

29 September 2009



CDS OIL & GAS GROUP PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009 AND OPERATIONS UPDATE

CDS Oil & Gas Group PLC (“CDS” or the “Company”), the AIM quoted (CDS.L) oil and gas exploration and development company with operations in Paraguay, today announces its unaudited interim results for the six months to 30 June 2009 and an update on its operations.

- Operating loss of US\$540,000 (H1 2008: loss of US\$1,308,000), in line with Board’s expectations
- Comprehensive exploratory survey programme completed
- Discussions in progress to secure funding for the next phase of operations
- Principal shareholders and directors provide funds to support operations

CDS is a UK company which, through its Paraguayan subsidiary, CDS Energy S.A.(together “the Group”), has a 98.2% working interest in three large blocks with substantial oil and gas exploration potential in the prospective eastward extension into the productive Bolivian Chaco Basin in north-west Paraguay.

Enquiries:

CDS Oil & Gas Group plc

Tel: 020 7225 4383

Patrice Roman – Chief Executive Officer

Hanson Westhouse Limited

Tel: 020 7601 6100

Bill Staple / Richard Baty

UK Enquiries:

Hudson Sandler

Tel: 020 7796 4133

Jessica Rouleau

Other Enquiries

B4 Communication

Tel: (+41) 22 592 50 22

Claude Baumann / Frédéric Jacquemoud

Chairman's and Chief Executive's Review

For the six month period to 30 June 2009 the Company made an operating loss of US\$0.5 million (2008: loss of US\$1.3 million) which was in line with the Board's expectations. Cash and cash equivalents as at 30 June 2009 were US\$82,000.

In 2009 the Company entered into a transitional period characterised by the severance of the relationship with PetroSaudi and by a work programme coming to its final stage of data interpretation.

As announced in February 2009, the former majority shareholders decided to step in by taking over the position of PetroSaudi as shareholder and as lender, subsequently converting the \$2,250,000 of loans plus accrued interest into ordinary shares. In addition, in April 2009, two suppliers of services to the Group, Famay Enterprises Corp. ("Famay") and Harmattan FZE ("Harmattan") agreed to convert amounts due to them by the Group by subscribing for new ordinary shares. The loss of Petro Saudi as a major shareholder in the Company has resulted in a reduced access to funding for further expansion. Consequently, the management of the Company proceeded to undertake a reorganisation which coincided with the end of its work programme of data interpretation. Following the announcement made in May 2009 indicating encouraging potential on the two permits of Gabino Mendoza and Boqueron, the Company approached the Ministry of Public Works and Communication ("MOPC") which is also responsible for energy and mining, and succeeded in obtaining an extension of one year of its drilling commitments and an approval of its new drilling programme until the fourth quarter 2010, both of them granted in July and August 2009.

Furthermore the mutual understanding between the MOPC and the Company led into an increased cooperation in order to promote the Gas option favoured by the Paraguayan government in the context of its new Energy policy. The aim of this policy is to coordinate the utilisation of natural gas on a regional basis covering Bolivia, Paraguay and Uruguay, in the middle of which the CDS concessions are situated. Such a development has resulted in the revitalisation of the organisation called Urupabol and is expected to trigger major infrastructure investments in the Chaco region.

The ability of the Company to adjust to this changing situation coupled with the continuous financial support of its shareholders is encouraging for management in its search for prospective new shareholders. The new attraction of South America stimulated by the recent offshore discoveries on both sides of the South Atlantic and the position of Paraguay at the junction of the already producing basins of Bolivia and Argentina make it a valid area for exploration. The Company's management is seeking to capitalise on this renewed interest in the region and is currently conducting active negotiations with the view of concluding either a farm-in transaction or a partnership.

