



New City Energy Limited

Interim Accounts For The Six Months To 31 March 2010

CORPORATE SUMMARY

INVESTMENT OBJECTIVE

New City Energy Limited's investment objective is to deliver returns to shareholders principally in the form of capital growth yet with some prospect of income.

INVESTMENT POLICY

New City Energy Limited (the Company) has been established to invest in the securities (including, but not limited to, shares, convertibles, fixed income securities and warrants) of companies involved in exploration, development and production of energy, as well as related service companies in the energy sector.

It is intended that the initial focus of the Company will be on companies involved in the oil and gas industry, either by buying quoted shares of companies involved in the exploration or production of oil and gas or by investing in seed capital situations prior to listing.

CORPORATE SUMMARY

The Company is a closed-ended investment company and was incorporated with limited liability in Jersey on 11 January 2008. The Company's shares are listed on the official list of The Channel Islands Stock Exchange LBG and dealing commenced on 8 February 2008. The shares no longer trade on the International Bulletin Board of the London Stock Exchange, but rather on the Stock Exchange Electronic Trading Service. This change was effective from 21 September 2009.

The Company has a life of 7 years from the First Closing Date of 8 February 2008, with extensions by ordinary resolution of the Shareholders in 2014 (being the last AGM prior to the completion of the Term) and annually thereafter at annual general meetings of the Company.

The Company's share capital structure consists of ordinary and subscription shares of no par value. The ordinary shares have the prospect of capital appreciation and the possibility of income. Each subscription share confers the right upon the shareholder to subscribe for one ordinary share at 70p following the issuance of the audited financial statements for each of the financial periods ending 30 September 2008 to 30 September 2013.

On 2 February 2010, existing shareholders holding a total of 3,000 subscription shares had applied to exercise their right (per the terms of the Prospectus) to exchange their subscription shares for ordinary shares at an exercise price of 70p per share.

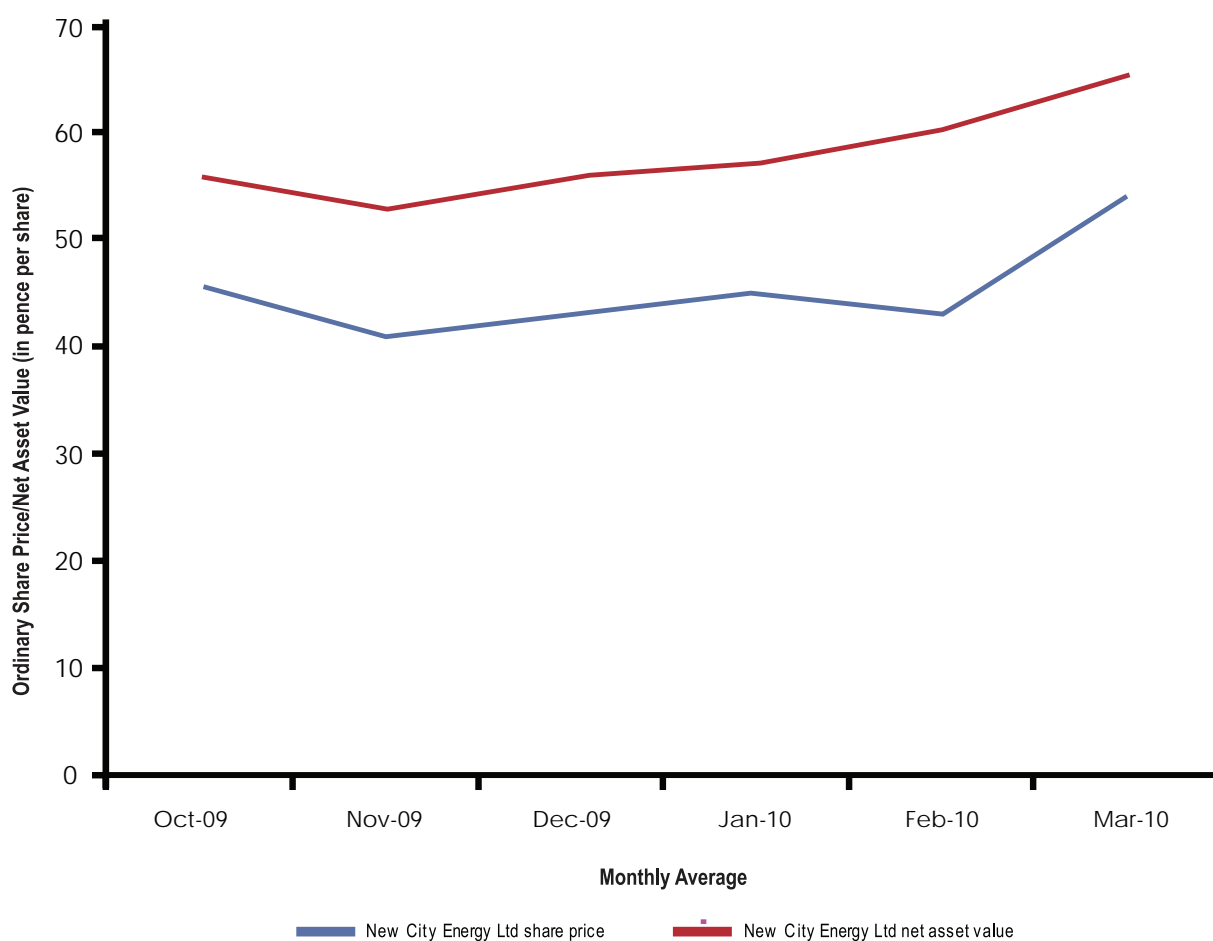
As a result, the Directors agreed to approve the issuance of a further 3,000 ordinary shares at a price of 70p per share to the existing shareholders and also to cancel 3,000 subscription shares held by the existing shareholders in proportion to the number of ordinary shares to be issued to them.

