23 July 2012

STERLING ENERGY PLC

Results for the 6 months ending 30 June 2012

Sterling Energy Plc ("Sterling", the "Company" or the "Group"), (Ticker Symbol: SEY), an upstream oil and gas company with interests in Africa and the Middle East, today announces its results for the six month period ending 30 June 2012.

Summary

- Cash as at 30 June 2012 of $114.4 million ($112.9 million net of partner funds), no debt. $7.1 million expected in July from sale of Chinguetti cargo lifted in June.

- Group turnover increased to $14.0 million (H1 2011: $9.5 million).

- Profit after tax of $4.7 million (H1 2011: $6.5 million).

- Average net Group production decreased to 501 bopd (H1 2011: 626 bopd) as a result of two unplanned production shutdowns.

- Cash flow from operations of $0.7 million (H1 2011: $5.8 million).

Prospects and Outlook

- In the Ntem concession, a large block offshore Cameroon, operatorship has been transferred to Murphy, following the farm-out in 2011. The block remains in force majeure awaiting the resolution of the maritime border dispute between Cameroon and Equatorial Guinea. Sterling has identified several prospects with each estimated to have gross un-risked prospective recoverable resources of multiple hundreds of million barrels, and the operator has indicated the potential for exploration well drilling in 2013, subject to the status of the border dispute.

- In Madagascar, Sterling has made significant progress in discussions with OMNIS, the state agency managing the petroleum resources of Madagascar, and expect to resume exploration activities in the Ampasindava and Ambilobe licenses by early 2013. The large Sifaka prospect in the Ampasindava block is expected to be drilled in 2014 or 2015.

- In the Sangaw North block, the acquisition of 130 km of 2D seismic has commenced and is expected to be completed by the end of August. Evaluation of this data may support the drilling of an exploration well in 2013.

- In the Chinguetti field, offshore Mauritania, production was re-established following the two unplanned shutdowns in the first quarter. Production during the second quarter supports the lower decline rate previously observed.

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Chairman's Statement

Over the last 6 months we have made progress with both our existing projects and some potential new ventures; we anticipate building on this progress over the next 6 months with more visible and active exploration activity.

In the Ntem block, offshore Cameroon, exploration activity is suspended as the Ntem contract remains in force majeure due to a maritime border dispute between Cameroon and Equatorial Guinea. Notwithstanding the force majeure status, Sterling has been working with our new partner, Murphy Oil (50% working interest and operator) to determine the best location for the first exploration well. The partners continue to review the status of the border resolution process as both are keen to commence drilling activity when considered appropriate.

Sterling has material interests in two exploration licenses offshore Madagascar in East Africa, a region where exploration activity has been rewarded with some very material hydrocarbon discoveries in recent years. However the change of government in Madagascar in 2009 resulted in Sterling suspending its in-country operations. There is now an agreed 'road-map' towards democratic elections which are expected to be held in late 2012 or early 2013, when it is likely that exploration activity will resume in both licenses.

In the Sangaw North block, onshore Kurdistan, Sterling, and our joint venture partners, have embarked upon an acquisition programme of 130 km of 2D seismic to help identify suitable traps that may have been filled by the working hydrocarbon system seen in the adjacent blocks. The partners expect to interpret the new data and make a decision about drilling a well, in which case the well would be drilled during the current phase of the Sangaw North PSC which expires in November 2013.

Sterling benefits from a strong balance sheet, with $114 million of cash, and no debt. We have screened many new projects with a few meeting the value accretive hurdle we are seeking to deliver. However, a combination of unacceptable risks found during our extensive due diligence processes and competitive forces from our peers has unfortunately resulted in no new projects being added during the period. The addition of new ventures remains a high priority and the team of highly talented specialists recruited over the last 9 months are working diligently to find the opportunities that will offer real value in the success case.

