



Global
Energy Development PLC

Global Energy Development PLC
Interim Report 2008

Identifying and Realising Potential

Company Overview

Global Energy Development PLC is a petroleum exploration and production company focused on Latin America, an area in which the management team has decades of operating experience and in which they have pursued a long-term strategy of finding and developing reserves.

The Company held as at 22 September 2008, seven contracts in the countries of Colombia, Peru and Panama.

The Company's balanced portfolio of contracts comprises a base of production, development drilling and workover opportunities and several high-potential exploration projects.

Ryder Scott Company, LP ("Ryder Scott"), the petroleum consultancy firm, independently audit the Company's portfolio of contracts and reserves yearly. Ryder Scott reported that as at 31 December 2007 within the Company's portfolio proved plus probable reserves ("2P reserves") net to the Company totalled 15.2 million barrels of oil equivalent ("BOE") and that proved plus probable plus possible reserves ("3P reserves") net to the Company totalled 64.9 million BOE.

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

The Company operates in Colombia, its main country of operation, through its wholly-owned subsidiary Harken de Colombia Limited.

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Unaudited Interim Results

For the six months ended 30 June 2008

Highlights

- Revenue up 63.2% at \$17.9 million (six months ended 30 June 2007: \$11.0 million);
- Gross profit up 85.6% at \$10.4 million (six months ended 30 June 2007: \$5.6 million);
- Profit before tax up 205.0% at \$7.1 million (six months ended 30 June 2007: \$2.3 million);
- Profit after tax up 156.5% at \$3.9 million (six months ended 30 June 2007: \$1.5 million) including a non-cash deferred taxation charge of \$2.5 million related to Colombia activities;
- Average operating cash netback per barrel of \$55.90 during the first half of 2008 against an average price for West Texas Intermediate ("WTI") crude oil of \$111.66 (six months ended 30 June 2007: average operating cash netback per barrel \$20.49, average price for WTI \$61.59);
- Drilling successes within Colombian Rio Verde contract leading to significant uplift in production in the second half of 2008;
- Environmental permit in relation to drilling at Peruvian Block 95 contract approved by the Peruvian Ministry of Natural Resources with formal, and final, approval from the Ministry of Energy and Mines expected shortly;
- Completion of Phase 1 work obligations required under the Panamanian Garachine block contract; and
- Future near-term activities to include seismic acquisition, development drilling, workovers and assessment of previously undrilled acreage.

Chairman, Vice Chairman and Managing Director's review

Financials

Revenue for the six months ended 30 June 2008 (the "period") was \$17.9 million compared with \$11.0 million for the same period in the prior year. While net production for the six months ended 30 June 2008 totalling 181,790 barrels of oil ("bbls") was slightly down on the prior year due to natural decline (six months ended 30 June 2007: 210,369 bbls), the average price for West Texas Intermediate ("WTI") crude oil was significantly higher at \$111.66 per barrel of oil (six months ended 30 June 2007: \$61.59). The Company's drilling successes in 2008, as previously announced and described in detail below, did not contribute to production in the period.

While the Company benefited from the 81% increase in the oil price, management also focused on maximising operational efficiencies and controlling costs in the period. Gross profit was up 85.6% at \$10.4 million (six months ended 30 June 2007: \$5.6 million), administrative costs were 7.8% lower at \$2.8 million (six months ended 30 June 2007: \$3.1 million) and operating profit was up 194.5% at \$7.7 million (six months ended 30 June 2007: \$2.6 million). Profit after tax was up 156.5% at \$3.9 million (six months ended 30 June 2007: \$1.5 million) including a non-cash deferred taxation charge of \$2.5 million related to taxation minimisation strategies implemented in Colombia.

Net cash inflow from operating activities for the six months ended 30 June 2008 was \$9.5 million (six months ended 30 June 2007: \$6.2 million). The Company's operating cash netback (after all costs, including administrative costs and taxes) averaged \$55.90 per barrel of oil for the period, against \$20.49 for the same period in the prior year, primarily due to higher oil prices.

During the period, capital investment totalled \$13.9 million and was predominately directed towards the drilling of two wells in the Colombian Rio Verde contract area.

Overview of contracts and activities

Colombia

As referred to above, drilling in the Rio Verde contract area was the main focus for the Company during the first half of 2008 and post the period end. The successful drilling results have already had an

extremely positive impact on the Company's production volumes since the period end. Management also believes that information gained from the successful drilling may increase the scope of future drilling activity and add reserves.