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS TO 31 MARCH 2010

	Note	31 March 2009	30 September 2009	31 March 2010
Net Asset Value per Ordinary Share (per Financial Statements)	3(h)	£0.31	£0.54	£0.65
Ordinary Share price (per Bloomberg)		£0.23	£0.39	£0.54
Number of Ordinary Shares in issue	12	53,196,173	53,196,173	53,199,173
Number of Subscription Shares in issue	12	24,554,050	24,554,050	24,551,050

New City Energy Limited's Net Asset Value and Share Price



PERFORMANCE SUMMARY

PERFORMANCE SUMMARY FOR THE SIX MONTHS TO 31 MARCH 2010

Capital Values	Unaudited Six months to 31 March 2010	Audited Twelve months to 30 September 2009
Total Net Assets	£34,645,538	£28,469,375
Net Asset Value per ordinary share (per financial statements)	65p	54p
Ordinary Share Price (mid market)	54p	39p
Revenue and Dividends		
Revenue per share*	1.6p	1.8p
Dividends per share*	0.8p	1.6p
Dividend cover*	2.0	1.1
Dividend Yield (based upon an annualised dividend policy of 0.4p per share per quarter)*		
	3.0%	4.1%
(Discount)/Premium*	(15.6%)	(27.8%)

* Revenue per share = revenue income/No of ordinary shares in issue

* Dividends per share = Dividends declared and paid/No of ordinary shares in issue

* Dividend cover = Revenue per share/Dividends per share

* Dividend yield = Annual dividend per share/Ordinary share price

* Discount/Premium = (Ordinary share price - Net asset value per ordinary share)/ Net asset value per ordinary share

Period's Highs/Lows	2010 High	2010 Low	2009 High	2009 Low
Net Asset Value	65p	55p	54p	24p
Ordinary Share Price (per Bloomberg)	54p	42p	40p	16p

Dividend History

Ex-dividend date	Payment date	
23 December 2009	29 January 2010	First interim dividend of 0.4p per ordinary share
24 March 2010	15 April 2010	Second interim dividend of 0.4p per ordinary share

CHAIRMAN'S STATEMENT

FOR THE SIX MONTHS TO 31 MARCH 2010

INTRODUCTION

I am pleased to report that the Company's net asset value and share price performed strongly during the six month period under review.

INVESTMENT PERFORMANCE

As at 31st March 2010 the Company's undiluted net asset value stood at 65p, a gain of 20.3% from 1st October 2009. The Company's share price at 31st March 2010 was 54p, a gain of 37.6% for the same period.

OUTLOOK

Following the strong recovery in commodity markets over the past 12 months, I believe it will be more difficult to maintain the Company's strong performance as we go through 2010. Europe's debt crisis presents a downside risk for the entire world economy and hence for commodity prices and the markets' negative response to this crisis is justified. The Managers, however, have demonstrated an ability to outperform the markets since the Company's inception by maintaining a portfolio of quality investments with superior growth profiles, and I believe that this policy will continue to reap its rewards in the future.

David Norman
Chairman
May 2010

INVESTMENT ADVISER'S REPORT

FOR THE SIX MONTHS TO 31 MARCH 2010

The Managers are satisfied with the performance of the Company over the six month period under review. Energy markets were generally flat for the period – the S&P/TSX Energy Index increased 1.7%, whilst the Australian S&P/ASX 200 Energy Index decreased 3.5%, both in local currency terms. The outperformance by the Company was primarily due to two factors. Firstly, there were some outstanding performances among the investments held in the portfolio, including BNK Petroleum Inc (+113%), Coalspur Mines Limited (+89%), Bankers Petroleum Limited (+58%), Pacific Rubiales Energy Corp. (+50%) and Gran Tierra Energy Inc. (+34%). Secondly, both the Canadian and Australian dollar strengthened appreciably against sterling during the period and, with over 80% of the Company's investments listed in those two countries, the benefit of currency appreciation on valuations was significant.

Since the end of March, energy prices and company share prices have fallen back as a result of the European debt crisis and its implications for future growth and energy demand. Whilst we may have some continued market weakness over the coming months which would inevitably have negative implications for the Company's valuation, we continue to believe that the long-term demand for energy far outweighs the available supplies and consequently we are confident that the upward trend in energy prices is still intact. We are also confident that the Company's investments that have generally performed well over the past two years will continue to outperform as a result of their strong growth prospects and we will continue to search for new investments that match the potential of the investments in the existing portfolio.

