SERICA ENERGY PLC

FIRST QUARTER 2008 REPORT TO SHAREHOLDERS

MANAGEMENT OVERVIEW

During the first quarter 2008 Serica Energy plc ("Serica" or the "Company") has focused its efforts on its programme of development wells in the Kambuna field, offshore Indonesia, and reported that excellent terms have been agreed for the sale of gas to be produced from the field.

In January the Company announced the completion of a placing of 24,770,354 new ordinary shares on both AIM in London and the TSX Venture Exchange in Toronto. The total amount raised for the Company was approximately US$49 million after expenses. The funding available from the US$100 million senior debt facility, in conjunction with the finance raised in the placing, provides resources to progress the Company's exploration, appraisal and development programmes.

In March Serica announced that Jonathan Cartwright had joined the Board as a non-executive director. Mr Cartwright is Finance Director of Caledonia Investments plc which owns 13% of the Company's ordinary shares.

Field Appraisal and Development

Kambuna Field, Offshore North Sumatra, Indonesia

As reported in the Company's Full Year Results, an independent reserves report prepared by RPS Energy estimated that, at a 10% discount factor, the post-tax net present value to Serica of the Proved plus Probable ("2P") Kambuna Field Reserves at constant prices and costs was US$145 million as at 31 December 2007. Total 2P reserves, on a 100% basis, were estimated to be 29.7 million barrels of oil equivalent, representing a 15% year-on-year increase. Since the reserves report was prepared, terms were agreed for a second tranche of gas and Serica ultimately expects to achieve an average gas price close to US$6.00 per thousand cubic feet, about 10% higher than that assumed in the reserves report.

Significant progress was made during the quarter on development activities in the Kambuna field, in which Serica holds a 65% interest and which it operates. The Kambuna No. 3 and No. 4 deviated development wells are being drilled from the Kambuna production platform, installed earlier this year at the location of the Kambuna No. 2 well, the first of the three planned development wells. Kambuna No. 3 was drilled to a total depth of 7,483 ft true vertical depth below mean sea level ("TVDSS"). The well entered the target Belumai reservoir at a depth of 7,166 ft TVDSS and encountered gas-bearing sands over an interval of 107 ft with a net pay of 77 ft (67 vertical ft). Kambuna No. 4 was drilled to a total depth of 7,408 ft TVDSS. The well entered the Belumai reservoir at 7,140 ft TVDSS and encountered gas-bearing sands over an interval of 115 ft with a net pay of 107 ft (66 vertical ft). There was no indication of a gas-water contact in any of these wells and all three are now being completed for production.

Onshore and offshore facilities and a 14-inch offshore pipeline are planned to be installed later this year, with production targeted to commence in December 2008.

Columbus Field, UK Central North Sea

Rising UK gas prices encourage the early development of Serica's Columbus discovery and Serica expects to submit the Columbus Field Development Plan to the UK authorities later this year. Serica is the operator of the Columbus field in Block 23/16f and holds a 50% interest. Following the two appraisal wells drilled in 2007, that have confirmed the Columbus field development potential, Serica has acquired a new 3D seismic survey that is now being calibrated with the well results. This will lead to a better understanding of the extent of the field outside of the immediate vicinity of the wells and will be used to calculate new reserve estimates. The Columbus gas-condensate field lies in close proximity to existing production infrastructure, providing the potential to commence production as soon as arrangements for oil and gas transportation have been made and development wells have been drilled and tied-in. The main options being considered involve the completion of horizontal production wells with sub-sea tie-back to a host production platform.

Chablis Field, UK Southern North Sea

Serica operates Block 48/16b, which contains the Chablis gas discovery, and holds a 100% interest in the block. A site survey vessel has been contracted and the survey will shortly be carried out in preparation for drilling the first Chablis appraisal well. The field is in close proximity to existing production infrastructure and would be produced via a sub-sea tie-back to a host platform. On successful appraisal, Serica will work closely with infrastructure owners to achieve the earliest production from the field.

Bream Field, Offshore Norway

In the Egersund Basin Licence PL407, preparations are well in hand for the drilling of two Bream oil field appraisal wells that operator BG Norge indicates will be drilled starting in 3Q08. The aim of these wells is to obtain sufficient subsurface information to be able to put forward a Field Development Plan to the Norwegian authorities in 2009. Serica has a 20% interest in the Bream field.

Exploration

Indonesia

In the Biliton PSC in the Java Sea, two exploration wells were drilled in December 2007 and January 2008. Neither well contained hydrocarbons and costs associated with the Biliton PSC have been expensed in the 2007 financial statements with a further small amount in Q1 2008.

