



18th June 2010

SeaEnergy PLC

("SeaEnergy" or the "Company")

Audited Results for the year ended 31 December 2009

SeaEnergy PLC today announces its audited results for the year ended 31 December 2009.

Operational highlights:

- SeaEnergy Renewables Limited ("SERL"), in partnership with EDP Renováveis, awarded 1,300 MW offshore wind farm site at Moray Firth by The Crown Estate as part of the UK Round 3
- First international step for SERL with a Heads of Terms agreement in Taiwan, announced in October
- Discussions ongoing with respect of a Memorandum of Understanding with The Crown Estate in order to secure delivery of the Inch Cape offshore wind farm project following the withdrawal of RWE npower renewables, which may increase SERL's interest in the project
- Results of Strategic Environmental Assessments of sites won in Scottish Round expected August 2010
- Successful completion of the arbitration process with the State Oil Company of the Azerbaijan Republic, receiving a US \$4.9 million (£3.0 million) settlement just before the end of 2009.
- Review of the service opportunities available in the nascent and expanding offshore renewables industry completed, identifying a number of opportunities. The Company has also secured a grant of £30,000 from Scottish Enterprise to help support this work

Financial highlights:

- Loss for the year of £6.5 million (2008: loss of £3.4 million).
- Cash position at the end of 2009 of £2.8 million (2008: £1.1 million).

Restructuring:

- In order to maximise shareholder value, and given the tough current financing environment, the Company intends to dispose of all or a significant part of its holding in SERL and has initiated a formal sale process
 - Several third parties interested in acquiring all or part of SERL
 - Successful sale allows the Company to accelerate the development of its marine services business with the prospect of near-term earnings and cash-flow

Steve Remp, Chairman, commented:

“Offshore wind continues to present an exciting and attractive proposition for shareholders. However, our recent discussions with the capital markets have highlighted the tough financing environment. Therefore, in order to maximise value for our shareholders, we have come to the decision to dispose of our majority interest in our subsidiary business, SERL.

“SERL’s success in Round 3, along with our partner EDP Renováveis, illustrates the business’ ability to develop major projects. We believe this makes SERL an attractive proposition for prospective buyers and we have already seen interest from a number of third parties over the past year.

“The sale of SERL would allow us to focus on the development of our Marine Services business which has the ability to generate earnings and cash-flow quickly. SeaEnergy is committed to ensuring that the Company is well-positioned to benefit from the increasing opportunities that the offshore wind industry will continue to provide.”

For further information contact:

SeaEnergy PLC

Steven Bertram, Managing Director

01224 748480

Ambrian Partners

Andrew Craig / Ben Wright

020 7634 4700

Kreab Gavin Anderson

Kate Hill / Andy Jones

020 7074 1800

www.seaenergy-plc.com

www.seaenergyrenewables.com

www.lansdowneoilandgas.com

Chairman's Statement 2009

Dear Shareholder,

Since writing to you on 8 September 2009, when I outlined a change of name to SeaEnergy PLC and the re-positioning of the Company as the UK's only listed pure-play offshore wind developer, we have continued to see successful outcomes from a number of initiatives.

Most importantly, our 80% owned subsidiary, SeaEnergy Renewables Limited ("SERL"), and its Portuguese utility partner, EDP Renováveis ("EDPR"), were awarded a 1,300MW offshore wind farm site in the UK Round 3. More recently we announced that we are working with The Crown Estate in an effort to reach agreement to allow the Inch Cape project to progress as expeditiously as possible and which could result in an increase in SERL's interest in that project.

In terms of our residual oil and gas assets we successfully concluded the arbitration process with the State Oil Company of the Azerbaijan Republic ("SOCAR"), receiving a US \$4.9 million (£3.0 million) settlement just before the end of 2009. We continue to manage our involvement in these projects in-line with our stated strategy

Financial Review

The Group recorded a loss from continuing operations after tax of £6.5 million in 2009, compared to a loss of £3.4 million in 2008. The key differences between the two years relate to impairment provisions in 2009 of £2.2 million in respect of the carrying value of our residual oil and gas assets, and £1.9 million in connection with the Lanstead equity swap arrangements. 2009 also includes a full year of SERL overheads for the first time but benefitted from the net arbitration settlement, after costs.

Our cash position at the end of 2009 was £2.8 million, with the Lanstead swap arrangement due to continue providing cash on a monthly basis until April 2011. The Directors are focussed on the funding requirements to continue the development of the SERL projects through consent and onwards to financial close. Given the current resources of the Company, and the difficult state of the equity markets, the Board has concluded following recent market feedback, that at this stage the best course of action is to actively seek to crystallise the value which we have created in SERL through the sale of all, or a substantial part, of that subsidiary.

SERL

The success of SERL, launched just two years ago, has continued with the award in January 2010 of Zone 1 (the "Zone") - Moray Firth by The Crown Estate in their UK Round 3 process. The Zone is a 1300 MW site, which lies adjacent to our existing Beatrice site, awarded under the Scottish Round process. Together with our partner EDPR, we have formed Moray Offshore Renewables Limited ("MORL") to develop the Zone and the work necessary to prepare planning consent applications has already commenced from a project office established in Edinburgh. SERL has a 25% interest in MORL with EDPR holding 75%.

The Strategic Environmental Assessment (“SEA”) for this Zone and all of the other Round 3 Zones has already been concluded. The first turbines on our Zone are scheduled to be in operation by 2016. When fully commissioned, it is currently expected that the Zone will have 260 5MW turbines. With its 25% interest in this Zone, SERL has secured a further 325MW of net capacity.

Inch Cape is one of our two Scottish Round projects and we recently advised shareholders that our partner, RWE npower renewables (“npower”), has decided to withdraw from this project. RWE AG, npower’s parent company, has an extensive pipeline of energy projects and has decided to prioritise and focus its resources elsewhere. Whilst it is disappointing for SeaEnergy to lose a partner of npower’s stature and quality, I am delighted that SERL is currently discussing the terms of a Memorandum of Understanding with The Crown Estate with the objective of securing delivery of the Inch Cape project and which may increase SERL’s interest in that project.

