receivables are assessed individually for impairment. Movements in the provision for doubtful trade receivables are recorded in the income statement in administrative expenses.

Trade payables

Trade payables are initially recognised at fair value and subsequently at amortised cost.

Leases

Assets held under capital leases, which are those where substantially all the risks and rewards of ownership of the asset have passed to the Group, are capitalised in the balance sheet at the lower of fair value and the present value of the minimum lease payments and are depreciated over their useful lives. A liability is also created in the balance sheet.

The interest element of the rental obligations is charged to the income statement over the period of the lease and represents a constant rate of charge on the remaining capital repayments.

Rentals payable and receivable under operating leases are charged or credited to the income statement on a straight line basis over the lease term.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Employer's national insurance in the UK is payable on the exercise of certain share options or when benefits in kind are provided to employees. For share options, provision of national insurance is calculated on the fair value of the share options at the balance sheet date, pro-rated over the vesting period of the options. For other benefits in kind, provision is made when it is probable that a liability will arise.

Accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The resulting accounting estimates may not equate with the actual results which will only be known in time. Those areas believed to be key areas of estimation are noted below:

- **Revenue recognition**
  Revenues from long-term fixed-price contracts are recognised under the "percentage-of-completion" method. Estimated total costs of the contract are subject to uncertainty. However the Directors are satisfied that costs to complete the transaction can be measured reliably.

- **Estimates of fair values of share based payments, warrants, unquoted investments and deferred consideration.**
  The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Directors consider that shares traded in an active market are those that are traded daily on a recognised stock exchange. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the time the transaction is recognised and at each balance sheet date. The Directors use the Black Scholes-Merton model to estimate the fair value of certain unlisted investments, warrants and share based payments. The underlying assumptions used by the Directors in determining the fair value of unlisted investments, warrants and share based payments are set out in Notes 22 and 30 respectively. The singular most important estimate of these is that of share price volatility.

  The Company has also estimated the deferred consideration due to the Company on the sale of Quayside Corporate Services Limited, by reference to its own share price, as the consideration due is dependent upon the value of the Company's shares as explained in Note 20.

- **Impairment of goodwill**
  Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating unit (CGU) to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and apply a suitable discount rate in order to calculate the present value.

- **Trade receivables**
  The trade receivables balances recorded in the Group's statement of financial position comprise a relatively small number of large balances. A full line by line review of trade receivables is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provision does not match the level of debts which may ultimately prove to be uncollectible.

3. REVENUE

	2010 £	2009 £
An analysis of the Group's revenue is as follows:		
Continuing operations		
Rendering of services	**2,364,151**	161,498

4. OPERATING LOSS

	2010 £	2009 £
The operating loss is stated after charging/(crediting):		
Depreciation of property, plant and equipment		
- Owned tangible fixed assets	**49,125**	58,503
- Impairment of tangible fixed assets	**99,391**	-
- Under finance leases	**13,565**	12,521
Amortisation of other intangible assets	**124,075**	-
Provision for dilapidations	**22,345**	-
Provision for employers taxes on share options (Note 27)	**(1,660)**	(15,217)
Operating Lease Rentals: Other	**307,891**	224,404
Gain on disposal of property, plant and equipment	**3,144**	-
Aborted reverse takeover – professional fees	**-**	418,504
Acquisition costs of purchase of subsidiary	**255,297**	-
Exchange (gain)/loss	**(375,382)**	(11,245)

5. AUDITORS' REMUNERATION

	2010 £	2009 £
Audit fees payable to the auditor for the audit of the Company's annual financial statements	**29,250**	-
Fees payable to the Company's current auditors and its associates for other services supplied pursuant to legislation		
Audit of the Company's subsidiaries pursuant to legislation	**13,625**	-
Other services relating to taxation	**13,625**	-
Other services	**3,750**	-
	60,250	-
Other services relate to the review of interim results.		
Audit fees payable to the previous auditor for the audit of the Company's annual financial statements	**-**	30,000
Fees payable to the Company's previous auditors and its associates for other services supplied pursuant to legislation		
Audit of the Company's subsidiaries pursuant to legislation	**-**	20,000
Other services relating to Corporate finance activity	**-**	62,170
Other services relating to taxation	**-**	7,000
Other services	**-**	15,000
	-	134,170

Other services relate to the review of interim results and the provision of accounting advice.

6. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

- The corporate finance segment provides corporate finance advice and investment advice with a primary focus in the Oil and Gas Exploration and Production sectors.
- The energy economics segment provides energy sector economics, valuation and benchmarking, advising on energy policies and fiscal matters, undertaking economic evaluations, supply benchmarking services and provide training.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

YEAR ENDED 30 JUNE 2010	Corporate finance £	Energy Economics £	Adjustments and eliminations £	Consolidated £
Revenue				
External customer	120,000	2,244,151	-	2,364,151
Inter-segment	30,750	-	(30,750)	-
Total revenue	150,750	2,244,151	(30,750)	2,364,151
Results				
Operating profit/(loss)	(1,975,238)	515,427	-	(1,459,811)
Finance income	530,966	437	-	531,403
Finance costs	(6,560)	(179)	-	(6,739)
Profit on sale of available-for-sale financial assets	74,396	-	-	74,396
Amounts written off available-for-sale financial assets and loans	(539,995)	-	-	(539,995)
Other gains/(losses) on financial assets at fair value through profit or loss	(8,033)	-	-	(8,033)
Segment profit/(loss)	(1,924,464)	515,685	-	(1,408,779)
Operating assets	5,774,076	6,693,236	(1,122,937)	11,344,375
Operating liabilities	(1,539,506)	(2,417,197)	1,122,937	(2,833,766)
Other disclosures				
Capital expenditure	4,240	16,024	-	20,264
Depreciation and amortisation	52,376	134,389	-	186,765
Impairment of tangible assets	99,391	-	-	99,391

1) Inter-segment revenues are eliminated on consolidation
2) Capital expenditure consists of additions of property, plant and equipment and intangible assets including assets from the acquisition of subsidiaries

6. OPERATING SEGMENT INFORMATION CONTINUED

YEAR ENDED 30 JUNE 2009	Corporate finance £	Energy Economics £	Adjustments and eliminations £	Consolidated £
Revenue				
External customer	161,498	-	-	161,498
Inter-segment	-	-	-	-
Total revenue	161,498	-	-	161,498
Results				
Operating (loss)	(2,542,723)	-	-	(2,542,723)
Finance income	399,901	-	-	399,901
Finance costs	(803)	-	-	(803)
Amounts written off available-for-sale financial assets and loans	(3,493,967)	-	-	(3,493,967)
Other gains/(losses) on financial assets at fair value through profit or loss	(689,130)	-	-	(689,130)
Segment (loss)	(6,326,722)	-	-	(6,326,722)
Operating assets	6,345,128	-	-	6,345,128
Operating liabilities	(751,873)	-	-	(751,873)
Other disclosures				
Capital expenditure	7,798	-	-	7,798
Depreciation and amortisation	71,024	-	-	71,024

1) Inter-segment revenues are eliminated on consolidation
2) Capital expenditure consists of additions of property, plant and equipment and intangible assets including assets from the acquisition of subsidiaries.

Geographic information

REVENUES FROM EXTERNAL CUSTOMERS	2010 £	2009 £
Europe	**436,498**	161,498
USA	**232,538**	-
Africa	**1,695,115**	-
Total revenue per consolidated income statement	**2,364,151**	161,498

The revenue information is based on the location of the customer.
Revenue from one customer amounted to £1,553,546 (2009: £-), arising from sales by the Energy Economics segment.

