ENQUEST PLC, 13 August 2013
Results for the 6 months to 30 June 2013

EnQuest production increase of 6% in first half of 2013
Alma/Galia: 'First oil' expected in Q1 2014
Kraken: FDP submitted, Kraken North field confirmed, gross reserves 137 MMboe

Unless otherwise stated, all figures are before exceptional items and depletion of fair value uplift and are in US dollars.

Highlights

- Production in H1 2013 was 21,455 Boepd, up 5.9% on H1 2012. Development drilling at our core hub assets delivered good results in H1 2013, this has continued into H2 2013 with a new well on the Thistle Western Fault Block and with a new producer/injector pair at Don Southwest. Reservoir performance of all producing assets has been good.
- Revenue was $455.9 million, with EBITDA of $273.0 million and strong cash flow of $234.7 million generated from operations.
- Gross profit was $175.0 million, down 14.3% on the prior period, reflecting a lower oil price, a number of one-off operating costs and a change in the production mix, resulting in a higher depletion charge.
- Alma/Galia first oil is currently expected in Q1 2014, mainly due to the increase in scope of refurbishment of the existing FPSO marine and process systems.
- With Alma/Galia first oil expected in Q1 2014 and stronger Thistle production in H2 2013, average 2013 EnQuest production should be in the lower half of the range indicated in March this year; 22,000 Boepd to 27,000 Boepd. With initial net production anticipated of approximately 13,000 Boepd, the Alma/Galia development will deliver a substantial increase in EnQuest's production in 2014.
- A field development plan ('FDP') for Kraken was submitted to the Department of Energy and Climate Change ('DECC') during H1 2013, gross reserves are 137 MMboe and sanction is expected in H2 2013. The Kraken appraisal well confirmed a separate second field, to be known as 'Kraken North'; a second heavy oil tax allowance of £800 million is therefore anticipated. With the sanction of Kraken and the associated capital investment, EnQuest does not expect to pay cash tax before 2018.
- EnQuest has acquired a 50% interest in the Avalon prospect, close to the Scolty and Crathes discoveries. KUFPEC UK Limited and Spike Exploration UK Limited have farmed into the Cairngorm discovery on a promoted basis, EnQuest retains a 45% interest and operatorship.
- Business development and new development project activity in 2013 are expected to result in a substantial addition to 2P reserves, with an increase of more than 70 MMboe to net 2P reserves, largely driven by the sanction of Kraken.

EnQuest CEO Amjad Bseisu said:
"EnQuest is delivering sustainable growth through increasing production and increasing reserves, and our assets are performing well.

In H1 2013, with good operational progress, EnQuest delivered a 6% increase in production, up to 21,455 Boepd; resulting in $235 million of cash flow from operations. Production was enhanced by the performance of the new West Don producer/injector pair and by operational efficiency and good well performance at Heather/Broom. Development drilling at our new Thistle Western Fault Block well and the new Dons Southwest producer/injector pair has been successful. The Thistle well came in better than expected and will lead to stronger Thistle production in H2.

Most of the Alma/Galia subsea work is now complete. The scope of the refurbishment of the marine and process systems at the FPSO has been extensive and we now anticipate first oil being rescheduled to Q1 2014. Alma/Galia is set to deliver a significant increase in EnQuest's production in 2014. The Kraken FDP has been submitted and Kraken remains on track for sanction in the second half of this year. Beyond that, EnQuest's recent first move into North Africa is providing us with short term infill drilling opportunities at Didon and with further major development opportunities at Zarat.

Through asset acquisitions and new development projects in 2013, we already expect to increase our net 2P reserves by more than 70MMboe, including over 60MMboe from Kraken. We continue to look at opportunities to acquire assets in the UK and other regions, where our expertise and capabilities can be applied to maturing assets and development opportunities."

Summary production statistics and key financials	H1 2013	H1 2012	Change %
Production (Boepd)	21,455	20,253	5.9
Revenue ($m)	455.9	440.1	3.6
Realised oil price $/bbl	108.70	111.58	(2.6)
Gross profit ($m)	175.0	204.1	(14.3)
Profit before tax & net finance costs ($m)	167.2	192.6	(13.2)
Profit after tax & net finance costs ($m)	97.7	129.3	(24.4)
EBITDA (1) ($m)	273.0	287.2	(4.9)
Cash flow from operations ($m)	234.7	239.6	(2.0)
Reported basic earnings per share (cents)	12.2	16.1	(24.2)
Net (debt)/cash (2) ($m)	(101.9)	92.6	-

(1) EBITDA is calculated by taking profit/loss from operations before tax and finance income/(costs) and adding back depletion (adjusted for depletion of fair value uplift), depreciation, impairment and write-off of intangible oil and gas assets. (2) Net cash represents cash and cash equivalents less borrowings as at the reported cash flow statement date of 30 June.

Summary financial review of H1 2013

- Cash generated from operations was $234.7 million. Net debt was $101.9 million at the end of H1 2013, after capital expenditure of $414.8 million.
- H1 2013 revenue of $455.9 million was 3.6% higher than the previous period reflecting the higher production, partly offset by the lower realised oil price.
- Gross profit was $175.0 million, down 14.3% on the prior period. In addition to the impact of lower oil prices and increased depletion costs as a result of a shift in the production mix from Thistle to the Don and Heather/Broom fields, this reduction also reflects some non-recurring operating costs at Thistle.
- Profit after tax and net finance costs decreased by 24.4% to $97.7 million, reflecting the lower gross profit before tax and increased finance costs.
- H1 2013 capital investment on tangible oil assets amounted to $392.9 million. This included $167.2 million invested in EnQuest's existing producing fields and $173.7 million in executing the Alma/Galia development project plan.
- Tax losses increased to approximately $850 million at the end of H1 2013, reflecting the investment programme.

