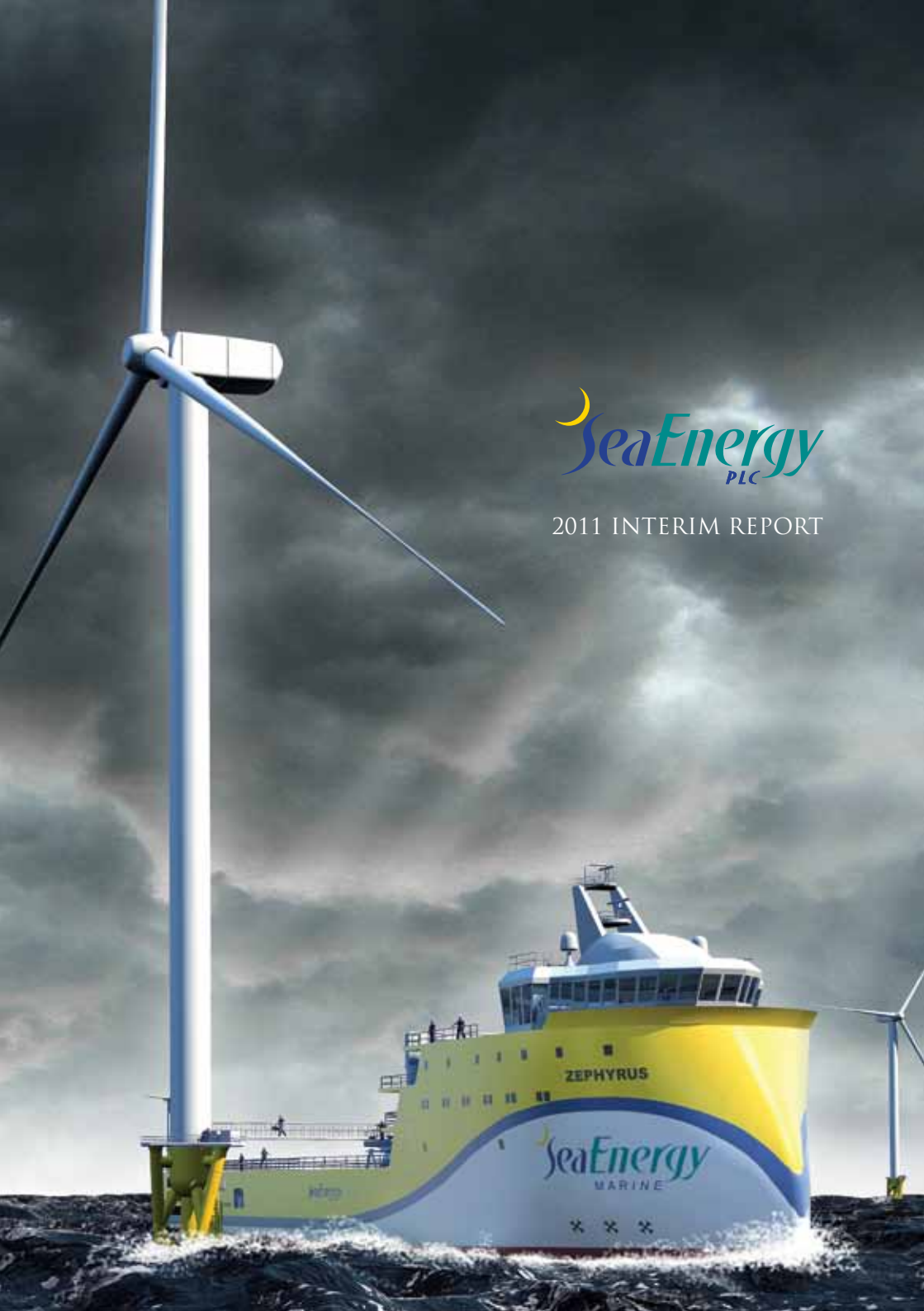




2011 INTERIM REPORT





Operational length = 18 m.

