ENQUEST PLC, 17 August 2010
Half Year results, for the six months to 30 June 2010

EnQuest PLC, an independent UK oil production & development company publishes its Half Year results for the period* to 30 June 2010. Unless otherwise stated all figures are in US dollars.

EnQuest delivers strong first half and raises 2010 production guidance

HIGHLIGHTS

- Demerger and IPO of EnQuest PLC completed in April 2010
- Pro-forma net production of 18,708 boepd for the half year
- Increasing 2010 pro-forma net production guidance from 18,000 to 20,000 boepd, underpinned by good results in the Don Southwest and Thistle fields
- H1’10 drilling programme completed on schedule, active drilling on 6 wells in H2’10
- Post IPO business integration and transformation on track
- $255.5m pro-forma* revenue, up 139% on H1’09
- Generated reported cash flow after capex of $68.2m
- Proposed acquisition of Stratic Energy Corporation announced on 3 August 2010

* ‘Pro-forma’ data reflects the results for first six calendar months of 2010 and 2009, as if the assets previously owned by Petrofac Limited and Lundin Petroleum AB were owned by EnQuest throughout the period. The results reported under IFRS reflect the related pooling of interests and acquisition accounting – see ‘Detailed pro-forma note’ on page 3 below

Production & Development

	Full six months **Pro-forma** Daily Average H1’10 Net production (boepd)	Full six months **Pro-forma** Daily Average H1’09 Net production (boepd)	Full six months **Pro-forma** Cumulative H1’10 Net production (bbls)	**Reported** Cumulative H1’10 Net production (bbls)
Thistle/Deveron	4,504	3,998	815,111	815,111
The Don Fields	9,144	881	1,655,123	1,176,319
Heather/Broom	5,060	6,828	915,848	915,848
Total	18,708	11,707	3,386,082	2,907,278

- Produced 18,708 boepd net pro-forma in the half year, 60% up on H1’09
- Produced 3.4m bbls pro-forma and 2.9m bbls in the reported half year to end June 2010
- Don Southwest S2Z completed ahead of schedule, production higher than expected
- Thistle’s average production in June of 5,454 boepd was the highest since Feb’ 2005
- 2010 drilling programme running ahead of schedule

Financial

US Dollars	Full six months **Pro-forma** (pre-exceptionals and fair value adjustments)		**Reported** (pre-exceptionals and fair value adjustments)	
	H1'10	H1'09	H1'10	H1'09
	$m	$m	$m	$m
Revenue	255.5	106.9	224.5	96.7
Cost of sales				
Production and transportation costs	(84.7)	(58.0)	(74.6)	(54.3)
Depletion of oil and gas properties	(78.0)	(30.1)	(62.8)	(27.2)
Gross profit	92.8	18.8	87.1	15.2
Profit before tax & net finance costs	87.8	13.3	86.2	2.9

- Reported H1'10 profit from operations before tax and net finance costs was $86.2m, compared to $2.9m in H1'09
- $255.5m pro-forma revenue benefitted from the success of the S2Z well at Don Southwest and the A46 at Thistle, following its workover and jet pump installation
- H1'10 average realised oil price achieved of $78.18/bbl
- Pro-forma capex of $95.3m was invested mainly in Don Southwest, Thistle & Broom
- Strong cash generation, net cash at end of period of $76.4m
- $25.0m write-off in relation to the Scolty discovery; treated as an exceptional item

OUTLOOK

- Increasing 2010 full year production guidance from 18,000 boepd to 20,000 boepd
- An active 6 well drilling programme in the second half of 2010; already started with encouraging results from the S5 producer at Don Southwest, the S5 well came online on 25 July 2010 at an initial rate of 21,000 boepd (gross). The BR7 NWT well at Broom was disappointing and will be suspended for possible future use of the tophole
- Full year capex guidance at approximately $240m, in line with our expectations

Amjad Bseisu, Chief Executive, said

"I am pleased to report a good first half performance. EnQuest has achieved higher than expected performance levels on production, system uptimes, water injection levels and other KPIs. Business integration of the two heritage entities is now well advanced and we continue building on our technical and financial strength.

With our growing confidence in performance this year, we have increased our full year production guidance from 18,000 boepd to 20,000 boepd; this equates to an expected 47% increase above 2009 and does not account for any benefit from the proposed acquisition of Stratic Energy Corporation.

With our technical core competence and financial strength, we are well set to create a substantial exploitation company in the UK North Sea. Today's results and the acquisition of Stratic show our continuing momentum to build our business. EnQuest's cash flow has been strong, with reported free cash flow of $68.2 million generated in the first half of 2010. I am confident in our business model as a platform for sustainable growth."

Ends

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Presentation to Analysts and Investors
A presentation to analysts and investors will be held at 09:30 today. The presentation and Q&A will also be accessible via an audio webcast – available from the investor relations section of the EnQuest website at www.enquest.com. A conference call facility will also be available at 09:30 on the following numbers:

UK / International:	+44 (0) 20 7806 1953
USA	+1 212 444 0412

Notes to editors
On 6 April 2010, EnQuest was formed from the demerged UK North Sea assets of Petrofac Limited and Lundin Petroleum AB. EnQuest was admitted to trading on both the London Stock Exchange and the NASDAQ OMX Stockholm. On listing, EnQuest PLC went into the FTSE 250 index and OMX Nordix index. Its assets include the Thistle, Deveron, Heather, Broom, West Don and Don Southwest fields. It has interests in 16 production licences covering 26 blocks or part blocks in the UKCS, of which 15 licenses are operated by EnQuest.

