

UMC ENERGY PLC

**Condensed consolidated interim financial statements
for the half-year ended 30 June 2011**

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CORPORATE DIRECTORY

Directors	Chrisilios Kyriakou (Chairman) Jonathan Reynolds (Finance Director) Roger Shakesby (Non-Executive Director)
Secretary	Jonathan Reynolds
Registered Office	Ground Floor, 11 Albemarle Street London W1S 4HH
Nominated Adviser	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Broker	HD Capital Partners LLP Aldermary House 10-15 Queen Street London EC4N 1TX
Solicitors	Beshoffs Solicitors, 2 Holly Court, Tring Road Wendover, Buckinghamshire HP22 6PE
Auditors	Sawin & Edwards 15 Southampton Place London WC1A 2AJ
Principal Bankers	Coutts & Co 188 Fleet Street London EC2A 2HT
Registrars	Capita Registrars The Registry 34 Beckenham Road, Beckenham Kent, BR3 4TU

UMC ENERGY PLC

CHAIRMAN'S STATEMENT

For the six months period ended 30 June 2011

Madagascar is continuing to experience a period of political upheaval and uncertainty. Although the Company has not, in any way, been negatively affected by these events, it has resolved to take a cautious approach to exploration and accordingly has not conducted exploration activities during the first-half of the current financial year and does not expect to undertake any material exploration activities in Madagascar whilst this period of uncertainty prevails. Given these circumstances, the Directors have resolved that it is not appropriate to capitalise any further expenditure on the intangible asset until circumstances change.

In September 2011, the Company exercised an option to acquire two off-shore Petroleum Prospecting Licences, nos 374 and 375, and one on-shore Petroleum Prospecting Licence, no 378, located in Papua New Guinea. The consideration payable upon exercise of the option is the issue by the Company of 240 million fully paid up new ordinary shares in the capital of the Company. Following allotment, the Company will have 484,444,763 ordinary shares in issue.

The Company has retained consulting petroleum engineers to further examine and report on the presently available published geological data on the underlying areas of these licences. The Company will, upon receipt of the petroleum consultants' reports on past exploration carried out on the licence areas, decide on the most appropriate development options, including the possibility of seeking farm-in partners.

C Kyriakou
Chairman

28 September 2011

INDEPENDENT REVIEW REPORT TO UMC ENERGY 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 2011 which comprises the Condensed Consolidated Interim Income Statement, the Condensed Consolidated Interim Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Interim Statement of Cash Flows and the related notes numbered 1 to 8. 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.

The report is made solely to the Company in accordance with guidance contained in 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. 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 AIM Rules require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

As disclosed in note 2, the condensed consolidated interim 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. The annual financial statements of the group are prepared in accordance with IFRSs 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.

INDEPENDENT REVIEW REPORT TO UMC ENERGY PLC *(continued)*

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 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Sawin & Edwards
Chartered Accountants
15 Southampton Place
WC1A 2AJ
28 September 2011

UMC ENERGY PLC

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months period ended 30 June 2011

	Note	6 months period ended 30 June 2011 (Unaudited) £	6 months period ended 30 June 2010 (Unaudited) £
Administrative expenses		(223,274)	(140,161)
Exploration licence fees not capitalised		(114,503)	-
Impairment charge	7	-	(655,000)
Loss from operations		(337,777)	(795,161)
Finance costs		(101,609)	(29,687)
Loss before taxation		(439,386)	(824,848)
Income tax expense	5	-	-
Loss for the period		(439,386)	(824,848)
Attributable to:			
Equity holders of the parent		(439,386)	(731,913)
Minority interest		-	(92,935)
		(439,386)	(824,848)
Loss per share (pence)	6	(0.18)	(0.29)
Fully diluted loss per share (pence)	6	(0.18)	(0.29)

The Group has no recognised gains or losses other than the results for the period as set out above.

UMC ENERGY PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended 30 June 2011

	6 months period ended 30 June 2011 (Unaudited) £	6 months period ended 30 June 2010 (Unaudited) £
Loss for the period	(439,386)	(824,848)
Foreign currency translation differences for foreign operations	(21,827)	(250,195)
Other comprehensive expense for the period	(21,827)	(250,195)
Total comprehensive expense for the period	(461,213)	(1,075,043)
Attributable to:		
Equity holders of the parent	(461,213)	(988,452)
Minority interest	-	(86,591)
Total comprehensive expense for the period	(461,213)	(1,075,043)

