

P/F ATLANTIC PETROLEUM

Condensed Consolidated Interim Report

For the 9 months ended 30th September
2011



ATLANTIC PETROLEUM



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Report for 3Q 2011

The Company's cash position was further strengthened in 3Q with end of quarter cash at hand being DKK 158.4MM. Shareholders equity is for the first time ever above DKK 400MM. Operating profit (EBIT) in 3Q 2011 was DKK 32.1MM (3Q 2010: DKK 35.6MM). Operating profit for the first nine months of 2011 was DKK 109.1MM (The first nine months of 2010: DKK 93.6MM).

HIGHLIGHTS

Operational

- Total production in the first nine months of 2011 was 558,000 boe (barrels of oil equivalent) corresponding to an average of 2,044 boepd (barrels of oil equivalent per day) net to Atlantic Petroleum
- Production from the Ettrick field in the 3Q was as expected constrained by shutdowns for annual maintenance and the tie in of the Blackbird field
- The Chestnut field is producing at reduced rates until the water injection capability is re-instated. Full production is expected to re-commence later in 2011 when the water injection well has been side-tracked
- Blackbird tie-in to the Ettrick field is progressing well and first oil is expected in 4Q 2011
- The Perth Field Development Plan was submitted to the authorities for consent on the 30th September
- Atlantic Petroleum participated in the Foxtrot exploration well on UK licence P.1716. The well encountered water wet sands at the Bunter horizon. The well was suspended on the 20th August with a view to later re-entry if technical work confirms that a deeper Rotliegend target is viable

Financial

- Operating profit (EBIT) in 3Q 2011 of DKK 32.1MM (3Q 2010: DKK 35.6MM) and DKK 109.1MM in the first nine months of 2011 (The first nine months of 2010: DKK 93.6MM)
- Profit before taxation in 3Q 2011 of DKK 43.5MM (3Q 2010: DKK 4.1MM) and DKK 101.6MM in the first nine months of 2011 (The first nine months of 2010: DKK 109.2MM)
- Net cash from operating activities in first nine months of 2011 DKK 234.7MM (First nine months 2010: DKK 176.7MM)
- Cash position at end September 2011 was DKK 158.4MM (At year end 2010: DKK 74.3MM)
- Bank debt of DKK 140.6MM at end September 2011 (At year end 2010: DKK 162.3MM)
- Total assets at end September 2011 of DKK 757.9MM (At year end 2010: DKK 671.8MM)
- Total shareholder's equity at end September 2011 of DKK 403.0MM (At year end 2010: DKK 377.9MM)
- The Company holds 130,514 of own shares corresponding to 4.98% of Company shares, equating to DKK 17.1MM. At the end of September 2011 the share price was DKK 131.00



2011 OUTLOOK

Operational

- Production in 2011 is expected to be in the range 2,000 - 2,300 boepd - compared to previous guidance of 2,100 - 2,600 boepd. The reason for lower than initially expected production is mainly due to deferred production from the Chestnut field pending restoration of water injection
- The re-entering of the Chestnut water injection in order to side-track the well has commenced. The plan is to re-establish water injection later this year and re-instate production from both wells.
- A second water injection well on the Etrick field will also be drilled. It is expected to commence drilling in December 2011 or early 2012
- The Blackbird field development is progressing well and first oil is expected in 4Q 2011
- The Perth Field Development Plan was submitted to the UK authorities on the 30th September 2011. Consent to the plan is expected in approximately six months. The plan envisages the initial phase of development to consist of three production wells and two water injection wells tied back to a floating production storage and offloading vessel (FPSO)
- The drilling of an exploration well on the Orchid prospect on UK licence P.1556 where Atlantic Petroleum has a 10% working interest, and initially expected to spud in October, is now expected to spud in December 2011 due to the late arrival of the semi-submersible drilling rig Sedco 711