NON-CURRENT ASSETS	2010 £	2009 £	As at 1 July 2008 £
Europe	**2,333,416**	166,850	230,076
USA	**-**	-	-
Africa	**-**	-	-
Total	**2,333,416**	166,850	230,076

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

7. STAFF COSTS

Staff costs (including executive directors) during the year comprise:

GROUP	2010 £	2009 £
Wages and salaries	**1,225,947**	609,974
Social security costs	**125,821**	103,087
Other pension costs	**55,940**	12,300
Charge for share based payments	**76,457**	136,467
	1,484,165	861,828

The average monthly number of employees (including executive directors) during the year was as follows:

	2010 No.	2009 No.
Management and consultants	**17**	6
Administration	**4**	-
IT	**5**	-
	26	6

8. DIRECTORS' EMOLUMENTS

Directors' remuneration in aggregate comprised:

	2010 £	2009 £
Aggregate emoluments	**686,152**	720,566
Compensation for loss of office	**30,000**	-
Company pension contributions to money purchase schemes	**11,715**	7,738
	727,867	728,304

During the year two (2009: one) Director accrued benefits under a money purchase pension scheme. The Company contributions paid to the scheme were £11,715 (2009: £7,738).

No Directors (2009: nil) are accruing benefits under the defined benefit schemes.

No Directors exercised share options in the period (2009: none).

Directors' remuneration, by director, for the year ended 30 June 2010 comprised:

	Aggregate remuneration £	Compensation for loss of office £	Total emoluments and compensation £
N Doran	419,002	-	419,002
D MacKay	30,667	-	30,667
G Ashworth	113,253	30,000	143,253
C Goodall	50,000	-	50,000
T Cross	35,000	-	35,000
F Hamza	20,000	-	20,000
B Wilson	12,000	-	12,000
J Leggate	6,230	-	6,230
Total	686,152	30,000	716,152

8. DIRECTORS' EMOLUMENTS CONTINUED

	Pension contributions to money purchase schemes £	Pension contributions to defined benefit schemes £	Total value of contributions paid to pension schemes £
N Doran	-	-	-
D MacKay	3,819	-	3,819
G Ashworth	7,896	-	7,896
C Goodall	-	-	-
T Cross	-	-	-
F Hamza	-	-	-
B Wilson	-	-	-
J Leggate	-	-	-
Total	11,715	-	11,715

Details of outstanding share options held by each director as at 30 June 2010 are as follows:

	Scheme	Number of options outstanding	Exercise price	Date from which exercisable	Expiry date
N Doran *	Unapproved	33,485,616	£0.08	22 May 2006	22 May 2016
D MacKay		-	-	-	-
G Ashworth **		-	-	-	-
C Goodall		-	-	-	-
T Cross		-	-	-	-
F Hamza		-	-	-	-
B Wilson		-	-	-	-
J Leggate		-	-	-	-

* The vesting conditions associated with these options are such that 50% of the options vest at any time if the closing mid market price of the ordinary shares of the Company exceeds 18 pence. The remainder of the options vest if, at any time, the closing mid market price exceeds 27 pence.

** 600,000 options previously granted to G Ashworth lapsed on his leaving the Company.

Director's remuneration, by director, for the year ended 30 June 2009 comprised:

	Aggregate remuneration £	Compensation for loss of office £	Total emoluments and compensation £
N Doran	480,088	-	480,088
G Ashworth	108,811	-	108,811
C Goodall	50,000	-	50,000
T Cross	45,000	-	45,000
F Hamza	16,667	-	16,667
B Wilson	12,000	-	12,000
J Leggate	8,000	-	8,000
Total	720,566	-	720,566

8. DIRECTORS' EMOLUMENTS CONTINUED

	Pension contributions to money purchase schemes £	Pension contributions to defined benefit schemes £	Total value of contributions paid to pension schemes £
N Doran	-	-	-
G Ashworth	7,738	-	7,738
C Goodall	-	-	-
T Cross	-	-	-
F Hamza	-	-	-
B Wilson	-	-	-
J Leggate	-	-	-
Total	7,738	-	7,738

Details of outstanding share options held by each director as at 30 June 2009 are as follows:

	Scheme	Number of options outstanding	Exercise price	Date from which exercisable	Expiry date
N Doran *	Unapproved	33,485,616	£0.08	22 May 2006	22 May 2016
G Ashworth **	EMI	600,000	£0.08	12 March 2007	12 March 2017
C Goodall		-	-	-	-
T Cross		-	-	-	-
F Hamza		-	-	-	-
B Wilson		-	-	-	-
J Leggate		-	-	-	-

* The vesting conditions associated with these options are such that 50% of the options vest at any time if the closing mid market price of the ordinary shares of the Company exceeds 18 pence. The remainder of the options vest if, at any time, the closing mid market price exceeds 27 pence.

** The vesting conditions associated with the options are such that 33.3% vest immediately. The remainder of the options vest equally over a two year period from the date of grant. There is no other performance criterion.

9. FINANCE INCOME

	2010 £	2009 £
Bank interest receivable	**11,100**	136,230
Other interest receivable	**-**	287
Imputed interest receivable	**520,303**	263,384
	531,403	399,901

The imputed interest receivable of £520,303 (2009: £263,384) represents the accretion of the value of assets that have been discounted over time, of which £505,388 (2009: £242,136) relates to the loan relating to Transeuro Energy Corporation.

10. FINANCE COSTS

	2010 £	2009 £
Imputed interest charge	**5,757**	-
Interest payable on capital lease	**982**	803
	6,739	803

11. PROFIT ON SALE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

In December 2009 the Group sold its entire holding in Reservoir Exploration Technology ASA for a consideration of £37,234. After reversing foreign exchange losses recognised in previous years of £156,232 and reversing impairment charges recognised in previous years a profit on disposal of £80,615 was recognised in the year.

In May 2010 the Group sold its entire holding in Transeuro Energy Corporation for a consideration of £42,906. After expenses the Group recognised a loss on disposal of £27,329.

In June 2010, as part of Faroe Petroleum Plc rights issue, the Group sold its unsubscribed Nil Paid Rights for £21,110.

12. OTHER (LOSSES)/GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2010 £	2009 £
Other financial assets at fair value through profit or loss		
- Fair value (losses)/gains	**(8,033)**	(689,130)
	(8,033)	(689,130)

13. TAXATION

The major components of income tax expense for the years ended 30 June 2010 and 2009 are:

	2010 £	2009 £
Current tax:		
Corporation tax at 28% (2009: 28%) based on the loss for the year	**-**	-
Adjustments in respect of current income tax of previous periods	**5,310**	-
Overseas current taxation	**103,031**	-
Deferred tax:		
Relating to origination and reversal of temporary differences	**(22,568)**	-
Income tax expense reported in the income statement	**85,773**	-

Tax has been calculated using an estimated annual effective rate of 28% (2009: 28%) on profit before tax.

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2010 £	2009 £
Loss on ordinary activities before tax	**(1,408,779)**	(6,896,374)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009: 28%)	**(394,458)**	(1,930,985)
Effects of:		
Adjustments in respect of current income tax of previous periods	**5,310**	-
Expenses not deductible for tax purposes and other permanent differences	**119,888**	137,548
Depreciation in the year in excess of capital allowances	**7,785**	17,703
Imputed interest not taxable	**(144,073)**	-
Other timing differences	**(4,509)**	33,950
Investments written down - not tax deductible	**167,448**	978,311
Losses not taxable	**7,652**	352,459
Unrelieved tax losses	**320,730**	411,014
Total tax charge for the year	**85,773**	-

The tax charge arising on the loss on discontinued operations is £nil (2009: £nil) as the loss is not taxable.

14. DISCONTINUED OPERATIONS

On 8 November 2007 the Group sold its entire holding in Quayside Corporate Services Limited to Mr. D Mills for a consideration of up to £2,600,000, the fair value of the total consideration was £1,473,560. After expenses the Group recognised a loss on disposal of £682,039.

In the year ended 30 June 2010 the Group recognised a decrease in value of the deferred consideration receivable for Mr. D Mills in relation to the disposal of Quayside Corporate Services Limited of £108,825 (2009 - £569,652), resulting in a total loss on disposal of £1,832,555 recognised to 30 June 2010.