The SEA for the Scottish Round sites was published on 19 May 2010 and a consultation period is due to end on 16 August 2010. As both of our Scottish Round sites are adjacent to UK Round 3 Zones, where a SEA has already been successfully concluded, we do not anticipate any significant adverse issues to arise for our sites from the consultation process.

The SERL management team are firmly focussed on the development of our three UK projects. Each project has a dedicated team in place that is executing the programme of development activities for that site. Initial development activities are underway with met-ocean studies ongoing and vessels in the field currently conducting bird and geophysical surveys. With the Scottish SEA due to be finalised in the third quarter, we anticipate being in a position to conclude Agreements for Lease on our two Scottish Round sites, Beatrice and Inch Cape, by the end of this year.

Our UK Round 3 Zone will ultimately become subdivided into a number of individual wind farms and we anticipate securing approval for our first designated wind farm within the Zone later this year. Moving beyond 2010, we will be engaged in the evaluation and analysis of our studies and surveys work which will form the basis for our environmental impact assessments and subsequent consent applications. Project consents are anticipated in 2013 and these will trigger the detailed design, contracting and procurement stage of the projects ahead of the construction phase due to start in 2014.

We now have a new UK government in place and I am encouraged by the strong support for offshore wind already given publicly by Ministers within the Department of Energy and Climate Change. The recently announced expansions to the size of Round 1 and 2 wind farms is further evidence of the strong underlying support for offshore wind as a key element of the country’s future energy strategy.

In October of last year we announced that SERL had taken its first step internationally, signing a Heads of Terms Agreement in Taiwan that provides SERL with a foothold in the Far East. Our local partner there, Taiwan Generations Corporation, has a pipeline of potential offshore wind farm projects, which could progress quickly once there is confidence that the local support mechanism justifies such developments. A Feed-In-Tariff was announced in Taiwan at the end of last year and we are in the process of completing a study of local costs which will help us determine whether that tariff is sufficient for the viability of offshore wind farms in that jurisdiction.

SERL has continued to expand its impressive team with in-depth experience and expertise in order to support all three of its UK projects while also pursuing international aspirations. While it has become increasingly difficult for the oil and gas industry to attract young professionals, renewable energy is proving a fertile ground to secure highly capable people, many with exceptional credentials.

Renewables Service Opportunities

Using our extensive experience in the oil and gas industry and the specific lessons learned by the SERL team when constructing the Beatrice Demonstrator turbines, we have conducted a review of the service opportunities available in the nascent and expanding offshore renewables industry. This review highlighted a number of interesting opportunities and a detailed feasibility assessment by the Company of the best of those is close to completion. We were pleased to be able to confirm recently that we had secured a grant of £30,000 from Scottish Enterprise to help support that work.

Our review of the service sector for offshore wind has led us to recognise that an opportunity exists in the provision of marine services to support the construction, installation and operational phases of offshore wind farms. The economic viability of offshore wind farms is strongly influenced by the degree of accessibility to the turbines, and we have identified that an opportunity exists for the provision of vessel systems capable of offering a far higher level of access to turbines than is currently available. Accordingly, we have identified and retained a small high calibre team to undertake a detailed feasibility assessment of entering this market sector. This team will form the core management for the new business, in the event that the Board sanctions the business plan currently being finalised. The SeaEnergy Marine team currently comprises three individuals with deep and broad expertise in offshore operations, covering operational, technical, financial, commercial and regulatory matters.

The SeaEnergy Marine team has opened negotiations with potential customers (offshore wind farm developers and turbine manufacturers), financiers (private equity, Scottish Enterprise and others) and the supply chain (vessel owners and access subsystem suppliers) in support of the business plan. At this stage, it appears that the prospects for this business are encouraging. We will keep shareholders updated as our plans progress.

During the Company's time in the oil and gas industry we had the benefit of a profitable and cash generative services business and we would like to recreate that position in offshore wind.

Residual Oil and Gas Interests

Since the circular to shareholders last September, we have started the disposal of our residual oil & gas assets, with the successful conclusion of the dispute with SOCAR. We secured a settlement of US\$4.9 million (£3.0 million) and relinquished our residual rights in Azerbaijan. I am proud that we played a pivotal role in the rebirth of Azerbaijan as a significant oil producer.

The Company holds a 32.67 per cent. stake in an associate company, Mesopotamia Petroleum Company Limited, ("MPC"). In February 2009 MPC signed a JV agreement with the state owned Iraqi Drilling Company ("IDC"). The Company announced on 8 July 2009 that IDC

had unilaterally terminated the JV when MPC failed to meet a funding deadline. The initial MPC fundraising effort took place at the worst possible time for private equity markets, and IDC elected not to grant a funding extension which had been provided for under MPC's agreement with it. IDC's decision to end the JV had a negative impact on MPC's fundraising activities, but since then considerable efforts have continued to be made by MPC to secure the funding required to become established in Iraq. To date these efforts have not resulted in success.

MPC is, however, currently engaged in preliminary discussions with a leading Middle Eastern group to acquire a package of drilling assets including six relatively new and high specification rigs. This comprehensive package, which we believe is of high quality and ideal for Iraqi conditions, could form the basis of a formidable Iraq-based drilling operation, working either for the government or the new foreign consortia which have gained field development contracts in recent months. I am pleased to confirm that JP Morgan Cazenove remain as financial advisors to MPC.

In the event these discussions do not lead to a successful outcome, then it is likely that the MPC board will have no alternative but to call it a day. That would be an extremely disappointing outcome for such a bold initiative.

Many of our long term shareholders remain intensely focussed on the outcome of MPC and I am very sympathetic to the roller-coaster ride we have all experienced in trying to secure MPC's place in the history books. To them I say, rest assured that I and the MPC team will continue to do our utmost to carve out a position for the company in Iraq but it remains deeply challenging. SeaEnergy's costs in this venture have been expensed as incurred and no further write off would be required.

