28 March 2013

The Parkmead Group plc

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

Interim Results for the 6 month period ended 31 December 2012

The Parkmead Group plc, an emerging independent oil and gas company, is pleased to report its interim results for the six months ended 31 December 2012.

Highlights

- Acquisition of DEO Petroleum plc completed in August 2012, providing Parkmead with the operatorship and a 52% working interest in the large Perth oil field area in the UK's Central North Sea
- First production achieved in September 2012, following the completion of the acquisition of a portfolio of Netherlands onshore assets from Dyas B.V. providing cash flow to the Group
- Successful first UKCS appraisal well, at the Platypus gas field, in August 2012
- Major award of new licences in the UK Continental Shelf (UKCS) 27th Round in October 2012, all with Parkmead approved as operator. Overall, Parkmead gained stakes in 25 blocks across three core areas
- Revenue increased 48% to £1.97 million (H1 2011: £1.33 million)
- Total assets grew 199% to £40.0 million at 31 December 2012 (£13.4 million at end 2011)
- Net assets rose by 247% to £22.0 million at 31 December 2012 (£6.3 million at end 2011)
- Successful equity placing and debt for equity conversion, completed in January 2013, providing finance for growth of £19.925 million

Tom Cross, Executive Chairman of Parkmead commented:

"I am pleased to report excellent progress in the period to 31 December 2012. Parkmead has significantly increased its reserve base and also added production to the Group's portfolio, providing cash flow from E&P operations from September 2012 onwards. These key achievements have been delivered through the completion of two important acquisitions in the UK and Netherlands. Parkmead was also delighted to be awarded several new licences under the UKCS 27th Licensing Round, covering some 25 blocks across the UKCS. In addition, the Company achieved successful drilling results at its first appraisal well at the Platypus gas field in the UK Southern North Sea, providing a valuable near-term development opportunity.

In December 2012, the Group announced a successful equity placing and debt for equity conversion, which was completed the following month. We were very pleased and encouraged by the support that Parkmead received from a number of high quality institutional investors in the oversubscribed placing. This new financing has put Parkmead in a strong position, with funding in place to drive additional growth."

For further information:

The Parkmead Group plc Tom Cross, Executive Chairman Ryan Stroulger, Finance Director Kathryn Ramsay, Investor Relations	01224 622200
Charles Stanley Securities Nominated Adviser & Broker Marc Milmo/Carl Holmes	020 7149 6000
College Hill Associates Matthew Tyler / Alexandra Roper	020 7457 2020

Review of Activities

Parkmead has delivered significant growth in its oil and gas operations, continuing to build a high quality portfolio of assets across the entire asset lifecycle in the UK and onshore Netherlands. During the six months to 31st December 2012, the Group completed two milestone transactions, bolstering its reserve base with 2P reserves rising to 22.9 mmboe and 2C contingent resources to 11.3 mmboe, whilst also achieving first production and cash flow from E&P operations.

In August 2012 Parkmead completed the acquisition of DEO Petroleum plc thereby becoming the operator of, and a 52% working interest holder in, the Perth Oil Area. The Perth Field, located in licences P218 (block 15/21a) and P588 (Block 15/21c) is targeting 2P reserves of 21.5mmbls (net to Parkmead) from a Phase 1 development. Parkmead and its co-venturers are planning to drill an appraisal well at Perth targeting a further 50-100 mmboe of oil-in-place potential. As operator, Parkmead is seeking to maximise the reserves to be developed through the Perth field infrastructure including potential tie-in opportunities in the Greater Perth Area.

The Group also completed the acquisition of a portfolio of Netherlands onshore assets from Dyas B.V., including four producing gas fields, in August 2012. The purchase of these assets marked a significant milestone for Parkmead by adding the first producing assets to the Group's portfolio. In addition, the acquisition provided Parkmead with two near-term development opportunities with the first of these, Ottoland, due to come onstream in 2014. The Board believes this was a key transaction in the growth of Parkmead, signalling the Group's intention to build production in order to drive cash flows through E&P operations. As Parkmead progresses through 2013, the Group will continue to explore acquisitions that add reserves and production to the Group.

