Global
Energy Development PLC

Profitable, producing and significant 2P reserves

Global Energy Development PLC
Interim Report 2013

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Global Energy Development PLC is a petroleum production and reserves development company focused in Colombia, South America, an area in which the management team has decades of operating experience and in which they have pursued a long-term strategy of finding and developing reserves.

Contracts
The Company's balanced portfolio of contracts comprises a base of production, developmental drilling and workover opportunities in the country of Colombia, South America.

The Company held as at September 2013 five contracts in Colombia.

Reserves
The independent petroleum engineers Ralph E. Davis Associates, Inc ("RED") reported that as at 31 December 2012: proved plus probable ("2P") reserves net to the Company totalled 87.7 million barrels of oil equivalent ("BOE"); and proved plus probable plus possible ("3P") reserves net to the Company totalled 198 million BOE.

AIM
The Company's shares have been traded on AIM, a market operated by the London Stock Exchange, since March 2002 (LSE-AIM: "GED").

Highlights

+16%

Gross production

+22%

Gross profit

$4.1m

Profit before taxation

$1.2m

Net profit

Revenue of $19.7 million in the first half of 2013 (the "Period") (first half of 2012: $20.2 million);

Gross production increased 16 per cent to 234,957 barrels of oil ("bbls") (first half of 2012: 202,247 bbls) during the Period;

Oil prices decreased 10 per cent averaging $91 per bbl (first half of 2012: $102 per bbl);

Gross profit increased 22 per cent to $7.2 million (first half of 2012: $5.9 million);

Profit before taxation of $4.1 million (first half of 2012: $1.2 million);

Net profit of $1.2 million (first half of 2012: $2.0 million net profit due to a gain on sale of remaining interest in Block 95 in Peru, net of taxes); and

Capital expenditures of $8.1 million predominantly related to the completion of the Tilodirán 1 well, the successful intervention on the Torcaz 2 well and improvements to surface facilities at its Tilodirán, Torcaz and Palo Blanco fields.

Chairman and Managing Director's Statement & Review of Operations

"The Company continues to show strength in its financial position, its cash flows from operations and its operating profits while proceeding with strategic efforts to accelerate the development of its Middle Magdalena reserves."

Operations

Middle Magdalena oil reserves

During the Interim Period the Company made significant progress in discussing the Bolivar Development Plan with several large international E&P companies. The Company benefited from the insights and technical information obtained from these discussions which had not previously been available. Furthermore, these insights led to a substantial revision in the Company's development plans that at the end of the Period were advancing with technical advisors as well as the Company's independent reserve engineers. These revised plans are based upon the high natural fracture permeability of the Bolivar area compared to other North American formations such as the Eagleford Shale. The US Energy Information Agency ("EIA") recently described the Magdalena Valley of Colombia as a "World Class Stacked (vertical) Shale Oil Play" in its June 2013 report assessing global shale oil resources. The Company's Bolivar Contract area is located in the northern section of the Magdalena Valley. The Company has previously identified the Middle La Luna formation as shale in its year-end 2012 reserve report. The EIA also specifies the La Luna as a world class tight shale oil formation along with other formations that the Company had selected as exploitable. These formations include, in addition to the La Luna, the Simiti, Salada, Rosa Blanca and Tablazo formations. All five zones are located in a continuous vertical section of over 2,000 feet in the Company's Bolivar Contract area. Based upon this multi-zone finding, the Company has revised its development plan in order to provide for the most recoverable oil. Given the thickness of the vertically stacked oil prospective zones and the very high natural fracture permeability previously measured from cores, the Company's development plan is to drill single vertical wells through the five prospective pay zones instead of a separate horizontal well in each of the five formations. The single vertical wells would then be completed, hydraulically fractured and simultaneously produced from all five formations.

The Company's independent reserve engineers estimate this new plan to develop reserves through vertical wells in lieu of horizontal wells should increase the Company's recoverable 3P reserves and increase the net present value of the Bolivar project. Following the completion of the updated Bolivar Development Plan, as reviewed by the Company's independent reserve engineers, the Company is resuming the partnering process focusing on independent and mid-size companies with higher flexibility for deal terms.