Financial

- Operating profit (EBIT) for the year 2011 is expected to be in the upper range of our previous guidance of DKK 90MM – DKK 150MM
- Investments in exploration and appraisal activities are estimated to be around DKK 50MM for the whole year 2011
- Investments in field developments and producing assets are estimated to be around DKK 135MM for the whole year 2011
- The Company's bank debt is expected to be reduced by around DKK 50MM in 2011
- The Company has engaged in oil price hedging to secure a more stable revenue stream. Approximately 27% of current production has been hedged 12 months ahead. Average oil price hedged at is USD 106 per barrel



COMPARISON FIGURES

Summary of figures for 3Q 2011, the first nine months of 2011 and comparison figures for the previous year:

Key numbers/figures	3 months 30 th September 2011	3 months 30 th September 2010	9 months 30 th September 2011	9 months 30 th September 2010	Full year 2010
DKK 1,000					
Profit and loss:					
Revenue	95,937	106,240	336,980	287,331	422,470
Gross profit	39,528	40,625	135,108	106,164	166,030
Operating profit (EBIT)	32,091	35,573	109,076	93,646	147,331
Profit before taxation	43,460	4,084	101,641	109,172	163,083
Profit after taxation	20,477	-8,775	40,699	72,145	109,107
Balance sheet:					
Non-current assets	541,341	553,134	541,341	553,134	516,810
Current assets	216,599	78,017	216,599	78,017	155,012
Total assets	757,940	631,152	757,940	631,152	671,821
Current liabilities	93,367	93,277	93,367	93,277	113,458
Non-current liabilities	261,534	189,266	261,534	189,266	180,463
Total liabilities	354,901	282,543	354,901	282,543	293,921
Net assets/equity	403,039	348,609	403,039	348,609	377,901
Cash Flow and debt:					
Cash generated from operations	66,608	43,940	234,731	176,702	239,686
Change in cash and cash equivalents	35,053	-17,449	73,027	13,549	55,054
Bank debt	140,546	163,014	140,546	163,014	162,303
Financial statement related key figures:					
Gross Margin % (Gross profit or loss / Sales)	41.2%	38.2%	40.1%	36.9%	39.3%
EBIT Margin % (Operating Margin) (EBIT/Sales)	33.4%	33.5%	32.4%	32.6%	34.9%
EBITDA Margin % (EBITDA/Sales)	63.9%	59.3%	60.9%	61.4%	34.9%
Return on Equity (ROE) % (Profit for the period excl. Minorities/Average Equity excl. Minorities)	5.3%	-2.4%	10.4%	22.0%	33.2%
Share related key figures:					
Earnings per share Basic	7.80	-3.34	15.49	27.47	41.54
Earnings per share Diluted	8.23	-3.34	15.89	27.47	41.54
Share price at end of period OMX CPH/IS DKK/Share	131.00/ 132.00	156.00/ 160.50	131.00/ 132.00	156.00/ 160.50	217.00/ 217.50
Other key numbers/ figures:					
Full time equivalent positions	10	7	9	7	8
Production (working interest) (boepd)	1,401	2,914	2,044	2,519	2,630



STATUS ON LICENCES

A brief outline of the status and forward program for the licences, as of 2nd November 2011, in which Atlantic Petroleum participates is shown below:

United Kingdom

Production

- Atlantic Petroleum produced a total of 558,000 boe net from the two producing fields Chestnut and Etrick during the first three quarters of 2011. This resulted in an average daily production of 2,044 boepd to the Company
- UK Licence P.354, Block 22/2a: The Chestnut field is constrained due to reduced water injection capability. Production has been reduced to maintain the reservoir pressure. Water injection will be re-instated and full production from both production wells resumed when the water injector has been side-tracked. Full production is expected to re-commence in 4Q 2011

Atlantic Petroleum Group holds 15.00% equity in this licence

- UK Licences P.273 & P.317, Blocks 20/3a & 20/2a: Production from the Etrick field for the third quarter was affected by the scheduled shutdowns for annual maintenance and the tie in of the Blackbird field

Atlantic Petroleum Group holds 8.27% equity in these licences

Appraisal and Development

- UK Licences P.273, P.317 & P.1580, Blocks 20/3a, 20/2a & 20/3f: The Blackbird field development is nearing completion; first oil is expected in December 2011. The field is being developed as a subsea tie-back to the Etrick field. The initial phase of development consists of a single production well and a water injection well. The water injection well is planned to be drilled in 2Q 2012

Atlantic Petroleum Group holds 9.40% equity in this development.