New City Investment Managers
26th May 2010

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS TO 31 MARCH 2010

	Notes	Unaudited Revenue £	Unaudited Capital £	Total Unaudited Six months to 31 March 2010 £	Unaudited Six months to 31 March 2009 £
Realised gain/(losses) on disposal of investments	5	-	1,613,171	1,613,171	(4,795,773)
Unrealised gain/(losses) on fair value of investments held	5	-	4,891,098	4,891,098	(1,510,887)
Exchange gain		-	267,629	267,629	171,433
Other income	6	833,682	-	833,682	545,060
Net income/(deficit)		833,682	6,771,898	7,605,580	(5,590,167)
Investment adviser's fee		-	302,721	302,721	155,448
Investment adviser's performance fee	7	-	557,875	557,875	-
Other expenses	8	-	93,956	93,956	86,804
Net expenses		-	954,552	954,552	242,252
Net income/ (loss) before finance costs		833,682	5,817,346	6,651,028	(5,832,419)
Interest payable and similar charges		-	(51,384)	(51,384)	(119,419)
Income/ (loss) from ordinary activities		833,682	5,765,962	6,599,644	(5,951,838)
Income / (loss) per ordinary share	3(h)	£0.02	£0.10	£0.12	£(0.11)
Diluted Income / (loss) per ordinary share	3(h)	£0.02	£0.10	£0.12	£(0.11)

All items in the above statement are derived from continuing operations.
The company has no items of other comprehensive income.
The total column in the above statement is the profit and loss account of the company.

The notes on pages 11 to 21 form an integral part of this condensed interim financial information.

The Independent Review Report is on page 22.

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS TO 31 MARCH 2010

	Notes	Unaudited Stated Capital £	Unaudited Retained Earnings Revenue £	Unaudited Retained Earnings Capital £	Total Unaudited £
Opening Equity shareholders' funds at 1 October 2008		27,027,334	260,333	22,587,758	49,875,425
Comprehensive income for the year		-	459,287	(6,411,125)	(5,951,838)
Dividends declared and paid	9	-	(423,825)	-	(423,825)
Closing shareholders' funds at 31 March 2009	12	27,027,334	295,795	16,176,633	43,499,762
Opening Equity shareholders' funds at 1 October 2009	12	27,027,334	380,131	1,061,910	28,469,375
Comprehensive income for the year		-	833,682	5,765,962	6,599,644
Dividends declared and paid	9	-	(425,581)	-	(425,581)
Increase in share capital in issue attributable to placings and offer of subscription		2,100	-	-	2,100
Closing Equity shareholders' funds at 31 March 2010	12	27,029,434	788,232	6,827,872	34,645,538

The revenue and capital reserves, taken together, comprise the company's total retained reserve for the period but have been separated to provide additional information to shareholders on the component contributions from the company's activities.

The notes on pages 11 to 21 form an integral part of this condensed interim financial information.

The Independent Review Report is on page 22.

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2010

	Notes	Unaudited 31 March 2010 £	Audited 30 Sept 2009 £
Assets			
Current assets			
Investments designated at fair value through profit or loss	5	37,909,422	29,907,178
Other receivables	10	562,058	870,598
Cash at bank	13	12,964,134	10,361,944
Total assets		51,435,614	41,139,720
Current liabilities			
Financial liabilities at fair value through profit or loss	11	8,991,610	7,305,601
Other payables		873,314	303,473
Bank overdraft	13	6,925,152	5,061,271
Total liabilities		16,790,076	12,670,345
Net assets		34,645,538	28,469,375
Equity			
Stated capital account	12	27,029,434	27,027,334
Retained Earnings			
Capital reserve – Realised		(4,382,931)	(4,743,103)
Unrealised		11,210,803	5,805,013
Revenue reserve		788,232	380,131
Equity shareholders' funds		34,645,538	28,469,375
Number of ordinary shares in issue	12	53,199,173	53,196,173
Net asset value per ordinary share		0.6512	0.5352

The interim accounts on pages 7 to 21 were approved by the Board of Directors on 16 June 2010 and were signed on its behalf by:

G D Ross
Director

The notes on pages 11 to 21 form an integral part of this condensed interim financial information. The Independent Review Report is on page 22.

CONDENSED CASH FLOW STATEMENT

AS AT 31 MARCH 2010

	Note	Unaudited Six months to 31 March 2010 £	Unaudited Six months to 31 March 2009 £
Cash inflow from operating activities			
Net income/(loss) on ordinary activities		6,599,644	(5,951,838)
Investment income – equities		(677,223)	(397,067)
Investment income – bonds		(32,009)	-
Investment income – non swap equities		(99,596)	(23,344)
Unrealised (gain)/losses on investments		(4,891,098)	1,510,887
Realised (gain)/losses on disposal of investments		(1,613,171)	4,795,773
Bank interest received		(24,854)	(124,649)
Interest expense		51,384	119,419
Changes in working capital:			
Decrease/(Increase) in other receivables		308,543	(912,020)
Increase/(Decrease) in other payables		569,841	(25,270)
Cash received from/(used in) operations		191,461	(1,008,109)
Purchase of investments	5	(9,686,425)	(5,722,630)
Proceeds from sale of investments	5	8,188,450	8,005,112
Investment income received		808,828	420,411
Interest received		24,854	124,649
Net cash (outflow)/inflow from operating activities		(472,832)	1,819,433
Financing activities			
Proceeds from conversion of shares		2,100	-
Dividends paid		(425,581)	(423,825)
Increase/(Decrease) in financial liabilities at fair value through profit or loss		1,686,006	(6,121,211)
Interest paid		(51,384)	(119,419)
Net cash (outflow)/inflow from financing activities		1,211,141	(6,664,455)
Increase/(Decrease) in cash and cash equivalents at the beginning of the period		738,309	(4,845,022)
Cash and cash equivalents at the end of the period		6,038,982	4,739,028
Represented by:			
Cash in bank		12,964,134	8,820,275
Bank overdraft		(6,925,152)	(4,081,247)
Net cash at end of period		6,038,982	4,739,028