We retain various royalty interests and a 32.95% interest in AIM listed Lansdowne Oil & Gas plc. All of these interests are now being carried at valuation following the impairment provision made in 2009.

Outlook

Over the past two years SeaEnergy PLC has made enormous strides in establishing a significant offshore wind farm development business. Your Board has always recognised that access to further funding would be essential if we were to be able to realise the full potential of what we have achieved to date. The Board do not believe, given the current equity market conditions, that institutional investors are willing to support the three to four year development timetable required to bring SERL's projects to consent and onwards to financial close. Accordingly we will be seeking to crystallise all or a significant part of the value we have created in SERL for SeaEnergy shareholders and have initiated a formal sale process. We believe that the combination of our world-class team, together with the portfolio of outstanding offshore wind development assets will be of interest to a range of international, industry and financial buyers. Over the past year, we have had several approaches from third parties interested in buying all or part of SERL.

We also need to reflect on our poor share price performance where we have been unable to maintain and build on the increase in market capitalisation we achieved after the UK Round 3 success. Shareholders are right to expect much better performance and we have listened to

them. The time has therefore come to pass the SERL business to a larger company with the resources to fully exploit SERL's full potential.

Your Board continues to believe that there will be many opportunities in offshore wind and we will be ready to identify the best ones early and act true to our entrepreneurial heritage. A successful sale of SERL will allow us to concentrate our efforts on developing our new marine services business with the prospect of near-term earnings and cash flow, characteristics which are much more appealing to institutional investors in these markets.

SeaEnergy PLC

Preliminary results for the year to 31 December 2009

Consolidated Balance Sheet As at 31 December 2009

		2009 Audited £'000	2008 Audited Restated £'000
Assets			
Non- current assets			
Goodwill and other intangible assets	4	3,158	2,404
Property, plant & equipment	5	173	159
Investments	6	652	2,701
Derivative financial instruments	7	506	-
		<u>4,489</u>	<u>5,264</u>
Current assets			
Trade and other receivables		455	626
Derivative financial instruments	7	3,581	-
Cash and cash equivalents		2,792	1,051
		<u>6,828</u>	<u>1,677</u>
Total assets		<u>11,317</u>	<u>6,941</u>
Liabilities			
Current liabilities			
Trade and other payables	8	(2,741)	(2,016)
Loans and borrowings	8	(2,000)	(1,500)
Provisions		(3)	(2)
		<u>(4,744)</u>	<u>(3,518)</u>
Non-current liabilities			
Deferred income tax liabilities		(489)	(489)
Other non-current liabilities		(41)	(26)
		<u>(530)</u>	<u>(515)</u>
Total liabilities		<u>(5,274)</u>	<u>(4,033)</u>
Net assets		<u>6,043</u>	<u>2,908</u>
Shareholders' equity			
Share capital	9	6,809	4,611
Share premium	9	78,658	71,196
Deficit on retained earnings	10	(79,424)	(72,899)
Total equity attributable to equity holders of the parent		<u>6,043</u>	<u>2,908</u>

Minority interest	-	-
Total equity	<u>6,043</u>	<u>2,908</u>

SeaEnergy PLC

Consolidated Statement of Comprehensive Income For the year ended 31 December 2009

	Note	2009 Audited £'000	2008 Audited Restated £'000
Continuing operations			
Operating expenses		(4,071)	(3,013)
Arbitration settlement	11	2,159	-
Operating loss		<u>(1,912)</u>	<u>(3,013)</u>
Finance income		111	72
Finance costs		(2,638)	(18)
Finance (costs) / income – net		<u>(2,527)</u>	<u>54</u>
Share of loss of associates and other movements		<u>(2,049)</u>	<u>(328)</u>
Loss before income tax		<u>(6,488)</u>	<u>(3,287)</u>
Income tax expense		-	-
Loss from continuing operations		<u>(6,488)</u>	<u>(3,287)</u>
Discontinued operation			
Loss from discontinued operation (net of tax)		(37)	(75)
Loss for year		<u>(6,525)</u>	<u>(3,362)</u>
Attributable to:			
Equity holders of the group		(6,525)	(3,361)
Minority interests		-	(1)
Loss for year		<u>(6,525)</u>	<u>(3,362)</u>
Loss per share			
	3		
Basic		(11.80)p	(8.48)p
Diluted		(11.80)p	(8.48)p
Continuing operations			
Loss per share			
Basic		(11.74)p	(8.29)p
Diluted		<u>(11.74)p</u>	<u>(8.29)p</u>

SeaEnergy PLC
Consolidated Statement of Changes in Equity
For the year ended 31 December 2009

Group	Attributable to equity holders of the parent					Total equity £'000
	Share capital £'000	Share premium £'000	Retained earnings restated £'000	Total equity £'000	Minority interest restated £'000	
Year ended 31 December 2008						
At 1 January 2008	3,689	69,633	(69,564)	3,758	-	3,758
Loss for the financial year	-	-	(3,361)	(3,361)	(1)	(3,362)
Share based payment transactions	-	-	26	26	-	26
Issues of new shares – gross consideration	922	1,549	-	2,471	-	2,471
Cost of issues (net)	-	14	-	14	-	14
Minority interest share subscription	-	-	-	-	1	1
At 31 December 2008	4,611	71,196	(72,899)	2,908	-	2,908
Year ended 31 December 2009						
At 1 January 2009	4,611	71,196	(72,899)	2,908	-	2,908
Loss for the financial year	-	-	(6,525)	(6,525)	-	(6,525)
Issues of new shares – gross consideration	2,198	8,128	-	10,326	-	10,326
Cost of issues (net)	-	(666)	-	(666)	-	(666)
At 31 December 2009	6,809	78,658	(79,424)	6,043	-	6,043

SeaEnergy PLC
Consolidated Statement of Cash Flows
For the year ended 31 December 2009