The Chinguetti field offshore Mauritania continued to produce oil at an average rate of 501 barrels per day during the reporting period. The positive cash flow from Sterling's share of production exceeds the Company's general and administration costs and makes a contribution to operations.

The Company has many assets including its staff, a strong balance sheet, a share of production that generates positive cash flows and some excellent exploration assets. We shall endeavour to employ all of these to generate value for our shareholders.

Alastair Beardsall
Chairman
23 July 2012

Operations Review

Cameroon - Ntem

The Ntem concession area is a highly prospective offshore block in water depths from 400m to 2,000m, situated in the southern Douala/Rio Muni Basin. Over 2,100 km of 2D and 1,500 sq km of 3D seismic data have been acquired, along with the purchase and trade of additional seismic and gravity data.

The Company holds a 50% non-operated working interest in the Ntem licence, following the introduction in 2011 of Murphy Cameroon Oil Co. Ltd, a wholly-owned subsidiary of Murphy Oil Corporation, a successful deep-water operator, as a 50 per cent working interest partner and operator. As consideration, Murphy paid to Sterling a contribution towards past costs and is committed to fully fund joint operations in relation to the current phase of exploration.

This large block is undrilled and is well placed with respect to both Cretaceous and Tertiary stratigraphic plays. Tertiary oil, gas and condensate discoveries made by Noble Energy 50 km to the north of the Ntem block are now being developed, and further Tertiary and Cretaceous discoveries were reported in the same area during 2010 and 2011 by Euroil (Bowleven).

The Ntem block remains in force majeure as a result of the overlapping maritime border claims between Cameroon and Equatorial Guinea. The Company believes that, following the elections in Cameroon in October 2011, both countries are actively working to resolve this issue but no specific timetable can be forecast. When force majeure is lifted, there will be 15 months remaining in the current exploration period which includes the drilling of one exploration well.

Sterling's evaluation of the technical data acquired in the block, supported by regional information, has identified several prospects with each estimated to have gross un-risked prospective recoverable resources of multiple hundreds of million barrels. These prospects are focused on Tertiary and Cretaceous plays analogous to recent exploration successes throughout the West African transform margin. Murphy, the operator, has indicated that the first exploration well may be drilled as early as 2013, with potential drilling slots identified in their exploration programme.

Madagascar – Ampasindava and Ambilobe

Sterling's Ambilobe and Ampasindava blocks are located in the deep-water basin offshore north-west Madagascar. The Company holds a 30% working interest in the Ampasindava license, containing the Sifaka prospect which is independently estimated to have gross un-risked best estimate prospective recoverable resources of 1.2 billion barrels, and 100% working interest in the Ambilobe license.

The incumbent government, formed by non-democratic means in March 2009, is engaged in a "roadmap", developed in co-operation with their African neighbours, towards the holding of democratic elections which are expected to take place in late 2012.

The current exploration periods for both the Ambilobe and Ampasindava licences were due to come to an end in November 2010. Sterling has made significant progress in discussions with OMNIS, the state agency managing the petroleum resources of Madagascar, and expects that exploration activities will resume in both licenses by early 2013, with each license having the same remaining duration and obligations in the current exploration periods as existed in March 2009; in effect, the exploration periods will have been suspended from March 2009 to when they resume.

In Ampasindava, the Sifaka prospect is expected to be drilled during 2014 or 2015. The estimated cost to drill this well will exceed the value of the remaining carry of approximately $37 million of gross costs, and Sterling may seek to farm down its working interest, prior to drilling, to reduce its cost for this well.

In Ambilobe, the work commitments for the current exploration period have been fulfilled. A number of large Cretaceous and Tertiary leads have been identified, located in both shallow and deep waters, which will require additional seismic data to develop into potential drillable prospects.

Kurdistan, Iraq - Sangaw North

A programme to acquire 130 km of 2D seismic data is currently underway in the Sterling operated Sangaw North block (53.33% WI). The acquisition of data commenced in early July and is expected to be completed in August. The survey is being acquired along the flanks of the major structure that was previously tested by the Sangaw North-1 exploration well in 2011 and found to contain non-commercial quantities of hydrocarbon gas.

