Friday 28 September 2012

San Leon Energy Plc

Interim Results for the six months ended 30th June 2012

San Leon Energy Plc ("San Leon"), the AIM listed company focused on oil and gas exploration in Europe and North Africa today announces its interim results for the six months ended 30 June 2012.

Highlights:

Poland:

- New potential unconventional gas play confirmed by the Siciny-1 well
- Lelechow-SL1 successfully finds oil, testing ongoing
- Successful completion of Szymkowo-1 well, the Company's third shale gas exploration well in the Baltic Basin with Talisman Energy
- Licence awards:
  - The Praszka concession, Southern Permian/SW Carboniferous Basin – 296,082 acres
  - The Czersk concession, Baltic Basin - 173,584 acres
- Expansion of the Rawicz Concession including existing Rawciz gas field
- Acquired a 75% working interest in certain Polish assets held by Hutton Energy for US $15million
- JV Partnership with Celtique Energie to jointly develop the existing Celtique concessions
- Acquisition by NovaSeis of first seismic in Poland including 150 km 2D in the Baltic Basin and 220 km^2 3D over the Gora Concession including the Siciny-2 well

Morocco:

- Successful offshore farm-out agreements with free carries over two exploration wells:
  - Genel Energy farmed in to the Sidi Moussa Block
  - Cairn Energy farmed in to the Foum Draa Block
- Cooperation agreement in oil shale development with Enefit Outotec Technology ("EOT")
- Award of four additional shallow oil shale blocks and extension of exclusivity period to March 2014

Albania:

- Numerous high quality oil & gas prospects identified across the Company's Durresi licence
- Prestack Depth Migration completed by Western Geophysical on the 2011 840 km^2 Duressi 3D

Ireland:

- Continued work on Barryroe indicates additional upside in the field

Corporate:

- Admission of ADRs onto OTCQX with Deutsche Bank appointed as the Company's depository Bank
- Appointed FirstEnergy as Joint Broker
- Appointment of Con Casey as Non-Executive Director, effective after the Company's AGM later today
- Establishment of Advisory Committee

Financial:

- Profit for the six months to 30 June 2012 of €0.78million (2011: €1.48million)
- Revenue for the six months to 30 June 2012 amounted to €1.16million (2011: €0.52million)
- Cash and cash equivalents of €6.21million, excluding the €9.9million cash proceeds from the sale of the Amstel royalty

Outlook:

- 120km^2 3D seismic over Rawicz gas field, Poland, with first appraisal well in Q2/Q3 2013 and first production expected in Q3 2013
- Second exploration well, Czaslaw in Nowa Sol, Poland, expected to spud in October 2012
- Free well carry on Sidi Moussa Block, targeted for 2014
- Free well carry on Foum Draa Block, expected in 2013
- Completion of farm-in process across the Durresi Block, Albania
- Data rooms opened on the North Porcupine and Slyne licences, Ireland, with a view to gaining farm-in partners

Oisin Fanning, Chairman of San Leon said:

"This has been San Leon's most active period to date both operationally and corporately. We have continued to prove up the potential of our assets through the drillbit whilst the calibre and potential of these assets has been further endorsed by the partners we have brought in.

As we enter the next exciting phase of our development the level of activity seen in the last period is set to continue. We have an extensive work programme across our portfolio and will continue to manage our risk profile through the completion of further transactions similar to those done in Morocco. San Leon is well placed with a highly attractive portfolio of assets across a number of different play types and an excellent technical team in place.

We look forward to providing further updates in due course."

San Leon Energy Plc Oisin Fanning, Executive Chairman John Buggenhagen, Exploration Director	Tel: +353 1291 6292
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The Interim results will shortly be available at: www.sanleonenergy.com

Qualified person

John Buggenhagen, who has reviewed this update, has over 15 years experience in the oil & gas industry. He has a Ph.D. and M.Sc. in Geophysics from the University of Wyoming and a B.Sc. in Geophysics from the University of Arizona. He is currently the Director of Exploration for the San Leon Energy Group and based in San Leon's Warsaw office in Poland.