In the Kutai PSC in East Kalimantan, Serica acquired an additional 25.5% working interest in February 2008. Serica is the operator of the Kutai Block and now holds a 78% interest. The Company is evaluating more than 2,000 square kilometres of 3D seismic data and has already contracted to acquire further 3D and 2D seismic data this year in order to select locations for its 2009 drilling programme.

Vietnam

Serica holds a 33.33% interest in the Block 06/94 PSC, which is operated by Pearl Energy and lies in the Nam Con Son Basin about 350 kilometres offshore South Vietnam. The Ocean General semi-submersible drilling rig has been contracted to drill the first exploration well in 2H08 in the south-western part of the block where oil and gas prospects have been identified. A further 1,000 square kilometre 3D seismic survey is expected to be acquired in May 2008 in order to evaluate further the prospectivity of the acreage.

Ireland

Serica is the operator and holds a 100% interest in Blocks 27/4, 27/5 (west) and 27/9, which cover an area of 611 square kilometres in the Slyne Basin off the west coast of Ireland and lie 42 kilometres south of the Corrib gas field, which is currently being developed by Shell. Four significant prospects have been identified on the blocks and Serica has contracted a vessel for a site survey, which must be completed at least three months before drilling is due to take place. It had been hoped that this survey would be acquired in April but, due to continuing bad spring weather in the Atlantic, it has now been scheduled for this summer. Because of the short weather window for Atlantic drilling, Serica now plans to commence exploration drilling on the blocks in the summer of 2009.

Norway

In Licence PL406, immediately to the south of Serica's Bream field Block PL407, a 3D seismic survey is already underway in order to confirm the location of an exploration well to be drilled in 2009. Operator Premier Oil expects shortly to finalise a rig contract for the drilling programme. Serica holds a 20% interest in Blocks PL406 and PL407.

Spain

Serica holds a 75% interest and operatorship in its four exploration Permits onshore northern Spain. The 315 kilometre 2D seismic survey, which commenced in 2007, was completed in the first quarter and the data is currently being interpreted.

Forward Programme

For the remainder of 2008 Serica's priority is the completion of the Kambuna field development programme, which includes completing three production wells, laying an offshore and onshore pipeline and building the required onshore gas and condensate reception facilities. In addition, exploration and appraisal wells will be drilled in Western Europe and South East Asia and a field development plan will be prepared for the Columbus field in the UK North Sea. Serica expects to participate in the drilling or completion of seven wells during 2008.

Serica's strategic objective is to bring forward its development programmes and to build its production revenue base as rapidly as possible, in order to make the business self-sufficient and to create shareholder value by demonstrating the potential of the Company's exploration, appraisal and development portfolio in South East Asia and Western Europe. The first stage in this process is to achieve revenue from the Kambuna field, which the Company expects to start production at the end of this year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the financial and operational results of Serica Energy plc and its subsidiaries (the "Group") contains information up to and including 25 April 2008 and should be read in conjunction with the attached unaudited interim consolidated financial statements for the quarter ended 31 March 2008. The interim financial statements for the three months ended 31 March 2008 have been prepared by and are the responsibility of the Company's management, and the Company's independent auditors have not performed a review of these financial statements.

References to the "Company" include Serica and its subsidiaries where relevant. All figures are reported in US dollars ("US$") unless otherwise stated.

Summary of Activities

Serica's activities are centred on the UK and Indonesia, with other interests in Norway, Spain, Ireland and Vietnam. The Group has no current oil and gas production, with the main emphasis placed upon its near term developments and future exploration drilling programmes. In 2008 to date, work has continued on advancing the Indonesian development, moving the Columbus field development options forward and managing its portfolio of interests. Further details are noted in the Management Overview.

The results of Serica's operations detailed below in this MD&A, and in the financial statements, are presented in accordance with International Financial Reporting Standards ("IFRS").

Results of Operations

Serica generated a loss of US$3.3 million for the three months ended 31 March 2008 ("Q1 2008") compared to a loss of US$1.6 million for the three months ended 31 March 2007 ("Q1 2007").