The additional 2D seismic data is being acquired to better define the potential of a secondary target, analogous to the recent discoveries made by Talisman and Western Zagros in adjacent acreage to the south east of the Sangaw North block, along the flank of the main structure.

In the event that the additional 2D seismic data supports this secondary target, the joint venture partnership may elect to drill an exploration well in 2013, during the remainder of the second sub-period of the exploration phase of the Sangaw North PSC which extends to November 2013.

Mauritania - Chinguetti field

The average daily production during the period was approximately 5,857 bopd gross, and 501 bopd net to Sterling. Production in the period was reduced due to two operational interruptions to the supply of gas from the adjacent Banda field that is used for artificial lift in Chinguetti field production wells. Production was shut down in the period between 26 January and 11 February due to a hydrate blockage in the gas pipeline connecting Banda to Chinguetti; this blockage was cleared prior to re-starting production. Production was also shut down in the period 22 March to 30 March due to a failure in the subsea instrumentation controlling the operations of the gas well in the Banda field; the flow of gas from this well was reinstated on 31 March. The average daily production net to Sterling was 401 bopd during the first quarter and 600 bopd during the second quarter.

Production is stored on location in the floating production storage and offloading vessel (FPSO) until a suitable volume is accumulated which is then sold and transported away by sea tanker. Two cargoes were sold in the period, with loading taking place in January and June 2012. Cash from the second cargo totalling $7.1 million is expected to be received in July 2012.

There are no approved plans for further development of the Chinguetti field.

New Ventures

Sterling continued to strengthen its technical team during the period, and remains focused on expanding the existing exploration portfolio. The Company’s technical and commercial team has, in the period, completed a preliminary screening of a number of opportunities and evaluated a smaller number in more detail.

Qualified person

In accordance with the guidelines of the AIM Market of the London Stock Exchange, Dr Philip Frank, Ph.D. Geology (1977), Exploration Director of Sterling Energy Plc, who has been involved in the oil industry for over 30 years, is the qualified person that has reviewed the assessment of reserves set out above.

Financial Review

Selected financial data

		H1 2012	H1 2011	Year 2011
Production	bopd	**501**	**626**	**629**
Revenue	$ million	**14.0**	**9.5**	**19.1**
Cash *	$ million	**114.4**	**113.4**	**115.8**
Debt	$ million	**-**	**-**	**-**
EBITDA **	$ million	**8.2**	**6.9**	**11.6**
Profit after tax	$ million	**4.7**	**6.5**	**18.4**
Share price (at period end)	pence	**35**	**39**	**40**

* Cash excludes $7.1 million on sale of Chinguetti crude in June 2012, due in July 2012.
** EBITDA is calculated as earnings before interest, taxation, depreciation, amortisation, impairment, pre-licence expenditure and share-based payments.

Highlights

- Profit after tax of $4.7 million in H1 2012;
- 30 June 2012 cash balances $114.4 million;
- Average Chinguetti production 501 bopd

Revenues

Net Chinguetti field production for the first half of the year was 501 bopd, including royalty barrels, a decrease of 20% from the 626 bopd in H1 2011.

Group turnover for the period increased by 48% to $14.0 million (H1 2011 $9.5 million). During the period, there was 2 liftings from Chinguetti resulting in a net 131,941 barrels sold (H1 2011: 79,611 barrels sold, from 1 lifting).

Cost of sales increased to $6.9 million (H1 2011: $3.0 million) mainly due to 2 Chinguetti liftings in the 6 months to June 2012 compared to the single lifting in the same period in 2011.

Profit from operations of $4.8 million

The profit from operations for H1 2012 was $4.8 million (H1 2011: profit $4.2 million).

Pre licence costs were $1.9 million (H1 2011: $0.9 million) with the increase mainly reflecting the greater activity in seeking new ventures.