Production by field	Net daily average H1 2013	Net daily average H1 2012
	(Boepd)	(Boepd)
Thistle/Deveron	5,046	7,655
The Don Fields	11,349	8,895
Heather/Broom	4,246	3,703
Alba	814(3)	-
Total	21,455	20,253

(3) Net production since the completion of the acquisition at the end of March 2013, averaged over the six months to the end of June.

Summary review of production and developments for H1 2013

Average production for H1 2013 was 21,455 Boepd, up 5.9% on H1 2012.

Thistle/Deveron

- Reservoir performance remains strong, however H1 2013 production was lower as a result of the shutdown of the third party Brent pipeline in Q1 2013 and water injection downtime due to an outage of the 'B' turbine generator while the new 'D' turbine was being commissioned.
- The new Thistle production well in the Western Fault Block reached target depth in June. The well came in 80ft high to prognosis and has started production.
- There was a non-recurring increase in operating costs at Thistle of approximately $6 million over the prior period, mainly as a result of an outage of the 'old' B turbine generator and of the costs of running the D turbine on diesel fuel during the commissioning period. The D turbine is anticipated to be on fuel gas later in H2 2013.

Dons

- Although the Don fields were also impacted by the Brent pipeline shutdowns in Q1 2013, the West Don W6/W4 producer/injector pair performed well, following the tie-in of the new W6 injector well in Q1 2013. This contributed to the 28% H1 2013 year-on-year production growth from the Don fields. A successful new producer/injector pair has also been drilled in Don Southwest, Area 6.

Heather/Broom

- Heather/Broom delivered 15% year-on-year production growth in H1 2013, reflecting good well performance at Broom and high operating efficiency at both Heather and Broom.
- The Heather return to drilling rig reactivation project should be complete in H2 2013.

Alba

- Alba's H1 2013 reported production of an average 814 Boepd is based on the three months production since the acquisition completed. The underlying level of production is continuing at a similar rate.
- Platform well A67 (previously designated as A38z) was successfully completed. Subsea well D13 successfully appraised an extension to the main field before reaching the main target. This well is expected to be online in the second half of the year. Two further platform wells are planned to be drilled in H2 2013.

Alma/Galia

- The drilling and subsea elements of the project continue on plan. The scope of the work on the FPSO has expanded, including additional work on the existing marine and process systems. Depending on weather, first production is expected to be in Q1 2014. The new schedule and updated project scope will result in some additional costs. EnQuest is considering moving the FPSO to a yard closer to the field, for commissioning.
- In February 2013, EnQuest announced that it was extending the field life of the project and that consequently gross 2P reserves would be increased from 29 MMboe to 34 MMboe.

Kraken

- An Environmental Statement for the Kraken Area development was submitted to DECC during H1 2013, approval of the Environmental Statement is anticipated in H2 2013.
- The appraisal well in H1 2013 confirmed a second accumulation of oil north of Kraken. The FDP for the Kraken area development contains the development plan for both the Kraken and the Kraken North fields. EnQuest anticipates separate heavy oil allowances for each field.
- The FDP for the Kraken development has been submitted to DECC. Gross Kraken development reserves are 137 MMboe; EnQuest expects to book at least a further net 60 MMboe of 2P reserves in relation to Kraken.

Malaysia (Blocks SB307 & 308)

- Seismic analysis is ongoing; an exploration well will be drilled at the end of 2013 or in early 2014.

Business development in H1 2013

Didon & Zarat

- In May 2013, EnQuest announced its entry into North Africa through the acquisition of a 70% operating interest in the producing Didon Oil field and the Zarat Permit in Tunisia, as part of EnQuest's strategy to create value from maturing assets and new developments.
- EnQuest signed an agreement with Swedish oil and gas company, PA Resources AB and certain of its subsidiaries ("PA Resources") to acquire a 70% participating interest in and operatorship of the offshore Tunisian assets of PA Resources, including 2 MMboe of net producing 2P oil reserves in the Didon oil field and over 40 MMboe of net contingent resources in the Zarat discovery, with additional exploration and appraisal opportunities. A planned programme of two infill wells in the Didon oil field should add additional reserves.
- The acquisition will be effective upon satisfaction of certain conditions precedent, and involves upfront cash consideration of US$23m payable upon completion of the transaction. EnQuest anticipates Didon completion in Q4 2013.

Alba

- In January 2013, EnQuest PLC announced that it had agreed with CIECO Energy (UK) Limited ('CIECO') to acquire two of its affiliate companies which together hold an 8% non-operated interest in the producing Alba oil field, for a base consideration of £18.75 million. The agreement completed at the end of Q1 2013.

Cairngorm

- EnQuest announces that KUFPEC UK Limited ('KUFPEC') and Spike Exploration UK Ltd ('Spike') are to take 25% and 30% working interests respectively in the Cairngorm discovery (blocks 16/2b and 16/3d). KUFPEC and Spike have agreed to pay a premium by way of a promoted carry on the forthcoming Cairngorm appraisal well and to pay their equity share of back costs
- Cairngorm is an oil discovery in fractured granite with upside potential; an appraisal well is scheduled in Q4 2013. EnQuest remains the operator. This agreement completed in early August.