Min. length (0% telescopic)

500



Highlights

- Clear strategy in place to build upon SeaEnergy's unique position as an energy ventures business, reflecting the Company's heritage in both oil & gas and renewables
- Successful divestment of 80% interest SeaEnergy Renewables Ltd ("SERL") to Repsol
- Strong financial position with no debt and cash on the balance sheet
- Oil & Gas portfolio with material near term value accretive opportunities
- Significant progress made with developing services business to offshore wind industry
- Proposal to restructure the balance sheet will allow for a possible distribution to shareholders, the payment of a dividend or the buy-back of shares, following completion of the audit of the 2011 results

Chairman's Statement

Dear Shareholder

The successful disposal, completed in June this year, of SeaEnergy Renewables Limited (“SERL”), our 80% owned offshore wind farm development business, to Repsol of Spain, has ensured that the Company is in the best shape financially it has been for many years. SeaEnergy is now debt free, with cash in the bank and several exciting business development opportunities, any of which we believe could develop into further significant success. The management team is energised and feeling positive about the road ahead.

The SERL disposal has given us greater flexibility for the future and we have been able to re-define what and who we are - “An energy ventures company focussed on growing oil and gas and renewables businesses”. We have learned much from the SERL experience and believe we are at the leading edge of offshore wind, a global industry which, notwithstanding the challenges posed by risks to the global economy and financing difficulties, offers long-term growth potential, particularly through servicing these large developments as they are built and operated.

Financial review

The Group recorded a profit from continuing operations after tax of £27.0 million for the first six months of 2011 compared to a loss of £4.2 million for the first six months of 2010. Included in the profit for the current period is a gain on the disposal of SERL of £32.8 million. Operating expenses increased from £2.6 million in the prior period to £6.1 million in the current period, largely due to the provision for contractual bonuses associated with the disposal of SERL and associated employer's national insurance totalling £3.3 million. Net finance income was £0.1 million (expense of £1.6 million in the same period of 2010). The decrease in net finance expense is mainly due to losses of £0.6 million (6 months to 30 June 2010: losses of £0.5 million) on equity swap settlements, offset by a favourable fair value adjustment of £0.7 million (6 months to 30 June 2010: £1.1 million unfavourable) on equity swap carrying values. These arrangements, entered into in September 2009, concluded in May 2011.

Share of gains in associates and other related movements increased from £nil to £0.3 million. This comprised associate losses of £0.1 million offset by increased share of net assets of £0.4 million.

Group cash balances at 30 June 2011 were £27.0 million compared with £1.0 million a year earlier. A retention of £3.0 million, plus interest, on the SERL sale is receivable in June 2012 subject to there being no warranty claims. Cash outflows from operating activities totalled £2.3 million, the same as in the 6 months to 30 June 2010. £32.3 million was raised, after expenses, through the disposal of SERL (6 months to 30 June 2010: £nil). £0.8 million was used to acquire intangible assets for SERL prior to its sale, (6 months to 30 June 2010: £1.0 million). No cash was raised in the period through the issue of new equity (6 months to 30 June 2010 £0.2 million). Proceeds from derivatives were £0.5 million (6 months to 30 June 2010: £1.7 million). Prior to its repayment a further £1.3 million was drawn under the loan facility provided by LC Capital Master Fund Limited (6 months to 30 June 2010: £nil). A total of £3.9 million was used to repay that facility in full with interest and fees totalling £1.0 million on completion of the disposal of SERL, (6 months to 30 June 2010: £0.5 million).

Total equity attributable to the equity holders of the Company has increased from £2.6 million at 30 June 2010 to £28.5 million as at 30 June 2011. The increase arises primarily from profits and other movements on retained earnings of £28.9 million.

Oil and Gas

AIM listed Lansdowne Oil & Gas plc, in which we hold a 24.68% interest, continues to make good progress, having completed this year's 3D seismic acquisition programme in the Celtic Sea ahead of schedule and on budget. The interpreted results of that programme are expected to be available before the end of the year. SeaEnergy, as Lansdowne's founder and one of its largest shareholders, was pleased to participate in Lansdowne's July fundraising where we invested an additional £1.7 million at 15p per share, increasing our holding to its current level. Lansdowne's share price at close of dealings yesterday was 24.75 pence.

Chairman's Statement continued

Lansdowne raised a total of £6.1 million to fund its 20% interest in the Barryroe oil appraisal well, which is scheduled to be drilled before the end of the year. Currently our investment in Lansdowne has a market value of £7.5 million.

The prospectivity of offshore Montenegro has never drifted far from my mind and we continue to monitor developments there, where a new Hydrocarbons Law enacted in 2010 has stimulated increased international interest in the area. Our much improved financial position should allow us to focus renewed attention on reviving activity in the region.