Financing

As announced on 2 April 2009, in addition to the conversion of loans and accrued interest into new ordinary shares, the Company's Principal Shareholders (being Feltown Assets Inc., Werton Finance S.A. and Red Law Corporation Services Inc.) agreed to continue to support the financial needs of the Group as it sought partners to assist with the funding of the Group's exploration activities. Over the last few months Feltown Assets Inc. ("Feltown") has paid some of the Group's expenses and a loan has accrued which at 30 June 2009 totalled approximately \$578,000. Since 30 June 2009 Feltown has continued to meet the immediate financial needs of the Group. As a consequence the size of loan provided by Feltown has increased to approximately \$902,000. Feltown currently holds 43,435,509 ordinary shares representing approximately 35.2 per cent of the Company's ordinary shares and therefore Feltown is considered to be a related party pursuant to Rule 13 of the AIM Rules for Companies. The terms of the loan have been agreed between the Board and Feltown. Pending the outcome of current discussions with parties interested in the Company's projects, the loan is considered to be short term however the Board understands that Feltown has no intention of requiring immediate repayment, Interest accrues on the loan at 4% per annum. The Directors, having consulted with the Company's nominated adviser, Hanson Westhouse Limited, consider that the terms of the loan are fair and reasonable insofar as the shareholders are concerned.

The Directors of the Company have not drawn their remuneration nor had their expenses reimbursed for the last 12 months.

Capital expenditure of US\$524,000 incurred during the six months ended 30 June 2009 has been financed by the unsecured shareholder loans referred to above, as have subsequent expenditures.

John Bentley
Chairman

Patrice Roman
Chief Executive Officer
29 September 2009

CONSOLIDATED STATEMENT of COMPREHENSIVE INCOME

	Half year ended		Year ended
	30 June 2009	30 June 2008	31 December 2008
	(Unaudited) \$'000	(Unaudited) \$'000	(Audited) \$'000
Administrative expenses	(540)	(1,308)	(2,327)
	-----	-----	-----
Loss from operations	(540)	(1,308)	(2,327)
Finance income	-	139	146
Finance expense	(31)		(41)
	-----	-----	-----
Loss on ordinary activities and total comprehensive income before and after taxation	(571)	(1,169)	(2,222)
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Attributable to:			
- Owners of the parent	(571)	(1,169)	(2,222)
- Non-controlling interest	-	-	-
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Loss per share expressed in US\$ per share			
Basic and diluted loss per share	\$(0.01)	\$(0.01)	\$(0.02)
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All amounts relate to continuing activities.

CONSOLIDATED STATEMENT of FINANCIAL POSITION

	30 June 2009	30 June 2008	31 December 2008
	(Unaudited)	(Unaudited)	(Audited)
	\$'000	\$'000	\$'000
Assets			
Non-current assets			
Intangible assets	28,412	25,243	27,888
Property, plant and equipment	331	522	331
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	28,743	25,765	28,219
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Current assets			
Inventory	1,618	1,618	1,618
Prepayments and other receivables	77	434	56
Cash and cash equivalents	82	1,455	200
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	1,777	3,507	1,874
	-----	-----	-----
Total assets	30,520	29,272	30,093
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Liabilities			
Current liabilities			
Trade and other payables	(959)	(1,825)	(1,364)
Borrowings	(578)	-	(2,291)
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Total liabilities	(1,537)	(1,825)	(3,655)
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Total net assets	28,983	27,447	26,438
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Capital and reserves attributable to shareholders			
Share capital	22,861	19,715	19,745
Share premium	14,254	14,242	14,254
Merger reserve	(1,097)	(1,097)	(1,097)
Retained deficit	(7,045)	(5,421)	(6,474)
	-----	-----	-----
Capital and reserves attributable to equity holders of the parent	28,973	27,439	26,428
Non-controlling interests	10	8	10
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Total equity	28,983	27,447	26,438
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Registered in England. Registered no. 5061058