Other administrative expenses, net of partner recharges and after costs capitalised, decreased by 46% to $0.8 million (H1 2011: $1.4 million). This was due to a combination of a reduction in head office administrative costs and an increase in pre-licence costs.

EBITDA and profit after tax

EBITDA totalled $8.2 million (H1 2011: $6.9 million).

The profit after tax totalled $4.7 million (H1 2011: $6.5 million). Basic profit per share was 2.14 US¢ per share (H1 2012: 2.94 US¢ profit per share).

Interest revenue and other finance losses totalled a loss of $0.1 million (H1 2011: net gain $2.3 million) reflect foreign exchange gains of $0.2 million on Sterling cash balances held at 30 June 2012 which are reported in US Dollars. Interest revenue was $0.2 million.

No dividend is proposed to be paid for the six months to 30 June 2012.

Cash flow

Net cash flow from operating activities pre-working capital movements totalled $6.3 million (H1 2011: $6.0 million). After working capital, net cash flow from operating activities totalled $0.7 million (H1 2011: $5.8 million). The principal movements in working capital were a decrease in trade and other receivables, an increase in inventories, and a decrease in trade and other payables. The working capital adjustment includes a receivable amount of approximately $7.1 million for the Chinguetti cargo loaded in June 2012.

Statement of financial position

At 30 June 2012, Sterling held $114.4 million cash and cash equivalents. Of the $114.4 million (30 June 2011: $113.4 million, 31 December 2011: $115.8 million) $1.5 million was held on behalf of partners, leaving a cash balance of $112.9 million available for Sterling's own use at 30 June 2012. Group net assets at 30 June 2012 were $121.5 million compared to $116.1 million at 31 December 2011.

Net investments in oil and gas assets in the first half of 2012 totalled $2.9 million (H1 2011: $4.7 million) and include $2.0 million in Kurdistan, $0.2 million in Ntem and $0.7 million in Madagascar.

Included in the exploration and evaluation assets is $15.8 million relating to Kurdistan. The carrying value of this exploration and evaluation asset will be reviewed following the completion and interpretation of the 2012 seismic acquisition programme.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement, and in the Operations Review above.

The Company has sufficient cash resources for its working capital needs and its committed capital expenditure programme at least for the next 12 months. As a consequence, the Directors believe the Company is well placed to manage its business risks. The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the results for the six months ended 30 June 2012.

Disclaimer

This document contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil and gas exploration and production business. Whilst the Group believes the expectation reflected herein to be reasonable in light of the information available to it at this time, the actual outcome may be materially different owing to factors either beyond the Group's control or otherwise within the Group's control but where, for example, the Group decides on a change of plan or strategy. Accordingly, no reliance may be placed on the figures contained in such forward-looking statements.

Definitions

$	US Dollars
2D	two dimensional
3D	three dimensional
bbl	barrel (s) of oil
bopd	barrels of oil per day
EBITDA	earnings before interest, taxation, depreciation, amortisation, impairment, pre-licence expenditure and share based payments
km	kilometre
m	metre
mmbbl	millions of barrels
PSC	production sharing contract
RI	royalty interest
RISC	RISC (UK) Limited of Golden Cross House, 8 Duncannon Street, London WC2N 4JF
sq km	square kilometre
US¢	US$ cents
WI	working interest

Sterling Energy Plc – Condensed consolidated income statement for the six months to 30 June 2012