I have nothing new to report with regard to our other oil and gas interests.

Renewables

I have written previously about our plans to build an offshore wind services business focussed on specialised operations and maintenance (“O&M”) vessels. We have engaged with many potential customers and can confirm widespread support for our design and operational concept. Converting that support to a firm charter is our priority. To date, the only tender for such offshore wind support vessels has been for a project in the Baltic Sea. Our vessel design is specified for the more challenging wave, tide and weather conditions encountered in the North Sea, and is therefore over specified

for the more benign conditions in the Baltic. The requirement for the first such vessels in the North Sea (primarily UK and Germany) is expected to occur in 2014 and we are actively preparing to participate in the first of such tenders for the North Sea which are expected to be issued next month.

We are now moving forward with additional technical work to finalise the optimal design for the O&M vessel. This comprises tank testing and the preparation of detailed engineering drawings, both of which are required to put us in a position to initiate construction of our first new-build vessel, once an initial charter has been secured.

In addition, we are investigating with potential customers and ship-owners the potential for a nearer-term charter of an existing ship for this winter which would demonstrate our concept, allow us to optimise the design of vessel features and working processes in real working conditions and, importantly, would generate earlier revenue.

Outlook

Shareholders will recently have received a circular calling a General Meeting of the Company for 6 October 2011 in order to allow us to commence the process of reconstructing our balance sheet. This will pave the way for the Company to be in a position where it may make a distribution to shareholders, pay a dividend or buy back some of its own shares following completion of the audit of the Company's 2011 results. It has been deeply frustrating to see our shares trading at a significant discount to net cash and having the ability to buy back some of our shares, to be held in treasury or for cancellation, will be a useful tool. I would strongly urge those shareholders who have not yet done so to vote in favour of the Resolutions at next week's General Meeting.

In preparation for the balance sheet reconstruction, and the associated Court process, we recently settled the long outstanding Schlumberger debt, paying £950,000 in cash to settle in full a debt that we were carrying at £1.3 million. The removal of that creditor should help facilitate the Court process and has also removed the potential dilution to Shareholders that would have occurred if Schlumberger had exercised its right to have the debt settled through the issue of new shares in the Company.



Stephen Remp
Chairman

Consolidated Interim Balance Sheet

	Note	30 June 2011 (unaudited) £'000	31 December 2010 (audited) £'000	30 June 2010 (unaudited) £'000
Assets				
Non-current assets				
Goodwill and other intangible assets	4	2,278	6,453	4,154
Property, plant & equipment		111	200	221
Investments in associates	5	2,819	1,819	652
		5,208	8,472	5,027
Current assets				
Trade and other receivables		3,371	917	685
Derivative financial instruments	6	-	341	747
Cash and cash equivalents		27,021	94	998
		30,392	1,352	2,430
Total assets		35,600	9,824	7,457
Liabilities				
Current liabilities				
Trade and other payables	7	(6,587)	(5,320)	(2,833)
Loans and borrowings		-	(2,650)	(1,500)
Provisions		(5)	(6)	(4)
		(6,592)	(7,976)	(4,337)
Non-current liabilities				
Deferred income tax liabilities		(472)	(472)	(489)
Other non-current liabilities		(27)	(32)	(36)
		(499)	(504)	(525)
Total liabilities		(7,091)	(8,480)	(4,862)
Net assets		28,509	1,344	2,595
Equity				
Ordinary shares		6,911	6,911	6,911
Share premium		79,075	79,075	79,075
Deficit on retained earnings		(57,477)	(84,381)	(83,391)
Total equity attributable to equity holders of the parent		28,509	1,605	2,595
Non-controlling interest in equity		-	(261)	-
Total equity		28,509	1,344	2,595