During this period, Parkmead has also added significantly to its exploration portfolio with a highly successful UKCS 27th Licensing Round campaign. The awards, which were announced in October 2012, saw Parkmead become the operator of 25 blocks across six licences in three key areas, namely the Central North Sea, West of Shetland and West of Scotland. Parkmead will continue to invest heavily in licensing round applications and views this as a key strand in the Group's strategy to build an attractive, balanced portfolio that offers considerable exploration upside.

Parkmead was delighted to announce successful results from the Group's first appraisal well at the Platypus gas field, located in Block 48/1a in the Southern North Sea. The well delivered a strong flow rate on test of 27 million cubic feet of gas per day and was suspended for use as a future production well.

Financial Results

During the six month period to 31st December 2012 the Group generated turnover of £1.97 million, representing a significant increase of 48% from the revenues generated in H1 2011 of £1.33 million. As expected during this early stage of growth, the Group's activities generated an overall loss of £2.76 million (H1 2011 £2.64 million).

Total assets increased by some 199% to £40.0 million at 31 December 2012 (£13.4 million at end 2011). Net assets rose by 247% to £22.0 million at 31 December 2012 (£6.3 million at end 2011).

Investments

The Group's largest investment is in Faroe Petroleum plc ("Faroe") (LSE AIM: FPM.L). As at 31 December 2012 this investment was carried at a value of £6.0 million.

Faroe has continued to grow its oil and gas exploration and production operations. The Board carefully monitors Faroe's value and capital growth potential, based on its ongoing drilling and appraisal programme and its licence portfolio.

Board and Management Team Development

As Parkmead's business grows, the directors continuously analyse and plan for the developing needs of the Group. During the period Colin Percival, who leads Parkmead's E&P team, joined the plc board as Technical Director. Donald MacKay retires with effect from 28 March 2013, having served both as Managing Director of AUPEC Ltd and latterly as the Group's Finance Director. Overall, he has worked with Parkmead and AUPEC for some 12 years and we thank him for his important contribution to the business. As planned, Parkmead's Commercial Director, Ryan Stroulger, who has worked very closely with Donald over recent years, will assume his responsibilities on the board and thus move across to become Finance Director and Company Secretary. At senior management level, the finance team will continue to be led by Parkmead's Group Financial Controller Kevin Holley. The financial group has recently been further strengthened by the appointment of Mrs Marie Fisher, who joins the plc finance team from AUPEC Ltd, where she has served for more than 10 years.

Post Balance Sheet Events

A successful equity placing and debt for equity conversion was completed in January 2013, providing finance for growth of £19.925 million. Of the total of £19.925 million, the Group raised approximately £15.925 million through an oversubscribed placing of 130,000,000 new Ordinary Shares at 12.25 pence per share. The shares were placed with certain institutional and other investors including Tom Cross (together with entities affiliated to him) who subscribed for 27,800,000 placing shares representing 21.38 per cent of the total placing shares issued. In addition to Mr Cross' participation, Ryan Stroulger, Commercial Director, Philip Dayer, Non Executive Director and Ian Rawlinson, Non Executive Director each subscribed for 1,000,000, 408,163 and 408,163 Ordinary Shares respectively in the placing.

In addition, 27,755,101 new ordinary shares were issued to Tom Cross (and entities affiliated to him) at the placing price relating to the conversion of £3.4 million of loans drawn by the Company from Tom Cross (and entities affiliated to him).

The proceeds of the placing, when added to the existing resources available to the Group, including the shareholder loan facility of £4.0 million, will be used to finance the various commitments of the Group and to position Parkmead for growth.

Since the period end, the Parkmead team has been evaluating further potential acquisitions, and also working hard to continue to maximise the opportunities that exist within the Group's current portfolio of assets.

Following the strong results from the appraisal well at the Platypus gas field, Parkmead has been actively working with its co-venturers to progress planning for the development of this field. A decision to proceed to commercial development without the need for further appraisal drilling is the most likely outcome. In addition, the Parkmead team has been progressing work on the blocks awarded to the Group in the UKCS 27th licensing round. This includes the purchase of additional seismic data and detailed mapping work.