	Note	Six months to 30th June 2012 $000 (unaudited)	Six months to 30th June 2011 $000 (unaudited)	Year ended 31st December 2011 $000 (audited)
Revenue		**14,028**	9,540	19,146
Cost of sales		**(6,881)**	(3,040)	(6,113)
Gross profit		**7,147**	6,500	13,033
Other income		**324**	-	-
Other administrative expenses		**(754)**	(1,358)	(3,728)
Reversal of impairment of oil and gas assets		-	-	8,269
Impairment of oil and gas assets		-	(87)	(33)
Pre-licence costs		**(1,919)**	(885)	(1,282)
Total administrative expenses		**(2,673)**	(2,330)	3,226
Profit from operations		**4,798**	4,170	16,259
Finance income		**211**	272	3,212
Finance costs and exchange gains/(losses)		**(307)**	2,015	(1,051)
Profit before tax		**4,702**	6,457	18,420
Tax	4	**-**	-	-
Profit for the period		**4,702**	6,457	18,420
Other comprehensive income/(expense)				
Currency translation adjustments		**(8)**	51	31
Total comprehensive expense for the period		**(8)**	51	31
Total comprehensive income/(expense) for the year attributable to the owners of the parent		**4,694**	6,508	18,451
Basic profit per share (US¢)	5	**2.14**	2.94	8.40
Diluted profit per share (US¢)	5	**2.14**	2.94	8.29

Sterling Energy Plc – Condensed consolidated statement of financial position as at 30 June 2012

	Note	As at 30th June 2012 $000 (unaudited)	As at 30th June 2011 $000 (unaudited)	As at 31st December 2011 $000 (audited)
Non-current assets				
Intangible royalty assets	6	**2,852**	615	3,221
Intangible exploration and evaluation assets	7	**25,362**	25,515	22,455
Property, plant and equipment	8	**4,873**	88	5,643
		33,087	26,218	31,319
Current assets				
Inventories		**1,724**	2,029	2,872
Trade and other receivables		**8,373**	10,903	922
Cash and cash equivalents		**114,376**	113,396	115,826
		124,473	126,328	119,620
Total assets		**157,560**	152,546	150,939
Equity				
Share capital	10	**148,654**	148,589	148,589
Share premium		**378,863**	378,859	378,859
Currency translation reserve		**(212)**	(184)	(204)
Retained deficit		**(405,789)**	(423,456)	(411,103)
Total equity		**121,516**	103,808	116,141
Non-current liabilities				
Long-term provisions		**20,753**	20,584	20,297
		20,753	20,584	20,297
Current liabilities				
Trade and other payables		**15,291**	28,154	14,501
		15,291	28,154	14,501
Total liabilities		**36,044**	48,738	34,798
Total equity and liabilities		**157,560**	152,546	150,939

Sterling Energy Plc – Condensed consolidated statement of changes in equity for the six months ended 30 June 2012 (unaudited)

	Share capital $000	Share premium $000	Currency translation reserve $000	Retained deficit* $000	Total $000
At 1 January 2011	148,573	378,859	(235)	(431,380)	95,817
Total comprehensive income for the year attributable to the owners of the parent	-	-	51	6,457	6,509
Issued share capital	16	-	-	-	16
Share option charge for the period	-	-	-	1,467	1,467
At 30 June 2011	148,589	378,859	(184)	(423,456)	103,808
Total comprehensive income for the year attributable to the owners of the parent	-	-	(20)	11,963	11,942
Issued share capital	-	-	-	-	-
Share option charge for the period	-	-	-	390	390
At 1 January 2012	148,589	378,859	(204)	(411,103)	116,141
Total comprehensive income for the year attributable to the owners of the parent	-	-	**(8)**	**4,702**	**4,694**
Issued share capital	**65**	-	-	-	**65**
Share option charge for the period		-	-	**612**	**612**
Premium on shares issued	-	**4**	-	-	**4**
At 30 June 2012	**148,654**	**378,863**	**(212)**	**(405,789)**	**121,516**

* The share option reserve has been included within the retained deficit reserve.