Consolidated Interim Statement of Comprehensive Income

		Half-year ended 30 June 2011 (unaudited) £'000	(unaudited) restated £'000
	Note		
Continuing operations			
Operating loss		(6,121)	(2,603)
Gain on disposal of subsidiary	2	32,750	-
Finance income		49	5
Finance expense		-	(1,635)
Finance income / (expense) - net		49	(1,630)
Share of loss of associate	5	(103)	(220)
Other movements in respect of associates	5	438	220
Profit / (loss) before taxation		27,013	(4,233)
Taxation		-	-
Profit / (loss) from continuing operations		27,013	(4,233)
Discontinued operation			
Loss from discontinued operation		(15)	(15)
Profit / (loss) for the financial period		26,998	(4,248)
Attributable to:			
Owners of the parent		27,286	(4,124)
Non-controlling interests		(288)	(124)
Profit / (loss) for the financial period		26,998	(4,248)
Earnings / (loss) per share			
	3		
Basic		39.48p	(5.98)p
Diluted		37.03p	(5.98)p
Continuing operations			
Earnings / (loss) per share			
Basic		39.50p	(5.96)p
Diluted		37.05p	(5.96)p

Consolidated Interim Statement of Cash Flows

		Half-year ended 30 June	
		2011	2010
	Note	(unaudited) £'000	(unaudited) £'000
Cash flows from operating activities:	8	(2,268)	(2,272)
Cash flows from investing activities:			
Interest received		8	5
Disposal of subsidiary undertaking		32,259	-
Investment in associate		(25)	-
Acquisition of intangible assets		(775)	(996)
Acquisition of property, plant and equipment		-	(71)
Net cash generated by/(used in) investing activities		31,467	(1,062)
Cash flows from financing activities:			
Proceeds from issue of share capital		-	186
Issue of share capital in subsidiary to Non-controlling interest		-	124
Proceeds from derivatives		453	1,736
Proceeds from borrowings		1,280	-
Repayment of borrowings		(3,930)	(500)
Payment of finance lease liabilities		(5)	(5)
Interest paid		(70)	(1)
Net cash (used in)/generated by financing activities		(2,272)	1,540
Net increase/(decrease) in cash and cash equivalents		26,927	(1,794)
Cash and cash equivalents at start of period		94	2,792
Cash and cash equivalents at end of period		27,021	998

Consolidated Statement of Changes in Equity

Note	Attributable to equity holders of parent				Non-	Total
	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total Equity £'000	controlling Interest £'000	Equity £'000
At 1 January 2010	6,809	78,658	(79,424)	6,043	-	6,043
Loss for the financial year	-	-	(5,283)	(5,283)	(385)	(5,668)
Share based payment transactions	-	-	326	326	-	326
Issue of new shares - gross consideration	102	417	-	519	-	519
Non-controlling interest share subscription	-	-	-	-	124	124
At 31 December 2010	6,911	79,075	(84,381)	1,605	(261)	1,344
At 1 January 2011	6,911	79,075	(84,381)	1,605	(261)	1,344
Profit/(loss) for the period	-	-	27,286	27,286	(288)	26,998
Share based payments transactions	9	-	167	167	-	167
Disposal of subsidiary	-	-	(549)	(549)	549	-
At 30 June 2011	6,911	79,075	(57,477)	28,509	-	28,509
At 1 January 2010	6,809	78,658	(79,424)	6,043	-	6,043
Interest in share capital of subsidiary	-	-	-	-	124	124
Loss for the period	-	-	(4,124)	(4,124)	(124)	(4,248)
Share based payment transactions	9	-	157	157	-	157
Issue of new shares - gross consideration	102	417	-	519	-	519
At 30 June 2010	6,911	79,075	(83,391)	2,595	-	2,595

Notes to the Interim Statement

1. Basis of Presentation

Accounting Policies

The interim financial information for the six months ended 30 June 2011 has been prepared on the basis of the accounting policies which will be adopted in the 2011 Annual Report and Accounts, and IAS 34, “Interim Financial Reporting” as adopted by the European Union.

The interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The results for the six months to 30 June 2011 and the comparative results for six months to 30 June 2010 are unaudited. The comparative figures for the year ended 31 December 2010 do not constitute the statutory financial statements for that year. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with IFRSs as adopted by the European Union. Those financial statements have been delivered to the Registrar of Companies and include the auditor’s report which was unqualified and did not contain a statement under Section 498 of the Companies Act 2006.

Going Concern

The Directors have prepared the interim 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.

Principal Risks and Uncertainties

The management of the business and the execution of the Group’s strategy are subject to a number of risks. Risks are reviewed by the Board and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group. Further details of the Group’s risk profile analysis can be found on pages 12 to 14 of our Annual Report for 31 December 2010, available from the website: www.seaenergy-plc.com. The receipt of the proceeds from the sale of SERL has significantly improved the Group’s funding position. With the exception of funding, there has been no change in the risk profile since the Annual Report.

