SERICA ENERGY PLC

THIRD QUARTER 2007 REPORT TO SHAREHOLDERS

MANAGEMENT OVERVIEW

During the third quarter 2007, Serica completed preparations for its drilling campaign in the UK North Sea and in Indonesia. The Company has commenced an extensive programme including appraisal of the Company's Columbus discovery in the UK North Sea, two exploration wells in the Biliton PSC offshore Java, and development wells in the Kambuna field, offshore Sumatra.

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

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

Serica announced that Ian Vann and Steven Theede had joined the Board as non-executive directors with effect from 1 July and 24 July 2007 respectively. Mr Vann was employed by BP from 1976, and directed and led BP's global exploration efforts from 1996 until his recent retirement in January 2007. Mr Theede held senior management positions with Conoco, later ConocoPhillips, and in 2000 was appointed President, Exploration and Production for Europe, Russia and the Caspian region. In 2003 he joined Yukos Oil Company and became its Chief Executive Officer in July 2004, a position he held until August 2006. In October, Serica confirmed the retirement of James Steel as a non-executive director of the Company.

Western Europe: United Kingdom, Spain, Ireland and Norway

UK North Sea
Following Serica's 2006 Columbus discovery well 23/16f-11, in the UK Central North Sea, appraisal drilling commenced in the third quarter 2007.

As announced by Serica on 6 November 2007, two Columbus appraisal wells, 23/16f-12 and 23/16f-12z, were drilled and both were successful. The net hydrocarbon pay was approximately 40 feet in well 12, 70 feet in well 12z and 56 feet in the discovery well. The results of these wells support the commercial development of the Columbus field and Serica is studying various options for the export of gas and condensate via nearby facilities.

Serica operates Block 23/16f and holds a 50% interest in the licence.

Spain
Serica is currently carrying out a 330 kilometre 2D seismic survey on its four onshore licences in Aragon Province, in the north-eastern part of the country. Serica has entered into a contract with Beach Petroleum Limited under which Serica will farm out a 25% interest in the licences and will retain a 75% interest and operatorship.

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

Norway

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

South East Asia: Indonesia and Vietnam

Indonesia

The Global Santa Fe GSF 136 drilling rig has been contracted for the drilling of two wildcat exploration wells in the Biliton PSC, located offshore in a virtually unexplored basin in the central Java Sea, commencing in Q4 2007. If successful, these wells could demonstrate that the block contains significant oil reserves and have a major impact on the Company. Serica will operate the wells and retains a 45% interest following a farmout to Nations Petroleum (Biliton) B.V., which will bear the majority of the costs of the drilling programme.

In the Glagah-Kambuna PSC offshore Sumatra, the development programme for the Kambuna gas/condensate field is underway with first production planned for the end of 2008. The field production platform has been built and will arrive on location in Q4 2007, following which two development wells will be drilled and the Kambuna No. 2 well will be recompleted. In addition, offshore and onshore pipeline route surveys are in progress in preparation for the tender for pipeline supply and installation, whilst negotiations for the sale of the gas and condensate are expected to conclude in Q4 2007. Serica operates the field and has a 65% interest.

In the large Kutai PSC, East Kalimantan, an airborne elevation survey has been completed in preparation for a 2D seismic survey to be carried out in the onshore part of the PSC early next year. The existing offshore 3D seismic survey data is to be reprocessed and plans for an additional 3D seismic survey are being prepared. Serica operates the PSC and has a 52.5% interest.

Vietnam

The acquisition of a 780 square kilometre 3D seismic survey has been completed in Block 06/94, in the Con Son Basin offshore Vietnam, in which Serica has a 33.3% interest. The block lies immediately south of the producing Lan Tay and Lan Do gas fields and immediately east of the Dua and Blackbird oil discoveries.

Forward Programme

Serica is set for an extremely active period of exploration, appraisal and development drilling with operations on six wells in the UK North Sea and Indonesia over the next six months. In addition, seismic surveys are being conducted in Spain and Vietnam, whilst preparations for 2008 drilling in Norway and the UK are also underway.