Sterling Energy Plc – Condensed consolidated statement of cash flow statement for the six months ended 30 June 2012

	Note	Six months to 30th June 2012 $000 (unaudited)	Six months to 30th June 2011 $000 (unaudited)	Year ended 31st December 2011 $000 (audited)
Operating activities				
Cash generated from operations	9	**742**	5,829	5,573
Net cash flow from operating activities		**742**	5,829	5,573
Investing activities				
Interest received		**211**	272	365
Purchase of property, plant and equipment		**(31)**	(116)	(41)
Exploration and evaluation costs		**(2,583)**	(4,726)	(1,695)
Proceeds on disposal of available for sale assets		-	-	-
Net cash used in investing activities		**(2,403)**	(4,547)	(1,349)
Financing activities				
Net proceeds from issue of ordinary shares		**69**	16	16
Interest paid and banking charges		**(7)**	(6)	-
Net cash flow generated/(used) in financing activities		**62**	10	16
Net increase/(decrease) in cash and cash equivalents		**(1,599)**	1,292	4,240
Cash and cash equivalents at beginning of period		**115,826**	111,679	111,679
Effect of foreign exchange rate changes		**149**	425	(93)
Cash and cash equivalents at end of period		**114,376**	113,396	115,826

Sterling Energy Plc – Notes to the results for the six months ended 30 June 2012

1. General Information

This consolidated results for the six months ended 30 June 2012 have not been audited or reviewed by the Company's auditors. The Directors of the Company approved the financial information included in the results on 18 July 2012.

2. Accounting Policies

This condensed consolidated financial information for the half-year ended 30 June 2012 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with IFRSs.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an invested entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The accounting policies, estimates and judgements applied are consistent with those of the annual financial statements for the year ended 31 December 2011 and those envisaged for the year ended 31 December 2012 financial statements, except as described below.

(i) New and amended standards adopted by the Group: The following new standards and amendments to standards are mandatory for the first time for the Group for financial year beginning 1 January 2012. Except as noted, the implementation of these standards is not expected to have a material effect on the Group.

Transfer of Financial Assets (Amendments to IFRS 7): Effective date 1 July 2011(endorsed 23 November 2011).

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12): Effective date 1 January 2012 (not yet endorsed by EU).

Other standards effective for periods beginning 1 January 2013 or after have not been adopted early and are not expected to have any material effect on the Group.

(ii) Standards, amendments and interpretations to existing standards effective in 2012 but not relevant to the Group:

Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS 1): Effective date 1 July 2011 (not yet endorsed by EU).

The information for the year ended 31 December 2011 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not include any references to any matters to which the auditors drew attention by way of emphasis and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

3. Operating segments

The Group's two operating segments are its Africa and Middle East segments. The UK corporate office is a technical and administrative cost centre. The operating results of each of these segments are regularly reviewed by the Group's chief operating decision makers in order to make decisions about the allocation of resources and to assess their performance.

The following tables present revenue, profit and certain asset and liability information regarding the Group's business segments for the six months ended 30 June 2012, for the year ended 31 December 2011, and for the six months ended 30 June 2011.

	Africa			Middle East			Total		
	H1 2012	H1 2011	FY 2011	H1 2012	H1 2011	FY 2011	H1 2012	H1 2011	FY 2011
	$000	$000	$000	$000	$000	$000	$000	$000	$000
	(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)	(audited)
Income Statement									
Revenue	**14,028**	9,540	19,146	-	-	-	**14,028**	9,540	19,146
Cost of sales	**(6,881)**	(3,040)	(6,113)	-	-	-	**(6,881)**	(3,040)	(6,113)
Gross profit	**7,147**	6,500	13,033	-	-	-	**7,147**	6,500	13,033
Other income	**324**	-	-	-	-	-	**324**	-	-
Impairment reversal	-	-	8,269	-	-	-	-	-	8,269
Impairment provision	-	(87)	(33)	-	-	-	-	(87)	(33)
Pre-licence costs	**(1,919)**	(885)	(1,282)	-	-	-	**(1,919)**	(885)	(1,282)
Segment result	**5,552**	5,528	19,987	-	-	-	**5,552**	5,528	19,987
Unallocated corporate expenses							**(754)**	(1,358)	(3,728)
Profit from operations							**4,798**	4,170	16,259
Finance income							**211**	272	3,212
Finance costs and exchange gains/(losses)							**(307)**	2,015	(1,051)
Profit before tax							**4,702**	6,457	18,420
Tax							-	-	-
Profit attributable to owners of the parent							**4,702**	6,457	18,420