Avalon

- EnQuest farmed into a 50% working interest in the Avalon prospect, block 21/6b in the UK North Sea, located 150km northeast of Aberdeen, close to the Scolty and Crathes discoveries. An exploration well is to be drilled in 2014; EnQuest is the operator of this 2014 well, Summit retains block operatorship.
- EnQuest will carry part of its 50% partner Summit Petroleum Limited ('Summit') up to a cap of £12.5m on the proposed well (net to EnQuest); EnQuest will bear 50% of all other costs relating to the block. Summit is a wholly owned subsidiary of the Sumitomo Corporation.

Outlook summary

- Production guidance for the full year 2013 is in the lower half of the previous production guidance range of between 22,000 Boepd and 27,000 Boepd. This is consistent with first oil from Alma/Galia in Q1 2014; Alma/Galia will deliver a significant increase in EnQuest's production in 2014.
- Total EnQuest 2013 capital expenditure is still expected to be around $750 million, excluding post sanction Kraken expenditure. If Kraken is sanctioned in H2 2013 as anticipated, additional capital will be invested in Kraken this year. The size of the investment will depend on the timing of the final sanction and of the project's phasing, the additional capex could be in the region of another $300 million.
- Production and transportation costs for 2013 are expected to be in the range $300 million to $320 million. The effective tax rate for 2013 is anticipated to be in the range 32% to 35%. EnQuest does not expect to pay cash tax before 2018.
- Development planning continues on Scolty/Crathes and it is intended to submit a Field Development Plan in 2014.
- EnQuest continues to look at additional opportunities both in the UK and internationally

Ends

For further information please contact:

EnQuest PLC Tel: +44 (0)20 7925 4900
Amjad Bseisu (Chief Executive)
Jonathan Swinney (Chief Financial Officer)
Michael Waring (Head of Communications & Investor Relations)

Finsbury Tel: +44 (0)20 7251 3801
Conor McClafferty
Dorothy Burwell

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: +44 (0) 20 3427 1918
USA: +1 212 444 0481

Notes to editors

EnQuest is the largest UK independent producer in the UK North Sea. Oil and gas development and production company EnQuest PLC, trades on both the London Stock Exchange and the NASDAQ OMX Stockholm. It is a constituent of the FTSE 250 index. Its assets include the Thistle, Deveron, Heather, Broom, West Don, Don Southwest and Conrie producing fields and the Alma and Galia development. At the end of H1 2013, EnQuest had interests in 33 production licences covering 45 blocks or part blocks in the UKCS, of which 25 licences are operated by EnQuest. In addition, EnQuest also has an interest in two blocks offshore in Sabah, Malaysia.

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. www.enquest.com

FINANCIAL REVIEW

EnQuest made good progress in the first half of 2013, with EBITDA of $273.0 million pre-exceptional items and fair value adjustments (2012: $287.2 million) and cash generated from operations of $234.7 million (2012: $239.6 million) which results in a net borrowing position of $101.9 million at 30 June 2013 (31 December 2012: $89.9 million net cash). The net cash decrease of $191.8 million is due to the significant capital expenditure programme being undertaken by the Group.

In Q1 2013, the Group successfully raised £145 million from the issue of a retail bond, with a 5.5% coupon and a 2022 maturity which allows EnQuest to diversify its funding base.

As a result of capital investment, tax losses at the end of the half year increased to approximately $850 million and the effective tax rate for the year is expected to be in the range 32% to 35%. Assuming the sanction of Kraken and the associated capital investment, no significant cash outflow for UK tax is expected before 2018.

Production and revenue

Revenue increased by $15.8 million to $455.9million in the six months ended 30 June 2013 compared with the same period in the prior year and production averaged 21,455 boepd in the first half of 2013 compared with 20,253 boepd in the first half of 2012. The production increase primarily arises from higher production in the Dons fields and the Heather/Broom hub which both benefitted from higher production efficiency and the impact of 2012 drilling and well reinstatements. This was partly offset by third party outages on export routes, lower Thistle production due to a number of one-off factors including B turbine failure, a valve replacement on a separator and an ESP failure and replacement.

The Group's blended average realised price per barrel of oil sold was $108.7 in H1 2013, compared with $111.6 per barrel in H1 2012.

Operating costs

Cost of sales pre-exceptional items and fair value adjustments for the Group are summarised below:

	H1 2013	H1 2012
Cost of sales ($ million)	280.9	236.0
Unit operating cost, adjusted for overlift/underlift and inventory movements ($ per boe):		
Production & transportation costs	36.1	31.6
Depletion of oil & gas properties	26.0	24.3
Total operating cost per barrel	62.1	55.9

Gross profit pre-exceptional items and fair value adjustments was $175.0 million (2012: $204.1 million). The decrease in gross profit of $29.1 million is due to lower oil prices, lower volumes in Thistle and higher one-off diesel and power generation costs in Thistle following the B turbine failure. In addition, depletion increased due to a higher mix of production from the Dons and Heather hubs, which have a higher depletion rate than Thistle. These movements were partially offset by a contribution to gross profit from the Alba acquisition which completed at the end of March 2013. EBITDA of $273.0 million was $14.2 million lower than H1 2012 as $15.0 million of the decrease in gross profit was due to higher depletion. Cost of sales reflects an overlift of $40.1 million (2012: $32.1 million).

Exploration and evaluation expenses

Exploration and evaluation expenses of $2.3 million for the six months to 30 June 2013 (2012: $9.4 million) mainly relate to expenses incurred in business development and Norway. Exploration costs in the first half of 2012 included the Group's 27th UK licensing round applications and the impairment of the Tryfan exploration well.

General and administrative expenses

General and administrative expenditure (G&A) for the six months to 30 June 2013 was $4.5 million compared with $0.4 million in the same period last year. The expenses primarily relate to the Group's general management and business development expenses after recharges to joint venture partners and reflect business development activity.