EnQuest believes that the UKCS represents a significant hydrocarbon basin in a low-risk region, which continues to benefit from an extensive installed infrastructure base and skilled labour. EnQuest believes that its assets offer material organic growth opportunities, driven by exploitation of current infrastructure on the UKCS and the development of low risk near field opportunities, rather than exploitation of high risk exploration opportunities.

EnQuest believes that it has the technical skills, the operational scale and the financial strength to achieve its objectives and to take advantage of the production and development opportunities in the UKCS.

Detailed 'pro-forma' note: In April 2010 the newly incorporated independent entity EnQuest PLC acquired the demerged UK North Sea assets of Petrofac Limited and Lundin Petroleum AB respectively. This transaction has been accounted for as a pooling of interest of EnQuest and the former Lundin business (Lundin North Sea BV, 'LNS'). The result is the net assets of LNS remain at the previous carrying amounts. The acquisition of the former Petrofac business (Petrofac Energy Developments Limited, 'PEDL') is treated as an acquisition by LNS of PEDL. The half year Group statement of consolidated income published today therefore includes the trading results for LNS from the start of the 2010 calendar year with the inclusion of the PEDL trading results from 5 April 2010. In order to aid comparability of performance, the Directors have elected to also prepare a separate abridged pro-forma half year consolidated income statement for the six months ended 30 June 2010 and 30 June 2009. This abridged pro-forma income statement presents the trading results for both LNS and PEDL from the start of the 2010 calendar year, as though PEDL was part of the Group for the full period ended 30 June 2010 and similarly for the prior period. The Directors have also elected to present certain other data including, inter-alia, production figures, on the same pro-forma basis. Throughout this document, comments or data presented on a pro-forma basis are identified as "pro-forma".

Forward looking statements: This announcement may contain certain forward-looking statements with respect to EnQuest's expectation and plans, strategy, management's objectives, future performance, production, costs, revenues and other trend information. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. The statements have been made with reference to forecast price changes, economic conditions and the current regulatory environment. Nothing in this presentation should be construed as a profit forecast. Past share performance cannot be relied on as a guide to future performance.

Half Year results, for the six months ended 30 June 2010

Chief Executive's Review

OVERVIEW

I am pleased to report real progress against our objectives in our first half year as a new company.

Average net production for the pro-forma full six months to 30 June 2010, ('H1'10') was 18,708 boepd, up 59.8 per cent on the same period in 2009. Pro-forma revenue for H1'10 was $255.5 million, up 139 per cent on the same period in 2009. Pro-forma revenue reflects the average realised oil price of $78.18/bbl in H1'10, as compared to $54.96/bbl in H1'09. Reported pre-tax cash flow from operations for H1'10 was $133.3 million. EnQuest's cash and cash equivalents at 30 June 2010 were a healthy $76.4 million, an increase of $68.5 million over 31 December 2009. This balance sheet strength, continuing high levels of cash generation and $200 million of unutilised loan facilities combine to give us significant financial capacity to make future investments and drive the growth of our business.

Our confidence in the strength of our business enables us to upgrade our full year production guidance from 18,000 boepd to 20,000 boepd; representing expected growth of 47 per cent over 2009. Post IPO, business integration and transformation has been proceeding according to plan. Employees from the heritage companies are working well together in the new organisation structure and are positive about our future at EnQuest. Our plan is to have all of our Aberdeen personnel in the same office space in the fourth quarter.

Business development opportunities are also encouraging. EnQuest was pleased to announce the proposed acquisition of Stratic Energy Corporation in early August - bringing with it an increase of 7.27 million bbls of 2P reserves in the North Sea, equating to 9 per cent of EnQuest's 2P reserves. Stratic enhances our position in the North Sea with the consolidation of our position in the West Don field and the provision of a substantial working interest in a proposed new development at the Crawford field. EnQuest also participated in the 26th round of offshore licensing in the UKCS, only weeks after being in existence. EnQuest is also pleased to announce that the Kuwait Foreign Petroleum Exploration Company ('KUFPEC'), a subsidiary of the Kuwait Petroleum Company, is farming into the Elke block.

REVIEW OF OPERATIONS

Production and development

Thistle/Deveron
(EnQuest working interest ('WI') 99 per cent)

Pro-forma production at Thistle/Deveron achieved a net 4,504 average boepd in H1'10, up 12.7 per cent on H1'09. This was better than expected, due to sustained high levels of water injection and power system uptime.

Production was also recommenced from Well A46 at 600 boepd on Thistle, following a successful workover and jet pump installation.

In H2'10 two new producer wells are expected to be drilled on Thistle; the first drilling on Thistle for over 20 years.

Don Southwest/West Don
(Don Southwest: EnQuest WI 60 per cent & West Don: EnQuest WI 27.7 per cent)

Pro-forma production at the Don fields achieved a net 9,144 average boepd in H1’10. The level of production in H1’10 was better than expected, due to the higher production from the S2Z sidetrack (Area 22) well, which started production in March 2010, Water injection to Area 5 and Area 22 on Don Southwest also commenced in March 2010.

Combined oil production from the Don fields commenced export via a permanent pipeline route over the Thistle platform in March, and offshore loading was then discontinued. Commissioning of the gas export line to Thistle started on 28 May.

The Don Southwest S5 well spudded on 19 May 2010, then on 25 July 2010 (after subsea hook-up), it started production at an encouraging initial rate of 21,000 boepd (gross).

