

P/F ATLANTIC PETROLEUM

Condensed Consolidated Interim Report

For the 6 months ended 30th June 2010

DKK



ATLANTIC PETROLEUM

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Report for 1H 2010

Operating profit (EBIT) was DKK 35.8MM in 2Q and DKK 58.1MM in 1H 2010. Profit before taxation was DKK 76.7MM in 2Q and DKK 105.1MM in 1H 2010. Best interim result since company inception. Expected production for the year 2010 increased to 850,000 – 930,000 barrels of oil equivalents (boe) and expected EBIT increased to the range DKK 90MM – DKK 110MM.

Highlights

Operational

- Total production in 1H 2010 was 419,600 boe corresponding to an average production of 2,318 boepd (barrels of oil equivalents per day). The production in 2Q 2010 amounted to 245,635 boe (1Q 2010: 173,966 boe), corresponding to an average of 2,699 boepd (1Q 2010: 1,933 boepd) net to Atlantic Petroleum. Production in 1H 2010 was associated with stable production from the Chestnut field while production from the Ettrick field was lower than expected, especially in Q1, due to technical problems with the production facilities
- Two production wells have been drilled and completed successfully on the Ettrick field. The 20/2a-E3Z well was a sidetrack of the 20/2a-E3 well drilled in 2007, and was drilled to optimise the location of the wellbore within the reservoir. The other production well was the 20/2a-E7Z well, drilled in a location north of the main Ettrick field. The addition of these two wells has markedly improved the production potential of the field
- The Blackbird appraisal well has been drilled over the summer and a well test was carried out during July and August to evaluate the quality of the discovery. The results to date suggest that Blackbird will probably be developed and tied back to the Ettrick production facilities. The final decision for development is anticipated to be taken later this year
- On Faroes licence 016, the seismic data acquired in 2009 have been processed and interpretation is ongoing. A sea bed sampling programme will be conducted during the next few months
- In the Irish Licence SEL 2/07 various projects have been initiated to evaluate whether it is possible to develop the Helvick and Hook Head fields via an unmanned buoy facility and whether the low API oil accumulation at Ardmore can be commercialised
- The Marten Licence has been granted a two year extension to the summer of 2012

Financial

- Revenues of DKK 104.2MM in 2Q 2010 (2Q 2009: DKK 50.0MM) and DKK 181.1MM in 1H 2010 (1H 2009: DKK 76.6MM). Average realised oil price increased to 77.64 USD/bbl in 2Q 2010 from 76.96 USD/bbl in 1Q 2010. The average realised oil price for 1H 2010 was 77.34 USD/bbl
- Gross profit of DKK 39.5MM in 2Q 2010 (2Q 2009: DKK 15.2MM) and DKK 65.5MM in 1H 2010 (1H 2009: DKK 11.0MM)



- Operating profit (EBIT) of DKK 35.8MM in 2Q 2010 (2Q 2009: DKK -97.5MM) and DKK 58.1MM in 1H 2010 (1H 2009: DKK -112.9MM)
- Profit before taxation of DKK 76.7MM in 2Q 2010 (2Q 2009: DKK -56.9MM) and DKK 105.1MM in 1H 2010 (1H 2009: DKK -48.2MM)
- Net cash flow from operating activities in 1H 2010 of DKK 132.8MM (1H 2009: DKK 28.1MM)
- Total assets of DKK 708.7MM (At year end 2009: 646.8MM)
- Total shareholder's equity of DKK 362.6MM (at year end 2009: 279.0MM)
- General and administration costs reduced to DKK 3.5MM from DKK 4.5MM in 2Q 2009
- The bank debt as of 31st December 2009 was DKK 283.7MM of which DKK 118.7MM was short term and DKK 165.0MM was long term debt. The Company has paid down short term bank loans of DKK 71.7MM during the first half of 2010. By the end of 1H 2010 the bank debt was DKK 212.0MM of which DKK 47.0MM was short term and DKK 165.0MM long term debt. As of 18th August 2010, bank debt is DKK 187.0MM of which DKK 22.0MM is short term and DKK 165.0 long term debt. A total of DKK 96.7MM in short term bank loans have been repaid during 2010.