- UK Licences P.218 & P.588, Blocks 15/21a, b, c & f: The Perth field development plan was submitted to the authorities for approval on the 30th September 2011. The proposed field development utilises a Floating Production Storage and Offloading vessel (FPSO). The field will be developed using three producing wells and two water injection wells. First oil production is scheduled for 2014

Atlantic Petroleum Group holds 10.80% equity in these licences

- UK Licence P.1047, Block 20/3c: The licence contains the Marten 20/3-4 discovery well, drilled in 1984 by Amoco. Options for development are being considered either as a tie-back to nearby producing fields or as a standalone facility, along with other sour oil fields in the area. In April 2010 DECC granted a two year extension to the licence, such that the expiry date is extended to July 2012. It is hoped that synergy with the Ferret/Polecat discovery, that was successfully appraised in 2010 and 2011, will lead to a joint development

Atlantic Petroleum Group holds 17.50% equity in this licence

Exploration

- UK Licence P.1556, Block 29/1c, Orchid: Atlantic Petroleum farmed into this licence effective 1st March 2011. The Orchid prospect is planned to be drilled in 4Q 2011 and has an estimated P50 resource size of 5.7 MMbbl net to Atlantic Petroleum

Atlantic Petroleum Group holds 10.00% equity in this licence

- UK Licence P.1655, Blocks 15/21g & part of 15/21a, Spaniards/Gamma: In June 2011, the P.218 partners agreed to cross assign part of block 15/21a with the EnCore operated P.1655 block 15/21g. The EnCore group plan to drill a well in 2012, carrying the 15/21a group 100%. The legalities and final DECC approvals have not yet been completed

Atlantic Petroleum Group will hold 3.24% equity in this licence



- UK Licence P.1716, Blocks 49/29e & 49/30b, Foxtrot: The 49/30b10 Foxtrot exploration well was spudded on 5th August 2011 and suspended on 27th August. The target reservoir was found to be water wet. The well has been suspended so it can potentially be re-entered to drill to a deeper target in 2012

Atlantic Petroleum Group holds 35.00% equity in this licence

- UK Licence P.1724, Block 43/13b Pegasus: Licence contains the 43/13b-6 & -6Z discovery drilled in 2010 - 2011. Regional technical work is on-going with a view to further appraising the Pegasus West structure in 2012

Atlantic Petroleum Group holds 10.00% equity in this licence

- UK Licence P.1729, Block 43/23, Trent West: Licence contains the 43/23-3 Trent West discovery. Regional technical work is on-going interpreting a newly purchased seismic dataset

Atlantic Petroleum Group holds 10.00% equity in this licence

- UK Licence P.1730, Blocks 44/7, 44/8 & 44/9, North of Cygnus: Licence contains a series of prospects, on which regional technical work has been carried out. This licence is currently being offered to the industry as a farmout

Atlantic Petroleum Group holds 100.00% equity in this licence

- UK Licence P.1734, Block 48/8c, Endymion: Licence contains the Endymion prospect and Mimas discoveries, on which technical work is on-going

Atlantic Petroleum Group holds 10.00% equity in this licence

Ireland

- Standard Exploration Licence 2/07, part Blocks 49/9,13,14,18,19, 50/6,7,11: This licence includes four discoveries (Helvick, Hook Head, Ardmore and Dunmore). The work programme consists of reviewing the potential of utilising innovative production technology for marginal oil field developments along with other technical studies on the licence

Atlantic Petroleum Group holds 18.33% equity in Hook Head, Helvick & Dunmore and 13.75% in Nemo

Faroe Islands

- Licence 006, Blocks 6104/16a,21 & 6105/25: The Brugdan exploration well was drilled in 2006 and was plugged and abandoned with minor gas shows. Due to mechanical issues, this well was abandoned prior to drilling into one of the secondary targets. A well is being planned to address this and will target the Vaila Formation. The Brugdan Deep or Brugdan II well is planned to be spudded 2Q 2012 and has an estimated P50 resource size of 46 Bcf net to Atlantic Petroleum

