

27 September 2007



## **CDS OIL & GAS GROUP PLC**

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007 AND OPERATIONS UPDATE**

CDS Oil & Gas Group PLC ("CDS" or the "Company"), the AIM listed (CDS.L) oil & gas exploration and development company with operations in Paraguay, today announces its interim results for the six months to 30 June 2007 and an update on its operations.

- Operating loss at US\$528,000 (H1 2006: US\$530,000), in line with Board's expectations
- Comprehensive exploration programmes underway with line clearing on Boqueron permit and mobilization of seismic equipment
- Contracts signed for aeromagnetic and aerogravity surveys and seismic programme
- US\$17,851,000 raised from placings leaves company well placed to finance current plans from existing resources

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## **Chairman's statement**

For the six month period to 30 June 2007 the Company made a loss of US\$528,000 (2006: US\$530,000) in line with the Board's expectations.

The Company had cash & cash equivalents of \$17.2 million at the end of the period following the approval by shareholders of a subscription by significant new shareholders in June.

The Company is reporting its Interim Financial Statements under the measurement and recognition rules of International Financial Reporting Standards ("IFRS") for the first time. The adoption of these new accounting rules has not caused any numerical changes to previous results (compiled under UK Generally Accepted Accounting Principles) the effect being primarily presentational.

I am delighted that, following this investment in the Company and the Extraordinary General Meeting at which it was approved, Patrice Roman became Chief Executive Officer. In addition at that point Evanan Romero and Takeo Hirata became non-executive Directors. Keith Irons retired from the Board and I would like to thank him for his valuable contribution during the last 4 years.

I refer shareholders to the Chief Executive Officer's Review for an update on our current plans for the Company.

John Bentley

Chairman

27 September 2007

## Chief Executive Officer's Review

I welcome this first opportunity to outline our plans to shareholders as we move into an exciting new chapter in the Company's history. These plans include a comprehensive and dedicated exploration programme combining aeromagnetic and aerogravity surveys, reconnaissance geochemistry and seismic data acquisitions with the ultimate purpose of defining the most adequate well locations on the Company's Boqueron and Gabino Mendoza blocks..

The work programmes associated with these plans have started, with line clearing and the mobilization of the seismic equipment already underway. The US Company Carson Helicopters of Perkasi, Pennsylvania has been selected to carry out a 9,200 km aeromagnetic and aerogravity survey over the Boqueron, Gabino Mendoza and PG&E Blocks. ETI of Houston, Texas has been selected to conduct a 2,300 sample reconnaissance geochemical programme over the three blocks. These programmes are due to be completed before the end of 2007.

In addition Harmattan FZE of Fujairah, UAE ~~Dubai~~ has been contracted to conduct a 2-D seismic data acquisition programme of 281km on the Gabino Mendoza Block and 700km on the Boqueron Block which is due to start in October and will continue over the second quarter of 2008 when programmes on both the Boqueron and the Gabino Mendoza blocks are due to be completed. Harmattan has commenced mobilization of equipment to Paraguay This programme will substantially add to the 2-D seismic data base which was conducted by earlier exploration companies in the 1970's and 1980's and which CDS recently digitized and re-processed..

Once completed, the results of the three surveys will be correlated and used to select drill targets. It is expected that drilling will commence in the second half of 2008, depending upon rig availability.

I am pleased that this work programme has commenced as it will add to the sound technical base which CDS has developed over the past several years.

The above expenditures associated by these programmes are entirely covered by the cash resulting from the June 2007 subscription, which will give the company the opportunity to achieve its exploration objectives.

Finally, I am pleased to announce that Jim Halliday, FCA, has been appointed Chief Financial Officer.

Patrice Roman  
Chief Executive Officer  
27 September 2007

# CDS OIL & GAS GROUP PLC

Interim Unaudited Accounts for the Six Months ended 30 June 2007

## CONDENSED CONSOLIDATED INCOME STATEMENT

	Half year ended		Year ended
	30 June	30 June	31 December
	2007	2006	2006
	(Unaudited)	(Unaudited)	(Unaudited)
	\$000	\$000	\$000
Administrative expenses	(528)	(530)	(1,294)
<b>Operating loss</b>	<b>(528)</b>	<b>(530)</b>	<b>(1,294)</b>
Interest receivable	3	11	15
Interest payable	(2)	-	(98)
<b>Loss on ordinary activities before and after taxation</b>	<b>(527)</b>	<b>(519)</b>	<b>(1,377)</b>

All amounts relate to continuing activities.