2010 Outlook

Operational

- Production in the first half of 2010 amounts to 419,000 barrels of oil equivalents (boe), and total production to this date is approximately 550,000 boe. Based on improved production from Ettrick the total production for the year is now expected to be between 850,000 – 930,000 boe
- The Blackbird appraisal well results will be evaluated in order to make a decision later in the year whether to develop the field. It is expected that the field will be tied back to the Ettrick field, which is located 6 km to the north
- A Pre-FEED study (Pre-Front End Engineering and Design) has been initiated on the Perth field to determine whether it is feasible to develop Perth over existing infrastructure

Financial

- EBIT is expected to increase to DKK 90 – 110MM for the year 2010 compared to DKK 70 – 90MM previously announced. The guidance is based on an oil price of 76 USD/bbl in 2010 and an average currency exchange rate of DKK/USD of 5.60
- Company's debt is expected to be reduced by DKK 120MM in 2010. To this date debt is reduced by DKK 96.7MM
- Investments in exploration and appraisal activities are estimated to be around DKK 40MM for the whole year 2010
- Investments in field developments are estimated to be around DKK 57MM for the whole year 2010
- The majority of the short term bridge loan facilities have been rolled into a five year senior loan facility
- The Company has engaged in oil price hedging to secure a more stable revenue stream. Approximately 6 per cent of current production has been hedged 12 months ahead. Average oil price hedged is 87 USD/bbl



Comparison Figures

Summary of figures for 2Q 2010 and comparison figures for the preceding four quarters:

	3 months 30th June 2010 DKKK	3 months 31st March 2010 DKKK	3 months 31st December 2009 DKKK	3 months 30th September 2009 DKKK	3 months 30th June 2009 DKKK
Revenue	104,236	76,855	81,924	60,698	50,012
Gross profit	39,494	26,045	30,509	13,136	15,242
Operating profit	35,754	22,319	27,366	9,902	-97,471
Profit before taxation	76,685	28,402	24,547	-36,825	-56,897
Profit after taxation	60,427	20,492	10,959	-33,403	-47,768
Non-current assets	598,598	573,074	565,057	592,355	645,207
Current assets	110,148	85,933	81,791	62,925	37,778
Total assets	708,745	659,007	646,848	655,279	682,985
Current liabilities	121,991	142,976	154,729	327,884	114,910
Non current liabilities	224,196	217,617	213,159	235,559	414,848
Total liabilities	346,187	360,593	367,888	563,443	559,758
Net assets	362,558	298,414	278,960	91,836	123,227
Equity	362,558	298,414	278,960	91,836	123,227
Net cash provided from operating activities	132,761	47,575	18,216	7,706	25,434
Net cash used in investing activities	-55,885	-16,084	4,008	-1,398	-64,055
Net cash used in financing activities	-45,878	-23,692	-19,113	8,720	33,491
(Dec.)/increase in cash and cash equivalents	30,998	7,799	3,111	15,028	-5,130
Cash and cash equivalents	48,907	26,465	18,802	15,291	66
Equity ratio	51.2%	45.3%	43.1%	14.0%	18.0%
Full time equivalent positions	7	7	9	9	9
Earning per share	23.00	7.80	-48.39	-29.67	-42.43
Share price at end of period (OMX IS) DKK/Share	134	160	160	355	475
Share price at end of period (OMX CPH) DKK/Share	150	159	162	198	440
Operations:					
Production (working interest) (boepd)	2,699	1,933	2,488	2,025	1,507
Drilled and completed wells	1	1	0	0	1

Status of Licences

A brief outline of the status and forward program for the licences in which Atlantic Petroleum participates is shown below:

