PARKMEAD GROUP

A NEW ENERGY COMPANY EMERGES

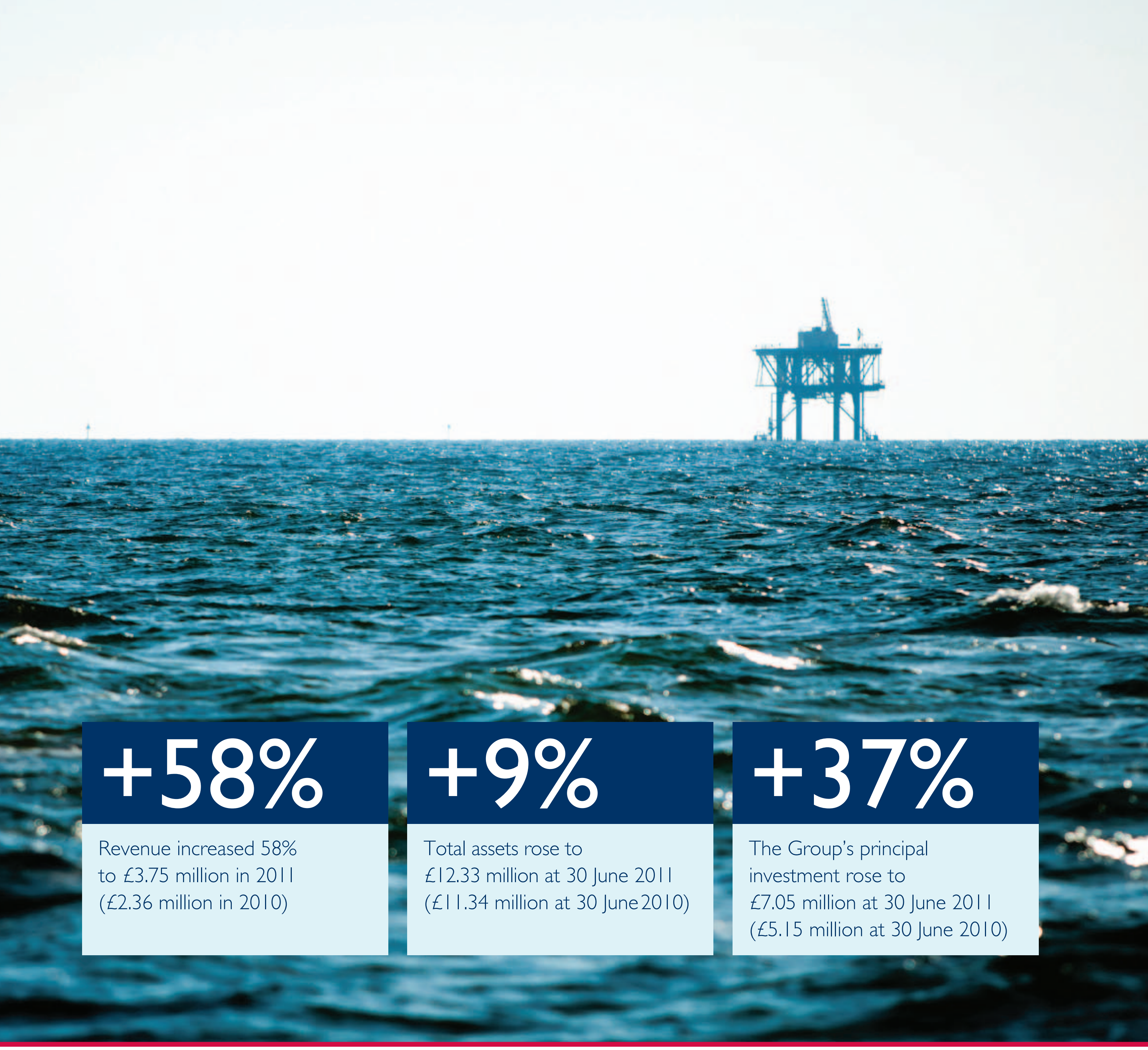
ANNUAL REPORT 2011

Contents

Front cover:
Discovery of the Platypus Gas Field
The GSF Labrador jack-up drilling rig flow testing the discovery well

A new energy company emerges

2011 has been a period of transformation for the Group as we begin building a significant new independent oil and gas company, with assets in proven and frontier areas, through exploration and innovative commercial transactions.



+58%

Revenue increased 58% to £3.75 million in 2011 (£2.36 million in 2010)

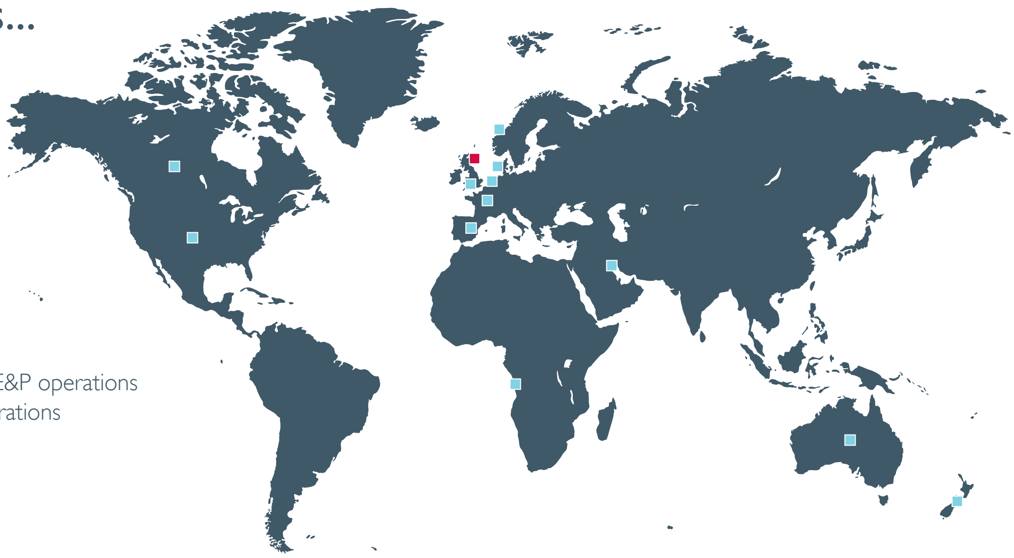
+9%

Total assets rose to £12.33 million at 30 June 2011 (£11.34 million at 30 June 2010)

+37%

The Group's principal investment rose to £7.05 million at 30 June 2011 (£5.15 million at 30 June 2010)

Our activities...



- Parkmead E&P operations
- Aupec operations

Chairman's Statement

" The last year has been a period of strategic transformation for the Group. I am delighted to have become Parkmead's Executive Chairman and relish the opportunity to drive the business forward into an exciting new chapter of its development. 2011 has been a successful year and I believe we are now well positioned with the essential skills and resources to build a significant new independent oil and gas company".

As Parkmead embarks upon this important new phase I am pleased to share with you the Group's ambitious strategy for growth, our progress to date and our financial performance for the year to 30 June 2011. The Group's Turnover and Gross Profit both increased substantially, Net Assets have also increased and the Group remains well funded.

Vision and Strategy

The Parkmead Board is working to build a significant new independent oil and gas company, on an accelerated basis, using a proven business model. The Group will draw on the experience of its core oil and gas team, which has a strong technical and commercial background, to exploit exploration and production opportunities.

The Group will focus on both asset and corporate level transactions as it looks to add exploration and production assets to its portfolio. Parkmead's team has been tasked with identifying and completing transactions in the Group's currently preferred geographies of Europe and Africa.

The Parkmead team will utilise its detailed technical knowledge of certain proven and frontier areas to identify and acquire assets and participate in licensing rounds. In addition, it will seek to use its existing government and industry relationships to access ground floor acreage positions. A disciplined deal culture exists within the oil and gas team. This will ensure that the assets in which the Group invests will be in line with the Parkmead strategy and will serve towards maximising shareholder value. The core team has an excellent track record for commercial innovation and successful acquisitions.

During November 2011, the Group completed its first acquisition in the UK North Sea in line with its philosophy of acquiring known properties, in this case the Platypus gas field and Possum gas prospect. The Parkmead technical and commercial experts have a long history and detailed knowledge of these assets making these an ideal first acquisition for the Group.

Key developments...

Core Team	Strategic Alliance	Key Acquisition
Core oil and gas team in place to drive forward the Group's strategy and maximise shareholder value	Joint bidding agreement with DEO Petroleum plc provides a strong strategic alliance for growth in the Central North Sea	Acquisition of strategic stake in the Platypus gas field offering near term drilling potential in assets well known to the Group

Chairman's Statement

Parkmead will look to form joint-ventures with companies where the Group can achieve aligned strategies in a particular asset or area of operation. These partnerships will focus on the key strengths of each company. During 2011, Parkmead formed a strategic alliance with DEO Petroleum plc covering specific areas in the Central North Sea. Parkmead and DEO will combine exploration and development skills to target acquisition opportunities and jointly participate in the UKCS 27th Licensing Round.

Results and Dividends

The Group's revenue has increased significantly in 2011 to £3.7 million (2010: £2.4 million). The increase in turnover was driven by revenue generated from Aupec, highlighting Aupec's strength in its core fields of valuation, benchmarking and energy sector economics. Revenues generated to 30 June 2011 represent the Group's first full year of trading following the acquisition of Aupec by Parkmead in November 2009. Following the investment in a substantial new exploration and production team to deliver Parkmead's growth plans, the Group's operating loss for the year was £3.6 million (2010: £1.5 million). A profit from the realisation of available-for-sale financial assets of £0.11 million resulted from the sale of shares in Prevx Group Limited. The loss after tax was £3.6 million (2010: £1.5 million).

A profit of £1.73 million from discontinued operations was recognised from the value of the deferred consideration due, which was paid in full during the year, from the sale of Quayside Corporate Services Limited in 2007.

Total comprehensive income for the year was £35k (2010: £113k).

The Group's total assets increased to £12.3 million (2010: £11.3 million), including increased available-for-sale financial assets of £7.1 million (2010: £5.4 million) and increased cash and cash equivalents of £1.3 million (2010: £0.3 million). The total current liabilities decreased to £1.1 million (2010: £2.8 million) mainly due to decreased payables of £0.8 million (2010: £2.7 million).

