SERICA ENERGY PLC

SECOND QUARTER 2007 REPORT TO SHAREHOLDERS

MANAGEMENT OVERVIEW

Serica has continued to build on its 2006 performance with an active second quarter of 2007.

Serica has recently obtained a commitment from JPMorgan Chase Bank, N.A. and The Governor and Company of the Bank of Scotland to enter into a US$100 million senior secured debt facility. The facility is subject to legal documentation and fulfillment of standard terms and conditions for a debt financing of this nature.

The facility, which will have a term of twelve months, with the Company having an option to extend for a further six months, will be used to fund appraisal and development expenditures for the Kambuna field in Indonesia and the Columbus field in the UK North Sea as well as for Norwegian appraisal expenditure and general corporate purposes.

This facility provides Serica with funds to develop the Company's interests in the Kambuna and Columbus fields, both of which are operated by Serica, and contribute to Serica's share of drilling costs for the appraisal of the Bream oil discovery in Norway.

In June, Serica announced that Ian Vann would be joining the Board as a non-executive director with effect from 1 July 2007. Ian was employed by BP from 1976, and directed and led BP`s global exploration efforts from 1996 until his recent retirement in January 2007. He was appointed to the executive leadership team of the Exploration & Production Division of BP in 2001, initially as Group Vice President, Technology and later as Group Vice President, Exploration and Business Development. Ian brings a wealth of valuable experience in the international oil and gas exploration business to the Board of Serica.

Since the period end, Serica announced that Steven Theede has joined the Board as a non-executive director with effect from 24 July 2007. Steve was employed by Conoco, later ConocoPhillips, from 1973 until 2003, where he held numerous management positions in Refining and Marketing, Exploration and Production as well as in corporate activities, located both in the US and Europe. In 2000 he was appointed President, Exploration and Production for Europe, Russia and the Caspian region. In 2003 he joined Yukos Oil Company located in Russia, as Chief Operating Officer and became Chief Executive Officer of the Company in July 2004, a position he held until August of 2006. His industry background complements the talents and experience that already exist on the Board of Serica.

Western Europe: United Kingdom, Ireland, Norway and Spain

United Kingdom

Serica retained its 50% interest in Block 23/16f, in which it made the Columbus discovery in December 2006, having agreed with BG International Limited not to complete a previously announced acreage exchange. As operator of the block, Serica has contracted the semi-submersible drilling rig SEDCO 704 to drill the first Columbus appraisal well in September 2007, in a location about three kilometres north of the 23/16f-11 discovery well.

Discussions have already commenced with nearby infrastructure owners with a view to reaching a Columbus development decision by the end of the year in the event of a successful outcome to the appraisal drilling. Serica has secured a second rig slot on the SEDCO 704 in the summer of 2008, which will be available for a Columbus development well or for an exploration well in Serica’s adjacent Block 23/16g.

In its East Irish Sea Blocks 113/26b and 113/27c to the north of the Morecambe gas field, Serica is carrying out a 3D seismic reprocessing project in order to confirm future exploration well locations. Serica has a 100% interest in the licence.

Ireland
Serica holds a 100% interest in Blocks 27/4, 27/5 west and 27/9 in the Slyne Basin off the west coast of Ireland and is carrying out a 3D seismic reprocessing project in order to confirm exploration well locations on several large gas prospects that it has already identified. The blocks lie about 40 km south of the 1 tcf Corrib gas field, currently under development by Shell.

Norway
In Serica's Norwegian North Sea licences, the operator of Licence 407, BG Norge AS, is planning for an appraisal well to be drilled in the Bream field in the second quarter of 2008 and the operator of Licence 406, Premier Oil Norge AS, is planning a 3D seismic survey early in 2008. Serica has a 20% interest in these licences.

Spain
In Spain, Serica has just completed a seismic test line in preparation for a 2D seismic survey on its four onshore licences in Aragon Province, in the north-eastern part of the country. Serica holds a 100% interest in the licences.