Atlantic Petroleum Group holds 1.00% equity in this licence

- Licence 014, Block 6104/14: The Joint Venture agreed a work programme of acquiring infill 2D seismic and the creation of a pseudo 3D volume which has to be carried out prior to 17th January 2013

Atlantic Petroleum Group holds 40.00% equity this licence

- Licence 016, Blocks 6201/1a,2a,6a, 6202/4,5,6,7,8,9,10a,11,12,13a,14a,15a,16,17,18a,21a,22a, 6203/13,14,15,16,17,18,19,20,21,22,23,24 & 25: Atlantic Petroleum was awarded this license in December 2008 as part of the 3rd Faroese Licensing Round. It contains a large four-way dip closed structure called Kúlubøkan, with potential at various stratigraphic levels. Interpretation work is still on-going. A decision will be made in December 2011 as to whether the licence will be extended by shooting additional seismic data and ultimately drill a well

Atlantic Petroleum Group holds 10.00% equity in this licence



POST BALANCE SHEET EVENTS

No post balance sheet events have occurred since end of third quarter 2011.



ENDORSEMENT AND SIGNATURES OF THE MANAGING DIRECTORS AND THE BOARD OF DIRECTORS

The Condensed Consolidated Interim Report for the first nine months of 2011 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 September 2011, and of the results of the Group's operations and cash flow for the period 1st January – 30th September 2011.

Tórshavn 2nd November 2011

Management:

Ben Arabo
CEO

Board of Directors:

Birgir Durhuus
Chairman

Jan E. Evensen
Deputy Chairman

Poul R. Mohr

Diana Leo

David A. MacFarlane



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 September 2011, and the related condensed consolidated statements of income and cash flows and notes for the three months ended 30th September 2011.

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 September 2011, and of the results of its operations and its cash flows for the three months ended 30th September 2011 in accordance with International Financial Reporting Standards 34 "Interim Financial Reporting" as adopted by the European Union.

Tórshavn, 2nd November 2011

SP/F Grannskoðaravirkid *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 September 2011

	Note	3 months to 30 th September 2011 DKK	3 months to 30 th September 2010 DKK	9 months to 30 th September 2011 DKK	9 months to 30 th September 2010 DKK
Revenue		95,936,931	106,240,234	336,980,009	287,331,228
Cost of sales	3	-56,408,473	-65,615,415	-201,872,223	-181,167,704
Gross profit		39,528,458	40,624,819	135,107,786	106,163,524
Exploration expense		-247,832	7,534	-6,572,782	0
Pre-licence exploration costs		-570,776	-824,344	-1,075,382	-1,132,922
General and administration costs		-6,619,207	-4,235,219	-18,384,060	-11,407,527
Other operating income		0	0	0	22,552
Operating profit	4	32,090,642	35,572,790	109,075,561	93,645,627
Interest revenue and finance gains	5	1,638,009	-18,311,089	13,356,973	37,478,964
Interest expenses and other finance costs		9,731,564	-13,177,227	-20,791,381	-21,952,572
Profit before taxation		43,460,215	4,084,475	101,641,154	109,172,020
Taxation	6	-22,982,900	-12,859,006	-60,941,858	-37,027,136
Profit after taxation		20,477,315	-8,774,531	40,699,296	72,144,884

Earnings per share (DKK):

Basic	14	7.80	-3.34	15.49	27.47
Diluted	14	8.23	-3.34	15.89	27.47

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30th September 2011

	9 months to 30 th September 2011 DKK	9 months to 30 th September 2010 DKK
Profit for the period	40,699,296	72,144,884
Exchange rate differences	-371,679	-3,327,576
Fair value adjustment on securities available for sale for the period	0	83,885
Warrants expired	0	747,269
Value of futures contracts	12,116,861	0
Own shares	-36,036,000	0
Own shares sold	8,730,110	0
Changes in comprehensive income in the period	25,138,588	69,648,462