Elsewhere during the Period, the Company made progress with production development in its Torcaz field within the Bocachico Contract Area. The Company performed a successful intervention of its existing well, Torcaz 2, during the first half of 2013 by changing the down-hole pump and making surface improvements to the pumping unit. Gross oil production from this well has been sustained at approximately 60 barrels of oil per day ("bopd"). Prior to the intervention, the Torcaz 2 well was not currently producing. The Company did not modify its completion approach during the intervention and left the existing gravel liner in place to help moderate sand production.

The Company is planning to implement modified-sand-control completion techniques on its existing Torcaz 3 vertical well with an intervention planned for late 2013 or early 2014. The well intervention would entail pulling the existing rod string, cleaning the gravel pack and replacing the conventional downhole pump with a newly acquired progressive cavity pump. Once a baseline of production is established, a second stage procedure may be proposed to perforate the production liner in a controlled approach. The objective would be to pump out not only the fluids from the formation but also the associated sand with the purpose to achieve higher production levels.

Llanos Basin oil production

Cash flow from operations and profitability were enhanced from the Company's production base in the Llanos region of Colombia, South America. Gross production increased to 234,957 bbls during the Period; a 16 per cent increase compared to the first half of 2012. The Company completed the sidetrack of the Tilodirán 1 well in early 2013 to re-establish production which averaged approximately 40 bopd after this successful completion. Production from Tilodirán 1 was interrupted during the Period in order to move the pumping unit to be utilised at Tilodirán 2. The Company replaced the pumping unit and placed Tilodirán 1 back to production in August 2013.

A key achievement in increasing operating profits was the decrease in the overall cost of sales for the Company's Llanos production base during the Period. Significant efforts were undertaken during the Period on operational cost saving projects targeting high diesel fuel and equipment rental costs. These projects coupled with lower water transportation expenses contributed to improved operating profitability during the Period compared to the first half of 2012. Electrical grid stability has improved in the country of Colombia, so the Company undertook the electrification of its surface injection facilities at its Rio Verde 2 water injection well. These efforts allowed the Company to remove and release its rented generators at Rio Verde which utilised high-cost diesel fuel. The Company also completed the purchase of the surface plant facilities at its Rio Verde 2 water injection well which resulted in monthly cash-savings for the Company. Power supply for the Tilodirán 1 well pump was also completed to the electrical grid which permitted the Company to release other diesel generators. Additional surface enhancements at the Tilodirán field include improved facilities installed during the Period to allow for additional oil storage capacity. The Company temporarily delayed its plans to complete the saltwater transfer line from the Tilodirán field to the Rio Verde 2 water injection well to focus on the cost saving projects discussed above. The Company plans to proceed with the building of the saltwater transfer line in late 2013 to help further reduce water trucking and related road maintenance expenses. Estimated costs of building the transfer line are approximately $1.5 million.

During the Period, the Company, partnering with Ecopetrol, re-entered the non-producing Cajaro 1 well in an attempt to isolate water production from the Mirador formation, to replace a malfunctioning pump and to return the well to production. However, after the well was returned to production, the water cut made the well uneconomic to produce. For this reason, the Cajaro 1 well was shut in while additional technical options are evaluated. The net cost to the Company of the project was $440 thousand.

During the Period, the Company replaced the electric submersible pump at its Tilodirán 2 well due to an electrical malfunction with the pump. Based on the nature of the pump failure, the Company elected to change the lift system on the Tilodirán 2 well from electrical submersible to rod pump. The intention is to provide a more reliable lift system and a less expensive pump replacement or repair option. The Tilodirán 2 well was offline approximately three weeks during the Period while the pump change took place. The cost of the project was $590 thousand and was successfully completed in April 2013.

Financials

During the Period, the Company recorded turnover of $19.7 million, 3 per cent lower than the first half of 2012. Sales of oil volumes during the Period increased to 215, 804 bbls compared to 198,485 bbls during the first half of 2012, but average realised sales prices decreased to $91.16 per bbl during the Period as compared to $101.60 per bbl from the same prior year period.