Southeast Asia: Indonesia and Vietnam

Indonesia
In March, Serica announced the farm-out of a percentage of the Company's interest in the Biliton PSC, in line with its strategy to spread exploration risk and manage costs. Under the terms of the agreement and subject to regulatory approval, Serica will assign a 45% interest in the Biliton PSC to Nations Petroleum Company Ltd., which will bear the majority of the costs of the two-well exploration drilling programme, scheduled to commence in the fourth quarter of 2007. Serica will remain the operator and will retain a 45% interest in the Biliton PSC. The two prospects to be drilled are located offshore in a virtually unexplored basin in the central Java Sea.

In the Glagah-Kambuna PSC offshore North West Sumatra, development of the Kambuna gas/condensate field is now well underway. Negotiations for the sale of the gas and condensate are expected to conclude shortly, with the field destined to supply gas to Medan, Indonesia's third largest city. The field wellhead support tower is currently under construction in Balikpapan, Indonesia, and is scheduled for delivery in September and installation in the fourth quarter of this year. Two new development wells will be drilled from the tower and the Kambuna #2 well will be recompleted in order to develop the Kambuna field. Later this year the offshore and onshore pipeline route surveys will be carried out in preparation for issuing invitations to tender for pipeline supply and installation.

In the large Kutai PSC, East Kalimantan, an elevation survey has been completed in preparation for a 2D seismic survey to be carried out in the onshore part of the PSC early next year. The existing offshore 3D seismic survey data is to be reprocessed and plans for an additional 3D seismic survey are being prepared.

Vietnam
Serica holds a 33.3% interest in the Block 06/94 PSC in the Con Son Basin offshore Vietnam. The block lies immediately south of the producing Lan Tay and Lan Do gas fields and immediately east of the Dua and Blackbird oil discoveries. Several prospects have already been identified on the block and acquisition of a new 3D seismic survey is expected to begin in the third quarter of 2007.

Forward Programme

Serica will commence an extensive period of drilling activity in the second half of the year with two exploration wells and four appraisal or development wells planned.

In the third quarter, Serica will commence its UK drilling programme with a Columbus appraisal well to be drilled in September. Conceptual development studies for the Columbus field are underway, so that development can be advanced once the results of the appraisal programme are known. In Indonesia, two exploration wells will be drilled in the fourth quarter and the Kambuna development drilling programme will commence.

Serica remains very focused on creating shareholder value through its exploration drilling and field development programmes. As the Company continues to build on the exploration success that it has seen in the North Sea and Indonesia, our objectives are to bring the benefits of that success back to shareholders and to lay the foundations for future growth.

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

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 3 August 2007 and should be read in conjunction with the attached unaudited interim consolidated financial statements for the period ended 30 June 2007. The interim financial statements for the three and six months ended 30 June 2007 have been prepared by and are the responsibility of the Company's management. The interim financial statements for the six months ended 30 June 2007 and 2006 have been reviewed by the Company's independent auditors.

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

Overall Performance

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 future exploration drilling programmes. In 2007 to date, work has continued on managing its portfolio of interests, accelerating the appraisal of Columbus in the North Sea, advancing the Indonesian development and preparing for the 2007 drilling programme. 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$1.6 million for the three months ended 30 June 2007 ("Q2 2007") compared to a profit of US$1.8 million for the three months ended 30 June 2006 ("Q2 2006"). The Q2 2006 figures have been restated to take account of the revised accounting treatment for share purchase warrants outstanding at 30 June 2006.