The Don Southwest S6 water injector well was completed in August 2010.

At West Don preparations were made to drill the third producer (W4) and the well spudded on 7 August 2010. This is earlier than expected due to both the Don Southwest S5 and Don Southwest S6 wells being completed significantly ahead of plan.

Heather/Broom
(Heather: EnQuest WI 100 per cent and Broom: EnQuest WI 55 per cent)

Pro-forma production at Heather/Broom achieved a net 5,060 average boepd in H1’10, this was 25.9 per cent down on H1’09. The decrease was due to the need to reinstate one of the flowlines from Broom to Heather. The new flowline has been installed and is expected to be hooked up in Q3 2010

The BR7 NWT well and sidetrack at Broom were disapppointing and the well was suspended for possible future use of the tophole.

FINANCIAL REVIEW

Group production, on a pro-forma working interest basis, averaged 18,708 boepd in the first half of 2010 compared with 11,707 boepd in the first half of 2009. This increase primarily reflects the increase in production from Don Southwest and West Don fields, which commenced first production in June 2009 and April 2009 respectively and is partially offset by a reduction in production from the Broom field following the loss of one of its two production flow lines due to corrosion failure in May 2009.

Product prices
The Group pro-forma realised average price per barrel of oil sold was $78.18 in 2010, compared with $54.96 per barrel in 2009, reflecting the increase in market prices for Brent crude.

Operating metrics
Cost of sales for the Group are summarised below:

US Dollars

	Pro-forma (excluding fair value re-measurements)		Reported (excluding fair value re-measurements)	
	Six months ended 30 June		*Six months ended 30 June*	
	2010 $'m	2009 $'m	2010 $'m	2009 $'m
Cost of sales	162.7	88.1	137.5	81.6
	$	$	$	$
Unit operating cost, adjusted for underlift and inventory movements (per boe):				
Production and transportation costs	28.21	33.70	29.13	34.29
Depletion of oil & gas properties	23.02	14.20	21.60	13.88
	51.23	47.90	50.73	48.18

The increase in the Group's pro-forma unit operating cost in H1'10 compared to the previous year is primarily due to increased depletion unit cost on the Don fields.

Exceptional costs of $34.6 million pre-tax were reported in the period. These included a non-cash write-off of $25.0 million in relation to the Scolty discovery. Development of Scolty is dependent on other developments in the area and EnQuest now expects that activity by adjacent Operators will be later than previously estimated. Exceptional costs also included $9.6 million of demerger and listing expenses relating to the Group's formation and listing on the London Stock Exchange and the Stockholm NASDAQ OMX market.

Additional pro-forma depletion costs of $4.69 per boe have resulted from the fair value uplift of PEDL's oil and gas assets on acquisition and are reported as a fair value re-measurement.

General and administrative proforma expenditure (G&A) of $5.2million includes $3.6 million of PEDL pre-acquisition G&A costs.

Net finance costs reported of $3.2 million include $2.1 million unwinding of discount on decommissioning provision.

The tax charge of $23.7 million (2009: $1.3 million tax relief) reflects an effective tax rate of 57 per cent. The effective tax rate is higher than the standard rate of UK corporation tax of 50 per cent mainly due to the relative impacts of non-deductable listing costs and Petroleum Revenue Tax partially offset by Ring Fence Expenditure Supplement.

Reported Cash flow
Reported cash flow from operating activities amounted to $138.6 million (2009: $29.1 million), the increase reflecting a combination of:

- higher average sales prices per barrel of oil in 2010
- production volumes from the Don assets in 2010 not included in the Group reported result for 2009
- reduction in realised foreign currency exchange losses

Capital expenditure on property, plant and equipment in the period was US$72.2 million (2009:US$36.4 million) relating principally to development drilling on Don Southwest, Broom and Thistle assets and new pipeline installation costs for the Broom asset.

Exploration and evaluation expenditure in the period was US$1.5 million (2009: US$1.1 million).

Cash balances of $16.1 million were recorded on the acquisition of Petrofac Energy Developments ('PEDL') on 5 April 2010.

Balance sheet

The combination of Lundin North Sea BV ('LNS') with EnQuest has been accounted for as a corporate restructuring under the pooling of interests method. The combination of PEDL with LNS has been accounted for using the acquisition method. Both transactions were satisfied by the allotment and issuance of ordinary shares in the Company and resulted in a group merger reserve of US$662.9 million at 30 June 2010.

Net cash at 30 June 2010 was US$76.4 million (31 December 2009: net debt US$148.1 million). In April 2010, prior to the corporate restructure with EnQuest, the outstanding bank loan of LNS amounting to US$156.0 million was assigned to its then parent, Lundin Petroleum BV. The resulting liability between LNS and Lundin Petroleum BV, net of a long term loan payable to LNS, was capitalised on 31 March 2010.

In anticipation of the corporate restructure with LNS and acquisition of PEDL, a new credit facility was arranged in March 2010 consisting of a US$280.0 million, 2 year Senior Secured Revolving Credit Facility Agreement with the Bank of Scotland and BNP Paribas.

Financial risk management

EnQuest's functional currency is US dollars. Foreign currency risk arises on purchases, and the translation of assets and liabilities denominated in currencies other than the US dollar. During the six months to 30 June 2010, the Group's exposure has been managed by the sale of US dollars on a spot basis. The average rate achieved for purchase transactions in the period was US$1.53:£1 (2009: US$1.49:£1). The Group has not entered into any cash flow or oil price hedge arrangements during the period ended 30 June 2010.