	2008	2007	2007	2007	2007
	Q1	Q4	Q3	Q2	Q1
	US$000	US$000	US$000	US$000	US$000
Sales revenue	-	-	-	-	-
Expenses:					
Administrative expenses	(1,973)	(2,665)	(1,658)	(1,728)	(1,846)
Foreign exchange (loss)/gain	(55)	384	31	(36)	15
Pre-licence costs	(188)	(74)	(76)	(124)	(101)
Asset write offs	(375)	(9,282)	-	-	-
Share-based payments	(375)	(514)	(485)	(464)	(499)
Depletion and depreciation	(58)	(63)	(34)	(26)	(26)
Operating loss before net finance revenue and taxation	(3,024)	(12,214)	(2,222)	(2,378)	(2,457)
Finance revenue	576	498	663	791	862
Finance costs	(878)	(321)	-	-	-
Loss before taxation	(3,326)	(12,037)	(1,559)	(1,587)	(1,595)
Taxation credit/(charge)	-	353	2,796	-	-
(Loss)/profit for the period	(3,326)	(11,684)	1,237	(1,587)	(1,595)
Basic and diluted loss per share	(0.02)	(0.08)	N/A	(0.01)	(0.01)
Basic and diluted earnings per share	N/A	N/A	0.01	N/A	N/A

Administrative expenses of US$2.0 million for Q1 2008 increased from US$1.8 million for the same period last year. The increase reflects the growing scale of the Company's activities over the past twelve months.

No significant foreign exchange movements impacted Q1 2008 or Q1 2007 results.

Pre-licence costs include direct cost and allocated general administrative cost incurred on oil and gas interests prior to the award of licences, concessions or exploration rights. The expense of US$0.2 million for Q1 2008 increased from US$0.1 million for the same period last year and is attributable to work undertaken during the recent quarter on the 25th Licencing Round in the UK North Sea.

Share-based payment charges of US$0.4 million reflect share option grants made and compare with US$0.5 million for both Q4 2007 and Q1 2007. Whilst further share options have been granted in March 2008, the incremental charge generated from those options has been offset by the decline in charge of the options granted in 2005, 2006 and 2007.

Negligible depletion, depreciation and amortisation charges in all periods represent office equipment and fixtures and fittings. Those costs of petroleum and natural gas properties classified as exploration and evaluation assets are not currently subject to such charges pending further evaluation. The Kambuna asset costs classified as 'development' costs and held within plant, property and equipment will be depleted once production commences.

Finance revenue comprising interest income of US$0.6 million for Q1 2008 compares with US$0.5 million for Q4 2007 and US$0.9 million for Q1 2007. Finance revenue fell during the course of 2007 as average cash deposit balances dropped as expenditure was incurred on drilling programmes. The January 2008 equity placing raised further funds which have caused the increase in finance revenue earned in Q1 2008 over Q4 2007.

The first drawdown on the senior secured debt facility occurred soon after the facility was arranged in Q4 2007. Finance costs consist of interest payable, issue costs spread over the term of the bank loan facility, and other fees.

The taxation credit/(charge) of US$nil in Q1 2008 is represented by a current taxation credit of expected tax recoveries on Norwegian expenditure in the quarter, offset by an equivalent deferred income tax charge from the timing differences arising from capitalised exploration expenditure.

The net loss per share of US$0.02 for Q1 2008 compares to a net loss per share of US$0.01 for Q1 2007.

Summary of Quarterly Results

Quarter ended:	2008 31 Mar US$000	2007 31 Dec US$000	2007 30 Sep US$000	2007 30 Jun US$000	2007 31 Mar US$000	2006 31 Dec US$000	2006 30 Sep US$000
Sales revenue	-	-	-	-	-	-	-
(Loss)/profit for the quarter	(3,326)	(11,684)	1,237	(1,587)	(1,595)	(13,456)	(3,795)
Basic and diluted loss per share US$	(0.02)	(0.08)	-	(0.01)	(0.01)	(0.09)	(0.03)
Basic and diluted earnings per share	-	-	0.01	-	-	-	-

The fourth quarter 2007 loss includes asset write offs of US$9.0 million in regard to the Biliton PSC.

The fourth quarter 2006 loss includes asset write offs of US$12.7 million in regard to the Asahan Offshore PSC.

Working Capital, Liquidity and Capital Resources

Current Assets and Liabilities

An extract of the balance sheet detailing current assets and liabilities is provided below:

	31 March 2008 US$000	31 December 2007 US$000	31 March 2007 US$000
Current assets:			
Inventories	6,051	6,991	6,785
Trade and other receivables	22,076	21,906	11,369
Tax receivable	3,387	3,387	-
Cash and cash equivalents	50,931	22,638	72,175
Total Current assets	82,445	54,922	90,329
Less Current liabilities:			
Trade and other payables	(28,979)	(23,604)	(11,864)
Net Current assets	53,466	31,318	78,465

At 31 March 2008, the Company had net current assets of US$53.5 million which comprised current assets of US$82.5 million less current liabilities of US$29.0 million, giving an overall increase in working capital of US$22.1 million in the three month period.