Chairman's statement

During the six months under review and the period to date the Company has made continued progress both operationally and corporately. San Leon has continued to focus on its core areas of operations, being Poland, Morocco and Albania, with considerable achievements across each region.

Poland

Poland continues to be a core area for the Company, both in the Baltic Basin and the Southern Permian / SW Carboniferous Basin. During the six months under review and post the period significant progress has been made across both these regions proving up the respective plays.

The Szymkowo-1 well was the third shale gas exploration well that the Talisman / San Leon partnership drilled on the Baltic Basin with several intervals showing significant gas shows; with the strongest gas shows encountered in the lower Silurian and Ordovican shales. This well completed the initial three well programme of the Talisman farm in. The Company looks forward to working with Talisman towards the next stage of our cooperation which is expected to include horizontal drilling and potential testing in 2013.

Significant progress was also made across the SW Carboniferous basin of Poland through the successful drilling of the Siciny-2 well. This well had a continuous gas column throughout the Carboniferous interval and proves up the huge potential upside this basin has to offer. In addition to this the Lelechow-SL1 well, in the Company's Nowa Sol Concession in the Southern Permian Basin, also found oil. The Company looks forward to flow testing the Siciny-2 well later this year and believes that the Company can monetise any success there in the first half of next year.

Poland remains a key area of focus with the Company gaining further acreage in this region. San Leon was delighted to be awarded the Praszka concession in the Southern Permian Basin and the Czersk concession in the Baltic Basin. In addition to this the Company also purchased certain Polish assets from Hutton Energy for US$ 15 million, with a view to jointly developing those assets, as well as signing a joint Venture with Celtique Energie over two high quality exploration blocks on trend with some of San Leon's other projects. The Company is also delighted to have expanded its existing Rawicz Concession, with the amended concession including the previously discovered Rawicz gas field. The Company is currently acquiring a 120 km^2 of 3D seismic over the Rawciz field.

San Leon has an unprecedented acreage position in Poland. The Company has built a portfolio of high potential assets across a number of different plays, a strategy the Company believes will prove successful in the future.

Albania

In 2011 the Company completed an 840km^2 of 3D seismic over the Durresi block offshore Albania. This new 3D seismic has identified numerous large scale prospects and leads across the licence with un-risked prospective recoverable resources of more than one billion barrels of oil equivalent across the proven petroleum systems.

The Company has also opened a data room on the Durresi block to select companies. There has been huge interest in our data room, which is now closed; letters of intent are expected and the Company expects to make a further announcement on this farm in process shortly.

We are very excited about the potential of the Durresi Block and believe it has huge upside potential.

Ireland

Barryroe has continued to prove to be a success for our previous partners, Providence and Lansdowne. The Company is very pleased to see the results not least because San Leon had opted for a 4.5% net profit interest which will give the Company very good cash flow, but without the inherent costs of this well or development costs in the future.

San Leon is also currently seeking farm-in partners for the Slyne and North Porcupine licences and have opened data rooms to facilitate this process. Several companies are reviewing data and we will update the market as appropriate.

Morocco

The Company has made good progress on our onshore Tarfaya licence, during the first half of the year we have further increased our acreage and we remain committed to early development of the huge potential our Tarfaya Oil Shale Acreage offers the Company. The Company has been awarded four additional blocks covering an area of 16 km^2 in addition to our existing oil shale acreage of 6,000 km^2 which was awarded back in 2009.

San Leon has entered into a cooperation agreement in oil shale development with Enefit Outotec Technology ("EOT"). EOT has been commissioned to conduct a study in the newly awarded onshore shallow oil shale blocks with a view to applying its proven Ex Situ retorting technology while we pursue, in parallel, our In Situ programme on the deeper zones on our existing acreage.