Chairman and Managing Director's Statement & Review of Operations continued

Cost of sales decreased 13 per cent from $14.3 million to $12.5 million during the Period due to lower water transportation expenses and other cost-saving projects discussed above. Higher depreciation expense, due to increased oil production volumes, offset some of the operational cost savings. The Company also derecognised costs of $632 thousand during the Period primarily related to the unsuccessful well intervention of the Cajaro 1 well and the replacement of the damaged pump at the Tilodirán 2 well. Based on the overall decrease in cost of sales, gross profit was $7.2 million, an increase of 22 per cent over the first half of 2012. Administrative costs (including share-based expense and exchange rate costs) decreased 39 per cent to $2.0 million during the Period against $3.3 million during the first half of 2012. Lower personnel costs and a non-cash decrease in share-based payment liabilities were the primary contributors.

Profit from continuing operations before taxation increased to $4.1 million during the Period compared to $1.2 million in the first half of 2012. During the prior year period, the Company was able to record a net gain after tax of $810 thousand from the sale of its discontinued operations in Block 95 of Peru. The Company had no similar gain on sales of assets during the Period.

During the Period, a significant increase in the exchange rate of the COP to the US dollar caused an overall increase in the Company's net deferred tax liabilities which primarily required the Company to recognise a non-cash deferred tax expense of $2.4 million during the Period. During the first half of 2012, a decrease in the exchange rate of the COP to the US dollar had t he opposite effect resulting in an overall decrease in the net deferred tax liabilities and a tax benefit of $181 thousand. Therefore, net profit for the Period was $1.2 million compared to $2.0 million for the first half of 2012.

Cash flows from operations increased to $6.7 million compared to $5.9 million in the prior year period, and the Company ended the Period with a cash balance of $5.3 million. Capital expenditures of $8.1 million relate primarily to the completion of the Tilodirán 1 well, the successful intervention on the Torcaz 2 well and improvements to surface facilities at the Company's Tilodirán, Torcaz and Palo Blanco fields. Final net proceeds of $3.3 million, from the 2012 sale of the Company's remaining working interest in the Peruvian Block 95 Contract, were received in February 2013 following the completion of the assignment from Perupetro, Peru's national agency for hydrocarbons. The Company also repaid $2 million of its restructured Notes Payable during the Period.

Conclusion

The Company continues to show strength in its financial position, its cash flows from operations and its operating profits while proceeding with strategic efforts to accelerate the development of its Middle Magdalena reserves. The timeframe of these efforts has been lengthened from original expectations, but the Company remains optimistic of the successful conclusion of strategic partnering efforts in the near-term future. Until then, the Company is confident in both its ability to optimise its results of operations and to increase its overall net asset value.

Mikel Faulkner
Chairman

Stephen Voss
Managing Director

Unaudited Financial Highlights

For the six months ended 30 June 2013

	Six months ended 30 June 2013 $'000 (Unaudited)	Six months ended 30 June 2012 $'000 (Unaudited)	Twelve months ended 31 December 2012 $'000 (Audited)
Revenue	**$19,672**	$20,179	$44,038
Gross profit	**7,170**	5,879	12,588
Administrative expenses*	**1,964**	3,282	7,991
Profit before taxation	**4,075**	1,235	760
Expenditures on capital assets	**8,150**	6,018	10,301
Total assets	**127,195**	126,205	131,278
Capital and reserves	**81,701**	84,631	80,468
Basic earnings per share from continuing operations	**$0.03**	$0.03	$(0.08)
Diluted earnings per share from continuing operations	**$0.03**	$0.03	$(0.08)
Basic and diluted earnings per share from discontinued operations	**$ –**	$0.02	$0.02
Weighted average ordinary shares outstanding			
Basic	**36,111,964**	35,855,076	35,950,888
Diluted	**37,357,500**	37,272,074	37,198,151

Figures in thousands except for per barrel and per share information.