	2007 Q2 US$000	2007 Q1 US$000	2006 Q2 US$000	2006 Q1 US$000
Sales revenue	-	-	36	25
Expenses:				
Administrative expenses	(1,722)	(1,846)	(1,343)	(1,322)
Foreign exchange (loss)/gain	(36)	15	890	(48)
Pre-licence costs	(124)	(101)	(414)	(160)
Share-based payments	(470)	(499)	(533)	(436)
Change in fair value of share warrants (1)	-	-	(682)	1,836
Depletion, depreciation & amortisation	(26)	(26)	(18)	(10)
Operating loss before finance revenue and taxation	(2,378)	(2,457)	(2,064)	(115)
Profit on disposal	-	-	2,187	-
Finance revenue	791	862	1,210	1,152
(Loss)/profit before taxation	(1,587)	(1,595)	1,333	1,037
Taxation credit/(charge)	-	-	506	-
(Loss)/profit for the period	(1,587)	(1,595)	1,839	1,037
Basic and diluted loss per share	(0.01)	(0.01)	N/A	N/A
Basic and diluted earnings per share	N/A	N/A	0.01	0.01

(1) As restated – see note 9 of the financial statements.

Revenues from oil and gas production are recognised on the basis of the Company's net working interest in its properties and, in 2006, were generated from Serica's 10% interest in the Harimau producing gas and gas condensate field. The Q1 and Q2 2006 revenues are from discontinued operations following the disposal of the Lematang PSC interest in 2006 which included the Harimau field. Direct operating costs for the field during the period of ownership by the Group were carried by Medco Energi Limited.

Administrative expenses of US$1.7 million for Q2 2007 remained at a consistent level with Q1 2007 and increased from US$1.3 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 Q2 2007 results. A large foreign exchange gain of US$0.9 million was earned in Q2 2006. This chiefly arose from the increase in US$ equivalent value of pounds sterling cash deposits held, as the pound strengthened against the dollar during the quarter.

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$0.1 million for Q2 2007 decreased from US$0.4 million for the same period last year due to an increased focus on licence applications in Norway and Ireland in 2006.

Share-based payment charges of US$0.5 million reflect share option grants made and compare with US$0.5 million for both Q1 2007 and Q2 2006. Whilst further share options have been granted in 2007, the incremental charge generated from those options has been offset by the decline in charge of the options granted in 2005 and 2006.

The change in fair value of share warrants in Q1 and Q2 2006 is a restatement to reflect evolving interpretation of the treatment of such instruments under the recently adopted IFRS. This has arisen due to the difference in the denominated currency of the share warrants compared to Serica's functional currency. The loss in Q2 2006 was created as the fair value liability of share warrants not exercised increased due to the rise in share price over the quarter. All warrants were exercised in 2006 and there is no income statement impact in 2007. This has no cash impact on reported results. More detail is provided in note 9 of the financial statements.

Negligible depletion, depreciation and amortisation charges in all periods represent office equipment and fixtures and fittings. The costs of petroleum and natural gas properties are not currently subject to such charges pending further evaluation.

Finance revenue, comprising interest income of US$0.8 million for Q2 2007 compares with US$0.9 million for Q1 2007 and US$1.2 million for Q2 2006. The decrease from last year is due to the reduction in cash deposit balances held during 2006 as expenditure was incurred on the drilling programmes.

The net loss per share of US$0.01 for Q2 2007 compares to an earnings per share of US$0.01 for Q2 2006.

Summary of Quarterly Results

Quarter ended:	2007 30 Jun US$000	2007 31 Mar US$000	2006 31 Dec US$000	2006 30 Sep US$000	2006 30 Jun US$000	2006 31 Mar US$000
Sales revenue	-	-	-	-	36	25
(Loss)/profit for the quarter (1)	(1,587)	(1,595)	(13,456)	(3,795)	1,839	1,037
Basic and diluted loss per share US$	(0.01)	(0.01)	(0.09)	(0.03)	-	-
Basic and diluted earnings per share (1)	-	-	-	-	0.01	0.01

(1) As restated for Q1 and Q2 2006 – See note 9 of the financial statements.