Post balance sheet the Company concluded the farm-out process on our two offshore blocks. Genel Energy ("Genel") farmed into the Sidi Moussa Block whilst Cairn Energy ("Cairn") farmed into the Foum Draa Block. These transactions have reduced our financial exposure through the free carries, whilst allowing the Company to retain an interest at a level that offers both the Company and its shareholders significant upside. Attracting companies of this calibre is a significant achievement and also endorses the attractiveness and potential of the Company's Moroccan acreage. The Company, along with our partners, are targeting an exploration well on our Foum Draa Block in 2013 and planning to drill an exploration well on our Sidi Moussa Block most likely in 2014.

Financial Review

Revenue for the six months to 30 June 2012 was €1.16m compared to €0.52 for six months to 30 June 2011. Revenues from our share of gas production in the Seven Heads gas field sales was €0.5m for the six months to 30 June 2012 compared to €0.52m in comparative period. Other revenue for the period is attributable to the provision of seismic acquisition services to third parties by our seismic company, Novaseis valued at €0.66m for the six months to 30 June 2012 (nil in 2011).

San Leon made a profit before tax of €0.78m for the six months to 30 June 2012, compared to profit of €1.48m in six months to 30 June 2011. Earnings per share for the period is 0.069 cent per share (2011 H1: earnings per share of 0.19 cent per share).

Other income in the period of €5.4m relates to the profit on disposal of our royalty interest in the Amstel Field, Netherlands. The net cash proceeds received on the sale was €9.9m.

Cash and cash equivalents at 30 June 2012 amounted to €6.21m. This excludes cash proceeds from sale of the Amstel royalty of €9.9m which were collected subsequent to 30 June 2012.

Corporate

During the six month period the Company has created an advisory committee, made up of a number of experienced industry professionals, to work alongside the management team. It is already making a considerable contribution.

Their objective is to consider the macro issues associated with the industry and providence strategic insight.

With a view to increasing its profile to N.American investors San Leon listed ADRS onto OTCQX, with Deutsche Bank appointed as the Company's depository bank. FirstEnergy have also been appointed as joint broker to the Company.

The Company is also delighted to welcome Con Casey to the Board as Non-Executive Director. Mr Casey has a wealth of experience having been involved with numerous quoted companies including being on the Board of Petroceltic since 2000. Mr Casey's appointment becomes effective post the Company's AGM being held today.

Outlook

This has been a period of intense activity for the Company as we look to continue to deliver our strategy and prove up our extensive shale gas and conventional acreage; and during this period of intense activity the Company has made significant progress.

Our drilling programme has continued to deliver with successful results seen in both the Baltic and the Southern Permian basins in Poland, further proving up the plays and potential of these regions. The Company has also continued its policy of managing risk with the conclusion of the farm out process in Morocco, bringing in Genel and Cairn whilst still retaining significant exposure to the upside potential. Other farm outs are currently on-going and the Company hope to be able to announce similar deals in the near future.

San Leon has built up a highly attractive portfolio of assets across Europe and North Africa and is one of the leading shale gas players in Europe by acreage. Whilst shale gas remains uncertain for many, the Company believes that there is incredible potential across Europe and is confident that it will become a significant resource in the future.

San Leon is ideally placed to maximise this, whilst also having a portfolio of conventional assets which again hold significant potential. The Company's strategy is to prove up these assets, whilst continuing to manage risk across our portfolio and deliver value to our shareholders. San Leon has the assets, the technical expertise and the partners to deliver this.

The following financial information on San Leon Energy Plc represents the Group's interim results for the 6 months ended 30 June 2012.

