28 March 2014

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

Interim Results for the six-month period ended 31 December 2013

Parkmead, the UK and Netherlands focused oil and gas group, is pleased to report its interim results for the six-month period ended 31 December 2013.

HIGHLIGHTS

Major Growth in Production. Significant Progress with Developments

- Completed the acquisition of Lochard Energy Group PLC, providing Parkmead with a substantial increase in production, revenue and cash flow
- Trebling Parkmead's oil production from the Athena oil field, by acquiring a further 20% interest from EWE VERTRIEB GmbH
- Continued progress with the Greater Perth Area. Joint development study ongoing with Faroe Petroleum plc covering the Perth, Lowlander and Dolphin oil fields
- Platypus Gas Field Development Plan (FDP), preparation underway
- Following the completion of the EWE acquisition, Parkmead's net oil and gas production will have grown by over 700%

Successful Exploration and Appraisal Programme

- New gas discovery made in the UK Southern North Sea by the Pharos exploration well
- Awarded five more oil and gas blocks in the UKCS 27th Licensing Round, resulting in a total award of 30 blocks across the North Sea, West of Scotland and West of Shetlands
- Work being accelerated on the high-impact Skerryvore oil prospect in the UK Central North Sea, with an exploration well planned
- Preparing multiple applications for new licences in the UKCS 28th Licensing Round

Strong Financial Performance delivering Maiden Profit

- Revenue increased by 395% to £9.9 million (2012: £2.0 million)
- Maiden profit before tax of £3.1 million (2012: loss £2.8 million)
- Total assets grew by 104% to £81.5 million at 31 December 2013 (2012: £40.0 million)
- Cash balances of £12.7 million as at 31 December 2013
- Post period-end, raised approximately £40.0 million (US$66.0 million), in an oversubscribed equity issue, to accelerate opportunities to develop the existing asset base and explore valuable M&A opportunities
- In advanced discussion with lenders regarding debt facilities to increase financial firepower and further strengthen the balance sheet

Tom Cross, Executive Chairman of Parkmead commented:

"I am delighted to report excellent progress in the period to 31 December 2013. Parkmead has significantly increased its oil and gas production, delivering enhanced cash flow to the Group. This has been achieved through two key acquisitions of UK producing assets and Parkmead has generated a maiden profit before tax of £3.1 million.

Parkmead has also been driving ahead its exploration portfolio, with the successful gas discovery at Pharos and the award of five additional oil and gas blocks under the UK 27th Licensing Round. The discovery at Pharos could add further value to the Platypus gas field, strengthening Parkmead's position in the UK Southern Gas Basin. The award of additional acreage in the UK 27th Round, bringing the total blocks awarded to 30, capped an important year of exploration activity for the Group.

In February 2014, Parkmead completed a highly successful and oversubscribed placing, raising approximately US$66.0 million. The Company was pleased and encouraged by the support it received from a number of high quality institutional investors. This new financing has put Parkmead in a strong position to deliver additional growth."

For further information:

The Parkmead Group plc Tom Cross, Executive Chairman Ryan Stroulger, Finance Director	01224 622200
Charles Stanley Securities Nominated Adviser & Broker Marc Milmo/Karri Vuori/Carl Holmes	020 7149 6000
Instinctif Partners David Simonson / Catherine Wickman	020 7457 2020

Review of Activities

This has been an excellent period for Parkmead. The Company has delivered considerable growth in its oil and gas operations, continuing to build a high quality portfolio of assets across the entire E&P life cycle in the UK and the Netherlands.

During the six months to 31 December 2013, the Group completed the acquisition of Lochard Energy Group PLC ("Lochard"), which provided Parkmead with a substantial increase in oil and gas production, revenues and cash flow. Lochard's main asset was a 10 per cent. working interest in the Athena oil field, now wholly owned by Parkmead. Production at Athena averaged approximately 9,000 barrels of oil per day in Q2 2013. The Athena Field, located in Licence P.1293 (Block 14/18b), is currently producing at reduced rates following some operational issues with the electric submersible pumps. There is a work programme planned for 2014 to increase production back up to normal levels through a workover of the P4 well. Locations are also being assessed for a potential new production well on the Athena oil field to extend the life of the field.

