Global
Energy Development PLC

Cash strong, debt-free; preserving acreage and pursuing alternatives

Global Energy Development PLC
Interim Report 2015

Global Energy Development PLC

is a petroleum exploration and development company, with a resilient balance sheet, pursuing strategic opportunities to realise value for its shareholders.

Financial Position

As at 30 June 2015, the Company holds a strong cash balance, is debt-free and has no mandatory drilling obligations on its contract areas in Colombia, South America.

Contracts

The Company's portfolio of contracts is within the country of Colombia and comprises a base of production, development drilling and exploration opportunities. The Company held two contracts operated in Colombia as at 30 June 2015.

Reserves

The independent petroleum engineers Ralph E. Davis Associates, Inc ("RED") reported that as at 31 December 2014: proved plus probable ("2P") reserves net to the Company totalled 24.3 million barrels of oil equivalent ("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").

Contents

01 Unaudited Financial Highlights
01 Reserve Information
02 Chairman and Managing Director's Statement & Review of Operations
04 Independent Review Report to Global Energy Development PLC
05 Unaudited Condensed Consolidated Statement of Comprehensive Income
06 Unaudited Condensed Consolidated Statement of Financial Position
07 Unaudited Condensed Consolidated Cash Flow Statement
08 Unaudited Condensed Consolidated Statement of Changes in Equity
09 Unaudited Notes Forming Part of the Condensed Consolidated Interim Financial Report
IBC Corporate Directory

Unaudited Financial Highlights

For the six months ended 30 June 2015

	Six months ended 30 June 2015 $'000 (Unaudited)	Six months ended 30 June 2014 $'000 (Unaudited)	Year ended 31 December 2014 $'000 (Audited)
Revenue	**$217**	348	$689
Gross loss	**(194)**	(81)	(990)
General and administrative expenses*	**(2,529)**	(1,804)	(3,644)
Share-based (expense) gain*	**(6)**	279	413
Exchange rate gain (expense)*	**10**	(54)	(113)
Loss from continuing operations, net of tax	**(2,514)**	(4,078)	(14,964)
Income (loss) from discontinued operations, net of tax	**1,047**	5,315	(7,173)
Total assets	**59,216**	121,637	65,220
Cash and cash equivalents	**34,963**	8,664	41,153
Debt	**–**	10,144	–
Capital and reserves	**54,342**	82,160	55,800
Basic loss per share from continuing operations	**$(0.07)**	$(0.11)	$(0.41)
Diluted loss per share from continuing operations	**$(0.07)**	$(0.11)	$(0.41)
Basic earnings (loss) per share from discontinued operations	**$0.03**	$0.14	$(0.20)
Diluted earnings (loss) per share from discontinued operations	**$0.03**	$0.14	$(0.20)
Weighted average ordinary shares outstanding			
Basic	**36,112,187**	36,112,187	36,112,187
Diluted	**36,112,187**	37,116,220	36,738,349

Figures in thousands except for per share information.

* Included as total administrative costs

Reserve Information

As of 31 December 2014**

	Quantity (bbls) thousands (Unaudited)	NPV at 10% $'000 (Unaudited)
Proved	19,758	$28,142
Probable	4,573	46,261
Total	24,331	$74,403

** 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 2014.

Chairman and Managing Director's Statement & Review of Operations

"As depressed oil prices continue to linger, opportunities for investment in the energy sector tend to improve."

During the first six months of 2015, energy industry companies continued to contend with low oil prices, geopolitical turmoil, rising debt and a general lack of access to financing. Some companies, like Global, have addressed these trends by reducing people and overheads as well as by extinguishing all outstanding debt. These steps were critical as the energy industry is most likely unable to rely on a commodity price rally in the near term.

In 2015, Global's main assets are its cash balance and its Bolivar and Bocachico Association Contracts in Colombia, South America. With the continued downturn in oil prices, the Group has been preserving its contract acreage in Colombia by maintaining its ongoing environmental, social, safety and reporting requirements while delaying capital expenditures related to further exploration and development of its oil reserves in country. Global has also been in discussions with various companies regarding possible strategic alternatives associated with its Colombian contracts.