At the end of May 2008, the Company successfully drilled and tested the Boral 1 exploratory well within the Boral field. The final stabilised test rate for the Boral 1 well, using an electric submersible pump, was 630 barrels of oil per day ("bopd") with a water cut of 11.6% from the Ubaque formation. At the end of June 2008 the well was put on a long-term production test of six months duration and since that time production has been monitored and pump speeds controlled to optimise future oil recovery and assess water production trends. The water cut rose rapidly during the first few weeks of the long-term test and has now stabilised at approximately 68% with the well currently producing 120 bopd gross and having averaged 270 bopd gross since being put on production. Management has decided to acquire 3D seismic to more accurately assess the aerial extent of the Boral field geologic closure with the information being used to select the Boral 2 well and additional development wells drilling locations. It is also hoped that the information will provide additional insight into the origin of the higher than anticipated water cut in the Boral 1 well. The Company is currently seeking bids from seismic companies and envisages that the 3D seismic programme will cover all key prospect areas of the Rio Verde contract. The Boral 1 well will continue to be monitored and produced in the meantime.

In August 2008, the Tilodiran 3 well within the Tilodiran field also within the Rio Verde contract was drilled and tested. Four productive zones within three different formations (Mirador, Ubaque and Gacheta) were identified. The final stabilised combined test rate for all the zones, using an electric submersible pump, was 1,280 bopd with a water cut of 9%. The Company has applied to the Colombian Ministry of Mines and Energy to allow the Company to continue producing all the formations on a commingled basis. Verbal approval has been received, with written approval expected shortly.

The contribution from the Boral 1 and Tilodiran 3 wells has had a dramatic effect on the Company's production volumes in the second half of 2008 to

date. Production for the first two months of the second half of 2008 averaged 1,185 bopd net to the Company while current production, which also includes the Tilodiran 3 well, is running at approximately 2,100 bopd gross or 1,870 bopd net to the Company. This compares to 999 bopd net to the Company for the first half of 2008.

Information available from the drilling and producing of the Boral 1 and Tilodiran 3 wells, and drainage area estimates from the Tilodiran 2 well, indicates, in management's opinion, that both the Boral and Tilodiran fields are larger than previously mapped and that several additional wells could be required to efficiently develop the reserves. The 3D seismic programme referred to above will be important to better image this. In the meantime, the Company has requested that Ryder Scott Company, LP, the independent petroleum consultants, prepare a revised reserve report on the entire contract area covering the Boral, Tilodiran and Macarenas structures.

The Company is continuing to identify opportunities to lessen well down-time in its older fields in Colombia. A lack of electrical generating capacity was identified as the cause for unacceptably high levels of down-time in the wells operated from the Palo Blanco production facility within the Alcaravan contract. Additional generating capacity is being specified and ordered with installation scheduled prior to the year end. The provision of a more reliable power supply should also reduce the number of premature failures of the electric submersible pumps experienced in the first half of 2008 apparently related to maintenance shut-downs of the generation system.

Future near-term activities planned in Colombia, in addition to those detailed above, include: planning for a more continuous drilling programme at the Rio Verde contract beyond that of the Boral 2 well; testing and placing on production of the Lower Gacheta formation in the Tilodiran 2 well; the planning and drilling of the Catalina 2 well in the Bolivar contract area; and the assessment of acquiring 3D seismic in the previously undrilled western area of the Palo Blanco field within the Alcaravan contract area.

As previously announced, the Company has an ongoing unitisation issue with Ecopetrol S.A. in relation to production from the Cajaro 1 and Los Hatos wells

within two of its Colombian contracts. While the issue is still subject to protracted negotiations and arbitration, management continues to monitor the financial implications and remains confident of a favourable outcome.

Peru

In July 2008, the Peruvian Ministry of Natural Resources ("INRENA") approved the Company's Environmental Impact Study ("EIS") in relation to the proposed drilling plans at the Peruvian Block 95 contract. This represented a significant step forward for the Company towards drilling its first exploratory well in the contract area and the Company is now awaiting formal, and final stage, approval of the EIS by the Ministry of Energy and Mines. This final stage approval is expected shortly after which a time-extension will be sought from Perupetro S.A., the state oil company, for Phase 3 of the contract. Phase 3 of the contract requires the drilling of an exploratory well. As a result of the time taken to obtain approval, and in line with legislation that recognises this time as additional to the normal duration of the drilling phase, an extension of at least 210 days is being sought to extend the Phase to the end of 2009 at the minimum. The Company has already held several meetings with Perupetro S.A. and are confident of, at the very least, receiving a 210 day extension.