The notes on pages 11 to 21 form an integral part of this condensed interim financial information.
The Independent Review Report is on page 22.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS TO 31 MARCH 2010

1. GENERAL INFORMATION

New City Energy Limited (the Company), was incorporated in Jersey on 11 January 2008 as a limited liability public company. The Company is incorporated and domiciled in Jersey, Channel Islands. The address of the registered office is given on page 25.

The condensed interim financial information was approved for issue on 17 June 2010.

2. BASIS OF PREPARATION

(a) Statement of Compliance

This condensed interim financial information for the six months ended 31 March 2010 has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. The condensed interim accounts should be read in conjunction with the annual financial statements for the year ended 30 September 2009, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 September 2009. The condensed interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 30 September 2009:

IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009).

IFRS 8, 'Operating segments' (effective from 1 January 2009)

IFRS 7, 'Financial instruments: Disclosures' (effective from 1 January 2009).

The adoption of the above standards has had no material effect on these interim accounts other than in necessitating either additional disclosures within the financial statements or changes to their presentation (IAS1).

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for financial instruments at fair value through profit or loss and derivative financial instruments, which are measured at fair value.

(c) Functional and Presentation Currency

These financial statements are presented in pounds sterling, which is the Company's functional and presentation currency.

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

At 31 March 2010, included in Investments at Fair Value through Profit or Loss were unquoted investments valued at £3,837,860 (30Sept09: £1,767,704), the original cost of which totalled £3,560,390 (30Sept09 £1,731,992). These investments are not quoted on an exchange, and as such their valuation relies on a degree of informed judgement from the Investment Adviser and the Board of Directors of the Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS TO 31 MARCH 2010

(d) Use of Estimates and Judgements (Continued)

A review was made of the valuation of these investments as part of the process of preparing these financial statements. This review looked at each unquoted investment in isolation and considered the macro and micro economic environments in which they operate, the cash position of the investee companies, the investee companies' commercial relations with quoted companies in the oil and gas sectors, and recent over-the-counter transactions in the securities of the investee companies.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in the succeeding notes.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial assets and liabilities at fair value through profit or loss

The Company classifies its investments as financial assets and liabilities at fair value through profit or loss. These are financial instruments held for investment purposes. Financial assets also include cash and cash equivalents as well as other receivables.

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Investments are subsequently carried at fair value.

Gains and losses arising from changes in the fair value of the “financial assets or financial liabilities at fair value through profit or loss” category are presented in the Statement of Comprehensive Income in the period in which they arise. Dividend income from “financial assets at fair value through profit or loss” is recognised in the Statement of Comprehensive Income within other income when the Company's right to receive payment is established.

If traded on a national securities exchange, instruments are subsequently valued by reference to prices quoted on such exchange. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

If not exchange or over-the-counter traded, instruments are valued with reference to an independent pricing source, taking into account quotes obtained from dealers and/or market makers. In the absence of these sources, such instruments are valued by reference to the last sales price quoted by the dealer or market maker or, in the absence thereof, at fair value as determined by the Investment Adviser.

The Company's Investment Adviser determines the fair value of such financial instruments by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. These estimated fair values may differ from values that would have been realised had a ready market for these holdings existed, and the difference could be material. The difference between the cost and the market value of the open positions is reflected as unrealised appreciation/depreciation on investments in the Statement of Comprehensive Income. Realised gains or losses are recognised on the closing or trade date of the position and are included in net realised gains/losses in the Statement of Comprehensive Income.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS TO 31 MARCH 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Income and expenses

- (i) Deposit interest is accrued on a daily basis
- (ii) Investment income is accounted for as follows:
 - Interest on fixed interest securities is accounted for on an accruals basis
 - Dividend income is accounted for when investments held become ex-dividend

(c) Foreign currencies

- (i) Foreign currency income and expenditure is converted into the functional currency at the exchange rate ruling at the time of the transaction.
- (ii) Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the balance sheet date.
- (iii) Foreign currency exchange gains and losses are accounted for in the statement of comprehensive income.

(d) Launch and Listing costs

The initial costs of establishing the Company, the costs of the initial public offer, additional listing costs and the cost of raising further capital have been charged to capital in the statement of comprehensive income.