* Includes share-based and exchange rate expenses

Reserve Information

As of 31 December 2012[1]

	Quantity (bbls) thousands	NPV at 10% $'000
Proved	39,709	$1,296,728
Probable	47,986	1,410,039
Total	87,695	$2,706,767

[1] The reserve information for Global Energy Development PLC has been certified by a third-party firm, Ralph E. Davis Associates, Inc. as at 31 December 2012.

Independent Review Report to Global Energy Development PLC

Introduction

We have been engaged by the Company to review the set of financial information in the half-yearly financial report for the six months ended 30 June 2013 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and related explanatory notes 1 to 10.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies whose securities are traded on AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the Company a conclusion on the set of financial information in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies whose securities are traded on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the set of financial information in the half-yearly financial report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies whose securities are traded on AIM.

BDO LLP

BDO LLP
Chartered Accountants and Registered Auditors
55 Baker Street
London W1U 7EU
UK

18 September 2013

Consolidated Statement of Comprehensive Income

For the period ended 30 June 2013

	Note	**Six months ended 30 June 2013 $'000 (Unaudited)**	Six months ended 30 June 2012 $'000 (Unaudited)	Twelve months ended 31 December 2012 $'000 (Audited)
Revenue	3	**19,672**	20,179	44,038
Cost of sales		**(12,502)**	(14,300)	(31,450)
Gross profit		**7,170**	5,879	12,588
Other income		**253**	39	77
Administrative expenses		**(1,964)**	(3,282)	(7,991)
Other expenses		**–**	–	(1,421)
Finance income		**18**	15	61
Finance expense		**(1,402)**	(1,416)	(2,554)
Profit before taxation		**4,075**	1,235	760
Tax expense	7	**(2,866)**	(41)	(3,693)
Profit /(loss) from continuing operations, net of tax		**1,209**	1,194	(2,933)
Profit from discontinued operations, net of tax	4	**–**	810	810
Profit /(loss) and total comprehensive income attributable to the equity holders of the parent		**1,209**	2,004	(2,123)
Earnings /(loss) per share for continuing operations				
– Basic	5	**$0.03**	$0.03	($0.08)
– Diluted	5	**$0.03**	$0.03	($0.08)
Total earning/(loss) per share				
– Basic and diluted	5	**$0.03**	$0.05	($0.06)

Figures in thousands except for per share information.

Consolidated Statement of Financial Position

As at 30 June 2013

	Note	30 June 2013 $'000 (Unaudited)	30 June 2012 $'000 (Unaudited)	31 December 2012 $'000 (Audited)
Assets				
Non-current assets				
Intangible assets		**604**	828	739
Property, plant and equipment		**110,673**	101,146	108,606
Trade receivables		**1,387**	–	1,388
Total non-current assets		**112,664**	101,974	110,733
Current assets				
Inventories		**1,913**	1,522	1,754
Trade and other receivables		**5,259**	11,144	9,346
Prepaids and other assets		**1,335**	2,423	1,628
Term deposits		**713**	1,384	1,608
Cash and cash equivalents		**5,311**	7,758	6,209
Total current assets		**14,531**	24,231	20,545
Total assets		**127,195**	126,205	131,278
Liabilities				
Non-current liabilities				
Deferred tax liabilities (net)	8	**(15,772)**	(9,936)	(13,353)
Equity tax liability		**(662)**	(646)	(434)
Long-term provisions		**(5,447)**	(3,792)	(5,546)
Long-term loans payable	6	**(9,926)**	(12,164)	(551)
Total non-current liabilities		**(31,807)**	(26,538)	(19,884)
Current liabilities				
Trade and other payables		**(5,596)**	(8,264)	(12,126)
Corporate and equity tax liability		**(1,688)**	(1,628)	(1,478)
Short-term loan payable and financing leases	6	**(6,403)**	(5,144)	(17,322)
Total current liabilities		**(13,687)**	(15,036)	(30,926)
Total liabilities		**(45,494)**	(41,574)	(50,810)
Net assets		**81,701**	84,631	80,468
Capital and reserves attributable to equity holders of the company				
Share capital	10	**608**	549	608
Share premium account		**27,139**	27,139	27,139
Capital reserve		**210,844**	210,844	210,844
Retained deficit		**(156,890)**	(153,901)	(158,123)
Total equity		**81,701**	84,631	80,468