The Group's net asset value increased to £9.0 million (2010: £8.5 million). Some 5,965,925 new ordinary shares were issued on the exercise of options, bringing the Group's total ordinary shares in issue to 609,601,823 (2010: 603,635,898).

As at 30 June 2011 Parkmead remained debt free.

The Board is focused on building a portfolio of value adding oil and gas interests and therefore is not recommending the payment of a dividend in 2011 (2010: nil).

Investments

The Group's principal investment is in Faroe Petroleum plc ("Faroe") (LSE AIM: FPM.L.). As at 30 June 2011 the value of this investment had increased by some 37% to £7.05 million (30 June 2010: £5.15 million).

Faroe's share price rose from 118p to 160p over the 12 months to 30 June 2011, following a successful year for the company. Faroe enjoyed significant exploration success with the Maria oil discovery in the Norwegian Sea which it subsequently traded with Petoro AS for a number of oil and gas producing assets in Norway. Further production was added to the company through the acquisition of an 18.0% interest in the Blane oil field from ENI UK Limited and ENI ULX Limited.

Faroe completed a placing of 37,718,024 new ordinary shares at a placing price of 165 pence per ordinary share in November 2010. The placing raised £62.2 million of new funding. Parkmead holds 4,377,039 ordinary shares in Faroe representing 2.1% of the issued share capital of Faroe. We remain of the view that Faroe has significant medium and long-term upside. The investment is held as available-for-sale and the increase in its value has been reflected in equity.

During the year, the Group disposed of its holding in Prevx Group Limited, a private technology company. A profit from the sale of this available-for-sale financial asset of £0.11 million was realised.

Outlook

The Directors of Parkmead are confident that attractive opportunities exist in our key target areas and, with the appointment of our proven oil and gas team, the Group now has the technical and commercial capabilities to exploit these opportunities in order to maximise shareholder value. In addition, the Board is pleased to report that Parkmead's first asset deal in the UK North Sea was completed earlier this month. Coinciding with this acquisition, Parkmead secured a flexible shareholder loan of £8 million ensuring the Group is now fully funded for its forward programme of drilling activities and well positioned to capitalise on further strategic opportunities.

Parkmead's wholly-owned subsidiary, Aupec, continues to perform well and the Directors believe that the Group will benefit from the experience, technical capabilities and relationships that have been built up over more than 25 years of success within Aupec.

The last 12 months has been a period of significant development within Parkmead and the Board remains focused on the pursuit of value-adding acquisitions, at both asset and corporate levels, in line with the Group's strategy. We will continue to update shareholders as we make further progress.

Thomas P Cross
24 November 2011

Vision and Strategy

Vision

To build a significant new independent oil and gas company, with assets in proven and frontier areas, through exploration and innovative commercial transactions in order to maximise shareholder value.

Oil and Gas Team

The Group has made a number of senior appointments to its oil and gas management team and to the Board of Directors. The Parkmead team now holds a wealth of experience and exceptional track record in the exploration & production industry. The new appointments position the Group with all the key skills to build a significant new independent E&P company.

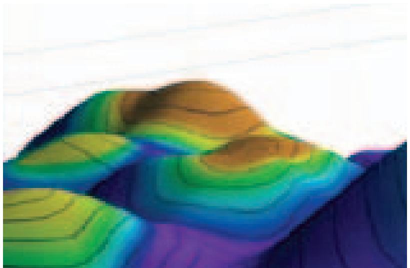
Knowledge and Relationships

With over 25 years of experience in advising the exploration and production sector, Aupec's underlying capabilities, significant oil industry and government relationships and analytical rigour provide Parkmead with a strong platform for future growth.

Building Blocks for Growth

Maximising Shareholder Value

Strategy for Growth



Growth through Exploration

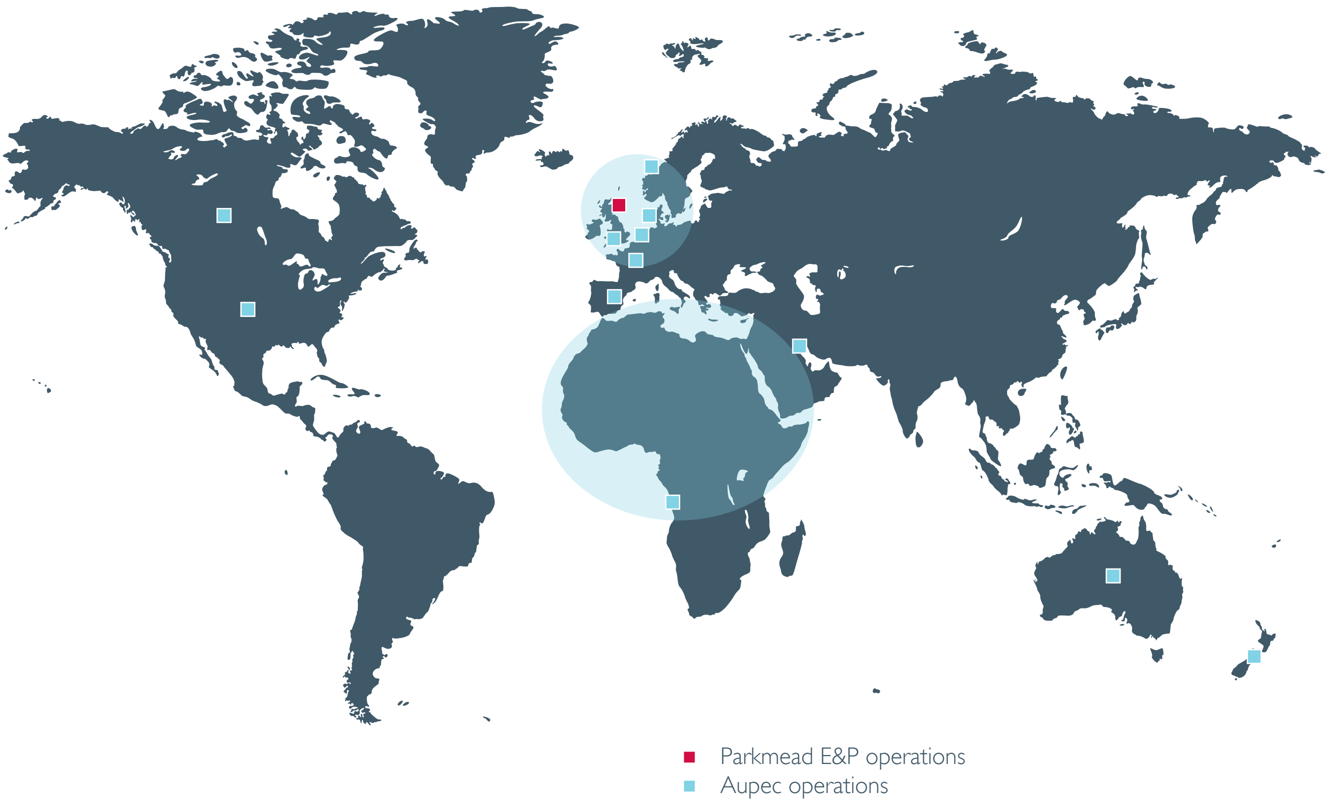
Parkmead is actively pursuing a strategy of growth through exploration. With a strong technical base and commercial background the oil and gas team will utilise its extensive technical knowledge of certain proven and frontier areas to identify assets and participate in licensing rounds.

Growth by Acquisition

The Group will focus on both asset and corporate level transactions as it looks to add exploration and production assets to its portfolio. A strong deal discipline culture will ensure that the assets, in which the Group invests, will be in line with Parkmead's strategy and serve towards maximising shareholder value.

Focused Approach

Strategic growth areas



Growth strategy

The established Parkmead oil and gas team will focus on the acquisition of:

- Exploration assets in proven and frontier oil and gas basins (Europe and Africa)
- Production and development assets in proven areas (Europe and Africa)

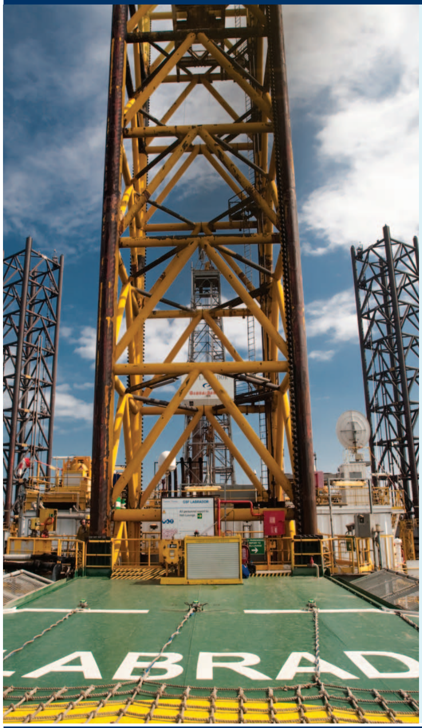
Parkmead will, where appropriate, form joint bidding arrangements. During 2011, Parkmead formed a joint bidding alliance with DEO Petroleum plc covering three specific areas in the Central North Sea.

Existing Aupec operations

The Parkmead Group, through its subsidiary Aupec, provides advice globally on energy policies and fiscal matters, undertakes economic evaluations, supplies benchmarking services and provides training.

During the financial year, Aupec has provided services to companies and government institutes in 12 countries.

CASE STUDY Acquisition of Strategic Stake in Platypus Field



During November 2011, the Group completed a deal with XTO UK Ltd, a subsidiary of Exxon Mobil Corporation, to acquire a 15% interest in Blocks 48/1a, 47/5b and 48/1c in the UK Southern North Sea containing the Platypus gas field and the Possum gas prospect.

The Platypus Rotliegendes gas accumulation was discovered in 2010 by the Dana Petroleum operated 48/1a-5 well which encountered 218 vertical feet of good quality gas bearing sands. The Platypus gas field lies some 18km north, north-west of the West Sole gas field and 15km west, south-west of the Babbage gas field. Platypus has the potential to contain up to 180 billion cubic feet of gas in place. The 48/1a-5 well was suspended by Dana Petroleum and its partners in 2010 for potential re-entry and future use as a gas production well. The Possum gas prospect is a Rotliegendes gas target, immediately adjacent to the Platypus gas field, with estimated resources of approximately 100 billion cubic feet of gas in place.

This acquisition provides Parkmead with near term drilling, with a rig already contracted to drill a well on the Platypus / Possum complex and scheduled to commence drilling in Q1 2012.