In regards to the Group's strong cash balance, there are a number of options for the use of the cash including, for example, paying a dividend to shareholders or utilising the cash for an acquisition or investment. The Board believes that utilising cash to unlock the value in existing asset bases of targeted energy sector companies could create long-term value for shareholders. During the first six months of 2015, Global has been focused on these types of opportunities and been working with its advisers to define, review and evaluate an initial list of target companies, both public and private, from the exploration and production, and oil services sectors. The Group's target list of possible investments and acquisitions expands beyond South America.

While considering potential uses of cash, management has also taken steps to preserve its cash. The Group immediately reduced its personnel costs by approximately 40 per cent following the sale of its wholly-owned subsidiary, Colombia Exploration and Development Company, ("CEDCO") in December 2014, and it further reduced personnel costs by an additional 40 per cent during the first six months of 2015 through both salary and personnel reductions. In addition during the period, the Group has undertaken substantive cost reductions in primarily all administrative areas and is moving forward with a streamlined and low cost overhead structure.

Financials

During the period, the Group's sole producing well from its continuing operations, the Torcaz #2 well, averaged approximately 35 gross barrels of oil per day ("bopd") yielding lifted volumes of 5,862 barrels of oil ("bbls") (2014: 3,940 bbls) and turnover of $217 thousand (2014: $348 thousand). Average realised sales prices decreased to $37.10/bbl compared to $88.39/bbl for the prior year period.

Cost of sales decreased to $411 thousand (2014: $429 thousand) during the period primarily due to lower production volumes and decreased personnel, fuel, maintenance and transportation costs. The Group experienced a lower depreciation charge due to the full impairment of the Bocachico area oil assets during 2014. Based on lower turnover, the gross loss increased to $194 thousand compared to $81 thousand for the prior year period.

Administrative expenses increased to $2.5 million during the period compared to $1.8 million for the prior year period. This increase was due primarily to $173 thousand of severance costs for personnel redundancies during the period in addition to lower salary expense in the six months ended 30 June 2014 from the capitalisation of $650 thousand of technical and operational salaries incurred for the Catalina #1 well project. Salary costs for technical and operational personnel can only be capitalised when their related time is clearly allocated to the development of a qualifying asset. The Group did not capitalise any salaries during the period. As of 1 January 2015, the Group employed 21 personnel, and during the period, the Group reduced personnel count by approximately 43 per cent to 12 employees. One-time severance costs for these personnel redundancies were included in administrative expenses. All other general and administrative cost areas decreased during the period in comparison to the prior year period. During the period, share-based expense was approximately $6 thousand compared to a benefit of $279 thousand for the prior year period due to a decrease in the Group's share price.

Finance and other expense during the period was comprised solely of accretion expense associated with the future decommissioning liabilities of the Group's Colombian contract areas. During the prior year period, in addition to accretion expense, the Group recorded $858 thousand of interest expense associated with its then-outstanding debt. The Group held no debt outstanding during the six months ended 30 June 2015.

In 2015, a new Colombian equity tax was introduced and will be calculated each year for three years using a taxable base of the net equity (as at 1 January) at regressive rates of 1.15 per cent for 2015, 1.00 per cent for 2016 and 0.40 per cent for 2017. The payment of the tax is required with instalments made twice per year (May and September). Current tax expense during the period included $125 thousand for this new equity tax in addition to normal income and CREE tax expense. The decrease in net deferred tax liabilities during the period is due primarily to the increase in Colombian fiscal tax loss carryforwards. New Colombian regulations were introduced in 2015 which allow tax loss carryforwards incurred beginning 2015 to be eligible to offset the CREE taxable amount with no expiration date. The Group recognised a benefit to deferred tax expense during the period of $489 thousand for the net decrease in deferred tax liabilities for the period.