The fourth quarter 2006 loss includes asset write offs of US$12.7 million in regard to the Asahan Offshore PSC. The Q2 2006 profit includes a gain of US$2.3 million from the disposal of the 10% interest in the Lematang Block.

Working Capital, Liquidity and Capital Resources

Current Assets and Liabilities

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

	30 June 2007 US$000	31 March 2007 US$000	31 December 2006 US$000
Current assets:			
Inventories	6,438	6,785	6,785
Trade and other receivables	7,147	11,369	30,903
Cash and cash equivalents	56,622	72,175	77,306
Total Current assets	70,207	90,329	114,994
Less Current liabilities:			
Trade and other payables	(4,413)	(11,864)	(30,619)
Net Current assets	65,794	78,465	84,375

At 30 June 2007, the Company had net current assets of US$65.8 million which comprised current assets of US$70.2 million less current liabilities of US$4.4 million, giving an overall reduction in working capital of US$12.7 million in the three month period.

Inventories principally consist of steel casing for the forthcoming Indonesian drilling programme.

Trade and other receivables at 30 June 2007 totalled US$7.1 million. This balance includes 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. A significant debtor balance at 31 March 2007, representing a contribution to exploration costs recoverable under the BG/Serica cross assignment deal in Blocks 23/16f and 23/21b (see Management Overview) was no longer receivable, following the announcement in June of the mutual agreement between Serica and BG not to complete the deal. This large decrease was partially offset by a general increase in other balances during Q2 2007, causing an overall reduction in Q2 2007 of US$4.3 million from US$11.4 million.

Net cash outgoings in Q2 2007 covered operational expenses and exploration work. These were partially offset by US$0.8 million of interest income received in the quarter.

Trade and other payables of US$4.4 million at 30 June 2007 include a US$1.5 million payable (settled in July 2007) in respect of the Q2 2006 acquisition of an additional 10% interest in the Glagah Kambuna TAC, amounts due to those sub-contractors operating the UK drilling programme, and creditors and accruals from Indonesia. Payables arising from the 2006 drilling campaign were substantially settled in Q1 2007.

Long-Term Assets and Liabilities

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

	30 June 2007 US$000	31 March 2007 US$000	31 December 2006 US$000
Intangible exploration assets	58,470	45,738	40,681
Property, plant and equipment	327	316	342
Goodwill	1,200	1,200	1,200
Long-term other receivables	527	668	351
Deferred income tax liabilities	(955)	(955)	(955)

During Q2 2007, total investments in petroleum and natural gas properties, represented by intangible exploration assets, increased by US$12.7 million to US$58.5 million. Following the announcement in June of the agreement between Serica and BG not to complete the BG/Serica cross assignment deal, the anticipated recovery credited against intangible exploration assets has been reversed and Serica's capitalised cost now reflects its 50% share of costs incurred on the Block 23/16f, rather than the 25% previous interest. Of the remaining Q2 2007 investments; US$2.3 million was spent in Vietnam principally on a signature bonus, US$0.9 million in the UK on exploration work and G&A, US$1.2 million was spent in Indonesia principally on drilling activity preparation, exploration work and G&A on the Glagah Kambuna and Kutai concessions, and US$0.3 million in Spain. In Q1 2007, US$1.0 million of back costs, received as part of the Biliton farm out, have been credited against the capitalised pool of costs.

Property, plant and equipment includes 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$1.2 million.

Long-term other receivables of US$0.5 million represent value added tax ("VAT") on Indonesian capital spend, which would be recovered from future production.

Shareholders' Equity

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

	30 June 2007 US$000	31 March 2007 US$000	31 December 2006 US$000
Total share capital	158,871	157,817	157,283
Other reserves	12,730	12,226	11,767
Accumulated deficit	(46,238)	(44,651)	(43,056)

Total share capital includes the total net proceeds (both nominal value and any premium on the issue of equity capital).