### Loss per ordinary share (cents) (Note 3)

Basic & diluted	(0.1)	(0.3)	(0.6)
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## CONDENSED CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Loss for the period	(527)	(519)	(1,377)
Currency translation differences			
- gain / (loss)	162	(31)	(204)
<b>Total recognised losses for the period</b>	<b>(365)</b>	<b>(550)</b>	<b>(1,581)</b>

# CDS OIL & GAS GROUP PLC

Interim Unaudited Accounts for the Six Months ended 30 June 2007

## CONDENSED CONSOLIDATED BALANCE SHEET

	30 June 2007 (Unaudited) \$000	30 June 2006 (Unaudited) \$000	31 December 2006 (Unaudited) \$000
<b>Non-current assets</b>			
Intangible assets	11,897	10,356	11,072
Tangible assets	171	240	147
<b>Total non-current assets</b>	<b>12,068</b>	<b>10,596</b>	<b>11,219</b>
<b>Current assets</b>			
Inventory	1,556	1,751	1,568
Trade and other receivables	82	96	92
Cash and cash equivalents	17,203	453	387
<b>Total current assets</b>	<b>18,841</b>	<b>2,300</b>	<b>2,047</b>
<b>Total assets</b>	<b>30,909</b>	<b>12,896</b>	<b>13,266</b>
<b>Current liabilities</b>			
Convertible debt	-	(1,478)	-
Trade and other payables	(960)	(2,011)	(804)
<b>Net assets</b>	<b>29,949</b>	<b>9,407</b>	<b>12,462</b>
<b>Equity</b>			
Called up share capital	19,715	3,822	5,884
Share premium	14,842	8,794	9,157
Shares to be issued	-	-	1,665
Profit and loss account deficit	(3,645)	(2,250)	(3,281)
Capital reserve	126	126	126
Other reserve	(1,097)	(1,095)	(1,097)
<b>Total equity attributable to the equity holders of the parent company</b>	<b>29,941</b>	<b>9,397</b>	<b>12,454</b>
<b>Minority interest</b>	<b>8</b>	<b>10</b>	<b>8</b>
<b>Total equity</b>	<b>29,949</b>	<b>9,407</b>	<b>12,462</b>

# CDS OIL & GAS GROUP PLC

Interim Unaudited Accounts for the Six Months ended 30 June 2007

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Half year ended		Year ended
	30 June	30 June	31 December
	2007	2006	2006
	(Unaudited)	(Unaudited)	(Unaudited)
	\$000	\$000	\$000
<b>Cash flows from operating activities</b>			
Cash consumed by operations (Note 4)	(349)	(371)	(1,658)
Interest received	1	11	15
	<u>(348)</u>	<u>(360)</u>	<u>(1,643)</u>
<b>Cash flows from investing activities</b>			
Expenditure on tangible fixed assets	(24)	81	174
Expenditure on exploration & evaluation assets	(825)	(1,542)	(2,539)
	<u>(849)</u>	<u>(1,461)</u>	<u>(2,365)</u>
<b>Cash flows from financing activities</b>			
Issues of ordinary shares for cash	17,851	-	2,137
Issue of convertible loans	-	1,448	1,432
	<u>17,851</u>	<u>1,448</u>	<u>3,569</u>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>16,654</b>	<b>(373)</b>	<b>(439)</b>
Cash & cash equivalents at beginning of period	387	826	826
Currency translation gains on cash & cash equivalents	162	-	-
<b>Cash &amp; cash equivalents at end of Period</b>	<b>17,203</b>	<b>453</b>	<b>387</b>

# CDS OIL & GAS GROUP PLC

Interim Unaudited Accounts for the Six Months ended 30 June 2007

## Note 1 - Currency

All amounts in the unaudited accounts are denominated in US Dollars.

## Note 2 – Basis of preparation

The unaudited consolidated interim financial information has been prepared in accordance with the accounting policies to be adopted in the financial statements for the period ended 31 December 2007, our first annual reporting date at which we are required to use International Financial Reporting Standards (“IFRS”) accounting standards as adopted by the European Union (“EU”). The impact of applying IFRS on both the 2007 interim financial information and the previously reported performance and financial position for 2006 is considered to be immaterial as the Group’s accounting policies determined under UK Generally Accepted Accounting Principles, and set out in the Group’s statutory accounts for the period ended 31 December 2006, are largely unaffected.

The interim financial information has not been audited nor has it been reviewed under Bulletin 99/4 of the Auditing Practices Board. The financial information set out in this interim report does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial information for the full preceding period is based on the statutory accounts for the period ended 31 December 2006. Those accounts, on which the auditors issued an unqualified opinion, which were prepared under UK GAAP, have been delivered to the Registrar of Companies.

## Note 3 – Loss per share

The loss per share is calculated based on:

	Half year ended		Year ended
	30 June 2007	30 June 2006	31 December 2006
Loss for the period (\$000)	(527)	(519)	(1,377)
Weighted average number of shares in issue (000) pre-consolidation	494,475	210,170	237,625

# CDS OIL & GAS GROUP PLC

Interim Unaudited Accounts for the Six Months ended 30 June 2007

## Note 4 – Reconciliation of operating loss to net cash outflow from operating activities

	Half year ended		Year ended
	30 June	30 June	31 December
	2007	2006	2006
	(Unaudited)	(Unaudited)	(Unaudited)
	\$000	\$000	\$000
Operating loss	(528)	(530)	(1,294)
Shares based payments for			
professional services received	-	-	284
Decrease/(increase) in debtors	11	(11)	(6)
Decrease/(increase) in inventory	12	(8)	175
Increase/(decrease) in creditors	156	178	(817)
	=====	=====	=====
<b>Net cash outflow</b>			
<b>from operating activities</b>	<b>(349)</b>	<b>(371)</b>	<b>(1,658)</b>
	=====	=====	=====