

**Meridian Petroleum plc**  
**RESTATED INTERIM RESULTS FOLLOWING ADOPTION OF IFRS**  
**for the Six Month period ended 30 June 2006 (Unaudited)**

The results for the year ended December 2006 have been prepared in accordance with the Group's accounting policies under International Financial Reporting Standards (IFRS). Meridian Petroleum has adopted IFRS for its group accounts with effect from 1 January 2005. Following the transition to IFRS, the Group has chosen to adopt the US Dollar as its presentation currency. This is to reflect the fact that most of the Group's activities are denominated in that currency.

As a result of this change Meridian has restated its Interim Results for the Six Month period ended 30 June 2006 (Unaudited)

MERIDIAN PETROLEUM PLC

Restated Interim Unaudited Accounts for the Six Months ended 30 June 2006

**Consolidated  
Income Statement**

	<i>Half year ended</i>		<i>Year ended</i>
	<i>30-Jun 2006 (Unaudited) \$000</i>	<i>30-Jun 2005 (Unaudited) \$000</i>	<i>31-Dec 2005 Audited \$000</i>
Revenue	7	131	160
Cost of sales – production costs	(30)	(190)	(225)
Gross loss	(23)	(59)	(65)
Administrative expenses	(783)	(766)	(1,225)
Impairment charge			(390)
Operating loss:	(806)	(825)	(1,680)
Investment Income – interest on bank deposits	14	18	32
Loss on ordinary activities before and after taxation	<u>(792)</u>	<u>(807)</u>	<u>(1,648)</u>
Loss per share (cents) Note 5	(1.1)	(1.4)	(2.8)

**Consolidated  
Statement Of Total  
Recognised Income  
And Expenditure**

	<i>Half year ended</i>		<i>Year ended</i>
	<i>30-Jun 2006 (Unaudited) \$000</i>	<i>30-Jun 2005 (Unaudited) \$000</i>	<i>31-Dec 2005 Audited \$000</i>
Loss for the financial period	(792)	(807)	(1,648)
Currency differences on foreign currency net investments	99	(227)	(118)
Total gains and losses recognised since last financial statements	<u>(693)</u>	<u>(1,034)</u>	<u>(1,766)</u>

MERIDIAN PETROLEUM PLC

Restated Interim Unaudited Accounts for the Six Months ended 30 June 2006

**Consolidated  
Balance Sheet**

	<i>Half year ended</i>		<i>Year ended</i>
	<i>30-Jun</i>	<i>30-Jun</i>	<i>31-Dec</i>
	<i>2006</i>	<i>2005</i>	<i>2005</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>Audited</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
<b>Non-current assets</b>			
Intangible assets:	546	1,679	424
Property, plant and equipment	5,776	3,715	5,398
	<u>6,322</u>	<u>5,394</u>	<u>5,822</u>
<b>Current Assets</b>			
Trade and other receivables	224	435	141
Cash and cash equivalents	1,526	253	370
	<u>1,750</u>	<u>688</u>	<u>511</u>
<b>Total assets</b>	<u>8,072</u>	<u>6,082</u>	<u>6,333</u>
Current liabilities			
<b>Trade and other payables</b>	<u>(375)</u>	<u>(504)</u>	<u>(298)</u>
Total liabilities	<u>(375)</u>	<u>(504)</u>	<u>(298)</u>
<b>Net Assets</b>	<u>7,697</u>	<u>5,578</u>	<u>6,035</u>
<b>Equity</b>			
Called up share capital	6,681	5,245	5,925
Share premium	4,915	2,808	3,316
Retained earnings	(4,005)	(2,372)	(3,213)
Translation reserve	106	(103)	7
Total equity attributable to the equity holders	<u>7,697</u>	<u>5,578</u>	<u>6,035</u>