In December 2013, Parkmead announced the acquisition of a further 20 per cent. interest in the Athena oil field from EWE VERTRIEB GmbH ("EWE"). This acquisition trebles the Group's oil production from Athena, from the 10 per cent. working interest in the field that Parkmead already holds from the acquisition of Lochard. Completion of the EWE acquisition is expected to be announced following the standard partner and government approvals process, which is ongoing. The increased interest in the field will provide the Company with significant growth in production revenues and operating cash flows. The Board believes this to be a key transaction in Parkmead's continued growth trajectory, signalling the Group's intention to build production and drive cash flows. As Parkmead progresses through 2014, the Group will continue to explore acquisitions that add further reserves and production to the Group.

Also during this reporting period, Parkmead has been highly active across its exploration portfolio. A new gas discovery was made in the UK Southern North Sea by the Pharos exploration well. Gas was discovered in a Rotliegendes age sandstone reservoir. Extensive downhole data was gathered, including wireline logs, gas samples, reservoir pressures and substantial coring of the reservoir. Detailed evaluation of data sets from the discovery is being undertaken in order to determine the volume of gas initially in place. The discovery at Pharos is potentially valuable to Parkmead because, depending on the volume of gas in place, it could be jointly developed with the Platypus gas field, which is situated only 14km from the Pharos location. This would increase the value of the already economic development at Platypus. The Platypus gas field was discovered in 2010 and it was successfully appraised by Parkmead and its co-venturers with a horizontal well in 2012. Platypus was flow tested at a rate of 27 million cubic feet of gas per day (approximately 4,600 barrels of oil per day on an equivalent basis). Data obtained from the Pharos gas discovery will, when fully analysed, also provide a greater understanding of the remaining prospectivity in this area. This includes the Blackadder gas prospect in the adjacent block to the south of Pharos.

The Company added a further five oil and gas blocks to its exploration portfolio through the second tranche of awards under the UKCS 27th Licensing Round. This follows on from the six new licences, covering a total of 25 blocks, that Parkmead secured in the first tranche of awards under the 27th Licensing Round. These blocks cover opportunities across the Central North Sea, Southern North Sea, West of Scotland and West of Shetland areas. Parkmead's experienced geoscience team has already begun various work programmes across these licences, with seismic and detailed mapping work underway. Parkmead will continue to invest heavily in licensing round applications as a key element in the Group's strategy to build an attractive and balanced portfolio that offers considerable exploration upside. To this end, the Group is preparing applications for the forthcoming UKCS 28th Licensing Round, which are expected to be submitted in April 2014.

Financial Results

During the six month period to 31 December 2013 the Group generated revenue of £9.9 million, representing a significant increase of 395 per cent. from the revenues generated in the same period in 2012 of £2.0 million. Operating profit increased to £3.9 million (2012: loss £2.7 million), primarily due to oil production revenues from the Athena field. The Group generated profits for the first time, with profit before tax of £3.1 million (2012: loss £2.8 million).

Total assets increased considerably by 104 per cent. to £81.5 million at 31 December 2013 (£40.0 million at end 2012). Net assets rose by 155 per cent. to £55.9 million at 31 December 2013 (£21.9 million at end 2012).

Investments

The Group's largest investment is in Faroe Petroleum plc ("Faroe") (LSE AIM: FPM.L). As at 31 December 2013 this investment was carried at a value of £4.6 million. Faroe has continued to grow its oil and gas exploration and production operations.

Post Balance Sheet Events

A successful equity issue was completed in February 2014, providing finance for future growth of £40.0 million through an oversubscribed placing of 15,686,275 new Ordinary Shares at 255 pence per share.