Inventories decreased from US$7.0 million to US$6.0 million over the period.

Trade and other receivables at 31 March 2008 totalled US$22.1 million, which included US$10.2 million upfront deposit payments in respect of the ongoing Kambuna drilling programme and significant recoverable amounts from partners in Joint Venture operations in the UK and Indonesia. Other smaller items included prepayments and sundry UK and Indonesian working capital balances. The tax receivable represents expected recovery of exploration expenditure from the Norwegian fiscal regime.

Cash and cash equivalents increased from US$22.6 million to US$50.9 million in the quarter. The Company received US$48.6 million from the issue of share capital in January 2008, partially offset by cash outgoings in Q1 2008 covering capital expenditure on the Kambuna development, operational expenses and other exploration work. In addition cash receipts of US$0.6 million of interest income were also received in the quarter.

Trade and other payables of US$29.0 million at 31 March 2008 chiefly include significant trade creditors and accruals from the Kambuna drilling programme, and other creditors and accruals from UK and Indonesia. Other smaller items include sundry creditors and accruals for administrative expenses and other corporate costs.

Long-Term Assets and Liabilities

An extract of the balance sheet detailing long-term assets and liabilities is provided below:

	31 March 2008 US$000	31 December 2007 US$000	31 March 2007 US$000
Exploration & evaluation assets	75,393	71,874	45,738
Property, plant and equipment	39,274	19,543	316
Goodwill	768	768	1,200
Financial assets	4,680	4,680	-
Long-term other receivables	2,382	1,224	668
Financial liabilities	(9,829)	(9,582)	-
Deferred income tax liabilities	(4,589)	(3,910)	(955)

During Q1 2008, total investments in petroleum and natural gas properties, represented by exploration and evaluation assets, increased by US$3.5 million to US$75.4 million. Of the Q1 2008 investment in the UK & NW Europe; US$1.0 million related to Spain, US$0.9 million related to Norway, US$0.9 million in the UK and Ireland on exploration work and G&A. US$0.2 million was spent in Indonesia principally on exploration work and G&A on the Kutai concession, and US$0.5 million in Vietnam.

The US$19.7 million increase in property, plant and equipment from US$19.5 million to US$39.3 million is substantially caused by expenditure of US$19.6 million during the quarter on the Kambuna development. The property, plant and equipment also includes immaterial balances of US$0.4 million for office fixtures and fittings and computer equipment.

Goodwill, representing the difference between the price paid on acquisitions and the fair value applied to individual assets, remained unchanged at US$0.8 million.

Financial assets represent US$4.7 million of restricted cash deposits.

Long-term other receivables of US$2.4 million represented value added tax (“VAT”) on Indonesian capital spend, which would be recovered from future production, and the long-term element of expected tax recovery of exploration from the Norwegian fiscal regime.

Financial liabilities are represented by the first drawdown under the senior secured debt facility, which occurred in Q4 2007. This includes accrued interest payable and is disclosed net of the unamortised portion of allocated issue costs.

The deferred income tax liability increase of US$0.7 million from US$3.9 million to US$4.6 million occurred from timing differences arising following the recognition of the Norwegian tax recovery assets.

Shareholders’ Equity

An extract of the balance sheet detailing shareholders’ equity is provided below:

	31 March 2008 US$000	31 December 2007 US$000	31 March 2007 US$000
Total share capital	207,452	158,871	157,817
Other reserves	14,104	13,729	12,226
Accumulated deficit	(60,011)	(56,685)	(44,651)

Total share capital includes the total net proceeds (both nominal value and any premium on the issue of equity capital). Issued share capital during 2008 was increased by the issue of 19,826,954 ordinary shares at £1.02 and 4,943,400 at Cdn$2.10.

Other reserves include amounts credited in respect of cumulative share-based payment charges and the amount of the increment of fair value liability (over cash received) of share warrants eliminated upon exercise of those share warrants. The increase in other reserves from US$13.7 million to US$14.1 million reflects the amortisation of share-based payment charges in Q1 2008.

