



31 March 2009

The Parkmead Group plc (the “Group”)

Interim Results for the 6 months ended 31 December 2008

Interim results summary

- Operating loss before impairments for the year of £1.11 million (2007: £1.00 million)
- Cash and cash equivalents at 31 December 2008 were £3.85 million with no debt obligations
- Net assets per share 2.0 pence (2007: 4.3 pence)

The Group’s Chairman, Colin Goodall said, “the past six months have seen unprecedented turmoil in global financial, equity and commodity markets. This has had a marked effect on our investments and consequently we have impaired these in line with the current markets. The Group retains strong cash balances with no debt. We believe that our investment in Faroe Petroleum provides a solid long term capital gain opportunity. We continue to see investment openings in the energy sector and have seen a number of opportunities arising as a result of the deterioration in the economic climate. In particular we are in advanced discussions at the current time with regard to participation in some exciting exploration assets. In line with my statement made at the time of the 2008 Annual Report our Corporate Finance Team has refocused on the energy sector and has been active in evaluating opportunities for the Group to explore at the corporate level”

Ends

Enquiries

The Parkmead Group plc
Niall Doran (Chief Executive)
Gordon Ashworth (Chief Financial Officer)

020 7494 5770

Charles Stanley Securities (NOMAD and broker)
Rick Thompson
Carl Holmes

020 7149 6000

Financial Review

During the six months ended 31 December 2008 the Group recorded an operating loss of £1.11 million before impairments (2007: £1.00 million). Finance income in the period reduced to £0.17 million (2007: £0.34 million) due to lower interest rates and lower cash balances following the investments made in the second half of 2007. After impairment and other net losses the Group reported a loss before tax of £4.27 million (2007: £0.66 million). After discontinued operations the loss after tax was £4.72 million.

Investments

The Group has two investments in listed companies, Faroe Petroleum ("Faroe") and Reservoir Exploration Technology ("RXT") and a debenture investment in Transeuro Energy.

Faroe is a fully funded exploration company focused on the Atlantic Margin, North Sea and the Southern Gas Basin. We are pleased to note that Faroe has attracted increasing coverage from the analyst community as the company further develops its high potential exploration assets. In the Atlantic Margin, Faroe has a unique track-record for successfully partnering with major oil companies in licensing rounds. Faroe maintains a strong financial position and has a large and diversified portfolio underlying its quality drilling programme. Faroe's near term drilling programme encompasses nine committed and five likely wells over the next two years. Faroe's potential resources amount to 162 mmboe (risked). Upcoming exploration wells of note include Anne Marie and Tornado. In summary, The Group believes that Faroe has the potential to realise strong investment returns.

Our investment in RXT fared worse, although this decline is in line with the oilfield services market. By way of example Nordic oilfield services stock indices have fallen 60 per cent. over the past nine months. RXT provides geo science services to the exploration industry. The investment cycle in the energy sector is long, with exploration projects being generally first in line to be scaled back or deferred in the face of a downturn. Despite having been recently recapitalised by Lime Rock Partners, RXT has suffered from the market down turn and whilst we believe this is not wholly out of line with its industry peers, we have taken the opportunity to impair the carrying value of the holding by £1.24 million.

The Group invested £0.65 million, by way of debenture, in Transeuro Energy (Transeuro) in May 2008. Transeuro is developing gas and oil shale assets in the Ukraine and Canada respectively. In particular Transeuro's Canadian shale gas well exploration programme has produced strong initial production and bodes well for further development of the property. The accounting for this asset was complex as the debenture had warrants attached to it and also convertibility rights. As at 30 June 2008 the warrants had material intrinsic value and were recorded at a value of £0.62 million. Subsequently, as Transeuro's share price fell, so has the value of the warrants. This has led to a reduction in the value of the warrants leading to a charge of £0.56 million being made in the period to 31 December 2008. Notwithstanding the write down in the value of the warrant, the value of the debenture instrument remains intact. We will continue to monitor the position of Transeuro and our debenture investment. Since the year end the terms of the debenture have been renegotiated such that the strike price on the warrant has been reduced to C\$ 12.5 cents from C\$ 25 cents following bondholder approval to allow Transeuro to settle interest payments by way of allotment of shares rather than cash payment.

With regard to our residual technology portfolio assets, in line with the Group's accounting policies, we have re-valued these as at 31 December 2008. As a result we have recorded an impairment charge of £1.48 million. The Board believes that this is prudent and appropriate in the current economic environment. We continue to seek buyers for these remaining technology investments as we focus the business towards our stated strategy of being a leading oil and gas investment house.