The acquisition marks an important step in Parkmead's first stage of its development to become a significant new independent oil and gas company. The Parkmead technical and commercial teams have a long history and detailed knowledge of these assets, making these blocks an ideal fit for the Group's acquisition strategy.

CASE STUDY Aupec - Global Reach and Reputation

Aupec Limited has provided economics and benchmarking expertise to the global oil and gas business for over 25 years. Aupec was acquired by Parkmead in 2009 and is a wholly owned subsidiary of The Parkmead Group plc. The economics division of Aupec has been focusing its delivery on the African Continent in recent years, with clients in Tanzania, Nigeria and Angola. The division has constructed bespoke, integrated oil tax administration and forecasting tools that meet the needs of host Governments grappling with the management of their petroleum revenues. Aupec's solutions provide transparent and accountable administration and reporting methods that are much sought after. Aupec provides the kind of dedicated software and database design required by Governments to efficiently administer oil revenues generated by complex petroleum tax regimes.

This is also supported by the delivery of targeted training programmes and management oversight to ensure long term sustainability. The systems and procedures built by Aupec are fully transferable, and the company aims to extend its sales of this expertise to other oil dependent countries in Africa and elsewhere over time.

CASE STUDY Strategic Alliance with DEO Petroleum

During 2011, the Group signed a strategic alliance agreement with DEO Petroleum plc. The joint bidding agreement, pertaining to three specific areas in the Central North Sea, will initially span the period until December 2013.

Parkmead, together with DEO, will pursue joint opportunities and collaborate together on a 50:50 basis in the specific areas in the Central North Sea covered by the strategic alliance agreement. In addition to working together in the anticipated UKCS 27th Licensing Round, Parkmead together with DEO will also look to identify and execute joint acquisition opportunities in the identified areas.

This alliance will draw together the strong technical capabilities of the Parkmead and DEO teams with Parkmead focusing on exploration and appraisal and DEO in development and production.

Experienced and Focused Oil and Gas Team

Parkmead now has an exceptional platform for growth with a highly experienced, motivated and focused team, who share a proven track record for creating value for shareholders. The oil and gas team, many of whom formed the core execution team of Dana Petroleum plc, has a comprehensive wealth of experience in the oil and gas industry. The Board believes by combining the knowledge and expertise of the team, and utilising their extensive oil and gas industry and government relationships Parkmead can deliver its ambitious growth plans.


PES GB
Deloitte

The Team

Dr Colin Percival
Group Exploration Manager

Colin Percival began his career in 1981 working on BP's international operations in the USA and Europe, leading exploration teams which made a number of significant discoveries. Colin led British-Borneo's successful global exploration ventures from 1992 to 1998. From 1998 he was responsible for BP's UK Knowledge and Licence Management.

From 2003 to 2010 Colin was Geoscience Manager at Dana, responsible for all UK exploration and appraisal programmes.

Colin has a first class degree in geology and a Ph.D. in sedimentology.

Shona Kiloh
Chief Economist

Shona Kiloh is the Group's Chief Economist. Shona has more than 20 years experience in economic modelling and evaluating acquisitions and new business opportunities in the oil and gas industry having previously been employed by Chevron.

In 1998, Shona joined Dana as the company's Senior Economist. Shona was responsible for all valuation work completed at Dana.

Shona has a Degree in Economics and Mathematical Sciences.

Kathryn Ramsay
Business Development & Investor Relations Manager

Kathryn Ramsay has dual responsibilities as the Group's Business Development Manager and Head of Investor Relations. Kathryn has over 10 years of corporate finance and business development experience having previously held senior positions at Simmons and Company International, Bank of Scotland Integrated Finance and Venture Production plc. In 2010, Kathryn joined Dana as Investor Relations Manager.

Kathryn is a member of the Chartered Institute of Management Accountants.

Kevin Holley
Group Financial Controller

Kevin Holley is the Group's Financial Controller. Kevin has over 20 years experience in a diverse range of business sectors and has comprehensive experience within Public Accounting Practices in audit and taxation.

Prior to joining Parkmead Kevin held a senior finance position with an AIM listed Oil Services Group with extensive experience in corporate acquisitions, financing and corporate reporting.

Kevin is a Chartered Accountant.

Julie Forsyth
Group Legal Manager

Julie Forsyth is the Group's Legal Manager. Julie has over 14 years experience in the oil and gas industry covering all areas of upstream oil and gas transactions. Julie started her career at Total where she held the position of Senior Legal Advisor for 7 years. In 2004, Julie joined Dana where she was a Senior Legal Advisor working on some of Dana's largest transactions, such as the acquisition of PetroCanada Netherlands BV.

Julie qualified as a solicitor in 1994 and became dual qualified in 2006. Julie is also a Notary Public.

Ryan Stroulger
Commercial Coordinator

Ryan is responsible for commercial operations at Parkmead, and specialises in evaluating corporate leads and opportunities. He originally joined the Group through Aupec, where he was a petroleum economist, focused on the development and management of fiscal regimes, economic models and advisory services to several governments. Prior to Aupec's integration into the wider Parkmead Group, Ryan was the company's business analyst, responsible for the appraisal of a wide range of investment opportunities.

Ryan holds a BSc and an MSc in Oil & Gas Enterprise Management.

The Board

Thomas Cross
Executive Chairman

Tom is a Chartered Director and petroleum engineer with extensive energy sector experience spanning projects in over 20 countries. Tom has held senior positions with Conoco, Thomson North Sea, Louisiana Land and Exploration and was Director of Engineering at the UK Petroleum Science and Technology Institute. He was the founder and Chief Executive of Dana Petroleum plc until its acquisition by the Korea National Oil Corporation in 2010. Tom is a former Chairman of BRINDEX, the Association of British Independent Oil Companies and a Fellow of the Institute of Directors.

Donald MacKay
Chief Financial Officer

Donald is 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 experience having worked in South East Asia, the Middle East and Africa as well as the USA and the UK.

Philip Dayer
Non-Executive Director

Philip has over 25 years of corporate finance, public company and stock market experience. He has worked with a number of prominent city institutions and advised a wide range of public companies including UK and international groups active in the oil and gas sector. Philip qualified as a Chartered Accountant and went on to gain extensive experience as Director or Head of Corporate Finance with Barclays de Zoete, Citigroup Scrimgeour Vickers, ANZ Grindlays and Société Générale. Latterly, whilst focusing on the energy sector, Philip was Director of Corporate Finance at Old Mutual Securities and Executive Director at Hoare Govett Limited.

Philip was a non-executive director of Dana Petroleum plc from 2006 through to its successful sale.

Ian Rawlinson
Non-Executive Director

Ian has over 25 years of experience in the banking and investment industries and in advising public and private companies, including working with Lazard Brothers, Robert Fleming, Fleming Family & Partners and Dana Petroleum plc. Ian read law at Cambridge and was called to the Bar in 1981. From 1995 to 2000 he was a member of the senior management team of Flemings in Southern Africa, and was Chief Operating Officer of Fleming Family and Partners on its establishment in 2000. From 2005 he has held various independent appointments in the business and charitable sectors and is Executive Chairman of The Monarch Group.

Ian was a non-executive director of Dana Petroleum plc from 2005 through to its successful sale.

Report and accounts contents

Directors' report

The Directors present their annual report and financial statements of the Company and of the Group for the year ended 30 June 2011.

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 (PMG). The Company's registered number is 03914068.

Principal activity
The Group's and Company's principal activities are that of oil and gas exploration and production, the provision of energy sector economics, valuations and benchmarking.

Results and dividends
The Group loss for the financial year after taxation amounted to £1.9 million (2010: £1.6 million). The Directors do not recommend the payment of a final dividend (2010: £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 3 to 4. The information which fulfils the requirements of the Business Review as set out in the Companies Act 2006 is included therein.

Directors and their interests
The Directors of the Company during the period were as follows:

T P Cross	
D A MacKay	
P J Dayer	appointed 21 December 2010
D I Rawlinson	appointed 21 December 2010
N P Doran	resigned 25 October 2011
C R Goodall	resigned 08 November 2010
F E Hamza	resigned 21 December 2010
B Wilson	resigned 21 December 2010

Biographical details of all the current Directors, as at the date of signing these financial statements, can be found on page 11.

Details of all Directors' emoluments can be found in Note 8 to the financial statements.

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 19 to these financial statements.

Principal Risks and Uncertainties
The Group actively monitors and manages the financial risks relating to its operations.

Parkmead is exposed to the US Dollar to Sterling exchange risk, due to significant portions of its subsidiary Aupec's revenues being denominated in US Dollars, which are subject to currency exchange fluctuations.

The Group is exposed to equity price risk in respect of its available-for-sale investments in oil and gas equity securities. 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 common. The Company monitors closely the performance of Faroe in which it has a 2.1% shareholding.

In addition, approximately 87% of Aupec's revenues were derived from a three year contract with a developing world government ministry. The contract, which is governed by the local law of the Aupec counterparty, expired on 24 March 2011 and is subject to ongoing negotiation. Since the expiry of the last contract, Aupec has continued to work for the government ministry as normal and the Group expects that this contract will be renewed for a further three year period.

Financial risk management policies
Further details of the Group's financial risk management policies are set out in Note 28 to the financial statements.

Charitable and political donations
The Group made charitable donations of £6,200 during the year (2010: £300). The Group made no political donations during the year (2010: £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 2011 were 23 days (2010: 41 days) for the Company.

Share capital
At 30 June 2011 the total issued ordinary share capital was 609,601,823 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.

Directors' report
continued

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.

Significant shareholdings
The Company has been advised of the following significant shareholdings as at 30 September 2011:

	No. of Ordinary Shares Held	% of Ordinary Shares
T P Cross	85,414,701	14.00%
L Cross	84,346,824	13.83%
D Rose	45,884,188	7.52%
N P Doran	35,491,677	5.82%
Prof A G Kemp	30,589,459	5.01%
D J Mills	26,846,567	4.40%
K A Olisa	23,206,268	3.80%

Corporate governance
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 2010 UK Corporate Governance Code, the "Code". 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 with regard to the Company's size.

This statement explains how the directors applied the principles of the Code during the year ended 30 June 2011.

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 five Directors – three Executive and two Non-Executive Directors. The Non-Executive Directors, P J Dayer and D I Rawlinson 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

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.