Issued share capital during 2007 was increased by the exercise of 1,110,001 share options of the Company at prices ranging from Cdn$1.00 to Cdn$2.00.

Other reserves include amounts credited in respect of cumulative share-based payment charges, and the amount of the fair value liability of share warrants eliminated upon exercise of those share warrants. The increase in other reserves from US$12.2 million to US$12.7 million reflects the amortisation of share-based payment charges in Q2 2007.

Capital Resources

At 30 June 2007, Serica had US$65.8 million of net working capital and no long-term debt. 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 2007	172
31 December 2008	287
31 December 2009	266
31 December 2010	42

At 30 June 2007, the Company had no long-term debt or capital lease obligations. In Q4 2006 the Company contracted the SeaDrill 5 jack-up drilling rig for 136 days during 2007 for Indonesian operations at a gross cost of US$26,286,000. The gross obligation existed at 30 June 2007 and Serica's net share of these costs will depend on the exact split of the proposed drilling programmes but following the farm-out of a 45% interest in Biliton and current paying interests in the Glagah Kambuna TAC, this is expected to be approximately US$11,100,000. Although these arrangements have changed post the period end the obligation to be incurred will be similar to that noted above. On 12 July 2007, Serica was informed by the rig owners that the SeaDrill 5 had suffered damage on its previous location and would no longer be available to drill the Biliton and Kambuna wells as previously planned. Serica immediately tendered for a replacement jack-up rig and has now issued a Letter of Intent to Global Santa Fe for the use of either the GSF 136 or the GSF Parameswara to drill the Biliton and Kambuna wells starting in the fourth quarter of this year (see Note 7 to the Financial Statements).

In Q1 2007 the Company contracted the Sedco 704 semi-submersible drilling rig for UK operations, specifically the Columbus appraisal wells. The gross obligation under the contract is for 94 days which equates to a value of US$32,200,000, of which Serica's share is expected to be 50%, depending upon the work programme finally agreed with the Company's co-venturers.

In the absence of revenues generated from oil and gas production, Serica will continue to utilise existing financial resources together with financing available through the recently arranged US$100 million senior secured debt facility, to fund its investment programme and ongoing operations.

This facility provides Serica with funds to develop the Company's interests in the Kambuna and Columbus fields, both of which are operated by Serica, and contribute to Serica's share of drilling costs for appraisal of the Bream oil discovery in the Norwegian North Sea, planned for early 2008.

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, 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 2007/8 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 30 June 2007, the following director and employee share options were outstanding: -

	Expiry Date	**Amount**	**Exercise cost Cdn$**
Share options	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

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 30 June 2007. Management has concluded that, as of 30 June 2007, 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 30 June 2007, the Company incurred losses of US$1.6 million from continuing operations. At 30 June 2007, the Company held cash and cash equivalents of US$56.6 million.

Outstanding Share Capital

As at 3 August 2007, the Company had 151,647,657 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

7 August 2007

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 therefrom.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

To receive Company news releases via email, please contact kelly@chfir.com and specify "Serica press releases" in the subject line.

Serica Energy plc

Group Income Statement

Unaudited	Notes	Three months ended 30 June 2007 US$000	Three months ended 30 June 2006 (1) US$000	Six months ended 30 June 2007 US$000	Six months ended 30 June 2006 (1) US$000
Sales revenue		-	36	-	61
Cost of sales		-	-	-	-
Gross profit		-	36	-	61
Administrative expenses		(1,722)	(1,343)	(3,568)	(2,665)
Foreign exchange (loss)/gain		(36)	890	(21)	842
Pre-licence costs		(124)	(414)	(225)	(574)
Share-based payments		(470)	(533)	(969)	(969)
Change in fair value of share warrants		-	(682)	-	1,154
Depreciation, depletion & amortisation		(26)	(18)	(52)	(28)
Operating loss before finance revenue and tax		(2,378)	(2,064)	(4,835)	(2,179)
Profit on disposal	7	-	2,187	-	2,187
Finance revenue		791	1,210	1,653	2,362
(Loss)/profit before taxation		(1,587)	1,333	(3,182)	2,370
Taxation credit for the period		-	506	-	506
(Loss)/profit for the period		(1,587)	1,839	(3,182)	2,876
Earnings per ordinary share (US$):					
Basic and diluted loss per share		(0.01)	-	(0.02)	-
Basic earnings per ordinary share		-	0.01	-	0.02
Diluted earnings per ordinary share		-	0.01	-	0.02