	Corporate		Africa		Middle East		Total	
	H1 2012	FY 2011	H1 2012	FY 2011	H1 2012	FY 2011	H1 2012	FY 2011
	$000	$000	$000	$000	$000	$000	$000	$000
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
Other segment information								
Capital additions								
Property, plant and equipment	**31**	41	-	-	-	-	**31**	41
Exploration and evaluation	-	-	**915**	(2,786)	**1,992**	4,481	**2,907**	1,695
Depreciation & amortisation	**(28)**	(160)	**(1,141)**	(267)	-	-	**(1,170)**	(427)
Impairment reversal	-	-	-	8,269	-	-	-	8,269
Impairment provision	-	-	-	(33)	-	-	-	(33)
Statement of financial position								
Non current assets*	**44**	41	**17,204**	17,432	**15,838**	13,846	**33,087**	31,319
Segment assets**	**113,350**	115,300	**9,435**	3,297	**1,687**	1,023	**124,473**	119,620
Segment liabilities***	**(705)**	(994)	**(33,629)**	(33,088)	**(1,710)**	(716)	**(36,044)**	(34,798)

Revenue from continuing operations includes amounts of $13.4 million from one single customer (2011: $17.5 million). (100% external).
*Segment non-current assets include $6.1 million in Cameroon (2010: $6.0 million), $15.8 million in Kurdistan (2010: $13.8 million) and $7.7 million in Mauritania (2011: $8.8 million).
**Carrying amounts of segment assets exclude investments in subsidiaries.
***Carrying amounts of segment liabilities exclude intra-group financing.

4. Taxation

At 30 June 2012 there is no current tax amount payable or receivable (31 December 2011: nil).

5. Profit per share

Basic earnings per share is based on the profit after taxation of $4,702,090 (first half 2011: profit for the period, $6,457,353) and the weighted average number of 219,446,185 ordinary shares of 40p each in issue during the period (30 June 2011: 219,376,615, 31 December 2011: 219,382,869). As the Company's share price at the period end was below the exercise price of all share options there is no difference in the basic and diluted profit per share.

6. Intangible royalty assets

	Total $000 (unaudited)
Net book value at 1 January 2011	824
Amortisation charge for the period	(209)
Net book value at 30 June 2011	615
Impairment reversal	2,663
Amortisation charge for the year	(57)
Net book value at 31 December 2011	3,221
Amortisation charge for the period	**(369)**
Net book value at 30 June 2012	**2,852**

Group net book value at 31 December 2010 comprises the value of rights to future royalties in respect of the Group's agreements covering licences PSC A and PSC B in Mauritania. The value of these royalty interests is dependent upon future oil and gas prices and the development and production of the underlying oil and gas reserves. An impairment assessment and any subsequent charge are calculated on an individual royalty interest basis. Future recoverable amounts are estimated by management based on the present value of future cash flows expected to be derived from the production of commercial reserves in these licences and are compared against the carrying value of these assets.

7. Intangible exploration and evaluation (E&E) assets

	Total $000 (unaudited)
Net book value at 1 January 2011	20,793
Additions during the period	4,726
Impairment charge for the period	(4)
Net book value at 30 June 2011	25,515
Additions during the year	1,748
Reimbursement of back costs on farm-out	(4,779)
Impairment charge for the year	(29)
Net book value at 31 December 2011	22,455
Additions during the period	**2,907**
Net book value at 30 June 2012	**25,362**

Impairment tests on E&E assets are conducted on an individual cost pool basis when facts and circumstances suggest that the carrying amount in the pool may exceed its recoverable amount.