The proceeds of the placing, when added to the existing resources available to the Group, will be used to finance the ongoing capital commitments of the Company and to explore further opportunities.

Outlook

Parkmead has delivered significant growth in its asset base in the six month period to 31 December 2013. This was achieved through two key acquisitions, successful exploration drilling at Pharos and new licence awards, all within its core areas of the UK North Sea and the Netherlands.

In particular, the Company was delighted to report its first oil revenues from production at the Athena field. As we look forward into 2014 and beyond, we will continue to keep shareholders informed of our progress across our exploration, appraisal, development and production activities. The Board of Directors is pleased with the Group's progress, and firmly believes that the recent acquisitions of the Athena field alongside the successful placing in February 2014 has put Parkmead in an excellent position to drive the business forward and to build upon the momentum already generated.

Tom Cross
Executive Chairman
28 March 2014

Notes:

1. Dr Colin Percival, Parkmead's Technical Director, who holds a First Class Honours Degree in Geology and a Ph.D in Sedimentology and has over 30 years of experience in the oil and gas industry, has reviewed and approved the technical information contained in this announcement. Reserves and contingent resource estimates are stated as at 31 December 2013 and these include deals signed during the year that subsequently completed post financial year-end. Parkmead's evaluation of reserves and resources was prepared in accordance with the 2007 Petroleum Resources Management System prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers and reviewed and jointly sponsored by the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers.

Group statement of profit or loss

for the six months ended 31 December 2013

	Notes	Six months to 31 December 2013 (unaudited)	Six months to 31 December 2012 (unaudited)	Twelve months to 30 June 2013
		£	£	£
Continuing operations				
Revenue		9,944,835	1,967,646	4,069,916
Cost of sales		(8,665,976)	(1,131,855)	(2,455,287)
Gross profit		1,278,859	835,791	1,614,629
Exploration and evaluation expenses		(82,654)	(49,956)	(274,745)
Administrative expenses		(2,254,452)	(4,684,501)	(7,655,620)
Gain on bargain purchase	3	5,003,464	1,215,976	1,215,976
Operating profit/(loss)		3,945,217	(2,682,690)	(5,099,760)
Finance income		31,458	8,104	36,437
Finance costs		(922,168)	(83,465)	(175,313)
Loss on sale of available-for-sale financial assets		-	(2,562)	(43,039)
Profit/(loss) before taxation		3,054,507	(2,760,613)	(5,281,675)
Taxation		(412,117)	591	(303,006)
Profit/(loss) for the period attributable to the equity holders of the Parent		2,642,390	(2,760,022)	(5,584,681)
Profit/(loss) per share (pence)				
Continuing operations				
Basic	2	3.88	(5.55)	(10.20)
Diluted		3.79	(5.55)	(10.20)

Group statement of profit or loss and other comprehensive income

for the six months ended 31 December 2013

	Six months to 31 December 2013 (unaudited) £	Six months to 31 December 2012 (unaudited) £	Twelve months to 30 June 2013 £
Profit/(loss) for the period	2,642,390	(2,760,022)	(5,584,681)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Reclassification adjustments for amounts recognised in profit or loss	-	(699)	-
Fair value gain/(loss) on available-for-sale financial assets	223,566	(432,643)	(1,306,067)
	223,566	(433,342)	(1,306,067)
Income tax relating to components of other comprehensive income	-	-	-
Other comprehensive income/(loss) for the period, net of tax	223,566	(433,342)	(1,306,067)
Total comprehensive income/(loss) for the period attributable to the equity holders of the Parent	2,865,956	(3,193,364)	(6,890,748)