Consolidated income statement

For the six months ended 30 June 2012

	Notes	Un-audited 30/06/12 €	Un-audited 30/06/11 €	Audited 31/12/11 €
Continuing operations				
Revenue		**1,164,172**	517,649	1,039,654
Cost of sales		**(739,104)**	(269,076)	(566,469)
Gross profit		**425,068**	248,573	473,185
Other income	**2**	**5,338,951**	3,492,434	25,990,204
Administrative expenses		**(4,675,383)**	(1,743,858)	(7,225,224)
Exploration costs written-off		**-**	-	(2,684,290)
Profit from operating activities		**1,088,636**	1,997,149	16,553,875
Finance expense		**(359,660)**	(679,238)	(1,258,186)
Finance income		**72,210**	161,614	344,255
Share of loss of equity-accounted investments		**(13,621)**	-	(4,715)
Profit before income tax		**787,565**	1,479,525	15,635,229
Income tax expense		**(9,691)**	-	(35,344)
Profit for the period attributable to equity holders of the Group		**777,874**	1,479,525	15,599,885

Consolidated statement of comprehensive income

for the six months ended 30 June 2012

	Un-audited 30/06/12 €	Un-audited 30/06/11 €	Audited 31/12/11 €
Profit for the period	**777,874**	1,479,525	15,599,885
Foreign currency translation differences	**2,169,779**	207,606	915,281
Total comprehensive income for the period	**2,947,653**	1,687,131	16,515,166
Earnings per share:			
Basic earnings per ordinary share	**0.069 cent**	0.19 cent	1.85 cent
Diluted earnings per ordinary share	**0.068 cent**	0.18 cent	1.77 cent

Consolidated statement of changes in equity

For the period ended 30 June 2012

	Share capital €	Share premium €	Currency translation reserve €	Share based payment reserve €	Retained earnings €	Attributable to equity holders of the Group €	Non-controlling interest €	Total equity €
Period ended 30 June 2011								
Balance at 1 January 2011	39,099,780	91,589,215	382,768	3,417,145	(13,262,316)	121,226,592	-	121,226,592
Total comprehensive income for period								
Profit for the period	-	-	-	-	1,479,525	1,479,525	-	1,479,525
Other comprehensive income								
Foreign currency translation differences	-	-	207,606	-	-	207,606	-	207,606
Total comprehensive income for period	-	-	207,606	-	1,479,525	1,687,131	-	1,687,131
Transactions with owners recognised directly in equity								
Contributions by and distributions to owners								
Issue of shares	461,796	66,763	-	-	-	528,559	-	528,559
Share based payment	-	-	-	315,506	-	315,506	-	315,506
Effect of share options exercised	-	-	-	(748,211)	748,211	-	-	-
Total transactions with owners	461,796	66,763	-	(432,705)	748,211	844,065	-	844,065
Balance at 30 June 2011	**39,561,576**	**91,655,978**	**590,374**	**2,984,440**	**(11,034,580)**	**123,757,788**	**-**	**123,757,788**
Period ended 30 June 2012								
Balance at 1 January 2012	**56,658,591**	**122,891,220**	**1,298,049**	**5,461,488**	**3,085,780**	**189,395,128**	**2,523,181**	**191,918,309**
Total comprehensive income for period								
Profit for the period	-	-	-	-	777,874	777,874	-	777,874
Other comprehensive income								
Foreign currency translation differences	-	-	2,169,779	-	-	2,169,779	-	2,169,779
Total comprehensive income for period	-	-	2,169,779	-	777,874	2,947,653	-	2,947,653
Transactions with owners recognised directly in equity								
Contributions by and distributions to owners								
Issue of shares related to business combination	364,354	639,023	-	-	-	1,003,377	-	1,003,377
Share warrants exercised	8,250	17,404	-	-	-	25,654	-	25,654
Share based payment	-	-	-	1,994,646	-	1,994,646	-	1,994,646
Effect of share options lapsed	-	-	-	(574,088)	378,356	(195,732)	-	(195,732)
Shares issued to Realm shareholders on conversion of exchangeable shares	-	-	-	-	-	-	(1,003,377)	(1,003,377)
Total transactions with owners	372,604	656,427	-	1,420,558	378,356	2,827,945	(1,003,377)	1,824,568
Balance at 30 June 2012	**57,031,195**	**123,547,647**	**3,467,828**	**6,882,046**	**4,242,010**	**195,170,726**	**1,519,804**	**196,690,530**