The financial information on pages 7 to 16 was approved and authorised for issue by the Board of Directors on 18 September 2013 and is signed on its behalf by:

Mikel Faulkner
Chairman – 18 September 2013

Stephen Voss
Managing Director – 18 September 2013

Consolidated Cash Flow Statement

For the period ended 30 June 2013

	Note	Six months ended 30 June 2013 $'000 (Unaudited)	Six months ended 30 June 2012 $'000 (Unaudited)	Twelve months ended 31 December 2012 $'000 (Audited)
Cash flows from operating activities				
Operating profit before interest and taxation from continuing operations		**5,459**	3,372	3,253
Operating profit before interest and taxation from discontinued operations		**–**	1,157	1,157
Depreciation, depletion and amortisation		**4,121**	3,182	8,108
Gain on disposal of assets from discontinued operations		**–**	(1,157)	(1,157)
Decrease (increase) in trade and other receivables		**1,388**	(2,293)	(1,882)
Increase (decrease) in inventories		**(159)**	417	185
Increase (decrease) in trade and other payables		**(3,007)**	2,708	(436)
(Decrease) / increase in long-term provisions		**(846)**	(1)	624
Share-based payments and other non-cash items		**9**	110	24
Cash generated from operating activities		**6,964**	7,495	9,876
Taxes paid		**(290)**	(1,571)	(612)
Net cash flows from operating activities		**6,674**	5,924	9,264
Investing activities				
Capital expenditure				
– Expenditure on property, plant and equipment		**(8,150)**	(4,744)	(8,702)
– Expenditure on intangible assets		**–**	(1,274)	(1,599)
– Disposal of property, plant and equipment	4	**3,283**	2,000	2,000
Interest received		**18**	15	61
Decrease in term deposits		**895**	333	110
Net cash flows from investing activities		**(3,954)**	(3,670)	(8,130)
Financing activities				
Short-term loans paid during the period		**(2,185)**	(9,639)	(9,762)
Loans subscribed for during the period	6	**–**	11,938	12,625
Interest paid		**(1,433)**	(1,129)	(2,181)
Proceeds from exercise of share options		**–**	3	62
Net cash flows from financing activities		**(3,618)**	1,173	744
(Decrease) /increase in cash and cash equivalents		**(898)**	3,427	1,878
Cash and cash equivalents at beginning period		**6,209**	4,331	4,331
Cash and cash equivalents at the end of period		**5,311**	7,758	6,209

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Share capital $'000	Share premium $'000	Other reserves $'000	Capital reserve $'000	Retained deficit $'000	Total $'000
At 1 January 2012 (Audited)	**546**	**27,139**	**927**	**210,844**	**(156,951)**	**82,505**
Total comprehensive income	–	–	–	–	2,004	2,004
Share-based payments	3	–	–	–	119	122
Redemption of convertible notes	–	–	(927)	–	927	–
At 30 June 2012 (Unaudited)	**549**	**27,139**	**–**	**210,844**	**(153,901)**	**84,631**
Total comprehensive loss	–	–	–	–	(4,127)	(4,127)
Share-based payments	59	–	–	–	(95)	(36)
At 31 December 2012 (Audited)	**608**	**27,139**	**–**	**210,844**	**(158,123)**	**80,468**
Total comprehensive income	–	–	–	–	1,209	1,209
Share-based payments	–	–	–	–	24	24
At 30 June 2013 (Unaudited)	**608**	**27,139**	**–**	**210,844**	**(156,890)**	**81,701**

Unaudited Notes Forming Part of the Consolidated Interim Financial Report

For the six months ended 30 June 2013

1. Accounting Policies

Basis of Preparation

The interim financial information has been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. The interim financial information has been prepared using the accounting policies which will be applied in the Group's statutory financial information for the year ended 31 December 2013. Of the new international accounting standards issued with an effective date of 1 January 2013, none have an impact on the Group's financial information.