(e) Finance costs

Finance costs are accounted for on an accruals basis. Finance costs of debt in so far as they relate to the financing of the company's investments or to financing activities aimed at maintaining or enhancing the value of the company's investments, are charged to capital in accordance with the Board's expected long-term split of returns, in the form of income and capital gains respectively, from the company's investment portfolio.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and bank overdrafts. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(g) Taxation

With effect from 1 January 2009 the status of exempt company ceased to exist and the company became subject to Jersey Income Tax. The Jersey Income Tax Rate for the foreseeable future is zero percent.

(h) Net asset value per share and profit/(loss) per share

The net asset value per share at the reporting date is calculated by dividing the net assets included on the statement of financial position by the number of ordinary shares in issue at the period end.

As disclosed in note 12 there are subscription shares in issue over the Company's ordinary shares. Since the exercise price of these subscription shares at 31 March 2010 was above the market price of the ordinary shares during the period, they are deemed to have no dilution effect on net asset value per share and net profit/(loss) per share.

The profit/(loss) per ordinary share is calculated by dividing the net return for the period included in the statement of comprehensive income by the weighted average number of ordinary shares in issue during the period.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS TO 31 MARCH 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Listed Fund

The Company was incorporated on 11 January 2008 and was established in Jersey, Channel Islands under the Listed Funds Regime.

The Company is listed on The Channel Islands Stock Exchange LBG and also trades on the Stock Exchange Electronic Trading Service.

(j) Retained Earnings

Included in retained earnings are the following sub-categories:

Capital Reserve – Realised

The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- realised exchange differences on transactions of a capital nature;
- expenses and finance costs charged in accordance with the policies above.

Capital Reserve - Unrealised

The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the period end;
- unrealised exchange differences of a capital nature.

Revenue Reserve

The net profit/(loss) arising in the revenue column of the statement of comprehensive income is added to or deducted from this reserve and is available for paying dividends.

(k) New and Amended Standards effective on or after 1 April 2009 and Standards, Amendments and Interpretations that are not yet effective and have not been early adopted by the company

The following interpretations to published standards are mandatory for the company's accounting periods beginning on or after 1 October 2009 but are not relevant to the company's operations:

IFRIC 16 'Hedges of a net investment in a foreign operation' (effective 1 October 2008 but EU endorsed for 1 July 2009).

IFRIC 17 'Distributions of non cash assets to owners' (effective 1 July 2009).

IFRIC 18 'Transfer of assets from customers' (effective 1 July 2009).

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 October 2009 or later periods, but are not relevant to the Company's operations:

IFRS 1 (revised) 'First-time adoption' (effective 1 July 2009).

IFRS 3 (revised) 'Business combinations' (effective 1 July 2009).

IAS 27 (revised) 'Consolidation and separate financial statements' (effective 1 July 2009).

Amendment to IAS 39, 'Financial instruments: Recognition and measurement', on Eligible hedged items (effective 1 July 2009).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS TO 31 MARCH 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of its net debt ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables), as shown in the balance sheet less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

The net debt ratio was as follows:

	31 March 2010 £	31 March 2009 £
(Net Debt)	(3,825,942)	(778,705)
Total equity	34,645,538	16,472,428
Total capital	38,471,480	17,251,133
Net Debt ratio	9.94%	4.51%

4. GEOGRAPHICAL ANALYSIS OF THE INVESTMENTS AND INVESTMENT INCOME

The Company operates in the following geographical areas.

	Unaudited Six months to 31 March 2010 £	Unaudited Six months to 31 March 2009 £
Income on Investments by Holding Country		
- Canada	680,568	401,014
- Other	128,260	19,397
Total Investment Income by Holding Country	808,828	420,411
Investments by Holding Country		
- Australia	5,035,597	2,462,700
- Canada	15,241,795	9,176,963
- Other	17,632,030	4,690,508
Total Investments by Holding Country	37,909,422	16,330,171

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS TO 31 MARCH 2010

5. INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited Six months to 31 March 2010 £	Audited Year ended 30 Sept 2009 £
Balance brought forward	29,907,178	24,919,313
Additions at fair value	9,686,425	13,928,605
Disposal proceeds	(8,188,450)	(14,545,092)
Realised gains/(losses) on disposal	1,613,171	(6,110,214)
Balance carried forward	33,018,324	18,192,612
Net unrealised gains on fair value	4,891,098	11,714,566
Balance carried forward	37,909,422	29,907,178

Included in the fair value of investments designated at fair value through profit or loss are £6,761,573 (30Sept09: £7,323,083) of Contracts for Differences (CFD's) which are held for trading purposes. CFD's are measured at fair value on a bid basis. The remainder of the balance of £31,147,849 relates to investments designated at fair value through profit or loss on initial recognition.

Included in the fair value of investments designated at fair value through profit or loss of £37,909,422 are £3,837,860 (30Sept09: £1,767,704) of investments which are unlisted. Unlisted investments are valued at fair value.