Following the results of the two Columbus appraisal wells, conceptual development studies for the Columbus field are underway, as is engineering design for the potential production off-take options. The development can now be advanced, given the results of the appraisal programme.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the financial and operational results of Serica Energy plc and its subsidiaries (the "Group") contains information up to and including 12 November 2007 and should be read in conjunction with the attached unaudited interim consolidated financial statements for the period ended 30 September 2007. The interim financial statements for the three and nine months ended 30 September 2007 have been prepared by and are the responsibility of the Company's management, and have been reviewed by the Company's independent auditors. Comparative information for the three and nine months ended 30 September 2006 has not been reviewed by the auditors.

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

Overall Performance

Serica's activities are centred on the UK and Indonesia, with other interests in Norway, Spain, Ireland and Vietnam. The Group has no current oil and gas production, with the main emphasis placed upon its future exploration drilling programmes. In 2007 to date, work has continued on managing its portfolio of interests, commencing the appraisal of Columbus in the North Sea, advancing the Indonesian development and preparing for the 2007 Indonesian drilling programme. Further details are noted in the Management Overview.

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

Results of Operations

Serica generated a profit of US$1.2 million for the three months ended 30 September 2007 ("Q3 2007") compared to a loss of US$3.8 million for the three months ended 30 September 2006 ("Q3 2006").

	2007 Q3 US$000	2007 Q2 US$000	2007 Q1 US$000	2006 Q3 US$000	2006 Q2 US$000	2006 Q1 US$000
Sales revenue	-	-	-	-	36	25
Expenses:						
Administrative expenses	(1,658)	(1,728)	(1,846)	(1,415)	(1,343)	(1,322)
Foreign exchange gain/(loss)	31	(36)	15	486	890	(48)
Pre-licence costs	(76)	(124)	(101)	(3,430)	(414)	(160)
Relinquished licence costs	-	-	-	(164)	-	-
Share-based payments	(485)	(464)	(499)	(515)	(533)	(436)
Change in fair value of share warrants (1)	-	-	-	-	(682)	1,836
Depletion, depreciation & amortisation	(34)	(26)	(26)	(33)	(18)	(10)
Operating loss before finance revenue and taxation	(2,222)	(2,378)	(2,457)	(5,071)	(2,064)	(115)
Profit on disposal	-	-	-	-	2,187	-
Finance revenue	663	791	862	1,276	1,210	1,152
(Loss)/profit before taxation	(1,559)	(1,587)	(1,595)	(3,795)	1,333	1,037
Taxation credit/(charge)	2,796	-	-	-	506	-
Profit/(loss) for the period	1,237	(1,587)	(1,595)	(3,795)	1,839	1,037
Basic and diluted loss per share	N/A	(0.01)	(0.01)	(0.03)	N/A	N/A
Basic and diluted earnings per share	0.01	N/A	N/A	N/A	0.01	0.01

(1) As restated – see note 7 of the financial statements.

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

Administrative expenses of US$1.7 million for Q3 2007 remained at a consistent level with Q2 2007 and increased from US$1.4 million for the same period last year. The increase reflects the growing scale of the Company's activities over the past twelve months.

No significant foreign exchange movements impacted Q3 2007 results. A large foreign exchange gain of US$0.5 million was earned in Q3 2006. This chiefly arose from the increase in US$ equivalent value of pounds sterling cash deposits held, as the pound strengthened against the dollar during the quarter.

Pre-licence costs include direct cost and allocated general administrative cost incurred on oil and gas interests prior to the award of licences, concessions or exploration rights. The expense of US$0.1 million for Q3 2007 decreased from US$3.4 million for the same period last year when significant cost was incurred on licence applications in Norway, Ireland and Vietnam.

Share-based payment charges of US$0.5 million reflect share option grants made and compare with US$0.5 million for both Q2 2007 and Q3 2006. Whilst further share options have been granted in 2007, the incremental charge generated from those options has been offset by the decline in charge of the options granted in 2005 and 2006.

The change in fair value of share warrants in Q1 and Q2 2006 is a restatement to reflect evolving interpretation of the treatment of such instruments under the recently adopted IFRS. This has arisen due to the difference in the denominated currency of the share warrants compared to Serica's functional currency. The loss in Q2 2006 was created as the fair value liability of share warrants not exercised increased due to the rise in share price over the quarter. All warrants were exercised in 2006 and there is no income statement impact in 2007. This has no cash impact on reported results. More detail is provided in note 7 of the financial statements.

