Regal Petroleum
Realising Potential

Press Release

20 April 2012

REGAL PETROLEUM PLC

2011 RESULTS

Regal Petroleum plc ('Regal', 'the Company' or 'the Group'), the AIM-listed (RPT) oil and gas exploration and production group, today announces its audited results for the year ended 31 December 2011.

Principal Developments

Ukraine Operations

- Production resumed in late July 2011, with average production over the five month period to 31 December 2011 at 216,573 m^3/d of gas and 48 m^3/d of condensate (1,653 boepd in total)

- Average production over the three month period to 31 March 2012 at 233,800 m^3/d of gas and 49 m^3/d of condensate (1,769 boepd in total)

- Technical review completed and 2012 investment programme finalised to include two new wells, three work-overs, gas processing plant upgrades and compression installation

- Well SV-53 spudded on 28 February 2012 and well MEX-105 spudded on 17 April 2012

Finance

- Profit for year of $6.4 million (2010: $40.6 million loss) comprising a loss from continuing operations of $3.3 million (2010: $24.8 million loss) and a profit from discontinued operations of $9.7 million (2010: $15.8 million loss) relating to the disposal and impairment of the Group's Romanian and Egyptian interests

- Realised 2011 average gas and condensate price of \$400/Mm^3 and $103/bbl respectively in Ukraine, representing a 57% and 39% increase when compared with 2010

- Realised average gas price for first quarter 2012 of \$425/Mm^3 in Ukraine

Outlook

- Continued development of Ukrainian asset through new wells, work-overs and compression installation

- Facilities upgrades to gas processing facility to improve quality of gas produced and recovery of LPG

The Annual Report and Accounts for 2011, together with the Notice of Annual General Meeting, will be posted to shareholders and published on the Company's website during May 2012.

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Joe Staffurth, BSc Geology, PESGB, AAPG, consultant to the Company, has reviewed and approved the technical information contained within this press release in his capacity as a qualified person, as required under the AIM Rules.

Definitions

km:	kilometres
km^2:	square kilometres
m^3/d:	cubic metres per day
Mm^3:	thousand cubic metres
bbl:	barrel
boepd:	barrels of oil equivalent per day
LPG:	Liquefied Petroleum Gas
$:	United States Dollar

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Chairman's Statement

After the events of 2011, I am pleased to report that the Company is now well placed to continue to focus on the appraisal and development of its resources in Ukraine. The resolution of the main regulatory difficulties faced by Regal in Ukraine, which had arisen in 2010, and the addition of a strong local partner during 2011, together with the resumption of production, has allowed the Company to recommence drilling and field operations, and embark on a strategy that we believe will increase value from our main production and exploration asset.

The Company entered 2011 facing a period without revenue and without a resolution to the dispute with the Ukrainian Ministry of Environmental Protection. In May 2010, the Company had received an order signed by the Minister of Environmental Protection identifying matters purportedly requiring rectification in respect of the Company's compliance with certain legislation in Ukraine relating to its operations at its Mekhediviska Golotvshinska ("MEX-GOL") and Svyrydivske ("SV") gas and condensate fields (the "Ministry Order"). The Ministry Order required a suspension of operations and production at Regal's Ukrainian licences. The Ministry Order was challenged in the Ukrainian Courts, but in November 2010 the Company suspended all of its operations and activities at its MEX-GOL and SV fields, pending the hearing of a further appeal.

Following on from this, Regal sought, and received, a number of approaches in relation to possible offers for the Company and subsequently entered into negotiations with several parties regarding potential corporate options. In December 2010, Energees Management Limited ("Energees"; part of the Smart Holding Group "Smart") made an initial recommended offer to acquire the entire issued, and to be issued, share capital of Regal for a cash consideration of 24 pence per share. After a competitive process with another potential bidder, Energees increased its offer to 38 pence per share and simultaneously scaled back its original offer to a partial offer to acquire up to 70% of Regal's shares on a fully diluted basis. No other formal offers were received. The increased partial offer from Energees was recommended by the Regal Board and closed on 4 March 2011, with Energees acquiring 54% of Regal's issued share capital.