Re-appointment of Directors
All Directors are subject to re-appointment every three years in accordance with the Company's Articles of Association. This year T P Cross is due for re-appointment. Any Director appointed by the Board during the year must stand for re-appointment at the next AGM. P J Dayer and D I Rawlinson were appointed as Directors on 21 December 2010 and therefore also due for re-appointment this year.

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 P J Dayer, the Committee Chairman, D I Rawlinson and T P Cross. N P Doran and D A MacKay attend by invitation. In the year ended 30 June 2011 the Audit Committee met on two occasions, with all members present.

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
- 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 meets at least once a year and consists of D I Rawlinson, the Committee Chairman, P J Dayer and T P Cross. In the year ended 30 June 2011 the Remuneration Committee met once with all members present.

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 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, 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 where the Group's statutory accounts can be accessed.

The following information may also be found on the website:

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

All queries raised by shareholders are dealt with by the Investor Relations Manager, K A Ramsay.

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 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
- 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
- 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.

Directors' report

continued

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
- 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
- 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 also responsible for ensuring that they meet their responsibilities under the AIM Rules.

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.

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
- that Director had taken all steps that the 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

Nexia Smith & Williamson have indicated their willingness to continue in office. A resolution concerning their re-appointment 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 22 December 2011. Under ordinary business shareholders will be asked to consider:

- approving the Annual Report and financial statements for the year ended 30 June 2011
- to re-appoint Directors who, in accordance with the articles of association of the Company have retired by rotation
- to re-appoint Directors appointed during the year, who have offered themselves for re-appointment
- approving the re-appointment of Nexia Smith & Williamson as auditors to the Company
- approving the introduction of eCommunication with regards to receiving shareholder information
- to grant Directors the authority to make market purchases and allot shares on a non pre-emptive basis

By order of the Board

Donald A MacKay
Chief Financial Officer
24 November 2011

Independent Auditor's 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 2011 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 Cashflows, 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 auditor's 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 Auditor

As explained more fully in the Statement on Directors' Responsibilities set out on page 16, 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 and express an opinion on 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 (APB'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/private.cfm.

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 2011 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
24 November 2011

Group income statement

for the year ended 30 June 2011

	Notes	2011 £	2010 £
Continuing operations			
Revenue	3	**3,745,565**	2,364,151
Cost of sales		**(2,016,418)**	(1,549,671)
Gross profit		**1,729,147**	814,480
Other operating income		**7,951**	-
Administrative expenses		**(5,310,345)**	(2,274,291)
Operating loss	4	**(3,573,247)**	(1,459,811)
Finance income	9	**12,417**	531,403
Finance costs	10	**(797)**	(6,739)
Profit on sale of available-for-sale financial assets	11	**112,388**	74,396
Amounts written off available-for-sale financial assets and loans		**-**	(539,995)
Other losses on financial assets at fair value through profit or loss	12	**(927)**	(8,033)
Loss before taxation		**(3,450,166)**	(1,408,779)
Taxation	13	**(139,470)**	(85,773)
Loss for the year from operations		**(3,589,636)**	(1,494,552)
Discontinued operations			
Gain/(loss) for the year from discontinued operations	14	**1,732,247**	(108,825)
Loss for the year attributable to the equity holders of the Parent		**(1,857,389)**	(1,603,377)
Loss per share (pence)			
Continuing operations			
Basic and diluted	15	**(0.59)**	(0.29)
Continuing and discontinued operations			
Basic and diluted	15	**(0.31)**	(0.31)

Group and company statement of comprehensive income

for the year ended 30 June 2011

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Loss for the year	**(1,857,389)**	(1,603,377)	**(1,434,087)**	(2,057,345)
Other comprehensive income				
Available-for-sale financial assets				
Fair value gain on available-for-sale financial assets	**1,892,634**	1,716,492	**1,892,634**	1,716,492
	1,892,634	1,716,492	**1,892,634**	1,716,492
Income tax relating to components of other comprehensive income	**-**	-	**-**	-
Other comprehensive income for the year, net of tax	**1,892,634**	1,716,492	**1,892,634**	1,716,492
Total comprehensive income for the year attributable to the equity holders of the Parent	**35,245**	113,115	**458,547**	(340,853)

Group and company statement of financial position

as at 30 June 2011

	Notes	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Non-current assets					
Property, plant and equipment	16	**128,557**	60,778	**77,295**	16,072
Goodwill	17	**2,173,532**	2,173,532	**-**	-
Other intangible assets	17	**43,657**	99,106	**-**	-
Investment in subsidiary and joint ventures	18	**-**	-	**3,902,817**	3,883,353
Available-for-sale financial assets	19	**7,064,017**	5,384,124	**7,064,017**	5,384,124
Trade and other receivables	20	**-**	33,320	**-**	94,715
Deferred tax assets	25	**-**	101,574	**-**	-
Total non-current assets		**9,409,763**	7,852,434	**11,044,129**	9,378,264
Current assets					
Trade and other receivables	20	**1,650,105**	3,199,194	**197,334**	206,834
Other financial assets	21	**-**	878	**-**	878
Cash and cash equivalents	22	**1,274,198**	291,869	**749,539**	6,661
Total current assets		**2,924,303**	3,491,941	**946,873**	214,373
Total assets		**12,334,066**	11,344,375	**11,991,002**	9,592,637
Current liabilities					
Current portion of capital lease obligations	23	**-**	(1,043)	**-**	(1,043)
Trade and other payables	24	**(761,570)**	(2,737,838)	**(383,768)**	(1,445,640)
Current tax liabilities		**-**	(66,097)	**-**	-
Provisions	26	**(338,089)**	(1,959)	**(324,063)**	(1,959)
Total current liabilities		**(1,099,659)**	(2,806,937)	**(707,831)**	(1,448,642)
Non-current liabilities					
Other liabilities	24	**(2,219,226)**	-	**(2,219,226)**	-
Deferred tax liabilities	25	**(7,924)**	(26,829)	**-**	-
Total non-current liabilities		**(2,227,150)**	(26,829)	**(2,219,226)**	-
Total liabilities		**(3,326,809)**	(2,833,766)	**(2,927,057)**	(1,448,642)
Net assets		**9,007,257**	8,510,609	**9,063,945**	8,143,995
Equity attributable to equity holders					
Called up share capital	29	**18,658,349**	18,652,383	**18,658,349**	18,652,383
Share premium		**2,907,986**	2,647,059	**2,907,986**	2,647,059
Merger reserve		**-**	(952,109)	**-**	1,454,546
Employee benefit trust reserve		**(1,128,008)**	(1,128,008)	**(1,128,008)**	(1,128,008)
Foreign exchange reserve		**-**	7,377	**-**	7,377
Revaluation reserve		**264,680**	(1,182,639)	**264,680**	(1,182,639)
Retained deficit		**(11,695,750)**	(9,533,454)	**(11,639,062)**	(12,306,723)
Total Equity		**9,007,257**	8,510,609	**9,063,945**	8,143,995

The financial statements on pages 13 to 56 were approved by the Board of Directors on 24 November 2011 and signed on its behalf by:

Thomas P Cross
Director

Donald A MacKay
Director

Group statement of changes in equity
for the year ended 30 June 2011

	Share capital	Share premium	Merger reserve	Employee Benefit Trust reserve	Foreign exchange reserve	Revaluation reserve	Retained earnings	Total
	£	£	£	£	£	£	£	£
At 1 July 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 loss 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
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(1,857,389)**	**(1,857,389)**
Fair value gain on available-for-sale financial assets	**-**	**-**	**-**	**-**	**-**	**1,892,634**	**-**	**1,892,634**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**1,892,634**	**(1,857,389)**	**35,245**
Transfer of reserves on impaired available-for-sale financial assets	**-**	**-**	**-**	**-**	**(7,377)**	**(445,315)**	**453,127**	**435**
Transfer of reserves on discontinued activities	**-**	**-**	**952,109**	**-**	**-**	**-**	**(952,109)**	**-**
Issue of new ordinary shares	**5,966**	**260,927**	**-**	**-**	**-**	**-**	**-**	**266,893**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**194,075**	**194,075**
At 30 June 2011	**18,658,349**	**2,907,986**	**-**	**(1,128,008)**	**-**	**264,680**	**(11,695,750)**	**9,007,257**

Company statement of changes in equity

for the year ended 30 June 2011

	Share capital	Share premium	Merger reserve	Employee Benefit Trust reserve	Foreign exchange reserve	Revaluation reserve	Retained earnings	Total
	£	£	£	£	£	£	£	£
At 1 July 2009	18,417,089	-	1,454,546	(1,128,008)	157,382	(2,892,904)	(10,327,496)	5,680,609
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 loss 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
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(1,434,087)**	**(1,434,087)**
Fair value gain on available-for-sale financial assets	**-**	**-**	**-**	**-**	**-**	**1,892,634**	**-**	**1,892,634**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**1,892,634**	**(1,434,087)**	**458,547**
Transfer of reserves on impaired available-for-sale financial assets	**-**	**-**	**-**	**-**	**(7,377)**	**(445,315)**	**453,127**	**435**
Transfer of reserves on discontinued activities	**-**	**-**	**(1,454,546)**	**-**	**-**	**-**	**1,454,546**	**-**
Issue of new ordinary shares	**5,966**	**260,927**	**-**	**-**	**-**	**-**	**-**	**266,893**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**194,075**	**194,075**
At 30 June 2011	**18,658,349**	**2,907,986**	**-**	**(1,128,008)**	**-**	**264,680**	**(11,639,062)**	**9,063,945**