Assets measured at fair value

Fair value measurement at end of the reporting period using:

Description	31 March 2010	Level 1	Level 2	Level 3	30 Sept 2009	Level 1	Level 2	Level 3
	£	£	£	£	£	£	£	£
Financial assets at fair value through profit or loss:								
Trading securities	34,071,562	34,071,562	-	-	28,139,474	28,139,474	-	-
Unlisted securities	3,837,860	-	-	3,837,860	1,767,704	-	-	1,767,704
Total	37,909,422	34,071,562	-	3,837,860	29,907,178	28,139,474	-	1,767,704

Liabilities measured at fair value

Description	31 March 2010	Level 1	Level 2	Level 3	30 Sept 2009	Level 1	Level 2	Level 3
	£	£	£	£	£	£	£	£
Financial liabilities at fair value through profit or loss:								
Margin Account	8,917,284	-	8,917,284	-	7,305,601	-	7,305,601	-
Swap Reset Creditor	74,326	-	74,326	-	-	-	-	-
Total	8,991,610	-	8,991,610	-	7,305,601	-	7,305,601	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS TO 31 MARCH 2010

5. INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Assets measured at fair value based on Level 3

Fair value measurement at the end of the period using:

	Financial assets at fair value through profit or loss Unlisted investments £
Opening balance	2,161,990
Total gains or losses in comprehensive income	183,280
Purchases	1,492,590
Issues	-
Settlements	-
Transfers out of Level 3	-
Closing balance	3,837,860
Total gains or losses for the period included in Comprehensive income for assets held at the end of the reporting period	183,280

Gains or losses included in the statement of comprehensive income for the period above are presented in trading income and in other income as follows:

	Trading income £
Total gains or losses included in profit or loss for the period	183,280
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	183,280

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS TO 31 MARCH 2010

6. OTHER INCOME

	Unaudited Six months to 31 March 2010 Total £	Unaudited Six months to 31 March 2009 Total £
Investment income – equities	677,223	397,067
Investment income – bonds	32,009	-
Investment income – non swap equities	99,596	23,344
Total investment income	808,828	420,411
Bank interest received	24,854	124,649
Total Other Income	833,682	545,060

7. INVESTMENT ADVISER'S PERFORMANCE FEE

The Investment Adviser may be entitled to a performance fee at the rate of 20% of outperformance above an 8% per annum hurdle with high watermark provision.

The Investment Advisers performance fee for the period to 31 March 2010 is shown in the Statement of Comprehensive Income. The performance fee is paid annually. The figure in the Statement of Comprehensive Income is an accounting provision based on the performance to 31 March 2010. Actual amounts paid for the year-ending 30 September 2010 will depend on the Company's performance for the previous 12 months as calculated at 30th September 2010.

8. OTHER EXPENSES

	Unaudited Six months to 31 March 2010 Total £	Unaudited Six months to 31 March 2009 Total £
Fund administration fees	29,918	19,945
Registrar fees	6,427	4,787
Directors' fees	19,216	20,891
Audit fees	12,465	4,672
Audit fees under accrued in previous period	-	8,794
Legal & professional fees	4,895	20,814
General expenses	14,307	699
D&O insurance	5,455	5,171
Bank, custody & safekeeping charges	134	-
Gold depository expense	1,139	-
Establishment costs	-	1,031
Total Other Expenses	93,956	86,804

The Company has an agreement with R&H Fund Services (Jersey) Limited (the "administrator") to provide administrative, compliance oversight and company secretarial services to the Company. Under the administration agreement, the Administrator will be entitled to a fee based on the gross asset value of the Company. The fund administration fee is calculated as 0.1% of gross assets up to £50 million and 0.05% of gross assets in excess of £50 million with an overall minimum fee of £60,000 per annum and an overall maximum fee of £100,000 per annum. The administration fee has always included the director's fee payable to Mr Ross. With effect from 1st October 2009, the director's fee payable to Mr Stewart has also been included.

The Company has an agreement with Computershare Investor Services (Jersey) Limited (the "registrar") to provide registrar services. Under the registrar agreement the Registrar will be entitled to a fixed fee of £2,500 per quarter, with certain additional charges to cover one-off projects, disbursements, etc. The total fees incurred under this agreement were £6,427 (31Mar09: £4,787), of which £2,500 (31Mar09: £2,280) was outstanding at the period end.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS TO 31 MARCH 2010

8. OTHER EXPENSES (CONTINUED)

The remuneration paid to the Chairman, the highest paid Director, for the period was £8,500 (31Mar09: £11,304).

The audit fee of £12,465 (31Mar09: £4,672) consists of an accrual of £7,815 (31Mar09: £nil) in respect of the year end audit as well as a fee amounting to £4,650 (31Mar09: £4,672) in respect of the interim audit.

No pension contributions were payable in respect of any of the Directors.

The Company does not have any employees.

9. DIVIDENDS

	Register date	Payment date	Amount £
Amounts recognised as distributions to equity holders in the period to 31 March 2010:			
- First interim of 0.4p per ordinary share	23 December 09	29 January 10	212,785
- Second interim of 0.4p per ordinary share	24 March 10	15 April 10	212,796
Total			425,581
Amounts recognised as distributions to equity holders in the period to 31 March 2009:			
- First interim of 0.4p per ordinary share	17 December 08	23 January 09	212,785
- Second interim of 0.4p per ordinary share (less withholding tax)	25 March 09	30 April 09	211,040
Total			423,825

10. OTHER RECEIVABLES

	31 March 2010 £	30 Sept 2009 £
Prepayments	19,387	10,749
Accrued income	7,250	-
Dividends receivable	473,054	93,781
Swap Reset Debtor	62,367	357,775
Trade Awaiting Settlement	-	408,293
Total other receivables	562,058	870,598

The swap reset debtor account represents amounts receivable arising from investments held under Contract for Difference with Credit Suisse Securities (Europe) Limited.