UMC ENERGY PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2011

ASSETS	Note	As at 30 June 2011 (Unaudited) £	As at 30 June 2010 (Unaudited) £	As at 31 December 2010 (Audited) £
Non Current Assets				
Intangible assets	7	1,925,000	3,757,402	1,925,000
Property, plant and equipment		1,865	5,128	2,143
Taxation receivable		-	228,867	-
Total non current assets		1,926,865	3,991,397	1,927,143
Current Assets				
Taxation receivable		1,462	-	610
Trade and other receivables		16,796	20,802	29,209
Cash and cash equivalents		12,567	18,413	23,372
Total current assets		30,825	39,215	53,191
Total Assets		1,957,690	4,030,612	1,980,334
EQUITY AND IABILITIES				
Current Liabilities				
Trade and other payables		109,108	151,747	84,270
Loans		1,339,895	602,039	945,339
Total current liabilities		1,449,003	753,786	1,029,609
Non current liabilities				
Long term provision		19,175	337,659	-
Total Liabilities		1,468,178	1,091,445	1,029,609
Equity and Reserves				
Called up share capital		1,222,223	1,222,223	1,222,223
Share premium		4,756,183	4,756,183	4,756,183
Share based payments reserve		104,028	354,448	104,028
Translation reserve		133,304	189,556	155,131
Accumulated loss		(5,726,226)	(4,081,949)	(5,286,840)
Equity attributable to equity holders of the parent		489,512	2,440,461	950,725
Minority interest		-	498,706	-
Total Equity		489,512	2,939,167	950,725
Total equity and liabilities		1,957,690	4,030,612	1,980,334

These interim results were approved by the Board on 28 September 2011 and signed on their behalf by:
C Kyriakou, Chairman.

UMC ENERGY PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months period 30 June 2011

	Share Capital £	Share Premium £	Share Based Payments Reserve £	Accumulat ed loss £	Foreign Currency Translation Reserve £	Minority interest £	Total £
Balance at 1 January 2011	1,222,223	4,756,183	104,028	(5,286,840)	155,131	-	950,725
Total comprehensive expense for the period							
Loss	-	-	-	(439,386)	-	-	(439,386)
Total other comprehensive expense	-	-	-	-	(21,827)	-	(21,827)
Total comprehensive expense for the period	-	-	-	(439,386)	(21,827)	-	(461,213)
Balance at 30 June 2011	1,222,223	4,756,183	104,028	(5,726,226)	133,304	-	489,512
	Share Capital £	Share Premium £	Share Based Payments Reserve £	Accumulat ed loss £	Foreign Currency Translation Reserve £	Minority interest £	Total £
Balance at 1 January 2010	1,222,223	4,756,183	385,270	(3,380,858)	446,095	585,297	4,014,210
Total comprehensive expense for the period							
Loss	-	-	-	(731,913)	-	(92,935)	(824,848)
Total other comprehensive expense	-	-	-	-	(256,539)	6,344	(250,195)
Total comprehensive expense for the period	-	-	-	(731,913)	(256,539)	(86,591)	(1,075,043)
Transactions with owners							
Share based payment- reserve transfer	-	-	(30,822)	30,822	-	-	-
Total transactions with owners	-	-	(30,822)	30,822	-	-	-
Balance at 30 June 2010	1,222,223	4,756,183	354,448	(4,081,949)	189,556	498,706	2,939,167

UMC ENERGY PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

for the six months period 30 June 2011

	6 months period ended 30 June 2011 (Unaudited) £	6 months period ended 30 June 2010 (Unaudited) £
Cash flows from operating activities		
Net loss from operations	(337,777)	(795,161)
Adjustments for :		
Translation and currency movements	(1,442)	(12,861)
Impairment	-	655,000
Depreciation	278	4,389
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Operating cash flows before movements in working capital	(338,941)	(148,633)
Decrease in trade & other receivables	11,561	36,971
Increase in trade and other payables	24,839	1,956
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Net cash flow from operating activities	(302,541)	(109,706)
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CASH FLOW STATEMENT		
Net cash flows from operating activities	(302,541)	(109,706)
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Investing Activities		
Intangible asset additions	-	(70,120)
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Net cash flow from investing activities	-	(70,120)
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Financing activities		
Loans	374,170	196,375
Loan interest and charges	(82,434)	(16,869)
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Net cash flow from financing activities	291,736	179,506
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Decrease in cash & cash equivalents	(10,805)	(320)
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Cash and cash equivalents brought forward	23,372	18,733
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Cash and cash equivalents carried forward	12,567	18,413
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UMC ENERGY PLC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months period ended 30 June 2011

1. General information

UMC Energy Plc is a company incorporated in England and Wales under the Companies Act 1985. The Company's registered office is 11 Albemarle Street, London, W1S 4HH.

The principal activity of the Group is the investment in and exploration and development of energy related mining and extraction projects, specifically in a petroleum exploration project in Papua New Guinea and an uranium exploration project in Madagascar.

The Group's principal activity is carried out in US dollars. The interim results are presented in pounds sterling as this is the currency of the country (the UK) where the Company is incorporated and its ordinary shares admitted for trading.

2. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 31 December 2010.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

These condensed consolidated interim financial statements were approved by the Board of Directors on 28 September 2011.

3. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2010.