MERIDIAN PETROLEUM PLC

Restated Interim Unaudited Accounts for the Six Months ended 30 June 2006

**Consolidated Cash  
Flow Statement**

	<u>Half year ended</u>		<u>Year ended</u>
	<u>30-Jun</u>	<u>30-Jun</u>	<u>31-Dec</u>
	<u>2006</u>	<u>2005</u>	<u>2005</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>Audited</u>
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
<b>Cash flows from operating activities - Note 6</b>			
Cash consumed by operations	(808)	(750)	(1,036)
Interest received	14	18	32
	<u>(794)</u>	<u>(732)</u>	<u>(1,004)</u>
<b>Cash flows from investing activities</b>			
Expenditure on exploration and evaluation assets	(122)	(24)	(807)
Expenditure on development and production assets	(378)	(283)	(382)
	<u>(500)</u>	<u>(307)</u>	<u>(1,189)</u>
<b>Cash flows from Financing activities</b>			
Proceeds from issue of shares	2,354	0	1,189
Net increase/(decrease) in cash and cash equivalents	1,060	(1,039)	(1,004)
Opening cash and cash equivalents at beginning of year	370	1,430	1,430
Exchange gains/(losses) on cash and cash equivalents	96	(138)	(56)
Closing cash and cash equivalents	<u>1,526</u>	<u>253</u>	<u>370</u>

**MERIDIAN PETROLEUM PLC**  
**Restated Interim Unaudited Accounts for the Six Months ended 30 June 2006**

**Notes**

**1. Basis of preparation**

Meridian Petroleum plc prepared its consolidated financial statements under UK Generally Accepted Accounting Practice (UK GAAP) until 31 December 2005. Interim results for the period to 30 June 2006 were prepared under UK GAAP and released on 8 September 2006. Subsequently the Group elected to prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the EU. In order to provide comparable figures, these restated interim results for the period to 30 June 2006 have been prepared under IFRS. These are the first results to be reported under IFRS and the results to 31 December 2006 will be the first full year to be reported under IFRS. The Group's date of transition to IFRS is 1 January 2005. The Group's IFRS adoption date is 1 January 2006.

These results for the six months ended 30 June 2006 include comparative information for the period ended 30 June 2005 and the year ended 31 December 2005, together with the information and reconciliations between UK GAAP and IFRS required under IFRS 1 "First-time adoption of International Financial Reporting Standards".

The interim results were neither audited nor reviewed by the auditors. The financial information set out in this interim statement, including the full year figures for 2005, does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. A copy of the statutory accounts for the year ended 31 December 2005 prepared under UK Generally Accepted Accounting Practice (UK GAAP), on which the auditors issued a modified opinion, have been delivered to the Registrar of Companies.

**2. Basis of preparation of IFRS information**

These interim financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting". In preparing these interim financial statements, the Group has, in accordance with IFRS1, applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

**Exemptions applied**

IFRS 1 allows exemptions from the application of certain IFRS to assist companies with the transition process. Accordingly the Group has made the following first time accounting policy choices:

- IFRS 2 – Share-Based Payments is applied to all share-based rewards made after 7 November 2002 that did not vest before 1 January 2005
- IFRS 3 – Business Combinations prior to 1 January 2005 have not been restated.

Notes (continued)

3. Significant accounting policies

**a) Basis of preparation**

The Group financial statements have been prepared under the historical cost convention. A summary of the significant Group accounting policies adopted in the preparation of the financial statements is set out below.

**b) Basis of accounting**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied to all periods presented.

**c) Basis of consolidation**

The group financial statements include the results of the company and all of its subsidiary undertakings. A subsidiary is an entity controlled, directly or indirectly, by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the group financial statements from the date that control commences until the date that control ceases. The results of subsidiaries are included from the date of acquisition.

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into the US dollar at exchange rates ruling at the balance sheet date. The revenues and expenses of the UK and Australian operations are translated into the US Dollar at average annual exchange rates. Foreign exchange differences arising on retranslation are recognised directly in a separate translation reserve within equity.

Notes (continued)

3. Significant accounting policies (continued)

The Group's exploration, development and production activities are generally conducted as co-licensee in joint operations with other companies. The financial statements reflect the relevant proportions of production, capital expenditure and operating costs applicable to the Group's interest. Where a Group company is party to a joint arrangement, which is not an entity, that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

**d) Revenue recognition**

Revenue represents the Group's share of sales of oil and gas during the year, excluding sales tax and royalties, and is recognised when title passes to the customer. The Group proportionately recognises its share of revenue on co-licensed operations. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**e) Oil and natural gas exploration and development expenditure**

The Group adopts the successful efforts method of accounting for exploration, evaluation and development costs.