As at 31 March 2010, the balance receivable classified as trade awaiting settlement was nil (30Sept09: £408,293). The balance at 30th September 2009 relates to monies that were paid out of the Company's bank account during the period in respect of the purchase of an investment. The investment purchase was settled after the year end.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS TO 31 MARCH 2010

11. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2010 £	30 Sept 2009 £
Margin Account	8,917,284	7,305,601
Swap Reset Creditor	74,326	-
Total financial liabilities	8,991,610	7,305,601

The margin account and the swap reset creditor account represent amounts payable arising from investments held under Contracts for Difference with Credit Suisse Securities (Europe) Limited, the Company's custodian and Prime broker.

The Company pays interest in accordance with the agreed terms and conditions, which is equivalent to 20 basis points over 1 month LIBOR after adding a relevant spread. Interest is payable monthly. Interest expense to 31 March 2010 amounted to £51,384 (30Sept09: £187,180), which is charged to Capital in the Statement of Comprehensive Income.

As security for the margin and swap creditor accounts, the Company has given the following charges to Credit Suisse (Europe) Limited:

- (a) by way of first fixed charge, any and all right, title and interest in all cash held and all assets other than specified assets held by Credit Suisse (Europe) Limited
- (b) by way of first floating charge, any right, title and interest of the Company in its investments

12. STATED CAPITAL

Authorised

The authorised ordinary share capital of the Company is represented by an unlimited number of ordinary shares of no par value.

Allotted, called up and fully-paid

	Number of subscription shares	Number of ordinary shares	£
Total issued share capital at 1 October 2008	24,554,050	53,196,173	27,027,334
Share of no par value issued	-	-	-
Total issued share capital at 30 September 2009	24,554,050	53,196,173	27,027,334
Total issued share capital at 1 October 2009	24,554,050	53,196,173	27,027,334
Share of no par value issued/converted	(3,000)	3,000	2,100
Total issued share capital at 31 March 2010	24,551,050	53,199,173	27,029,434

Each subscription share confers the right upon the shareholder to subscribe for one ordinary share at 70p following the issuance of the audited financial statements for each of the financial periods ending 30 September 2008 to 30 September 2013.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS TO 31 MARCH 2010

12. STATED CAPITAL (CONTINUED)

On 2 February 2010, existing shareholders holding a total of 3,000 subscription shares had applied to exercise their right (per the terms of the Prospectus) to exchange their subscription shares for ordinary shares at an exercise price of 70p per share.

As a result, the Directors agreed to approve the issuance of a further 3,000 ordinary shares at a price of 70p per share to the existing shareholders and also to cancel 3,000 subscription shares held by the existing shareholders in proportion to the number of ordinary shares to be issued to them.

13. BANK BALANCES ANALYSED BY CURRENCY

The amounts included in Cash at Bank and Bank Overdrafts as at 31st March 2010 and 30th September 2009, translated into pound sterling using the exchange rates in force at the respective reporting dates, are analysed below.

Cash at Bank	31st March 2010	30st September 2009
AUD	2,356,155	601,380
CAD	10,601,080	9,760,564
NOK	6,899	-
	12,964,134	10,361,944
Bank Overdrafts		
GBP	4,529,616	2,693,524
USD	2,395,536	2,367,747
	6,925,152	5,061,271

14. RELATED PARTIES TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

- **Secretarial and administration fee**

The Company has engaged the services of R&H Fund Services (Jersey) Limited (R&H), to provide secretarial and administrative services. Graeme Ross and Craig Stewart, directors of the company, are also directors of R&H. Total fund administration fees for the period amounted to £29,918 (31Mar09: £19,945), with outstanding accrued fees of £14,795 (31Mar09: £9,863) at the end of the period.

- **Registrar fee**

Mr Ross is also a director of the Company's registrar, Computershare Investor Services (Jersey) Limited which receives fees from the Company. Total registrar fees for the period amounted to £6,427 (31Mar09: £4,787), with outstanding accrued fees of £2,500 (31Mar09: £2,280) at the end of the period.

- **Board of Directors' remuneration**

The Company had four directors during the year. Total short-term employee benefits paid to directors for the period ended 31 March 2010 was £19,216 (31Mar09: £20,891), with outstanding accrued fees amounting to £7,962 (31Mar09: £nil). Craig Stewart received Director's fees amounting to £nil (31Mar09: £5,000) during the period. All remuneration was in the form of cash.

Total expenses incurred from the above transactions are disclosed in Note 8.

15. EVENTS AFTER THE REPORTING PERIOD

There were no material post-balance sheet events.

INDEPENDENT REVIEW REPORT BY MOORE STEPHENS TO NEW CITY ENERGY LIMITED

INTRODUCTION

We have reviewed the accompanying condensed statement of financial position of New City Energy Limited as of 31 March 2010 and the related condensed statement of comprehensive income, statement of changes in equity, cash flow statement and the notes 1 to 15 for the six month period then ended. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Listing Rules of the Channel Islands Stock Exchange. Our review has been undertaken so that we might state to the company those matters we are required to do in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for the review work, for this report, or for the conclusions we have reached.