Finance costs

Finance costs of $24.7 million (2012: $9.4 million) include non-cash expenses of $6.1 million (2012: $5.1 million) for the unwinding of the discount on the decommissioning provision, $1.5 million of amortisation of facility and bond fees and $9.5 million of a non-cash unrealised accounting mark to market valuation loss on the Group's outstanding foreign exchange contracts deemed ineffective for hedge accounting purposes. In addition, there is $4.6 million of interest accrued on the retail bond, and $2.2 million of costs associated with the Group's revolving credit facility and letter of credit utilisation during the six months to 30 June 2013 (2012: $4.2 million).

Finance income
Finance income of $4.8 million (2012: $5.4 million) includes a non-cash unrealised accounting mark to market valuation gain of $3.3 million (2012: $4.8 million) on the Group's outstanding oil price collars which are deemed ineffective for hedge accounting purposes together with $0.9 million on the unwinding of the discount on the financial asset (2012: nil).

Taxation
The income tax charge pre-exceptional items and fair value adjustments of $49.7 million for the first half of the year (2012: $59.5 million) reflects the expected full year effective tax rate. The effective tax rate remains at a similar level to 2012 due to the impact of leasing deductions and a material increase in Ring Fence Expenditure Supplement ('RFES'). These tax rate reductions are offset by Petroleum Revenue Tax and other minor tax rate increases.

Exceptional items and depletion of fair value uplift
These items primarily relate to depletion costs of $4.5 million (2012: $4.1 million) relating to the fair value uplift of oil and gas assets on acquisition.

Cash flow, capital investment and liquidity
Cash generated from operations has remained stable at $234.7 million (2012: $239.6 million). Investment in property, plant and equipment in the period was $392.9 million (2012: $448.6 million). This relates principally to the re-fit of the FPSO and related expenditure on the Alma/Galia development, Kraken FEED and the Kraken North appraisal well, drilling of the Dons DS well and Thistle WFB-P1 well and life extension project. In addition an 8% interest in the Alba field was acquired for $28.9 million, net of $21.4 million of cash acquired.

Expenditure on intangible oil and gas assets in the period of $21.9 million (2012: $65.8 million) primarily relates to Kildrummy, Scolty & Crathes, other prospects in the UK and EnQuest's Malaysian prospects.

At 30 June 2013 the Group had $101.9 million of net borrowings (31 December 2012: $89.9 million net cash) and total available bank facilities of $525 million, of which $181.5 million was utilised for letters of credit (31 December 2012: $123.8 million). Included within the cash balance at 30 June 2013 is restricted cash of $3.6 million.

Balance sheet
The Group's total asset value has increased by $388.8 million since 31 December 2012 to $2,933.6 million as at 30 June 2013.

Property, plant and equipment increased to $2,270.1 million as at 30 June 2013 from $1,816.6 million at 31 December 2012. The increase of $453.5 million is mainly due to oil and gas asset additions of $562.5 million, including the re-fit of the FPSO and related expenditure on the Alma/Galia development, Kraken FEED and the Kraken North appraisal well, drilling of DS well on Dons fields and Thistle WFB-P1 well and life extension project and the acquisition of a non-operated interest in the producing field Alba.

Intangible oil and gas assets have increased to $110.0 million as at 30 June 2013 from $97.5 million at 31 December 2012. The increase of $12.5 million relates to Kildrummy, Scolty & Crathes, other prospects in the UK and EnQuest's Malaysian prospects. No exploration drilling has taken place in H1 2013.

The Group's net borrowing position of $101.9 million as at 30 June 2013 compares to a net cash position of $89.9 million at 31 December 2012. The increase in borrowings since December 2012 is due to the significant capital expenditure programme being undertaken by the Group.

The Group's deferred tax liability (net of deferred tax asset) has increased by $50.4 million since 31 December 2012 to $659.5 million as at 30 June 2013. The increase is due to accelerated capital allowances arising on the Group's capital investment programme offset by an increase in tax losses. Tax losses carried forward at the half year amounted to approximately $850 million plus approximately $70 million of un-recognised pre-trading expenditure which will become deductible and recognised for tax purposes upon approval of the Kraken field development plan.

Trade and other payables have decreased by $47.5 million compared with 31 December 2012, to $282.2 million at 30 June 2013 due to a lower level of creditors and accruals for the Group's capital programme. Trade and other receivables have decreased by $50.1 million compared with 31 December 2012, to $189.6 million at 30 June 2013 due to a reduction in joint venture debtors. The Group was in an overlift position at 30 June 2013 of $20.5 million (31 December 2012: $9.2 million underlift).

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 first half of the year, EnQuest placed Sterling forward currency contracts to hedge a total of £125 million and Euro forward currency contracts for a total of €63 million to hedge 2013 expenditure.

EnQuest will continue to look at opportunities to enter into foreign exchange hedging contracts, in line with the policy agreed by the Board which allows for operating expenditure and capital expenditure to be hedged, in order to mitigate the risks of fluctuations in the currency markets, specifically the US dollar versus Sterling, Euro and Norwegian Krone.

The Group is exposed to the impact of changes in Brent crude oil prices on its revenue and profits. During 2013 the Group entered into 6 put and call options to hedge exposure to fluctuations in the Brent oil price on approximately 4.6 million barrels of oil production in 2013. These contracts consist of put spreads between $95/$100 and $70/$75 per barrel with calls at an average of $122 per barrel.