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

Finance revenue, comprising interest income of US$0.7 million for Q3 2007 compares with US$0.8 million for Q2 2007 and US$1.3 million for Q3 2006. The decrease from last year is due to the reduction in cash deposit balances held since Q3 2006 as expenditure was incurred on the drilling programmes.

The taxation credit in Q3 2007 represents expected tax recoveries on Norwegian expenditure to date, partially offset by a deferred income tax charge from the timing differences arising from capitalised exploration expenditure.

The net earnings per share of US$0.01 for Q3 2007 compares to a net loss per share of US$0.03 for Q3 2006.

Summary of Quarterly Results

Quarter ended:	2007 30 Sep US$000	2007 30 Jun US$000	2007 31 Mar US$000	2006 31 Dec US$000	2006 30 Sep US$000	2006 30 Jun US$000	2006 31 Mar US$000
Sales revenue	-	-	-	-	-	36	25
Profit/(loss) for the quarter (1)	1,237	(1,587)	(1,595)	(13,456)	(3,795)	1,839	1,037
Basic and diluted loss per share US$	-	(0.01)	(0.01)	(0.09)	(0.03)	-	-
Basic and diluted earnings per share (1)	0.01	-	-	-	-	0.01	0.01

(1) As restated for Q1 and Q2 2006 – See note 7 of the financial statements.

The fourth quarter 2006 loss includes asset write offs of US$12.7 million in regard to the Asahan Offshore PSC. The Q2 2006 profit includes a gain of US$2.2 million from the disposal of the 10% interest in the Lematang Block.

Working Capital, Liquidity and Capital Resources

Current Assets and Liabilities

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

	30 September 2007 US$000	30 June 2007 US$000	31 March 2007 US$000	31 December 2006 US$000
Current assets:				
Inventories	5,411	6,438	6,785	6,785
Trade and other receivables	14,165	7,147	11,369	30,903
Cash and cash equivalents	45,564	56,622	72,175	77,306
Total Current assets	65,140	70,207	90,329	114,994
Less Current liabilities:				
Trade and other payables	(6,051)	(4,413)	(11,864)	(30,619)
Net Current assets	59,089	65,794	78,465	84,375

At 30 September 2007, the Company had net current assets of US$59.1 million which comprised current assets of US$65.1 million less current liabilities of US$6.1 million, giving an overall reduction in working capital of US$6.7 million in the three month period.

Inventories principally consist of steel casing for the forthcoming Indonesian drilling programme. The reduction in balance of US$1.0 million during Q3 2007 from US$6.4 million at 30 June 2007 to US$5.4 million arose as a share of amounts now directly assigned to specific Indonesian projects was recharged to partners.

Trade and other receivables at 30 September 2007 totalled US$14.2 million, which includes a prepayment of US$5.8 million in respect of the ongoing Columbus drilling programme, recoverable amounts from partners in Joint Venture operations in the UK and Indonesia, and a tax recovery of exploration expenditure from the Norwegian fiscal regime. Other smaller items included prepayments and sundry UK and Indonesian working capital balances. The increase in Q3 2007 of US$7.0 million to US$14.2 million was largely caused by the ongoing Columbus operations and the recognition of the tax recovery.

Net cash outgoings in Q3 2007 covered a US$7.7 million payment to cover UK rig commitments, operational expenses and other exploration work. These were partially offset by US$0.7 million of interest income received in the quarter.

Trade and other payables of US$6.1 million at 30 September 2007 include amounts due to those sub-contractors operating the UK drilling programme, and creditors and accruals from Indonesia. Payables arising from the 2006 drilling campaign were substantially settled in Q1 2007.