Capital Resources

At 31 March 2008, Serica had US$53.5 million of net working capital, US$9.8 million of long-term debt and no capital lease obligations. At that date, the Company had commitments to future minimum payments under operating leases in respect of rental office premises, office equipment and motor vehicles for each of the following periods/years as follows:

	US$000
31 December 2008	286
31 December 2009	389
31 December 2010	83

During 2007 the Company contracted the Sedco 704 drilling rig for 96 days during 2007 and 2008 for UK & NW Europe operations. As at 31 March 2008 the Company had a commitment for a remaining 40 days at a gross cost of US$13.5 million. Since the period end the Company has released this commitment in favour of a third party.

The Company also has obligations to carry out defined work programmes on its oil and gas properties, under the terms of the award of rights to these properties, over the next twelve months as follows:

Nine months ending 31 December 2008 US$24,000,000

These obligations reflect the Company's share of interests in the defined work programmes and were not formally contracted at 31 March 2008. The Company is not obliged to meet other joint venture partner shares of these programmes.

In the absence of revenues generated from oil and gas production Serica intends to utilise its existing cash balances, together with the US$100 million senior secured debt facility, to fund the immediate needs of its investment programme and ongoing operations.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions or arrangements.

Critical Accounting Estimates

The Company's principal accounting policies are detailed in note 2 to the attached financial statements. International Financial Reporting Standards have been adopted. The cost of exploring for and developing petroleum and natural gas reserves are capitalised. Unproved properties are subject to periodic impairment tests whilst the costs of proved properties are depleted over the life of such producing fields. In each case, calculations are based upon management assumptions about future outcomes, product prices and performance.

Financial Instruments

The Group's financial instruments comprise cash and cash equivalents, bank loans and borrowings, accounts payable and accounts receivable. It is the management's opinion that the Group is not exposed to significant currency, interest or credit risks arising from its financial instruments other than as discussed below:

Serica has exposure to interest rate fluctuations; given the level of expenditure plans over 2008/9 this is managed in the short-term through selecting treasury deposit periods of one to six months. Cash and treasury credit risks are mitigated through spreading the placement of funds over a range of institutions each carrying acceptable published credit ratings to minimise counterparty risk.

Where Serica operates joint ventures on behalf of partners it seeks to recover the appropriate share of costs from these third parties. The majority of partners in these ventures are well established oil and gas companies. In the event of non payment, operating agreements typically provide recourse through increased venture shares.

It is the management's opinion that the fair value of its financial instruments approximate to their carrying values, unless otherwise noted.

Share Options

As at 31 March 2008, the following director and employee share options were outstanding: -

Expiry Date	Amount	Exercise cost Cdn$
Jun 2008	400,000	720,000
Feb 2009	247,499	494,998
May 2009	100,000	200,000
Dec 2009	275,000	275,000
Jan 2010	600,000	600,000
Jun 2010	1,100,000	1,980,000
		Exercise cost £
Nov 2010	561,000	544,170
Jan 2011	1,275,000	1,319,625
May 2011	180,000	172,800
June 2011	270,000	259,200
Nov 2011	120,000	134,400
Jan 2012	1,056,000	1,077,120
May 2012	405,000	421,200
August 2012	1,200,000	1,182,000
March 2013	1,812,000	1,359,000
March 2013	850,000	697,000

Business Risk and Uncertainties

Serica, like all exploration companies in the oil and gas industry, operates in an environment subject to inherent risks. Many of these risks are beyond the ability of a company to control, particularly those associated with the exploring for and developing of economic quantities of hydrocarbons: volatile commodity prices; governmental regulations; and environmental matters.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Serica's management, including the Chief Executive Officer and Chief Financial Officer, has reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures in accordance with Multilateral Instrument 52-109 and Canadian securities regulations as of 31 March 2008. Management has concluded that, as of 31 March 2008, the disclosure controls and procedures were effective to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities, particularly during the period in which this report was being prepared.

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There have been no changes in the Company's internal controls over financial reporting during the period that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Nature and Continuance of Operations

The principal activity of the Company is to identify, acquire and subsequently exploit oil and gas reserves primarily in Asia and Europe.

The Company's financial statements have been prepared with the assumption that the Company will be able to realise its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company currently has no operating revenues, and during the three month period ended 31 March 2008 the Company generated a loss of US$3.3 million from continuing operations. At 31 March 2008, the Company held cash and cash equivalents of US$50.9 million and a financial asset of restricted cash of US$4.7 million.

Outstanding Share Capital

As at 25 April 2008, the Company had 176,418,310 ordinary shares issued and outstanding.