EnQuest PLC

HALF YEAR GROUP STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2013

	2013			2012		
	Business performance	Exceptional items and depletion of fair value uplift (note 4)	Reported in period	Business performance	Depletion of fair value uplift (note 4)	Reported in period
	US$'000 Unaudited	**US$'000 Unaudited**	**US$'000 Unaudited**	**US$'000 Unaudited**	**US$'000 Unaudited**	**US$'000 Unaudited**
Revenue	455,863	-	455,863	440,086	-	440,086
Cost of sales	(280,854)	(6,369)	(287,223)	(235,992)	(4,091)	(240,083)
Gross profit/(loss)	175,009	(6,369)	168,640	204,094	(4,091)	200,003
Exploration and evaluation expenses	(2,326)	-	(2,326)	(9,395)	-	(9,395)
Impairment on investments	-	(312)	(312)	-	-	-
General and administration expenses	(4,488)	-	(4,488)	(401)	-	(401)
Other expenses	(949)	-	(949)	(1,667)	-	(1,667)
Profit/(loss) from operations before tax and finance income/(costs)	167,246	(6,681)	160,565	192,631	(4,091)	188,540
Finance costs	(24,719)	-	(24,719)	(9,362)	-	(9,362)
Finance income	4,786	-	4,786	5,439	-	5,439
Profit/(loss) before tax	147,313	(6,681)	140,632	188,708	(4,091)	184,617
Income tax	(49,654)	3,949	(45,705)	(59,450)	1,289	(58,161)
Profit/(loss) for the period attributable to owners of the parent	97,659	(2,732)	94,927	129,258	(2,802)	126,456
Other comprehensive income for the period after tax:						
Cash flow hedges:may be reclassified subsequently to profit or loss (net of tax) (note 10)			759			1,453
Total comprehensive income for the period, attributable to owners of the parent			95,686			127,909
Earnings per share (note 5)			**US$**			**US$**
Basic			0.122			0.161
Diluted			0.119			0.159

EnQuest PLC

GROUP BALANCE SHEET
As at 30 June 2013

	Notes	**30 June 2013 US$'000 Unaudited**	31 December 2012 US$'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	7	2,270,063	1,816,591
Goodwill		107,760	107,760
Intangible oil and gas assets	8	109,965	97,506
Investments		2,005	2,317
Deferred tax asset		3,945	23,143
Other financial assets	10	16,186	19,447
		2,509,924	2,066,764
Current assets			
Inventories		17,233	15,301
Trade and other receivables		189,564	239,722
Income tax receivable		3,459	2,007
Cash and cash equivalents		203,756	124,522
Other financial assets	10	9,618	96,472
		423,630	478,024
TOTAL ASSETS		2,933,554	2,544,788
EQUITY AND LIABILITIES			
Equity			
Share capital	9	113,433	113,433
Merger reserve		662,855	662,855
Cash flow hedge reserve	10	713	(46)
Share-based payment reserve		(10,335)	(11,072)
Retained earnings		623,626	528,699
TOTAL EQUITY		1,390,292	1,293,869
Non-current liabilities			
Borrowings		83,284	34,600
Bond		217,834	-
Obligations under finance leases		71	107
Provisions		264,192	232,952
Other financial liabilities	10	1,803	-
Deferred tax liabilities		663,430	632,230
		1,230,614	899,889
Current liabilities			
Bond		4,574	-
Trade and other payables		282,180	329,666
Obligations under finance leases		35	34
Other financial liabilities	10	23,679	17,570
Income tax payable		2,180	3,760
		312,648	351,030
TOTAL LIABILITIES		1,543,262	1,250,919
TOTAL EQUITY AND LIABILITIES		2,933,554	2,544,788

EnQuest PLC

GROUP STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2013

	Share capital US$'000 Unaudited	Merger reserve US$'000 Unaudited	Cash flow hedge reserve US$'000 Unaudited	Share-based payments reserve US$'000 Unaudited	Retained earnings US$'000 Unaudited	Total US$'000 Unaudited
Balance at 1 January 2013	113,433	662,855	(46)	(11,072)	528,699	1,293,869
Profit for the period	-	-	-	-	94,927	94,927
Other comprehensive income	-	-	759	-	-	759
Total comprehensive income for the period	-		759	-	94,927	95,686
Shares purchased on behalf of Employee Benefit Trust	-	-	-	(2,524)	-	(2,524)
Share-based payment charge	-	-	-	3,261	-	3,261
Balance at 30 June 2013	**113,433**	**662,855**	**713**	**(10,335)**	**623,626**	**1,390,292**
Balance at 1 January 2012	113,433	662,855	(2,600)	(5,961)	166,481	934,208
Profit for the period	-	-	-	-	126,456	126,456
Other comprehensive income	-	-	1,453	-	-	1,453
Total comprehensive income for the period	-		1,453	-	126,456	127,909
Share-based payment charge	-	-	-	3,466	-	3,466
Balance at 30 June 2012	**113,433**	**662,855**	**(1,147)**	**(2,495)**	**292,937**	**1,065,583**