Group statement of financial position

as at 31 December 2013

	At 31 December 2013	At 31 December 2012	At 30 June 2013
	(unaudited)	(unaudited)	
	£	£	£
Non-current assets			
Property, plant and equipment: development & production	25,338,238	3,447,307	3,600,834
Property, plant and equipment: other	146,232	213,309	170,313
Goodwill	2,173,532	2,173,532	2,173,532
Other intangible assets	5,693	17,106	11,399
Exploration and evaluation assets	30,412,090	24,202,860	25,789,601
Available-for-sale financial assets	4,617,316	5,984,052	4,393,752
Deferred tax assets	554,898	-	-
Total non-current assets	63,247,999	36,038,166	36,139,431
Current assets			
Inventories	64,154	-	-
Trade and other receivables	5,532,389	3,226,502	3,972,006
Cash and cash equivalents	12,701,845	729,449	13,268,650
Total current assets	18,298,388	3,955,951	17,240,656
Total assets	81,546,387	39,994,117	53,380,087
Current liabilities			
Trade and other payables	(10,564,013)	(7,144,043)	(8,671,513)
Interest-bearing loans and borrowings	(1,737,318)	-	(2,000,000)
Current tax liabilities	(292,472)	(4,293)	(307,950)
Other provisions	(167,414)	(156,069)	(140,647)
Total current liabilities	(12,761,217)	(7,304,405)	(11,120,110)
Non-current liabilities			
Interest-bearing loans and borrowings	(5,937,798)	(5,400,000)	-
Other liabilities	(2,051,466)	(3,741,435)	(2,812,371)
Deferred tax liabilities	(1,592,675)	(1,597,029)	(1,592,675)
Decommissioning provisions	(3,326,843)	-	(512,269)
Total non-current liabilities	(12,908,782)	(10,738,464)	(4,917,315)
Total liabilities	(25,669,999)	(18,042,869)	(16,037,425)
Net assets	55,876,388	21,951,248	37,342,662
Equity attributable to equity holders			
Called up share capital	19,084,950	18,810,386	18,969,886
Share premium	30,447,657	11,619,452	30,447,657
Merger reserve	27,186,712	12,631,209	12,631,209
Revaluation reserve	(1,408,721)	(759,562)	(1,632,287)
Retained deficit	(19,434,210)	(20,350,237)	(23,073,803)
Total Equity	55,876,388	21,951,248	37,342,662

Group statement of changes in equity

for the six months ended 31 December 2013

	Share capital	Share premium	Merger reserve	Revaluation reserve	Retained earnings	Total
	£	£	£	£	£	£
At 1 July 2012	18,724,166	11,619,452	-	(326,220)	(17,754,897)	12,262,501
Loss for the period	-	-	-	-	(2,760,022)	(2,760,022)
Reclassification adjustments for amounts recognised in profit or loss	-	-	-	(699)	-	(699)
Fair value loss on available-for-sale financial assets	-	-	-	(432,643)	-	(432,643)
Total comprehensive income for the period	-	-	-	(433,342)	(2,760,022)	(3,193,364)
Issue of new ordinary shares	86,220	-	12,631,209	-	-	12,717,429
Share-based payments	-	-	-	-	164,682	164,682
At 31 December 2012	18,810,386	11,619,452	12,631,209	(759,562)	(20,350,237)	21,951,248
Loss for the period	-	-	-	-	(2,824,659)	(2,824,659)
Fair value loss on available-for-sale financial assets	-	-	-	(872,725)	-	(872,725)
Total comprehensive income for the period	-	-	-	(872,725)	(2,824,659)	(3,697,384)
Issue of new ordinary shares	159,500	18,828,205	-	-	-	18,987,705
Share-based payments	-	-	-	-	101,093	101,093
At 30 June 2013	18,969,886	30,447,657	12,631,209	(1,632,287)	(23,073,803)	37,342,662
Profit for the period	-	-	-	-	2,642,390	2,642,390
Fair value gain on available-for-sale financial assets	-	-	-	223,566	-	223,566
Total comprehensive income for the period	-	-	-	223,566	2,642,390	2,865,956
Issue of new ordinary shares	115,064	-	14,555,503	-	-	14,670,567
Share-based payments	-	-	-	-	997,203	997,203
At 31 December 2013	19,084,950	30,447,657	27,186,712	(1,408,721)	(19,434,210)	55,876,388