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the period ended 30th September 2011

	Share capital DKK	Own shares DKK	Share premium account DKK	Retained earnings DKK	Translation reserves DKK	Total DKK
At 1st January 2010	262,670,300	0	231,154,091	-241,344,373	26,480,334	278,960,352
Fair value adjustment on securities available for sale	0	0	0	83,885	0	83,885
Translation reserves	0	0	0	-11,107	-10,238,805	-10,249,911
Total recognised income	0	0	0	109,106,563	0	109,106,563
At 1st January 2011	262,670,300	0	231,154,091	-132,165,032	16,241,530	377,900,888
Translation reserves	0	0	0	0	11,745,182	11,745,182
Total recognised income	0	0	0	40,699,296	0	40,699,296
Own shares bought (173,250 shares)	0	-36,036,000	0	0	0	-36,036,000
Own shares sold (42,736 shares)	0	8,730,110	0	0	0	8,730,110
At 30th September 2011	262,670,300	-27,305,890	231,154,091	-91,465,736	27,986,712	403,039,477

**CONSOLIDATED BALANCE SHEET**As at 30th September 2011

	Note	At 30 th September 2011 DKK	At 31 st December 2010 DKK
Non-current assets			
Goodwill	15	10,157,161	0
Intangible assets		656,707	207,982
Intangible exploration and evaluation assets	7,15	111,906,611	109,483,257
Development and production assets	8	417,796,990	403,114,504
Property plant and equipment	9	824,030	491,772
Deferred tax asset		0	3,512,012
		541,341,498	516,809,527
Current assets			
Inventories		7,587,988	11,521,499
Trade and other receivables	10	45,297,515	69,193,151
Financial asset		5,336,288	0
Cash and cash equivalents		158,376,879	74,297,295
		216,598,670	155,011,945
Total assets		757,940,168	671,821,471
Current liabilities			
Short term debt	12	43,045,889	84,568,460
Trade and other payables	11	50,320,810	22,046,265
Financial liabilities		0	6,843,115
		93,366,699	113,457,839
Non-current liabilities			
Deferred tax liability		59,029,636	0
Long term debt	12	97,500,000	97,500,000
Long term provisions		105,004,357	82,962,744
		261,533,993	180,462,744
Total liabilities		354,900,692	293,920,583
Net assets		403,039,476	377,900,888
Equity			
Share capital		262,670,300	262,670,300
Own shares		-27,305,890	0
Share premium account		231,154,090	231,154,090
Translation reserves		27,986,713	16,241,529
Retained earnings		-91,465,736	-132,165,031
		403,039,476	377,900,888

**CONSOLIDATED CASH FLOW STATEMENT**For the period ended 30th September 2011

	9 months to 30th September 2011 DKK	9 months to 30th September 2010 DKK
Operating activities		
Operating profit	109,075,561	93,645,624
Allocated consolidated capitalised interest	4,402,455	3,728,409
Disposal of licences	6,573,062	0
Depreciation, depletion and amortisation	96,020,692	82,713,354
Change in intangible and property, plant and equipment	-818,357	-188,901
Change in Inventories	3,323,399	-67,955
Change in trade and other receivables	14,739,119	10,629,822
Change in trade and other payables	8,849,311	3,920,111
Interest revenue and finance gains received	13,356,973	4,273,678
Interest expenses and other finance costs paid	-20,791,381	-21,952,572
Net cash from operating activities	234,730,835	176,701,570
Investing activities		
Capital expenditure	-93,056,188	-66,933,005
Net cash from investing activities	-93,056,188	-66,933,005
Financing activities		
Own shares	-27,305,890	0
Decrease in short term debt	-41,341,933	-61,204,857
Decrease in long term debt	0	-35,000,000
Realised securities	0	-15,057
Net cash from financing activities	-68,647,823	-96,219,915
Increase/Decrease in cash and cash equivalents		
	73,026,824	13,548,650
Cash and cash equivalents at the beginning of the period	85,242,427	18,802,488
Currency translation differences	107,629	-440,279
Cash and cash equivalents at the end of the period	158,376,879	31,910,859



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 Iceland and NASDAQ OMX 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 2010 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 2010.