Prior to the steep decline in oil prices, the Group agreed to dispose of its rights and obligations of its Llanos Basin Contract areas (Rio Verde, Alcaravan and Los Hatos) in December 2014 through the sale of the entire issued share capital of CEDCO, for gross cash consideration of $50 million, net of approximately $1.0 million of initial purchase price adjustments for CEDCO's operating income received and capital expenditures spent by the Group during the period between the transaction's effective date (1 August 2014) and the closing date in December 2014. Per the share purchase agreement, the purchaser of CEDCO was required to send any final proposed adjustments to the purchase price following 90 days after the closing date. In February 2015, the Group received the purchaser's adjustment statement with additional purchase price adjustments totalling $1.5 million. The Group had accrued the additional $1.5 million of proposed adjustments in its financial statements as of 31 December 2014. On 31 March 2015, the Group and the purchaser finalised the additional purchase price adjustments totalling $1.1 million following review of the proposed adjustments in accordance with the share purchase agreement and such amount was paid in full on 31 March 2015. The resulting difference of approximately $386 thousand is recorded to profit from discontinued operations in the statement of operations as of 30 June 2015. Based upon new Colombian regulation introduced in 2015, the pre-effective date CREE tax liabilities for discontinued operations previously accrued as at 31 December 2014 and owed by the Group were able to be eliminated upon the filing of the 2014 Colombian tax returns in May 2015. The elimination of this accrued CREE tax liability of approximately $661 thousand is recorded to profit of discontinued operations in the statement of operations as of 30 June 2015. Profit from discontinued operations totalled $1.0 million during the period.

Mikel Faulkner
Chairman

Stephen Voss
Managing Director

Independent Review Report to Global Energy Development PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 which comprises the Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Cash Flow Statements, Condensed Consolidated Statement of Changes of Equity and related explanatory notes. 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 condensed set of financial statements.

This report is made solely to the Company 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. Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing and presenting the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee pronouncements as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union.

Our Responsibility

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

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 condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union, and the AIM Rules of the London Stock Exchange.

Baker Tilly UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

9 September 2015

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 June 2015

	Note	Six months ended 30 June 2015 $'000 (Unaudited)	Six months ended 30 June 2014 $'000 (Unaudited)	Year ended 31 December 2014 $'000 (Audited)
Revenue	4	**217**	348	689
Cost of sales		**(411)**	(429)	(1,679)
Gross loss		**(194)**	(81)	(990)
Other income		**6**	10	14
Administrative expenses		**(2,529)**	(1,804)	(3,644)
Share-based (expense) gain		**(6)**	279	413
Exchange rate gain (expense)		**10**	(54)	(113)
Impairment loss		**–**	–	(11,163)
Finance income		**1**	–	1
Finance and other expense		**(98)**	(890)	(1,793)
Loss before taxation from continuing operations		**(2,810)**	(2,540)	(17,275)
Tax benefit (expense)	8	**296**	(1,538)	2,311
Loss from continuing operations, net of tax		**(2,514)**	(4,078)	(14,964)
Income (loss) from discontinued operations, net of tax	3	**1,047**	5,315	(7,173)
Total comprehensive (loss) income attributable to the equity holders of the parent	3	**(1,467)**	1,237	(22,137)
Loss per share for continuing operations				
– Basic	5	**$(0.07)**	$(0.11)	$(0.41)
– Diluted	5	**$(0.07)**	$(0.11)	$(0.41)
Earnings (loss) per share for discontinued operations				
– Basic	5	**$0.03**	$0.14	$(0.20)
– Diluted	5	**$0.03**	$0.14	$(0.20)
Total (loss) earnings per share				
– Basic	5	**$(0.04)**	$0.03	$(0.61)
– Diluted	5	**$(0.04)**	$0.03	$(0.61)

Figures in thousands except for per share information.

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2015

	Note	30 June 2015 $'000 (Unaudited)	30 June 2014 $'000 (Unaudited)	31 December 2014 $'000 (Audited)
Assets				
Non current assets				
Intangible assets		**29**	491	33
Property, plant and equipment		**22,336**	102,255	22,263
Trade receivables		**–**	1,387	–
Total non current assets		**22,365**	104,133	22,296
Current assets				
Inventories		**276**	2,444	290
Trade and other receivables		**518**	2,406	467
Prepayments and other assets		**1,094**	2,623	1,014
Term deposits		**–**	1,367	–
Cash and cash equivalents		**34,963**	8,664	41,153
Total current assets		**36,851**	17,504	42,924
Total assets		**59,216**	121,637	65,220
Liabilities				
Non current liabilities				
Deferred tax liabilities (net)		**(1,886)**	(15,684)	(2,375)
Equity tax liability		**–**	(271)	–
Long term provisions		**(2,224)**	(6,258)	(2,130)
Long term loans payable		**–**	(626)	–
Total non current liabilities		**(4,110)**	(22,839)	(4,505)
Current liabilities				
Trade and other payables		**(680)**	(5,011)	(3,782)
Corporate and equity tax liability		**(84)**	(2,109)	(1,133)
Short term loans and finance leases		**–**	(9,518)	–
Total current liabilities		**(764)**	(16,638)	(4,915)
Total liabilities		**(4,874)**	(39,477)	(9,420)
Net assets		**54,342**	82,160	55,800
Capital and reserves attributable to equity holders of the parent				
Share capital	9	**608**	608	608
Share premium account		**27,139**	27,139	27,139
Capital reserve		**51,855**	210,844	51,855
Retained deficit		**(25,260)**	(156,431)	(23,802)
Total equity		**54,342**	82,160	55,800