DIRECTORS' RESPONSIBILITIES

The interim financial information is the responsibility of, and has been approved by the directors. The Listing Rules of the Channel Island Stock Exchange require that where the interim report is not prepared on a basis consistent with that of the annual accounts, the interim report must include a statement of that fact. As disclosed in note 2, the annual financial statements of the company are prepared in accordance with IFRS as adopted by the European Union. The condensed set of interim financial information has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

OUR RESPONSIBILITY

Our responsibility is to express to the company a conclusion on this interim financial information based on our review.

REVIEW WORK PERFORMED

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. A review of interim financial information consists principally of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

REVIEW CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union

Moore Stephens
Chartered Accountants
First Island House, Peter Street
St Helier, JE2 4SP
Channel Islands

June 2010

INVESTMENT PORTFOLIO (BY GEOGRAPHICAL AREA)

AS AT 31 MARCH 2010

Holding	Investment	Bid Market Valuation £	% of Net Assets
	Australia		
500,000	Mantra Resources	1,782,154	5.14
10,000,000	Audax Resources	785,356	2.27
8,300,000	Kairiki Energy	701,988	2.03
	Other holdings (4 investments)	1,766,099	5.10
		5,035,597	14.54
	Canada		
90,000	Crescent Point Energy	2,272,898	6.56
5,000,000	Coalspur Mines	1,555,609	4.49
400,000	Gran Tierra Energy	1,553,121	4.48
	Other holdings (4 investments)	1,171,453	3.38
		6,553,081	18.91
	Canada - CFD#		
205,000	Daylight Resources	1,397,939	4.03
120,000	NAL Oil & Gas	1,007,325	2.91
75,000	ARC Energy	996,629	2.88
40,000	Baytex Energy	890,646	2.57
30,000	Vermilion Energy	686,459	1.98
	Other holdings (4 investments)	1,782,575	5.15
		6,761,573	19.52
	Columbia		
100,000	Pacific Rubiales Energy	1,278,278	3.69
		1,278,278	3.69
	Far East		
30,000	Niko Resources	2,098,658	6.06
600,000	Coastal Energy (Canadian)	1,691,839	4.88
		3,790,497	10.94
	Global		
650,000	Bnk Petroleum	1,053,348	3.04

INVESTMENT PORTFOLIO (BY GEOGRAPHICAL AREA)

AS AT 31 MARCH 2010

Holding	Investment	Bid Market Valuation	% of Net Assets
44,000	Kazakhstan KazMunaiGas Exploration Production Other holdings (1 investment)	711,658 572,708	2.05 1.65
		1,284,366	3.71
250,000	Namibia Kalahari Minerals	437,500	1.26
890,000	Papua New Guinea Eaglewood Energy	1,061,516	3.06
130,000	United Kingdom Valiant Petroleum Other holdings (5 investments)	776,100 1,416,253	2.24 4.09
		2,192,353	6.33
150,000	USA Key Energy Services Other holdings (4 investments)	942,993 616,433	2.72 1.78
		1,559,426	4.50
	Other Listed Securities	3,064,028	8.84
	Other Unquoted Securities	3,837,860	11.08
	Net Current Liabilities	-3,263,884	-9.42
	Net Assets	34,645,538	100

There is no policy currently in place whereby the Company hedges against its currency risk.

CORPORATION INFORMATION

Board of Directors:	David Norman Douglas Breen Graeme Ross Craig Stewart
Registered Address:	Ordnance House 31 Pier Road St Helier Jersey, JE4 8PW
Investment Manager:	CQS Cayman Limited Partnership PO Box 309 Ugland House South Church Street George Town, KY1 - 1104 Grand Cayman Cayman Islands
Administrators:	R&H Fund Services (Jersey) Limited Ordnance House 31 Pier Road St. Helier Jersey JE4 8PW
Registrar:	Computershare Investor Services (Jersey) Limited PO Box 83 Ordnance House 31 Pier Road St Helier Jersey JE4 8PW
Custodian and Bankers:	Credit Suisse Securities (Europe) Limited 1 Cabot Square London EC2Y 5AB

CORPORATION INFORMATION CONTINUED

Investment Adviser:	CQS Asset Management Limited 5th Floor 33 Grosvenor Place London SW1X 7HY
Legal Advisers in Jersey:	Ogier Whiteley Chambers Don Street St Helier Jersey JE4 9WG
Legal Advisers in London:	MacLay, Murray & Spens LLP One London Wall London EC2Y 5AB
Auditors:	Moore Stephens (Chartered Accountants) PO Box 236 First Island House Peter Street St Helier Jersey JE4 8SG
Market Makers:	Canaccord Angelo Sofocleous +44 (0) 207 050 6547 Winterflood Jason Robins +44 (0) 203 100 0261
SEDOL	B2PKXF4 (Ordinary Shares) B2PKXH6 (Subscription Shares)
LSE Trading Tickers	NCE LN (Ordinary Shares) NCEA LN (Subscription Shares)