BOARD

I am pleased to announce that, with effect from today, Helmut Langanger has been appointed as EnQuest's Senior Independent Director.

OUTLOOK

With our growing confidence in performance this year, EnQuest has increased its full year 2010 production guidance from 18,000 boepd to 20,000 boepd, before factoring in incremental production from Stratic Energy Corporation. EnQuest currently has an active 6 well drilling programme in the second half of 2010, including the return to drilling on Thistle for the first time in over 20 years. We aim to complete the acquisition of Stratic Energy Corporation in the fourth quarter of 2010. The second half of 2010 should also bring news of progress on the submissions we made as part of the recent 26th license round in the UKCS.

I am pleased with our performance in our brief time as an independent company and look forward to our continuing growth.

Amjad Bseisu
Chief Executive
EnQuest PLC
16 August 2010

HALF YEAR GROUP STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2010

			2010	*2009*
	Business performance	***Exceptional items and depletion of fair value uplift (Note4)***	***Reported in period***	
	US$'000 Unaudited	***US$'000 Unaudited***	***US$'000 Unaudited***	*US$'000 Unaudited*
Revenue	**224,544**	**-**	**224,544**	96,747
Cost of sales	**(137,465)**	**(6,773)**	**(144,238)**	(81,554)
Gross profit	**87,079**	**(6,773)**	**80,306**	15,193
Exploration and evaluation expenses	**(65)**	**(25,034)**	**(25,099)**	(27)
General and administration expenses	**(1,677)**	**(9,577)**	**(11,254)**	273
Other income	**873**	**-**	**873**	-
Other expenses	**-**	**-**	**-**	(12,576)
Profit from operations before tax and finance income/(costs)	**86,210**	**(41,384)**	**44,826**	2,863
Finance costs	**(4,008)**	**-**	**(4,008)**	(3,409)
Finance income	**839**	**-**	**839**	540
Profit/(loss) before tax	**83,041**	**(41,384)**	**41,657**	(6)
Income tax	**(47,250)**	**23,559**	**(23,691)**	1,290
Profit for the period attributable to owners of the parent	**35,791**	**(17,825)**	**17,966**	1,284
Other comprehensive income for the period, after tax:				
Cash flow hedges			**-**	15,344
Total comprehensive income for the period, attributable to owners of the parent			**17,966**	16,628
Earnings per share (note 5)			**US $**	US$
Basic			**0.031**	0.003
Diluted			**0.030**	0.003

The comparative income statement has been presented as a single column as there were no exceptional items or depletion of fair value uplifts reported in the six months ended 30 June 2009.

ABRIDGED PRO-FORMA* HALF YEAR CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2010

			2010	*2009*
	Business performance	***Exceptional items and depletion of fair value uplift (Note 4)***	***Total for period***	
	US$'000 Unaudited	***US$'000 Unaudited***	***US$'000 Unaudited***	*US$'000 Unaudited*
Revenue	**255,459**	**-**	**255,459**	106,907
Cost of sales	**(162,659)**	**(6,773)**	**(169,432)**	(88,066)
Gross profit	**92,800**	**(6,773)**	**86,027**	18,841
Exploration and evaluation expenses	**(65)**	**(25,034)**	**(25,099)**	(27)
General and administration expenses	**(5,245)**	**(9,577)**	**(14,822)**	(5,673)
Other income	**346**	**-**	**346**	197
Profit from operations before tax and finance income/(costs)	**87,836**	**(41,384)**	**46,452**	13,338

* In April 2010 the newly incorporated independent entity EnQuest PLC acquired the demerged UK North Sea assets of Petrofac Limited and Lundin Petroleum AB respectively. This transaction has been accounted for as a capital restructuring of EnQuest and the former Lundin business (Lundin North Sea BV, 'LNS') and an acquisition of the former Petrofac business (Petrofac Energy Developments Limited, 'PEDL'). Consequently the Group half year statement of comprehensive income, prepared in accordance with IFRS and published on page 10, includes the results of LNS from the start of the 2010 calendar year but only from 5 April 2010 for PEDL. For the comparative period to 30 June 2009, the reported statement of comprehensive income includes the results of LNS only. The results of EnQuest are included from its incorporation date of 29 January 2010.

This abridged pro-forma statement presents the trading results for both LNS and PEDL from the start of the 2010 calendar year, as though PEDL was part of the Group for the full six months ended 30 June 2010. The comparative data for the period ended 30 June 2009 is presented on the same basis.

GROUP BALANCE SHEET
as at 30 June 2010

	Notes	***30 June 2010 US$'000 Unaudited***	*31 December 2009 US$'000 Unaudited*
ASSETS			
Non-current assets			
Property, plant and equipment	9	**1,025,467**	518,558
Intangible oil and gas assets	8	**48,256**	71,641
Goodwill	7	**98,641**	-
Loan receivable from related party	14	**-**	21,443
Deferred tax asset		**-**	156
		1,172,364	611,798
Current assets			
Inventories		**2,345**	1,297
Trade and other receivables		**126,828**	35,782
Due from related parties	14	**-**	552
Cash and short-term deposits		**76,367**	7,893
		205,540	45,524
TOTAL ASSETS		**1,377,904**	657,322
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**59,011**	32,164
Merger reserve		**662,855**	50,785
Other reserves		**354**	83
Retained earnings		**95,217**	77,168
TOTAL EQUITY		**817,437**	160,200
Non-current liabilities			
Loans and borrowings	12	**-**	156,000
Provisions		**115,352**	53,198
Deferred tax liabilities		**293,237**	252,483
		408,589	461,681
Current liabilities			
Trade and other payables		**151,878**	33,326
Due to related parties	14	**-**	497
Income tax payable		**-**	1,618
		151,878	35,441
TOTAL LIABILITIES		**560,467**	497,122
TOTAL EQUITY AND LIABILITIES		**1,377,904**	657,322