The financial information on pages 5 to 16 was approved and authorised for issue by the Board of Directors on 9 September 2015 and is signed on its behalf by:

Mikel Faulkner
Chairman – 9 September 2015

Stephen Voss
Managing Director – 9 September 2015

Unaudited Condensed Consolidated Cash Flow Statement

For the period ended 30 June 2015

	Note	**Six months ended 30 June 2015 $'000 (Unaudited)**	Six months ended 30 June 2014 $'000 (Unaudited)	Year ended 31 December 2014 $'000 (Audited)
Cash flows from operating activities				
Cash generated from operations	3	**(3,406)**	5,406	6,295
Taxes paid (continuing and discontinued operations)		**(536)**	(238)	(5,560)
Net cash generated from operating activities		**(3,942)**	5,168	735
Cash flows from investing activities				
Gross proceeds from sale of subsidiary		**–**	–	50,000
Purchase price adjustments for sale of subsidiary	3	**(1,161)**	–	(998)
Costs paid for sale of subsidiary		**(1,000)**	–	–
Interest received		**1**	14	19
Purchase of property plant and equipment		**(88)**	(3,587)	(7,539)
Decrease in short-term deposits (discontinued operations)		**–**	(471)	(480)
Net cash provided by (used in) investing activities		**(2,248)**	(4,044)	41,002
Cash flows from financing activities				
Farm-out partner cash calls		**–**	4,600	6,238
Bolivar contract farm-out proceeds		**–**	2,883	5,000
Bocachico contract farm-out proceeds		**–**	729	1,000
Fees paid for Bolivar and Bocachico farm-outs		**–**	–	(2,372)
Debt principal repayments		**–**	(3,000)	(12,000)
Repayment of finance leases (discontinued operations)		**–**	(306)	(360)
Interest paid		**–**	(781)	(1,505)
Net cash used in financing activities		**–**	4,125	(3,999)
Increase (decrease) in cash and cash equivalents		**(6,190)**	5,249	37,738
Cash and cash equivalents at beginning period		**41,153**	3,415	3,415
Cash and cash equivalents at the end of period		**34,963**	8,664	41,153

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Share capital $'000	Share premium $'000	Capital reserve $'000	Retained deficit $'000	Total $'000
At 1 January 2014 (Audited)	**608**	**27,139**	**210,844**	**(157,701)**	**80,890**
Total comprehensive income	–	–	–	1,237	1,237
Share based payments	–	–	–	33	33
At 30 June 2014 (Unaudited)	**608**	**27,139**	**210,844**	**(156,431)**	**82,160**
Total comprehensive loss	–	–	–	(23,374)	(23,374)
Share based payments	–	–	–	18	18
Disposal of CEDCO	–	–	(158,989)	155,985	(3,004)
At 31 December 2014 (Audited)	**608**	**27,139**	**51,855**	**(23,802)**	**55,800**
Total comprehensive income	–	–	–	(1,467)	(1,467)
Share based payments	–	–	–	9	9
At 30 June 2015 (Unaudited)	**608**	**27,139**	**51,855**	**(25,260)**	**54,342**

Unaudited Notes Forming Part of the Condensed Consolidated Interim Financial Report

For the six months ended 30 June 2015

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 ending 31 December 2015. Of the new international accounting standards issued with effective date of 1 January 2015, none have an impact on the Group. The interim financial information has been prepared in accordance with IAS 34 – Interim Financial Reporting.