Results from discontinued operations

	2010 £	2009 £
Revenue	-	-
Cost of sales	-	-
Operating expenses	-	-
Operating profit	-	-
Finance income	-	-
Profit before tax	-	-
Taxation	-	-
Profit after tax-operations	-	-
Loss on disposal	**(108,825)**	(569,652)
Loss after tax-discontinued operations	**(108,825)**	(569,652)

15. LOSS PER SHARE

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

	2010	2009
Loss per 0.01p (2009 – 5p) ordinary share from continuing operations (pence) – basic and diluted	**(0.29p)**	(1.72p)
Loss per 0.01p (2009 – 5p) ordinary share from discontinued operations (pence) – basic and diluted	**(0.02p)**	(0.15p)
Loss per 0.01p (2009 – 5p) ordinary share from total operations (pence) – basic and diluted	**(0.31p)**	(1.87p)

The calculations were based on the following information:

	2010	2009
Loss attributable to ordinary shareholders (£)		
- continuing operations	**(1,494,552)**	(6,326,722)
- discontinued operations	**(108,825)**	(569,652)
- total	**(1,603,377)**	(6,896,374)
Weighted average number of shares in issue		
- basic	**522,411,079**	368,341,780
- diluted	**522,411,079**	368,341,780

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

15. LOSS PER SHARE CONTINUED

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. 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.

16. PROPERTY, PLANT AND EQUIPMENT

GROUP	Short leasehold improvements	Fixtures, fittings and computer equipment	Total
	£	£	£
Cost			
At 1 July 2009	181,111	150,764	331,875
On acquisition of subsidiary	-	38,996	38,996
Additions	-	20,264	20,264
Disposals	(181,111)	(68,947)	(250,058)
At 30 June 2010	-	141,077	141,077
Depreciation			
At 1 July 2009	72,129	92,896	165,025
Impairment charge	90,835	8,556	99,391
Depreciation charged in the year	18,147	44,543	62,690
Eliminated on disposal	(181,111)	(65,696)	(246,807)
At 30 June 2010	-	80,299	80,299
Net book amount			
At 30 June 2010	-	60,778	60,778
At 30 June 2009	108,982	57,868	166,850

Computer equipment with a carrying value of £Nil (2009: £13,565) is secured against a capital lease (Note 24).

Impairment losses were recognised in respect of short leasehold improvements and fixtures, fittings and computer equipment in the year amounting to £99,391. These losses are attributable to the termination of a property lease and a review of recoverable amounts showed impairment against value in use.

16. PROPERTY, PLANT AND EQUIPMENT CONTINUED

COMPANY	Short leasehold improvements £	Fixtures, fittings and computer equipment £	Total £
Cost			
At 1 July 2009	181,111	150,764	331,875
Additions	-	4,240	4,240
Disposals	(181,111)	(68,947)	(250,058)
At 30 June 2010	-	86,057	86,057
Depreciation			
At 1 July 2009	72,129	92,896	165,025
Impairment charge	90,835	8,556	99,391
Depreciation charged in the year	18,147	34,229	52,376
Eliminated on disposal	(181,111)	(65,696)	(246,807)
At 30 June 2010	-	69,985	69,985
Net book amount			
At 30 June 2010	-	16,072	16,072
At 30 June 2009	108,982	57,868	166,850

The comparable table for 2009 is detailed below:

GROUP	Short leasehold improvements £	Fixtures, fittings and computer equipment £	Total £
Cost			
At 1 July 2008	181,111	142,966	324,077
Additions	-	7,798	7,798
At 30 June 2009	181,111	150,764	331,875
Depreciation			
At 1 July 2008	35,835	58,166	94,001
Charged in the year	36,294	34,730	71,024
At 30 June 2009	72,129	92,896	165,025
Net book amount			
At 30 June 2009	108,982	57,868	166,850
At 30 June 2008	145,276	84,800	230,076

16. PROPERTY, PLANT AND EQUIPMENT CONTINUED

COMPANY	Short leasehold improvements	Fixtures, fittings and computer equipment	Total
	£	£	£
Cost			
At 1 July 2008	181,111	142,966	324,077
Additions	-	7,798	7,798
At 30 June 2009	181,111	150,764	331,875
Depreciation			
At 1 July 2008	35,835	58,166	94,001
Charged in the year	36,294	34,730	71,024
At 30 June 2009	72,129	92,896	165,025
Net book amount			
At 30 June 2009	108,982	57,868	166,850
At 30 June 2008	145,276	84,800	230,076

17. INTANGIBLE ASSETS

YEAR ENDED 30 JUNE 2010	Development costs	Contract and Customer relations	Goodwill	Total
	£	£	£	£
Cost				
At 1 July 2009 and 30 June 2009	-	-	-	-
On acquisition of subsidiary	3,773	211,574	2,173,532	2,388,879
Additions – internal development	7,834	-	-	7,834
At 30 June 2010	11,607	211,574	2,173,532	2,396,713
Amortisation and impairment				
At 1 July 2009 and 30 June 2009	-	-	-	-
Amortisation	5,184	118,891	-	124,075
At 30 June 2010	5,184	118,891	-	124,075
Net book amount				
At 30 June 2010	6,423	92,683	2,173,532	2,272,638
At 30 June 2009	-	-	-	-
At 30 June 2008	-	-	-	-

There were no movements in intangible assets in the year ended 30 June 2009.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination identified according to operating segments. The carrying amount of goodwill has been allocated as follows:

	2010	2009
	£	£
Corporate Finance	**-**	-
Energy Economics	**2,173,532**	-
	2,173,532	-

17. INTANGIBLE ASSETS CONTINUED

The Group test goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

There are no intangible assets with indefinite lives in either CGU.

The recoverable amount of the Energy Economics CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 10%. Management estimated the discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the market in which the Energy Economics CGU operates.

The main assumption in the cash flow projections is the budgeted gross margin of 34%. This has been determined using a combination of industry forecasts, long term trend analysis and in-house estimates. The estimate used assumes that the Group will be able to renew its supply agreement with its key customer in 2011.

Cashflows have been extrapolated using a 4% annual rate. This growth rate does not exceed the long-term average growth rate for the market in which the Energy Economics CGU operates.

Based on these assumptions, at 30 June 2010 the recoverable amount of the goodwill relating to the Energy Economics CGU was in excess of its carrying amount by £891k. If gross margin fell from the assumed level of 34% to 29%, after incorporating the consequential changes on other variables used to measure recoverable amount, the recoverable amount of the goodwill would be equal to the carrying value.

Goodwill on the purchase of Aupec Limited is attributable to the value of the assembled professional team in place acquired with this business as well as the company's relationships with a number of developing world government ministries.

None of the goodwill is expected to be tax deductible.

18. INVESTMENT IN SUBSIDIARIES AND JOINT VENTURES

COMPANY	Subsidiary and joint venture undertakings £
Cost or valuation	
At 1 July 2009	51,000
Acquisitions	3,882,353
Impairment of investment in joint venture	(50,000)
At 30 June 2010	3,883,353

The comparable table for 2009 is detailed below:

COMPANY	Subsidiary and joint venture undertakings £
Cost or valuation	
At 1 July 2008	201,000
Liquidations	(150,000)
At 30 June 2009	51,000

18. INVESTMENT IN SUBSIDIARIES AND JOINT VENTURES CONTINUED

The interests in Group undertakings of the Company, which are directly held, are listed below:

	Class of Holding	Interest in Subsidiary/ Joint Venture	Nature of Business
Name of Undertaking			
Registered in England and Wales			
Corduene Investments Limited	Ordinary	100%	Dormant
Parkmead Employee Benefit Trust Limited	Ordinary	100%	Trustee
Parkmead Investment Subsidiary Limited	Ordinary	100%	Dormant
Radius Energy Limited	Ordinary	50%	Business advisors
Registered in Scotland			
Aupec Limited	Ordinary	100%	Energy advisory and consulting services
Registered in Malta			
British Borneo Expro Limited	Ordinary	49.9%	Business advisors
Registered in Guernsey			
Parkmead Special Situations Energy L.P.	Ordinary	100%	Dormant

The Directors believe that the carrying values of the investments are supported by their underlying net assets.