On 7 July 2011, the Company filed new proceedings in the District Administrative Court of Kiev against the Ministry of Environmental Protection and the State Geological Service of Ukraine in respect of the Ministry Order, whilst at the same time making an interim application in the new proceedings seeking a suspension of the Ministry Order. The interim application was granted on 8 July 2011, allowing the Company to implement plans to restart production at its MEX-GOL and SV fields. Production was restarted on 22 July 2011. Regal subsequently received a written decision, dated 18 July 2011, of the District Administrative Court of Kiev in the new proceedings, ruling that the Ministry Order was unlawfully issued and ordering its cancellation. This ruling came into force on 6 August 2011. The Court's decision in favour of the Company to lift the licence suspension has enabled the resumption of all operational activities in Ukraine.

Management's attention, with Energees' support, has been focused on enhancing existing production, consolidating the Company's technical and operational activities in Ukraine and the development of the Company's future investment programme. Having performed a technical review of current well stock, the Company has embarked on an investment programme for 2012 at its MEX-GOL and SV fields in Ukraine. Under this programme two new wells will be drilled, three work-overs will be undertaken, gas processing plant upgrades will commence and compression will be utilised. Of the new wells, SV-53 was spudded on 28 February 2012 and MEX-105 was spudded on 17 April 2012; the work-over of SV-66 has been completed and the well is currently on test.

The Company's profit for the year of $6.4 million includes a profit from discontinued operations of $9.7 million relating principally to the disposal of the Barlad concession in Romania and the East Ras Budran concession in Egypt, although an impairment charge of $0.7 million was recorded within the Company's Romanian subsidiary.

During 2011 the Company has faced some considerable challenges and changes. On behalf of the Board, I would like to thank our staff for the dedication and support they have shown.

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Board Changes

Following the partial acquisition of Regal by Energees, I had the pleasure of welcoming to the Board, Denis Rudev as Executive Director on 1 April 2011 and Alexey Timofeyev and Alexey Pertin as Non-Executive Directors on 28 March 2011 and 1 April 2011, respectively. In accordance with the relationship agreement, announced on 3 March 2011, Energees Investments and JSC Smart Holding UA are entitled to nominate three representatives to the Board.

Robert Wilde stepped down from the Board and from his position as Finance Director following the announcement of the Interim Results on 28 September 2011, and Denis Rudev was appointed to this role. On 20 February 2012, Denis Rudev resigned from the Board and Sergei Glazunov was appointed as a Non-Executive Director, maintaining Energees' representation on the Board.

The Board would like to record its appreciation of the contributions made by Robert Wilde and Denis Rudev to the Company during their respective appointments.

Outlook

Our focus during 2012 will be to drill the SV-53 and MEX-105 wells, and carryout the three planned work-overs. Successful completion of these activities will ultimately enable us to improve our daily production, as well as provide a further understanding of the MEX-GOL and SV reservoir performance.

The upgrades to our gas treatment facility will improve the quality of our gas production and enable us to recover and sell LPG. Based on our current production, and the resultant revenue we receive for our gas and condensate sales, we anticipate we will fund our planned 2012 development programme from existing cash resources and operational revenues.

Subject to positive results from our SV-53 and MEX-105 wells, we would plan to increase the number of rigs we employ on the MEX-GOL and SV fields to more fully develop the reservoir.

Review of Operations

Health, Safety, Environment and Security ("HSES")

Regal is committed to maintaining the highest standards of HSES and the effective management of these areas is an intrinsic element of the overall business ethos. Through strict enforcement of the Company's HSES Management System, together with regular management meetings, training and the appointment of dedicated safety professionals, the Company strives to ensure that the impact of its business activities on its staff, contractors and the environment is as low as is reasonably practicable. Regal reports safety and environmental performance in accordance with the Association of Oil and Gas Producers (OGP) guidelines.