Long-Term Assets and Liabilities

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

	30 September 2007 US$000	30 June 2007 US$000	31 March 2007 US$000	31 December 2006 US$000
Intangible exploration assets	66,639	58,470	45,738	40,681
Property, plant and equipment	411	327	316	342
Goodwill	1,200	1,200	1,200	1,200
Long-term other receivables	3,121	527	668	351
Deferred income tax liabilities	(3,375)	(955)	(955)	(955)

During Q3 2007, total investments in petroleum and natural gas properties, represented by intangible exploration assets, increased by US$8.2 million to US$66.6 million. The most significant expenditure was incurred on the ongoing Columbus drilling (US$4.1 million), and of the remaining Q3 2007 investment in the UK & NW Europe; US$0.8 million related to Spain (US$0.5 million on a specific 2D seismic survey), US$0.6 million related to Norway, US$0.6 million in the UK on exploration work and G&A. US$1.5 million was spent in Indonesia principally on drilling activity preparation, exploration work and G&A on the Glagah Kambuna and Kutai concessions, and US$0.6 million in Vietnam. In Q1 2007, US$1.0 million of back costs, received as part of the Biliton farm out, have been credited against the capitalised pool of costs.

Property, plant and equipment includes office fixtures and fittings and computer equipment.

Goodwill, representing the difference between the price paid on acquisitions and the fair value applied to individual assets, remained unchanged at US$1.2 million.

Long-term other receivables of US$3.1 million are represented by a tax recovery of exploration from the Norwegian fiscal regime, and value added tax ("VAT") on Indonesian capital spend, which would be recovered from future production.

The deferred income tax liability increase of US$2.4 million from US$1.0 million to US$3.4 million, occurred from timing differences arising following the recognition of the long term Norwegian tax recovery asset.

Shareholders' Equity

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

	30 September 2007 US$000	30 June 2007 US$000	31 March 2007 US$000	31 December 2006 US$000
Total share capital	158,871	158,871	157,817	157,283
Other reserves	13,215	12,730	12,226	11,767
Accumulated deficit	(45,001)	(46,238)	(44,651)	(43,056)

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

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

Other reserves include amounts credited in respect of cumulative share-based payment charges, and the amount of the fair value liability of share warrants eliminated upon exercise of those share warrants. The increase in other reserves from US$12.7 million to US$13.2 million reflects the amortisation of share-based payment charges in Q3 2007.

Capital Resources

At 30 September 2007, Serica had US$59.1 million of net working capital and no long-term debt. At that date, the Company had commitments to future minimum payments under operating leases in respect of rental office premises, office equipment and motor vehicles for each of the following periods/years as follows:

	US$000
31 December 2007	86
31 December 2008	287
31 December 2009	266
31 December 2010	42

At 30 September 2007, the Company had no long-term debt or capital lease obligations. In Q3 2007 the Company contracted the GSF 136 jack-up drilling rig for a minimum of 120 days during 2007 and early 2008 for Indonesian operations at a gross cost of US$22.2 million. Serica's net share of these costs will depend on the exact split of the proposed drilling programmes but following the farm-out of a 45% interest in Biliton and current paying interests in the Glagah Kambuna TAC, this is expected to be approximately US$10.1 million.

In Q1 2007 the Company contracted the Sedco 704 semi-submersible drilling rig for UK operations, specifically the Columbus appraisal wells. The gross obligation under the contract is for 94 days which equates to a value of US$32.2 million, of which Serica's share is expected to be 50%, depending upon the work programme finally agreed with the Company's co-venturers.

In the absence of revenues generated from oil and gas production Serica will utilise its existing cash balances, together with the recently arranged US$100 million senior secured debt facility, to fund the immediate needs of its investment programme and ongoing operations and will supplement these existing financial resources as needed.

Off-balance Sheet Arrangements

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

Critical Accounting Estimates

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

Financial Instruments

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

Serica has exposure to interest rate fluctuations; given the level of expenditure plans over 2007/8 this is managed in the short-term through selecting treasury deposit periods of one to six months. Cash and treasury credit risks are mitigated through spreading the placement of funds over a range of institutions each carrying acceptable published credit ratings to minimise counterparty risk.

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

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

Share Options

As at 30 September 2007, the following director and employee share options were outstanding: -

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

Business Risk and Uncertainties

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

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Serica's management, including the Chief Executive Officer and Chief Financial Officer, has reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures in accordance with Multilateral Instrument 52-109 and Canadian securities regulations as of 30 September 2007. Management has concluded that, as of 30 September 2007, the disclosure controls and procedures were effective to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities, particularly during the period in which this report was being prepared.

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

Nature and Continuance of Operations

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

The Company's financial statements have been prepared with the assumption that the Company will be able to realise its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company currently has no operating revenues and, during the three month period ended 30 September 2007, the Company earned a profit of US$1.2 million from continuing operations. At 30 September 2007, the Company held cash and cash equivalents of US$45.6 million.