The share of assets, liabilities, revenue and results of the joint ventures, Radius Energy Limited and British Borneo Expro Limited, which are included in the consolidated financial statements, are as follows:

	2010 £	2009 £
Current assets	**64,791**	25,085
Current liabilities	**(126,988)**	(62,439)
At 30 June	**(62,197)**	(37,354)
Revenue	**63**	548
Expenses	**(25,204)**	(20,242)
(Loss) for the year	**(24,141)**	(19,694)

19. BUSINESS COMBINATIONS

Acquisition of Aupec Limited

On 3 November 2009, the Group acquired 100% of the issued share capital of Aupec Limited ("Aupec"), an unlisted company based in Scotland. Aupec is 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. Further information about the acquisition is available in the Circular issued 12 October 2009 and approved by shareholders in 2 November 2009; this document is available on the Group's website (www.parkmeadgroup.com). The acquisition has been accounted for using the purchase method of accounting.

The acquisition of Aupec will further strengthen the Group's high level financial, government, major energy company and technical relationships in the oil and gas sector. Furthermore, Aupec's substantial technical capabilities will enable the Group to undertake asset evaluation work in-house.

19. BUSINESS COMBINATIONS CONTINUED

Details of net assets acquired and goodwill are as follows;

	2010
	£
Purchase consideration	
- Cash paid	**1,000,000**
- Shares issued of 235,294,118 New Ordinary Shares	**2,882,353**
Total purchase consideration	**3,882,353**
Share of fair value of net assets acquired (see below)	**(1,708,821)**
Goodwill	**2,173,532**

The goodwill is attributable to the value of the assembled professional team in place acquired with this business as well as the company's relationships with a number of developing world government ministries, which cannot be separately recognised as an intangible asset.

The assets and liabilities arising from the acquisition are as follows:

	Fair value	Acquiree's carrying amount
	£	£
Cash and cash equivalents	2,558,808	2,558,808
Plant and equipment	38,996	38,996
Intangible assets	3,773	3,773
Contracts and Customer relationships	211,574	-
Inventories	-	22,033
Deferred tax asset	59,125	-
Trade and other receivables	414,339	414,075
Trade and other payables	(1,465,977)	(1,707,918)
Current tax liabilities	(53,200)	-
Deferred tax liability	(58,617)	-
Net assets acquired	1,708,821	1,329,767

CASH FLOW ON ACQUISITION	£
Net cash acquired with the Company	2,558,808
Cash paid	(1,000,000)
Net cash inflow	1,558,808

The amounts recognised at acquisition date in respect of trade receivables acquired in the business combination approximate their fair value. The trade receivables are short-term in nature and therefore the amounts recognised at acquisition date equal the gross contractual amounts receivable.

Transaction costs of £255,297 relating to the acquisition of Aupec Limited have been recognised as an expense and included within administrative expenses in the Income Statement.

If the acquisition of Aupec Limited had been completed on the first day of the financial year, group revenues for the period would have been £3,765,229 and group profit attributable to equity holders of the parent would have been £1,188,764.

Aupec Limited contributed £2,244,151 to the Group's revenue and £515,685 to the Group's profit before tax for the period from the date of acquisition to the year end date.

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

GROUP AND COMPANY	2010 £	2009 £
Fair value		
At 1 July	**2,983,951**	10,097,920
Additions	**1,498,446**	746,603
Disposals	**(173,392)**	-
Amounts written off available for sale assets		
- In administration	**-**	(2,215,353)
- Impairment	**(539,995)**	(1,233,614)
Profit/(Loss) on revaluation	**1,710,265**	(3,860,830)
Impairment – discontinued operations	**(108,825)**	(569,652)
Discontinued operations imputed interest	**13,674**	18,877
At 30 June	**5,384,124**	2,983,951

At 30 June 2010 the Group decided that due to poor trading performance the investments in Future Route Limited, Prevx Group Limited (formerly Retento Limited) and Speed-Trap Limited had become impaired. Provisions for impairment were made for £539,995, reducing the carrying value of the Group's holdings to £Nil.

Available-for-sale financial assets comprise the following:

	2010 £	2009 £
Quoted equity shares		
- Equity shares – UK	**5,153,963**	2,050,404
- Equity shares – Europe	**-**	56,450
- Equity shares – Canada	**-**	11,790
Unquoted equity shares		
- Equity shares – UK	**-**	539,995
Other assets		
- Deferred consideration – UK	**230,161**	325,312
	5,384,124	2,983,951

Available-for-sale investment – quoted equity shares
The Group has investments in listed equity shares. The fair value of the quoted equity shares is determined by reference to published price quotations in an active market.

Available-for-sale investment – unquoted equity shares
The Group has investments in unquoted equity shares. The fair value of the unquoted equity shares has been estimated using a discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Other assets
The deferred consideration of £230,161 (2009: £325,312) represents the fair value of the outstanding consideration due in relation to the disposal of Quayside Corporate Services Limited ("Quayside"), which was sold by the Group on 8 November 2007. The receivable is dependent on the disposal of up to 25,267,779 Parkmead shares by Mr. D Mills at a price between 5p and 7.8p before 8 November 2012 . If the Company is able to secure a buyer for the shares at a price of at least 5p before 8 November 2012, the Company can require Mr. D Mills to sell the shares to satisfy the consideration. In the event the sales price is less than 7.8p, the consideration is satisfied in full. In the event that the shares have not been sold by 8 November 2012, Mr Mills can, or the Group may require Mr Mills to, sell the shares at any price which would also satisfy the debt in full.

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS CONTINUED

Impairment on available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, historical share price movements and the duration or extent to which the fair value of an investment is less than its cost.

Based on these criteria, the Company identified an impairment of £539,995 on available-for-sale investment - unquoted equity securities, which is recognised in the income statement.

Available-for-sale financial assets are denominated in the following currencies:

	2010 £	2009 £
Pound Sterling	**5,384,124**	2,915,711
Other currencies	**-**	68,240
	5,384,124	2,983,951

21. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2010 £	2009 £	2010 £	2009 £
Non-current assets				
Loans	**33,320**	-	**94,715**	-
	33,320	-	**94,715**	-
Current assets				
Trade receivables	**2,940,211**	44,109	**37,827**	44,109
Less: provision for impairment of trade receivables	**(1,132)**	-	**(1,132)**	-
Trade receivables – net	**2,939,079**	44,109	**36,695**	44,109
Receivables due from joint ventures	**34,275**	34,268	**33,470**	68,536
Other receivables	**119,182**	271,513	**93,927**	271,513
Loans	**-**	206,835	**-**	206,835
Prepayments and accrued income	**106,658**	118,037	**42,742**	118,037
	3,199,194	674,762	**206,834**	709,030

21. TRADE AND OTHER RECEIVABLES CONTINUED

Non-current assets

Receivables due from joint ventures

The £33,320 balance (2009: £nil) included in non-current assets relates to a loan to a joint venture, B B Expro Limited.

Current assets

Loans

The £Nil (2009: £206,835) included in current assets loans relates to a loan to Transeuro Energy Corporation.
The loan was repaid during the year.

Trade receivables

Trade receivables are non-interest bearing and generally have a 30 – 90 day term. Due to their short maturities, the fair value of trade receivables approximates their carrying amount.

Of the trade receivables balance at the end of the year, £2,651,711 (2009: £ 23,080) was due from the Group's largest customer.

A provision for impairment of trade receivables is established when there is no objective evidence that the group will be able to collect all amounts due according to the original terms. The Group considers factors such as default or delinquency in payment, significant financial difficulties of the debtor and the probability that the debtor will enter bankruptcy in deciding whether the trade receivable is impaired.