Ukraine

Asset Overview

Regal Petroleum Corporation Limited (a wholly owned subsidiary in the Regal group of companies) holds a 100% working interest and is the operator of the MEX-GOL and SV fields. The licences are the Company's primary assets and extend over a combined area of 269 km², approximately 200 km east of Kiev. The two licences are adjacent and the interests are operated and managed as one field.
The field is located, geologically, towards the middle of the Dnieper-Donets sedimentary basin which extends across most of north-east Ukraine. The vast majority of Ukrainian gas and condensate production lies within this basin. The reservoir comprises a series of gently dipping Carboniferous sandstones of Visean age ("B-Sands") interbedded with shales that form stratigraphic traps at around 4,700 metres below the surface, with a gross thickness between 800 metres and 1,000 metres. Analysis suggests that these deposits range from fluvial to deltaic in origin. Below these reservoirs is a thick sequence of shale above deeper, similar, sandstones which are encountered at a depth of around 5,800 metres. These sands are of Tournasian age ("T-Sands"). Deeper sandstones of Devonian age ("D-Sands") have also been penetrated in the fields.

Operations

Following the suspension of development drilling in 2010, Regal initiated a strategic review of reservoir performance and its business plans which concluded that development of the Ukrainian assets would require further technical studies, including testing of alternative well completion technologies such as hydraulic fracturing, following which the impact, if any, on the Company's estimated reserves and the investment capital required to fund future development could be determined.

After the cancellation of the Ministry Order in July 2011, the Company's focus has been to re-instate and enhance available production. A steady increase in production was observed each month from August to December 2011 while work continued to further improve production rates following the lengthy period the wells had been shut-in.

During 2011, in addition to performing a full technical review of existing wells, one compressor was installed at the MEX-3 well, resulting in increased production. A second compression unit has been purchased and the intention is to install this unit at the gas treatment facility to aid the performance of the lower pressure wells.

As announced in January 2012, the Company has entered into drilling contracts with local Ukrainian contractors for the drilling of two new wells, SV-53 and MEX-105. Combining local drilling expertise with modern technology, the Ukrainian drilling rigs will be supplemented by the use of selected equipment designed to improve drilling operations. The expected result of this hybrid approach is to significantly reduce the capital expenditure for each well. Our medium term development programme, including these two new wells, will focus on production from the shallower B-Sand reservoirs, rather than targeting the deeper T-Sands and D-Sands. This will not exclude further appraisal of these deeper sands at a later date, but our more immediate objective is to increase production from the primary reservoir.

SV-53 was spudded on 28 February 2012 and is scheduled to take 400 days to reach its target depth of 5,450 metres. MEX-105 was spudded on 17 April 2012 and is scheduled to take 350 days to reach its target depth of 5,250 metres. Both wells are targeting the B-Sands.

As part of the 2012 investment programme, the Company intends to carry out work-overs on three existing wells with a view to maintaining and improving production. The first of these work-overs, the installation of a velocity string on well SV-66, has been completed and testing is now underway. Work is expected to commence shortly on the next work-over candidate, GOL-1.

The Company's gas treatment facility is to be upgraded, over two phases, to enhance the facility's overall efficiency and incorporate compression equipment. In addition to enhancing the day-to-day operation of the facility, the upgrade is anticipated to provide financial benefits as well as HSES improvements. This project is expected to take 12 months to complete. Further upgrade work is planned to provide for LPG recovery, reducing the hydrocarbon losses at the gas processing plant and improving the quality of production.

The results from the two new wells, together with the conclusions from other technical studies, will provide additional data on reservoir development and quality and well productivity which will assist with future development planning and reserves estimation.

Production

Production on the field resumed on 22 July 2011 and for the month of August 2011 average production was 198,665 m^3/d of gas and 42 m^3/d of condensate (1,502 boepd in aggregate). The Company's average production over the five month period to 31 December 2011 was 216,573 m^3/d of gas and 48 m^3/d of condensate, which equates to a combined total oil equivalent of 1,653 boepd.