United Kingdom

Exploration

- UK Licence P099, Blocks 110/14c & d: These blocks are in the process of being relinquished
- UK Licences P273 & P317, Blocks 20/3a & 20/2a: Two production wells have been drilled and completed successfully on the Ettrick field during 1H of 2010. The 20/2a-E3Z well was a sidetrack of the 20/2a-E3 well drilled in 2007, and was drilled to optimise the location of the wellbore with respect to the reservoir. The other production well was the 20/2a-E7Z well, drilled in a location north of the main Ettrick field. The addition of these two wells has markedly improved the production potential of the field
- UK Licences P273 & P317, Blocks 20/3a & 20/2a: In the summer of 2008, the 20/2a-8 Blackbird well was drilled immediately to the south of the Ettrick field and oil was discovered in sandstones similar in age to those in the Ettrick field. This summer, the 20/2a-9 Blackbird appraisal well was drilled, completed and tested. The well encountered 90 ft of net pay and produced 7,000 bbls of oil through a 38/64" choke, constrained by test production facilities. These results are encouraging and it is expected that a formal decision to develop the field and tie it back to the Ettrick FPSO will be taken this year, allowing first oil to take place by year end 2011 or early 2012. Atlantic Petroleum holds 8.27% equity in these licences
- UK Licences P218 & P588, Blocks 15/21a, b, c & f: Work is ongoing to agree technical and commercial terms for a development concept for the Perth field over existing infrastructure. The aim is to complete this within the current year. Atlantic Petroleum holds 3.75 % equity in these licences
- UK Licence P1047, Block 20/3c: The licence contains the Marten 20/3-4 discovery well, drilled in 1984 by Amoco. The aim is to pursue development of Marten in association with other sour oil discoveries in the area. Atlantic Petroleum holds 17.5% equity in this licence

**Production**

- UK Licence P354, Block 22/2a: The Chestnut field came on stream on 20th September 2008 and has to date produced in excess of 7.2 MMBbbls of oil, including the 1 MMBbbls produced during an extended well test carried out in 2001. The reservoir is produced via one horizontal well and one near vertical production well and pressure is maintained via one water injector well. The field is currently producing at around 7,000 bopd, approximately 1,000 bopd net to Atlantic Petroleum. During the first half of 2010 a total of 228,000 bbls have been produced net to Atlantic Petroleum from Chestnut. Atlantic Petroleum holds 15% equity in this licence
- UK Licences P317 & P273, Blocks 20/2a & 20/3a: The Ettrick field was brought on stream mid-August 2009 and has after the first year in operation produced in excess of 4 MMBoe of oil and associated gas. The production facilities on the FPSO vessel 'Aoka Mizu' experienced start up problems which caused significantly delayed production. However, most of the problems have been rectified and the performance of the production vessel is steadily improving. Currently the daily production from the Ettrick field lies between 25,000 and 30,000 barrels per day. In 1H of 2010 the total production from Ettrick amounted to 191,000 boe net to Atlantic Petroleum. The reservoir lies within the Upper Jurassic Ettrick Sandstones with deeper Zechstein reservoirs in the Jarvis structure. A total of 7 wells have been drilled, of which 6 are producers and the other is a water injector

Ireland

- Standard Exploration Licence 2/07: This licence includes four discoveries (Hook Head, Ardmore, Helvick and Dunmore) and further exploration structures. This year studies have been initiated to evaluate feasibility of developing the discoveries using innovative schemes suitable for small fields such as Helvick, Hook Head and Ardmore. Atlantic Petroleum holds 18.33% equity in this licence

Faroe Islands

- Faroes Licence 006: The Brugdan exploration well was drilled in 2006 and was plugged and abandoned with minor gas shows. The results from the well have been analysed and future plans for the licence are currently being considered. The partnership has changed and currently Statoil as operator holds 99% and Atlantic Petroleum holds a 1% interest
- Faroes Licences 013 & 014: These 2nd Round licences contain the Stella Kristina and Marselius leads. Pre-stack depth migration on selected seismic data has been carried out, the result of which will decide further activity on the licenses. Atlantic Petroleum holds 40% equity in each of the two licences, while the Operator Sagex Petroleum holds 60%
- Faroes Licence 016: This 3rd Round licence contains the Kúlubøkan structure. Atlantic Petroleum's equity is 10% and the other partners in the licence are Statoil (50% Operator), DONG Energy (30%) and Faroe Petroleum (10%). Seismic acquisition of more than 3000 km of 2D data was completed in 2009 and following processing, interpretation of the data is ongoing. In addition, to complement the seismic interpretation, a sea bed sampling programme will be conducted during the next few months where the aim is to look for hydrocarbon seepages from the subsoil