GROUP STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2010

	Notes	*Total US$'000 Unaudited*
Balance at 1 January 2010	2	160,200
Total comprehensive income for the period		17,966
Issue of ordinary shares	10	513,166
Capital contribution on assignation of debt on de-merger	12	125,220
Share-based payments charge		885
Balance at 30 June 2010		**817,437**
Balance at 1 January 2009		134,086
Profit for the period		1,284
Other comprehensive income		15,344
Total comprehensive income		**16,628**
Balance at 30 June 2009		**150,714**

GROUP CASH FLOW STATEMENT
for the six months ended 30 June 2010

	Notes	***2010 US$'000 Unaudited***	*2009 US$'000 Unaudited*
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**41,657**	(6)
Depreciation		**357**	303
Depletion		**69,588**	27,200
Exploration costs written off		**25,099**	27
Share based payments		**885**	-
Long-term incentive plan		**(614)**	223
Decommissioning cost		**2,114**	1,353
Unrealised exchange (gains)/losses		**(1,511)**	(1,419)
Net finance costs		**1,055**	1,448
Operating profit before working capital changes		**138,630**	29,129
Trade and other receivables		**840**	(5,753)
Due from related parties		**-**	(49)
Inventories		**5,036**	(334)
Trade and other payables		**(11,251)**	(11,421)
Due to related parties		**-**	(1,587)
Cash generated from operations		**133,255**	9,985
Long-term incentive plan		**(886)**	(229)
Income taxes (paid)/ received		**(2,120)**	-
Net cash flows from operating activities		**130,249**	9,756
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(72,200)**	(36,381)
Purchase of intangible oil & gas assets		**(1,504)**	(1,122)
Acquisition of subsidiary	7	**16,135**	-
Net cash flows used in investing activities		**(57,569)**	(37,503)
FINANCING ACTIVITIES			
Long term receivables repaid		**-**	31,799
Proceeds from borrowings		**-**	5,000
Interest received		**18**	-
Interest paid		**(826)**	(2,034)
Other finance costs paid		**(3,658)**	-
Net cash flows used in financing activities		**(4,466)**	34,765
NET INCREASE IN CASH AND CASH EQUIVALENTS		**68,214**	7,018
Net foreign exchange on cash & cash equivalents		**260**	-
Cash and cash equivalents at 1 January		**7,893**	3,526
CASH AND CASH EQUIVALENTS AT 30 JUNE		**76,367**	10,544

NOTES TO THE GROUP HALF YEAR CONDENSED FINANCIAL STATEMENTS

1. Corporate information
EnQuest PLC ('EnQuest' or 'the Company') is a limited liability company registered in England and is listed on the London Stock Exchange and Stockholm NASDAQ OMX market.

The Group's principal activities are the exploration for, and extraction and production of hydrocarbons in the UK Continental Shelf.

The Company was incorporated on 29 January 2010 as a holding company to effect a business combination between Lundin North Sea BV ('LNS') and Petrofac Energy Developments Limited ('PEDL').

On 5 April 2010 the Company acquired 100% of the voting shares of PEDL and on 6 April 2010 acquired 100% of the voting shares of LNS. Both acquisitions were satisfied by the allotment and issuance of ordinary shares in the Company.

On 6 April 2010, following completion of the PEDL and LNS acquisitions, the Company was admitted to the Official List and to unconditional trading on the main market for listed securities of the London Stock Exchange. On 9 April, the Company was admitted to unconditional trading on the Stockholm NASDAQ OMX market, as a secondary listing.

The Group's half year condensed financial reporting for the six months ended 30 June 2010 were authorised for issue in accordance with a resolution of the Board of Directors on 16 August 2010.

2. Basis of preparation and accounting policies
Basis of preparation
The Group condensed financial statements for the six months ended 30 June 2010 have been prepared in accordance with IAS 34 'Interim Financial Statements' and with the Disclosure and Transparency Rules of the Financial Services Authority.

The annual financial statements of EnQuest PLC will be prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Standards Board.

The presentation currency of the half year condensed financial statements is United States dollars (US$) and all values in the condensed financial statements are rounded to the nearest thousand (US$'000) except where otherwise stated.

Accounting policies
The Group's accounting policies adopted in the preparation of the half year condensed financial statements, including details of critical accounting estimates and judgements are available to view at www.enquest.com.