The Company's average production over the three month period to 31 March 2012 was 233,800 m^3/d of gas and 49 m^3/d of condensate, which equates to a combined total oil equivalent of 1,769 boepd.

Romania

The Suceava partnership, in which Regal holds a non-operated 50% interest, successfully drilled well Climauti-1 in the Suceava Block in June 2010. This well was tied into the Bilca gas plant and came on stream on 4 March 2011. The average gross production for March 2012 was 17,960 m^3/d. This asset is intended for divestment.

As announced on 14 February 2011, the Company completed the sale of the Barlad Concession in Romania to Chevron Exploration and Production SRL.

Egypt

As announced on 27 January 2011, Regal entered into a conditional sale and purchase agreement with Apache East Ras Budran Corporation LDC ("Apache") in respect of the Company's 25% non-operated interest in the East Ras Budran Concession, Egypt. Apache was the operator of the concession and held the remaining 75% interest. The transaction was successfully completed on 7 July 2011, following receipt of the necessary approval from the Egyptian Government.

The consideration payable under the sale and purchase agreement was $1,100,000 which, after allowing for working capital adjustments under the joint venture agreement between Regal and Apache, resulted in net receipts to Regal of $640,344.

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Finance Review

The Company's revenue from continuing operations is derived from the sale of its Ukrainian gas and condensate production and the Company has benefited from increased gas and condensate prices during 2011. Despite production being shut-in, due to the Ministry Order until 22 July 2011, revenue for the year to 31 December 2011 was $19.1 million. The production loss resulting from the production suspension together with the recovery of production since resumption meant that volumes of gas and condensate sold decreased 58% and 54% respectively when compared to 2010. This was offset to some extent by the increased gas and condensate prices which averaged $400/Mm^3 and $103/bbl respectively, representing a 57% and 39% increase in the average price received when compared with 2010. During December 2011, the average realised gas price was $413/Mm^3.

There continues to be speculation regarding the renegotiation of the gas supply agreement between Russia and Ukraine and its potential effects on the Ukrainian gas price. No decision has been reached on any adjustment to this agreement and therefore the Company has continued to realise an average gas price of $425/Mm^3 in the first quarter of 2012. It is recognised that this level of realisation may decrease in 2012 due to the negotiations outlined above and the Company has taken this into consideration in its internal projections and budgets.

For the year ended 31 December 2011, the Company realised a profit of $6.4 million (2010: $40.6 million loss) comprising a loss from continuing operations of $3.3 million (2010: $24.8 million loss) relating to operations in Ukraine and head office costs and a profit from discontinued operations of $9.7 million (2010: $15.8 million loss) relating to the disposal and impairment of the Company's Romanian and Egyptian interests.

Administrative expenses of $16.1 million include transaction costs of $4.3 million which are mostly advisers' fees incurred in respect of the competitive takeover process for the acquisition of the Company. This compares to $30.0 million administrative costs in 2010 of which $18.7 million related to the termination of the drilling contracts and the settlement and release of liabilities and securities with Saipem. Cash used in operating activities of $21.4 million includes the settlement of the Saipem liability in February 2011.

The share-based charge of $0.8 million in the income statement is a non-cash item calculated for the period in accordance with the provisions of IFRS 2 and relates to share options issued to Directors and staff. As a result of the successful offer by Energees to shareholders of the Company many of these options automatically vested in March 2011. Due to this event and the expiry of the remaining options, there are no options outstanding over shares in the Company as at 31 December 2011.

Finance income for the year of $1.3 million primarily represents the unwinding of the discount on long-term purchase tax balances at their net present value recoverable from the Ukrainian Government, for which there was an equivalent charge of $4.2 million in 2010.