2. Financial reporting period

The interim financial information for the period 1 January 2013 to 30 June 2013 is unaudited. In the opinion of the Directors the interim financial information for the period presents fairly the financial position, results from operations and cash flows for the period in conformity with the generally accepted accounting principles consistently applied. The interim financial information incorporates comparative figures for the interim period 1 January 2012 to 30 June 2012 and the audited financial year to 31 December 2012.

The financial information contained in this interim report does not constitute statutory accounts as defined by section 435 of the Companies Act 2006. The comparatives for the full year ended 31 December 2012 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2)–(3) of the Companies Act 2006.

3. Revenue

Revenue is attributable to one continuing activity, which is oil production from Colombia Energy Development Co. ("CEDCo"), a wholly–owned subsidiary of the Group, located in Colombia, South America.

4. Discontinued operations – Peru

In 2012, the Company closed on the sale of its remaining 40 per cent working interest of the Peruvian Block 95 License Contract ("Block 95") through its wholly-owned subsidiary to Gran Tierra Energy, Inc. ("GTE"). Block 95 was the Company's only Peruvian asset, located in the Marañon Basin in the north-east area of the country. Under the terms of the purchase and sale agreement, the Company sold its 40 per cent working interest to GTE for cash consideration of $5.4 million with $2 million received in 2012 upon closing of the transaction and the remaining $3.4 million received in February 2013 following the completion of the assignment to GTE from Perupetro, Peru's national agency of hydrocarbons. The effective date of the sale was 1 June 2012. This sale included all intangible assets of the wholly-owned subsidiary. The Company recognised a net gain after taxation on the sale of these assets of approximately $810 thousand during the six months ended 30 June 2012. Following the completion of this divestiture, the Company holds no further interests in Block 95 in Peru.

The net cash and cash equivalents received as deferred consideration during 2013 as part of discontinued operations is as follows:

	Six months ended 30 June 2013 $'000 (Unaudited)
Deferred consideration at December 2012	$3,400
Balance of taxes payable to GTE	(117)
Net cash and cash equivalents received during the period	3,283

Unaudited Notes Forming Part of the Consolidated Interim Financial Report continued

For the six months ended 30 June 2013

4. Discontinued operations – Peru continued

The Statement of Cash Flows contains the following elements related to discontinued operations:

	Six months ended 30 June 2013 $'000 (Unaudited)	Six months ended 30 June 2012 $'000 (Unaudited)	Twelve months ended 31 December 2012 $'000 (Audited)
Net cash flows attributable to investing activities:			
Expenditure on intangible assets	**$ –**	$(1,172)	$(1,172)
Proceeds on sale of non-current assets	**3,283**	2,000	2,000
Net cash flow attributable to investing activities	**3,283**	828	828

There were no cash flows from discontinued operations attributable to operating or financing activities.

5. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding for the period.

Diluted earnings per share amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The calculation, of the dilutive potential ordinary shares related to employee and Director share option plans, includes only those options with exercise prices below the average share trading price for each period.

5. Earnings per share continued

The following reflects the profit and share data used in the basic and diluted earnings per share calculations:

	Six months ended 30 June 2013 $'000 (Unaudited)	Six months ended 30 June 2012 $'000 (Unaudited)	Twelve months ended 31 December 2012) $'000 (Audited)
Profit from continuing operations after taxation	**$1,209**	$1,194	$(2,933)
Profit from discontinued operations after taxation	**–**	810	810
Net profit attributable to equity holders used in dilutive calculation	**1,209**	2,004	(2,123)
Earnings per share for continuing operations			
– Basic	**$0.03**	$0.03	$ (0.08)
– Diluted	**$0.03**	$0.03	$ (0.08)
Earnings per share for discontinued operations			
– Basic and Diluted	**–**	$0.02	$0.02
Total Earnings per share			
– Basic	**$0.03**	$0.05	$ (0.06)
– Diluted	**$0.03**	$0.05	$ (0.06)
Basic weighted average number of shares	**36,111,964**	35,855,076	35,950,888
Dilutive potential ordinary shares			
Employee and Director share option plans	**1,245,535**	1,416,998	1,247,263
Diluted weighted average number of shares	**37,357,500**	37,272,074	37,198,151

Figures in thousands except for per share information.