Trade receivables that are less than three months past due are not considered impaired. As of 30 June 2010, trade receivables of £1,325,856 (2009: £15,196) were three months past due but not impaired. In July 2010 the Group received £1,325,856 from that customer for payment of amounts that were more than 6 months old. The ageing analysis of these trade receivables is as follows:

	2010 £	2009 £
3 to 6 months	-	95
Over 6 months	**1,325,856**	15,101
	1,325,856	15,196

Movements on the Group and Company provision for impairment of trade receivables were as follows:

	2010 £	2009 £
At 1 July	-	-
Provision for receivables impairment	**1,132**	19,687
Receivables written off during the year as uncollectable	-	(19,687)
At 30 June	**1,132**	-

The carrying amounts of the Group's trade and other receivables (current and non-current) are denominated in the following currencies:

	GROUP		COMPANY	
	2010 £	2009 £	2010 £	2009 £
Pound Sterling	**435,953**	428,627	**206,834**	462,895
Other currencies	**2,796,561**	246,135	**94,715**	246,135
	3,232,514	674,762	**301,549**	709,030

22. OTHER FINANCIAL ASSETS

GROUP AND COMPANY	2010 £	2009 £
Unlisted securities – held for trading		
- Equity securities - Canada	**878**	2,673
	878	2,673

During 2008 the Group acquired warrants and an option to convert in relation to a loan made to Transeuro Energy Corporation, details of which are provided in Note 21. Changes in fair values of other financial assets at fair value through profit or loss are recorded in 'other (losses)/gains on financial assets at fair value through profit or loss' in the income statement (Note 12).

The fair value of these securities is calculated using the Black-Scholes-Merton model with reference to the listed share price of Transeuro Energy Corporation at each balance sheet date. The inputs into the model and resulting fair values were as follows:

	Share price (CA$)	Exercise price (CA$)	Volatility	Expected life	Expected dividend yield	Risk free rate	Fair value (CA$)
December 2008 warrants							
30 June 2010	0.02	0.125	121%	0.6 years	0%	3.08%	0.001
30 June 2009	0.03	0.125	121%	1.6 years	0%	3.08%	0.006
June 2008 warrants							
30 June 2009	0.03	0.125	121%	0.5 years	0%	3.08%	0.001
30 June 2008	0.39	0.250	121%	1.5 years	0%	4.65%	0.270

The conversion of the loan was given a 10% chance of occurring.

23. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2010 £	2009 £	2010 £	2009 £
Cash at bank and in hand	**291,869**	309,642	**6,661**	284,557
Short term bank deposits	**-**	2,207,250	**-**	2,207,250
	291,869	2,516,892	**6,661**	2,491,807

The Directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on liquid funds is limited because the counter-party is a bank with a high credit rating.

24. CAPITAL LEASE OBLIGATIONS

GROUP AND COMPANY	2010 £	2009 £
Non-current liabilities		
Capital lease obligations	**-**	1,044
	-	1,044
Current liabilities		
Capital lease obligations	**1,043**	12,521
	1,043	12,521

During 2008 the Company took out a hire purchase lease to acquire fixed assets. The lease has an interest rate of 0% and the loan is secured on the fixed assets.

25. TRADE AND OTHER PAYABLES

	GROUP 2010 £	GROUP 2009 £	COMPANY 2010 £	COMPANY 2009 £
Current liabilities				
Trade payables	**271,766**	356,619	**134,649**	328,448
Amounts owed to group companies	**-**	-	**1,123,936**	-
Other taxes and social security costs	**46,127**	53,636	**23,304**	53,636
Accruals and deferred income	**2,419,945**	324,434	**163,751**	325,434
	2,737,838	734,689	**1,445,640**	707,518

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 41 days (2009: 64 days). No interest is charged on the outstanding balance.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

26. DEFERRED TAX

	GROUP 2010 £	GROUP 2009 £	COMPANY 2010 £	COMPANY 2009 £
At 1 July	**-**	-	**-**	-
Acquisition of subsidiary	**(508)**			
Tax income recognised in the income statement	**(22,568)**	-	**-**	-
Overseas taxes suffered in advance	**(51,669)**	-	**-**	-
	(74,745)	-	**-**	-

	GROUP 2010 £	GROUP 2009 £	COMPANY 2010 £	COMPANY 2009 £
Deferred tax assets				
Overseas taxes suffered in advance	**101,574**	-	**-**	-
	101,574	-	**-**	-
Deferred tax liability				
Accelerated capital allowances	**1,363**	-	**-**	-
Fair value gains	**25,466**	-	**-**	-
	26,829	-	**-**	-

Deferred Income tax assets are recognised on withholding tax incurred on overseas income not relieved in the current year to the extent that the realisation of related tax benefit through future taxable profits is probable.

A deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses, unclaimed capital allowances, capital losses and unrealised capital losses as there is insufficient evidence that the asset will be recovered. The amount of excess management expenses available are £15.1m (2009: £14.0m), unclaimed capital allowances available are £0.4m (2009: £0.4m), amount of capital losses available are £71.3m (2009: £70.0m) and unrealised capital losses on available-for-sale financial assets of £2.0m (2009: £4.4m).

27. PROVISIONS

GROUP AND COMPANY	Employers taxes on options £	Total £
At 1 July 2009	3,619	3,619
Release of provision	(1,660)	(1,660)
At 30 June 2010	1,959	1,959

Employer's taxes on options represent the provision for National Insurance arising on the expected gain on share based awards granted to employees. The cash flows are expected to arise over the remaining life of the options.

The comparable table for 2009 is detailed below:

GROUP AND COMPANY	Employers taxes on options £	Total £
At 1 July 2008	18,836	18,836
Release of provision	(15,217)	(15,217)
At 30 June 2009	3,619	3,619

28. CONTINGENT LIABILITY

Shares were allotted to, Mr. N. Doran, a Director of the Company, during 2006 which were funded by a loan of £2,678,849 from the Employee Benefit Trust. The loan is interest free and is secured over the shares and the individual is protected from downside risk should the shares be sold for a value of £10,000 less than the value of the loan. The loan term expires on 22 May 2016. If the shares were sold at a value below the value of the loan the Company would be providing a benefit in kind to the individual to the value of the shortfall in the loan. The obligation to pay income tax on this benefit lies with the individual and the Company would only be liable for the Employer's National Insurance on the amount of the loan written off. The maximum liability is £341,613 if the shares were sold for £nil, although the timing or actual amount of any shortfall is unknown. At 30 June 2010, based on the Company's share price of 0.01049p, the liability arising would be £296,651. As it is unknown if any shortfall will materialise, no provision has been made for this liability.

29. FINANCIAL INSTRUMENTS

a. Policies and risks

(a) Financial instruments

The Group and Company's financial instruments comprise equity related investments (including deferred consideration) held within the portfolio, cash and liquid resources, and various items such as trade receivables and trade payables that arise directly from its operations. The main reason for holding the equity investments is to achieve capital growth in their value and subsequently dispose of them realising a profit. The main risk arising from the Group's financial instruments is market price risk and the underlying performance of the portfolio companies being able to service their indebtedness to the Company.

(b) Financial risk management

The Group's and Company's operations expose it to a variety of financial risks that include market price risk, interest rate risk, credit risk, liquidity risk, capital risk and currency risk. The Group's treasury policy which is determined by the Board of Directors governs the management of financial risks within the Group. In accordance with the treasury policy, the Group actively monitors and manages its financial risk exposures. The policy permits the use of financial instruments such as derivatives, where appropriate, however, derivatives are only used as hedging instruments against specific risks and are not used speculatively. There are no hedging instruments in place as at 30 June 2010 or 30 June 2009.