*Exploration and Evaluation Expenditure – Intangible Assets*

All licence acquisition, exploration and evaluation costs are initially capitalised in cost centres by well, field or exploration area, as appropriate. Directly attributable expenditure is capitalised insofar as it relates to specific exploration and evaluation activities. Pre-licence costs are expensed in the period in which they are incurred. Exploration and evaluation costs are then written off unless commercial reserves have been established or the determination process has not been completed and there are no indications of impairment. Exploration and evaluation expenditure is not amortised. If the criteria for recognition of an exploration and evaluation asset are met, it is classified as either tangible or intangible assets, depending on the nature of the asset. Cost pools are established on the basis of specific fields. When it is determined that such costs will be recouped through successful development and exploitation or alternatively by sale of the interest, expenditure will be transferred to Production Assets.

*Development and Production Assets - Tangible Assets*

All field development costs and transferred exploration and evaluation are capitalised as property, plant and equipment. Property, plant and equipment related to production activities are amortised in accordance with the Group's Depletion and Amortisation accounting policy. The directors carry out regular reviews of development and production assets and assess the need for provisions for impairment.

Notes (continued)

3. Significant accounting policies (continued)

*Depreciation, depletion and amortisation*

All capitalised expenditure carried within each field is depleted from the commencement of production on a unit of production basis, over the proved reserves. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

*Impairment*

Exploration and evaluation assets are reviewed regularly for indicators of impairment and costs are written off where circumstances indicate that the carrying value may not be recoverable. Any such impairment is recognised in the Income Statement for the period. Where there has been a change in economic conditions that indicates a possible impairment in a discovery field, the recoverability of the net book value relating to that field is assessed.

At each reporting date, the Group assesses whether there is any indication that its development and production assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. This present value is discounted using a pre-tax rate that reflects current market assessments of the time value of money and of the risks specific to the asset, for which future cash flow estimates have not been adjusted. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss.

An impairment loss relating to assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the income statement.

Notes (continued)

3. Significant accounting policies (continued)

**f) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment in value. The group recognises in the carrying amount of property, plant and equipment the subsequent costs of replacing part of such items when it is expected to generate future economic benefits and its costs can be reliably determined. The carrying value of a part is derecognised when it is replaced. All other costs are recognised in the income statement as an expense as they are incurred.

Depreciation is provided on a straight-line basis to write off the cost, less the estimated residual value, of property, plant and equipment (other than development and production assets) over their estimated useful lives. Where parts of an item of plant and equipment have separate lives, they are accounted for and depreciated as separate items.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

**g) Foreign currencies**

*Presentation Currency*

The presentation currency is the currency of the primary economic environment in which a group operates and is normally the currency in which the group primarily generates and expends cash. The Group's presentation currency is the US dollar. The Group's presentation currency is different to the functional and presentation currency of the holding company which is UK sterling.

*Transactions*

Transactions in currencies other than the US Dollar are translated at the foreign exchange rate ruling at the date of the transaction. All exchange differences on transactions are recognised in profit or loss in the period in which they are incurred.

*Assets and liabilities*

Monetary assets and liabilities (other than group balances) that are denominated in currencies other than the US Dollar at the balance sheet date are translated at the exchange rate ruling at that date with any exchange differences arising on retranslation being recognised in the income statement.

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Notes (continued)

3. Significant accounting policies (continued)

*Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Foreign exchange differences on group balances, where the loan is long term, that are denominated in currencies other than the US Dollar at the balance sheet date are translated at the exchange rate ruling at that date with any exchange differences arising on retranslation being recognised directly in equity.

On transition to IFRS the Group has taken advantage of the exemption offered under IFRS 1 and assumed zero brought forward translation differences on subsidiary undertakings as at 1 January 2005.

**h) Financial instruments**

*Trade and other receivables*

Trade receivables are recognised and carried at the original invoiced amount less any allowances for doubtful debts. Other debtors are recognised and measured at nominal value. Trade and other receivables are recognised when invoiced.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and short term deposits with an original maturity of three months or less.

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Notes (continued)

**3. Significant accounting policies (continued)**

*Trade payables and other creditors*

Trade payables and other creditors are non-interest bearing and are measured at cost.

*Equity*

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs, allocated between share capital and share premium.

**i) Deferred Taxation**

Deferred tax is recognised on all temporary differences under the balance sheet liability method where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that the future taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured using rates of tax that are expected to apply when the deferred tax asset is realised or liability is settled.