	Note	2009 Audited £'000	2008 Audited £'000
Cash flows from operating activities	12	(1,097)	(3,170)
Cash flows from investing activities			
Interest received		64	119
Proceeds from sale of property, plant and equipment		1	-
Acquisition of shares in associate		-	(49)
Acquisition of intangible assets		(754)	(126)
Acquisition of property, plant and equipment		(20)	(23)
Net cash used in investing activities		(709)	(79)
Cash flows from financing activities			
Interest paid		(1)	(2)
Proceeds from issuance of ordinary shares		2,160	735
Proceeds from derivative financial instruments		846	-
Issue of share capital in subsidiary to minority interests		-	1
Payment of finance lease liabilities		(5)	(4)
Proceeds from borrowings		500	1,500
Net cash generated by financing activities		3,500	2,230
Effect of exchange rate fluctuations on cash held		47	2
Net increase / (decrease) in cash and cash equivalents		1,741	(1,017)
Opening cash and cash equivalents		1,051	2,068
Closing cash and cash equivalents		2,792	1,051

Notes to the Financial Information For the year ended 31 December 2009

1. Basis of Presentation

The consolidated financial information for the year ended 31 December 2009 has been prepared on the basis of International Financial Reporting Standards (“IFRS”) accounting policies to be adopted in the financial statements for the year ended 31 December 2009.

The Directors have prepared the financial information on the going concern basis which assumes that the Group and Company and its subsidiaries will continue in operational existence for the foreseeable future.

The Group and Company requires additional sources of funding in order to progress the development of the offshore wind interests which it holds. Having recently tested the capital markets the Directors believe that it will be difficult to raise additional funding from the capital markets and they believe that a disposal of SeaEnergy Renewables Limited (“SERL”) is the best way of maximising shareholder value by allowing an entity, other than SeaEnergy PLC, to develop these offshore wind development assets.

The Directors believe that at the date of these financial statements there exists a material uncertainty regarding whether or not the Company will be successful in completing the disposal of SERL, which may cast significant doubt upon the ability of the Group and Company to continue as a going concern and therefore to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after making inquiries and considering all the relevant factors in relation to the proposed disposal of SERL, the Directors are of the opinion that they will be able to complete the disposal and have therefore prepared cash flow forecasts for the Group on this basis. These projections indicate that the Group and Company will have adequate cash resources to meet its obligations as they fall due for a period of not less than one year from the date of approval of these financial statements.

If for any reason the uncertainty described above cannot be successfully resolved, the going concern basis may no longer be appropriate. The financial statements do not include any adjustments that would result if the Group and Company was unable to continue as going concern.

Although this material uncertainty exists, the Directors have a reasonable expectation that the Group and Company will have adequate resources to continue in operational existence for the foreseeable future and have therefore concluded that it is appropriate to adopt the going concern basis in preparing these financial statements.

The figures and financial information for the year ended 2009 do not constitute the statutory financial statements for that year under section 435 of the Companies Act 2006. The auditors report will contains reference to the significant uncertainties disclosed above. The 2008 comparatives are derived from the statutory accounts for 2008 which have been delivered to the Registrar of Companies and received an unqualified audit report containing an emphasis of matter paragraph relating to going concern and did not contain a statement under the Companies Act 1985, s237(2) or (3).

Comparative Period

The corresponding amounts in the prior period have been restated to correct an accounting error which arose from failure to correctly apply with International Accounting Standard (“IAS”) 27 – Consolidated Financial Statements, in connection with losses allocated to Minority Interests.

IAS27 requires that any excess losses applicable to a minority over the minority’s interest in the subsidiary’s equity are allocated against the majority, except to the extent that the minority has a binding obligation to cover the losses and is able to make such investment.

The Company’s subsidiary SeaEnergy Renewables Limited recorded a loss and losses totalling £122,534 were allocated to the minority. There is no obligation on the minority to cover losses. Losses should only have been

allocated to the minority to the extent of its equity interest of £1,200 and therefore excess losses of £121,334 were incorrectly allocated.

The effect of the prior period restatement is to reduce Total equity attributable to equity holders of the parent by £121,334. Minority Interest is increased by the same amount resulting in a figure of £nil, reflecting the position whereby Minority interest in equity of £1,200 has been reduced to £nil by losses allocated of the same amount.

2. Segmental Reporting

The Group has two operating segments being Oil & Gas and Renewable Energy. The Group's operations are concentrated within Europe, mainly in the UK. The Chief Operating Decision Maker monitors the operating results of its operating segments separately for the purposes of making decisions and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the Consolidated financial statements. However, Group Financing (including finance costs and finance income) are managed on a group basis and are not allocated to operating segments.

	Oil & gas £'000	Renewable energy £'000	Corporate unallocated expenses and gains £'000	Group £'000
2009				
Revenue	-	-	-	-
Operating profit / (loss)	2,075	(1,597)	(2,390)	(1,912)
Share of associates				(2,049)
Finance costs net				(2,527)
Operating loss from discontinued operations				(37)
Loss for the year				<u>(6,525)</u>
2008				
Revenue	-	-	-	-
Operating loss	(723)	(970)	(1,320)	(3,013)
Share of associates				(328)
Finance income net				54
Operating loss from discontinued operations				(75)
Loss for the year				<u>(3,362)</u>

Discontinued operations relate to a gas field which was sold in February 2006.