In relation to the Group and Company's deposits as at the year ended 30 June 2010 these were split as follows:

BANK	Deposit	Rating (Standard and Poor's)
Bank of Scotland	£-	A-1

29. FINANCIAL INSTRUMENTS CONTINUED

In relation to the Group and Company's deposits as at the year ended 30 June 2009 these were split as follows:

BANK	Deposit	Rating (Standard and Poor's)
Lloyds TSB Bank	£1,400,000	A-1
Bank of Ireland	£807,250	A-1

(c) Market price risk

The Group and Company regularly monitors its investment portfolio and manages disposals to meet overall business requirements as they arise.

The Group and Comapny are is exposed to equity price risk in respect of its available-for-sale investments which are in equity securities. These investments are held for strategic rather than trading purposes.

i). Listed investments

Some of the Group and Company's investments are in oil & gas exploration companies. Due to the nature of oil and gas exploration the share price of these companies is inherently volatile and significant movements over a short period are not uncommon. A 25% change represents management's estimate of a reasonably possible change in equity prices at the balance sheet date. Given the potential volatility of these stocks the Group has included an assessment of the impact on the Group's results should there be a 5%, 25%, or 50% change in equity prices. The following tables demonstrate the sensitivity to equity prices, with all other variables held constant, on the Groups' equity. There is no effect on the Group's profit for the year as the assets are available-for-sale financial assets and any change in value is recorded directly in equity, unless it is believed that a diminution is permanant in which case it is charged to the income statement.

EFFECT ON EQUITY	2010 £	2009 £
Increase or decrease of 5% in equity prices	**257,698**	122,198
Increase or decrease of 25% in equity prices	**1,288,491**	610,989
Increase or decrease of 50% in equity prices	**2,576,982**	1,112,978

ii). Unlisted investments

A 25% change represents management's estimate of a reasonably possible change in equity prices at the balance sheet date. The Group has included an assessment of the impact on the Group's results should there be a 5%, 25%, or 50% change in equity value. The following tables demonstrate the sensitivity to equity prices, with all other variables held constant, on the Groups' equity There is no effect on the Group's profit for the year as the assets are available-for-sale financial assets and any change in value is recorded directly to equity, unless it is believed that a diminution is permanent in which case it is charged to the income statement.

In the year to 30 June 2010 the Group recognised a permanent diminution of its unlisted investments portfolio (see Note 20).

EFFECT ON EQUITY	2010 £	2009 £
Increase or decrease of 5% in equity price	-	27,000
Increase or decrease of 25% in equity prices	-	134,999
Increase or decrease of 50% in equity prices	-	269,997

29. FINANCIAL INSTRUMENTS CONTINUED

iii). Unlisted investments – valued based on a listed investment

The Group and Company's investments include share warrants and loan conversion rights from a listed entity (Transeuro Energy Corporation). A 25% change represents management's estimate of a reasonably possible change in equity prices at the balance sheet date. Given the potential volatility of this stock the Group has included an assessment of the impact on the Group's results should there be a 5%, 25%, or 50% change in equity prices. As the assets are held at fair value through profit or loss all movements are charged to profit before tax. The following tables demonstrate the sensitivity to equity prices, with all other variables held constant, on the Groups' profit before tax.

EFFECT ON PROFIT BEFORE TAX	2010 £	2009 £
Decrease of 5% in equity prices	**(100)**	(353)
Increase of 5% in equity prices	**106**	385
Decrease of 25% in equity prices	**(436)**	(1,457)
Increase of 25% in equity prices	**589**	2,271
Decrease of 50% in equity prices	**(718)**	(2,251)
Increase of 50% in equity prices	**1,325**	5,437

(d) Interest rate risk

The Group and Company's interest rate risk is primarily attributable to its cash and cash equivalents. Cash and cash equivalents (which are presented as a single class of asset on the balance sheet) comprise cash at bank and other short-term deposits and liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of change in value.

	2010 £	2009 £
Fixed rate financial assets < 1 year	**-**	2,207,250
Floating rate financial assets < 1 year	**291,869**	309,642
Total	**291,869**	2,516,892

At 30 June 2010, short-term deposits were earning interest at a weighted average fixed deposit rate of nil% (2009: 1.19%). Cash at bank earns interest at floating rates based on a discount to GBP Base Rate. Interest earned at floating rates represents an insignificant risk of change in rates.

(e) Credit risk

The Group's credit risk is primarily attributable to its trade receivables. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control. Outstanding customer receivables are regularly monitored. At 30 June 2010, the Group had one customer that owed the Group more than £50,000 and accounted for approximately 90% of all receivables owing. The requirement for impairment is analysed at each reporting date on an individual basis for each client. The maximum exposure to credit risk at the reporting date amounted to £2,939,079 (2009: £36,695). The Group does not hold collateral as security.

(f) Liquidity risk

The Group and Company actively review their requirements for long-term and short-term debt finance to ensure it has sufficient available funds for operations and planned expansions. Currently the Group and Company do not have any long-term debt requirements. The Group and Company monitor their levels of working capital to ensure that they can meet debt repayments as they fall due.

The following table shows the contractual maturities of the financial liabilities, all of which are measured at amortised cost:

	GROUP		COMPANY	
	2010 £	2009 £	2010 £	2009 £
Trade payables				
6 months or less	**271,766**	356,619	**134,649**	328,448
6-12 months	**-**	-	**-**	-
More than 1 year	**-**	-	**-**	-
Total	**271,766**	356,619	**134,649**	328,448

29. FINANCIAL INSTRUMENTS CONTINUED

(g) Capital risk

The Group and Company considers its capital under management to be its free cash and cash equivalents. The Group has no debt at this stage in its development and does not intend to take on debt to finance investments at the current time. The Group and Company's overall objective from its investing and trading activities is to increase its net assets per share. In assessing opportunities to invest in the energy sector the Group and Company undertakes financial modelling and technical assessments on proposed investments and will only consider investments where the internal rate of return is at least 15%.

The Group and Company's capital management objectives have not changed in the period under review. In line with this the Group's net asset per share declined during the period under review (from 1.52 pence as at 30 June 2009 to 1.41 pence as at 30 June 2010). The Group is pleased, however, to note the recent significant improvement, post year end, in the share price of Faroe Petroleum from 118p to 163.50p as at 20 September 2010, its biggest single investment.

The table below shows the extent to which Group companies have monetary assets at 30 June 2010 in currencies other than their functional currency. Foreign exchange differences on retranslation of available-for-sale financial assets are taken to equity while retranslation of loans receivable is taken to the income statement.

(h) Currency risk

The Group and Company are exposed to foreign currency risk on investments in available-for-sale financial assets, loans receivable, trade receivables and assets held at fair value through profit and loss. The currencies giving rise to the risk are United States Dollars, Canadian Dollars and Norwegian Krone.

The table below shows the extent to which Group companies have monetary assets at 30 June 2010 in currencies other than their functional currency. Foreign exchange differences on retranslation of available-for-sale financial assets are taken to equity while retranslation of loans receivable is taken to the income statement.

2010 - GROUP	Net foreign currency monetary assets			
	Canadian Dollars £	US Dollars £	Norwegian Krone £	Total £
Functional currency of Group operation				
Pound Sterling	879	2,980,804	-	2,981,683

2010 - COMPANY	Net foreign currency monetary assets			
	Canadian Dollars £	US Dollars £	Norwegian Krone £	Total £
Functional currency of Group operation				
Pound Sterling	879	94,715	-	95,594

2009 - GROUP AND COMPANY	Net foreign currency monetary assets		
	Canadian Dollars £	Norwegian Krone £	Total £
Functional currency of Group operation			
Pound Sterling	260,597	56,450	317,047

29. FINANCIAL INSTRUMENTS CONTINUED

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, on the Group's profit before tax and Groups' equity.

	Increase or decrease of 25% in exchange rate against Sterling			
	Canadian Dollars £	US Dollars £	Norwegian Krone £	Total £
2010				
Effect on Profit before tax	-	745,201	-	745,201
Effect on equity	220	-	-	220
2009				
Effect on Profit before tax	2,948	-	-	2,948
Effect on equity	62,202	-	14,113	76,315

b. Fair values of financial assets and liabilities

The following is a comparison by category of the carrying amounts and fair values of the Group's financial assets and liabilities at 30 June 2010. Set out below the table is a summary of the methods and assumptions used for each category of instrument.