Outstanding Share Capital

As at 12 November 2007, the Company had 151,647,957 ordinary shares issued and outstanding.

Additional Information

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

Approved on Behalf of the Board

Paul Ellis	Christopher Hearne
Chief Executive Officer	Finance Director

14 November 2007

Forward Looking Statements

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

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

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

Serica Energy plc

Group Income Statement

Unaudited	Notes	Three months ended 30 Sep 2007 US$000	Three months ended 30 Sep 2006 US$000	Nine months ended 30 Sep 2007 US$000	Nine months ended 30 Sep 2006 (1) US$000
Sales revenue		-	-	-	61
Cost of sales		-	-	-	-
Gross profit		-	-	-	61
Administrative expenses		(1,658)	(1,415)	(5,232)	(4,080)
Foreign exchange (loss)/gain		31	486	10	1,328
Pre-licence costs		(76)	(3,430)	(301)	(4,004)
Relinquished licence costs		-	(164)	-	(164)
Share-based payments		(485)	(515)	(1,448)	(1,484)
Change in fair value of share warrants		-	-	-	1,154
Depreciation, depletion & amortisation		(34)	(33)	(86)	(61)
Operating loss before finance revenue and tax		(2,222)	(5,071)	(7,057)	(7,250)
Profit on disposal	6	-	-	-	2,187
Finance revenue		663	1,276	2,316	3,638
Loss before taxation		(1,559)	(3,795)	(4,741)	(1,425)
Taxation credit for the period	6	2,796	-	2,796	506
Profit / (loss) for the period		1,237	(3,795)	(1,945)	(919)
Loss per ordinary share (US$):					
Basic and diluted earnings per share		0.01	N/A	N/A	N/A
Basic and diluted loss per share		N/A	(0.03)	(0.01)	(0.01)

(1) As restated – See note 7

Serica Energy plc
Consolidated Balance Sheet

	Notes	30 Sept 2007 US$000 (Unaudited)	30 June 2007 US$000 (Unaudited)	31 March 2007 US$000 (Unaudited)	31 Dec 2006 US$000 (Audited)
Non-current assets					
Intangible exploration assets		66,639	58,470	45,738	40,681
Property, plant and equipment		411	327	316	342
Goodwill		1,200	1,200	1,200	1,200
Other receivables		3,121	527	668	351
		71,371	60,524	47,922	42,574
Current assets					
Inventories		5,411	6,438	6,785	6,785
Trade and other receivables		14,165	7,147	11,369	30,903
Cash and cash equivalents		45,564	56,622	72,175	77,306
		65,140	70,207	90,329	114,994
TOTAL ASSETS		136,511	130,731	138,251	157,568
Current liabilities					
Trade and other payables		(6,051)	(4,413)	(11,864)	(30,619)
Non-current liabilities					
Deferred income tax liabilities		(3,375)	(955)	(955)	(955)
TOTAL LIABILITIES		(9,426)	(5,368)	(12,819)	(31,574)
NET ASSETS		127,085	125,363	125,432	125,994
Share capital	4	158,871	158,871	157,817	157,283
Other reserves		13,215	12,730	12,266	11,767
Accumulated deficit		(45,001)	(46,238)	(44,651)	(43,056)
TOTAL EQUITY		127,085	125,363	125,432	125,994

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

Group

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

Group

	Share capital US$000	Other reserves US$000	Deficit US$000	Total US$000
At 1 January 2006 (audited)	148,745	4,153	(28,681)	124,217
Conversion of warrants	119	-	-	119
Share-based payments	-	436	-	436
Profit for the period	-	-	1,037	1,037
Fair value of warrants converted	-	70	-	70
At 31 March 2006 (unaudited)	148,864	4,659	(27,644)	125,879
Conversion of warrants	2,282	-	-	2,282
Share issue costs	(27)	-	-	(27)
Share-based payments	-	533	-	533
Profit for the period	-	-	1,839	1,839
Fair value of warrants converted	-	1,337	-	1,337
At 30 June 2006 (unaudited)	151,119	6,529	(25,805)	131,843
Conversion of warrants	6,164			6,164
Share-based payments	-	515	-	515
Loss for the period	-		(3,795)	(3,795)
Fair value of warrants converted	-	4,289	-	4,289
At 30 September 2006 (unaudited)	157,283	11,333	(29,600)	139,016