Group	Oil & gas £'000	Renewable energy £'000	Total continuing operations £'000	Discontinued operations £'000	Corporate unallocated £'000	Group £'000
2009						
Segment assets	1,181	969	2,150	-	9,167	11,317
Segment liabilities	(508)	(416)	(924)	(1,257)	(3,093)	(5,274)
2008						
Segment	3,200	623	3,823	-	3,118	6,941

assets						
Segment						
liabilities	(538)	(181)	(719)	(1,220)	(2,094)	(4,033)
			Total			
	Oil & gas	Renewable	continuing	Discontinued	Corporate	Group
Group	£'000	energy	operations	operations	unallocated	£'000
		£'000	£'000	£'000	£'000	£'000
2009						
Capital						
Expenditure						
P,P&E	-	15	15	-	30	45
Intangibles	-	754	754	-	-	754
Non cash expenses						
Depreciation	-	6	6	-	25	31
			Total			
	Oil & gas	Renewable	continuing	Discontinued	Corporate	Group
Group	£'000	energy	operations	operations	unallocated	£'000
		£'000	£'000	£'000	£'000	£'000
2008						
Capital						
Expenditure						
P,P&E	-	21	21	-	2	23
Intangibles	2,239	126	2,365	-	-	2,365
Non cash expenses						
Depreciation	-	2	2	-	24	26

3. Loss per Ordinary Share

Loss per share attributable to equity holders of the Company arise from continuing and discontinued operations as follows:

	(pence per share)	
	2009	2008 Restated
Loss per share attributable to equity holders of the Company arise from continuing operations as follows:		
- basic	(11.74)	(8.29)
- diluted	(11.74)	(8.29)
Loss per share for loss from discontinued operation attributable to the equity holders of the Company		
- basic	(0.06)	(0.19)
- diluted	(0.06)	(0.19)
Loss per share for loss from continuing and discontinued operations attributable to the equity holders of the Company		
- basic	(11.80)	(8.48)
- diluted	(11.80)	(8.48)

The calculations were based on the following information.

	£'000	£'000
Loss attributable to equity holders of the Company		
– continuing operations	(6,488)	(3,287)
– discontinued operation	(37)	(75)
– continuing and discontinued operations	<u>(6,525)</u>	<u>(3,362)</u>
Weighted average number of shares in issue		
– basic	55,272,661	39,637,929
– diluted	55,272,661	39,637,929

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has three classes of potential ordinary shares; share options, warrants and the Schlumberger debt deferral agreement. As a loss was recorded for the current year and the previous year the issue of potential ordinary shares would have been anti-dilutive in both years.

4. Goodwill and Other Intangible Assets

	Other £'000	Goodwill £'000	Total £'000
Year ended 31 December 2008			
Opening net book amount at 1 January 2008	39	-	39
Additions	126	-	126
Acquisition of subsidiary (note 13)	1,750	489	2,239
Closing net book amount at 31 December 2008	<u>1,915</u>	<u>489</u>	<u>2,404</u>
Year ended 31 December 2009			
Opening net book amount at 1 January 2009	1,915	489	2,404
Additions	754	-	754
Closing net book amount at 31 December 2009	<u>2,669</u>	<u>489</u>	<u>3,158</u>

Oil and gas project expenditures, including geological, geophysical and seismic costs, are accumulated as intangible fixed assets prior to the determination of commercial reserves. At 31 December 2009, such intangible fixed assets totalled £1,789,000 (31 December 2008: £1,789,000).

Renewable energy project expenditures have been capitalised as intangible assets, where the Group's renewable subsidiary has entered into Exclusivity Agreements, or a Zone Development Agreement, with The Crown Estate in relation to proposed offshore wind farm sites. At 31 December 2009, such intangible fixed assets totalled £880,000 (31 December 2008: £126,000).

5. Property, Plant and Equipment

	Plant, fixtures and equipment £'000
Cost	
At 1 January 2008	478
Additions	23
At 31 December 2008	501
Accumulated depreciation	
At 1 January 2008	316
Charge for the year	26
At 31 December 2008	342
Net book amount	
At 31 December 2008	159
Cost	
At 1 January 2009	501
Additions	45
Disposals	(39)
At 31 December 2009	507
Accumulated depreciation	
At 1 January 2009	342
Charge for the year	31
Disposals	(39)
At 31 December 2008	334
Net book amount	
At 31 December 2009	173

6. Investments

	£'000
Investments in associates	
At 1 January 2008	2,980
Additions	49
Gain on dilution	183
Impairment	(49)
Exchange movement	42
Share of loss for year	(504)
At 31 December 2008	2,701
At 1 January 2009	2,701
Impairment	(1,416)
Other movements	(167)
Share of loss for year	(466)
At 31 December 2009	652

The Group's share of the results of its principal associates and its aggregated assets and liabilities are as follows:

Name	Country of incorporation	Status	Assets	Liabilities	Revenues	Loss	% interest held in ordinary shares by group
2009							
Lansdowne Oil & Gas plc	England	AIM listed	3,510	(1,442)	-	(456)	36.26%
Mesopotamia Petroleum Company Limited*	England	Private	-	-	-	(10)	32.67%
			3,510	(1,442)	-	(466)	

* Mesopotamia Petroleum Company Limited had net liabilities at 31 December 2009. The investment has been written down to nil during the year.

7. Derivative Financial Instruments

	2009	2008
	£'000	£'000
Current	3,581	-
Non-current	506	-
	4,087	-

During the year the Company entered into two derivative agreements. The Company issued shares by way of placing in exchange for the right to receive the proceeds of monthly swap settlements. Under the swap agreements the subscription monies were retained by the placee as collateral. Each settlement amount is determined by the Company's share price and by interest on the notional balance outstanding during that settlement period. Until the settlement of each swap the Company holds the risk and reward of market changes.

On 4 September 2009, the Company arranged a placing of 15,000,000 ordinary 10p shares at a price of 50p per share. The first placing tranche of 9,900,000 shares (Tranche A) was issued on 4 September 2009. The second placing tranche of 5,100,000 shares (Tranche B) was issued on 24 September 2009 following the granting of the requisite authority at a General Meeting of the Company's shareholders.

The Company also entered into derivative agreements, consisting of equity and interest rate swaps with a notional principal value of £4.95 million and £2.55 million in relation to Tranche A and Tranche B respectively.

At the end of year, the fair value of the derivative agreements in accordance with IAS 39 was £4.087 million.

The notional principal of each derivative agreement is divided into 18 swaps. In respect of Tranche A, the first 9 swaps are in relation to notional principal of £341,667 per swap and the second 9 swaps are in relation to notional principal of £208,333 per swap. In respect of Tranche B, the first 9 swaps are in relation to notional principal of £233,333 per swap and the second 9 swaps are in relation to notional principal of £50,000 per swap.