Group statement of cashflows

for the six months ended 31 December 2013

	Notes	Six months to 31 December 2013 (unaudited) £	Six months to 31 December 2012 (unaudited) £	Twelve months to 30 June 2013 £
Cashflows from operating activities				
Continuing activities	4	6,839,601	(2,612,978)	(4,693,973)
Taxation paid		(303,071)	-	(4,293)
Net cash used in operating activities		6,536,530	(2,612,978)	(4,698,266)
Cash flow from investing activities				
Interest received		31,458	8,104	36,437
Acquisition of subsidiary, net of cash		1,052,015	303,728	303,728
Acquisition of exploration and evaluation assets		(4,562,992)	(3,578,358)	(5,184,849)
Proceeds from sale of available-for-sale financial assets		-	38,738	714,632
Acquisition of property, plant and equipment: development & production		(244,580)	(3,447,307)	(3,382,082)
Acquisition of property, plant and equipment: other		(26,515)	(23,434)	(92,872)
Net cash generated used in investing activities		(3,750,614)	(6,698,529)	(7,605,006)
Cash flow from financing activities				
Issue of ordinary shares		-	-	15,587,706
Interest paid		(1,422,302)	(71,366)	(128,106)
Repayments of loans and borrowings		(1,930,419)	-	-
Proceeds from loans and borrowings		-	2,418,181	2,418,181
Net cash generated by financing activities		(3,352,721)	2,346,815	17,877,781
Net (decrease)/increase in cash and cash equivalents		(566,805)	(6,964,692)	5,574,509
Cash and cash equivalents at beginning of period		13,268,650	7,694,141	7,694,141
Cash and cash equivalents at end of period		12,701,845	729,449	13,268,650

Notes to the Interim financial statements

1 Accounting policies

Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRS Interpretations Committee (IFRIC) interpretations. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and IFRIC and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the European Union and applicable as at 30 June 2014.

The Group has chosen not to adopt IAS34 – Interim Financial Statements, in preparing these financial statements.

Non-statutory accounts

The financial information set out in this interim report does not constitute the Group's statutory accounts.

The financial information for the year ended 30 June 2013 has been extracted from the audited statutory accounts. The statutory accounts for the year ended 30 June 2013 have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

The financial information for the 6 months ended 31 December 2013 and 31 December 2012 is unaudited.

2 Profit/(loss) per share

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

	Six months to 31 December 2013 (unaudited) £	Six months to 31 December 2012 (unaudited) £	Twelve months to 30 June 2013 £
Profit/(loss) per 1.5p ordinary share from continuing operations (pence)			
Basic	3.88	(5.55)	(10.20)
Diluted	3.79	(5.55)	(10.20)

The calculations were based on the following information:

	Six months to 31 December 2013 (unaudited)	Six months to 31 December 2012 (unaudited)	Twelve months to 30 June 2013
Profit/(loss) attributable to ordinary shareholders			
Continuing operations	2,642,390	(2,760,022)	(5,584,681)
Total	2,642,390	(2,760,022)	(5,584,681)
Weighted average number of shares in issue			
Basic weighted average number of shares	68,037,912	49,557,610	55,123,331
Number of dilutive shares under option	1,657,376	2,943,065	1,602,053
Weighted average number of shares for the purpose of dilutive earnings per share	69,695,288	52,500,675	56,725,384

Notes to the Interim financial statements

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

On 16 December 2013, there was a Share Consolidation based on every 15 Existing Ordinary Shares being consolidated into 1 New Ordinary Share.

Following the Share Consolidation, Shareholders still hold the same proportion of the Company's ordinary share capital as before the Share Consolidation. Other than a change in nominal value, the New Ordinary Shares carry equivalent rights under the Articles of Association to the Existing Ordinary Shares.