Post Balance Sheet Events

On 14th July 2010 the Company announced the successful appraisal of the Blackbird discovery in the UK Central North Sea. The 20/2a-9 Blackbird well was spudded on 24th May 2010 with the aim of appraising the Blackbird structure that was first drilled in 2008 and assessing the viability of developing Blackbird as a subsea tieback over the Ettrick FPSO. The well was drilled in a water depth of approximately 367 feet to a total measured depth of 12,000 feet. It encountered approximately 330 vertical feet gross of good quality oil bearing Upper Jurassic sediments, some of which were cored. An extensive set of wireline log data is being acquired over the reservoir section and preliminary log analysis suggests that there is approximately 75 feet total net thickness of Ettrick sands present.

On 1st August 2010 the new CEO Ben Arabo took up his position.

On 9th August 2010 the Company announced a test update of the Blackbird discovery in the UK Central North Sea. The 20/2a-9 well, operated by Nexen, was drilled in a water depth of approximately 367 feet to a total measured depth of 12,000 feet targeting a high quality Upper Jurassic oil discovery. It encountered 389 feet of gross pay and 90 feet of net pay. The well flowed at a facilities constrained stable flowrate of 7,000 bopd through a 38/64" choke. The well has been completed and will be suspended for future use as an oil producer, through a potential future tie back to the Ettrick FPSO.

On 10th August 2010 the Company announced a development update of the Ettrick field. Following the recent tie-in of two further development wells to the Ettrick FPSO, the potential oil production rate from the Ettrick field has increased significantly from around 22,000 barrels of oil per day to over 28,000 barrels per day.

On 10th August 2010 the Company paid down DKK 25MM on the short term bank loans.



Endorsement and Signatures of the Board of Directors and the Managing Directors

The Condensed Consolidated Interim Report for the first six months of 2010 comprises the Consolidated Financial Statements of P/F Atlantic Petroleum and its subsidiaries. The Condensed Consolidated Interim Report is prepared in accordance with International Financial Reporting Standards 34 "Interim Financial Reporting" as adopted by the European Union.

We consider the accounting policies used to be appropriate, such that the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 30th June 2010, and of the results of the Group's operations and cash flow for the period 1st January – 30th June 2010.

Tórshavn, 18th August 2010

Board of Directors:

Birgir Durhuus, Chairman

Poul R. Mohr, Deputy Chairman

Jan Edin Evensen

Mortan H. Johannesen

Diana Leo

Managing Directors:

Ben Arabo

Sigurð í Jákupsstovu

Auditor's Review Report

To the shareholders of P/F Atlantic Petroleum

According to agreement with the Company's Board of Directors, we have reviewed the accompanying condensed consolidated interim balance sheet of P/F Atlantic Petroleum and its subsidiaries as of 30th June 2010, and the related condensed consolidated statements of income and cash flows and notes for the six months ended 30th June 2010.

These condensed consolidated interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

Basis of opinion

We conducted our review in accordance with generally accepted review standards as applied in the Faroe Islands. This Standard requires that we plan and perform the review to obtain limited assurance as to whether the preliminary financial information is free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Interim Report does not give a true and fair view of the financial position of the Group as of 30th June 2010, and of the results of its operations and its cash flows for the six months ended 30th June 2010 in accordance with International Financial Reporting Standards 34 "Interim Financial Reporting" as adopted by the European Union.

