



Global Energy Development PLC
Interim Report 2009

Identifying and Realising Potential

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Overview

Global Energy Development PLC (the "Company") is a petroleum exploration and production company focused on Latin America. The Company held seven contracts as at 3 September 2009 in the countries of Colombia, Peru and Panama. The Company's balanced portfolio of contracts comprises a base of production, developmental drilling and workover opportunities and several high-potential exploration projects.

The independent petroleum engineers Ralph E. Davis Associates, Inc. ("Ralph E. Davis"), reported that as at 31 December 2008 proved plus probable reserves ("2P") reserves net to the Company totalled 131.0 million barrels of oil equivalent ("BOE")*.

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

Interim Results for the six months ended 30 June 2009

(the "Period")

Highlights

- Revenues down 49.6% at US\$9.0 million reflecting the decline in the oil price (first half of 2008: US\$17.9 million);
- Costs of Sales and Administrative Expenses reduced by 14.7% and 16.1% respectively during the Period through dedicated cost-cutting efforts;
- Profit from Operations of US\$0.3 million (first half of 2008: Profit from Operations of US\$7.7 million);
- Loss before Taxation of US\$0.4 million (first half of 2008: Profit before Taxation of US\$7.1 million);
- Net production moderately higher in the Period, and previously uneconomic wells put back on production in May and June due to higher oil prices; and
- Seismic acquisition underway at the Colombian Rio Verde contract with drilling scheduled to commence during first quarter of 2010.

* Proven and probable oil and gas reserves are estimated quantities of commercially producible hydrocarbons which the existing geological, geophysical and engineering data show to be recoverable in future years from known reservoirs. The proved reserves reported by Ralph E. Davis conform to the definition approved by the Society of Petroleum Engineers ("SPE") and the World Petroleum Council ("WPC"). The probable reserves reported by Ralph E. Davis conform to definitions of probable reserves approved by the SPE/WPC using the deterministic methodology.

Chairman's statement & review of operations

Whilst 2008 saw the Company report record annual financial results, the swift decline in the oil price through the second half of 2008 continued into 2009. The resultant average West Texas Intermediate ("WTI") crude oil price in the first half of 2009 was US\$51.57 per barrel, a 53.6% decline against the first half of 2008 (first half of 2008: average WTI: US\$111.14).

The decline in the oil price was reflected in the Company's Revenues, down 49.6% to US\$9.0 million (first half of 2008: US\$17.9 million), with net production (after all royalty payments) for the first half of 2009 moderately higher at 199,403 barrels of oil ("bbls") (first half of 2008: 181,790 bbls).

The Company took efforts to cut costs against the depressed oil price. Cost of Sales was reduced by 14.7% to US\$6.4 million (first half of 2008: US\$7.5 million) and Administrative Expenses were cut by 16.1% to US\$2.4 million, mainly due to a reduction in the number of employees and consultants (first half of 2008: US\$2.8 million). Despite this, Profit from Operations was US\$0.3 million against US\$7.7 million for the first half of 2008 and the Company recorded a Loss before Taxation of US\$0.4 million for the first half of 2009 (first half of 2008: Profit before Taxation US\$7.1 million). The Company had no bank debt during the Period and continues to have no bank debt to service.

Activity levels during the first half of 2009 were hampered due to the aforementioned oil price and the ensuing reduced cash flow from operations. Capital expenditure was confined to production-lifting cost reduction and environmental protection projects.

The oil price recovered slightly towards the end of the Period and three of the four wells previously shut-in for uneconomic reasons were put back on production during May and June 2009 and are now averaging approximately 325 barrels of oil per day ("bopd") gross.

The second half of 2009 looks brighter with a continued concentration on reducing costs and higher oil prices (averaging approximately US\$66 per barrel of WTI to date). In tandem, operating activity levels have increased with, notably, the acquisition of 3D and 2D seismic underway at the Colombian Rio Verde contract in preparation for planned drilling in the first quarter of

2010. This seismic acquisition represents the vast majority of the Company's contractually required spend for the next six months and the Company is confident that it can remain compliant with all its contracts.

During July 2009, the Company requested that Phase 3 of the Peruvian Block 95 contract be suspended due to delays in receiving certain environmental and community sub-permits necessary to initiate the Company's exploratory programme. Confirmation of the suspension has since been received from Perupetro S. A., the Peruvian State Oil Company. Phase 3 will recommence once the sub-permits are received and will be extended by the length of the suspension. Phase 3 requires a US\$2.0 million seismic acquisition programme or the drilling of a well within the Bretana field.

The Company believes that the industry will continue to strengthen and that it will have increased available cash flow. In preparation for this the Company is assessing, along with its independent reserve engineers, projects within the Company's portfolio that would result in the quickest return on investment and have a positive impact on production volumes and reserves.