Panama

All work obligations required under Phase 1 of the Panamanian Garachine block contract have now been completed with a report having recently been submitted to the Directorate of Hydrocarbons and the Ministry of Commerce and Industry for the Republic of Panama. The report detailed findings regarding seismic mapping of several, large carbonate reef structures within the area as well as a geochemical analysis forecasting significant hydrocarbon generation in and around the block. The Company has also submitted a proposal for aeromagnetic studies which are beyond the contractual work commitments of Phase 1. In return for the additional work, the Company has requested a time-extension for Phase 1 in order to complete the aeromagnetic studies before proceeding to Phase 2 of the contract. Phase 2 requires the acquisition of new seismic in 2009. The Company is actively seeking partners for this contract given the potential scope and capital intensive nature of the project.

Chairman, Vice Chairman and Managing Director's review continued

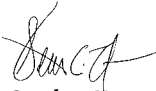
Conclusion

The favourable oil price coupled with a specific drive to control operating and administrative costs has led to the Company reporting substantially improved financial results for the first half of 2008. In addition, during and post the period end the Company undertook drilling which has significantly increased the Company's daily production volumes since the period end and which may also add reserves and give rise to increased drilling opportunities.

The Company continues to be focused on adding to and developing its considerable reserve base, the value of which is significant in today's industry environment.



Mikel Faulkner
Executive Chairman



Stephen Voss
Vice Chairman



Stephen Newton
Managing Director

22 September 2008

Independent review report to Global Energy Development PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the Consolidated Income Statement, the Consolidated Balance Sheet, 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 statements.

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 the AIM market of the London Stock Exchange ("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 statements 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 statements in the half-yearly financial report for the six months ended 30 June 2008 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
United Kingdom

22 September 2008

Unaudited consolidated income statement

For the period ended 30 June 2008

	Six months ended 30 June 2008 \$000	Six months ended 30 June 2007 \$000	Twelve months ended 31 December 2007 \$000
Revenue	17,873	10,954	27,289
Cost of sales	(7,458)	(5,343)	(13,514)
Gross profit	10,415	5,611	13,775
Other income	104	61	678
Other income – correction of miscellaneous income	–	–	1,240
	104	61	1,918
Administrative expenses	(2,818)	(3,057)	(5,841)
Operating profit	7,701	2,615	9,852
Finance income	80	101	164
Finance expense	(666)	(383)	(1,141)
Profit before taxation	7,115	2,333	8,875
Income tax expense	(3,172)	(796)	(1,882)
Profit after taxation attributable to equity holders of the parent	3,943	1,537	6,993
Earnings per share			
– Basic	\$0.11	\$0.04	\$0.20
– Diluted	\$0.10	\$0.04	\$0.19

Unaudited consolidated balance sheet

As at 30 June 2008

	Note	30 June 2008 \$000	(Restated) 30 June 2007 \$000	31 December 2007 \$000
Assets				
Non-current assets				
Intangible assets		4,792	19,272	4,419
Property, plant and equipment		92,691	69,460	82,499
Deferred tax assets	5	335	729	288
		97,818	89,461	87,206
Current assets				
Inventories		1,029	1,142	884
Trade and other receivables		9,285	4,691	9,367
Short term investments		1,812	1,010	1,831
Cash and cash equivalents		5,976	2,934	4,602
		18,102	9,777	16,684
Total assets		115,920	99,238	103,890
Liabilities				
Current liabilities				
Trade and other payables		(9,765)	(5,492)	(4,223)
Non-current liabilities				
Convertible loan notes		(16,003)	(15,616)	(15,810)
Deferred tax liabilities		(12,265)	(10,029)	(10,010)
Long term provisions		(698)	(649)	(674)
Other payables		–	(58)	(68)
		(28,966)	(26,352)	(26,562)
Total liabilities		(38,731)	(31,844)	(30,785)
Net assets		77,189	67,394	73,105
Equity				
Called up share capital		539	539	539
Share premium account		26,439	26,439	26,439
Other reserve		1,826	1,826	1,826
Capital reserve		210,844	210,844	210,844
Retained earnings	5	(162,459)	(172,254)	(166,543)
Total equity		77,189	67,394	73,105