The comparative weighted average number of shares in issue have been restated at 31 December 2012 and 30 June 2013 accordingly.

Diluted loss per share

Profit/(loss) per share requires presentation of diluted loss per share when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. For a loss making company with outstanding share options, net loss per share would only be decreased by the exercise of share options.

3 Business combinations

Acquisition of Lochard Energy Group PLC

On 26 July 2013, the Group acquired 100% of the issued share capital of Lochard Energy Group PLC ("Lochard"), a company listed on the AIM Market of the London Stock Exchange. Lochard is an independent oil and gas company with exploration and production assets in the UK.

Lochard's principal asset is its 10 per cent. interest in the producing Athena oil field. In addition, Lochard has interests in exploration licences which were awarded as part of the UKCS 26th Licensing round.

The enlarged group will increase the Group's production and therefore provide it with a significantly enhanced cash flow profile. The acquisition will create a stronger and more diverse portfolio of assets balanced across the UK and the Netherlands. The cash flow from Athena will assist the combined entity in pursuing further growth.

Additional information about the acquisition is available in the Rule 2.7 Announcement issued 23 May 2013 and approved by shareholders on 25 July 2013; this document is available on the Group's website (www.parkmeadgroup.com). The acquisition has been accounted for using the acquisition method of accounting.

Details of net assets acquired and goodwill are as follows:

	2013
	£
Purchase consideration	
- Cash paid	-
- Shares issued 115,063,262 Ordinary Shares of 0.01p*	14,670,567
Total purchase consideration	14,670,567
Share of fair value of net assets acquired (see below)	19,674,031
Gain on bargain purchase	**5,003,464**

* Following Share Consolidation on 16 December 2013, shares issued equivalent to 7,670,884 New Ordinary Shares of 1.5p

A gain of £5,003,464 as a result of a bargain purchase has been recognised within the statement of profit or loss. The transaction resulted in a gain because of the relative financial and management strengths of The Parkmead Group plc.

Notes to the Interim financial statements

As required under IFRS3, a provisional fair value review has been carried out at 31 December 2013. A final fair value review will be completed at 30 June 2014. The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount	Provisional fair value
	£	£
Property, plant and equipment: development & production	25,609,098	25,436,937
Intangible exploration and evaluation assets	68,882	68,882
Deferred tax assets	-	679,434
Inventories	660,676	660,676
Trade and other receivables	3,612,089	3,612,089
Cash and cash equivalents	1,052,015	1,052,015
Trade and other payables	(1,127,517)	(1,127,517)
Interest bearing loans and borrowings	(5,910,816)	(8,003,388)
Decommissioning provisions	(2,705,097)	(2,705,097)
Net assets acquired	21,259,330	19,674,031

Transaction costs of £333,614 relating to the acquisition of Lochard were recognised as an administrative expense in the income statement during the period.

4 Notes to the statement of cashflows

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

	Six months to 31 December 2013	Six months to 31 December \2012	Twelve months to 30 June 2013
	(unaudited)	(unaudited)	
	£	**£**	**£**
Operating profit/(loss)	3,945,217	(2,682,690)	(5,099,760)
Depreciation and amortisation	4,000,415	141,322	403,283
Loss on disposal of fixed assets	-	-	133,198
Gain on bargain purchase	(5,003,464)	(1,215,976)	(1,215,976)
Provision for share based payments	236,297	2,937,983	4,528,505
Decrease in inventories	596,522	-	-
(Increase)/decrease in receivables	1,978,724	480,067	(265,435)
Increase/(decrease) in payables	949,647	(2,307,648)	(3,196,330)
Increase in other provisions	136,243	33,964	18,542
Net cash flow from operations	6,839,601	(2,612,978)	(4,693,973)

5 Post period end date events

Placing

On 14 February 2014, The Parkmead Group plc issued 15,686,275 new Ordinary Shares being issued pursuant to the Placing announced on 28 January 2014. The Company raised £40.0 million (gross) through the placing at 255 pence per share.