The value of the swap settled in each period is determined by the reference to the Company's share price, the equity swap, and to LIBOR (1 month GBP London Interbank Borrowing Rate), the interest rate swap. The amount received in respect of each equity swap is based on the Company's share price divided by the strike price of 73.33p multiplied by the principal being settled. In respect of Tranche A, a change in share price of 1p from the strike price will lead to a change in receipts of £4,659 per month, over the first 9 swaps, and £2,841 per month over the second 9 swaps. In respect of Tranche B, a change in share price of 1p from the strike price will lead to a change in receipts of £3,182 per month, over the first 9 swaps, and £682 per month over the second 9 swaps.

The settlement value of the interest rate swap is deducted from the equity swap. It is calculated as the difference between fixed rate interest of 0.25% per annum, payable on the reducing balance of the notional principal, and LIBOR plus an agreed margin (subject to a collar). Interest due on the collateral amounts is deducted from amounts due under the interest rate swap.

The first settlement monthly settlement date for Tranche A was October 2009 and the last is March 2011. The first settlement monthly settlement date for Tranche B was November 2009 and the last is April 2011.

Fair value of the swaps is calculated by discounting the forecast cash flows by reference to the current share price and LIBOR on the reference date.

	31
	December
	2009
Tranche A	
Company share price	52.5p
Discount rate	8%
Fair value (£'000)	2,683
	31
	December
	2009
Tranche B	
Company share price	52.5p

Discount rate	8%
Fair value (£'000)	1,404

8. Trade and Other Payables, Loans and Borrowings

(a) Trade and Other Payables

	2009	2008
	£,000	£,000
Amounts falling due within one year;		
Trade payables	710	259
Other taxes and social security	90	76
Accruals	563	407
Amounts due under finance leases	9	4
Other payables	1,369	1,270
	2,741	2,016

*Other payables includes an amount of £1.3 million (2008: £1.2 million) due to Schlumberger Offshore Services Limited under a debt deferral arrangement.

(b) Loans and Borrowings

	2009	2008
	£'000	£,000
Loan from shareholder	2,000	1,500

In April 2008 the Company secured a borrowing facility in aggregate amount of £2 million (the "Facility"), to provide additional working capital. During 2008 the Company drew down £1.5 million against this facility. The balance of £500,000 was drawn during 2009.

The Facility has been made available by LC Capital Master Fund, Ltd ("LC") a shareholder of the Company.

The first draw down was made on 24 July 2008 and repayment was initially due six months thereafter in January 2009. With the consent of the lender this was extended until July 2009 and subsequently until January 2010. The Company repaid £0.5 million in February 2010 and the repayment of the balance of £1.5 million has been further extended until 24 October 2010. Interest is payable at 4 per cent per annum. Various repayment mechanisms are in place to repay the debt. In certain circumstances the loan may be repaid in full, prior to its scheduled maturity at the option of LC, through its conversion into an equity interest in potential new opportunities currently being pursued by SeaEnergy. If the conversion is effected at the same time as other third parties invest it would be on the same terms as such other third parties invest. In all other circumstances, SeaEnergy's liability under the Facility shall be repaid on the repayment date as follows:

- First, by SeaEnergy repaying any unused amount of the Facility drawn down by it prior to that date;
- Secondly, to the extent that there remains any debt outstanding, by LC electing for such debt to be discharged by way of the subscription by it for new ordinary shares in SeaEnergy at a price equal to the average closing mid-market price over the 10 dealing days immediately prior to such subscription, subject to there being in place sufficient SeaEnergy shareholder authority to allot such shares at that time and to the aggregate interest of LC and any person deemed to be acting in concert with LC, in the Company remaining below 30 per cent; and
- Finally, in the event of there being any residual debt, by SeaEnergy repaying such residual debt in cash.

9. Share Capital and Premium

	Date	Number of shares (thousands)	Ordinary Shares £'000	Share Premium £'000	Total £'000
	At 31 December 2007	36,888	3,689	69,633	73,322
	14 May 2008	Issue of new shares	943	94	250
	24 June 2008	Issue of new shares	1,317	132	500
	14 July 2008	Issue of new shares	1,961	196	1,035
	20 November 2008	Exercise of warrants	5,000	500	700
	At 31 December 2008	46,109	4,611	71,196	75,807
	27 January 2009	Issue of new shares	331	33	136
	21 April 2009	Placing of new shares	3,579	358	1,551
	18 May 2009	Exercise of warrants	600	60	204
	2 June 2009	Exercise of warrants	2,400	240	816
	31 July 2009	Exercise of share options	70	7	24
	4 September 2009	Placing of new shares	9,900	990	4,573
	24 September 2009	Placing of new shares	5,100	510	2,356
	At 31 December 2009	68,089	6,809	78,658	85,467

The total authorised number of ordinary shares is 100 million shares (2008: 70 million shares) with a par value of 10 pence per share. All issued shares are fully paid.

On 27 January 2009 the Company issued 330,768 new ordinary shares of 10p each at a price of 41 pence per share to Exploration Geosciences Limited (“EGL”), in settlement of a bonus entitlement in the year ended 31 December 2008.

On 21 April 2009 the Company issued 3,579,232 new ordinary shares of 10 pence each at a price of 46 pence per share by way of a private placing.

On 18 May 2009, following the exercise of 600,000 warrants, the Company issued 600,000 new ordinary shares of 10p each. In June 2009, following the exercise of a further 2,400,000 warrants, the Company issued 2,400,000 new ordinary shares of 10p each. The exercise of the warrants, which were granted in August 2005 at a price of 34p per share, resulted in the Company receiving £1.02 million as proceeds of these exercises.

On 31 July 2009 the Company issued 70,000 new ordinary shares of 10 pence each at a price of 34 pence per ordinary share following the exercise of share options.

On 4 September 2009 the Company issued 9,900,000 new ordinary shares of 10 pence each at a price of 50 pence per share by way of private placing.

On 24 September 2009 the Company issued 5,100,000 new ordinary shares of 10 pence each at a price of 50 pence per share by way of private placing.