Parkmead has noted the recent announcement by Faroe, one of its partners in the Perth Oil Field, that Faroe is acquiring a 50% stake in the Lowlander field which is located nearby to the Perth Field. The work programme at the Lowlander field is expected to include a joint Perth/Lowlander development study. This is aligned with Parkmead's strategy of creating a hub development in the Greater Perth Area. The development of the Lowlander field across Perth infrastructure would bring significant additional oil reserves into the Greater Perth Area development project, thereby improving the project economics for all the Perth -area stakeholders. Parkmead continues to work closely with its Perth partners to optimise the potential oil production, recovery and financial returns from the Greater Perth Area.

Also in the Southern Gas Basin, well planning is underway on the large Pharos gas prospect and drilling is expected to take place later this year.

Outlook

Parkmead has delivered significant growth in its asset base in the six month period to 31 December 2012. This was achieved through two key acquisitions, successful appraisal drilling and new licence awards, all within its core areas of the UK North Sea and the Netherlands.

In particular, the Group was delighted to report its first revenues from production which is now generating cash flow from E&P operations. As we look forward into 2013 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 equity and debt financing, completed in January 2013, places Parkmead's executive team in an excellent position to drive the business forward and to build upon the momentum already generated.

Thomas P Cross
Executive Chairman
28 March 2013

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 2012 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 2012

	Notes	Six months to 31 December 2012 (unaudited) £	Six months to 31 December 2011 (unaudited) £	Twelve months to 30 June 2012 £
Continuing operations				
Revenue		1,967,646	1,333,176	2,948,901
Cost of sales		(1,131,855)	(761,103)	(1,435,994)
Gross profit		835,791	572,073	1,512,907
Exploration and evaluation expenses		(49,956)	-	(685,621)
Administrative expenses		(4,684,501)	(3,073,211)	(5,531,847)
Gain on bargain purchase	3	1,215,976	-	-
Operating loss		(2,682,690)	(2,501,138)	(4,704,561)
Finance income		8,104	876	11,484
Finance costs		(83,465)	(143,883)	(222,737)
Loss on sale of available-for-sale financial assets		(2,562)	-	-
Loss before taxation		(2,760,613)	(2,644,145)	(4,915,814)
Taxation		591	2,897	4,225
Loss for the period attributable to the equity holders of the Parent		(2,760,022)	(2,641,248)	(4,911,589)
Loss per share (pence)				
Continuing operations				
Basic and diluted	2	(0.37)	(0.43)	(0.78)

Group statement of profit or loss and other comprehensive income

for the six months ended 31 December 2012

	Six months to 31 December 2012 (unaudited) £	Six months to 31 December 2011 (unaudited) £	Twelve months to 30 June 2012 £
Loss for the period	(2,760,022)	(2,641,248)	(4,911,589)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gains arising on repayment of employee share based loans	-	-	369,012
	-	-	369,012
Items that may be reclassified subsequently to profit or loss			
Reclassification adjustments for amounts recognised in profit or loss	(699)	-	-
Fair value loss on available-for-sale financial assets	(432,643)	(262,622)	(590,900)
	(433,342)	(262,622)	(590,900)
Income tax relating to components of other comprehensive income	-	-	-
Other comprehensive loss for the period, net of tax	(433,342)	(262,622)	(221,888)
Total comprehensive loss for the period attributable to the equity holders of the Parent	(3,193,364)	(2,903,870)	(5,133,477)