The income tax credit on continuing operations of $3.5 million (2010: expense of $1.3 million) comprises a current tax expense of $0.4 million and a deferred tax credit of $3.9 million. The deferred tax credit includes the effect of disclaiming certain capital allowances relating to the Ukrainian oil and gas asset, as well as other temporary differences arising in the current year.

Profits from discontinued operations are attributable to gains from the sale of the Company's Barlad concession in Romania of $10.4 million and from the sale of the Company's East Ras Budran concession in Egypt of $0.4 million. These gains are offset against a loss of $1.1 million arising from the Company's subsidiary, Regal Petroleum Romania SRL, which includes the Suceava concession and has been classified as an asset held for sale. This reclassification has arisen as the Company expects the value of this asset to be realised through sale. Cash proceeds net of expenses and taxes from the sale of the Barlad and East Ras Budran concessions were $23.3 million. In relation to the sale of the Barlad concession, the Company remitted purchase tax to the Romanian authorities of $3.2 million, and the Company anticipates recovery of this purchase tax during 2012.

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Due to the low level of development activity in the first half of the year owing to the suspension of all production and operational activities, capital expenditure for 2011 was limited to $1.3 million compared to the $86.5 million invested during 2010. The increase in current trade and other receivables to $16.7 million for 2011, from $6.4 million in 2010, is principally attributed to the anticipated recovery of purchase tax from the Romanian authorities mentioned above, together with the expected purchase tax balances recoverable in Ukraine during 2012.

Cash held at 31 December 2011 of $19.7 million primarily reflects renewed operational cash generated following the resumption of production, together with proceeds from the Barlad and East Ras Budran disposals. The Company's current cash position and positive operating cash flow are the sources from which management expects the 2012 capital investment programme will be funded.

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Regal Petroleum plc
Consolidated Income Statement
for the year ended 31 December 2011

	Note	2011 $000	2010 $000
Continuing operations			
Revenue	2	**19,069**	29,033
Cost of sales		**(10,125)**	(13,454)
Gross profit		**8,944**	15,579
Share-based charge		**(780)**	(2,687)
Other administrative expenses		**(16,099)**	(30,024)
Total administrative expenses		**(16,879)**	(32,711)
Operating loss		**(7,935)**	(17,132)
Interest income		**253**	414
Other finance income		**1,085**	-
Finance costs		**(282)**	(4,445)
Other gains and losses		**114**	(2,326)
Loss on ordinary activities before taxation		**(6,765)**	(23,489)
Income tax credit / (expense)		**3,460**	(1,317)
Loss for the year from continuing operations		**(3,305)**	(24,806)
Discontinued operations			
Profit / (loss) for the year from discontinued operations	3	**9,713**	(15,770)
Profit / (loss) for the year		**6,408**	(40,576)
Loss per ordinary share (cents) from continuing operations			
Basic and diluted		**(1.0)c**	(5.0)c
Profit / (loss) per ordinary share (cents) from total operations			
Basic and diluted		**2.0c**	(12.8)c

Regal Petroleum plc
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2011

	2011 $000	2010 $000
Equity – foreign currency translation	**(8)**	(1,740)
Net expense recognised directly in equity	**(8)**	(1,740)
Profit / (loss) for the year	**6,408**	(40,576)
Total comprehensive profit / (loss) for the year	**6,400**	(42,316)

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Regal Petroleum plc
Consolidated Balance Sheet
at 31 December 2011