EnQuest PLC

GROUP CASH FLOW STATEMENT
For the six months ended 30 June 2013

	2013 US$'000 Unaudited	2012 US$'000 Unaudited
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	140,632	184,617
Depreciation	4,445	746
Depletion	105,371	93,426
Exploration costs impaired and written off	520	4,504
Impairment on available-for-sale investments	312	-
Share-based payment charge	3,261	3,466
Unwinding of discount on decommissioning provisions	6,143	5,093
Unrealised exchange losses	949	1,651
Net finance costs	13,790	(1,170)
Operating profit before working capital changes	275,423	292,333
Decrease/(increase) in trade and other receivables	47,052	(51,968)
Increase in inventories	(1,297)	(2,028)
(Decrease)/increase in trade and other payables	(86,461)	1,265
Cash generated from operations	234,717	239,602
Decommissioning spend	-	(1,987)
Income taxes paid	(5,455)	(676)
Net cash flows from operating activities	229,262	236,939
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(392,934)	(448,610)
Purchase of intangible oil and gas assets	(21,874)	(65,842)
Interest received	336	677
Net cash flows used in investing activities	(414,472)	(513,775)
FINANCING ACTIVITIES		
Proceeds from bank facilities	49,485	24,980
Proceeds from bond issue	229,883	-
Share purchased by Employee Benefit Trust	(2,524)	-
Repayments of obligations under finance leases	(36)	(89)
Interest paid	(707)	-
Other finance costs paid	(4,928)	(11,880)
Net cash flows used in financing activities	271,173	13,011
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	85,963	(263,825)
Net foreign exchange on cash and cash equivalents	(6,729)	1,959
Cash and cash equivalents at 1 January	124,522	378,907
CASH AND CASH EQUIVALENTS AT 30 JUNE	203,756	117,041

EnQuest PLC

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, Malaysia and the Norwegian North Sea.

The Group's half year condensed financial reporting for the six months ended 30 June 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 12 August 2013.

2. Basis of preparation and accounting policies

The annual financial statements of EnQuest PLC are prepared in accordance with IFRSs as adopted by the European Union. The Group condensed financial statements for the six months ended 30 June 2013 have been prepared in accordance with IAS34 'Interim Financial Statements' as adopted by the European Union.

The Group half year condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

The financial information contained in this announcement does not constitute statutory financial statements within the meaning of section 435 of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2012, on which the auditors gave an unqualified audit report, have been filed with the Registrars of Companies. The audit report did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or s498(3) Companies Act 2006.

The Group closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities considered for changes in crude oil prices, foreign exchange rates, production rates and development project timing and costs. The Group's forecasts, taking into account reasonably possible changes as described above, show that the Group will be able to operate within its current debt facilities and have financial headroom for the 12 months from the date of approval of the 2013 half-yearly results.

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from this date of this report. Accordingly they continue to adopt the going concern basis in preparing the condensed financial statements included in this half-yearly financial report.

Accounting policies
The accounting policies adopted in the preparation of the half year condensed financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2012. The only standards adopted at 1 January 2013 did not have any impact on the results of the Group.

The Group has not early adopted any standard, interpretation or amendment that was issued but not yet effective.

3. Segmental information

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

EnQuest PLC

NOTES TO THE GROUP HALF YEAR CONDENSED FINANCIAL STATEMENTS

4. Exceptional items and depletion of fair value uplift

Additional depletion arising from the fair value uplift of oil and gas assets on acquisition of US$4,537,000 before tax is included within 'cost of sales' for the six months ended 30 June 2013 (2012: US$4,091,000).

The exceptional item disclosed separately in the six months ended 30 June 2013 relates to an accounting valuation of the shareholding in Ascent Resources plc which resulted in a non-cash impairment of US$312,000.

There were no exceptional items in the six months ended 30 June 2012.

Income tax has been applied on these items at the actual statutory tax rate where appropriate. In the six months ended 30 June 2012 the Group effective tax rate was applied.

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.

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	
	2013 US$'000 Unaudited	2012 US$'000 Unaudited	2013 Million Unaudited	2012 Million Unaudited	2013 US$ Unaudited	2012 US$ Unaudited
Basic	94,927	126,456	780.3	784.5	0.122	0.161
Dilutive potential of Ordinary shares granted under share-based incentive schemes	-	-	16.6	11.9	(0.003)	(0.002)
Diluted	94,927	126,456	796.9	796.4	0.119	0.159

6. Dividends

No dividend was paid or proposed in the six months ended 30 June 2013 (2012: nil).

EnQuest PLC

NOTES TO THE GROUP HALF YEAR CONDENSED FINANCIAL STATEMENTS

7. Property, plant and equipment

	Oil and gas assets US$'000	Office furniture and equipment US$'000	Total US$'000
Cost			
At 1 January 2013	2,878,569	21,349	2,899,918
Additions	412,263	3,422	415,685
Acquired	54,864	-	54,864
Cost carry	95,302	-	95,302
Change in decommissioning provision	(2,563)	-	(2,563)
At 30 June 2013	3,438,435	24,771	3,463,206
Depletion and depreciation			
At 1 January 2013	1,075,884	7,443	1,083,327
Charge for the period	105,371	4,445	109,816
At 30 June 2013	1,181,255	11,888	1,193,143
Net carrying amount:			
30 June 2013	**2,257,180**	**12,883**	**2,270,063**
31 December 2012	1,802,685	13,906	1,816,591
30 June 2012	1,718,176	6,547	1,724,723

During the six months ended 30 June 2013, the Group acquired a non-operated interest in the producing oil field Alba, in the UK Continental Shelf, which has been accounted for as an asset acquisition.

EnQuest PLC

NOTES TO THE GROUP HALF YEAR CONDENSED FINANCIAL STATEMENTS

8. Intangible oil and gas assets

	US$'000
Cost	
At 1 January 2013	200,692
Additions	11,669
Acquisition of interests in licences	1,310
Unsuccessful exploration expenditure written off	(520)
Write off of relinquished licences previously impaired	(6,553)
At 30 June 2013	206,598
Provision for impairment	
At 1 January 2013	103,186
Write off of relinquished licences previously impaired	(6,553)
At 30 June 2013	96,633
Net carrying amount:	
30 June 2013	**109,965**
31 December 2012	97,506
30 June 2012	123,402

During the period ended 30 June 2013, the Group completed a farm-in to a 50% non-operated interest in exploration licence P2006 Block 21/6b (Avalon).