Consolidated statement of changes in equity
For the period ended 30 June 2012

	Share capital €	Share premium €	Currency translation reserve €	Share based payment reserve €	Retained earnings €	Attributable to equity holders of the Group €	Non-controlling interest €	Total equity €
Year to 31 December 2011								
Balance at 1 January 2011	39,099,780	91,589,215	382,768	3,417,145	(13,262,316)	121,226,592	-	121,226,592
Total comprehensive income for year								
Profit for the year	-	-	-	-	15,599,885	15,599,885	-	15,599,885
Other comprehensive income								
Foreign currency translation differences	-	-	915,281	-	-	915,281	-	915,281
Total comprehensive income for year	-	-	915,281	-	15,599,885	16,515,166	-	16,515,166
Transactions with owners recognised directly in equity								
Contributions by and distributions to owners								
Issue of shares related to business combination	15,352,623	26,926,235	-	-	-	42,278,858	-	42,278,858
Issue of shares	1,542,267	3,938,527	-	-	-	5,480,794	-	5,480,794
Share options and warrants exercised	663,921	437,243	-	-	-	1,101,164	-	1,101,164
Share based payment	-	-	-	2,792,554	-	2,792,554	-	2,792,554
Effect of share options exercised	-	-	-	(748,211)	748,211	-	-	-
Shares to be issued on Realm acquisition on conversion of exchangeable shares	-	-	-	-	-	-	5,685,721	5,685,721
Shares issued to Realm shareholders on conversion of exchangeable shares	-	-	-	-	-	-	(3,162,540)	(3,162,540)
Total transactions with owners	17,558,811	31,302,005	-	2,044,343	748,211	51,653,370	2,523,181	54,176,551
Balance at 31 December 2011	**56,658,591**	**122,891,220**	**1,298,049**	**5,461,488**	**3,085,780**	**189,395,128**	**2,523,181**	**191,918,309**

Consolidated statement of financial position

As at 30 June 2012

	Notes	Un-audited 30/06/12 €	Un-audited 30/06/11 €	Audited 31/12/11 €
Assets				
Non-current assets				
Intangible assets	**3**	**150,502,186**	88,578,445	140,263,276
Equity accounted investments	**4**	**3,544,232**	-	3,026,864
Property, plant and equipment	**5**	**9,575,188**	8,761,217	9,278,608
Other non-current assets		**812,977**	-	816,928
Financial assets – Barryroe NPI	**6**	**39,197,977**	-	39,197,977
		203,632,560	97,339,662	192,583,653
Current assets				
Inventory		**861,236**	-	757,669
Trade and other receivables	**7**	**3,839,040**	6,573,651	8,064,400
Other financial assets	**8**	**520,276**	1,379,193	502,620
Amstel royalty disposal proceeds receivable		**9,900,000**	-	-
Cash and cash equivalents **		**6,214,286**	42,213,207	26,197,963
		21,334,838	50,166,051	35,522,652
Total assets		**224,967,398**	147,505,713	228,106,305
Equity and liabilities				
Equity				
Called up share capital	**13**	**57,031,195**	39,561,576	56,658,591
Share premium account	**13**	**123,547,647**	91,655,978	122,891,220
Share based payments reserve		**6,882,046**	2,984,440	5,461,488
Currency translation reserve		**3,467,828**	590,374	1,298,049
Retained profit/(loss)		**4,242,010**	(11,034,580)	3,085,780
Attributable to equity holders of the Group		**195,170,726**	123,757,788	189,395,128
Non-controlling interest		**1,519,804**	-	2,523,181
Total equity		**196,690,530**	123,757,788	191,918,309
Non-current liabilities				
Provision for decommissioning		**5,345,211**	5,345,211	5,345,211
Loans and borrowings	**12**	**579,416**	4,055,984	2,671,219
Deferred tax liabilities		**9,329,447**	-	9,329,447
		15,254,074	9,401,195	17,345,877
Current liabilities				
Trade and other payables	**9**	**6,438,317**	9,424,648	12,113,951
Loans and borrowings	**10**	**4,992,000**	4,922,082	5,177,144
Provisions	**11**	**1,592,477**	-	1,551,024
		13,022,794	14,346,730	18,842,119
Total liabilities		**28,276,868**	23,747,925	36,187,996
Total equity and liabilities		**224,967,398**	147,505,713	228,106,305