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 2010, however accounting policies on goodwill and impairment of goodwill have been added as follows:

Goodwill

Goodwill is initially recognised and measured as the difference between on the one hand, the cost price of the acquired company, the value of minority interests in the acquired company and the acquisition-date fair value of previously held equity interests, and, on the other hand, the fair value of the acquired assets, liabilities and contingent liabilities.

When recognising goodwill, the goodwill amount is allocated to those of the Group's activities that generate independent cash flows (cash flow generating units). The definition of cash generating units is in accordance with the internal managerial accounting and reporting in the Group. Goodwill is not amortised but is tested for impairment at least once a year.



3. Cost of sales

	3 months to 30 th September 2011 DKK	3 months to 30 th September 2010 DKK	9 months to 30 th September 2011 DKK	9 months to 30 th September 2010 DKK
Operating costs	-31,119,626	-33,316,109	-102,049,232	-94,699,856
Amortisation and depreciation, plant and equipment: Oil and gas properties	-25,288,847	-32,299,306	-99,822,990	-86,467,848
	-56,408,473	-65,615,415	-201,872,223	-181,167,704

4. Geographical segmental analysis

	3 months to 30 th September 2011 DKK	3 months to 30 th September 2010 DKK	9 months to 30 th September 2011 DKK	9 months to 30 th September 2010 DKK
Revenues by origin and destination				
Faroe Island	0	0	0	0
United Kingdom	95,936,931	106,240,234	336,980,009	287,331,228
Ireland	0	0	0	0
	95,936,931	106,240,234	336,980,009	287,331,228
Operating profit/loss by origin				
Faroe Island	-3,666,677	-3,194,931	-16,680,112	-7,860,008
United Kingdom	35,799,289	38,885,293	125,917,102	101,639,712
Ireland	-41,970	-117,571	-161,429	-134,076
	32,090,642	35,572,790	109,075,561	93,645,627

5. Finance and interest income and expenses

	3 months to 30 th September 2011 DKK	3 months to 30 th September 2010 DKK	9 months to 30 th September 2011 DKK	9 months to 30 th September 2010 DKK
Interest revenue and finance gains:				
Short term deposits	347,623	62	1,069,716	34,730
Exchange differences	1,815,966	-18,322,603	10,199,356	37,411,128
Unwinding of discount on decommissioning provision	-525,581	11,451	2,087,901	33,106
	1,638,009	-18,311,090	13,356,973	37,478,964
Interest expenses and other finance costs:				
Bank loan and overdrafts	-2,359,251	-3,400,103	-7,088,871	-11,744,496
Unwinding of discount on decommissioning provision	0	-180,805	0	-180,805
Debt arrangement fees	0	274,209	0	0
Others	-33,188	-104,051	-101,053	-142,902
Exchange differences	12,124,003	-9,766,477	-13,601,457	-9,884,369
	9,731,564	-13,177,227	-20,791,381	-21,952,572

The majority of the exchange rate differences is related to intercompany accounts and is unrealised

**6. Taxation**

	3 months to 30th September 2011 DKK	3 months to 30 th September 2010 DKK	9 months to 30th September 2011 DKK	9 months to 30 th September 2010 DKK
Current tax:				
Faroese corporation tax	0	0	0	0
Overseas tax on interest income	0	0	0	0
Overseas tax on dividend	0	0	0	0
Total current tax	0	0	0	0
Deferred tax:				
UK deferred tax (asset)	-22,982,900	-12,859,006	-60,941,858	-37,027,136
Faroese petroleum tax	0	0	0	0
Overseas tax	0	0	0	0
Total deferred tax	-22,982,900	-12,859,006	-60,941,858	-37,027,136
Tax on profit on ordinary activities	-22,982,900	-12,859,006	-60,941,858	-37,027,136

Due to tax rate increase in United Kingdom from 50% to 62% the tax for 2011 reflects not only the tax charge for the period but also previous periods that have to be restated at the higher tax rate.