	Note	**2011 $000**	2010 $000
Assets			
Non-current assets			
Intangible assets		**84**	2,347
Property, plant and equipment		**225,300**	229,675
Trade and other receivables		**12,207**	18,112
		237,591	250,134
Current assets			
Inventories		**9,139**	9,689
Assets classified as held for sale	3	**786**	11,202
Trade and other receivables		**16,734**	6,376
Other financial assets		**-**	1,547
Cash and cash equivalents		**19,694**	23,265
		46,353	52,079
Total assets		**283,944**	302,213
Liabilities			
Current liabilities			
Trade and other payables		**(2,370)**	(24,982)
Current tax liabilities		**(41)**	-
Provisions		**(454)**	-
Liabilities directly associated with assets classified as held for sale	3	**(12)**	(125)
		(2,877)	(25,107)
Net current assets		**43,476**	26,972
Non-current liabilities			
Trade and other payables		**(9)**	(21)
Provisions		**(6,372)**	(5,885)
Deferred tax		**(2,468)**	(6,345)
		(8,849)	(12,251)
Total liabilities		**(11,726)**	(37,358)
Net assets		**272,218**	264,855
Equity			
Called up share capital		**28,115**	27,932
Share premium account		**555,090**	555,090
Other reserves		**4,433**	15,617
Retained deficit		**(315,420)**	(333,784)
Total equity		**272,218**	264,855

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Regal Petroleum plc
Consolidated Cash Flow Statement
for the year ended 31 December 2011

	Note	2011 $000	2010 $000
Operating activities			
Cash (used in) / from operations	4	**(21,365)**	14,348
Interest paid		**(34)**	(38)
Taxation paid		**(182)**	(1,285)
Interest received		**256**	-
Net cash (used in) / from operating activities		**(21,325)**	13,025
Investing activities			
Proceeds from sale of discontinued operations	3	**23,283**	-
Purchase tax payment relating to sale of discontinued operation	3	**(3,219)**	-
Purchase of property, plant and equipment		**(4,136)**	(78,436)
Increase in related purchase tax receivable		**(396)**	(11,192)
Purchase of intangible assets		**(255)**	(4,447)
Purchase of materials inventory		**(971)**	(11,151)
Proceeds from sale of materials inventory		**1,427**	-
Proceeds from sale of property, plant and equipment		**5**	1
Net cash provided by / (used in) investing activities		**15,738**	(105,225)
Financing activities			
Proceeds from issue of shares		**183**	222
Interest received on surplus funds from share issue		**-**	420
Decrease / (increase) in other financial assets*		**1,547**	(1,547)
Net cash from / (used in) financing activities		**1,730**	(905)
Net decrease in cash and cash equivalents		**(3,857)**	(93,105)
Cash and cash equivalents at beginning of year		**23,265**	118,592
Effect of foreign exchange rate changes		**297**	(2,222)
Cash and cash equivalents at end of year		**19,705****	23,265

* Represents the movement of funds held in escrow.
** Includes cash and cash equivalents classified as held for sale of $11,000.

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Regal Petroleum plc
Consolidated Statement of Changes in Equity
at 31 December 2011

	Share capital $000	Share premium account $000	Equity share option reserve $000	Merger reserve $000	Capital contributions $000	Foreign exchange reserve $000	Retained deficit $000	Total $000
At 1 January 2010	27,710	555,090	17,591	(3,204)	7,477	1,908	(302,310)	304,262
Retained loss for the year	-	-	-	-	-	-	(40,576)	(40,576)
Current year IFRS 2 charge	-	-	2,687	-	-	-	-	2,687
Exchange differences	-	-	-	-	-	(1,740)	-	(1,740)
Transfer for options exercised or expired	222	-	(9,102)	-	-	-	9,102	222
At 31 December 2010	27,932	555,090	11,176	(3,204)	7,477	168	(333,784)	264,855

	Share capital $000	**Share premium account $000**	**Equity share option reserve $000**	**Merger Reserve $000**	**Capital contributions $000**	**Foreign exchange reserve $000**	**Retained deficit $000**	**Total $000**
At 1 January 2011	**27,932**	**555,090**	**11,176**	**(3,204)**	**7,477**	**168**	**(333,784)**	**264,855**
Retained profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**6,408**	**6,408**
Current year IFRS 2 charge	**-**	**-**	**780**	**-**	**-**	**-**	**-**	**780**
Exchange differences	**-**	**-**	**-**	**-**	**-**	**(8)**	**-**	**(8)**
Transfer for options exercised or expired	**183**	**-**	**(11,956)***	**-**	**-**	**-**	**11,956**	**183**
At 31 December 2011	**28,115**	**555,090**	**-**	**(3,204)**	**7,477**	**160**	**(315,420)**	**272,218**

* The partial acquisition of the Company by Energees Management Limited in March 2011 triggered the automatic vesting of share options.