Serica Energy plc
Consolidated Cash Flow Statement

Unaudited	Three months ended 30 Sept 2007 US$000	Three months ended 30 Sept 2006 US$000	Nine months ended 30 Sept 2007 US$000	Nine months ended 30 Sept 2006 US$000
Cash flows from operating activities:				
Operating loss	(2,222)	(5,071)	(7,057)	(7,250)
Adjustments for:				
Depreciation, depletion and amortisation	34	33	86	61
Relinquished licence costs	-	164	-	164
Fair value of share warrants	-	-	-	(1,154)
Share-based payments	485	515	1,448	1,484
Changes in working capital	(3,785)	(2,561)	(8,815)	(6,833)
Cash generated from operations	(5,488)	(6,920)	(14,338)	(13,528)
Taxes received	-	-	-	34
Net cash flow from operations	(5,488)	(6,920)	(14,338)	(13,494)
Cash flows from investing activities:				
Disposals - Cash disposed	-	-	-	(51)
Interest received	663	1,276	2,336	3,638
Proceeds from disposals	-	-	5,000	-
Purchases of property, plant & equipment	(118)	-	(155)	(368)
Purchase of intangible exploration assets	(7,169)	(1,200)	(26,173)	(6,263)
Net cash used in investing	(6,624)	76	(18,992)	(3,044)
Cash proceeds from financing activities:				
Proceeds on exercise of warrants/options	1,054	6,164	1,588	8,538
Net cash from financing activities	1,054	6,164	1,588	8,538
Cash and cash equivalents				
Net decrease in period	(11,058)	(680)	(31,742)	(8,000)
Amount at start of period	56,622	102,430	77,306	109,750
Amount at end of period	45,564	101,750	45,564	101,750

Serica Energy plc

Notes to the Unaudited Consolidated Financial Statements

1. Corporate information

The interim condensed consolidated financial statements of the Group for the nine months ended 30 September 2007 were authorised for issue in accordance with a resolution of the directors on 14 November 2007.

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

2. Basis of preparation and accounting policies

Basis of Preparation

The interim condensed consolidated financial statements for the nine months ended 30 September 2007 have been prepared in accordance with IAS 34 Interim Financial Reporting.

These unaudited interim consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards following the same accounting policies and methods of computation as the consolidated financial statements for the year ended 31 December 2006. These unaudited interim consolidated financial statements do not include all the information and footnotes required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the consolidated financial statements and the notes thereto in the Serica Energy plc annual report for the year ended 31 December 2006.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006, except for the adoption of the following new standards and interpretations, noted below,

IFRIC 9 'Reassessment of Embedded Derivatives';

IFRIC 10 'Interim Financial reporting and Impairment'.

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

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

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Serica Energy Corporation, Serica Energy Holdings B.V., Asia Petroleum Development Limited, Petroleum Development Associates (Asia) Limited, Serica Energia Iberica S.L., Firstearl Limited, Serica Energy (UK) Limited, PDA Lematang Limited, APD (Asahan) Limited, APD (Biliton) Limited, APD (Glagah Kambuna) Limited and Serica Energy Pte Limited, Serica Kutei B.V., Serica Nam Con Son B.V. and Serica Norge AS. Together, these comprise the "Group".

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

3. Segmental Information

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

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

Nine months ended 30 September 2007	Indonesia	UK & NW Europe	Spain	Total
	US$000	US$000	US$000	US$000
Revenue	-	-	-	-
Loss for the period	(953)	(808)	(184)	(1,945)

Nine months ended 30 September 2006	Indonesia	UK & NW Europe	Spain	Total
	US$000	US$000	US$000	US$000
Revenue	61	-	-	61
Income/(loss) for the period	1,581	(2,374)	(126)	(919)

4. Equity Share Capital

	30 Sept 2007 Number	30 Sept 2007 US$000	31 December 2006 Number	31 December 2006 US$000
Authorised:				
Ordinary shares of US$0.10	200,000,000	20,000	200,000,000	20,000
Ordinary ‘A’ share of £50,000	1	90	1	90
	200,000,001	20,090	200,000,001	20,090