New standards and interpretations
Certain new standards, amendments to and interpretations of existing standards have been issued and are effective for accounting periods beginning on or after 1 January 2010 or later periods. Those that are applicable to the Group are as follows:

i) IFRS 3 'Business Combinations (Revised)' effective for annual periods beginning on or after 1 July 2009, has been enhanced to, amongst other matters, specify the accounting treatments for acquisition costs, contingent consideration, pre-existing relationships and reacquired rights. The revised standard includes detailed guidance in respect of step acquisitions and partial disposals of subsidiaries and associates as well as in respect of allocation of income to non-controlling interests. Further, an option has been added to IFRS 3 to permit an entity to recognise 100 per cent of the goodwill of an acquired entity, not just the acquiring entity's portion of the goodwill. The Group has adopted this standard in the half year condensed consolidated financial statements for business combination transactions as described below.

ii) IAS 27 'Consolidated and Separate Financial Statements (Amendments)' effective for annual periods beginning on or after 1 July 2009, prescribes accounting treatment in respect of change in ownership interest in a subsidiary, allocation of losses incurred by a subsidiary between controlling and non-controller interests and accounting for loss of interest in a subsidiary. This may affect the group where there is a change in ownership interest in any of its subsidiaries.

iii) IFRIC 17 'Distributions of Non-cash Assets to owners' this interpretation provides guidance in respect of accounting for non-cash asset distributions to shareholders. This interpretation is effective for periods beginning on or after 1 July 2009. Management will consider its impact on the financial position of the group at the time of any such transaction.

Acquisition accounting

EnQuest was formed as a legal mechanism to effect a business combination between two existing entities, LNS and PEDL, and, in its own right, had no commercial substance. The acquisitions of LNS and PEDL were both settled by the issuance of ordinary shares in EnQuest in exchange for the voting shares in LNS and PEDL.

The combination of LNS with EnQuest has been accounted for as a capital restructuring under the pooling of interests method. Having regard to the relative voting rights in EnQuest following the acquisitions as well as the other factors set out in para B15 of IFRS 3 'Business Combinations (Revised)', management identified LNS as the accounting acquirer of PEDL. The combination of PEDL with LNS has been accounted for using the acquisition method.

The approach adopted has a number of consequences including that:

- the Group's half year condensed financial statements are prepared on the basis that EnQuest and LNS had always been combined, with the results of LNS being included for the six months ended 30 June 2010 and EnQuest results being included from its incorporation date of 29 January 2010; comparative data for the income statement within these condensed financial statements only relates to LNS as EnQuest was not incorporated in the comparative period
- the Group's equity reflects the capital restructuring of EnQuest and LNS at the beginning of the comparative period; LNS's retained earnings carry forward within Group equity with EnQuest's retained earnings
- the carrying value of LNS net assets are unadjusted for the combination with EnQuest under the pooling of interests method; no goodwill arises as a result of the combination of LNS with EnQuest
- the additional share premium resulting from capitalisation of LNS long term loans payable is eliminated by a transfer to the Group merger reserve
- the consideration for the acquisition of PEDL is derived from the market value of EnQuest ordinary shares issued to effect the acquisition
- the identifiable net assets of PEDL are measured at fair value at the date of the acquisition
- the Group merger reserve represents the difference between the market value of shares issued to effect the business combinations less the nominal value of shares issued; and consolidation adjustments which arise under the application of the pooling of interests method.

Comprehensive income statement presentation
The Group's half year statement of comprehensive income separately identifies items which are exceptional and depletion of fair value uplifts in order to provide readers with a clear and consistent presentation of the Group's underlying performance (note 4). Income tax has been applied on these items at the Group's effective tax rate.

3. Segmental information

Management have considered the requirements of IFRS 8, in regard to the determination of operating segments, and concluded that the Group has only one operating segment being the exploration for, and the extraction and production of hydrocarbons in the United Kingdom Continental Shelf. As a result no segmental information disclosures are provided in these half year condensed financial statements.

4. Exceptional items and depletion of fair value uplifts

Exceptional items disclosed separately in the six months ended 30 June 2010 are general and administration expenses relating to the acquisition of LNS and PEDL and the Company's listing on the London Stock Exchange and Stockholm NASDAQ OMX market of US$9,577,000 (2009: nil) and an exploration cost write off of US$25,034,000 (2009: nil) (see note 8).

Additional depletion arising from the fair value uplift of PEDL's oil and gas assets on acquisition of US$6,773,000 is included within 'cost of sales' for the six months ended 30 June 2010 (2009: nil).

5. Earnings per share

The calculation of earnings per share is based on the profit after tax and on the weighted average number of ordinary shares in issue during the period. The denominators for the purposes of calculating both basic and diluted earnings per share for each period have been adjusted to reflect the capital restructure in accordance with IAS 33, 'Earnings per Share'.

Basic and diluted earnings per share are calculated as follows:

	Profit after tax Six months ended 30 June		Weighted average number of shares Six months ended 30 June		Earnings per share Six months ended 30 June	
	2010	2009	2010	2009	2010	2009
	US$'000	*US$'000*	*Million*	*Million*	*US$*	*US$*
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*
Basic	17,966	1,284	586.7	422.4	0.031	0.003
Dilutive potential of ordinary shares granted under share-based incentive schemes	-	-	3.4	-		
Adjusted	17,966	1,284	590.1	422.4	0.030	0.003

6. Dividends

No dividend was paid or proposed in the six months ended 30 June 2010 (2009: nil).

7. Business combinations

Capital restructuring
On 6 April 2010, EnQuest acquired 100% of the voting rights of Lundin North Sea BV ('LNS'), an oil and gas exploration and production company operating in the UK Continental Shelf. The acquisition was satisfied by the issue and allotment of EnQuest ordinary shares (note 10). For financial reporting purposes, the combination of LNS with EnQuest has been accounted for as a capital restructuring under the pooling of interests method.

On 6 June 2010, Lundin North Sea BV changed its name to EnQuest North Sea BV.