Registered office: 126 Brompton Road, London SW3 5JD

CONSOLIDATED STATEMENT of CHANGES in EQUITY

	Attributable to equity holders of the Company					Non-Controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Retained deficit	Total shareholders equity		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2008 (audited)	19,715	14,242	(1,097)	(4,252)	28,608	8	28,616
Total comprehensive loss for the period	-	-	-	(1,169)	(1,169)	-	(1,169)
At 30 June 2008 (unaudited)	19,715	14,242	(1,097)	(5,421)	27,439	8	27,447
Total comprehensive loss for the period	-	-	-	(1,053)	(1,053)	2	(1,051)
Shares issued	30	12	-	-	42	-	42
At 31 December 2008 (audited)	19,745	14,254	(1,097)	(6,474)	26,428	10	26,438
Shares issued for conversion of debt	3,116	-	-	-	3,116	-	3,116
Total comprehensive loss for the period	-	-	-	(571)	(571)	-	(571)
At 30 June 2009 (unaudited)	22,861	14,254	(1,097)	(7,045)	28,973	10	28,983

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CONSOLIDATED STATEMENT of CASH FLOWS

	Half year ended		Year ended
	30 June 2009 (Unaudited) \$'000	30 June 2008 (Unaudited) \$'000	31 December 2008 (Audited) \$'000
Cash flow from operating activities			
Loss before taxation	(571)	(1,169)	(2,222)
Adjustments for:			
- Finance income	-	(139)	(146)
- Finance expense	31	-	41
- Effect of foreign exchange rate changes on cash and cash equivalents held	19	-	69
- Equity-settled share-based payment expense	-	-	42
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Net cash flow from operating activities before changes in working capital	(521)	(1,308)	(2,216)
Increase in payables and provisions	389	1,378	919
(Increase)/decrease in receivables	(21)	199	577
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Net cash flow from operating activities before interest and taxation paid	(153)	269	(720)
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Investing activities			
Exploration costs capitalized	(524)	(10,410)	(12,894)
Payments for property, plant and equipment	-	(66)	(108)
Proceeds from the disposal of property, plant, and equipment	-	-	72
Interest received	-	139	146
	-----	-----	-----
Net cash flow from investing activities	(524)	(10,337)	(12,784)
	-----	-----	-----
Financing activities			
Proceeds from borrowing	578	-	2,250
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Net cash flow from financing activities	578	-	2,250
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Net decrease in cash and cash equivalents in the period	(99)	(10,068)	(11,254)
Cash & cash equivalents at beginning of the period	200	11,523	11,523
Effect of foreign exchange rate changes on cash and cash equivalents held	(19)	-	(69)
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Cash & cash equivalents at the end of period	82	1,455	200
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NOTES to the INTERIM FINANCIAL STATEMENTS

1. The Group

The Group is principally involved in the exploration for oil and gas.

The Company is a public limited company incorporated and domiciled in England and Wales. The Company has its registered office in London and has oil & gas interests in Paraguay through its Paraguayan subsidiary, CDS Energy SA.

The Company has its listing on the Alternative Investment Market ("AIM") of the London Stock Exchange.

2. Basis of preparation

These condensed interim financial statements of the Company and its subsidiaries ("the Group") for the six months ended 30 June 2009 (the period) have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs). The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest audited financial statements for the year ended 31 December 2008 with the exception of the adoption of IAS 1 Presentation of financial statements (revised 2008).

- International Accounting Standard 1: Presentation of financial statements (IAS 1) (revised 2008) replaces IAS 1 (revised 2005) and is effective for financial periods beginning on or after 1 January 2009. This standard requires the Group to introduce the concept of 'total comprehensive income', which represents the change in equity during a period, other than changes resulting from transactions with owners in their capacity as owners. In applying this revision to IAS 1, a 'consolidated statement of comprehensive income' has been introduced which replaces the 'consolidated income statement'.

These condensed interim financial statements have not been audited, do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31 December 2008. The 2008 annual report and accounts, which received an unqualified opinion with an emphasis of matter in respect of going concern from the auditors and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985, have been filed with the Registrar of Companies. While the financial figures included within this half-yearly report have been computed in accordance with IFRSs applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as set out in IAS 34.

The preparation of the condensed consolidated half year financial statements requires the use of certain accounting estimates and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2008.

3. Loss per share

The loss per share is calculated based on:

	Half year ended		Year ended
	30 June 2009	30 June 2008	31 December 2008
Loss for the period (\$'000)	(571)	(1,169)	(2,222)
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Weighted average number of shares in issue ('000)	110,621	101,676	101,677
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