

**Forum Energy Plc**  
**('Forum Energy' or the 'Company')**

**Interim Results**

Forum Energy, the UK incorporated oil and gas exploration and production company with a focus on the Philippines, today announces its unaudited interim results for the six months ended 30 June 2010.

Forum recorded a loss of US\$285,000 for the six months ended 30 June 2010, a 77% decrease on the comparative period in 2009 of US\$1,243,000.

This substantial reduction in the loss for the period was due to the following achievements:

- Full six months revenue from the Galoc field, increasing total revenues to US\$2,528,000 (US\$203,000 - 30 June 2009); and
- Increased share of revenue from the Galoc field, as the operator has now fully recovered development costs, which resulted in a gross profit of US\$880,000, compared to gross loss in the six months ended 30 June 2009 of US\$173,000.

**Operational Highlights**

- Company changing development via award of Service Contract 72 (SC72) over the GSEC101 licence area, as announced on 15 February 2010;
- The Company is actively considering a number of ways of progressing the contract work programme in respect of SC72;
- Galoc production of 1.6 million barrels of oil for first 6 months of 2010 (2.5 million barrels of oil gross for 12 months in 2009); and
- Further exploration using gravity survey, over the SC40 licence area.

**Financial Highlights**

- Revenues of US\$2,528,000 (US\$203,000 - 30 June 2009);
- Gross Profit of US\$880,000 (Gross loss of US\$173,000 - 30 June 2009);
- Loss before tax of US\$285,000 (US\$1,243,000 - 30 June 2009);
- Working capital of US\$3.5 million as of 30 June 2010 (US\$2.9m - 30 June 2009); and
- Continued reduction in administrative expenses.

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[www.forumenergyplc.com](http://www.forumenergyplc.com)

**INDEPENDENT REVIEW REPORT TO Forum Energy Plc**

## **Introduction**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement and the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

## **Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

## **Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

## **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists 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.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

*BDO LLP  
Chartered Accountants and Registered Auditors  
Address  
Date*

*BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).*

# **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the period ended 30 June 2010**

	Note	Six months Ended 30 June 2010 US\$000 Unaudited	Six months ended 30 June 2009 US\$000 Unaudited	Year ended 31 December 2009 US\$000 Audited
<b>Revenue</b>		2,528	203	1,786
Cost of sales		(1,648)	(376)	(1,590)
<b>Gross profit/( loss)</b>		880	(173)	196
Administrative expenses		(1,060)	(1,099)	(2,578)
<b>Loss from operations</b>		(180)	(1,272)	(2,382)
Finance expense		(107)	-	(117)
Finance income		2	54	2
<b>Loss before tax</b>		(285)	(1,218)	(2,497)
Tax expense		-	-	102
<b>Loss from continuing operations</b>		(285)	(1,218)	(2,395)
Loss on discontinued operation, net of tax		-	(25)	(1,332)
<b>Loss for the period/year</b>		(285)	(1,243)	(3,727)
<b>Total comprehensive loss for the period/year</b>		(285)	(1,243)	(3,727)
Loss and total comprehensive income attributable to:				
Owners of the parent		(269)	(1,225)	(3,618)
Non-controlling interest		(16)	(18)	(109)
		(285)	(1,243)	(3,727)
<b>Loss per ordinary share (US\$) attributable to equity holders of the parent</b>				
Basic and diluted	3	(0.008)	(0.041)	(0.119)
<b>Loss per share (US\$) on continued operations</b>				
Basic and diluted	3	(0.008)	(0.040)	(0.075)
<b>Loss per share (US\$) on discontinued operations</b>				
Basic and diluted	3	-	(0.001)	(0.044)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

	30 June 2010 US\$000 Unaudited	30 June 2009 US\$000 Unaudited	31 December 2009 US\$000 Audited
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3,159	3,568	4,168
Intangible assets	41,370	40,711	40,859
Investments	13	4	5
	<hr/>	<hr/>	<hr/>
<b>Total non-current assets</b>	44,542	44,283	45,032
<b>Current assets</b>			
Inventories	297	65	65
Trade and other receivables	1,004	279	639
Advances to associated companies	-	3,165	-
Cash and cash equivalents	3,705	1,517	4,172
Non-current assets classified as held for sale	-	967	-
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<b>Total current assets</b>	5,006	5,993	4,876
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	49,548	50,276	49,908
	<hr/>	<hr/>	<hr/>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	3,757	3,693	4,667
Deferred tax liability	-	102	-
	<hr/>	<hr/>	<hr/>
<b>Total non-current liabilities</b>	3,757	3,795	4,667
<b>Current liabilities</b>			
Trade payables, other payables and advances to associated companies	1,510	2,136	810
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<b>Total current liabilities</b>	1,510	2,136	810
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<b>Total liabilities</b>	(5,267)	(5,931)	(5,477)
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<b>Total net assets</b>	44,281	44,345	44,431
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<b>Capital and reserve attributable to equity holders of the company</b>			
Share capital	5,981	5,443	5,941
Share premium reserve	50,964	48,938	50,869
Share options reserve	493	352	493
Retained deficit	(14,595)	(11,933)	(14,326)
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	42,843	42,800	42,977
<b>Non-controlling interest</b>	1,438	1,545	1,454
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<b>Total equity</b>	44,281	44,345	44,431
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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2010