Tórshavn, 18th August 2010

Sp/f Grannskoðaravirkið *INPACT*

State Authorized Public Accountants

Jógvan Amonsson

State Authorized Public Accountant

Fróði Sivertsen

State Authorized Public Accountant



Consolidated Income Statement

For the period ended 30th June 2010

		3 months to 30 th June 2010 DKK	3 months to 30 th June 2009 DKK	6 months to 30 th June 2010 DKK	6 months to 30 th June 2009 DKK
	Note				
Revenue		104,236,391	50,012,008	181,090,994	76,629,963
Cost of sales	3	-64,742,349	-34,770,105	-115,552,289	-65,661,768
Gross profit		39,494,042	15,241,903	65,538,705	10,968,195
Exploration expense		-147	-108,135,432	-7,534	-113,910,430
Pre-licence exploration costs		-212,368	-221,241	-308,578	-364,903
General and administration costs		-3,536,940	-4,469,659	-7,172,308	-9,722,506
Other operating income		9,000	113,458	22,552	139,858
Operating profit	4	35,753,587	-97,470,971	58,072,837	-112,889,786
Interest revenue and finance gains	5	44,578,794	50,732,052	55,790,053	76,634,901
Interest expenses and other finance costs		-3,647,075	-10,157,965	-8,775,345	-11,909,163
Profit before taxation		76,685,307	-56,896,883	105,087,545	-48,164,047
Taxation	6	-16,258,206	9,128,694	-24,168,130	15,737,350
Profit after taxation		60,427,100	-47,768,189	80,919,415	-32,426,697

Earnings per share (DKK):

Basic	14	23.00	-42.43	30.81	-28.81
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Statement of Total Recognised Income and Expenses

For the period ended 30th June 2010

	6 months to 30 th June 2010 DKK	6 months to 30 th June 2009 DKK
Profit for the period	80,919,415	-32,426,697
Exchange rate differences	-355,692	-13,285,015
Costs related to a share capital increase	0	-1,728,857
Warrant based payments	0	83,055
Warrants expired	3,034,011	
Fair value adjustment on securities available for sale for the period	0	3,758,199
Changes in comprehensive income in the period	83,597,735	-43,599,315

**Consolidated Balance Sheet**As at 30th June 2010

		At 30 th June 2010 DKK	At 31 st December 2009 DKK
	Note		
Non-current assets			
Intangible exploration and evaluation assets	7	85,515,999	64,625,118
Development and production assets	8	477,963,540	445,426,063
Property plant and equipment	9	521,105	514,690
Deferred tax asset		34,596,982	54,491,384
		598,597,625	565,057,255
Current assets			
Inventories		3,268,794	4,138,906
Trade and other receivables	10	54,922,108	58,833,822
Securities available for sale		16,025	16,025
Financial asset		3,034,011	0
Cash and cash equivalents		48,906,865	18,802,488
		110,147,803	81,791,241
Total assets		708,745,428	646,848,496
Current liabilities			
Short term debt	12	72,826,854	118,704,771
Trade and other payables	11	49,164,633	36,024,238
		121,991,487	154,729,009
Non current liabilities			
Long term debt	12	165,000,000	165,000,000
Long-term provisions		59,195,855	48,159,135
		224,195,855	213,159,135
Total liabilities		346,187,341	367,888,144
Net assets		362,558,087	278,960,351
Equity			
Share capital		262,670,300	262,670,300
Share premium account		231,154,090	231,154,090
Translation reserves		29,156,578	26,357,345
Retained earnings		-160,422,882	-241,221,383
	15	362,558,087	278,960,351



Consolidated Cash Flow Statement

For the period ended 30th June 2010

	6 months to 30 th June 2010 DKK	6 months to 30 th June 2009 DKK
Operating activities		
Operating profit	58,072,837	-112,889,786
Allocated consolidated capitalised interest	2,296,615	0
Impairment on non-current assets	0	114,704,548
Depreciation, depletion and amortisation	55,302,164	35,253,770
Warrant based payment	0	83,055
Decrease/(increase) in Inventories	1,072,124	
Decrease/(increase) in trade and other receivables	20,163,591	-13,483,255
(Increase)/decrease in trade and other payables	483,327	11,418,988
Interest revenue and finance gains received	4,145,998	29,338
Interest expenses and other finance costs paid	-8,775,345	-6,970,989
Income taxes paid	0	-31,788
Net cash from operating activities	132,761,311	28,113,882
Investing activities		
Capital expenditure	-55,885,365	-123,372,496
Capitalised interests and debt arrangement fee	0	-14,353,543
Net cash from investing activities	-55,885,365	-137,726,039
Financing activities		
Decrease in short term debt	-45,877,918	-260,204,146
Increase in long term debt	0	364,162,219
Realised securities	0	3,861,498
Costs related to a share capital increase	0	-1,728,857
Net cash from financing activities	-45,877,918	106,090,713
Increase/Decrease in cash and cash equivalents	30,998,028	-3,521,444
Cash and cash equivalents at the beginning of the period	18,802,488	3,976,820
Currency translation differences	-893,651	-389,576
Cash and cash equivalents at the end of the period	48,906,865	65,800