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

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

Allotted, issued and fully paid: **Group**	Number	Share capital US$000	Share premium US$000	Total Share capital US$000
At 1 January 2007	150,537,956	15,144	142,139	157,283
Options exercised (1)	493,334	49	485	534
As at 31 March 2007	151,031,290	15,193	142,624	157,817
Options exercised (2)	616,667	62	992	1,054
As at 30 June and 30 Sep 2007	151,647,957	15,255	143,616	158,871

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

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

5. Share-Based Payments

Share Option Plans

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

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

The Company has granted 5,322,000 options under the Serica 2005 Option Plan, 5,067,000 of which are currently outstanding. The Serica 2005 Option Plan will govern all future grants of options by the Company to Directors, officers, key employees and certain consultants of the Group.

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

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

In December 2005, 330,000 options were awarded to executive directors exercisable only if certain performance targets are met. 110,000 of these were cancelled during Q2 2007. In August 2007, 1,200,000 options were awarded to non-executive directors exercisable only if certain performance targets are met. The Company calculates the value of share-based compensation using a Black-Scholes option pricing model (or other appropriate model for those Directors’ options subject to certain market conditions) to estimate the fair value of share options at the date of grant. The estimated fair value of options is amortised to expense over the options' vesting period. US$485,000 has been charged to the income statement in the period ended 30 September 2007 and a similar amount credited to other reserves.

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

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

Serica BVI Option Plan	**Number**	**WAEP Cdn$**
Outstanding at 31 December 2006	3,975,833	1.57
Exercised during the period	(493,334)	1.26
Cancelled during the period	(60,000)	2.00
Outstanding at 31 March 2007	3,422,499	1.61
Exercised during the period	(616,667)	1.83
Cancelled during the period	(83,333)	1.36

Outstanding at 30 June and 30 September 2007	2,722,499	1.57

Serica 2005 Option Plan

		£
Outstanding at 31 December 2006	2,516,000	1.01
Granted during the period	1,056,000	1.02
Outstanding at 31 March 2007	3,572,000	1.01
Granted during the period	405,000	1.04
Cancelled during the period	(110,000)	(0.97)
Outstanding at 30 June 2007	3,867,000	1.01
Granted during the period	1,200,000	0.99
Outstanding at 30 September 2007	5,067,000	1.00

6. Taxation

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

Nine months ended 30 September:	2007 US$000	2006 US$000
Current income tax credit	5,216	-
Deferred income tax (charge)/credit	(2,420)	506
Total tax credit	2,796	506

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

In 2007, expected tax recoveries from Norwegian expenditure to date have been recorded as a current income tax credit. These are partially offset by a deferred income tax charge from the timing differences arising from capitalised exploration expenditure.

7. Retrospective Restatement

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

The impact of this retrospective restatement on the Q1 and Q2 2006 comparatives in this Q3 2007 Report is set out below:

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

(Loss) / profit for the quarter

Quarter ended:	31 Mar	30 Jun
2006		
(Loss)/profit for the quarter previously reported (US$000)	(799)	2,521
Change in fair value of warrants (US$000)	1,836	(682)
Profit for the quarter restated (US$000)	1,037	1,839

(Loss) / earnings per share

2006		
Basic and diluted loss per share previously reported (US$)	(0.01)	-
Basic and diluted earnings per share previously reported (US$)	-	0.02
Change in fair value of warrants (US$)	0.02	(0.01)
Basic and diluted earnings per share as restated (US$)	0.01	0.01

INDEPENDENT REVIEW REPORT TO SERICA ENERGY PLC

Introduction

We have been instructed by the company to review the condensed set of financial statements in the report to shareholders for the nine months ended 30 September 2007 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, and the related notes 1 to 7. We have read the other information contained in the report to shareholders and considered whether it contains any apparent misstatements or material inconsistencies with the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 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 the law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The report to shareholders is the responsibility of, and has been approved by, the directors.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this report to shareholders has been prepared in accordance with International Accounting Standards 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 report to shareholders 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 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.

Review 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 report to shareholders for the nine months ended 30 September 2007 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Ernst & Young LLP

London

14 November 2007