2. Gain on Disposal of Subsidiary

On 29 June 2011, the Company completed the disposal of its 80.13% interest in SeaEnergy Renewables Limited (“SERL”) in return for a cash consideration of £38.6 million. After transaction costs the Group recorded a gain of £32.8 million. As a result of this gain the Group expects to report a substantial profit for the full financial year. Contractual bonuses, including employer’s national insurance, payable to the Executive Directors, on the after tax results of the Group have been provided for totalling £3.3 million. Final bonuses will be calculated and paid on finalisation of the 2011 results.

3. Earnings/(Loss) per Share

Earnings/(loss) per share attributable to equity holders of the Company arise from continuing and discontinued operations as follows:

	Half year ended 30 June (pence per share)	
	2011	2010
Earnings / (loss) per share for loss from continuing operations attributable to the equity holders of the Company		
- basic	39.50	(5.96)
- diluted	37.05	(5.96)
Loss per share for loss from discontinued operation attributable to the equity holders of the Company		
- basic	(0.02)	(0.02)
- diluted	(0.02)	(0.02)
Earnings / (loss) per share for loss continuing and discontinued operations attributable to the equity holders of the Company		
- basic	39.48	(5.98)
- diluted	37.03	(5.98)

The calculations were based on the following information.

	£'000	£'000
Earnings / (loss) attributable to equity holders of the Company		
- continuing operations	27,301	(4,109)
- discontinued operation	(15)	(15)
- continuing and discontinued operations	27,286	(4,124)
Weighted average number of shares in issue		
- basic	69,110,790	68,917,235
- diluted	73,677,327	68,917,235

Notes to the Interim Statement continued

3. Earnings/(Loss) per Share *continued*

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. At the reporting date the Company had two classes of potential ordinary shares; share options and the debt deferral agreement. Only share options that are exercisable at the reporting date are potential ordinary shares. The lowest exercise price of exercisable share options is 34 pence per share. This is above the average market price of the shares in issue for the period. On that basis none of the share options are considered dilutive. Based on the number of shares required to settle the debt and the interest expense accrued in the year, the debt deferral agreement is dilutive. After the reporting date the debt was settled in cash and this class of potential ordinary shares no longer exists. As a loss was recorded for the prior period the issue of potential ordinary shares would have been anti-dilutive.

4. Goodwill and Other Intangible Assets

Additions during the period of £1.8 million (6 months to 30 June 2010: £996,000) related to expenditure incurred in connection with the offshore wind farm acreage secured by the Company's SeaEnergy Renewables Limited subsidiary. This subsidiary was disposed of on 28 June 2011 and the remaining intangible asset balance of £2.3 million relates to oil and gas project expenditures and royalties.

5. Investments

Movements during the period are attributable to additions of £665,000, less share of losses in associate of £103,000, and other movements of £438,000.

6. Derivative Financial Instruments

The final equity swap settlements occurred in May 2011.

7. Trade and Other Payables

	30 June 2011 (unaudited)	31 December 2010 (audited)	30 June 2010 (unaudited)
	£'000	£'000	£'000
Trade payables	735	1,015	657
Other taxes and social security	57	88	89
Accruals	4,315	2,148	761
Amounts due under finance leases	9	9	9
Other payables*	1,471	2,060	1,317
	6,587	5,320	2,833

7. Trade and Other Payables *continued*

* Other payables includes an amount of £1.3 million as at 30 June 2011 (30 June 2010: £1.27 million) due to Schlumberger Offshore Services Limited, which had the right to have the debt settled through the issue of new shares in the Company. The debt was settled for £950,000 in cash in July 2011.