(1) As restated – See note 9

Serica Energy plc
Consolidated Balance Sheet

	Notes	30 June 2007 US$000 (Unaudited)	31 March 2007 US$000 (Unaudited)	31 Dec 2006 US$000 (Audited)	30 June 2006 (1) US$000 (Unaudited)
Non-current assets					
Intangible exploration assets		58,470	45,738	40,681	28,102
Property, plant and equipment		327	316	342	304
Goodwill		1,200	1,200	1,200	1,877
Other receivables		527	668	351	2,003
		60,524	47,922	42,574	32,286
Current assets					
Inventories		6,438	6,785	6,785	681
Trade and other receivables		7,147	11,369	30,903	6,241
Cash and cash equivalents		56,622	72,175	77,306	102,430
		70,207	90,329	114,994	109,352
TOTAL ASSETS		130,731	138,251	157,568	141,638
Current liabilities					
Trade and other payables		(4,413)	(11,864)	(30,619)	(8,164)
Non-current liabilities					
Deferred income tax liabilities		(955)	(955)	(955)	(1,631)
TOTAL LIABILITIES		(5,368)	(12,819)	(31,574)	(9,795)
NET ASSETS		125,363	125,432	125,994	131,843
Share capital	4	158,871	157,817	157,283	151,119
Other reserves		12,730	12,266	11,767	6,529
Accumulated deficit		(46,238)	(44,651)	(43,056)	(25,805)
TOTAL EQUITY		125,363	125,432	125,994	131,843

(1) As restated – See note 9

Serica Energy plc
Statement of Changes in Equity
For the period ended 30 June 2007

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

Group

	Share capital US$000	Other reserves US$000	Deficit US$000	Total US$000
At 1 January 2006 (audited)	148,745	4,153	(28,681)	124,217
Conversion of warrants	119	-	-	119
Share-based payments	-	436	-	436
Profit for the period	-	-	1,037	1,037
Fair value of warrants converted	-	70	-	70
At 31 March 2006 (unaudited)	148,864	4,659	(27,644)	125,879
Conversion of warrants	2,282	-	-	2,282
Share issue costs	(27)	-	-	(27)
Share-based payments	-	533	-	533
Profit for the period	-	-	1,839	1,839
Fair value of warrants converted	-	1,337	-	1,337
At 30 June 2006 (unaudited) (1)	151,119	6,529	(25,805)	131,843

(1) As restated – See note 9

Serica Energy plc
Consolidated Cash Flow Statement

Unaudited	Three months ended 30 June 2007 US$000	Three months ended 30 June 2006 US$000	Six months ended 30 June 2007 US$000	Six months ended 30 June 2006 US$000
Cash flows from operating activities:				
Operating loss	(2,378)	(2,064)	(4,835)	(2,179)
Adjustments for:				
Depreciation, depletion and amortisation	26	18	52	28
Fair value of share warrants	-	682	-	(1,154)
Share-based payments	470	533	969	969
Changes in working capital	(58)	(1,011)	(5,036)	(4,334)
Cash generated from operations	(1,940)	(1,842)	(8,850)	(6,670)
Taxes received	-	-	-	34
Net cash flow from operations	(1,940)	(1,842)	(8,850)	(6,636)
Cash flows from investing activities:				
Disposals - Cash disposed	-	(51)	-	(51)
Interest received	811	1,210	1,673	2,362
Proceeds from disposals	-	-	5,000	-
Purchases of property, plant & equipment	(37)	(8)	(37)	(306)
Purchase of intangible exploration assets	(14,387)	(4,235)	(19,004)	(5,063)
Net cash used in investing	(13,613)	(3,084)	(12,368)	(3,058)
Cash proceeds from financing activities:				
Proceeds on exercise of warrants/options	-	2,255	534	2,374
Net cash from financing activities	-	2,255	534	2,374
Cash and cash equivalents				
Net decrease in period	(15,553)	(2,671)	(20,684)	(7,320)
Amount at start of period	72,175	105,101	77,306	109,750
Amount at end of period	56,622	102,430	56,622	102,430