In forming its opinion as to going concern, the Board prepares a working capital forecast based upon its assumptions. The Board also prepares a number of alternative scenarios modelling the business variables and key risks and uncertainties. Based upon these, the Board remains confident that the Group's current cash on hand and current cash flow from operations will enable the Group to fully finance its future working capital discretionary expenditures beyond the period of 12 months of the date of this report.

2. Financial reporting period

The interim financial information for the period 1 January 2015 to 30 June 2015 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 unaudited comparative figures for the interim period 1 January 2014 to 30 June 2014 and the audited financial year to 31 December 2014.

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 2014 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. Discontinued operations

On 6 December 2014, the Group closed on the sale of its wholly-owned subsidiary, Colombia Energy Development Company ("CEDCO"), with an effective date of 1 August 2014. CEDCO held the Company's contract areas (Rio Verde, Alcaravan and Los Hatos contracts) within the Llanos Basin of Colombia, South America. These contracts previously comprised the majority of the Company's oil producing properties. As a result of this disposal, the operations of CEDCO have been treated as discontinued operations.

3. Discontinued operations continued

The table below provides further details of the amounts shown in the statement of operations for the discontinued operations of CEDCO:

Colombia	**Six months ended 30 June 2015 $'000 (Unaudited)**	Six months ended 30 June 2014 $'000 (Unaudited)	Year ended 31 December 2014 $'000 (Audited)
Revenue	–	14,517	16,440
Cost of sales	–	(9,252)	(10,977)
Gross profit	–	5,265	5,463
Other expense	–	(4)	(5)
Administrative expenses	–	(585)	(1,060)
Finance income	–	15	18
Finance and other expense	–	(257)	(298)
Profit before taxation	–	4,434	4,118
Tax benefit (expense)[1]	**661**	881	(4,274)
(Loss) income after taxation		5,315	(156)
Gain (loss) on disposal of business (including fees and purchase price adjustments)[2]	**386**	–	(7,017)
Income (loss) from discontinued operations	**1,047**	5,315	(7,173)

1 Based upon new Colombian regulation introduced in 2015, the 2014 pre-effective date CREE tax liabilities for discontinued operations previously accrued as at 31 December 2014 and owed by the Group were able to be eliminated upon the filing of the 2014 Colombian tax returns in May 2015. The elimination of the accrued CREE tax liability of approximately $661 thousand is recorded to profit from discontinued operations in the statement of operations as of 30 June 2015.

2 Per the share purchase agreement, the purchaser of CEDCO could send proposed adjustments to the purchase price following 90 days after the closing date. In February 2015, the Group received the purchaser's adjustment statement with proposed additional purchase price adjustments totalling $1.5 million. The Group accrued the $1.5 million of proposed adjustments in its financial statements as of 31 December 2014. On 31 March 2015, the Group and the purchaser agreed upon the finalised purchase price adjustment of $1.1 million following review of the proposed adjustments in accordance with the share purchase agreement. The $1.1 million was paid to the purchaser in March 2015. The resulting difference of approximately $386 thousand is recorded to profit from discontinued operations in the statement of operations as of 30 June 2015.

3. Discontinued operations continued

Reconciliation of profit/(loss) before taxation to net cash flow from operations

	Six months ended 30 June 2015 $'000 (Unaudited)	Six months ended 30 June 2014 $'000 (Unaudited)	Year ended 31 December 2014 $'000 (Audited)
Continuing operations			
Loss before tax	**(2,810)**	(2,540)	(17,275)
Adjustments for:			
Depreciation of property, plant and equipment	**37**	146	191
Amortisation of intangible assets	**3**	5	1
Impairment charge	**–**	–	11,163
Share based expense (benefit)	**6**	(279)	(413)
Finance income	**(1)**	–	(1)
Finance and other costs	**98**	890	1,793
Operating cash flow before movements in working capital	**(2,667)**	(1,778)	(4,541)
Decrease in inventories	**14**	58	113
Increase in trade and other receivables	**(839)**	(2,029)	(159)
(Decrease) increase in trade and other payables	**(558)**	(2,215)	2,328
Cash generated from continuing operations	**(4,050)**	(5,964)	(2,259)
Discontinued operations			
Profit before tax	**–**	4,434	4,118
Adjustments for:			
Depreciation of property, plant and equipment	**–**	4,495	5,379
Amortisation of intangible assets	**–**	449	263
Income (loss) on sale of subsidiary	**1,047**	–	(7,017)
Finance income	**–**	(15)	(18)
Finance cost	**–**	257	298
Operating cash flow before movements in working capital	**1,047**	9,620	3,023
Increase in inventories	**–**	(599)	(841)
Decrease (increase) in trade and other receivables	**–**	1,524	(1,361)
(Decrease) increase in trade and other payables	**(403)**	825	7,733
Cash generated from discontinued operations	**644**	11,370	8,554
Cash generated from operations	**(3,406)**	5,406	6,295