The calculation of the diluted EPS assumes all criteria giving rise to the dilution of the EPS are achieved and all outstanding share options with exercise prices lower than the average period share price are exercised.

6. Amortising Note Payable

On 12 March 2013, the Group completed the restructuring of its notes payable to HKN, Inc. ("HKN") of $5 million and $12 million, respectively, which were both due and payable in 2013 into one new Amortising Note Payable (the "Amortising Note Payable") for the combined principal amount of $17 million. The Amortising Note Payable is not convertible into shares and is subject to an interest charge of 12.75 per cent per annum, payable quarterly in arrears, with the following principal repayment amount amounts and dates:

- $500,000 – paid on 31 March 2013
- $1.5 million – paid on 30 June 2013
- $1.5 million – due quarterly through 31 March 2015
- $4.5 million – due on 15 June 2015

The Amortising Note Payable is currently unsecured, but HKN can require the Company to provide adequate collateral security in the event of a material adverse effect. The Company also paid to HKN a 2 per cent transaction fee of approximately $340,000 during 2013. As of 18 September 2013, the outstanding principal balance of the Amortising Note Payable is $15 million.

Unaudited Notes Forming Part of the Consolidated Interim Financial Report continued

For the six months ended 30 June 2013

6. Amortising Note Payable continued

Under the terms of the Amortising Note Payable, in the possible event of a decrease in the Company's profit from operations or cash flow from operations at each interim or annual period as compared to the prior period, the interest rate shall immediately be adjusted from 12.75 per cent per annum to 13.50 per cent per annum from the date of publication of the applicable period report and through the maturity date of the Amortising Note Payable.

In the Cash Flow Statement, the financing activities reflect the non-cash movement of the renegotiation of the note payable with HKN described above.

7. Tax expense

The Global Energy Development PLC Group is subject to UK and Colombian taxation.

UK taxation

The Group does not expect to be liable for UK corporation tax in the foreseeable future because, as of the date of the last UK tax return, the Group had trading losses carried forward of $31.1 million as at 30 June 2013.

Colombian taxation

The Group pays taxes in Colombia through the branch office of its wholly owned subsidiary, CEDCo. The Colombian corporation tax was calculated in 2012 and in prior periods as the higher of net income tax or presumptive income tax.

Beginning in 2013, as determined by the new Colombian Tax Law 1607, the corporate income tax rate applicable to Colombian entities and branches of non-Colombian companies was reduced from 34 per cent to 25 per cent. However this rate reduction was effectively offset by a new income tax, known as "CREE tax".

During 2013, the Colombian corporation tax will be calculated as the CREE tax and the higher of net income tax or presumptive income tax as follows:

- Presumptive income tax. An alternative minimum tax calculated on the prior year gross equity less liabilities at a rate of 3 per cent to determine the presumptive income. A rate of 25 per cent is applied to the presumptive income to arrive at the tax obligation; or

- Net income tax. Calculated at a rate of 25 per cent taking into account revenues minus costs, standard and special deductions.

- CREE tax. Calculated at a rate of 9 per cent from 2013 through 2015, and 8 per cent thereafter, as an income tax except for certain limitations on the ability to claim costs and expenses. Tax loss carryforwards are not eligible to offset the CREE taxable amount. Lastly, the CREE tax may not be less than 3 per cent of the taxpayer's net equity as of 31 December of the preceding taxable year.

Additionally, the Group pays an Equity Tax calculated using a taxable base of the Net Equity (as at 1 January 2011) at a rate of 6 per cent. The payment of the tax is being made over four years with payments made twice per year.