Group statement of financial position

as at 31 December 2012

	At 31 December 2012	At 31 December 2011	At 30 June 2012
	(unaudited)	(unaudited)	
	£	£	£
Non-current assets			
Property, plant and equipment: development & production	3,447,307	-	-
Property, plant and equipment: other	213,309	248,382	248,137
Goodwill	2,173,532	2,173,532	2,173,532
Other intangible assets	17,106	34,413	25,170
Exploration and evaluation assets	24,202,860	932,952	3,063,502
Available-for-sale financial assets	5,984,052	6,796,083	6,456,132
Total non-current assets	36,038,166	10,185,362	11,966,473
Current assets			
Inventories	-	5,937	-
Trade and other receivables	3,226,502	1,437,095	3,253,846
Cash and cash equivalents	729,449	1,767,524	7,694,141
Total current assets	3,955,951	3,210,556	10,947,987
Total assets	39,994,117	13,395,918	22,914,460
Current liabilities			
Trade and other payables	(7,144,043)	(559,783)	(4,085,963)
Current tax liabilities	(4,293)	-	(4,293)
Provisions	(156,069)	(81,428)	(122,105)
Total current liabilities	(7,304,405)	(641,211)	(4,212,361)
Non-current liabilities			
Interest-bearing loans and borrowings	(5,400,000)	(2,301,819)	(2,981,819)
Other liabilities	(3,741,435)	(4,120,731)	(3,452,069)
Deferred tax liabilities	(1,597,029)	(7,038)	(5,710)
Total non-current liabilities	(10,738,464)	(6,429,588)	(6,439,598)
Total liabilities	(18,042,869)	(7,070,799)	(10,651,959)
Net assets	21,951,248	6,325,119	12,262,501
Equity attributable to equity holders			
Called up share capital	18,810,386	18,660,349	18,724,166
Share premium	11,619,452	3,005,986	11,619,452
Merger reserve	12,631,209	-	-
Revaluation reserve	(759,562)	2,058	(326,220)
Retained deficit	(20,350,237)	(15,343,274)	(17,754,897)
Total Equity	21,951,248	6,325,119	12,262,501

Group statement of changes in equity

for the six months ended 31 December 2012

	Share capital	Share premium	Merger reserve	Revaluation reserve	Retained earnings	Total
	£	£	£	£	£	£
At 1 July 2011	18,658,349	2,907,986	-	264,680	(12,823,758)	9,007,257
Loss for the period	-	-	-	-	(2,641,248)	(2,641,248)
Fair value gain on available-for-sale financial assets	-	-	-	(262,622)	-	(262,622)
Total comprehensive income for the period	-	-	-	(262,622)	(2,641,248)	(2,903,870)
Issue of new ordinary shares	2,000	98,000	-	-	-	100,000
Share-based payments	-	-	-	-	121,732	121,732
At 31 December 2011	18,660,349	3,005,986	-	2,058	(15,343,274)	6,325,119
Loss for the period	-	-	-	-	(2,270,341)	(2,270,341)
Fair value loss on available-for-sale financial assets	-	-	-	(328,278)	-	(328,278)
Gains arising on repayment of employee share based loans	-	-	-	-	369,012	369,012
Total comprehensive income for the period	-	-	-	(328,278)	(1,901,329)	(2,229,607)
Issue of new ordinary shares	63,817	8,613,466	-	-	-	8,677,283
Share-based payments	-	-	-	-	(510,294)	(510,294)
At 30 June 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

Group statement of cashflows

for the six months ended 31 December 2012

	Notes	Six months to 31 December 2012 (unaudited) £	Six months to 31 December 2011 (unaudited) £	Twelve months to 30 June 2012 £
Cashflows from operating activities				
Continuing activities	4	(2,612,978)	(831,996)	(2,331,370)
Taxation refunded		-	1,367	6,304
Net cash used in operating activities		(2,612,978)	(830,629)	(2,325,066)
Cash flow from investing activities				
Interest received		8,104	876	11,485
Repayment of employee share based loans		-	-	369,012
Acquisition of subsidiary, net of cash		303,728	-	-
Acquisition of exploration and evaluation assets		(3,578,358)	(932,952)	(3,063,502)
Proceeds from sale of available-for-sale financial assets		38,738	5,312	16,985
Acquisition of property, plant and equipment: development & production		(3,447,307)	-	-
Acquisition of property, plant and equipment: other		(23,434)	(151,100)	(189,986)
Proceeds from sale of property, plant and equipment		-	-	1,250
Net cash generated used in investing activities		(6,698,529)	(1,077,864)	(2,854,756)
Cash flow from financing activities				
Issue of ordinary shares		-	100,000	8,777,283
Interest paid		(71,366)	-	(159,337)
Proceeds from loans and borrowings		2,418,181	2,301,819	2,981,819
Net cash generated by financing activities		2,346,815	2,401,819	11,599,765
Net (decrease)/increase in cash and cash equivalents		(6,964,692)	493,326	6,419,943
Cash and cash equivalents at beginning of period		7,694,141	1,274,198	1,274,198
Cash and cash equivalents at end of period		729,449	1,767,524	7,694,141

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 2013.