Acquisition of Petrofac Energy Developments Limited
On 5 April 2010, EnQuest acquired 100% of the voting shares of Petrofac Energy Developments Limited ('PEDL'), an oil and gas development and production company operating in the UK Continental Shelf. The acquisition, which was satisfied by the issue and allotment of EnQuest ordinary shares (note 10), has been accounted for using the acquisition method. The Group half year condensed financial statements include the results of PEDL for the period from its acquisition date.

The provisional fair values of the identifiable assets and liabilities of PEDL as at the acquisition date were as follows:

	Fair value recognised on acquisition US$'000 Unaudited
Assets	
Property, plant and equipment	500,526
Deferred tax asset	23,064
Inventories	6,084
Trade receivables	4,884
Joint venture receivables	62,446
Other receivables and prepayments	20,051
Cash	16,135
	633,190
Liabilities	
Provisions	(55,966)
Deferred tax liability	(41,423)
Trade and other payables	(94,183)
Accrued expenses	(27,092)
	(218,664)
Total identifiable net assets at fair value	414,526
Goodwill arising on acquisition	98,641
Purchase consideration transferred, comprising 345,629,616 ordinary £0.05 EnQuest shares	**513,167**

The fair value of the purchase consideration transferred to acquire PEDL was derived from the opening day share price of EnQuest shares on 6 April 2010, as quoted on the London Stock Exchange. The fair value of the identifiable assets and liabilities of PEDL as at the acquisition are provisional and will be finalised within 12 months of the acquisition date.

From the date of acquisition, PEDL has contributed US$91,150,000 to revenue and US$18,306,000 to the profit before tax of the Group. If the combination had taken place at the beginning of the period, the profit before tax of the Group for the period would have been US$17,012,000 and revenue would have been US$255,459,000.

The goodwill recognised on the acquisition of PEDL is attributed to the expected synergies and other benefits from combining the assets and activities of PEDL with those of the Group. None of the recognised goodwill will be deductible for income tax purposes.

On 6 May 2010, Petrofac Energy Developments Limited changed its name to EnQuest Dons Limited.

Business combination expenses of US$1,733,000 relating to the above transactions have been expensed in the period (2009: nil) and are included within exceptional items (note 4).

8. Intangible oil and gas assets
During the period ended 30 June 2010, the Group incurred expenditure of US$1,504,000 (2009: US$1,122,000) on exploration and evaluation assets.

In the period ended 30 June 2010, a decision was taken to discontinue field specific exploration activities on certain licences and accordingly the related licence asset values of $25,034,000 (2009: nil) were expensed. The expense has been reported as an exceptional item (note 4) as the decision was taken by EnQuest management following the business combinations.

9. Property, plant and equipment
Oil and gas assets
During the six months ended 30 June 2010, the Group incurred expenditure of US$72,200,000 (2009: US$36,309,000.) on oil and gas assets, excluding oil and gas assets acquired through the business combination with PEDL (note 7).

Abandonment asset recognition
Abandonment asset additions of US$4,337,000 (2009: US$6,493,000) were recognised during the six months to 30 June, excluding abandonment assets acquired through the business combination with PEDL (note 7).

There were no disposals of property, plant and equipment in the six months ended 30 June 2010 (2009: nil).

10. Share capital
The share capital of the Company as at 30 June 2010 was US$59,011,000 comprising 775,027,922 ordinary shares of £0.05 each.

On incorporation, the Company issued and allotted 2 ordinary shares of £1.00 each. On 18 March 2010 the Board approved a 20:1 share split whereby each £1.00 ordinary shares was converted to 20 ordinary shares of £0.05.

On 5 April 2010, the Company issued and allotted, in aggregate, 345,629,616 ordinary shares of £0.05 each to the shareholders of Petrofac Limited, the ultimate holding company of PEDL, in consideration for the transfer of PEDL's voting shares to EnQuest.

On 6 April 2010, the Company issued and allotted 422,436,246 ordinary shares of £0.05 each to Lundin Petroleum AB, the ultimate holding company of LNS, in consideration for the transfer of LNS's voting shares to EnQuest.

On 7 April 2010, a further 6,962,020 ordinary shares of £0.05 each were issued and allotted to the Company's Employee Benefit Trust to satisfy awards to be made under the Company's share-based incentive schemes.

The comparative figure for share capital at 31 December 2009 is adjusted to reflect the capital restructuring of EnQuest and LNS (note 2).

11. Share-based payments

On 18 March 2010, the board approved three share-based incentive schemes for directors and employees of the Group. In the six months to 30 June 2010 equity settled share-based payment expenses of US$885,000 have been recognised in the statement of comprehensive income in relation to awards made under the schemes (2009: nil).

Details of the Group's share-based incentive schemes are set out on pages 186 to 192 of the Company's prospectus, prepared for its listing on the London Stock Exchange and Stockholm NASDAQ OMX market, which is available to view at www.enquest.com .

12. Borrowings and financial liabilities

On 17 March 2010, in anticipation of the corporate restructuring with LNS and the acquisition of PEDL, the Group established a two year US$280,000,000 Revolving Credit Facility Agreement with Bank of Scotland and BNP Paribas which is secured on the assets of the Group. Under the terms of the facility agreement, the Group has the ability to draw loans to a maximum value of US$200,000,000 and utilise Letters of Credit ('LoC') to a maximum aggregate value of US$80,000,000.

Interest on loans is payable at US LIBOR (relative to each agreed loan period) plus a margin of 2.25% to 3.25%, dependent on specified covenant ratios. A facility non-utilisation commitment fee is payable at 50% of the interest margin.

There were no borrowings under the Group's facility agreement at 30 June.