The exploration expenditure written off during the six months ended 30 June 2013 relates to licences which have been relinquished.

9. Share capital

The share capital of the Company as at 30 June 2013 was US$113,433,000 (31 December 2012: US$113,433,000) comprising 802,660,757 ordinary shares of £0.05 each (31 December 2012: 802,660,757 ordinary shares of £0.05 each) and share premium of US$52,184,000 (31 December 2012: US$52,184,000).

EnQuest PLC

NOTES TO THE GROUP HALF YEAR CONDENSED FINANCIAL STATEMENTS

10. Other financial assets/liabilities and cash flow hedge reserve

	2013 US$'000	*2012 US$'000*
Financial instruments at fair value through other comprehensive income		
Current assets		
Cash flow hedges:		
Forward foreign currency contracts	**1,876**	-
Current liabilities		
Cash flow hedges:		
Forward foreign currency contracts	**6,529**	121
Non-current liabilities		
Cash flow hedges:		
Forward foreign currency contracts	**1,803**	-
Financial instruments at fair value through profit or loss		
Current assets		
Derivatives not designated as hedges:		
Commodity forward contracts	**3,284**	1,170
Current liabilities		
Derivatives not designated as hedges:		
Commodity forward contracts	**-**	299
Loans and receivables		
Current assets		
Other receivable	**4,458**	95,302
Non-current assets		
Other receivable	**16,186**	19,447
Other financial liabilities at amortised cost		
Current liabilities		
Other liability	**17,150**	17,150
Total current assets	**9,618**	96,472
Total non-current assets	**16,186**	19,447
Total assets	**25,804**	115,919
Total current liabilities	**23,679**	17,570
Total non-current liabilities	**1,803**	-
Total liabilities	**25,482**	17,570

The fair value measurements of the financial instruments (excluding Level 1 investments) held by the Group have been derived based on observable market inputs (as characterised within Level 2 of the fair value hierarchy under IFRS13).

Commodity forward contracts

At 30 June 2013, the Group held two put and call options in order to hedge the changes in future cash flows from the sale of Brent oil production for approximately 2,150,000 barrels of oil in the second half of 2013. These instruments were deemed to be ineffective and are therefore designated as at fair value through profit and loss (FVTPL). The derivative instruments had a net asset fair value of US$3,284,000 (31 December 2012: nil) and unrealised gains of US$3,284,000 were taken into profit or loss during the period and are included within finance income (30 June 2012: unrealised gains of US$4,761,000 within finance costs). At 31 December 2012 there were three put and call options in place to hedge 1,000,000 barrels of oil in the first quarter of 2013, these derivative instruments had fully unwound by the end of June 2013 and therefore had no fair value (31 December 2012: US$870,000). The gains of US$870,000 at 31 December 2012 were reversed during the period and have been taken to the profit and loss where US$1,170,000 is included in finance costs and US$300,000 is included within finance income.

EnQuest PLC

NOTES TO THE GROUP HALF YEAR CONDENSED FINANCIAL STATEMENTS

10. Other financial assets/liabilities and cash flow hedge reserve (continued)

Forward foreign currency contracts

At 30 June 2013, the Group held 10 foreign currency contracts to partially hedge the Group's exposure to fluctuations in foreign currencies, namely Sterling, Euro and Norwegian Krone. Four of the contracts did not qualify for hedge accounting, the net fair value of these contracts was a net liability of USD$8,332,000 (31 December 2012: nil). The losses of US$8,332,000 were taken into profit and loss during the period and are included within finance costs. The other six contracts qualify for hedge accounting and the net fair value of these derivatives was a net asset of US$1,876,000 (31 December 2012: nil). An unrealised gain of US$713,000 (2012: nil) relating to the hedging instruments is included in other comprehensive income net of deferred tax of US$1,163,000 (2012: nil). There was no impact in profit or loss during the period in respect of these contracts (2012: nil).

At 31 December 2012, three foreign currency contracts were held, which had fully unwound at the end of the period. During the period the unrealised loss of US$121,000 was reversed through other comprehensive income. There was no impact in profit or loss during the period in respect of these contracts (2012: nil).

Other receivable

As part of the farm out to KUFPEC of 35% of the Alma/Galia development, KUFPEC agreed to carry EnQuest up to a cap of US$182,000,000 and agreed to pay EnQuest a total of US$23,292,000 after production commences over a period of 36 months, the fair value of which was US$19,300,000. Receivables were recognised for both these at 31 December 2012. At 30 June 2013, the carry element has fully unwound and during the six months ended 30 June 2013, US$95,302,000 was capitalised within property, plant and equipment. The unwinding of discount on the other receivable of US$866,000 is included within finance income for the six months 30 June 2013 (30 June 2012: nil).

The Group considers there to be no material difference between the fair values of financial instruments, interest bearing loans and borrowings and their carrying amount in the balance sheet.

11. Capital commitments and deferred consideration

At 30 June 2013 the Group had capital commitments of US$204,257,000 (31 December 2012: US$192,928,000).