8. Reconciliation of Profit for the Period to Net Cash Used in Operating Activities

		Half year ended 30 June	
	Note	2011	2010
		£'000	£'000
Profit/(loss) for period from continuing operations		27,013	(4,233)
Adjustments for:			
Depreciation of property, plant and equipment		25	24
Share of loss from associates		103	220
Other movements relating to associates	5	(1,103)	(220)
Gain on sale of subsidiary		(32,750)	-
Equity settled share-based payment transactions		167	157
Operating cash flows before movements in working capital		(6,545)	(4,052)
Change in trade and other receivables		393	103
Change in trade and other payables		3,934	46
Change in provisions		(1)	1
Cash outflow generated by operations		(2,219)	(3,902)
Net finance (income)/ expense		(49)	1,630
Net cash used in continuing operating activities		(2,268)	(2,272)
Loss for period from discontinued operation		(14)	(15)
Adjustments for:			
Net finance expense		14	15
Net cash from discontinued operating activities		-	-
Total net cash used in operating activities		(2,268)	(2,272)

Notes to the Interim Statement continued

9. Share Based Payments Charge

The cost of awards to employees and Directors under the current share option scheme is recognised over the vesting period of the awards, which are either three or five years depending on the category of options awarded. The charge for the current period relates to options granted on 11 January 2010.

10. Related Party Transactions

(a) Directors

During 2010 and 2011 Directors voluntarily agreed to defer contractual payments. Deferred amounts owed to Directors are summarised below:

	Salary	Pension	Fees	30 June 2011 (unaudited) £'000	31 December 2010 (audited) £'000
S E Remp	28	90	-	118	59
S R Bertram	37	25	-	62	20
C G Moar	33	21	-	54	16
SG Lampe	-	-	31	31	19
D Sigsworth	-	-	6	6	3
JH Aldersey-Williams	-	-	6	6	3
DK Laing	-	-	5	5	3
	98	136	48	282	123

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

All deferred amounts were settled in July 2011.

(b) Directors

In addition to his Board fees as a Non-Executive Director, J H Aldersey-Williams undertook consultancy. The fees for the consultancy from 1 January 2011 to 30 June 2011 totalled £55,000 (6 months to 30 June 2010 £56,000), and it was agreed that fees of £10,000 would be deferred (6 months to 30 June 2010 £nil). No guarantees were given by the Company and no interest was charged on the outstanding balances. All deferred amounts have been settled since 30 June 2011.

10. Related Party Transactions *continued*

In addition to his role as a Non-Executive Director, D K Laing is Chairman of Ledingham Chalmers, legal advisers to the Company. From 1 January 2011 to 30 June 2011 the Company incurred legal fees of £140,000 (6 months to 30 June 2010 £21,000) for services provided by Ledingham Chalmers. Of this amount it was agreed to defer fees of £140,000 (6 months to 30 June 2010 £nil). No guarantees were given by the Company and no interest was charged on the outstanding balances. All deferred amounts have been settled since 30 June 2011.

None of these amounts are reflected in the table above.

(c) Associates

During the period to 30 June 2011 the Group made payments for administrative expenses on behalf of its associate company Mesopotamia Petroleum Company Limited (“MPC”). The balance owed by MPC to the Group as at 30 June 2011 is £315,000 (30 June 2010: £303,000). In January 2011 the Company, along with all other MPC creditors, agreed to defer the amount owed by MPC until January 2013. It is unsecured, no interest is charged and no guarantee has been given. The Company has made full provision against this debt.

During the period to 30 June 2011 the Group made payments for administrative expenses on behalf of its associate company Lansdowne Oil & Gas plc. The balance owed by Lansdowne to the Group as at 30 June 2011 is £4,000 (30 June 2010: £680,000). In March 2011 the Company agreed to convert £665,000 of debt to equity by subscribing for 2,659,834 new ordinary shares in Lansdowne at 25 pence per share.

11. Post Balance Sheet Events

(a) Settlement of debt deferral agreement

On 18 July, 2011 the Company agreed with Schlumberger Offshore Services Limited (“Schlumberger”) to settle the outstanding debt of £1.3 million by a cash payment of £950,000. Accordingly Schlumberger no longer have the right to settle the debt in shares of the Company.

(b) Investment in Associate

On 26 July, 2011 the Company acquired 11,428,684 new shares in Lansdowne Oil & Gas plc (“Lansdowne”) at 15 pence per share, a total investment of £1,717,303 as part of a larger placing by Lansdowne. Following that placing the Company now holds 24.68% of the issued share capital of Lansdowne.

Notes to the Interim Statement continued

12. 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\$2.2 million. 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.

13. Copies of the Interim Report

Copies of the interim report can be obtained from the Company Secretary, SeaEnergy PLC, Britannia House, Endeavour Drive, Arnhall Business Park, Westhill, Aberdeenshire, AB32 6UF and from the Company’s website www.seaenergy-plc.com.

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