Serica Energy plc

Notes to the Unaudited Consolidated Financial Statements

1. Corporate information

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2007 were authorised for issue in accordance with a resolution of the directors on 7 August 2007.

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 six months ended 30 June 2007 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 2006. 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 2006.

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 2006, except for the adoption of the following new standards and interpretations, noted below,

IFRIC 9 'Reassessment of Embedded Derivatives';

IFRIC 10 'Interim Financial reporting and Impairment'.

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

The financial statements are unaudited but have been reviewed by Ernst & Young LLP and their report is set out below.

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., Firstearl 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 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.

The following tables present revenue and profit information regarding the Group's geographical segments for the six months ended 30 June 2007 and 2006.

Six months ended 30 June 2007	Indonesia US$000	UK US$000	Spain US$000	Total US$000
Revenue	-	-	-	-
Net income/(loss)	(674)	(2,401)	(107)	(3,182)

Six months ended 30 June 2006	Indonesia US$000	UK US$000	Spain US$000	Total US$000
Revenue	61	-	-	61
Net income/(loss)	2,433	499	(56)	2,876

4. Equity Share Capital

	30 June 2007 Number	30 June 2007 US$000	31 December 2006 Number	31 December 2006 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.

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)	493,334	49	485	534
As at 31 March 2007	151,031,290	15,193	142,624	157,817
Options exercised (2)	616,667	62	992	1,054
As at 30 June 2007	151,647,957	15,255	143,616	158,871

(1) From 1 January 2007 until 31 March 2007, 493,334 share options were converted to ordinary shares at prices ranging from Cdn$1.11 to Cdn$2.00.

(2) From 1 April 2007 until 30 June 2007, 616,667 share options were converted to ordinary shares at prices ranging from Cdn$1.00 to Cdn$2.00.

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 "SEC Share 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 its option plan (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 4,122,000 options under the Serica 2005 Option Plan, 3,867,000 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. 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 market conditions) 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$470,000 has been charged to the income statement in the period ended 30 June 2007 and a similar amount credited to other reserves.

The assumptions made for the options granted during 2005, 2006 and 2007 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.

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	(493,334)	1.26
Cancelled during the period	(60,000)	2.00
Outstanding at 31 March 2007	3,422,499	1.61
Exercised during the period	(616,667)	1.83
Cancelled during the period	(83,333)	1.36
Outstanding at 30 June 2007	2,722,499	1.57

Serica 2005 Option Plan

		£
Outstanding at 31 December 2006	2,516,000	1.01
Granted during the period	1,056,000	1.02
Outstanding at 31 March 2007	3,572,000	1.01
Granted during the period	405,000	1.04
Cancelled during the period	(110,000)	(0.97)
Outstanding at 30 June 2007	3,867,000	1.01

6. Taxation

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

	For the six months ended 30 June	
	2007 US$000	2006 US$000
Current income tax charge	Nil	Nil
Deferred income tax credit	Nil	506

In 2006, the book gain on sale of the Lematang PSC is sheltered from tax by historic costs not reflected in the book value, indexation, and current UK tax losses elsewhere in the group. The 2006 deferred tax credit arises from the release of the deferred tax liability attached to the Lematang PSC.