The Company continues to be well placed despite the recent industry downturn and is confident of being able to resume growth in the near future.



Mikel Faulkner
Executive Chairman



Stephen Voss
Vice Chairman & Operations Director

3 September 2009

Independent review report to Global Energy Development PLC

Introduction

We have been engaged by the Company to review the condensed set of financial information in the half-yearly financial report for the six months ended 30 June 2009 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and related explanatory notes 1 to 6.

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

Directors' responsibilities

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

Our responsibility

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

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial information in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

BDO Stoy Hayward LLP

BDO Stoy Hayward LLP

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

3 September 2009

Consolidated statement of comprehensive income

For the period ended 30 June 2009

	Note	Six months ended 30 June 2009 \$000 (Unaudited)	Six months ended 30 June 2008 \$000 (Unaudited)	Twelve months ended 31 December 2008 \$000 (Audited)
Revenue		9,003	17,873	32,800
Cost of sales		(6,361)	(7,458)	(15,461)
Gross Profit		2,642	10,415	17,339
Other income		54	104	122
Administrative expenses		(2,363)	(2,818)	(6,304)
Profit from Operations		333	7,701	11,157
Finance income		15	80	183
Finance expense		(705)	(666)	(1,417)
(Loss)/Profit before taxation		(357)	7,115	9,923
Tax expense		(464)	(3,172)	(2,627)
(Loss)/Profit from continuing operations		(821)	3,943	7,296
Total Comprehensive (loss)/income attributable to the equity holders of the parent		(821)	3,943	7,296
(Loss)/Earnings Per Share				
– Basic	4	\$(0.02)	\$0.11	\$0.21
– Diluted	4	\$(0.02)	\$0.10	\$0.20

Consolidated statement of financial position

As at 30 June 2009

	30 June 2009 \$000 (Unaudited)	30 June 2008 \$000 (Unaudited)	31 December 2008 \$000 (Audited)
Assets			
Non-current assets			
Intangible assets	5,598	4,792	5,358
Property, plant and equipment	95,928	92,691	98,294
Deferred tax assets	1,809	335	1,214
	103,335	97,818	104,866
Current assets			
Inventories	1,265	1,029	1,290
Trade and other receivables	7,662	9,285	5,245
Short term investments	1,444	1,812	1,508
Cash & cash equivalents	995	5,976	3,722
	11,366	18,102	11,765
Total assets	114,701	115,920	116,631
Liabilities			
Non-current liabilities			
Convertible loan notes	(16,388)	(16,003)	(16,197)
Deferred tax liabilities	(12,068)	(12,265)	(11,768)
Long term provisions	(839)	(698)	(1,001)
	(29,295)	(28,966)	(28,966)
Current liabilities			
Trade and other payables	(5,418)	(9,765)	(7,099)
Total liabilities	(34,713)	(38,731)	(36,065)
Net assets	79,988	77,189	80,566

Consolidated statement of financial position continued

As at 30 June 2009

	30 June 2009 \$000 (Unaudited)	30 June 2008 \$000 (Unaudited)	31 December 2008 \$000 (Audited)
Equity			
Called up share capital	540	539	539
Share premium account	26,543	26,439	26,439
Other reserve	1,826	1,826	1,826
Capital reserve	210,844	210,844	210,844
Retained earnings	(159,765)	(162,459)	(159,082)
Total equity	79,988	77,189	80,566

The financial information on pages 4 to 10 were approved and authorised for issue by the Board of Directors on 3 September 2009 and were signed on its behalf by:



Mikel Faulkner
Executive Chairman



Stephen Voss
Vice Chairman & Operations Director

3 September 2009

Consolidated cash flow statement

For the period ended 30 June 2009

	Six months ended 30 June 2009 \$000 (Unaudited)	Six months ended 30 June 2008 \$000 (Unaudited)	Twelve months ended 31 December 2008 \$000 (Audited)
Cash flows from operating activities			
Operating Profit before interest and taxation	333	7,701	11,157
Depreciation, depletion and amortization	2,910	3,238	6,356
(Increase)/decrease in trade and other receivables	(2,136)	(718)	3,321
Decrease/(increase) in inventories	23	(145)	(406)
(Decrease)/increase in trade and other payables	(2,567)	(778)	2,412
Increase in long-term provisions	162	24	127
Accretion expense on convertible loans	191	193	387
Provision against unitization receivable	–	800	800
Loss on disposal of assets	55	–	25
Other non-cash items	(56)	–	46
Share-based payments	243	141	165
Cash (used in)/generated from operations	(842)	10,456	24,390
Income taxes paid	(651)	(988)	(2,178)
Net cash flows from operating activities	(1,493)	9,468	22,212
Investing activities			
Capital expenditure and financial investment			
– Expenditure on tangible fixed assets	(584)	(7,293)	(21,810)
– Expenditure on intangible fixed assets	(253)	(373)	(939)
Disposal of Property, plant and equipment	–	27	46
Interest received	15	80	183
Increase in short-term investments	64	19	323
Net cash flows from investing activities	(758)	(7,540)	(22,197)
Financing activities			
Interest paid	(476)	(554)	(895)
Net cash flows from financing activities	(476)	(554)	(895)
(Decrease)/increase in cash and cash equivalents	(2,727)	1,374	(880)
Cash and cash equivalents at beginning of period	3,722	4,602	4,602
Cash and cash equivalents at end of period	995	5,976	3,722