On 22 January 2010, the Company issued 149,000 new ordinary shares of 10p each at a price of 60p per share, in satisfaction of deferred pension contributions for 2008 and 2009, due to Executive Chairman Steve Remp.

On 2 February 2010, the Company issued 210,000 new ordinary shares of 10p each at a price of 34p per share following the exercise of share options.

On 5 February 2010, the Company issued 587,511 new ordinary shares of 10p each at a price of 56.5 pence per share, the closing mid-market price on 4 February 2010. The shares were purchased by the SeaEnergy PLC Employee Benefit Trust which has been established and funded by the Company for the purpose of rewarding

Directors, officers and employees of the Company and its subsidiaries.

On 18 February 2010, the Company issued 75,000 new ordinary shares of 10p each at a price of 34p per share following the exercise of share options.

The principal trading market for the shares in the UK is the London Stock Exchange's Alternative Investment Market ("AIM") on which the shares have been traded since 14 November 1996.

The following table sets forth, for the calendar quarters indicated, the reported highest and lowest price for the shares on AIM, as reported by the London Stock Exchange.

	2009		2008	
	Pence per share		Pence per share	
	High	Low	High	Low
First quarter	58.8	41.0	24.0	19.0
Second quarter	81.5	65.5	79.3	19.0
Third quarter	78.0	46.0	62.0	35.5
Fourth quarter	54.0	44.5	48.5	27.0

10. Deficit on Retained Earnings

	£'000
Year ended 31 December 2008	Restated
At 1 January 2008	(69,564)
Loss for the financial year	(3,361)
Share based payments charge	<u>26</u>
At 31 December 2008	<u>(72,899)</u>
Year ended 31 December 2009	
At 1 January 2009	(72,899)
Loss for the financial year	<u>(6,525)</u>
At 31 December 2009	<u>(79,424)</u>

11. Arbitration Settlement

On 30 December 2009 the Company settled a dispute with the State Oil Company of the Azerbaijan Republic. The settlement proceeds of \$4.9 million (£3.0 million) less costs have been credited to the Income Statement. The settlement proceeds were received on 31 December 2009.

12. Reconciliation of Loss before Income Tax to Cash used in Operations

	2009	2008
	£'000	£'000
Loss for year from continuing operations	(6,488)	(3,287)
Adjustments for:		
Depreciation of property, plant and equipment	31	26
Gain on sale of property, plant and equipment	(1)	-
Equity settled share-based payment transactions	-	26
Gain on dilution of investment	-	(225)
Impairment of investment in associate	1,416	49
Share of associate loss and other movements	633	504
Operating cash flows before movements in working capital	(4,409)	(2,907)
Change in trade and other receivables	171	(347)
Change in trade and other payables	613	137
Change in provisions	1	1
Cash outflow generated by operations	(3,624)	(3,116)
Net finance expense / (income)	2,527	(54)
Net cash used in continuing operating activities	(1,097)	(3,170)

	2009	2008
	£'000	£'000
Loss for year from discontinued operation	-	-
Adjustments for:		
Net finance expense	(37)	(75)
Operating cash flows before movements in working capital	(37)	(75)
Change in trade and other payables	37	75
Cash used in operations	-	-
Interest paid	-	-
Net cash from discontinued operating activities	-	-

13. Related Party Transactions

(a) Directors

During 2008 and 2009 Executive Directors voluntarily agreed to defer contractual bonus and pension payments totalling as summarised below:

	As at 31 December	
	2009	2008
	£'000	£'000
SE Remp	119	74
SR Bertram	14	14
CG Moar	4	4
	<u>137</u>	<u>92</u>

No guarantees were given by the Company and no interest was charged on the outstanding balances.

All deferred amounts were settled in January 2010.

(b) Directors

In addition to his Board fees as a Non-Executive Director, M N Groves Gidney undertook consultancy. In the period from 1 January 2009 to his resignation on 24 September 2009 he received consultancy fees of £nil (2008: £3,000).

In addition to his Board fees as a Non-Executive Director, J H Aldersey-Williams undertook consultancy. In the period from his appointment on 24 September 2009 to 31 December 2009, he received £2,000 of consultancy fees.

(c) Associates

During the year to 31 December 2009 the Group made payments for administrative expenses on behalf of its associate company Mesopotamia Petroleum Company Limited ("MPC") of £nil (2008: £nil). The balance owed by MPC to the Group as at 31 December 2009 is £237,000 (2008: £15,000). It is unsecured and is to be settled in cash within six months of the reporting date. No interest is charged and no guarantee has been given. The Company has made full provision against this debt.

During the year to 31 December 2009 the Group made payments for administrative expenses on behalf of its associate company Lansdowne Oil & Gas plc ("Lansdowne") of £nil (2008: £nil). The balance owed by Lansdowne to the Group as at 31 December 2009 is £524,000 (2008: £156,000). It is unsecured and is to be settled in cash within six months of the reporting date. No interest is charged and no guarantee has been given. The Company has made full provision against this debt.

14. Business Combination

Acquisition of Eagle HC Limited

On 14 May 2008 the Group acquired Eagle HC Limited (“Eagle”). Eagle owns a portfolio of North Sea royalty interests that were accumulated by Exploration Geosciences Limited (“EGL”).

The initial consideration was £1.25 million. Of this amount £0.25 million was satisfied on 14 May 2008 by the issue of 943,396 ordinary shares in the Company.

Further consideration of £0.5 million became payable upon the spudding of the next well on the royalty acreage. This occurred in June 2008 and consequently a further 1,317,292 ordinary shares in the Company were issued on 24 June 2008.

The balance of the initial consideration, £1.0 million, was satisfied on 14 July 2008 by the issue of 1,912,960 ordinary shares in the Company.

A further £0.5 million becomes payable when cash flow from the royalty portfolio commences. All such contingent consideration can be settled at the Company’s option, either in cash or through the issue of new shares.

Eagle was dormant during the financial year and its acquisition had no effect on the Group profit and loss account for the year.