7. Subsequent Events

On 18 July 2007, Serica obtained a commitment from JPMorgan Chase Bank, N.A. and The Governor and Company of the Bank of Scotland to enter into a US$100 million senior secured debt facility. The facility is subject to legal documentation and fulfillment of standard terms and conditions for a debt financing of this nature, including the approval of gas sales arrangements.

The facility, which will have a term of twelve months, with the Company having an option to extend for a further six months, will be used to fund appraisal and development expenditures for the Kambuna field in Indonesia and the Columbus field in the UK North Sea as well as for Norwegian appraisal expenditure and general corporate purposes.

On 12 July 2007, Serica was informed by the rig owners that the SeaDrill 5 had suffered damage on its previous location and would no longer be available to drill the Biliton and Kambuna wells as previously planned. Serica immediately tendered for a replacement jack-up rig and has now issued a Letter of Intent to Global Santa Fe for the use of either the GSF 136 or the GSF Parameswara to drill the Biliton and Kambuna wells starting in the fourth quarter of this year.

8. Publication of Non-Statutory Accounts

The financial information contained in this interim statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the full preceding year is based on the statutory accounts for the financial year ended 31 December 2006. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

This interim statement will be made available at the Company's registered office at 52 Bedford Row, London WC1R 4LR and on its website at www.serica-energy.com and on SEDAR at www.sedar.com

9. Retrospective Restatement

In the 2006 Annual Report, the prior year income statement and balance sheet have been adjusted to reflect differences in accounting for share warrants that were outstanding at 31 December 2005 as a liability, carried at fair value. Previously the warrants were considered to qualify for treatment as equity under IAS 32 Financial Instruments: Presentation. However, precedents now available indicate that, because the conversion proceeds were denominated in Can$, and the company's functional currency is US$, these instruments should have been treated more appropriately as a liability for the period the warrants remained outstanding, with an income statement charge/credit made to reflect the movement in the fair value of the warrants in each relevant period. All warrants were exercised during 2006. The effect of this non cash adjustment on the Group Income statement, Loss per Ordinary Share, Group and Company Balance Sheets, and Group and Company Statements of Changes in Equity is detailed in Note 30 of the 2006 Annual Report.

The impact of this retrospective restatement on the Q1 and Q2 2006 comparatives in this Q2 2007 Report is set out below:

Effect on Group Income Statement and Summary of Quarterly Results in Managements Discussion and Analysis

(Loss)/profit for the quarter Quarter ended:	31 Mar	30 Jun
2006		
(Loss)/profit for the quarter previously reported (US$000)	(799)	2,521
Change in fair value of warrants (US$000)	1,836	(682)
Profit for the quarter restated (US$000)	1,037	1,839
(Loss)/earnings per share		
2006		
Basic and diluted loss per share previously reported (US$)	(0.01)	-
Basic and diluted earnings per share previously reported (US$)	-	0.02
Change in fair value of warrants (US$)	0.02	(0.01)
Basic and diluted earnings per share as restated (US$)	0.01	0.01

Effect on Group Balance Sheet	30 June 2006 US$000
Total liabilities as previously reported	(5,506)
Fair value of warrants	(4,289)
Total liabilities as restated	(9,795)

Effect on Statement of Changes in Equity

	Other Reserves US$000	Accumulated Deficit US$000	Total US$000
Group			
As at 30 June 2006 previously reported	2,238	(17,225)	(14,987)
Fair value of warrants	4,291	(8,580)	(4,289)
As at 30 June 2006 as restated	6,529	(25,805)	(19,276)

Independent Review Report to Serica Energy plc

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 June 2007 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, and the related notes 1 to 9. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company having regard to guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by the law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

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 as required by the AIM Rules issued by the London Stock Exchange.

Review work performed

We conducted our review having regard to the guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

Ernst & Young LLP
London

7 August 2007