31 March, 2011

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

Interim Results for the 6 month period ended 31 December 2010

Highlights

- Revenue increased by 147% to £2.12 million (2009 interim period: £0.86 million)
- Operating loss reduced by 34% to £0.53 million (2009 interim period: £0.80 million)
- Total comprehensive income for the period increased by 167% to £3.98 million (2009 interim period £1.49 million)
- Net assets rose by 27% to £12.56 million at 31 December 2010 (£9.87 million at 31 December 2009)
- The Parkmead Group remains debt free
- New Board appointments completed in December 2010
- Full oil and gas executive team in place and operational in March 2011
- Numerous growth opportunities already identified and under evaluation

Tom Cross, Executive Chairman of Parkmead commented:

"I am delighted to report a much improved position for the six month period to 31 December 2010.

In summary, Parkmead's turnover, gross profit and net assets have all improved significantly over the period with the Group's income increasing by 167% to some £4.0 million.

The period includes a full six months of activity for Aupec Limited, which was acquired by Parkmead in November 2009. In addition to increasing revenues, the relocation of our corporate headquarters from London to Aberdeen, now completed, will reduce costs and ensure the Group benefits from a very efficient operating base going forward. Parkmead recently appointed of a number of high calibre executives to its oil and gas team. These steps have positioned the Group with the structure and skills required to build a significant new independent oil and gas company.

This is an exciting time in the oil business and Parkmead now has an exceptional platform to capitalise on its identified opportunities for growth. The Group has an experienced and focused team, who share a proven track record of creating value for shareholders."

31 March, 2011

For further information:

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Financial Review

Performance of the Group over the six month period ending 31 December 2010 has improved significantly. During this period, turnover increased to £2.12m, an increase of £1.26m over the comparative 2009 period. The increase in turnover was driven by revenue generated by Aupec, highlighting Aupec's strengths in its core fields of valuation and benchmarking, and energy sector economics. Within administrative expenses there is a provision of £0.55m for employment taxes resulting from share options being in-the-money at 31 December 2010. The operating loss for the period was significantly reduced to £0.53m (31 December 2009: £0.80m loss). A profit from the realisation of available-for-sale financial assets of £0.11m resulted from the sale of shares in Prevex Group Limited.

A profit of £1.73m from discontinued operations was recognised from the value of the deferred consideration due from the sale of Quayside Corporate Services Limited in 2007. Post the period end the Group announced that it had received payment in full of the total outstanding deferred cash consideration of £1.97m owed to it, which further improved the Group's cash balances.

The Consolidated statement of comprehensive income reported an improvement in the value of our primary investment, Faroe Petroleum plc, by £2.73m. Therefore, the Group showed an overall increase in net assets of 27% to £12.56m (31 December 2009: £9.87m).

The Parkmead Group remains debt free.

Investments

The Group's principal investment is in Faroe Petroleum plc ("Faroe") (LSE AIM: FPM.L). As at 31 December 2010 this investment was carried at £7.88m (30 June 2010: £5.15m).

The Board sees considerable upside potential relating to its holding in Faroe. Faroe has continued a successful track record of oil and gas discoveries and the Board regularly monitors Faroe's value and capital growth potential, based on its ongoing drilling and appraisal programme and licence portfolio.

Outlook

Parkmead's wholly owned subsidiary, Aupec, continues to provide petroleum economics consultancy services to a number of governments and energy companies and is providing benchmarking services to the 'super major' oil and gas companies on a global basis. Aupec is proceeding with the planned, further extension of a key, long-standing contract with a developing world government ministry and work continues with the ministry as normal. Additionally, we continue to seek and implement cost efficiencies across the enlarged Group. One key step in this process has been the closure of Parkmead's London headquarters and the subsequent consolidation of all Group personnel in Europe's oil capital, Aberdeen.

Parkmead's near term focus is on securing oil and gas assets in proven and frontier oil and gas basins. The Group has already identified a number of opportunities and expects to build an asset portfolio through the combined knowledge, experience and track record of its team members, including their extensive relationships with industry players and governments, developed over many years in the upstream oil and gas sector.