Details of net assets acquired and goodwill are as follows:

	Fair Value £,000
Purchase consideration:	
Shares issued	1,750
Fair value of net assets acquired	(1,261)
Goodwill (note 4)	489

The assets and liabilities acquired are set out below:

	Book Value £	Fair value Adjustment £	Fair Value £
Intangible assets	-	1,750,000	1,750,000
Receivables	500	-	500
Deferred income tax liabilities	-	(489,000)	(489,000)
	500	1,261,000	1,261,500

The goodwill is attributable to the deferred taxation arising on the differences between the fair values attributed to the net assets acquired and the taxation base of the net assets acquired.

The fair value of the shares was based on the closing mid market prices at the time of issue.

The Directors do not believe that the final element of deferred consideration is probable and it has therefore been excluded from the total purchase consideration.

15. Post Balance Sheet Events

(a) Development Agreement

The Company and its partner, EDP Renováveis (“EDPR”), were awarded acreage, on 8 January 2010, by The Crown Estate (Zone 1) to develop offshore wind farms in the Moray Firth, Scotland, with an approximate installed capacity of 1.3GW, as part of the UK Round 3 awards.

Under the terms of the development agreement, signed by EDPR, SeaEnergy Renewables Limited (“SERL”) (an 80% owned subsidiary of the Company) and The Crown Estate (“Agreement”), the companies have been awarded the exclusive rights to develop wind farm sites within the zone.

EDPR and SERL have formed Moray Offshore Renewables Limited (“MORL”) to develop the zone and the Agreement provides SERL with the right to retain a 25% working interest in MORL and all designated windfarm developments within the zone, whilst EDPR holds a 75% interest.

(b) Grant of Share Options

The Company awarded Share Options on 11 January 2010.

(c) Extension of Loan Facilities and Grant of Warrants

In April 2008 the Company secured a short term borrowing facility in aggregate amount of £2 million (the “Facility”), to provide additional working capital. The Facility was made available by LC Capital Master Fund, Ltd (“LC”), a shareholder in the Company. The first draw down was made on 24 July 2008 and repayment was initially due six months thereafter in January 2009. With the consent of the lender this was extended until July 2009, and subsequently until January 2010.

On 24 January 2010 the Company agreed to repay £0.5 million and repayment of the balance of £1.5 million was further extended until 24 October 2010. Interest is payable at 4 per cent. per annum.

The Company agreed to grant warrants to subscribe for up to 250,000 new shares of 10 pence each in the capital of the Company to LC at an exercise price of 60 pence per share, being the closing mid-market price on 22 January 2010. The warrants will be exercisable for a period of three years from grant.

(d) Issue of new shares to Pension Fund of SE Remp

On 22 January 2010, the Company issued 149,000 new ordinary shares of 10p each at a price of 60p per share, in satisfaction of deferred pension contributions for 2008 and 2009, due to Executive Chairman Steve Remp. During 2008 and 2009 Steve Remp voluntarily deferred pension entitlements totalling £89,400. No security was given by the Company for, and no interest was charged on, the deferred amounts. Mr Remp’s pension fund has agreed that the contributions of £89,400 which had been deferred can be satisfied by the issue of new shares. Accordingly the pension contribution was been satisfied by the issue of 149,000 new shares, which were issued at a price of 60p, a premium of 0.5 pence to the closing mid-market price of 59.5p for a SeaEnergy share on 21 January 2010

(e) Issue of new shares pursuant to exercise Share Options

On 2 February 2010, the Company issued 210,000 new ordinary shares of 10p each, following the exercise of share options by two Executive Directors.

On 18 February 2010, the Company issued 75,000 new ordinary shares following the exercise of share options.

(f) Issue of new shares to Employee Benefit Trust

The Company issued, on 5 February 2010, 587,511 new ordinary shares of 10p each at a price of 56.5 pence per share, the closing mid-market price on 4 February 2010. The shares were purchased by the SeaEnergy PLC Employee Benefit Trust which has been established and funded by the Company for the purpose of rewarding Directors, officers and employees of the Company and its subsidiaries.

(g) Sale of shares in SERL to management

On 27 May 2010 the Company sold 2% of its interest in SERL to members of the management team of that Subsidiary

16. Contingent Liability

Under the terms of a Joint Venture (“JV”) agreement, dated 26 February 2009, between the Iraqi Drilling Company (“IDC”) and the Company’s Associate, Mesopotamia Petroleum Company (“MPC”), there was a requirement on MPC to confirm its share of the initial joint venture funding by an agreed date. Failure to do so may have required MPC to pay a penalty of US\$2,205,000. After the confirmation deadline had passed IDC unilaterally terminated the JV in July 2009. The MPC Board believe that they are entitled to an extension of the funding confirmation date under the JV. The Company and another MPC shareholder, and an associate of that shareholder, jointly and severally guaranteed the penalty amount.

17. Annual Report, Financial Statements and Annual General Meeting

The Annual Report and Financial Statements will be posted to shareholders shortly and will be available from the Company’s website www.seaenergy-plc.com and from Britannia House, Endeavour Drive, Arnhall Business Park, Westhill, Aberdeenshire AB32 6UF.

Recent changes to the Companies Acts require the Company to hold this year’s Annual General Meeting on or before 30 June 2010. The Board in consultation with the Company’s legal advisers considered it appropriate to conduct a full review of the Company’s funding options prior to signing off the Company’s 2009 Accounts. This process has only just been concluded, as it could not be commenced until after the recent Inch Cape announcement had been made. Consequently the convening of this year’s AGM has been slightly delayed and the AGM will not be held until 14 July.

To have convened this year’s AGM for a date on or before 30 June 2010 would have required the shareholders to receive short notice, which the Board and its legal advisers believed would not have been in the best interests of its shareholders. The Board has instead opted to convene this year’s AGM for a date as soon as is practicable following 30 June 2010 giving shareholders the full period of statutory notice (21 days) to consider the 2009 Accounts and the proposed business of the AGM.