Unaudited consolidated cash flow statement

For the period ended 30 June 2008

	Six months ended 30 June 2008 \$000	Six months ended 30 June 2007 \$000	Twelve months ended 31 December 2007 \$000
Cash flows from operating activities			
Operating profit before interest and taxation	7,701	2,615	9,852
Depreciation, depletion and amortisation	3,238	2,309	6,805
Write-off unsuccessful exploration costs	–	–	65
(Increase)/decrease in trade and other receivables	(718)	(410)	(5,539)
(Increase)/decrease in inventories	(145)	(146)	115
Increase/(decrease) in trade and other payables	(778)	1,726	767
Increase in long-term provisions	24	38	66
Accretion expense on convertible loans	193	88	283
Provision against unitisation receivable	800	400	1,050
Other non-cash items	–	169	63
Stock options expense	141	225	480
Cash generated from operations	10,456	7,014	13,607
Income taxes paid	(988)	(796)	(1,202)
Net cash flows from operating activities	9,468	6,218	12,405
Investing activities			
Capital expenditure and financial investment			
– Expenditure on tangible fixed assets	(7,293)	(1,952)	(12,242)
– Expenditure on intangible fixed assets	(373)	(8,358)	(1,040)
Disposal of fixed assets	27	358	108
Interest received	80	101	164
(Increase)/decrease in short-term deposits	19	(117)	(938)
Net cash flows from investing activities	(7,540)	(9,968)	(13,948)
Financing activities			
Interest paid	(554)	(271)	(810)
Net cash flows from financing activities	(554)	(271)	(810)
(Decrease)/increase in cash and cash equivalents	1,374	(4,021)	(2,353)
Cash at beginning of period	4,602	6,955	6,955
Cash at end of period	5,976	2,934	4,602

Unaudited consolidated statement of changes in equity

For the six months ended 30 June 2008

	Note	Share capital \$000	Capital reserve \$000	Share premium \$000	(Restated) Retained Earnings \$000	Other reserves \$000	Total \$000
At 1 January 2007	5	539	210,844	26,439	(174,016)	1,826	65,632
Profit for the period		–	–	–	1,537	–	1,537
Total recognised income and expense for the period		–	–	–	1,537	–	1,537
Stock option expense		–	–	–	225	–	225
At 30 June 2007		539	210,844	26,439	(172,254)	1,826	67,394
Profit for the period		–	–	–	5,456	–	5,456
Total recognised income and expense for the period		–	–	–	5,456	–	5,456
Stock option expense		–	–	–	255	–	255
At 31 December 2007		539	210,844	26,439	(166,543)	1,826	73,105
Profit for the period		–	–	–	3,943	–	3,943
Total recognised income and expense for the period		–	–	–	3,943	–	3,943
Stock option expense		–	–	–	141	–	141
At 30 June 2008		539	210,844	26,439	(162,459)	1,826	77,189

Notes to the financial information

For the six months ended 30 June 2008

1. Accounting policies

Basis of preparation

This unaudited consolidated interim financial information has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively EU IFRSs). The principal accounting policies used in preparing the interim results are unchanged from those disclosed in the Group's statutory financial statements for the year ended 31 December 2007, which are expected to be consistent with those policies that will be in effect at the year end.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Global Energy Development PLC and entities controlled by the Company up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial information for the six months ended 30 June 2008 and 30 June 2007 is unaudited and does not constitute the Group's statutory financial statements for those periods within the meaning of section 240 of the Companies Act 1985. The comparative financial information for the full year ended 31 December 2007 has, however, been derived from the statutory financial statement for that period. A copy of those statutory financial statements 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.

2. Revenue

Revenue is attributable to one continuing activity, which is oil production from the Harken de Colombia, Ltd. branch located in Colombia, South America.

3. Earnings per ordinary share

Basic earnings per share amount are calculated by dividing profit 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.

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

	Six months ended 30 June 2008 \$000	Six months ended 30 June 2007 \$000	Twelve months ended 31 December 2007 \$000
Net profit attributable to equity holders used in basic calculation	3,943	1,573	6,993
Add back interest and accretion charge in respect of convertible loan notes	582	330	970
Net profit attributable to equity holders used in dilutive calculation	4,525	1,903	7,963
Basic weighted average number of shares	35,328,428	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	3,795,196	3,145,196	3,145,196
Diluted weighted average number of shares*	43,688,651	43,038,651	43,038,651

* Diluted weighted average number of shares in the six months ended 30 June 2007 has been restated to conform with the method adopted for the computation of the diluted weighted average number of shares in the 12 months ended 31 December 2007 and six months ended 30 June 2008.

4. Interim dividends

No interim dividend has been declared.

5. Deferred tax

The balance for deferred tax for the six months ended 30 June 2007 has been restated based on the availability of information and conforms with the method adopted for the computation of deferred tax in the 12 months ended 31 December 2007 and six months ended 30 June 2008.

6. Subsequent events

There were no material subsequent events between 30 June 2008 and the date of this document.

Corporate directory

Directors

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

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Catherine Miles

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