8. Property, plant and equipment (PPE)

	Oil and Gas assets $000 (unaudited)	Computer and office equipment $000 (unaudited)	Total $000 (unaudited)
Cost			
At 1 January 2011	185,829	2,949	188,778
Additions during the period	83	33	116
Adjustments during the period	-	(26)	(26)
At 30 June 2011	185,912	2,956	188,868
Additions during the period	-	8	8
Adjustments during the period	(4)	-	(4)
At 31 December 2011	185,908	2,964	188,872
Additions during the period	**-**	**31**	**31**
Adjustments during the period	**-**	**-**	**-**
At 30 June 2012	**185,908**	**2,995**	**188,903**
Accumulated depreciation			
At 1 January 2011	(185,829)	(2,774)	(188,603)
Charge for the period	-	(105)	(105)
Disposals during the period	-	11	11
Impairment charge for the period	(83)	-	(83)
At 30 June 2011	(185,912)	(2,868)	(188,780)
Charge for the period	-	(56)	(56)
Disposals during the period	-	1	1
Impairment reversal in the period	5,606	-	5,606
At 31 December 2011	(180,306)	(2,923)	(183,229)
Charge for the period	**(773)**	**(28)**	**(800)**
Disposals during the period	**-**	**-**	**-**
Impairment reversal in the period	**-**	**-**	**-**
At 30 June 2012	**(181,079)**	**(2,951)**	**(184,029)**
Net book value at 30 June 2011	-	88	88
Net book value at 31 December 2011	5,602	41	5,643
Net book value at 30 June 2012	**4,829**	**44**	**4,873**

9. Cash flow

Cash flows from operating activities:

	Six months to 30th June 2012 $000 (unaudited)	Six months to 30th June 2011 $000 (unaudited)	Year ended 31st December 2011 $000 (audited)
Operating activities:			
Profit before tax	**4,702**	6,457	18,420
Other income	**(324)**	-	-
Finance income and other finance gains/losses	**(211)**	(272)	(3,212)
Finance costs and exchange (gains)/losses	**307**	(2,015)	1,041
Depletion and amortisation	**1,170**	314	427
Impairment reversal	**-**	-	(8,269)
Impairment expense	**-**	87	33
Gain on disposal of fixtures and fittings	**-**	(8)	(8)
Share-based payment charge	**612**	1,467	1,857
Operating cash flow prior to working capital	**6,256**	6,030	10,289
Decrease/(increase) in inventories	**1,148**	(1,128)	(1,971)
(Increase)/decrease in trade and other receivables	**(7,452)**	6,792	16,773
Increase/(decrease) in trade and other payables	**790**	(5,865)	(19,518)
	742	5,829	5,573

10. Share capital

	As at 30th June 2012 $000 (unaudited)	As at 30th June 2011 $000 (unaudited)	As at 31st December 2011 $000 (audited)
Authorised, called up, allotted and fully paid			
219,491,020 (31 December 2011: 219,389,020; 30 June 2011: 219,389,020) ordinary shares of 40p	**148,654**	148,589	148,589

11. Reserves

Reserves within equity are as follows:

Share capital
Amounts subscribed for share capital at nominal value.

Share premium account
The share premium account represents the amounts received by the Company on the issue of its shares which were in excess of the nominal value of the shares.

Currency translation reserve
The foreign currency translation reserve includes movements that relate to the retranslation of the subsidiaries whose functional currencies are not the US$.

Retained deficit
Cumulative net gains and losses recognised in the Statement of Comprehensive Income less any amounts reflected directly in other reserves.

12. Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and in the Operational Review. The financial position of the Group is described in the Financial Review.

The Company has sufficient cash resources for its working capital needs and its committed capital expenditure programme for at least the next 12 months. As a consequence, the Directors believe the Company is well placed to manage its business risks. The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the results for the six months ended 30 June 2012.

These results for the six months ended 30 June 2012 are available on the Company's website: www.sterlingenergyplc.com