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Notes forming part of the financial information

1. Statutory Accounts

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2011 or 2010, but is derived from those accounts. The Auditor's Report on the 2011 accounts was unqualified, did not contain an emphasis of matter, and did not contain statements under sections 498(2) or (3) of the Companies Act 2006. The statutory accounts for 2011 will be delivered to the Registrar of Companies following the Company's annual general meeting.

While the financial information included in this preliminary announcement has been prepared in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company expects to distribute the full financial statements that comply with IFRS in May 2012.

2. Segmental Information

	Ukraine 2011 $000	United Kingdom 2011 $000	Total continuing operations 2011 $000	Egypt 2011 $000	Romania 2011 $000	Total discontinued operations 2011 $000	Total 2011 $000
Turnover							
Gas sales	13,961	-	13,961	-	473	473	14,434
Condensate sales	5,108	-	5,108	-	-	-	5,108
Total sales (incl. sales to third parties)	19,069	-	19,069	-	473	473	19,542
Impairment loss	-	-	-	-	(655)	(655)	(655)
Segment result	8,228	(11,098)*	(2,870)	360	(1,752)	(1,392)	(4,262)
Depreciation and amortisation			(4,285)			-	(4,285)
Share-based charge			(780)			-	(780)
Operating loss			(7,935)			(1,392)	(9,327)
Segment assets	262,966	20,192	283,158	-	786	786	283,944
Capital additions	994	15	1,009	7	294	301	1,310

* including transaction costs of $4.3 million.

There are no inter-segment sales within the Group and all products are sold in the geographical region they are produced in. The Group's gas sales from continuing operations of $13,961,000 (2010: $21,086,000) are with one single external party with which the Group has an agreement. Total of revenue generated from operating and interest revenue is $19,322,000 (2010: $29,447,000).

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	Ukraine 2010 $'000	United Kingdom 2010 $'000	Total continuing operations 2010 $'000	Egypt 2010 $'000	Romania 2010 $'000	Total discontinued operations 2010 $'000	Total 2010 $'000
Turnover							
Gas sales	21,086	-	21,086	-	-	-	21,086
Condensate sales	7,947	-	7,947	-	-	-	7,947
Total sales (incl. sales to third parties)	29,033	-	29,033	-	-	-	29,033
Impairment loss	-	-	-	(4,376)	(10,928)	(15,304)	(15,304)
Segment result	8,819	(18,491)*	(9,672)	(4,556)	(11,210)	(15,766)	(25,438)
Depreciation and amortisation			(4,773)			(4)	(4,777)
Share-based charge			(2,687)			-	(2,687)
Operating loss			(17,132)			(15,770)	(32,902)
Segment assets	260,602	26,992	287,594	1,105	13,514	14,619	302,213
Capital additions	82,793	117	82,910	82	3,480	3,562	86,472

* including $11.9 million to release the Company from obligations and liabilities between Saipem and Regal.

3. Discontinued operations

On 27 January 2011, the Group entered into a conditional sale and purchase agreement with Apache East Ras Budran Corporation LDC ("Apache") in respect of its 25% non-operated interest in the East Ras Budran Concession in Egypt. The consideration payable under the sale and purchase agreement was $1,100,000, subject to working capital adjustments under the existing joint venture between the Group and Apache, which resulted in net receipts to the Group of $640,344 at closing of the sale on 7 July 2011. No material gain or loss arose on this transaction in 2011 as the asset had been written down to the sale price in 2010, resulting in an impairment charge of $4,376,000.