Group and company statement of cashflows

for the year ended 30 June 2011

	Notes	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Cashflows from operating activities					
Continuing activities	32	**(1,091,202)**	(2,613,588)	**(2,718,159)**	(462,728)
Taxation paid		**(121,560)**	(124,288)	**-**	-
Net cash (used in) operating activities		**(1,212,762)**	(2,737,876)	**(2,718,159)**	(462,728)
Cash flow from investing activities					
Interest received		**3,422**	14,075	**3,292**	13,575
Proceeds from sale of subsidiary		**1,969,449**	-	**1,969,449**	-
Proceeds from sale of investments		**94,968**	439,083	**94,968**	439,083
Acquisition of subsidiary net of cash acquired		**-**	1,558,808	**-**	(1,000,000)
Dividend received from subsidiary		**-**	-	**1,206,311**	-
Acquisition of investments		**-**	(1,458,315)	**-**	(1,458,315)
Acquisition of intangible assets		**(34,223)**	(7,834)	**-**	-
Acquisition of property, plant and equipment		**(108,909)**	(20,264)	**(84,164)**	(4,240)
Proceeds from sale of property, plant and equipment		**5,331**	-	**5,331**	-
Net cash generated by/(used in) investing activities		**1,930,038**	525,553	**3,195,187**	(2,009,897)
Cash flow from financing activities					
Issue of ordinary shares		**266,893**	-	**266,893**	-
Interest paid		**(797)**	(179)	**-**	-
Finance lease principal payments		**(1,043)**	(12,521)	**(1,043)**	(12,521)
Net cash generated by/(used in) financing activities		**265,053**	(12,700)	**265,850**	(12,521)
Net increase/(decrease) in cash and cash equivalents		**982,329**	(2,225,023)	**742,878**	(2,485,146)
Cash and cash equivalents at beginning of year		**291,869**	2,516,892	**6,661**	2,491,807
Cash and cash equivalents at end of year		**1,274,198**	291,869	**749,539**	6,661

Notes to the financial statements

1 Corporate information

The consolidated financial statements of the Group for the year ended 30 June 2011 were authorised for issue by the Board of Directors on 24 November 2011 and the Statement of Financial Position was signed on the Board's behalf by T P Cross and D A MacKay. The Group is a public limited company incorporated in England & Wales and domiciled in Scotland. The Company's shares are publicly traded on the AIM market on the London Stock Exchange. The registered office is located at Pellipar House, 9 Cloak Lane, London, EC4R 2RU.

2 Accounting policies

Basis of preparation of the financial statements

The consolidated financial information presented in this statement has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRS Interpretations Committee (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 advantage of the exemption permitted under Section 408 of the Companies Act 2006 and does not present its own income statement.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2011.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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.

Subsidiaries

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If consideration 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.

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.

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 Company'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 Company 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 Group issues both equity-settled and cash-settled share based payments as an incentive to certain key management and staff.

Equity-settled transactions
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 life of the options. All share based awards are settled in equity and accordingly the share based payment is credited directly to equity.

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.

Cash-settled transactions
The cost of cash-settled transactions is measured at the current fair value determined at each reporting date. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The corresponding liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised as an employee benefit expense in the income statement.

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. Development costs and contract and customer relations are amortised over the period of expected future sales from the related projects and contracts on a straight line basis over 1 to 2 years.

Intangible assets are 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 units (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 cashflows 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 cashflows 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 asset 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.

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 expected gain on the share options pro-rated at the balance sheet date. For other benefits in kind, provision is made when it is probable that a liability will arise.

Critical accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. 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 and judgement are noted below:

Critical accounting judgments

- *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.

Key sources of estimation uncertainty

- *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 21 and 30 respectively. The single most important estimate of these is that of share price volatility.

- *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 cashflows 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.

Notes to the financial statements

continued

New IFRS accounting standards and interpretations adopted in the year

During the year ended 30 June 2011, the Group adopted the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) or amendments, and interpretations by the IFRS Interpretations Committee. None of the pronouncements had a material impact on the Group and Company's consolidated results or assets and liabilities.

- Amendment to IFRS2 - Group cash-settled share based payment arrangements
- IAS 32 Financial instruments: presentation – classification of rights issues (amendment)
- IFRIC 19 Extinguishing financial liabilities with equity instruments
- Improvements to International Financial Reporting Standards (issued 2009)
- Improvements to International Financial Reporting Standards (issued 2010)
- IFRS Practice statement: management commentary

New IFRS accounting standards and interpretations not yet adopted

The standards and interpretations listed below were not effective for the year ended 30 June 2011.

The Group is evaluating the impact of the following standards on the financial statements that were issued on 12 May 2011.

- IFRS 10 Consolidated Financial Statements effective 1 January 2013
- IFRS 11 Joint Arrangements effective 1 January 2013
- IFRS 12 Disclosure of Interests in Other Entities effective 1 January 2013
- IFRS 13 Fair Value Measurement effective 1 January 2013

None of the standards and interpretations listed below are expected to have a material impact on the Group's consolidated results or assets and liabilities.

- IFRS 7 Financial Instruments: Disclosures(Amendment) effective 1 July 2011
- IFRS 9 Financial Instruments – Classification and Measurement effective 1 January 2013
- IAS 12 Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets effective 1 January 2012
- IAS 24 Related Party Disclosures (Revised) effective 1 January 2011
- IFRIC 14 Prepayments of a Minimum Requirement (Amendment) effective 1 January 2011
- Improvements to International Financial Reporting Standards (issued 2009) effective 1 January 2011
- IAS 19 Employee Benefits (2011) effective 1 January 2013
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

3 Revenue

An analysis of the Group's revenue is as follows:

	2011 £	2010 £
Continuing operations		
Rendering of services	**3,745,565**	2,364,151

4 Operating loss

	2011 £	2010 £
The operating loss is stated after charging/(crediting):		
Depreciation of property, plant and equipment		
- Owned tangible fixed assets	**37,119**	49,125
- Impairment of tangible fixed assets	**-**	99,391
- Under finance leases	**-**	13,565
Amortisation of other intangible assets	**89,672**	124,075
Provision for dilapidations	**-**	22,345
Provision for employers taxes on share options (Note 26)	**336,130**	(1,660)
Operating lease rentals: other	**166,403**	307,891
Gain on disposal of property, plant and equipment	**1,318**	3,144
Acquisition costs of purchase of subsidiary	**-**	255,297
Exchange loss/(gain)	**166,518**	(375,382)

5 Auditors' remuneration

	2011 £	2010 £
Audit fees payable to the auditor for the audit of the Company's annual financial statements	**34,164**	29,250
Fees payable to the Company's current auditors and its associates for other services		
Audit of the Company's subsidiaries pursuant to legislation	**14,750**	13,625
Other services relating to taxation	**17,680**	13,625
Other services	**8,214**	3,750
	74,808	60,250

Other services relate to the review of interim results, the provision of accounting advice and services provided as Trustee of the Parkmead Employee Benefit Trust.

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 oil and gas exploration and production segment invests in oil and gas exploration and production assets and 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, advises on energy policies and fiscal matters, undertakes economic evaluations, supplies benchmarking services and provides 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.

Notes to the financial statements

continued

6 Operating segment information *continued*

Year ended 30 June 2011	Oil and Gas Exploration and Production £	Energy Economics £	Adjustments and eliminations £	Consolidated £
Revenue				
External customer	60,000	3,685,565	-	3,745,565
Inter-segment	110,000	-	(110,000)	-
Total revenue	170,000	3,685,565	(110,000)	3,745,565
Results				
Operating profit/(loss)	(4,480,305)	907,058	-	(3,573,247)
Finance income	12,310	107	-	12,417
Finance costs	-	(797)	-	(797)
Profit on sale of available-for-sale financial assets	112,388	-	-	112,388
Other losses on financial assets at fair value through profit or loss	(927)	-	-	(927)
Segment profit/(loss)	(4,365,534)	906,368	-	(3,450,166)
Operating assets	8,137,265	4,268,850	(72,049)	12,334,066
Operating liabilities	(2,932,202)	(466,656)	72,049	(3,326,809)
Other disclosures				
Capital expenditure	84,164	58,968	-	143,132
Depreciation and amortisation	18,930	107,861	-	126,791

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

Year ended 30 June 2010	Oil and Gas Exploration and Production £	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 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 and reflected in the adjustments and eliminations column
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*

Geographic information

Revenues from external customers

	2011 £	2010 £
Europe	**243,955**	436,498
North America	**187,437**	232,538
Africa	**3,207,834**	1,695,115
Rest of the World	**106,339**	-
Total revenue per Group income statement	**3,745,565**	2,364,151

The revenue information is based on the location of the customer.

Revenue from one customer amounted to £3,207,834 (2010: £1,553,546), arising from sales by the Energy Economics segment.

Non-current assets

	2011 £	2010 £	2009 £
Europe	**2,345,746**	2,333,416	166,850
North America	**-**	-	-
Africa	**-**	-	-
Rest of the World	**-**	-	-
Total	**2,345,746**	2,333,416	166,850

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

7 Staff costs

Employee benefits expense:

Group	2011 £	2010 £
Wages and salaries	**1,649,166**	1,225,947
Social security costs	**503,522**	125,821
Other pension costs	**161,691**	55,940
Charge for share based payments (Note 30)	**2,144,186**	78,118
	4,458,565	1,485,826

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

	2011 No.	2010 No.
Management and consultants	**16**	17
Administration	**6**	4
IT	**5**	5
	27	26

Notes to the financial statements
continued

8 Directors' emoluments

Directors' remuneration in aggregate comprised:	2011 £	2010 £
Aggregate emoluments	**839,970**	686,152
Compensation for loss of office	**-**	30,000
Company pension contributions to money purchase schemes	**83,353**	11,715
	923,323	727,867

During the year one (2010: two) Director accrued benefits under a money purchase pension scheme. The Company contributions paid to the scheme were £83,353 (2010: £11,715).

Director's remuneration, by director, for the year ended 30 June 2011 comprised:

	Aggregate remuneration £	Benefits in kind £	Total emoluments and compensation £
T P Cross	204,513	-	204,513
N P Doran	333,315	149,072	482,387
D A MacKay	96,748	-	96,748
P J Dayer	10,692	-	10,692
D I Rawlinson	10,692	-	10,692
C R Goodall	12,500	-	12,500
F E Hamza	14,438	-	14,438
B Wilson	8,000	-	8,000
Total	690,898	149,072	839,970

	Pension contributions to money purchase schemes £	Total value of contributions paid to pension schemes £
T P Cross	-	-
N P Doran	-	-
D A MacKay	83,353	83,353
P J Dayer	-	-
D I Rawlinson	-	-
C R Goodall	-	-
F E Hamza	-	-
B Wilson	-	-
Total	83,353	83,353

Details of outstanding share options held by each director as at 30 June 2011 are as follows:

	Scheme options outstanding	Number of price	Exercise which exercisable	Date from	Expiry date
T P Cross		-	-	-	-
N P Doran*	Unapproved	33,485,616	£0.08	22 May 2006	22 May 2016
D A MacKay		-	-	-	-
P J Dayer		-	-	-	-
D I Rawlinson		-	-	-	-
C R Goodall		-	-	-	-
F E Hamza		-	-	-	-
B Wilson		-	-	-	-

* 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. These vesting conditions were met in December 2010.