Outlook

Despite volatile markets, the Group is in a strong position to capitalise on opportunities within the oil and gas sector due to our strong cash balance and liquid investments. We believe that as the economic climate improves our targeted investments will realise significant value for our shareholders.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2008

	At 31 December 2008 (unaudited) £	At 31 December 2007 RESTATED (unaudited) £	At 30 June 2008 £
NOTES			
Assets			
Non current assets			
Property, plant and equipment	201,369	237,244	230,076
Available for sale financial assets	2,587,045	9,390,150	9,221,833
Trade and other receivables	815,261	-	949,351
Total non-current assets	3,603,675	9,627,394	10,401,260
Current assets			
Trade and other receivables	535,643	2,239,945	1,943,994
Other financial assets at fair value through profit or loss	65,130	-	678,577
Cash and cash equivalents	3,846,329	4,889,001	4,243,690
Total current assets	4,447,102	7,128,946	6,866,261
Total assets	8,050,777	16,756,340	17,267,521
Current liabilities			
Current portion of capital lease obligations	(12,521)	(11,645)	(12,521)
Trade and other payables	(782,198)	(998,489)	(1,008,607)
Provisions	(4,985)	(26,478)	(18,836)
Total current liabilities	(799,704)	(1,036,612)	(1,039,964)
Non-current liabilities			
Capital lease obligations	(7,305)	(18,070)	(13,565)
Total non-current liabilities	(7,305)	(18,070)	(13,565)
Total liabilities	(807,009)	(1,054,682)	(1,053,529)
Net assets	7,243,768	15,701,658	16,213,992
Equity			
Called up share capital	18,417,089	18,417,089	18,417,089
Merger reserve	(952,109)	(952,109)	(952,109)
Other reserve	(1,128,008)	(1,128,008)	(1,128,008)
Foreign exchange reserve	160,275	83,480	159,149
Revaluation reserve	(3,357,217)	387,837	966,159
Retained deficit	(5,896,262)	(1,106,631)	(1,248,288)
Equity shareholders' funds	7,243,768	15,701,658	16,213,992

CONSOLIDATED INCOME STATEMENT **FOR THE SIX MONTHS ENDED 31 DECEMBER 2008**

		Six months to 31 December 2008	Six months to 31 December 2007	Twelve months to 30 June 2008
		(unaudited)	RESTATED (unaudited)	
		£	£	£
	NOTES			
Revenue		98,999	156,167	1,283,153
Other operating income		-	12,352	12,352
Operating expenses		(1,212,707)	(1,163,794)	(2,566,880)
Operating loss		(1,113,708)	(995,275)	(1,271,375)
Finance income		169,905	338,295	504,971
Finance costs		(439)	(366)	(803)
Profit on sale of investments		-	-	303,706
Impairment of investment		(2,707,537)	-	-
Other (losses)/gains - net		(621,395)	-	89,229
Loss before tax		(4,273,174)	(657,346)	(374,272)
Taxation		-	-	-
Loss after tax- continuing operations		(4,273,174)	(657,346)	(374,272)
(Loss)/Profit after tax- discontinued operations	2	(445,110)	156,121	(328,555)
Loss after tax		(4,718,284)	(501,225)	(702,827)
Loss per 5 pence ordinary share (pence)				
Continuing operations – basic and diluted		(1.16p)	(0.18p)	(0.10p)
Total – basic and diluted		(1.28p)	(0.14p)	(0.19p)

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

		Six months to 31 December 2008	Six months to 31 December 2007	Twelve months to 30 June 2008
		(unaudited)	RESTATED (unaudited)	
		£	£	£
	NOTES			
Movement on value of investment in quoted companies		(4,086,307)	(373,984)	280,007
Movement in value of investment in unquoted companies		(235,943)	500,919	500,919
Net (expenses)/income recognised directly in equity		(4,322,250)	126,935	780,926
Loss for the financial period		(4,718,284)	(501,225)	(702,827)
Total recognised (expense)/income for the period		(9,040,534)	(374,290)	78,099