On 29 September 2010, the Company entered into a conditional sale and purchase agreement with Chevron Romania Exploration and Production BV for the sale of Regal's 100 per cent owned Barlad Concession in Romania for a cash consideration of $25.0 million. The sale was completed on 14 February 2011, with sales proceeds received, net of taxes and associated costs, amounting to $22.7 million. Associated recoverable purchase tax payments of $3.2 million were made, and are included in trade and other receivables due in less than one year (net of subsequent exchange losses of $0.4 million). The asset was classified as held for sale in the December 2010 accounts.

The Directors are of the opinion that the assets of Regal Petroleum Romania SRL, through which the Group holds its remaining interests in Romania, will be recovered through corporate sale rather than continued use and intend to divest of their interest in the concession, which the subsidiary holds. This is anticipated to happen within one year and based on the Board's assessment of market value, has resulted in an impairment charge on the Group's Suceava concession in Romania of $655,000. An impairment charge of $10,928,000 was recorded in 2010 for the Suceava concession based on the latest estimates of the fair value less cost to sell at the time, which in turn was based on an estimate of the net present value of a discovery within the concession.

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The assets and liabilities of Regal Petroleum Romania SRL have been classified as held for sale as at December 2011.

The results of these discontinued operations are shown below.

	2011 $000	2010 $000
East Ras Budran (Egypt)		
Income / (expenses)	**360**	(4,556)*
Net profit / (loss) attributable to discontinued operation	**360**	(4,556)

* Including an impairment charge of $4,376,000.

	2011 $000	2010 $000
Barlad (Romania)		
Expenses	**(719)**	-
Attributable tax expense	**-**	-
Profit on disposal of discontinued operation	**13,150**	-
Attributable tax expense	**(2,016)**	-
Net profit attributable to discontinued operation	**10,415**	-

	2011 $000	2010 $000
Regal Petroleum Romania SRL*		
Revenue	**473**	-
Expenses**	**(1,506)**	(11,214)
Loss before tax	**(1,033)**	(11,214)
Attributable tax expense	**(29)**	-
Net loss attributable to discontinued operation	**(1,062)**	(11,214)

* Excludes results associated with the Barlad concession, which are shown separately above.
** Including impairment charge of $655,000 in 2011 (2010: $10,928,000).

Cash flows for the periods are summarised below:

	2011 $000	2010 $000
East Ras Budran (Egypt)		
Operating activities	**(29)**	(29)
Investing activities		
- net proceeds from sale of discontinued operation	**632**	-
- other	**(7)**	(39)
	596	(68)

	2011 $000	2010 $000
Barlad (Romania)		
Operating activities	**(719)**	-
Investing activities		
- net proceeds from sale of discontinued operation	**22,651**	-
- other	**(3,219)**	(2,922)
	18,713	(2,922)

	2011 $000	2010 $000
Regal Petroleum Romania SRL*		
Operating activities	**(349)**	(325)
Investing activities	**(224)**	(1,468)
	(573)	(1,793)

* Excludes cash flows associated with the Barlad concession, which are shown separately above.

4. Reconciliation of Operating Loss to Operating Cash Flow

	2011 $000	2010 $000
Operating loss from continuing operations	**(7,935)**	(17,132)
Operating loss from discontinued operations	**(1,392)**	(15,770)
Depreciation, amortisation and impairment charges	**4,940**	20,081
Loss on disposal of intangible assets	**6**	-
Loss on disposal of property, plant and equipment	**21**	-
Write down of inventory (including discontinued operations)	**1,307**	3,667
Movement in provisions	**693**	(102)
Share option charge	**780**	2,687
Decrease / (increase) in condensate stock	**163**	(44)
Decrease in debtors	**956**	3,795
(Decrease) / increase in creditors	**(20,904)**	17,166
Cash (used in) / from operations	**(21,365)**	14,348

5. Post Balance Sheet Events

There are no events after the balance sheet date which require adjustment or disclosure in these financial statements.