**j) Share-based payments**

The Group has applied the requirements of IFRS 2 Share Based Payments. In accordance with the transitional provisions of that standard, only those awards that were granted after 7 November 2002, and had not vested at 1 January 2005, are included. All share based awards of the Group are equity settled as defined by IFRS 2. The fair value of these awards has been determined at the date of grant of the award allowing for the effect of any market-based performance conditions. This fair value, adjusted annually by the Group's estimate of the number of awards that will eventually vest as a result of non-market conditions, is expensed uniformly over the vesting period. The fair values were calculated using a Black Scholes option pricing model.

**4. Explanation of the adjustment from UK GAAP to IFRS**

The adoption of IFRS has not resulted in significant adjustments to the previously reported UK GAAP financial statements. The key change has been as follows:

*IAS 21 – The Effects of Changes in Foreign Exchange Rates*

In terms of IAS 21, the group has selected its presentation currency to be US dollars. This decision was made as the majority group's operations are in the United States and oil and gas are primarily traded in US dollars.

The impact of other IFRS requirements has been immaterial.

**MERIDIAN PETROLEUM PLC**  
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Notes (continued)

4. Explanation of the adjustment from UK GAAP to IFRS (continued)

Reconciliation of Group IFRS Balance Sheet as at 1st January 2005 (date of transition to IFRS)

	<i>UK GAAP</i>	<i>IFRS</i>
	<i>£000</i>	<i>US \$000</i>
<b>Non-current assets</b>		
Intangible assets	577	1,265
Property, plant and equipment	<u>2,027</u>	<u>3,822</u>
	<u>2,604</u>	<u>5,087</u>
<b>Current assets</b>		
Trade and other receivables	259	623
Cash and cash equivalents	<u>742</u>	<u>1,430</u>
	<u>1,001</u>	<u>2,053</u>
<b>Total assets</b>	3,605	7,140
<b>Current liabilities</b>		
Trade and other payables	<u>226</u>	<u>527</u>
Total liabilities	<u>226</u>	<u>527</u>
<b>Net assets</b>	<u><u>3,379</u></u>	<u><u>6,613</u></u>
<b>Equity</b>		
Called up share capital	2,830	5,245
Share premium	1,517	2,808
Retained earnings	(968)	(1,565)
Reserves	<u>-</u>	<u>125</u>
Total equity attributable to the equity holders	<u><u>3,379</u></u>	<u><u>6,613</u></u>

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Restated Interim Unaudited Accounts for the Six Months ended 30 June 2006

Notes (continued)

4. Explanation of the adjustment from UK GAAP to IFRS (continued)

Reconciliation of Group IFRS Balance Sheet as at 30th June 2005

	<i>UK GAAP</i>	<i>IFRS</i>
	<i>£000</i>	<i>US \$000</i>
<b>Non-current assets</b>		
Intangible assets	719	1,679
Property, plant and equipment	<u>2,147</u>	<u>3,715</u>
	<u>2,866</u>	<u>5,394</u>
<b>Current assets</b>		
Trade and other receivables	252	435
Cash and cash equivalents	<u>142</u>	<u>253</u>
	<u>394</u>	<u>688</u>
<b>Total assets</b>	3,260	6,082
<b>Current liabilities</b>		
Trade and other payables	<u>(338)</u>	<u>(504)</u>
Total liabilities	<u>(338)</u>	<u>(504)</u>
<b>Net assets</b>	<u><u>2,922</u></u>	<u><u>5,578</u></u>
<b>Equity</b>		
Called up share capital	2,830	5,245
Share premium	1,517	2,808
Retained earnings	(1,425)	(2,372)
Reserves	<u>0</u>	<u>(103)</u>
Total equity attributable to the equity holders	<u><u>2,922</u></u>	<u><u>5,578</u></u>

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Notes (continued)

4. Explanation of the adjustment from UK GAAP to IFRS (continued)

Reconciliation of Group IFRS Balance Sheet as at 31st December 2005

	UK GAAP £000	IFRS US \$000
<b>Non-current assets</b>		
Intangible assets	247	424
Property, plant and equipment	<u>2,940</u>	<u>5,398</u>
	<u>3,187</u>	<u>5,822</u>
<b>Current assets</b>		
Trade and other receivables	80	141
Cash and cash equivalents	<u>218</u>	<u>370</u>
	<u>298</u>	<u>511</u>
<b>Total assets</b>	3,485	6,333
<b>Current liabilities</b>		
Trade and other payables	<u>(216)</u>	<u>(298)</u>
Total liabilities	<u>(216)</u>	<u>(298)</u>
<b>Net assets</b>	<u><u>3,269</u></u>	<u><u>6,035</u></u>
<b>Equity</b>		
Called up share capital	3,204	5,925
Share premium	1,797	3,316
Retained earnings	(1,732)	(3,213)
Reserves	<u>-</u>	<u>7</u>
Total equity attributable to the equity holders	<u><u>3,269</u></u>	<u><u>6,035</u></u>