Atlantic Petroleum Group is not in a tax paying position in 2011 and does not expect to be in a tax paying position in 2012 due to cumulative tax losses previous periods.

As at 30th September 2011 the Company has a net deferred tax asset of DKK 12.1MM (30th September 2010 DKK 8.1MM) 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 4.1MM (30th September 2010 DKK 4.8MM)

Effect of tax losses available: DKK 16.2MM (30th September 2010 DKK 12.9MM)

The losses can be carried forward indefinitely

7. Intangible exploration and evaluation assets

	At 30th September 2011 DKK	At 31 st December 2010 DKK
At 1 st January	109,483,257	64,625,118
Exchange movements	-743,540	2,190,230
Additions	71,152,713	43,037,555
Additions from Business Combinations	45,543,112	0
Transferred to/from Development and production assets	-106,956,149	0
Disposal of licence	-6,572,782	0
Exploration expenditures written off	0	-369,646
At end of period	111,906,611	109,483,257

**8. Development and production assets**

	At 30 th September 2011 DKK	At 31 st December 2010 DKK
Costs		
At 1st January	625,194,756	529,179,412
Exchange movements	-5,465,314	26,478,516
Additions	11,396,880	69,536,828
Transferred to/from Exploration and evaluation assets	106,956,149	0
At end of period	738,082,471	625,194,756
Amortisation and depreciation		
At 1st January	-222,080,259	-83,753,350
Exchange movements	1,944,060	-4,223,398
Charge	-100,149,282	-134,103,511
At end of period	-320,285,481	-222,080,259
Net book value at end of period	417,796,990	403,114,497

9. Property plant and equipment

	At 30 th September 2011 DKK	At 31 st December 2010 DKK
At 1 st January	491,773	514,689
Exchange movements	-2,826	15,863
Additions	463,261	282,696
Additions from Business Combinations	101,173	0
Depreciations	-229,351	-321,475
At end of period	824,030	491,773

10. Trade and other receivables

	At 30 th September 2011 DKK	At 31 st December 2010 DKK
Trade receivables	36,215,458	62,537,671
Prepayments	3,500,758	2,082,120
Other taxes and VAT receivables	993,424	787,090
Other receivables	4,587,876	3,786,269
	45,297,515	69,193,150

11. Trade and other payables

	At 30 th September 2011 DKK	At 31 st December 2010 DKK
Trade payables	17,903,011	7,382,895
Accruals	32,037,855	1,100,420
Other payables	379,945	13,562,950
	50,320,810	22,046,265

**12. Short and long term debt**

	At 30 th September 2011 DKK	At 31 st December 2010 DKK
Short term bank debt	43,045,889	64,803,334
Short term other debt	0	19,765,126
Short term debt total	43,045,889	84,568,460
Long term bank debt total	97,500,000	97,500,000
	140,545,889	182,068,460

13. Dividends

No interim dividend is proposed. (30th September 2010: DKK nil)

14. Earnings per share

	Profit after tax		Weighted average number of shares		Earnings per share	
	30 th September 2011 DKK	30 th September 2010 DKK	30 th September 2011 DKK	30 th September 2010 DKK	30 th September 2011 DKK	30 th September 2010 DKK
3 months to 30 th September						
Basic	20,477,315	-8,774,534	2,626,703	2,626,703	7.80	-3.34
3 months to 30 th September						
Diluted	20,477,315	-8,774,534	2,487,828	2,626,703	8.23	-3.34
9 months to 30 th September						
Basic	40,699,296	72,144,884	2,626,703	2,626,703	15.49	27.47
9 months to 30 th September Diluted	40,699,296	72,144,884	2,560,864	2,626,703	15.89	27.47

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.