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

		Six months to 31 December 2008 (unaudited) £	Six months to 31 December 2007 RESTATED (unaudited) £	Twelve months to 30 June 2008 £
	NOTES			
Operating activities				
Cash flow from operations- continuing activities	3	(114,164)	(1,050,337)	(2,020,265)
Cash flow from operations- discontinued operations		-	899	(4,250)
Interest received		110,244	437,037	588,066
Net cash from operating activities		(3,920)	(612,401)	(1,436,449)
Investing activities				
Sale of subsidiary		-	594,130	589,247
Sale of investments		280,000	-	1,198,466
Cash disposed of with subsidiary		-	(15,685)	(15,685)
Purchase of investments		(650,000)	(7,715,905)	(8,727,996)
Purchase of property, plant and equipment		(9,233)	(165,818)	(193,273)
Sale of property, plant and equipment		-	13,529	13,529
Net cash from investing activities		(379,233)	(7,289,749)	(7,135,712)
Financing activities				
Income from debt and lease financing		-	37,564	37,564
Finance lease principal payments		(6,260)	(5,217)	(11,478)
Net cash from financing activities		(6,260)	32,347	26,086
Decrease cash and cash equivalents		(389,413)	(7,869,803)	(8,546,075)
Movement in cash and cash equivalents				
At start of period		4,243,690	12,758,804	12,758,804
Decrease		(389,413)	(7,869,803)	(8,546,075)
Effects of exchange rate changes		(7,948)	-	30,961
At end of period		3,846,329	4,889,001	4,243,690

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

	Attributable to equity holders of the parent						Total
	Share capital	Merger reserve	Other reserve	Foreign exchange reserve	Revaluation reserve	Retained earnings	
	£	£	£	£	£	£	£
At 1 July 2007	18,417,089	(952,109)	(1,128,008)	-	344,382	(684,410)	15,996,944
Retained loss for the period	-	-	-	-	-	(501,225)	(501,225)
Revaluation of available-for-sale investments	-	-	-	83,480	43,455	-	126,935
Total recognised income and expense for the period	-	-	-	83,480	43,455	(501,225)	(374,290)
Share-based payments	-	-	-	-	-	79,004	79,004
At 31 December 2007	18,417,089	(952,109)	(1,128,008)	83,480	387,837	(1,106,631)	15,701,658
Retained loss for the period	-	-	-	-	-	(201,602)	(201,602)
Revaluation of available-for-sale investments	-	-	-	75,669	578,322	-	653,991
Total recognised income and expense for the period	-	-	-	75,669	578,322	(201,602)	452,389
Share-based payments	-	-	-	-	-	59,945	59,945
At 30 June 2008	18,417,089	(952,109)	(1,128,008)	159,149	966,159	(1,248,288)	16,213,992
Retained loss for the period	-	-	-	-	-	(4,718,284)	(4,718,284)
Revaluation of available-for-sale investments	-	-	-	1,126	(4,323,376)	-	(4,322,250)
Total recognised income and expense for the period	-	-	-	1,126	(4,323,376)	(4,718,284)	(9,040,534)
Share-based payments	-	-	-	-	-	70,310	70,310
At 31 December 2008	18,417,089	(952,109)	(1,128,008)	160,275	(3,357,217)	(5,896,262)	7,243,768

1 Basis of preparation

The consolidated financial information has been prepared on accordance with accounting policies which will be adopted in presenting the full year annual report and accounts.

The interim financial information is unaudited and does not constitute statutory financial statements within the meaning of the Companies Act 1985.

The Group's statutory consolidated financial statements for the year ended 30 June 2008 were presented under IFRS. The report of the auditors on those financial statements was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

2 Discounted operations

The results of discontinued operations were as follows:

	Six months to 31 December 2008 (unaudited) £	Six months to 31 December 2007 RESTATED (unaudited) £	Twelve months to 30 June 2008 £
Revenue	-	62,982	62,982
Cost of sales	-	92,111	92,111
Operating expenses	-	32,455	(11,798)
Operating profit	-	187,548	143,295
Finance income	-	189	189
Profit before tax	-	187,737	143,484
Taxation	-	-	-
Profit after tax from operations	-	187,737	143,484
Loss on disposal	(445,110)	(31,616)	(472,039)
(Loss)/Profit after tax- discontinued operations	(445,110)	156,121	(328,555)

3 Reconciliation of operating profit to net cash from operating activities

	Six months to 31 December 2008 (unaudited) £	Six months to 31 December 2007 RESTATED (unaudited) £	Twelve months to 30 June 2008 £
Operating loss	(1,113,708)	(995,275)	(1,271,375)
Depreciation	36,505	31,812	70,113
Gain on disposal on property, plant and equipment	-	(3,624)	(3,234)
Provision for share based payments	70,310	79,003	138,949
Decrease/(Increase) in debtors	1,131,992	(210,789)	(1,016,181)
(Decrease)/Increase in creditors	(225,412)	392,334	412,903
Decrease in other provisions	(13,851)	(343,798)	(351,440)
Net cash from operations- continuing activities	(114,164)	(1,050,337)	(2,020,265)