At 31 December 2009, LNS had interest-bearing loans and borrowings of US$156,000,000 under the Lundin Petroleum AB group term loan facility with BNP Paribas. On 31 March 2010, in anticipation of the combination of LNS with EnQuest, these loans were assigned from LNS to Lundin Petroleum BV. The resulting liability between LNS and Lundin Petroleum BV, net of a long term loan receivable by LNS, was capitalised on 6 April 2010.

13. Capital commitments

At 30 June 2010, the group had capital commitments of $21,595,000 (31 December 2009: $24,485,000) principally relating to the use of drilling rigs in the South West Don area of $20,595,000 (31 December 2009: nil).

14. Related party transactions
The following table provides the total amount of transactions which have been entered into with related parties:

	Sales to related parties US$'000 Unaudited	*Long-term: Loans to related parties US$'000 Unaudited*	*Short-term: Amounts owed by related parties US$'000 Unaudited*	*Short-term: Amounts owed to related parties US$'000 Unaudited*
	six months ended 30 June	*as at 30 June*		
2010				
Lundin Petroleum BV	904	-	-	-
Subsidiaries	**904**	**-**	**-**	**-**
	six months ended 30 June	*as at 31 December*		
2009				
Lundin Petroleum AB	-	21,443	-	179
Parent Company	**-**	**21,443**	**-**	**179**
Lundin Petroleum BV	517	-	-	36
Lundin Services BV	-	-	-	282
Lundin Oil & Gas BV	-	-	438	-
Lundin Norway AS	-	-	114	-
Subsidiaries	**517**	**-**	**552**	**497**
	517	**21,443**	**552**	**497**

Following the acquisition of LNS by EnQuest on 6 April 2010, the entities listed in the above table ceased to be related parties.

Compensation of key management personnel
Details of the key management personnel remuneration and share based compensation schemes are set out on pages 186 to 199 of the Company's prospectus, prepared for its listing on the London Stock Exchange and Stockholm NASDAQ OMX market, which is available to view at www.enquest.com.

15. Post balance sheet events
On 3 August 2010, the Company announced a recommended offer for Stratic Energy Corporation ("Stratic") where Stratic shareholders are entitled to receive 0.089626 Company shares per Stratic share. This equates to an offer of 17.00 Canadian cents per Stratic share valuing the issued and to be issued share capital of Stratic at approximately US$45.7 million. As part of the transaction, the Company will refinance Stratic's net debt of US$74.7 million through its existing US$280 million facility which will be extended by a further US$70 million. The acquisition is to be effected through a plan of arrangement which is a Canadian court process which is required to be recommended by not less than two thirds of the votes cast by Stratic shareholders. The process is anticipated to take eight to ten weeks from announcement.

Principal risks and uncertainties

The Group's risks and uncertainties are unchanged from those disclosed throughout the Company's prospectus and included in the Risk Factor section, prepared for its listing on the London Stock Exchange and Stockholm NASDAQ OMX market, which is available to view at www.enquest.co.uk/FullPageWithoutTouts.aspx?m=87&amid=920.

For the purposes of meeting the disclosure requirements of DTR 4.2.7(2) we believe that the principal risks and uncertainties for the remaining six months are:

Risks related to the oil and gas industry

- A material decline in oil and gas prices may adversely affect the Group's results of operations and financial condition.
- The Group may not be able to develop commercially its contingent and prospective resources.
- Appraisal and exploration projects do not necessarily result in a profit on the investment or the recovery of costs.
- The Group's offshore operations are subject to a number of risks and hazards that may result in material losses in excess of insurance proceeds.
- The Group's business is subject to government regulation with which it may be difficult to comply and which may change.
- The Group's operations expose it to significant compliance costs and liabilities in respect of HSE matters.
- The Group operates in a competitive industry.
- Macroeconomic risks could result in an adverse impact on the Group's financial condition.

Risks relating to the Group

- Much of the Group's equipment is old and significant expenditure is required to maintain operability and operations integrity.
- The use of improved recovery methods creates uncertainties that could adversely affect the Group's results of operations and financial condition.
- The Group's production is concentrated in a small number of offshore fields with high equity interests.
- The Group may experience unexpected shutdowns at its facilities.
- The Group's delivery infrastructure on the UKCS is dependent on the Sullom Voe Terminal.
- The Group's success is dependent upon its ability to attract and retain key personnel.
- The Group may not be able to identify or take advantage of sufficient suitable acquisition opportunities.
- Future litigation could adversely affect the Group's business, results of operations or financial condition.
- The Company is a newly-formed entity that will receive certain services from the remaining Lundin Group and the remaining Petrofac Group for a transitional period following completion of the Acquisitions.
- The Group currently depends on Petrofac Facilities Management to provide facilities management services.
- Exchange rate fluctuations and devaluations could have a material adverse effect on the Group's results of operations.

We urge you to consider carefully the risks above, full details of which are contained in the Company's prospectus which is available to view at www.enquest.co.uk/FullPageWithoutTouts.aspx?m=87&amid=920.

Statement of directors' responsibilities

The directors confirm that, to the best of their knowledge, the condensed set of financial statements has been prepared in accordance with IAS 34 – 'Half year Financial Reporting', and that the half year management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules.

By the order of the Board

Amjad Bseisu
Chief Executive Officer

16 August 2010

Independent review report to EnQuest 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 2010 which comprises the consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity consolidated cash flow statement and related notes 1 to 15. 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.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by 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 half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the EnQuest PLC are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

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.

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 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
London
16 August 2010