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 2012 has been extracted from the audited statutory accounts. The statutory accounts for the year ended 30 June 2012 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 2012 and 31 December 2011 is unaudited.

2 Loss per share

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

	Six months to 31 December 2012	**Six months to 31 December 2011**	**Twelve months to 30 June 2012**
	(unaudited)	(unaudited)	
	£	**£**	**£**
Loss per 0.01p ordinary share from continuing operations (pence)			
Basic and diluted	(0.37)	(0.43)	(0.78)

The calculations were based on the following information:

	Six months to 31 December 2012	**Six months to 31 December 2011**	**Twelve months to 30 June 2012**
	(unaudited)	(unaudited)	
Loss attributable to ordinary shareholders			
Continuing operations	(2,760,022)	(2,641,248)	(4,911,589)
Total	(2,760,022)	(2,641,248)	(4,911,589)
Weighted average number of shares in issue			
Basic weighted average number of shares	743,364,145	610,148,019	630,738,232
Dilutive potential ordinary shares			
Share options	44,145,978	46,727,769	35,510,993

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

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 DEO Petroleum Plc

On 9 August 2012, the Group acquired 100% of the issued share capital of DEO Petroleum Plc ("DEO"), a company listed on the AIM Market of the London Stock Exchange and based in Scotland. DEO is an independent oil and gas company with exploration and production assets in UK.

Further information about the acquisition is available in the 2012 Annual report.

Details of net assets acquired and goodwill are as follows;

	2013
	£
Purchase consideration	
- Cash paid	-
- Shares issued of 86,219,860 New Ordinary Shares	12,717,429
Total purchase consideration	12,717,429
Share of fair value of net assets acquired	13,933,405
Gain arising on business combination	**1,215,976**

As required under IFRS3, a provisional fair value review has been carried out in 2012. A final fair value review will be completed in 2013.

Transaction costs of £244,319 relating to the acquisition of DEO were recognised as an expense during the period.

4 Notes to the statement of cashflows

Reconciliation of operating loss to net cash from continuing operations

	Six months to 31 December 2012	**Six months to 31 December 2011**	**Twelve months to 30 June 2012**
	(unaudited)	(unaudited)	
	£	**£**	**£**
Operating loss	(2,682,690)	(2,501,138)	(4,704,561)
Gain on bargain purchase	(1,215,976)	-	-
Depreciation	135,616	31,274	70,406
Amortisation	5,706	9,244	18,487
Gain on disposal of fixed assets	-	-	(1,250)
Provision for share based payments	2,937,983	121,732	2,963,030
(Increase)/decrease in inventories	-	(5,937)	-
(Increase)/decrease in receivables	480,067	1,279,781	(1,531,682)
Increase/(decrease) in payables	(2,307,648)	489,709	1,070,184
Increase / (decrease) in other provisions	33,964	(256,661)	(215,984)
Net cash flow from operations	(2,612,978)	(831,996)	(2,331,370)

5 Post period end date events

Placing and Debt for Equity Conversion

On 11 January 2013, The Parkmead Group plc issued 157,755,101 new Ordinary Shares being issued pursuant to the Placing and the issue of the Conversion Shares, announced on 18 December 2012.

The Company raised £15.925 million (gross) through a placing of 130,000,000 new Ordinary Shares at 12.25 pence per share.

In addition, 27,755,101 new Ordinary Shares were issued to Tom Cross (and entities affiliated to him) at the Placing Price pursuant to the conversion of £3.4 million of the loans drawn down by the Company from Tom Cross (and entities affiliated to him). Following this conversion, the Company will have £4.0 million of undrawn facility available to it in addition to the funds raised pursuant to the Placing.