7. Tax expense continued

The major components of income tax expense for the periods ended 30 June 2013 and 2012 as disclosed in the Consolidated Statement of Comprehensive Income are:

	Six months ended 30 June 2013 $'000 (Unaudited)	Six months ended 30 June 2012 $'000 (Unaudited)	Twelve months ended 31 December 2012 $'000 (Audited)
Current taxes for continuing operations:			
CREE income tax	**$292**	$ –	$ –
Current income tax charge for continuing operations	**132**	164	333
Other withholdings	**23**	58	123
Total current taxes for continuing operations	**447**	222	456
Deferred Tax:			
Change in deferred tax related to temporary differences and other	**2,419**	(181)	3,237
Tax expense for continuing operations	**2,866**	41	3,693
Tax expense for discontinued operations	**–**	347	–

8. Deferred tax liabilities (net)

The Group offsets tax assets and liabilities if, and only if, it has a legally enforceable right to offset current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to corporation taxes levied by the same tax authority. Deferred tax assets and liabilities listed are related to corporation tax levied by the Colombian tax authority with jurisdiction over CEDCo.

Temporary differences between the tax bases and net book carrying values arise in relation to the effect of inflation adjustments, the differences in exchange rate of nonmonetary assets, differences between tax and accounting depreciation, the balance of presumptive income tax excesses generated and tax losses generated in prior years.

The changes in net deferred tax liabilities are reported as follows:

	30 June 2013 $'000	30 June 2012 $'000	31 December 2012 $'000
Opening balance of deferred tax liabilities (net)	**$(13,353)**	$(10,116)	$(10,116)
Change in deferred tax related to temporary differences and other	**(2,419)**	180	(3,237)
Ending balance of deferred tax liabilities (net)	**(15,772)**	(9,936)	(13,353)
Deferred tax assets	**8,306**	14,061	9,958
Deferred tax liabilities	**(24,078)**	(23,997)	(23,311)
Deferred tax liabilities (net)	**(15,772)**	(9,936)	(13,353)

Unaudited Notes Forming Part of the Consolidated Interim Financial Report continued

For the six months ended 30 June 2013

8. Deferred tax liabilities (net) continued

The effect of this net deferred income tax ("DIT") movement on the consolidated statement of comprehensive income was a tax charge of $2.4 million during the period ended 30 June 2013 resulting from an overall increase in the net deferred tax liabilities due to the following:

- DIT asset decrease due to the Colombian peso (COP) to US dollar exchange rate effect (Dec 2012: COP$1,768 per $1 and June 2013: COP$1,929 per $1) and the estimated use of tax losses carried forward into the 2013 income tax return.

- DIT liability increase due to the COP–dollar exchange rate mentioned above.

At the end of each reporting period, the temporary differences (denominated in COP) must be translated to US dollars. A further fluctuation in the exchange rate (COP vs. USD) as of 31 December 2013 could cause the calculation of the net deferred tax liabilities to change significantly.

There are certain expenses, primarily interest expense of the Notes Payable, which are incurred by the Group which are not currently deductible for Colombian income tax purposes. Therefore, taxable income in Colombia is higher than the net profit recorded by the Group in its consolidated financial statements. The deductibility of these costs is currently under review in Colombia.

9. Interim dividend

No interim dividend has been declared.

10. Share capital

	Six months ended 30 June 2013 (Unaudited)		Six months ended 30 June 2012 (Unaudited)		Twelve months ended 31 December 2012 (Audited)	
	Number of shares	**$'000**	Number of shares	$'000	Number of shares	$'000
Allotted, called up and fully paid						
Ordinary shares of 1p each	**36,112,187**	**608**	36,044,657	549	36,107,180	608

The ordinary shares confer the right to vote at general meetings of the Company, to a repayment of capital in the event of liquidation or winding up and certain other rights as set out in the Company's articles of association.

The ordinary shares also confer the right to receive dividends if declared by the Directors and approved by the Company.

In January 2013, following notice of exercise of option in respect of 5,007 ordinary shares of 1p each in the Company, the Company issued a total of 5,007 ordinary shares to ex-employees of the Company.

Corporate Directory

Directors
Mikel Faulkner (Chairman)
Stephen Voss (Managing Director)
Alan Henderson (Non-executive Director)
David Quint (Non-executive Director)

Executive Management
Anna Williams (Finance Director)
Elmer Johnston (General Counsel and Company Secretary)
Rodolfo Rivera (Operations Director)
Richard Cottle (Technical Engineering Director)
Kris Hartmann (GeoScience Director)

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