Additional Information

Additional information relating to Serica can be found on the Company's website at www.serica-energy.com and on SEDAR at www.sedar.com

Approved on Behalf of the Board

Paul Ellis	Christopher Hearne
Chief Executive Officer	Finance Director

29 April 2008

Forward Looking Statements

This disclosure contains certain forward looking statements that involve substantial known and unknown risks and uncertainties, some of which are beyond Serica Energy plc's control, including: the impact of general economic conditions where Serica Energy plc operates, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Serica Energy plc's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that Serica Energy plc will derive there from.

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Serica Energy plc

Group Income Statement

Unaudited	Notes	Three months ended 31 Mar 2008 US$000	Three months ended 31 Mar 2007 US$000
Sales revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(1,973)	(1,846)
Foreign exchange (loss)/gain		(55)	15
Pre-licence costs		(188)	(101)
Asset write offs		(375)	-
Share-based payments		(375)	(499)
Depreciation & depletion		(58)	(26)
Operating loss before finance revenue and tax		(3,024)	(2,457)
Finance revenue		576	862
Finance costs		(878)	-
Loss before taxation		(3,326)	(1,595)
Taxation credit/(charge) for the period	6	-	-
Loss for the period		(3,326)	(1,595)
Loss per ordinary share (US$):			
Basic and diluted loss per share		(0.02)	(0.01)

Serica Energy plc
Consolidated Balance Sheet

	Note	31 March 2008 US$000 (Unaudited)	31 Dec 2007 US$000 (Audited)	31 March 2007 US$000 (Unaudited)
Non-current assets				
Exploration & evaluation assets		75,393	71,874	45,738
Property, plant and equipment		39,274	19,543	316
Goodwill		768	768	1,200
Financial assets		4,680	4,680	-
Other receivables		2,382	1,224	668
		122,497	98,089	47,922
Current assets				
Inventories		6,051	6,991	6,785
Trade and other receivables		22,076	21,906	11,369
Tax receivable		3,387	3,387	-
Cash and cash equivalents		50,931	22,638	72,175
		82,445	54,922	90,329
TOTAL ASSETS		204,942	153,011	138,251
Current liabilities				
Trade and other payables		(28,979)	(23,604)	(11,864)
Non-current liabilities				
Financial liabilities		(9,829)	(9,582)	-
Deferred income tax liabilities		(4,589)	(3,910)	(955)
TOTAL LIABILITIES		(43,397)	(37,096)	(12,819)
NET ASSETS		161,545	115,915	125,432
Share capital	4	207,452	158,871	157,817
Other reserves		14,104	13,729	12,266
Accumulated deficit		(60,011)	(56,685)	(44,651)
TOTAL EQUITY		161,545	115,915	125,432

Serica Energy plc
Statement of Changes in Equity
For the period ended 31 March 2008

Group

	Share capital US$000	Other reserves US$000	Deficit US$000	Total US$000
At 1 January 2008 (audited)	158,871	13,729	(56,685)	115,915
New shares issued (net)	48,581	-	-	48,581
Share-based payments	-	375	-	375
Loss for the period	-	-	(3,326)	(3,326)
At 31 March 2008 (unaudited)	207,452	14,104	(60,011)	161,545

Group

	Share capital US$000	Other reserves US$000	Deficit US$000	Total US$000
At 1 January 2007 (audited)	157,283	11,767	(43,056)	125,994
Conversion of options	534	-	-	534
Share-based payments	-	499	-	499
Loss for the period	-	-	(1,595)	(1,595)
At 31 March 2007 (unaudited)	157,817	12,266	(44,651)	125,432
Conversion of options	1,054	-	-	1,054
Share-based payments	-	464	-	464
Loss for the period	-	-	(1,587)	(1,587)
At 30 June 2007 (unaudited)	158,871	12,730	(46,238)	125,363
Share-based payments	-	485	-	485
Loss for the period	-	-	1,237	1,237
At 30 September 2007 (unaudited)	158,871	13,215	(45,001)	127,085
Share-based payments	-	514	-	514
Loss for the period	-	-	(11,684)	(11,684)
At 31 December 2007 (audited)	158,871	13,729	(56,685)	115,915