**excluding cash proceeds from the disposal of Amstel royalty collected subsequent to 30 June 2012

Consolidated statement of cash flows

For the six months ended 30 June 2012

	Un-audited 30/06/12 €	Un-audited 30/06/11 €	Audited 31/12/11 €
Cash flows from operating activities			
Profit for the period before taxation	**787,565**	1,479,525	15,635,229
Adjustments for:			
Depletion and depreciation	**102,535**	32,768	522,726
Finance expense	**359,660**	679,238	1,258,186
Finance income	**(72,210)**	(161,614)	(344,255)
Share based payments charge	**205,074**	85,434	866,038
Foreign exchange	**650,595**	-	(1,283,211)
Gain on assignment of Barryroe licence	**-**	-	(22,408,037)
Gain on disposal of Amstel royalty interest	**(5,338,798)**	-	-
Exploration costs written-off	**-**	-	2,684,290
(Increase) in stocks	**(103,567)**	-	(757,669)
Decrease /(increase) in trade and other receivables	**4,251,407**	(4,980,059)	(6,030,610)
(Decrease) /increase in trade and other payables	**(5,733,608)**	3,665,132	3,111,101
Share of loss of equity-accounted investments	**13,621**	-	4,715
Tax paid	**-**	-	(37,979)
Net cash flows (used in) /generated from operating activities	**(4,877,726)**	800,424	(6,779,476)
Cash flows from investing activities			
Expenditure on exploration and evaluation assets	**(12,405,504)**	(12,324,032)	(39,440,563)
Joint venture partner share of exploration costs	**491,233**	-	8,999,859
Purchases of property, plant and equipment	**(200,349)**	(6,376,283)	(7,353,565)
Interest received	**46,161**	161,614	318,206
Net cash acquired with subsidiary	**-**	-	5,216,546
Advances to equity-accounted investments	**(530,988)**	-	-
Release of bank guarantees	**-**	-	941,883
Net cash (used) in investing activities	**(12,599,447)**	(18,538,701)	(31,317,634)
Cash flows from financing activities			
Proceeds from issue of share capital, net of costs	**15,184**	528,559	6,302,541
Repayment of convertible loan	**-**	(2,150,000)	(2,150,000)
Repayment of other loans	**(2,418,532)**	(4,989,151)	(7,360,572)
Interest paid	**(300,909)**	(183,538)	(370,798)
Net cash (used) in/generated from financing activities	**(2,704,257)**	(6,794,130)	(3,578,829)
Net (decrease)/increase in cash and cash equivalents	**(20,181,430)**	(24,532,407)	(41,675,939)
Effect of foreign exchange fluctuation on cash and cash equivalents	**197,753**	(423,045)	705,243
Cash and cash equivalents at start of period	**26,197,963**	67,168,659	67,168,659
Cash and cash equivalents at end of period	**6,214,286**	42,213,207	26,197,963

Notes to the Interim Financial Information

1. Basis of preparation and accounting policies

The Group interim financial information has been prepared in accordance with International Financial Reporting Standards and the accounting policies adopted are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2011. The interim financial information was approved by the Board of Directors on 27 September 2012.

The interim consolidated financial statements do not constitute statutory financial statements and therefore do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2011 which are available on the Group's website www.sanleonenergy.com.

The interim consolidated financial statements are presented in Euro ("€").