Unaudited Notes Forming Part of the Condensed Consolidated Interim Financial Report continued

For the six months ended 30 June 2015

3. Discontinued operations continued

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

	Six months ended 30 June 2015 $'000 (Unaudited)	Six months ended 30 June 2014 $'000 (Unaudited)	Year ended 31 December 2014 $'000 (Audited)
Net cash generated from operating activities	**108**	11,132	3,004
Net cash used in investing activities	**(87)**	(1,648)	(2,383)
Net cash used in financing activities	**–**	(370)	(433)
Total	**21**	9,114	188

4. Revenue

Revenue is attributable to one continuing activity which is oil liftings from the Group's wholly-owned subsidiaries of the Group, located in Colombia, South America.

5. Earnings per share

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) 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/(loss) per share amounts are calculated by dividing the profit/(loss) 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 table reflects the profit/(loss) and share data used in the basic and diluted earnings per share calculations:

	Six months ended 30 June 2015 $'000 (Unaudited)	Six months ended 30 June 2014 $'000 (Unaudited)	Year ended 31 December 2014 $'000 (Audited)
Loss from continuing operations after taxation	(2,514)	(4,078)	(14,964)
Income (loss) from discontinued operations after taxation	1,047	5,315	(7,173)
Net (loss) income attributable to equity holders of the parent used in dilutive calculation	(1,467)	1,237	(22,137)
Loss per share for continuing operations			
– Basic	$(0.07)	$(0.11)	$(0.41)
– Diluted	$(0.07)	$(0.11)	$(0.41)
Earnings (loss) per share for discontinued operations			
– Basic and diluted	$0.03	$0.14	$(0.20)
Total (loss) earnings per share			
– Basic	$(0.04)	$0.03	$(0.61)
– Diluted	$(0.04)	$0.03	$(0.61)
Basic weighted average number of shares	36,112,187	36,112,187	36,112,187
Dilutive potential ordinary shares			
Employee and Director share option plans	–	1,004,033	626,162
Diluted weighted average number of shares	36,112,187	37,116,220	36,738,349

Figures in thousands except for share and per share information.

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

6. Segmental analysis

For management purposes, the Group organised its business units based upon the field locations of its production, development and sale of hydrocarbons and related activities in Colombia, South America as follows:

- Bolivar area (comprised of the Bolivar Contract in the Magdalena valley)
- Bocachico area (comprised of the Bocachico Contract in the Magdalena valley)

Segment performance is evaluated and measured consistently with operating profit/(loss) in the consolidated condensed financial statements. However, the Group income taxes are managed on a Group basis and are not allocated to operating segments.

	Bolivar segment $'000	Bocachico segment $'000	Other segment $'000	30 Jun 2015 $'000	Bolivar segment $'000	Bocachico segment $'000	Other segment $'000	30 Jun 2014 $'000	Bolivar segment $'000	Bocachico segment $'000	Other $'000	31 Dec 2014 $'000
Total revenues[1]	–	217	–	217	41	307	–	348	39	650	–	689
Loss before tax[1]	(137)	(203)	(2,470)	(2,810)	(187)	(71)	(2,282)	(2,540)	(839)	(11,758)	(4,678)	(17,275)
Total non-current assets	22,171	1	193	22,365	22,496	11,065	(82)	33,479	22,193	–	103	22,296
Total non-current liabilities	(5,179)	778	291	(4,110)	(5,779)	(2,977)	(154)	(8,910)	(5,670)	1,106	59	(4,505)

1 From continuing operations

All oil revenues from the Group's business units are generated entirely in Colombia and result from sales to Colombia-based customers. Revenue from continuing operations from one major customer exceeded 10 per cent, and amounted to $217 thousand and $348 thousand arising from sales of crude in the six months ended 30 June 2015 and 2014, respectively.