Notes to the Accounts

Accounting Policy

General information

P/F Atlantic Petroleum is a limited company incorporated and domiciled in the Faroe Islands and listed on NASDAQ OMX Nordic Exchange in Iceland and NASDAQ OMX Nordic Exchange in Copenhagen.

The principal activities of the Company and its subsidiaries (the Group) are oil and gas exploration, appraisal, development and production in the UK, Ireland and the Faroe Islands.

The Annual and Consolidated Report and Accounts of the Group as at and for the year ended 31st December 2009 are available upon request from the Company's registered office at Gongin 9, P.O. Box 1228, FO-110 Tórshavn, Faroe Islands or at www.petroleum.fo.

This Condensed Consolidated Interim Report is presented in DKK.

1. Statement of compliance

This Condensed Consolidated Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 *Interim Financial Reporting* as adopted by the EU. It does not include all of the information required for full Annual Financial Statements, and should be read in conjunction with the Consolidated Financial Statements of the Group as at and for the year ended 31st December 2009.

2. Significant accounting policies

The accounting policies applied by the Group in this Condensed Consolidated Interim Report are the same as those applied by the Group in its Consolidated Financial Statements as at and for the year ended 31st December 2009.



3. Costs of sale

	3 months to 30 th June 2010 DKK	3 months to 30 th June 2009 DKK	6 months to 30 th June 2010 DKK	6 months to 30 th June 2009 DKK
Operating costs	-33,197,465	-13,994,510	-61,383,747	-32,067,940
Amortisation and depreciation, plant and equipment:				
Oil and gas properties	-31,544,884	-20,775,595	-54,168,542	-33,593,828
Impairment of oil and gas properties	0	0	0	0
	-64,742,349	-34,770,105	-115,552,289	-65,661,768

4. Geographical segmental analysis

	3 months to 30 th June 2010 DKK	3 months to 30 th June 2009 DKK	6 months to 30 th June 2010 DKK	6 months to 30 th June 2009 DKK
Revenues by origin and destination				
Faroe Island	0	0	0	0
United Kingdom	104,236,390	50,012,008	181,090,994	76,629,963
Ireland	0	0	0	0
	104,236,390	50,012,008	181,090,994	76,629,963
Operating profit/(loss) by origin				
Faroe Island	-2,267,152	1,084,146	-4,665,077	982,138
United Kingdom	38,037,241	-1,152,446	62,754,419	-15,787,702
Ireland	-16,503	-97,402,670	-16,505	-98,084,221
	35,753,586	-97,470,971	58,072,837	-112,889,786

5. Interest revenue and expenses

	3 months to 30 th June 2010 DKK	3 months to 30 th June 2009 DKK	6 months to 30 th June 2010 DKK	6 months to 30 th June 2009 DKK
Interest revenue and finance gains:				
Short term deposits	34,668	2,469	34,668	3,217
Exchange differences	44,522,472	50,729,583	55,733,731	76,631,684
Realised gains on securities	0	0	0	0
Unwinding of discount on decommissioning provision	21,655	0	21,655	0
	44,578,794	50,732,052	55,790,053	76,634,901
Interest expenses and other finance costs:				
Bank loan and overdrafts	-3,781,611	-8,522,059	-8,344,393	-17,480,218
Debt arrangement fees	-274,209	-925,658	-274,209	-1,588,816
Others	482,783	-69,927	-38,851	-91,557
Exchange differences	-74,039	-5,623,363	-117,892	-7,102,115
Gross finance costs and other finance expenses	-3,647,075	-15,141,007	-8,775,345	-26,262,706
Interest and debt arrangement fee capitalised during the period	0	4,983,042	0	14,353,543
	-3,647,075	-10,157,965	-8,775,345	-11,909,163