Serica Energy plc
Consolidated Cash Flow Statement

Unaudited	Three months ended 31 Mar 2008 US$000	Three months ended 31 Mar 2007 US$000
Cash flows from operating activities:		
Operating loss	(3,024)	(2,457)
Adjustments for:		
Depreciation and depletion	58	26
Asset write offs	375	-
Share-based payments	375	499
Changes in working capital	4,550	(4,978)
Cash generated from operations	2,344	(6,910)
Taxes received	-	-
Net cash in / (out)flow from operations	2,334	(6,910)
Cash flows from investing activities:		
Interest received	576	862
Proceeds from disposals	-	5,000
Purchases of property, plant & equipment	(19,679)	-
Purchase of intangible exploration assets	(3,519)	(4,617)
Net cash used in investing	(22,622)	1,245
Cash proceeds from financing activities:		
Issue of shares (net)	48,581	-
Proceeds on exercise of warrants/options	-	534
Net cash from financing activities	48,581	534
Cash and cash equivalents		
Net increase/(decrease) in period	28,293	(5,131)
Amount at start of period	22,638	77,306
Amount at end of period	50,931	72,175

Serica Energy plc

Notes to the Unaudited Consolidated Financial Statements

1. Corporate information

The interim condensed consolidated financial statements of the Group for the three months ended 31 March 2008 were authorised for issue in accordance with a resolution of the directors on 29 April 2008.

Serica Energy plc is a public limited company incorporated and domiciled in England & Wales. The Company's ordinary shares are traded on AIM and the TSX Venture Exchange. The principal activity of the Company is to identify, acquire and exploit oil and gas reserves.

2. Basis of preparation and accounting policies

Basis of Preparation

The interim condensed consolidated financial statements for the three months ended 31 March 2008 have been prepared in accordance with IAS 34 Interim Financial Reporting.

These unaudited interim consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards following the same accounting policies and methods of computation as the consolidated financial statements for the year ended 31 December 2007. These unaudited interim consolidated financial statements do not include all the information and footnotes required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the consolidated financial statements and the notes thereto in the Serica Energy plc annual report for the year ended 31 December 2007.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007, except for the adoption of the following new standards and interpretations, noted below,

IFRIC 11 'IFRS2 - Group and Treasury Share Transactions' – Effective for periods starting 1 March 2007

IFRIC 12 'Service Concession Arrangements' – Effective date 1 January 2008

IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' – Effective date 1 January 2008

The adoption of these did not affect the Group's results of operations or financial position.

The Group financial statements are presented in US dollars and all values are rounded to the nearest thousand dollars (US$000) except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Serica Energy Corporation, Serica Energy Holdings B.V., Asia Petroleum Development Limited, Petroleum Development Associates (Asia) Limited, Serica Energia Iberica S.L., Serica Holdings UK Limited, Serica Energy (UK) Limited, PDA Lematang Limited, APD (Asahan) Limited, APD (Biliton) Limited, APD (Glagah Kambuna)

Limited and Serica Energy Pte Limited, Serica Kutei B.V., Serica Nam Con Son B.V. and Serica Energy Norge AS. Together, these comprise the "Group".

All inter-company balances and transactions have been eliminated upon consolidation.

3. Segmental Information

The primary segment reporting format is determined to be geographical segments and they are based on the location of the Group's assets. The Group has only one business segment, that of oil & gas exploration and development.

The following tables present profit information regarding the Group's geographical segments for the three months ended 31 March 2008 and 2007. No revenue was earned by the Group in either period.

Three months ended 31 March 2008	Indonesia & Vietnam	UK & NW Europe	Spain	Total
	US$000	US$000	US$000	US$000
Loss for the period	(623)	(2,671)	(32)	(3,326)

Three months ended 31 March 2007	Indonesia & Vietnam	UK & NW Europe	Spain	Total
	US$000	US$000	US$000	US$000
Loss for the period	(287)	(1,255)	(53)	(1,595)

4. Equity Share Capital

	31 March 2008 Number	31 March 2008 US$000	31 December 2007 Number	31 December 2007 US$000
Authorised:				
Ordinary shares of US$0.10	200,000,000	20,000	200,000,000	20,000
Ordinary 'A' share of £50,000	1	90	1	90
	200,000,001	20,090	200,000,001	20,090

On incorporation, the authorised share capital of the Company was £50,000 and US$20,000,000 divided into one 'A' share of £50,000 and 200,000,000 ordinary shares of US$0.10 each, two of which were issued credited as fully paid to the subscribers to the Company's memorandum of association.

The balance classified as total share capital includes the total net proceeds (both nominal value and share premium) on issue of the Group and Company's equity share capital, comprising US$0.10 ordinary shares and one 'A' share.

Allotted, issued and fully paid:

Group	Number	Share capital US$000	Share premium US$000	Total Share capital US$000
At 1 January 2007	150,537,956	15,144	142,139	157,283
Options exercised (1)	1,110,001	111	1,477	1,588
As at 31 December 2007	151,647,957	15,255	143,616	158,871
Shares issued (2)	24,770,354	248	48,333	48,581
As at 31 March 2008	176,418,311	15,503	191,949	207,452

(1) From 1 January 2007 until 31 December 2007, 1,110,001 employee share options were converted to ordinary shares at prices ranging from Cdn$1.11 to Cdn$2.00.