8 Directors' emoluments *continued*

In October 2010 T P Cross and D A MacKay participated in the share appreciation rights (SARs) arrangements for senior management, details of which are provided in Note 30. Details of outstanding SARs held by each director as at 30 June 2011 are as follows:

	Number of SARs outstanding	Exercise price	Date from which exercisable	Expiry date
T P Cross *	15,750,000	£0.0155	11 October 2012	11 October 2020
T P Cross **	15,750,000	£0.0155	11 October 2013	11 October 2020
D A MacKay *	3,750,000	£0.0155	11 October 2012	11 October 2020
D A MacKay **	3,750,000	£0.0155	11 October 2013	11 October 2020

* The vesting condition associated with these SARs is such that the SARs vest at any time if the closing mid market price of the ordinary shares of the Company exceeds 18 pence. This vesting condition was met in December 2010.

** The vesting condition associated with these SARs is such that the SARs vest at any time if the closing mid market price of the ordinary shares of the Company exceeds 27 pence. This vesting condition was met in December 2010.

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

	Aggregate remuneration £	Benefits in kind £	Compensation for loss of office £	Total emoluments and compensation £
T P Cross	35,000	-	-	35,000
N P Doran	290,951	128,051	-	419,002
D A MacKay	30,667	-	-	30,667
G N Ashworth	111,669	1,584	30,000	143,253
C R Goodall	50,000	-	-	50,000
F EHamza	20,000	-	-	20,000
B Wilson	12,000	-	-	12,000
J S Leggate	6,230	-	-	6,230
Total	556,517	129,635	30,000	716,152

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

8 Directors' emoluments *continued*

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
T P Cross		-	-	-	-
N P Doran *	Unapproved	33,485,616	£0.08	22 May 2006	22 May 2016
D A MacKay		-	-	-	-
G N Ashworth		-	-	-	-
C R Goodall		-	-	-	-
F E Hamza		-	-	-	-
B Wilson		-	-	-	-
J S Leggate		-	-	-	-

* The vesting conditions associated with these options are such that 50% of the options vest at any time if the closing mid marketprice 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.

9 Finance income

	2011 £	2010 £
Bank interest receivable	**3,422**	11,100
Imputed interest receivable	**8,995**	520,303
	12,417	531,403

The imputed interest receivable of £8,995 (2010: £520,303) represents the accretion of the value of assets that have been discounted over time, of which £nil (2010: £505,388) relates to the loan relating to Transeuro Energy Corporation.

10 Finance costs

	2011 £	2010 £
Imputed interest charge	**-**	5,757
Interest payable on capital lease	**-**	982
Interest on late paid taxes	**797**	-
	797	6,739

11 Profit on sale of available-for-sale financial assets

In November 2010 the Group sold its entire holding in Prevx Group Limited for a gross consideration of US $181,808 and 41,319 shares in Weebroot Software Inc. US $22,271 was withheld as deferred consideration together with 6,197 shares in Weebroot Software Inc. Prevx Group Limited investment had been impaired fully in previous years and the group recognised a profit on disposal of £112,388.

12 Other losses on financial assets at fair value through profit or loss

	2011 £	2010 £
Other financial assets at fair value through profit or loss:		
- Fair value losses	**(927)**	(8,033)
	(927)	(8,033)

13 Taxation

The major components of income tax expense for the years ended 30 June 2011 and 2010 are:

	Note	2011 £	2010 £
Current tax:			
Corporation tax at 27.5% (2010: 28%) based on the loss for the year		**-**	-
Adjustments in respect of current income tax of previous periods		**(5,459)**	5,310
Overseas current taxation		**163,834**	103,031
Deferred tax:			
Relating to origination and reversal of temporary differences	25	**(18,905)**	(22,568)
Income tax expense reported in the income statement		**139,470**	85,773

Tax has been calculated using an estimated annual effective rate of 27.5% (2010: 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:

	2011 £	2010 £
Loss on ordinary activities before tax	**(3,450,166)**	(1,408,779)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 27.5% (2010: 28%)	**(948,796)**	(394,458)
Effects of:		
Adjustments in respect of current income tax of previous periods	**(5,459)**	5,310
Expenses not deductible for tax purposes and other permanent differences	**627,784**	119,888
Depreciation in the year in excess of capital allowances	**(8,513)**	7,785
Imputed interest not taxable	**(2,474)**	(144,073)
Other timing differences	**(17,275)**	(4,509)
Investments written down - not tax deductible	**255**	167,448
Utilisation of previously unrecognised tax losses	**(10,258)**	-
Losses not taxable	**-**	7,652
Unrelieved tax losses	**504,206**	320,730
Total tax charge for the year	**139,470**	85,773

The tax charge arising on the loss on discontinued operations is £nil (2010: £nil).

14 Discontinued operations

On 12 January 2011 the Company was paid the full deferred cash consideration of £1,969,449 owed to it by D J Mills pursuant to the Company's disposal of Quayside Corporate Services Limited to D J Mills in 2007. Receipt of this payment satisfies in full the consideration due to the Company by D J Mills.

In the year ended 30 June 2011 the Group recognised a gain in the value of deferred consideration receivable for D J Mills in relation to the disposal of Quayside Corporate Services Limited of £1,732,247 (2010 - loss £108,825), resulting in a total profit on disposal of £371,731 recognised to 30 June 2011.

Results of discontinued operations:

	2011 £	2010 £
Profit after tax from operations	-	-
Profit/(loss) on disposal	**1,732,247**	(108,825)
Profit/(loss) after tax- discontinued operations	**1,732,247**	(108,825)

Notes to the financial statements
continued

15 Loss per share

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

	2011	2010
Loss per 0.01p ordinary share from continuing operations (pence)		
Basic and diluted	**(0.59p)**	(0.29p)
Profit/(loss) per 0.01p ordinary share from discontinued operations (pence)		
Basic	**0.28p**	(0.02p)
Diluted	**0.26p**	(0.02p)
Loss per 0.01p ordinary share from total operations (pence)		
Basic and diluted	**(0.31p)**	(0.31p)

The calculations were based on the following information:

	2011 £	2010 £
(Loss)/profit attributable to ordinary shareholders		
Continuing operations	**(3,589,636)**	(1,494,552)
Discontinued operations	**1,732,247**	(108,825)
Total	**(1,857,389)**	(1,603,377)
Weighted average number of shares in issue		
Basic weighted average number of shares	**605,525,848**	522,411,079
Dilutive potential ordinary shares		
Share options	**55,939,513**	-

Loss per share is calculated by dividing the loss for the year by the weighted average number of ordinary shares outstanding during the year. Potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of continuing and total operations diluted earnings per share.

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 share options.

16 Property, plant and equipment

Group	Fixtures, fittings and computer equipment £	Total £
Cost		
At 1 July 2010	141,077	141,077
Additions	108,909	108,909
Disposals	(76,551)	(76,551)
At 30 June 2011	173,435	173,435
Depreciation		
At 1 July 2010	80,299	80,299
Depreciation charged in the year	37,119	37,119
Eliminated on disposal	(72,540)	(72,540)
At 30 June 2011	44,878	44,878
Net book amount		
At 30 June 2011	128,557	128,557
At 30 June 2010	60,778	60,778

Company	Fixtures, fittings and computer equipment £	Total £
Cost		
At 1 July 2010	86,057	86,057
Additions	84,164	84,164
Disposals	(12,819)	(12,819)
At 30 June 2011	157,402	157,402
Depreciation		
At 1 July 2010	69,985	69,985
Depreciation charged in the year	18,930	18,930
Eliminated on disposal	(8,808)	(8,808)
At 30 June 2011	80,107	80,107
Net book amount		
At 30 June 2011	77,295	77,295
At 30 June 2010	16,072	16,072

16 Property, plant and equipment *continued*

The comparable table for 2010 is detailed below:

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

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

Impairment losses were recognised in 2010 in respect of short leasehold improvements and fixtures, fittings and computer equipment in the year amounting to £99,391.

These losses were attributable to the termination of a property lease and a review of recoverable amounts showed impairment against value in use.

17 Intangible assets

Year ended 30 June 2011	Development costs £	Contract and Customer relations £	Goodwill £	Total £
Cost				
At 1 July 2010	**11,607**	**211,574**	**2,173,532**	**2,396,713**
Additions – internal development	**34,223**	**-**	**-**	**34,223**
Disposals	**(11,607)**	**-**	**-**	**(11,607)**
At 30 June 2011	**34,223**	**211,574**	**2,173,532**	**2,419,329**
Amortisation and impairment				
At 1 July 2010	**5,184**	**118,891**	**-**	**124,075**
Amortisation	**6,423**	**83,249**	**-**	**89,672**
Eliminated on disposal	**(11,607)**	**-**	**-**	**(11,607)**
At 30 June 2011	**-**	**202,140**	**-**	**202,140**
Net book amount				
At 30 June 2011	**34,223**	**9,434**	**2,173,532**	**2,217,189**
At 30 June 2010	6,423	92,683	2,173,532	2,272,638

The comparable table for 2010 is detailed below:

	Development costs £	Contract and Customer relations £	Goodwill £	Total £
Cost				
At 1 July 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	-	-	-	-
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	-	-	-	-

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:

	2011 £	2010 £
Oil and Gas Exploration and Production	**-**	-
Energy Economics	**2,173,532**	2,173,532
	2,173,532	2,173,532

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. 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.

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

17 Intangible assets *continued*

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 revenues. 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 3.5% annual growth 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 2011 the recoverable amount of the goodwill relating to the Energy Economics CGU was in excess of its carrying amount by £1,731k. If revenues fell from the assumed level by 20%, 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.