Niall Doran
Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	NOTES	Six months to 31 December 2010	Six months to 31 December 2009	Twelve months to 30 June 2010
		(unaudited)	(unaudited)	
		£	£	£
Continuing operations				
Revenue		2,117,475	858,728	2,364,151
Cost of sales		(1,080,740)	(382,883)	(1,549,671)
Gross profit		1,036,735	475,845	814,480
Other operating income		7,951	-	-
Administrative expenses		(1,577,193)	(1,276,248)	(2,274,291)
Operating loss		(532,507)	(800,403)	(1,459,811)
Finance income		8,317	511,928	531,403
Finance costs		-	(11,584)	(6,739)
Profit on sale of available-for-sale financial assets		113,907	80,614	74,396
Amounts written off available-for-sale financial assets and loans		-	-	(539,995)
Other gains/(losses) on financial assets at fair value through profit or loss		-	1,774	(8,033)
Loss before taxation		(410,283)	(217,671)	(1,408,779)
Taxation		(67,718)	(56,732)	(85,773)
Loss for the period from continuing operations		(478,001)	(274,403)	(1,494,552)
Discontinued operations				
Profit/(loss) for the period from discontinued operations	2	1,732,247	(103,339)	(108,825)
Profit/(loss) for the period attributable to the equity holders of the Parent		1,254,246	(377,742)	(1,603,377)
Profit/(Loss) per share (pence)				
Continuing operations				
Basic and diluted	3	(0.08)	(0.06)	(0.29)
Continuing and discontinued operations				
Basic and diluted	3	0.21	(0.08)	(0.31)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Six months to 31 December 2010	**Six months to 31 December 2009**	**Twelve months to 30 June 2010**
	(unaudited)	(unaudited)	
	£	£	£
Profit/(loss) for the period	1,254,246	(377,742)	(1,603,377)
Other comprehensive income			
Available-for-sale financial assets			
Fair value gain/(loss) on available-for-sale financial assets	2,724,707	1,863,278	1,716,492
	2,724,707	1,863,278	1,716,492
Income tax relating to components of other comprehensive income	-	-	-
Other comprehensive income for the period, net of tax	2,724,707	1,863,278	1,716,492
Total comprehensive income for the period attributable to the equity holders of the Parent	3,978,953	1,485,536	113,115

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	At 31 December 2010	At 31 December 2009	At 30 June 2010
	(unaudited)	(unaudited)	
	£	£	£
Non-current assets			
Property, plant and equipment	59,303	71,597	60,778
Goodwill	2,173,532	2,342,557	2,173,532
Intangible assets	8,027	191,505	99,106
Available-for-sale financial assets	9,865,534	4,681,428	5,384,124
Trade and other receivables	30,913	81,862	33,320
Deferred tax assets	75,540	103,782	101,574
Total non-current assets	12,212,849	7,472,731	7,852,434
Current assets			
Trade and other receivables	1,728,983	2,082,382	3,199,194
Other financial assets	2,446	11,594	878
Cash and cash equivalents	1,098,967	3,212,441	291,869
Total current assets	2,830,396	5,306,417	3,491,941
Total assets	15,043,245	12,779,148	11,344,375
Current liabilities			
Current portion of capital lease obligations	-	(7,304)	(1,043)
Trade and other payables	(1,922,200)	(2,743,806)	(2,737,838)
Current tax liabilities	(4,688)	-	(66,097)
Provisions	(555,346)	(1,910)	(1,959)
Total current liabilities	(2,482,234)	(2,753,020)	(2,806,937)
Non-current liabilities			
Deferred tax liabilities	(1,966)	(156,155)	(26,829)
Total non-current liabilities	(1,966)	(156,155)	(26,829)
Total liabilities	(2,484,200)	(2,909,175)	(2,833,766)
Net assets	12,559,045	9,869,973	8,510,609
Equity attributable to equity holders			
Called up share capital	18,652,383	18,652,383	18,652,383
Share premium	2,647,059	2,647,059	2,647,059
Merger reserve	(952,109)	(952,109)	(952,109)
Employee benefit trust reserve	(1,128,008)	(1,128,008)	(1,128,008)
Foreign exchange reserve	7,377	7,377	7,377
Revaluation reserve	1,542,068	(1,035,853)	(1,182,639)
Retained deficit	(8,209,725)	(8,320,876)	(9,533,454)
Total Equity	12,559,045	9,869,973	8,510,609

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Share capital	Share premium	Merger reserve	Other 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
Retained loss for the period	-	-	-	-	-	-	(377,742)	(377,742)
Fair value gain on available-for-sale financial assets	-	-	-	-	6,227	1,857,051	-	1,863,278
Total comprehensive income for the period	-	-	-	-	6,227	1,857,051	(377,742)	1,485,536
Foreign exchange gain on available-for-sale financial asset recognised in profit or loss on derecognition	-	-	-	-	(156,232)	-	-	(156,232)
Issue of new ordinary shares	235,294	2,647,059	-	-	-	-	-	2,882,353
Share-based payments	-	-	-	-	-	-	65,061	65,061
At 31 December 2009	18,652,383	2,647,059	(952,109)	(1,128,008)	7,377	(1,035,853)	(8,320,876)	9,869,973
Retained loss for the period	-	-	-	-	-	-	(1,225,635)	(1,225,635)
Fair value gain/(loss) on available-for-sale financial assets	-	-	-	-	-	(146,786)	-	(146,786)
Total comprehensive income for the period	-	-	-	-	-	(146,786)	(1,225,635)	(1,372,421)
Share-based payments	-	-	-	-	-	-	13,057	13,057
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
Retained profit for the period	-	-	-	-	-	-	1,254,246	1,254,246
Fair value gain/(loss) on available-for-sale financial assets	-	-	-	-	-	2,724,707	-	2,724,707
Total comprehensive income for the period	-	-	-	-	-	2,724,707	1,254,246	3,978,953
Share-based payments	-	-	-	-	-	-	69,483	69,483
At 31 December 2010	18,652,383	2,647,059	(952,109)	(1,128,008)	7,377	1,542,068	(8,209,725)	12,559,045