7. Property, plant and equipment

Oil assets are tested periodically for impairment to determine whether the net book value of capitalised costs relating to the cash generating unit exceed the associated estimated future discounted cash flows of the related commercial oil reserves. If an impairment is identified, the depletion is charged through the statement of comprehensive income in the period incurred.

As at 31 December 2014, the Group's Bocachico area oil assets were fully impaired, and remain fully impaired as at 30 June 2015 due to the currently uneconomic heavy oil reserves within the Bocachico area.

The Group performed an impairment test of the Bolivar area oil assets as at 30 June 2015 and did not identify impairment for the Bolivar area. The Group utilised the value in use calculations derived from the 31 December 2014 reserve report developed by Ralph E. Davis Associates, Inc., an independent petroleum engineering firm. The projected risked discounted cash flows were calculated using the Brent oil pricing as at 31 December 2014 of $57.33/bbl), with an escalation of 3 per cent each following year with a pre-tax discount rate applied to the cash flow projections of 10 per cent. Bolivar's proved and probable reserves were economic based upon many factors, such as estimated oil recovery rates, quality of the oil and lower estimated future operating costs. Subsequent to 30 June 2015, the Brent oil price continued to fluctuate and had declined to approximately $50.00/bbl at the date of filing. The Group's Bolivar area oil assets continue to be economic at this pricing. The Group will perform an updated impairment analysis of the Bolivar area oil assets at 31 December 2015.

8. 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. As at 30 June 2015, the Group had trading losses carried forward of $28.9 million.

Colombian taxation

The Group pays taxes in Colombia through the branch offices of its wholly owned subsidiaries. The Colombian corporation tax is 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 14 per cent for 2015, 15 per cent for 2016, 17 per cent for 2017 and 18 per cent for 2018. Beginning in 2019, the rate will reduce to 9 per cent thereafter. Tax loss carryforwards incurred beginning 2015 shall be eligible to offset the CREE taxable amount with no expiration date. Lastly, the CREE tax may not be less than three per cent of the taxpayer's net equity as of 31 December of the preceding taxable year.

Additionally, in 2015, a new equity tax was introduced and is calculated each year for three years using a taxable base of the net equity (as at 1 January) at progressive rates of 1.15 per cent for 2015, 1.00 per cent for 2016 and 0.40 per cent for 2017. The payment of the tax is required with instalments made twice per year (May and September).

The major components of income tax expense for the periods as disclosed in the consolidated condensed statement of comprehensive income are:

	Six months ended 30 June 2015 $'000 (Unaudited)	Six months ended 30 June 2014 $'000 (Unaudited)	Year ended 31 December 2014 $'000 (Audited)
Current taxes for continuing operations:			
CREE income tax	**17**	–	–
Current income tax charge for continuing operations	**50**	–	509
2015 equity tax	**125**	–	–
Other withholdings	**1**	44	47
Total current taxes for continuing operations	**193**	44	556
Deferred tax:			
Change in deferred tax related to temporary differences and other	**(489)**	1,494	(2,867)
Tax (benefit) expense for continuing operations	**(296)**	1,538	(2,311)

The decrease in the Group's net deferred tax liability during the period is due primarily to the increase in Colombian fiscal tax loss carryforwards. New Colombian regulations were introduced in 2015 which allow tax loss carryforwards incurred beginning 2015 to be eligible to offset the CREE taxable amount with no expiration date.

9. Share capital

	Six months ended 30 June 2015 (Unaudited)		Six months ended 30 June 2014 (Unaudited)		Year ended 31 December 2014 (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**	36,112,187	608	36,112,187	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.

10. Related party disclosures

The Group had no related party transactions during the six months ended 30 June 2015.

Corporate Directory

Directors
Mikel Faulkner (Chairman)
Alan Henderson (Non-executive Director)
David Quint (Non-executive Director)
Zac Phillips (Non-executive Director)

Executive Management
Stephen Voss (Managing Director)
Anna Williams (Finance Director)
Rodger Ehrlish (Company Secretary)

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