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 2010	**3,933,353**
Share options awards to employees in subsidiaries	**20,464**
Disposal	**(1,000)**
At 30 June 2011	**3,952,817**
Impairment	
At 1 July 2010 and 30 June 2011	**50,000**
Net book amount	
At 30 June 2011	**3,902,817**
At 30 June 2010	3,883,353

The comparable table for 2010 is detailed below:

Company	Subsidiary and joint venture undertakings £
Cost or valuation	
At 1 July 2009	51,000
Acquisitions	3,882,353
At 30 June 2010	3,933,353
Impairment	
At 1 July 2009	-
Impairment of investment in joint venture	50,000
At 30 June 2010	50,000
Net book amount	
At 30 June 2010	**3,883,353**
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:

Name of Undertaking	Class of Holding Subsidiary/ joint	Interest in venture	Nature of Business
Registered in England and Wales:			
Corduene Investments Limited	Ordinary	100%	Dormant
Parkmead Employee Benefit Trust Limited	Ordinary	100%	Dormant
Parkmead Investment Subsidiary Limited	Ordinary	100%	Dormant
Radius Energy Limited	Ordinary	50%	Dormant
Registered in Scotland:			
Aupec Limited	Ordinary	100%	Energy advisory and consulting services
Parkmead (E&P) Limited	Ordinary	100%	Dormant
Registered in Malta:			
British Borneo Expro Limited	Ordinary	49.9% advisors	Business
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.

As part of a group rationalisation Corduene Investments Limited, Parkmead Employee Benefit Trust Limited, Parkmead Investment Subsidiary Limited and Radius Energy Limited were struck off the Companies House register post balance sheet date.

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

	2011 £	2010 £
Current assets	**39,656**	64,791
Current liabilities	**(64,540)**	(126,988)
At 30 June	**(24,884)**	(62,197)
Revenue	**-**	63
Expenses	**37,301**	(25,204)
Profit/(loss) for the year	**37,301**	(24,141)

19 Available-for-sale financial assets

Group and Company	2011 £	2010 £
Fair value		
At 1 July	**5,384,124**	2,983,951
Additions	**17,420**	1,498,446
Disposals	**-**	(173,392)
Amounts written off available for sale assets		
– Impairment	**-**	(539,995)
Profit on revaluation	**1,892,634**	1,710,265
Impairment – discontinued operations	**-**	(108,825)
Imputed interest – discontinued operations	**7,041**	13,674
Settlement of deferred consideration – discontinued operations	**(237,202)**	-
At 30 June	**7,064,017**	5,384,124

Available-for-sale financial assets comprise the following:

	2011 £	2010 £
Quoted equity shares		
Equity shares – UK	**7,047,032**	5,153,963
Unquoted equity shares		
Equity shares – UK	**-**	-
Other assets		
Deferred consideration – UK	**16,985**	230,161
	7,064,017	5,384,124

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 £16,985 represents the fair value of the outstanding consideration due in relation to the disposal of Prevx Group Limited which was sold by the Group in November 2010.

The 2010 deferred consideration of £230,161 represented the fair value of the outstanding consideration due in relation to the disposal of Quayside Corporate Services Limited. The deferred consideration was paid in full within the year.

19 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 Group identified an impairment of £539,995 in 2010 on available-for-sale investment - unquoted equity securities, which was recognised in the income statement.

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

	2011 £	2010 £
Pound Sterling	**7,047,032**	5,384,124
Other currencies	**16,985**	-
	7,064,017	5,384,124

20 Trade and other receivables

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Non-current assets				
Loans	**-**	33,320	**-**	94,715
	-	33,320	**-**	94,715
Current assets				
Trade receivables	**1,372,580**	2,940,211	**1,488**	37,827
Less: provision for impairment of trade receivables	**(1,132)**	(1,132)	**(1,132)**	(1,132)
Trade receivables – net	**1,371,448**	2,939,079	**356**	36,695
Receivables due from group companies	**-**	-	**72,049**	-
Receivables due from joint ventures	**-**	34,275	**-**	33,470
Other receivables	**72,236**	119,182	**26,142**	93,927
Prepayments and accrued income	**206,421**	106,658	**98,787**	42,742
	1,650,105	3,199,194	**197,334**	206,834

Non-current assets

Receivables due from joint ventures

The £nil balance (2010: £33,320) included in non-current assets relates to a loan to a joint venture, British Borneo Expro Limited.

Current assets

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, £1,244,187 (2010: £2,651,711) 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 2011, trade receivables of £1,244,187 (2010: £1,325,856) were three months past due but not impaired. In August 2011 the Group received £1,244,187 from that customer for payment of amounts that were 6 months old. The ageing analysis of these trade receivables is as follows:

20 Trade and other receivables *continued*

	2011 £	2010 £
3 to 6 months	**1,244,187**	-
Over 6 months	**356**	1,325,856
	1,244,543	1,325,856

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

	2011 £	2010 £
At 1 July	**1,132**	-
Provision for receivables impairment	**-**	1,132
At 30 June	**1,132**	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	
	2011 £	2010 £	2011 £	2010 £
Pound Sterling	**349,653**	435,953	**197,334**	206,834
Other currencies	**1,300,452**	2,796,561	**-**	94,715
	1,650,105	3,232,514	**197,334**	301,549

21 Other financial assets

Group and company	2011 £	2010 £
Unlisted securities – held for trading		
Equity securities - Canada	**-**	878
	-	878

During 2008 the Group acquired warrants and an option to convert in relation to a loan made to Transeuro Energy Corporation. The warrants were not exercised during the period and expired in February 2011. 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).

22 Cash and cash equivalents

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Cash at bank and in hand	**1,274,198**	291,869	**749,539**	6,661
	1,274,198	291,869	**749,539**	6,661

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.

23 Capital lease obligations

Group and company	2011 £	2010 £
Current liabilities		
Capital lease obligations	**-**	1,043
	-	1,043

24 Trade and other payables

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Current liabilities				
Trade payables	**205,301**	271,766	**86,806**	134,649
Amounts owed to group companies	**-**	-	**-**	1,123,936
Other taxes and social security costs	**94,222**	46,127	**70,059**	23,304
Accruals and deferred income	**462,047**	2,419,945	**226,903**	163,751
	761,570	2,737,838	**383,768**	1,445,640

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Non-current liabilities				
Accruals and deferred income	**2,219,226**	**-**	**2,219,226**	**-**
	2,219,226	**-**	**2,219,226**	**-**

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 23 days (2010: 41 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.

25 Deferred tax

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
At 1 July	**(74,745)**	-	**-**	-
Acquisition of subsidiary	**-**	(508)	**-**	-
Tax income recognised in the income statement	**(18,905)**	(22,568)	**-**	-
Overseas taxes suffered in advance	**101,574**	(51,669)	**-**	-
	7,924	(74,745)	**-**	-

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Deferred tax assets				
Overseas taxes suffered in advance	**-**	101,574	**-**	-
	-	101,574	**-**	-
Deferred tax liability				
Accelerated capital allowances	**5,560**	1,363	**-**	-
Fair value gains	**2,364**	25,466	**-**	-
	7,924	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 £20.4 million (2010: £15.1 million), unclaimed capital allowances available are £0.5 million (2010: £0.4 million) and the amount of capital losses available are £71.5 million (2010: £71.3 million) and unrealised capital losses on available-for-sale financial assets of £1.9 million (2010: £2.0 million).

26 Provisions

Group	Employers taxes on options £	Total £
At 1 July 2010	1,959	1,959
Arising during the year	336,130	336,130
At 30 June 2011	**338,089**	**338,089**

Company	Employers taxes on options £	Total £
At 1 July 2010	1,959	1,959
Arising during the year	322,104	322,104
At 30 June 2011	**324,063**	**324,063**

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

The comparable table for 2010 is detailed below:

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

27 Contingent liability

Shares were allotted to, N P Doran, a former Director of the Company, during 2006 which were funded by a loan of £2,678,849 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. 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 £368,301 if the shares were sold for £nil, although the timing or actual amount of any shortfall is unknown. At 30 June 2011, based on the Company's share price of 0.17p, no liability would arise.

28 Financial instruments and financial risk factors

Financial risk management

The Group actively monitors and manages the financial risks relating to its operations on a continuous basis. The Group 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 and Company's financial instruments comprise equity related investments (including deferred consideration) held as available-for-sale financial assets, cash and cash equivalents, and various items such as trade receivables and trade payables that arise directly from its operations.

The Group has not entered into any derivative or other hedging instrument.

Cash and treasury credit risks are mitigated through the exclusive use of institutions that carry published "A-1" (Standard & Poor's) or better credit ratings in order to minimise counterparty risk.

Market price risk

The Group and Company are 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.

28 Financial instruments and financial risk factors *continued*

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 Group's 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 permanent in which case it is charged to the Income Statement.

Effect on equity	2011 £	2010 £
Increase or decrease of 5% in equity prices	**352,352**	257,698
Increase or decrease of 25% in equity prices	**1,761,758**	1,288,491
Increase or decrease of 50% in equity prices	**3,523,516**	2,576,982

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.

	2011 £	2010 £
Floating rate financial assets < 1 year	**1,274,198**	291,869
Total	**1,274,198**	291,869

At 30 June 2011, short-term deposits were earning interest at a weighted average fixed deposit rate of nil% (2010: nil %). 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.

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 2011, 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 £1,371,448 (2010: £2,939,079). The Group does not hold collateral as security.

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.

28 Financial instruments and financial risk factors *continued*

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

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Trade payables and other liabilities				
6 months or less	**598,512**	738,105	**313,711**	1,445,640
6-12 months	**-**	-	**-**	-
More than 1 year	**2,219,226**	-	**2,219,226**	-
	2,817,738	738,105	**2,532,937**	1,445,640

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. 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.

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 increased during the period under review (from 1.41 pence as at 30 June 2010 to 1.48 pence as at 30 June 2011).

Currency risk

The Group and Company are exposed to foreign currency risk on investments in available-for-sale financial assets and trade receivables. The currencies giving rise to the risk are United States Dollars, Canadian Dollars, Norwegian Kroner and Kuwaiti Dinar. The value of the Group's financial assets denominated in foreign currencies at 30 June 2011 was £1,317,437 (2010 - £2,981,683); Company £16,985 (2010 - £95,594). A 25% change in Sterling exchange rate will result in an increase or decrease of £329,359 (2010 - £745,201) in the Group; Company £4,246 (2010 - £23,898).

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 2011. Set out below the table is a summary of the methods and assumptions used for each category of instrument.