2. Other income

	Un-audited 30/06/12 €	**Un-audited 30/06/11 €**	**Audited 31/12/11 €**
Profit on disposal of Amstel royalty	**5,338,798**	-	-
Assignment of Rockall Licence	**-**	3,492,434	3,492,433
Assignment of Barryroe Licence	**-**	-	22,408,037
Proceeds on sale of seismic data (North America)	**-**	-	87,590
Other	**153**	-	2,144
	5,338,951	3,492,434	25,990,204

In June 2012, San Leon Energy reached agreement to dispose of its royalty interest in the Amstel Field, Holland for net proceeds of €9.9m.

3. Intangible assets

Cost and net book value	**Exploration and evaluation assets €**	**Royalty Interests €**	**Total €**
At 1 January 2011	71,503,653	4,561,202	**76,064,855**
Additions	32,311,681	-	**32,311,681**
Acquisitions through business combinations	49,804,747	-	**49,804,747**
Exchange rate adjustment	1,556,223	-	**1,556,223**
Assignment of Barryroe Licence interest	(16,789,940)	-	**(16,789,940)**
Write-off of USA exploration assets	(2,684,290)	-	**(2,684,290)**
At 31 December 2011	135,702,074	4,561,202	**140,263,276**
Additions	13,508,111	-	**13,508,111**
Disposals	-	(4,561,202)	**(4,561,202)**
Exchange rate adjustment	1,292,001	-	**1,292,001**
At 30 June 2012	**150,502,186**	**-**	**150,502,186**

An analysis of exploration assets by geographical area is set out below:

	30/06/2012 €
Poland	85,697,041
Morocco	39,798,418
Ireland	18,314,844
Albania	4,223,161
Other areas	2,468,722
Total	**150,502,186**

The Directors have considered the licence, exploration and appraisal costs capitalised in respect of its exploration and evaluation assets, which are carried at historical cost. Those assets have been assessed for impairment and in particular with regard to remaining licence terms, likelihood of licence renewal, likelihood of further expenditures and on-going appraisals for each year. The directors are satisfied that there are no current indications of impairment, but recognise that the future realisation of these exploration and evaluation assets is dependent on future successful exploration and appraisal activities and the subsequent economic production of oil and gas reserves.

4. Equity accounted investments

	Un-audited 30/06/12 €	Un-audited 30/06/11 €	Audited 31/12/11 €
Opening balance	3,026,864	-	**-**
Acquisitions through business combinations	-	-	2,883,863
Exchange adjustment and advances to entities	530,989	-	147,716
Share of loss of equity –accounted investments	(13,621)	-	(4,715)
Closing balance	3,544.232	-	3,026,864

5. Property, plant and equipment

	Plant & Equipment €	Asset under construction €	Office Equipment €	Motor vehicles €	Total €
Cost					
At 1 January 2011	78,692	2,280,211	89,993	27,695	2,476,591
Additions	3,305,845	3,615,436	283,115	200,677	7,405,073
Exchange rate adjustment	2,573	-	(1,680)	(3,001)	(2,108)
At 31 December 2011	3,387,110	5,895,647	371,428	225,371	9,879,556
Additions	196,188	127,219	174,003	104,277	601,687
Exchange rate adjustment	165,344	-	13,121	11,097	189,562
At 30 June 2012	**3,748,642**	**6,022,866**	**558,552**	**340,745**	**10,670,805**
Depreciation					
At 1 January 2011	26,230	-	45,713	6,462	78,405
Exchange rate adjustment	858	-	(341)	(700)	(183)
Charge for period	374,856	-	132,185	15,685	522,726
At 31 December 2011	401,944	-	177,557	21,447	600,948
Exchange rate adjustment	16,647	-	6,169	1,056	23,872
Charge for period	367,888	-	75,475	27,434	470,797
At 30 June 2012	**786,479**	**-**	**259,201**	**49,937**	**1,095,617**
Net book value					
At 30 June 2012	**2,962,163**	**6,022,866**	**299,351**	**290,808**	**9,575,188**
At 31 Dec 2011	2,985,166	5,895,647	193,871	203,924	9,278,608

Asset under construction relates to the Company's Oil Shale Project in Morocco.