6. Taxation

	3 months to 30 th June 2010 DKK	3 months to 30 th June 2009 DKK	6 months to 30 th June 2010 DKK	6 months to 30 th June 2009 DKK
Current tax :				
Faroese corporation tax	0	0	0	0
Overseas tax on interest income	0	0	0	0
Overseas tax on dividend	0	-31,788	0	-31,788
Total current tax	0	-31,788	0	-31,788
Deferred tax:				
UK Deferred tax (asset)	-16,258,206	9,160,483	-24,168,130	15,769,139
Faroese petroleum tax	0	0	0	0
Overseas tax	0	0	0	0
Total deferred tax	-16,258,206	9,160,483	-24,168,130	15,769,139
Tax on profit on ordinary activities	-16,258,206	9,128,694	-24,168,130	15,737,350

As at 30th June 2010, the Company has a net deferred tax asset of DKK 7.9 million which has not been recognised in the company's accounts

This is made up of the following amounts:

Effect of capital allowances in excess of depreciation: DKK 4.4 million

Effect of tax losses available: DKK 12.3 million

The losses can be carried forward indefinitely

7. Intangible exploration and evaluation assets

	At 30 th June 2010 DKK	At 31 st December 2009 DKK
Costs		
At 1 st January	64,625,116	152,372,520
Exchange movements	4,434,985	3,526,658
Additions	16,455,897	17,522,187
Exploration expenditures written off	0	-108,796,249
At end of period	85,515,998	64,625,116

**8. Development and production assets**

	At 30th June 2010 DKK	At 31st December 2009 DKK
Costs		
At 1 st January	445,426,062	423,227,716
Exchange movements	45,130,425	31,191,149
Additions	42,616,292	59,002,848
Charge	-55,209,240	-67,995,650
At end of period	477,963,539	445,426,062

9. Property plant and equipment

	At 30th June 2010 DKK	At 31st December 2009 DKK
Costs		
At 1 st January	514,691	774,893
Exchange movements	32,167	28,345
Additions	67,171	0
Depreciations	-92,924	-288,548
At end of period	521,105	514,691

10. Trade and other receivables

	At 30th June 2010 DKK	At 31st December 2009 DKK
Trade receivables	36,009,098	42,906,552
Prepayments	2,809,551	2,038,346
Other taxes and VAT receivables	1,031,910	2,097,071
Other receivables	15,071,549	11,791,852
	54,922,108	58,833,820

11. Trade and other payables

	At 30th June 2010 DKK	At 31st December 2009 DKK
Trade payables	48,164,410	24,268,730
Accruals	995,041	11,738,430
Other payables	5,183	17,077
	49,164,633	36,024,237

**12. Short and long term debt**

	At 30th June 2010 DKK	At 31st December 2009 DKK
Short term debt	72,826,854	118,704,771
Long term debt	165,000,000	165,000,000
	237,826,854	283,704,771

13. Dividends

No interim dividend is proposed. (30th June 2009: DKK 0)

14. Earnings per share

The calculation of basic earnings per share is based on the profit after tax and on the weighted average number of ordinary shares in issue during the period.

	Profit after tax		Weighted average number of shares		Earnings per share	
	30th June 2010 DKK	30th June 2009 DKK	30th June 2010 DKK	30th June 2009 DKK	30th June 2010 DKK	30th June 2009 DKK
3 months to 30 th June	60,427,100	-32,426,697	2,626,703	1,125,730	23.00	-28.81
6 months to 30 th June	80,919,415	-47,768,189	2,626,703	1,125,730	30.81	-42.43