	2011 Carrying amount £	2011 Fair value £	2010 Carrying amount £	2010 Fair value £
Loans and receivables at amortised cost	**2,893,240**	**2,893,240**	3,265,224	3,265,224
Financial liabilities at amortised cost	**(205,301)**	**(205,301)**	(272,809)	(272,809)
Available-for-sale financial assets at fair value	**7,064,017**	**7,064,017**	5,384,124	5,384,124
Other financial assets at fair value	**-**	**-**	878	878
	9,751,956	**9,751,956**	8,377,417	8,377,417

Loans and receivables at amortised cost

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

Financial liabilities at amortised cost

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

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)

28 Financial instruments and financial risk factors *continued*

The following table presents the Group's financial assets that are measured at fair value at 30 June 2011:

	Level 1 £	Level 2 £	Level 3 £	Total £
Available-for-sale financial assets	**7,047,032**	**-**	**16,985**	**7,064,017**

The following table presents the changes in Level 3 financial assets for the year ended 30 June 2011:

	£
Opening balance	**231,039**
Profit recognised in the Group Income Statement	**1,850,363**
Disposals in the year	**(2,064,417)**
Closing balance	**16,985**

29 Share capital and reserves

Authorised

	2011 No.	2010 No.
Ordinary shares of £0.001 each	**4,451,252,780**	4,451,252,780
Deferred shares of £0.049 each	**368,341,780**	368,341,780
	4,819,594,560	4,819,594,560

	£	£
Ordinary shares of £0.001 each	**4,451,253**	4,451,253
Deferred shares of £0.049 each	**18,048,747**	18,048,747
	22,500,000	22,500,000

Allotted, Called Up and Paid Up

	2011 No.	2010 No.
Ordinary shares of £0.001 each	**609,601,823**	603,635,898
Deferred shares of £0.049 each	**368,341,780**	368,341,780
	977,943,603	971,977,678

	£	£
Ordinary shares of £0.001 each	**609,602**	603,636
Deferred shares of £0.049 each	**18,048,747**	18,048,747
	18,658,349	18,652,383

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

Other reserves as stated in the Group statement of changes in equity
The merger reserve represented the reserves recognised on the acquisition of various companies accounted for under merger accounting and the use of merger relief. The amounts in the merger reserve have been transferred to retained earnings to reflect discontinued activities.

The employee benefit trust reserve represents the debit arising from share based accounting treatment of a loan from The Parkmead Group plc to the employee benefit trust established in 2006.

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.

Notes to the financial statements

continued

30 Share based payments

Share options - equity settled

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 2011, 1 employee (2010: 1) 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

Share appreciation rights - cash settled

Certain key management and staff are granted share appreciation rights (SARs), which can only be settled in cash. The fair value of the SARs is measured at each reporting date using the Black-Scholes-Merton model.

The carrying amount of the liability relating to the SARs at 30 June 2011 is £1,950,111 (2010: £nil).

Expense arising from share based payments

The expense recognised for employee services received during the year is shown as follows:

	2011 £	2010 £
Equity-settled share based payments	**194,075**	78,118
Cash-settled share based payments	**1,950,111**	-
	2,144,186	78,118

There have been no cancellations or modifications to any plans during 2011 or 2010.

Movements in the year

The movement in share option awards during the year ended 30 June 2011 is as follows:

	2011		2010	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 July	**51,855,590**	**£0.0675**	54,675,472	£0.0693
Granted	**10,904,000**	**£0.0521**	3,000,000	£0.0129
Exercised	**(5,799,256)**	**£0.0446**	-	-
Forfeited	**(30,000)**	**£0.0538**	(5,819,882)	-
Outstanding at 30 June	**56,930,334**	**£0.0669**	51,855,590	£0.0675
Exercisable at 30 June	**46,026,334**	**£0.0704**	18,369,974	£0.0447

30 Share based payments *continued*

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

Expiry date	Exercise price	2011	2010
8 April 2013	5.00 pence	**6,654,051**	9,654,051
8 April 2013	5.38 pence	**1,666,667**	1,666,667
24 July 2013	5.38 pence	**-**	1,799,256
27 April 2014	5.00 pence	**125,000**	125,000
20 December 2014	5.38 pence	**70,000**	100,000
1 April 2015	6.75 pence	**25,000**	25,000
12 December 2015	5.00 pence	**2,000,000**	2,000,000
30 April 2016	8.00 pence	**33,485,616**	33,485,616
1 January 2020	1.29 pence	**2,000,000**	3,000,000
11 October 2020	1.55 pence	**5,360,000**	-
19 November 2020	8.75 pence	**5,544,000**	-
		56,930,334	51,855,590

The options outstanding at 30 June 2011 had a weighted average remaining contractual life of 5 years (2010: 5 years).

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 yield	Expected dividend rate	Risk free	Fair value
April 2003	£0.0308	£0.0500	107%	3 years	10 years	0%	4.41%	£0.0279
December 2004	£0.0491	£0.0538	94%	3 years	10 years	0%	4.53%	£0.0435
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
January 2010	£0.0095	£0.0129	69%	0 years	10 years	0%	3.93%	£0.0070
October 2010	£0.0140	£0.0155	68%	3 years	10 years	0%	3.02%	£0.0104
November 2010	£0.0788	£0.0875	102%	0 years	10 years	0%	2.96%	£0.0711

* 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 granted in 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.

30 Share based payments *continued*

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

	Number of SARs outstanding	Share price at 30 June 2011	Exercise price	Volatility	Vesting Period	Expected life	Expected dividend yield	Risk free rate
October 2010 *	19,500,000	£0.17	£0.0155	116%	2 years	10 years	0%	3.24%
October 2010 **	19,500,000	£0.17	£0.0155	116%	3 years	10 years	0%	3.24%

* The vesting condition associated with these SARs is such that the SARs vest at any time if the closing mid market price of the ordinary shares of the Company exceeds 18 pence. This vesting condition was met in December 2010.

** The vesting condition associated with these SARs is such that the SARs vest at any time if the closing mid market price of the ordinary shares of the Company exceeds 27 pence. This vesting condition was met in December 2010.

31 Loss attributable to members of the parent company

The loss dealt with in the financial statements of the parent company is £1,434,087 (2010: £2,057,345).

32 Notes to the statement of cashflows

Reconciliation of operating loss to net cash flow from continuing operations

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Operating loss	**(3,573,247)**	(1,459,811)	**(4,496,395)**	(1,950,034)
Depreciation	**37,119**	162,081	**18,930**	151,767
Amortisation	**89,672**	124,075	**-**	-
Impairment of loans/investments	**96,467**	-	**96,467**	-
Foreign exchange on receivables	**435**	-	**435**	-
Gain on disposal of fixed assets	**(1,318)**	3,251	**(1,318)**	3,251
Provision for share based payments	**2,144,186**	78,118	**2,123,722**	78,118
(Increase)/decrease in receivables	**1,508,140**	(3,116,336)	**9,652**	583,739
Increase/(decrease) in payables	**(1,728,786)**	1,596,694	**(791,756)**	672,091
Increase/(decrease) in other provisions	**336,130**	(1,660)	**322,104**	(1,660)
Net cash flow from operations	**(1,091,202)**	(2,613,588)	**(2,718,159)**	(462,728)

33 Other financial commitments

The group has entered into commercial property leases. These non-cancellable leases have remaining terms of between two and ten years. All leases include a clause to enable upward revision of rental charges according to prevailing market conditions.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

Land and buildings

	2011 £	2010 £
Within one year	**-**	49,000
Within two to five years	**73,500**	173,500
More than five years	**961,740**	-
	1,035,240	222,500

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.

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 £110,000 (2010: £30,750).

In March 2011 a dividend of £1,206,312 was paid by Aupec Limited to The Parkmead Group plc.

Any balances outstanding at 30 June 2011 and 2010 in respect of the above transactions are shown in Note 20 and Note 24.

Transactions with Directors

During the year, the company entered into a 10 year lease with Tilestamp Limited, a company where T P Cross is a director and a shareholder. Rents charged during the period amounted to £34,678.

During the year, the company paid rents of £11,748 to Energy Management Associates Limited, a company where T P Cross is a director and a shareholder.

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: C R Goodall £nil (2010: £12,500) and B Wilson £nil (2010: £1,175).

During the previous year The Parkmead Group plc acquired Aupec Limited. T P Cross, an 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, T P Cross held 12,000,000 Ordinary Shares in The Parkmead Group plc, representing 3.26 per cent of the Share Capital. T P 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 T P 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, L 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, T P Cross and L 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, T P Cross and L Cross further received £661,986 in cash as part of the proceeds from the acquisition of Aupec Limited.

Transactions with other related parties

On 8 November 2007 the Group sold its entire holding in Quayside Corporate Services Limited to D J Mills. Per the terms of the arrangement, part of the consideration was deferred, (see Note 14). On 12 January 2011 the company was paid the full deferred cash consideration of £1,969,449 owed to it by D J Mills.

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:

	2011 £	2010 £
Short-term employee benefits	**1,528,796**	882,425
Post-employment pension benefits	**98,245**	26,015
Termination benefits	**-**	30,000
Share-based payment transactions	**2,096,612**	78,118
	3,723,653	1,016,558

35 Post balance sheet events

The Group completed a deal with XTO UK Ltd, a subsidiary of Exxon Mobil Corporation, to acquire a 15% interest in Blocks 48/1a, 47/5b and 48/1c in the UK Southern North Sea on 14 November 2011. These blocks contain the Platypus gas field and the Possum gas prospect.

The Platypus Rotliegendes gas accumulation was discovered in 2010 by the Dana Petroleum plc operated 48/1a-5 well, which encountered 218 vertical feet of gas bearing sands. The Platypus gas field lies some 18km north, north-west of the West Sole gas field and 15km west, south-west of the Babbage gas field. Platypus has the potential to contain up to 180 billion cubic feet of gas in place. The 48/1a-5 well was suspended by Dana and its partners in 2010 for potential re-entry and future use as a gas production well. The Possum gas prospect is a Rotliegendes gas target, immediately adjacent to the Platypus gas field, with estimated resources of approximately 100 billion cubic feet of gas in place.

This acquisition provides Parkmead with near term drilling, with a rig already contracted to drill a well on the Platypus / Possum complex and scheduled to commence drilling in Q1 2012.

The Group also entered into an agreement for the provision of a loan to Parkmead of £8 million by Tom Cross, Executive Chairman of the Group, and entities affiliated to him (the "Loan"). The Loan will be utilised to satisfy the consideration for the above acquisition and for the ongoing development of the assets acquired, including drilling. It will also be used for funding general working capital and future corporate purposes. The Loan will have a tenor of two years, with an interest rate of 2.5 per cent. above LIBOR and it will be secured by a standard floating charge provided by the Group.

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