Going Concern

The interim results have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The directors believe that it is appropriate to prepare the financial report on a going concern basis as they are confident that the Company will be able to raise additional funds through debt or equity raisings when required. The directors are of the opinion that the proposed debt or equity raising measures and the existing cash resources will provide sufficient funds to enable the Company to continue its operations for at least the next twelve months.

UMC ENERGY PLC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months period ended 30 June 2011

4. Segmental analysis

The Group has one reportable segment which is that of the investment directly and indirectly in, and operation of, mining exploration and development projects. The Group's operational activities are wholly focused in Madagascar. The Company's registered office is in London, UK. The Board of Directors review internal management reports at least monthly.

The Group has not yet commenced commercial mining production and has no turnover in the year.

Information regarding the results of the reportable segments is shown below. Performance is measured based on the segment profit before income tax as included in the internal management reports that are reviewed by the Board of Directors. There is no inter-segment pricing.

Information about reportable segments:

	30 June 2011	30 June 2010
	£	£
External revenue	<u> -</u>	<u> -</u>
Financial revenue	<u> -</u>	<u> -</u>
Financial expenses	<u>101,609</u>	<u>29,687</u>
Depreciation	<u>278</u>	<u>4,389</u>
Impairment charge	<u> -</u>	<u>655,000</u>
Reportable segment loss	<u>439,386</u>	<u>824,848</u>
Segmental assets	<u>1,957,690</u>	<u>4,030,612</u>
Segmental liabilities	<u>1,468,178</u>	<u>1,091,445</u>
Capital expenditure	<u> -</u>	<u>70,120</u>

Geographical segments

The segment is managed on a worldwide basis. Individual assets are located in various countries. In presenting information on the basis of geographical segments, segments assets are based on the geographical location of the assets.

Non-current assets by geographical area

	30 June 2011	30 June 2010
	£	£
Madagascar	<u>1,926,865</u>	<u>3,991,397</u>

UMC ENERGY PLC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months period ended 30 June 2011

5. Taxation

No provision for corporation tax has been provided for, due to losses incurred in the current and previous periods.

6. Loss per share

Loss per share has been calculated by dividing the loss for the period after taxation attributable to the equity holders of the parent company of £439,386 (30 June 2010: £731,913) by the weighted average number of shares in issue at the period end of 244,444,763 (30 June 2010: 244,444,763).

Diluted loss per share has been calculated using the weighted average number of shares in issue at the period end, diluted for the effect of share options and warrants in existence at the period end of 245,136,237 (30 June 2010: 246,036,237).

7. Intangible assets

	As at 30 June 2011 (Unaudited) £	As at 30 June 2010 (Unaudited) £	As at 31 December 2010 (Audited) £
Development expenditure			
Cost			
Balance brought forward	1,596,346	1,578,889	1,578,889
Additions	-	4,675	17,457
Balance carried forward	1,596,346	1,583,564	1,596,346
Exploration licences			
Balance brought forward (at fair value)	4,112,026	4,046,362	4,046,362
Additions	-	65,445	65,664
Balance carried forward	4,112,026	4,111,807	4,112,026
Impairment			
Balance brought forward	(3,783,372)	(1,366,338)	(1,366,338)
Impairment charge	-	(655,000)	(2,417,034)
Balance carried forward	(3,783,372)	(2,021,338)	(3,783,372)
Exchange movements			
Balance brought forward	-	303,700	303,700
Additions	-	(220,331)	(303,700)
Balance carried forward	-	83,369	-
Total	1,925,000	3,757,402	1,925,000

UMC ENERGY PLC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months period ended 30 June 2011

7. Intangible assets *(continued)*

The development expenditure relates to development of the uranium exploration project in the Morondava basin of Madagascar.

The licences relate to uranium exploration licences in the Morondava basin of Madagascar.

The project has yet to reach a stage of development where a determination of the technical feasibility or commercial viability can be assessed. In addition, as Madagascar is presently experiencing a period of political upheaval and uncertainty, the Company has resolved to take a cautious approach to exploration and accordingly has not conducted exploration activities during the first-half of the current financial year and does not expect to undertake any material exploration activities in Madagascar whilst this period of uncertainty prevails. In these circumstances, whether there is any indication that the asset has been impaired is a matter of judgement, as is the determination of the quantum of any required impairment adjustment. The directors have resolved that it is not appropriate to capitalise any further expenditure on the intangible asset until circumstances change. In the six months to 30 June 2010, the directors had concluded that an impairment adjustment of £655,000 was required.

8. Post balance sheet events

Since 1 July 2011, the Company has advanced a further US\$30,007 to Uramad SA.

Since 1 July 2011, the Company has borrowed a further A\$225,293 from Natasa Mining Ltd, for working capital.

The Company exercised an option to acquire a 100% interest in two off-shore and one on-shore Petroleum Prospecting Licences in Papua New Guinea. The consideration payable upon exercise of the option is the issue by the Company of 240 million fully paid ordinary shares in the capital of the Company.