**MERIDIAN PETROLEUM PLC**  
Restated Interim Unaudited Accounts for the Six Months ended 30 June 2006

Notes (continued)

**4. Explanation of the adjustment from UK GAAP to IFRS (continued)**

Reconciliation of Income Statement for the 6 months ended 30th June 2005

	<i>UK GAAP</i>	<i>IFRS</i>
	<i>£000</i>	<i>US \$000</i>
Revenue	61	131
Cost of sales – production costs	<u>(89)</u>	<u>(190)</u>
Gross loss	(28)	(59)
Administrative expenses	<u>(436)</u>	<u>(766)</u>
Operating loss:	(464)	(825)
Investment Income – interest on bank deposits	<u>8</u>	<u>18</u>
Loss on ordinary activities before and after taxation	<u><u>(456)</u></u>	<u><u>(807)</u></u>

Reconciliation of Income Statement for the year ended 31st December 2005

	<i>UK GAAP</i>	<i>IFRS</i>
	<i>£000</i>	<i>US \$000</i>
Revenue	88	160
Cost of sales – production costs	<u>(115)</u>	<u>(439)</u>
Gross loss	(27)	(279)
Administrative expenses	<u>(857)</u>	<u>(1,401)</u>
Operating loss:	(884)	(1,680)
Investment Income – interest on bank deposits	<u>12</u>	<u>32</u>
Loss on ordinary activities before and after taxation	<u><u>(872)</u></u>	<u><u>(1,648)</u></u>

**5. Segmental reporting**

In the opinion of the Directors the operations of the Group comprise one class of business, oil and gas exploration, development and production and the sale of hydrocarbons and related activities. The Group currently operates in one geographical market, the USA, and has a head office and associated corporate expenses in the UK.

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Notes (continued)

**6. Loss per share**

The loss per share is calculated based on:

	<u>Half year ended</u>		<u>Year ended</u>
	<u>30-Jun</u>	<u>30-Jun</u>	<u>31-Dec</u>
	<u>2006</u>	<u>2005</u>	<u>2005</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>Audited</i>
Loss for the period (\$'000)	<u>(792)</u>	<u>(807)</u>	<u>(1,648)</u>
Weighted average number of shares in issue ('000)	<u>69,743</u>	<u>56,593</u>	<u>59,490</u>

**7. Reconciliation of operating loss to net cash outflow from operating activities**

	<u>Half year ended</u>		<u>Year ended</u>
	<u>30-Jun</u>	<u>30-Jun</u>	<u>31-Dec</u>
	<u>2006</u>	<u>2005</u>	<u>2005</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>Audited</i>
	\$000	\$000	\$000
Loss from operations	(806)	(825)	(1,680)
Adjustments for:			
Depreciation and impairment of property, plant and equipment	-	-	454
Foreign exchange difference	<u>9</u>	<u>(149)</u>	<u>(142)</u>
	(797)	(974)	(1,368)
(Increase)/decrease in debtors	(77)	170	454
(Decrease)/Increase in creditors	<u>66</u>	<u>54</u>	<u>(122)</u>
Net cash consumed by operating activities	<u>(808)</u>	<u>(750)</u>	<u>(1,036)</u>

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*Notes (continued)*

**8. Retained earnings and other reserves**

	<i>Share capital US \$000</i>	<i>Share premium US \$000</i>	<i>Retained earnings US \$000</i>	<i>Foreign currency reserves US \$000</i>	<i>Total US \$000</i>
Balance at 1 January 2005	5,245	2,808	(1,565)	125	6,613
Total recognised income and expense	-	-	(807)	(228)	(1,035)
Balance at 30 June 2005	<u>5,245</u>	<u>2,808</u>	<u>(2,372)</u>	<u>(103)</u>	<u>5,578</u>
Balance at 1 January 2006	5,925	3,316	(3,213)	7	6,035
Shares issued	756	1,599	-	-	2,355
Total recognised income and expense	-	-	(792)	99	(693)
Balance at 30 June 2006	<u>6,681</u>	<u>4,915</u>	<u>(4,005)</u>	<u>106</u>	<u>7,697</u>