**15. Business combinations**

	Fair value recognised on acquisition June 2011 DKK
Intangible assets - Licences	37,018,840
Property, plant and equipment	143,648
Cash and short term deposits	10,693,287
Trade receivables	741,907
Trade payables	-8,291,629
Intercompany accounts	-6,790,527
Deferred tax liabilities	-1,340,274
Total identifiable net assets at fair value	32,175,252
Goodwill (including contingent consideration) arising on acquisition	35,556,661
Contingent consideration	-25,399,500
Goodwill	10,157,161
Total purchase consideration transferred	42,332,413
Purchase considerations:	
Fair value of shares acquired (42,376 at DKK 204.28)	-8,466,413
Cash payment	-25,399,500
Farm out Bonus payment	-8,466,500
Total purchase consideration	-42,332,413
Analysis of cash flow on acquisition:	
Transaction costs of the acquisition 2011: DKK 954,364 and 2010: DKK 322,618	-1,308,273
Net cash acquired with the subsidiary	10,693,287
Cash payment	-33,866,000
Transaction costs attributable to acquiring shares	-8,466,413
Net cash flow on acquisition	-32,947,399



16. Capital commitments and guarantees

In connection with Atlantic Petroleum UK Ltd.'s assets in the UKCS, P/F Atlantic Petroleum has provided the following security towards the UK Department for Business, Enterprise and Regulatory Reform:

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

P/F Atlantic Petroleum answers for all obligations which Atlantic Petroleum UK Limited has in connection with purchase of assets from Premier Oil in accordance with the "Sales and Purchase Agreement".

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 to, but not provided for in these accounts at 30th September 2011 of approximately DKK 74MM. The capital expenditure is in respect of the Group's interests in its exploration and development production licences.

In acquiring its interests in certain UK petroleum production licences, the Company has entered into agreements whereby there is an option for the seller to re-acquire 5.515% of the Company's interest in the Ettrick exploration licence. The consideration payable would equate to the Company's total exploration costs incurred to the date when the option is exercised. The terms of the agreement also state that the Company cannot dispose of more than 5.515% of its interest in the Ettrick exploration licence without first obtaining the consent of the seller.

In accordance with the Group's participation in joint arrangements with other companies, an agreement has been signed whereby the Group was party to a two and a half year charter contract for the use of a floating production, storage and offloading platform. Payments under the contact began approximately 1st October 2008. The extension period is six months each time with the Group's annual commitment being estimated at USD 4MM. The first six month extension period started in March 2010.

Also, in accordance with the Group's participation in joint arrangements with other companies, an agreement has been signed whereby the Group is party to a five year charter contract for the use of a floating production, storage and offloading platform. Payments under the contact began in 3rd quarter 2009, with the Group's annual commitment being estimated at USD 3.5MM.

P/F Atlantic Petroleum has loan facilities with the following two banks: P/F Eik Banki Føroya and P/F BankNordik.

The Company has a long term loan facility at P/F Eik Banki Føroya currently at DKK 130MM. The loan will be repaid in 4 equal instalments due at 11th December each year. The loan will be fully repaid in 2014.

The Company has a rolling credit facility of DKK 35MM at P/F BankNordik.

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

- (i) its shares in its wholly owned subsidiary Atlantic Petroleum UK Ltd. and Its inter-company receivables from Atlantic Petroleum UK Limited
- (ii) its inter-company receivables from Atlantic Petroleum UK Ltd.
- (iii) that Atlantic Petroleum UK Ltd. shall ensure that liquidity income into the company is only used for payments with consent from the lenders
- (iv) P/F Atlantic Petroleum has provided the lenders with a negative pledge.

Additional terms and conditions for the rolling credit facility from P/F BankNordik are:

- (v) the Company shall be able to repay any drawdown on the credit with cashflow from the next 3 months production.



(vi) in total 50% of the next 3 months production shall be hedged.

17. Contingent considerations

The Group holds interests in certain UK petroleum production licences which it acquired in 2007. Contingent consideration of up to a maximum amount of approximately DKK 1.71MM (GBP 200,000) is payable contingent on first hydrocarbons being achieved from these licences.

Regarding the business combination between Atlantic Petroleum and Volantis Exploration Limited in June 2011 there is a contingent payment for the acquisition of maximum DKK 25.8MM (GBP 3.0MM).

18. Related party transactions

Intra-group related party transactions, which are eliminated on consolidation, are not required to be disclosed in accordance with IAS 24.