Consolidated statement of changes in equity

For the six months ended 30 June 2009

	Share Capital \$000	Capital Reserve \$000	Share Premium \$000	Retained Earnings \$000	Other Reserves \$000	Total \$000
At 1 January 2008 (Audited)	539	210,844	26,439	(166,543)	1,826	73,105
Total comprehensive income for the period	–	–	–	3,943	–	3,943
Share-based payments	–	–	–	141	–	141
At 30 June 2008 (Unaudited)	539	210,844	26,439	(162,459)	1,826	77,189
Total comprehensive income for the period	–	–	–	3,353	–	3,353
Share-based payments	–	–	–	24	–	24
At 31 December 2008 (Audited)	539	210,844	26,439	(159,082)	1,826	80,566
Total comprehensive loss for the period	–	–	–	(821)	–	(821)
Share-based payments	1	–	104	138	–	243
At 30 June 2009 (Unaudited)	540	210,844	26,543	(159,765)	1,826	79,988

Unaudited notes forming part of the consolidated interim financial statements

For the six months ended 30 June 2009

1. Accounting policies

Basis of preparation

The condensed interim financial information has been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. The condensed interim financial information has been prepared using the accounting policies which will be applied in the Group's statutory financial information for the year ended 31 December 2009.

This results in the adoption of the revision to IAS 1; this revision prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement. This revision has been applied throughout this interim financial information. In addition IFRS 8 "Segmental reporting" will affect the disclosure notes of the financial statements for the full year.

2. Financial reporting period

The condensed interim financial information for the period 1 January 2009 to 30 June 2009 is unaudited. In the opinion of the Directors the condensed interim financial information for the period presents fairly the financial position, and results from operations and cash flows for the period in conformity with the generally accepted accounting principles consistently applied. The condensed interim financial information incorporates comparative figures for the interim period 1 January 2008 to 30 June 2008 and the audited financial year to 31 December 2008.

The financial information contained in this interim report does not constitute statutory accounts as defined by section 435 of the Companies Act 2006.

The comparatives for the full year ended 31 December 2008 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 237(2)-(3) of the Companies Act 1985.

3. Revenue

Revenue is attributable to one continuing activity, which is oil production from Harken de Colombia, Ltd., a wholly-owned subsidiary of the Group, located in Colombia, South America.

4. Loss per share

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

Diluted earnings per share amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary share outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Unaudited notes forming part of the consolidated interim financial statements continued

For the six months ended 30 June 2009

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

	Six months ended 30 June 2009 \$000	Six months ended 30 June 2008 \$000	Twelve months ended 31 December 2008 \$000
Net (loss)/profit attributable to equity holders used in basic calculation	(821)	3,943	7,296
Add back interest and accretion charge in respect of convertible loan notes	667	582	1,281
Net (loss)/profit attributable to equity holders used in dilutive calculation	(154)	4,525	8,577
Basic weighted average number of shares	35,333,927	35,328,428	35,328,428
Dilutive potential ordinary shares			
Shares related to convertible notes	4,565,027	4,565,027	4,565,027
Employee and Director share option plans	2,945,196	3,795,196	3,145,196
Diluted weighted average number of shares	42,844,150	43,688,651	43,038,651

The calculation of the diluted EPS assumes all criteria giving rise to the dilution of the EPS are achieved and all outstanding share options are exercised.

During the period ended 30 June 2009 the Group reported a loss, therefore, because the effect of the dilutive shares related to convertible loan notes and outstanding share options are anti-dilutive, the diluted loss per share equals the basic loss per share for this period.

5. Interim dividends

No interim dividend has been declared.

6. Subsequent events

There were no material subsequent events between 30 June 2009 and the date of this document.

Corporate directory

Directors

Mikel Faulkner (Executive Chairman)
Stephen Voss (Vice Chairman)
Lord Freeman (Non-executive Director)
Alan Henderson (Non-executive Director)
David Quint (Non-executive Director)

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