	2010		2009	
	Carrying amount £	Fair value £	Carrying amount £	Fair value £
Loans and receivables at amortised cost	**3,265,224**	**3,265,224**	2,911,836	3,360,001
Financial liabilities at amortised cost	**(272,809)**	**(272,809)**	(370,184)	(370,184)
Available-for-sale financial assets at fair value	**5,385,002**	**5,385,002**	2,986,624	2,986,624
	8,377,417	**8,377,417**	5,528,276	5,976,441

(a) Loans and receivables at amortised cost

The fair value approximates to the carrying amount value because of the short maturity of these instruments.

(b) Financial liabilities at amortised cost

The fair value approximates to the carrying amount value because the majority are associated with variable-rate interest payments that are re-aligned to market rates at intervals of less than one year.

(c) Available-for-sale financial assets at fair value

The balances are recorded at fair value and are determined by using published price quotations in an active market or using a valuation technique based on the price of recent investment methodology.

Fair value measurement

Fair value measurements are disclosed by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for assets or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3)

The following table presents the Group's financial assets that are measured at fair value at 30 June 2010:

	Level 1 £	Level 2 £	Level 3 £	Total £
Available-for-sale financial assets	5,153,963	-	231,039	5,385,002

29. FINANCIAL INSTRUMENTS CONTINUED

The following table presents the changes in Level 3 financial assets for the year ended 30 June 2010:

	£
Opening balance	877,097
Losses recognised in the Group income statement	(646,058)
Closing balance	231,039

30. SHARE CAPITAL AND RESERVES

	Authorised	
	2010 No.	2009 No.
Ordinary shares of £0.05 each	**-**	450,000,000
Ordinary shares of £0.001 each	**4,451,252,780**	-
Deferred shares of £0.049 each	**368,341,780**	-
	4,814,594,560	450,000,000
	£	£
Ordinary shares of £0.05 each	**-**	22,500,000
Ordinary shares of £0.001 each	**4,451,253**	-
Deferred shares of £0.049 each	**18,048,747**	-
	22,500,000	22,500,000

	Allotted, Called Up and Paid Up	
	2010 No.	2009 No.
Ordinary shares of £0.05 each	**-**	368,341,780
Ordinary shares of £0.001 each	**603,635,898**	-
Deferred shares of £0.049 each	**368,341,780**	-
	971,977,678	368,341,780
	£	£
Ordinary shares of £0.05 each	**-**	18,417,089
Ordinary shares of £0.001 each	**603,636**	-
Deferred shares of £0.049 each	**18,048,747**	-
	18,652,383	18,417,089

On 9 October 2009 the Group entered into an agreement to acquire the entire shareholding of Aupec Limited. Consideration for the acquisition was £3.882 million, satisfied by the issue of 235.3 million New Ordinary Shares and £1.0 million in cash.

As a part of the transaction noted above the Company implemented a capital reorganisation whereby each of its Ordinary Shares of 5 pence each was split in to one New Ordinary Share of 0.1 pence and one Deferred Share of 4.9 pence. Accordingly, the capital reorganisation has put the Company into a position whereby it can use its shares to allot for cash or as consideration for use on the acquisition of Aupec Limited and for future transactions.

Deferred shares have no voting rights and no rights to distributions and therefore have been excluded from the calculations of Earnings Per Share.

30. SHARE CAPITAL AND RESERVES CONTINUED

Share Options

Share options are granted from time to time at the discretion of the remuneration committee. All employees are eligible to receive share options. At 30 June 2010, 1 employee (2009: 4) held share options.

Share options have been awarded under three different schemes:

- EMI options; a government approved scheme for qualifying companies
- Unapproved options
- Unapproved options with vesting conditions

The movement in share awards during the year ended 30 June 2010 is as follows:

	2010		2009	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 July	**54,675,472**	**£0.0693**	54,675,472	£0.0693
Granted	**3,000,000**	**£0.0129**	-	-
Forfeited	**(5,819,882)**	**-**	-	-
Outstanding at 30 June	**51,855,590**	**£0.0675**	54,675,472	£0.0693
Exercisable at 30 June	**18,369,974**	**£0.0447**	21,006,523	£0.0521

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	Exercise price	2010	2009
Expiry date			
25 February 2010	5.00 pence	**-**	1,187,500
13 March 2010	5.00 pence	**-**	2,694,048
8 April 2013	5.00 pence	**9,654,051**	9,884,051
8 April 2013	5.38 pence	**1,666,667**	1,666,667
24 July 2013	5.38 pence	**1,799,256**	1,799,256
27 April 2014	5.00 pence	**125,000**	250,000
20 December 2014	5.38 pence	**100,000**	483,334
25 February 2015	5.75 pence	**-**	25,000
1 April 2015	6.75 pence	**25,000**	50,000
12 December 2015	5.00 pence	**2,000,000**	2,000,000
30 April 2016	8.00 pence	**33,485,616**	33,485,616
12 March 2017	8.00 pence	**-**	600,000
13 December 2017	8.00 pence	**-**	550,000
31 December 2020	1.29 pence	**3,000,000**	-
		51,855,590	54,675,472

The options outstanding at 30 June 2010 had a weighted average remaining contractual life of 5 years (2009: 6 years).

30. SHARE CAPITAL AND RESERVES CONTINUED

The fair value of the share options granted has been calculated using the Black-Scholes-Merton model. The inputs into the model and resulting fair values were as follows:

	Share price	Exercise price	Volatility	Vesting Period	Expected life	Expected dividend yield	Risk free rate	Fair Value
February 2000	N/A	£0.0500	N/A	0 years	10 years	N/A	N/A	N/A
March 2000	N/A	£0.0500	N/A	0 years	10 years	N/A	N/A	N/A
April 2003	£0.0308	£0.0500	107%	3 years	10 years	0%	4.41%	£0.0279
July 2003	£0.0473	£0.0538	113%	5 years	10 years	0%	4.43%	£0.0444
April 2004	N/A	£0.0500	N/A	0 years	10 years	N/A	N/A	N/A
December 2004	£0.0491	£0.0538	94%	3 years	10 years	0%	4.53%	£0.0435
February 2005	£0.0736	£0.0575	92%	1 year	10 years	0%	4.61%	£0.0662
April 2005	N/A	£0.0675	N/A	0 years	10 years	N/A	N/A	N/A
December 2005	£0.0616	£0.0500	84%	0 years	10 years	0%	4.22%	£0.0534
May 2006*	£0.0698	£0.0800	81%	0 years	10 years	0%	4.63%	£0.0464
May 2006**	£0.0698	£0.0800	81%	0 years	10 years	0%	4.63%	£0.0290
March 2007	£0.0632	£0.0800	75%	3 years	10 years	0%	4.83%	£0.0501
December 2007	£0.0545	£0.0800	71%	3 years	10 years	0%	4.65%	£0.0375
January 2010	£0.0105	£0.0129	69%	0 years	10 years	0%	3.93%	£0.0070

* Half of the May 2006 options had a market based condition that the share price must reach 18 pence; this was given a success rating of 80%. The cost has been spread over the life of the options.

** Half of the May 2006 options had a market based condition that the share price must reach 27 pence; this was given a success rating of 50%. The cost has been spread over the life of the options.

Options issued in February 2000, March 2000, April 2004 and April 2005 did not meet the requirements to be included under IFRS, so a fair value figure has not been calculated.

Volatility was calculated from an average of the Group's shares monthly volatility from March 2000.

Additionally, shares were allotted during 2006 which were funded by a loan from the Employee Benefit Trust. The loan is secured over the shares and the individual is protected from downside risk should the shares be sold for a value of £10,000 less than the value of the loan. In accordance with IFRS 2, this benefit constitutes a share based payment and a charge has been recognised accordingly. The assumptions used are consistent with the May 2006 options above and a binomial model has been used to value this benefit which was recorded on vesting in a prior period.