At 30 June 2013, potential future commitments included US$45,000,000 contingent consideration due to Canamens Limited after acquisition of two of its companies, US$5,000,000 in respect of the Group's interest in Block 9/2b in the UK North Sea (Kraken) and a further potential commitment of £7,000,000 (US$11,200,000) is due in respect of back-in payments associated with the sole risk drilling undertaken by the previous operator on the Kraken 9/2b-04 appraisal well and 9/2b-04z exploration sidetrack. During 2012 EnQuest acquired interests in Kraken from Nautical Petroleum plc (25%) and First Oil plc (15%). The amounts payable are US$150,000,000 to US$240,000,000 and US$90,000,000 to US$144,000,000 respectively, linked to independent reserves determination between 100MMboe and 166MMboe, by way of development carry arrangements in relation to Nautical and First Oil's remaining interest in Kraken. All will become payable upon approval of the Kraken Field Development Plan (FDP) by the Department of Energy and Climate Change. The FDP is expected to be sanctioned in the second half of 2013.

As part of the KUFPEC farm in agreement, a reserves protection mechanism was agreed with KUFPEC to enable KUFPEC to recoup its investment to the date of first production. If on 1 January 2017, KUFPEC's costs to first production have not been recovered or deemed to have been recovered, EnQuest will pay to KUFPEC an additional 20% share of net revenue (giving them 55% in total). This additional revenue is to be paid from January 2017 until the actual net revenue or the deemed net revenue equals or exceeds the costs to first oil.

In addition, there is contingent consideration of US$20,000,000 after the acquisition of Nio (Sabah) Limited which will be determined based on 2P reserves associated with an approved FDP on Blocks SB307 and SB308 in Malaysia. An exploration/appraisal well is expected to be drilled in the area in either the second half of 2013 or early 2014.

There is also deferred consideration of US$3,000,000 dependent on FDP approval in relation to the 20% interest in Kildrummy acquired from ENI UK Limited during 2012.

EnQuest PLC

NOTES TO THE GROUP HALF YEAR CONDENSED FINANCIAL STATEMENTS

11. Capital commitments and deferred consideration (continued)

On 10 May 2013, EnQuest completed a farm-in agreement with Summit Petroleum Limited ('Summit') in respect of the Avalon exploration block. Under the terms of the agreement, EnQuest will carry Summit up to a cap of £12,500,000 ($19,000,000) on the proposed well (net to EnQuest). EnQuest will bear 50% of all other costs relating to the block.

On 29 May 2013, the Group agreed to acquire a 70% participating interest in, and operatorship of the offshore Tunisian assets of PA Resources. Consideration is US$23,000,000 on completion, a carry of up to US$93,000,000 following sanction of the Zarat Field development and additional consideration of up to US$133,000,000 depending on capital costs of 2P reserves in the Zarat and Elyssa fields. The maximum amount of consideration above the initial US$23,000,000 completion payment will not exceed US$226,000,000.

12. Post balance sheet events

In June 2013, EnQuest agreed that KUFPEC UK Limited ('KUFPEC') and Spike Exploration UK Ltd ('Spike') are to take 25% and 30% working interests respectively in the Cairngorm discovery (blocks 16/2b and 16/3d). KUFPEC and Spike have agreed to pay a premium by way of a promoted carry on the forthcoming Cairngorm appraisal well and to pay their equity share of back costs. This agreement completed in early August.

Principal risks and uncertainties

The Group's risks and uncertainties are unchanged from those disclosed in the Group's Annual Report and Accounts 2012.

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

- **Health, Safety and Environment (HSE):** Oil and gas development, production and exploration activities are complex and HSE risks cover many areas including operational safety, personal health and safety, compliance with regulatory requirements and potential environmental harm.

- **Production:**
    - The Group's production is critical to its success and is subject to a variety of risks including subsurface uncertainties, operating in a difficult environment with mature equipment and potential for significant unexpected shutdowns and unplanned expenditure to occur.
    - Lower than expected reservoir performance may have a material impact on the Group's results.
    - The Group's delivery infrastructure on the UKCS is dependent on the Sullom Voe Terminal.

- **Project Execution:** The Group's success will be dependent upon bringing major new developments such as Alma/Galia and Kraken to production on budget and on schedule. To be successful, the Group must ensure that project implementation is both timely and on budget. Failure to do so may have a material impact on the Group's performance.

- **Reserve Replacement:** Failure to develop its contingent and prospective resources or secure new licenses and/or asset acquisitions and realise their expected value.

- **Financial:** Inability to fund appraisal and development work programmes.

- **Human Resources:** The Group's success is dependent upon its ability to attract and retain key personnel.

- **Reputation:** The reputational and commercial exposures to a major offshore incident are significant.

- **Oil Price:** A material decline in oil and gas prices may adversely affect the Group's results of operations and financial condition.

- **Political and Fiscal:** Changes in the political, regulatory or fiscal environment affecting the Group's ability to deliver its strategy.

- **Joint Venture Partners:**
    - Failure by joint venture parties to fund their obligations.
    - Dependence on other parties where the Group is not the operator.

- **Competition:** The Group operates in a competitive environment across many areas including the acquisition of oil and gas assets, the marketing of oil and gas, the procurement of oil and gas services and access to human resources.

We urge you to consider carefully the risks above, full details of which are contained in the Group's Annual report and Accounts 2012.

Statement of directors' responsibilities

The directors confirm that, to the best of their knowledge, the condensed set of financial statements for the six months ended 30 June 2013 has been prepared in accordance with IAS 34 – 'Interim Financial Reporting' as adopted by the European Union, 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.

A list of current directors is maintained on the EnQuest PLC website which can be found at www.enquest.com.

By the order of the Board

Amjad Bseisu
Chief Executive Officer

12 August 2013

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 2013 which comprises group statement of comprehensive income, group balance sheet, group statement of changes in equity, group cash flow statement and related notes 1 to 12. We have read the other information contained in the half year 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-year 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 Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group 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 2410 (UK and Ireland) , "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 2013 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 Conduct Authority.

Ernst & Young LLP

London

12 August 2013