6. Financial assets – Barryroe Net Profit Interest

In December 2011, San Leon Energy assigned its 30% working interest in Standard Exploration Licence 1/11 ("Licence" or "Barryroe") in the Celtic Sea, Ireland to Providence Resources Plc ("Providence") in exchange for a 4.5% Net profit interest ("NPI") in the full field. Under the terms of the arrangement, San Leon Energy will not pay any further appraisal or development costs on the Licence.

The Directors have estimated the fair value of this NPI based on a technical evaluation of the licence area and with reference to a third party evaluation report prepared by RPS Energy in February 2011 for Lansdowne Oil & Gas plc, which estimated the net present value of 100% of the licence at USD 1.14 billion on a P50 case and NPV at a 10% discount rate. Having considered all available data on the underlying licence area including drilling and well test results subsequently announced by the licence operator (Providence), in the opinion of the directors, the recoverable amount of the NPI is not less than this estimated fair value.

7. Trade and other receivables

	Un-audited 30/06/12 €	**Un-audited 30/06/11 €**	**Audited 31/12/11 €**
Amounts falling due within one year:			
Trade receivables from joint operating partners	**853,084**	1,913,434	1,318,341
VAT and other taxes refundable	**815,796**	979,934	2,075,922
Other debtors	**1,173,828**	-	3,390,684
Prepayments and accrued income	**996,332**	3,680,283	1,279,453
	3,839,040	6,573,651	8,064,400

8. Other financial assets

	Un-audited 30/06/12 €	**Un-audited 30/06/11 €**	**Audited 31/12/11 €**
Restricted cash at bank	**520,276**	1,379,193	502,620
	520,276	1,379,193	502,620

Restricted cash at bank relates to deposit accounts held in support of bank guarantees required under the Moroccan exploration licences held by the group.

9. Trade and other payables

	Un-audited 30/06/12 €	**Un-audited 30/06/11 €**	**Audited 31/12/11 €**
Current			
Trade payables	**2,437,732**	7,670,399	6,135,572
Corporation tax	**-**	2,635	-
PAYE / PRSI	**212,232**	62,993	154,389
Other creditors	**39,134**	907,331	290,336
Contingent liabilities on warrant holders	**2,261,910**	-	2,213,629
Accruals and deferred income	**1,487,309**	781,290	3,320,025
	6,438,317	9,424,648	12,113,951

10. Loans and borrowings

	Un-audited 30/06/12 €	**Un-audited 30/06/11 €**	**Audited 31/12/11 €**
Current			
Other loans	**-**	477,638	350,785
Delta Hydrocarbons B.V.	**4,992,000**	4,444,444	4,826,359
	4,992,000	4,922,082	5,177,144

11. Provisions

Certain Realm Energy International Corporation shareholders exercised rights of dissent under Canadian law not to accept the terms of acquisition. Under Canadian law, these dissenting shareholders are eligible to receive a cash payment equal to the fair value of their shareholding at acquisition. The provision represents the directors' estimate of the cash consideration to be paid to those shareholders taking account of the market price of the Realm shares at acquisition.

12. Loans and borrowings

	Un-audited 30/06/12 €	Un-audited 30/06/11 €	Audited 31/12/11 €
Non-current			
Delta Hydrocarbons B.V.	**579,416**	4,055,984	2,671,219
	579,416	4,055,984	2,671,219

13. Share capital

	Un-audited 30/06/12 €	Un-audited 30/06/11 €
Authorised		
1,500,000,000 Ordinary shares of €0.05 each	75,000,000	75,000,000

Issued share capital	**No. Ordinary Shares**	**Share capital €**	**Share premium €**
At 1 Jan 2011	781,995,611	39,099,780	91,589,215
Issued in year	351,176,202	17,558,811	31,718,824
Share issue costs	-	-	(416,819)
At 31 Dec 2011	1,133,171,813	56,658,591	122,891,220
Issued in period	7,452,077	372,604	656,427
At 30 June 2012	**1,140,623,890**	**57,031,195**	**123,547,647**