(2) From 1 January 2008 until 31 March 2008, 19,826,954 ordinary shares were issued at £1.02 and 4,943,400 at Cdn$2.10. The proceeds net of expenses are credited to share capital and share premium.

5. Share-Based Payments

Share Option Plans

Following a reorganisation (the "Reorganisation") in 2005, the Company established an option plan (the "Serica 2005 Option Plan") to replace the Serica Energy Corporation Share Option Plan (the "Serica BVI Option Plan").

Serica Energy Corporation ("Serica BVI") was previously the holding company of the Group but, following the Reorganisation, is now a wholly owned subsidiary of the Company. Prior to the Reorganisation, Serica BVI issued options under the Serica BVI Option Plan and, following the Reorganisation, the Company has agreed to issue ordinary shares to holders of Serica BVI Options already awarded upon exercise of such options in place of the shares in Serica BVI to which they would be entitled. There are currently options outstanding under the Serica BVI Option Plan entitling holders to acquire up to an aggregate of 2,722,499 ordinary shares of the Company. No further options will be granted under the Serica BVI Option Plan.

The Company has granted 7,984,000 options under the Serica 2005 Option Plan, 7,729,000 of which are currently outstanding. The Serica 2005 Option Plan will govern all future grants of options by the Company to Directors, officers, key employees and certain consultants of the Group.

The Serica 2005 Option Plan is comprised of two parts, the basic share option plan and a part which constitutes an Enterprise Management Incentive Plan (“EMI Plan”) under rules set out by the H.M. Revenue & Customs in the United Kingdom. Options granted under the Serica 2005 Option Plan can be granted, at the discretion of the Board, under one or other of the two parts but, apart from certain tax benefits which can accrue to the Company and its UK employees if options are granted under the part relating to the EMI Plan meeting the conditions of that part of the Serica 2005 Option Plan, all other terms under which options can be awarded under either part are substantially identical.

The Directors intend that the maximum number of ordinary shares which may be utilised pursuant to the Serica 2005 Option Plan will not exceed 10 per cent. of the issued ordinary shares of the Company from time to time, in line with the recommendations of the Association of British Insurers.

In December 2005, 330,000 options were awarded to executive directors exercisable only if certain performance targets are met. 110,000 of these were cancelled during Q2 2007. In August 2007, 1,200,000 options were awarded to non-executive directors exercisable only if certain performance targets are met. In March 2008, 850,000 options were awarded to executive directors exercisable only if certain performance targets are met. The Company calculates the value of share-based compensation using a Black-Scholes option pricing model (or other appropriate model for those Directors’ options subject to certain performance targets) to estimate the fair value of share options at the date of grant. The estimated fair value of options is amortised to expense over the options' vesting period. US$375,000 has been charged to the income statement in the period ended 31 March 2008 and a similar amount credited to other reserves.

The assumptions made for the options granted during 2005, 2006, 2007 and 2008 include a weighted average risk-free interest rate of 6%, no dividend yield and a weighted average expected life of options of three years. The volatility factor of expected market price of 50% used for options granted during 2005 and 2006 was reduced to 40% for options granted in 2007 and 2008.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period:

Serica BVI Option Plan	**Number**	**WAEP Cdn$**
Outstanding at 31 December 2006	3,975,833	1.57
Exercised during the period	(1,110,001)	1.63
Cancelled during the period	(143,333)	1.58
Outstanding at 31 December 2007 and 31 March 2008	2,722,499	1.57

Serica 2005 Option Plan

		£
Outstanding at 31 December 2006	2,516,000	1.01
Granted during the period	2,661,000	1.01
Cancelled during the period	(110,000)	(0.97)
Outstanding at 31 December 2007	5,067,000	1.00
Granted during the period	2,662,000	0.77
Outstanding at 31 March 2008	7,729,000	0.92

6. Taxation

The major components of income tax in the consolidated income statement are:

Three months ended 31 March:	2008 US$000	2007 US$000
Current income tax credit	679	-
Deferred income tax (charge)/credit	(679)	-
Total tax (charge)/credit	-	-

In 2008, expected tax recoveries from Norwegian expenditure to date have been recorded as a current income tax credit. These are offset by a deferred income tax charge from the timing differences arising from capitalised exploration expenditure.