15. Consolidated statement of changes in equity

	Share capital DKK	Share premium account DKK	Retained earnings DKK	Translation reserves DKK	Total DKK
At 1st January 2009	112,573,000	207,969,117	-190,341,569	36,626,177	166,826,724
Issuance of warrants	0	0	115,541	0	115,541
Shares issued	150,097,300	37,524,325	0	0	187,621,625
Transaction costs	0	-14,339,351	0	0	-14,339,351
Fair value adjustment on securities available for sale	0	0	3,758,795	0	3,758,795
Translation reserves	0	0	-4,647	-10,147,920	-10,152,567
Total recognised income	0	0	-54,870,416	0	-54,870,416
At 1st January 2010	262,670,300	231,154,091	-241,342,296	26,478,257	278,960,351
Issuance of warrants	0	0	0	0	0
Fair value adjustment on securities available for sale	0	0	0	0	0
Translation reserves	0	0	0	2,678,319	2,678,319
Total recognised income	0	0	80,919,415	0	80,919,415
At 30th June 2010	262,670,300	231,154,091	-160,422,882	29,156,576	362,558,086

16. Capital commitments and guarantees

In connection with Atlantic Petroleum UK Limited's assets in UK area, P/F Atlantic Petroleum has provided the following security towards the UK Department for Energy and Climate Change:

1. A security is provided that P/F Atlantic Petroleum can always provide the necessary finance to enable Atlantic Petroleum UK Limited to fulfil its obligations in the UK area.
2. A security is provided that P/F Atlantic Petroleum will not change Atlantic Petroleum UK Limited's legal rights, so that this Company could not fulfil its obligations.
3. A security is provided that if Atlantic Petroleum UK Limited fails to fulfil its financial obligations, P/F Atlantic Petroleum will undertake to do so.

In its participation in Joint Ventures Atlantic Petroleum and Joint Venture Partners are jointly liable to all commitments made by the Joint Venture.

The Group had capital expenditure committed but not provided in these accounts at 30th June 2010 of approximately DKK 43.5 million. The capital expenditure is in respect of the Group's interests in its exploration, development and production licences.

In accordance with the Group's participation in joint arrangements with other companies, an agreement has been signed whereby the Group is a party to a two and a half year charter contract for the use of a floating production, storage and offloading platform, counting from 20th September 2008. The Group's annual commitment is estimated to USD 4 million.

Also in accordance with the Group's participation in joint arrangements with other companies, an agreement has been signed whereby the Group is a party to a five year charter contract for the use of a floating production, storage and offloading platform, counting from 15th August 2009. The Group's annual commitment is estimated to USD 3.5 million.

In acquiring its interests in certain UK petroleum production licences, the Group has entered into agreements whereby there is an option for the seller to back into 5.515% of the Group's interest in Block 20/2a. The consideration payable would equate to the Group's total exploration costs incurred to the date when the option is exercised. The terms of the



agreement also state that the Group cannot dispose of more than 5.515% of its interest in the Ettrick exploration licence without first obtaining the consent of the seller.

P/F Atlantic Petroleum has two loan facilities that previously were bridge loans but the Company and lenders P/F Eik Banki and P/F Føroya Banki agreed to change part of the loans into long term debt.

According to the agreement DKK 194MM of debt to P/F Eik Banki has been rolled into a five year senior facility expiring 11th December 2014. Further it has been agreed that the Company shall endeavour to pay down the DKK 194MM facility to DKK 130MM by the end of 2010.

P/F Atlantic Petroleum has further agreed with P/F Føroya Banki that the current DKK 50MM credit facility shall be replaced by 1st January 2011 with a new rolling credit facility of DKK 35MM. In 2010 the Company has paid down DKK 9MM on this facility.

P/F Atlantic Petroleum has in connection with the loan facilities, charged the following security to the lenders:

- (i) Its shares in its wholly owned subsidiary Atlantic Petroleum UK Limited; and
- (ii) Its inter-company receivables from Atlantic Petroleum UK Limited
- (iii) That Atlantic Petroleum UK Limited shall ensure that liquidity income into the Company is only used for payments in consent from the lenders
- (iv) P/F Atlantic Petroleum has provided the lenders with a negative pledge
- (v) The terms and conditions for the new rolling credit facility from P/F Føroya Banki of DKK 35MM requires that the drawdown on the credit shall be payable within 3 months cash flow at any time. Further the basis for the credit will be reviewed quarterly.

17. Contingent considerations

The Group holds interests in a UK petroleum production licence which it acquired in 2007. Contingent consideration of up to a maximum amount of approximately DKK 1.8MM (GBP 200,000) is payable contingent on first hydrocarbons being achieved from this licence.