Other reserves as stated in the consolidated statement of changes in equity

The merger reserve represents the reserves recognised on the acquisition of various companies accounted for under merger accounting and the use of merger relief.

The employee benefit trust reserve represents the debit created by share based treatment of the employee benefit trust.

The foreign exchange reserve is used to record exchange differences arising on available-for-sale investments in foreign operations.

The revaluation reserve represents the unrealised movement in the value of available-for-sale investments.

31. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company is £2,057,345 (2009: £6,846,203).

32. NOTES TO THE STATEMENT OF CASHFLOWS

Reconciliation of operating loss to net cash flow from continuing operations

	GROUP		COMPANY	
	2010	2009	2010	2009
	£	£	£	£
Operating loss	**(1,459,811)**	(2,542,723)	**(1,950,034)**	(2,518,479)
Depreciation and impairments of property plant and equipment	**162,081**	71,024	**151,767**	71,024
Amortisation of intangible assets	**124,075**	-	**-**	-
Gain on disposal of fixed assets	**3,251**	-	**3,251**	-
Charge for share based payments	**78,118**	136,467	**78,118**	136,467
Decrease/(Increase) in receivables	**(3,116,336)**	1,214,775	**583,739**	1,203,179
(Decrease)/Increase in payables	**1,596,694**	(269,706)	**672,091**	(275,545)
Decrease in other provisions	**(1,660)**	(15,217)	**(1,660)**	(15,217)
Net cash flow from operations	**(2,613,588)**	(1,405,380)	**(462,728)**	(1,398,571)

33. OTHER FINANCIAL COMMITMENTS

The following amounts are the minimum contractual amounts payable on operating leases:

	Land and buildings	
	2010	2009
	£	£
Within one year	**49,000**	128,800
Within two to five years	**73,500**	-
	122,500	128,800

	Other operating leases	
	2010	2009
	£	£
Within two to five years	**-**	588
	-	588

34. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

In the opinion of the Directors there is no ultimate controlling party. All other transactions and balances with related parties, which are presented for the Group and the Company, are detailed below.

i. Transactions with Subsidiaries

Transactions with subsidiaries mainly comprise sale and purchase of services in the ordinary course of business at normal commercial terms and in total amounted to £30,750 (2009: £nil).

Balances outstanding at 30 June 2010 and 2009 in respect of the above transactions are shown in Note 25.

34. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS CONTINUED

ii. Transactions with Directors

The Parkmead Group plc provided corporate advisory services to Thruvision Limited in the previous year, a company where Niall Doran, was a Director. The value of services provided amounted to £nil (2009: £7,500) of which £nil (2009: £nil) was unpaid at the year end.

The Parkmead Group plc provided corporate advisory services to Red-M Limited in the previous year, a company where Gordon Ashworth, was a Director. The value of services provided amounted to £nil (2009: £2,500).

Included within trade payables at the year end are the following amounts due to non-executive Directors' companies, in respect of remuneration for the following Directors included within Directors' emoluments in Note 8: Colin Goodall £12,500 (2009: £nil) and Brian Wilson £1,175 (2009: £1,150).

During the year The Parkmead Group plc acquired Aupec Limited. Thomas Cross, a non-executive director of the Company and also a director in Aupec Limited had significant shareholdings in both companies at the time of acquisition. Prior to the acquisition of Aupec Limited Thomas Cross held 12,000,000 Ordinary Shares in The Parkmead Group Plc, representing 3.26 per cent of the Share Capital. Thomas Cross's family holdings were 14,000,000 Ordinary Shares, or 3.80 per cent of the Share Capital. Under the terms of the Acquisition Agreement, immediately following completion of the transaction Thomas Cross held 85,414,701 New Ordinary Shares representing approximately 14.15 per cent of the enlarged share capital and of the voting rights attaching to such capital and his wife, Linda Cross, held 84,346,824 New Ordinary Shares representing approximately 13.97 per cent of the enlarged share capital and of the voting rights attaching to such capital. In aggregate, Thomas Cross and Linda Cross were issued 155,761,525 New Ordinary Shares representing approximately 25.80 per cent of the enlarged share capital and of the voting rights attaching to such capital. This means that in aggregate, following completion, they held 169,761,525 New Ordinary Shares representing approximately 28.12 per cent of the enlarged share capital and of the voting rights attaching to such capital. In addition, Thomas Cross and Linda Cross further received £661,986 in cash as part of the proceeds from the acquisition of Aupec Limited.

iii. Transactions with Other Related Parties

On 8 November 2007 the Group sold its entire holding in Quayside Corporate Services Limited to Mr. D Mills. Per the terms of the arrangement, part of the consideration was deferred, (see Note 14), At 30 June 2010 there was an outstanding receivable carried at a fair value of £230,161 (2009: £325,312).

iv. Key Management

Key Management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. In the opinion of the Board, the Group's key management are the directors of The Parkmead Group Plc, together with D Rose and D Reading, directors of Aupec Limited. Information regarding their compensation is given below in aggregate for each category specified in IAS 24 Related Party Disclosures:

	2010	2009
Short-term employee benefits	**921,819**	720,566
Termination benefits	**30,000**	-
	951,819	720,566

35. POST BALANCE SHEET EVENTS

Faroe Petroleum

Since the year end Faroe Petroleum plc has announced a number of test results from its exploration drilling program in particular Maria and commenced drilling operations of Anne Marie. This news has had a significant impact on the share price of Faroe Petroleum plc which has increased from 118p at 30 June 2010 to 163.50p as at 20 September 2010. The effect of this movement, based on a share price of 163.50p will be a credit through the statement of comprehensive income of £2.0 million.

NOTICE OF ANNUAL GENERAL MEETING

Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 3914068

Notice is hereby given that the Annual General Meeting ("AGM") of The Parkmead Group plc (the "Company") will be held at Davidson House, Campus 1, Science and Technology Park, Aberdeen AB22 8GT at 9am on 18 October 2010 for the purposes of considering and, if thought fit, passing the following resolutions, which will be proposed as ordinary resolutions.

ORDINARY BUSINESS

1. To receive, consider and adopt the Company's annual accounts for the financial year ended 30 June 2010 together with the last Directors' report and the auditors' report.

2. To reappoint Niall Doran as a Director, who retires by rotation and who, being eligible, offers himself for reappointment.

3. To reappoint Donald MacKay as a Director who was appointed since the last AGM and who, being eligible, offers himself for reappointment.

4. To reappoint Nexia Smith & Williamson Limited as the Company's auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company, at a remuneration to be determined by the Directors.

By order of the Board

Donald MacKay
Company Secretary
22 September 2010

Registered Office:
Pellipar House
9 Cloak Lane
London EC4R 2RU

NOTICE OF ANNUAL GENERAL MEETING

Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 3914068

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the relevant register of securities by 6pm. on 16th day, October 2010 or, in the event that the AGM is adjourned, in the relevant register of securities 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote in respect of the number of Ordinary Shares registered in their name at the relevant time. Changes to entries in the relevant register of securities after 6pm on 16th day, October 2010 or, in the event that the AGM is adjourned, less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the AGM.

2. If you are a member of the Company at the time set out in Note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the AGM and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. To appoint a proxy using the proxy form, the form must be completed and signed and returned to the Company's registrars, Capita Registrars Limited, at PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received not later than 48 hours before the time appointed for holding the AGM.

4. A proxy does not need to be a member of the Company but must attend the AGM to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.

5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

8. Appointment of a proxy does not preclude you from attending the AGM and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut off time will be disregarded.

10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

DIRECTORS AND ADVISORS

EXECUTIVE DIRECTORS
Niall Doran
Donald MacKay

NON EXECUTIVE DIRECTORS
Colin Goodall
Thomas Cross
Faysal Hamza
Brian Wilson

SECRETARY
Donald MacKay

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