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	NOTES	Six months to 31 December 2010 (unaudited) £	Six months to 31 December 2009 (unaudited) £	Twelve months to 30 June 2010 £
Cash flows from operating activities				
Continuing activities	4	834,333	(1,184,953)	(2,613,588)
Taxation paid		(109,100)	(5,610)	(124,288)
Net cash (used in) operating activities		725,233	(1,190,563)	(2,737,876)
Cash flows from investing activities				
Interest received		86	19,870	14,075
Proceeds from sale of investments		96,481	417,774	439,083
Acquisition of subsidiary net of cash acquired		-	1,558,808	1,558,808
Acquisition of investments		-	(93,985)	(1,458,315)
Acquisition of intangible assets		-	(7,834)	(7,834)
Acquisition of property, plant and equipment		(13,658)	(2,081)	(20,264)
Net cash (used in)/generated by investing activities		82,909	1,892,552	525,553
Cash flows from financing activities				
Interest paid		-	(179)	(179)
Finance lease principal payments		(1,044)	(6,261)	(12,521)
Net cash (used in) financing activities		(1,044)	(6,440)	(12,700)
Net increase / (decrease) in cash and cash equivalents		807,098	695,549	(2,225,023)
Cash and cash equivalents at beginning of period		291,869	2,516,892	2,516,892
Cash and cash equivalents at end of period		1,098,967	3,212,441	291,869

Notes to the Interim financial statements for the six months to 31 December 2010

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. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee 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 2011.

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

Non-statutory accounts

The financial information for the year ended 30 June 2010 set out in this interim report does not constitute the Group's statutory accounts for that period. The statutory accounts for the year ended 30 June 2010 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 2010 and 31 December 2009 is unaudited.

2 Discontinued operations

The results of discontinued operations were as follows:

	Six months to 31 December 2010 (unaudited) **£**	**Six months to 31 December 2009** (unaudited) **£**	**Twelve months to 30 June 2010** **£**
Profit after tax from operations	-	-	-
Profit/(loss) on disposal	1,732,247	(103,339)	(108,825)
Profit/(loss) after tax- discontinued operations	1,732,247	(103,339)	(108,825)

Receipt of Deferred Consideration

On 12 January 2011 the Company was paid the full deferred cash consideration of £1,969,449.55 owed to it by Mr D Mills pursuant to the Company's disposal of Quayside Corporate Services Limited to Mr Mills in 2007.

Receipt of this payment satisfies in full the consideration due to Parkmead by Mr Mills.

3 Profit/(loss) per share

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

	Six months to 31 December 2010 (unaudited)	Six months to 31 December 2009 (unaudited)	Twelve months to 30 June 2010
Loss per ordinary share from continuing operations (pence) - basic and diluted	(0.08)	(0.06)	(0.29)
Profit/(loss) per ordinary share from discontinued operations (pence) - basic and diluted	0.29	(0.02)	(0.02)
Profit/(loss) per ordinary share from total operations (pence) - basic and diluted	0.21	(0.08)	(0.31)

The calculations were based on the following information:

	Six months to 31 December 2010 (unaudited)	Six months to 31 December 2009 (unaudited)	Twelve months to 30 June 2010
Profit/(loss) attributable to ordinary shareholders (£)			
- continuing operations	(478,001)	(274,403)	(1,494,552)
- discontinued operations	1,732,247	(103,339)	(108,825)
- total	1,254,246	(377,742)	(1,603,377)
Weighted average number of shares in issue			
- basic	603,635,898	442,510,578	522,411,079
- diluted	603,635,898	442,510,578	522,411,079

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

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share.

	Six months to 31 December 2010 (unaudited)	Six months to 31 December 2009 (unaudited)	Twelve months to 30 June 2010
Share options	51,992,257	-	-

Diluted loss per share

Earnings per share requires presentation of diluted loss per share when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. For a loss making company with outstanding share options, net loss per share would only be decreased by the exercise of out-of-the-money share options. No adjustment has been made to diluted loss per share for out-of-the-money share options for the six months to 31 December 2009 and the twelve months to 30 June 2010.

4 Reconciliation of operating profit to net cash from operating activities

	Six months to 31 December 2010	Six months to 31 December 2009	Twelve months to 30 June 2010
	(unaudited)	(unaudited)	
	£	£	£
Operating loss	(532,507)	(800,403)	(1,459,811)
Depreciation and impairments of property plant and equipment	15,134	136,330	162,081
Amortisation of intangible assets	91,079	31,676	124,075
Gain on disposal of fixed assets	-	-	3,251
Charge for share based payments	69,483	65,061	78,118
Decrease / (Increase) in debtors	1,419,485	(937,049)	(3,116,336)
(Decrease) / Increase in creditors	(781,728)	321,141	1,596,694
Increase / (Decrease) in other provisions	553,387	(1,709)	(1,660)
Net cash flow from operations	834,333	(1,184,953)	(2,613,588)