	Share capital	Share premium	Share option reserve	Retained deficit	Total	Non-controlling interest	Total capital and reserves
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Balance as at 1 January 2009	5,443	48,938	157	(10,708)	43,830	1,563	45,393
Total comprehensive income for the period	-	-	-	(1,225)	(1,225)	(18)	(1,243)
Share based payments	-	-	195	-	195	-	195
<b>Balance as at 30 June 2009 (Unaudited)</b>	<b>5,443</b>	<b>48,938</b>	<b>352</b>	<b>(11,933)</b>	<b>42,800</b>	<b>1,545</b>	<b>44,345</b>
Total comprehensive income for the period	-	-	-	(2,393)	(2,393)	(91)	(2,484)
Share based payments	-	-	141	-	141	-	141
Issue of shares (net of costs)	498	1,931	-	-	2,429	-	2,429
<b>Balance as at 31 December 2009</b>	<b>5,941</b>	<b>50,869</b>	<b>493</b>	<b>(14,326)</b>	<b>42,977</b>	<b>1,454</b>	<b>44,431</b>
Total comprehensive income for the period	-	-	-	(269)	(269)	(16)	(285)
Issue of shares (net of costs)	40	95	-	-	135	-	135
<b>Balance as at 30 June 2010 (Unaudited)</b>	<b>5,981</b>	<b>50,964</b>	<b>493</b>	<b>(14,595)</b>	<b>42,843</b>	<b>1,438</b>	<b>44,281</b>

# CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 June 2010

Six months

Six months

Year

	ended 30 June 2010 US\$000 Unaudited	ended 30 June 2009 US\$000 Unaudited	Ended 31 December 2009 US\$000 Audited
<b>Cash flows from operating activities</b>			
<b>Loss before tax for the period/year</b>	(285)	(1,243)	(3,829)
Adjustments for:			
Depreciation	1,106	226	796
Foreign exchange loss/(gain)	86	(11)	-
(Gain)/Loss on sale financial assets	(8)	4	3
Finance income	(2)	(1)	(2)
Share of loss/(profit) of associates	-	25	-
Equity settled share-based payment expense	-	195	336
	<u>1,182</u>	<u>438</u>	<u>1,133</u>
<b>Cash flows from operating activities before changes in working capital and provisions</b>	897	(805)	(2,696)
(Increase)/Decrease in trade and other receivables	(365)	(4)	1,124
(Increase)/Decrease in inventories	(232)	12	12
(Decrease)/Increase in trade and other payables	(211)	(65)	178
Increase in provisions and employee benefits	14	18	21
	<u>(794)</u>	<u>(39)</u>	<u>1,335</u>
<b>Net cash flows from operating activities</b>	103	(844)	(1,361)
<b>Investing activities</b>			
Purchases of property, plant and equipment	(97)	(10)	(21)
Purchase of intangible assets	(511)	(105)	(253)
Sale of discontinued operations	-	-	813
(Repayments)/Advances from/to associated companies	-	(64)	-
Interest received	2	1	2
	<u>(606)</u>	<u>(178)</u>	<u>541</u>
<b>Net cash (used in)/from investing activities</b>	(606)	(178)	541
<b>Financing activities</b>			
Issue of ordinary shares (net of issue costs)	135	-	2,429
	<u>135</u>	<u>-</u>	<u>2,429</u>
<b>Net cash from financing activities</b>	135	-	2,429
<b>Net (decrease)/increase in cash and cash equivalents</b>	(368)	(1,022)	1,609
<b>Cash and cash equivalents at beginning of period/year</b>	4,172	2,574	2,574
Exchange losses on cash and cash equivalents	(99)	(35)	(11)
	<u>3,705</u>	<u>1,517</u>	<u>4,172</u>
<b>Cash and cash equivalents at end of period/year</b>	3,705	1,517	4,172

**UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the period ended 30 June 2010

**1. Accounting Policies**  
*Basis of preparation*

The condensed interim financial statements have been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted for use in the EU. The condensed interim financial information has been prepared using the accounting policies applied for the year ended 31 December 2009 and which will be applied in the Group's statutory financial statements for the year ended 31 December 2010.

## **2. Financial Reporting Period**

The condensed interim financial information for the period 1 January 2010 to 30 June 2010 is unaudited. In the opinion of the Directors the condensed interim financial information for the period presents fairly the financial position, and results from operations and cash flows for the period and are in conformity with generally accepted accounting principles consistently applied. The accounts incorporate comparative figures for the interim period 1 January 2009 to 30 June 2009 and the audited financial year ended 31 December 2009.

The financial information contained in this interim report does not constitute statutory accounts as defined by section 435 of the Companies Act 2006.

The comparatives for the full year ended 31 December 2009 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

## **3. Loss Per Share**

The calculation of basic and diluted loss per share has been based on the loss for the period attributable to equity holders of the parent of US\$269,000 (2009: US\$1,225,000) and the weighted average number of shares being 33,145,130 ordinary shares issued for the period ended 30 June 2010 (2009: 30,084,121). The corresponding figures for the year ended 31 December 2009 were: loss for the period attributable to equity holders of the parent of US\$3,618,000 and weighted average number of shares 30,372,599.

## **4. Functional Currency**

All amounts have been prepared in US dollars, this being the Group's functional currency and its presentational currency.

## **5. Additional Information**

Further copies of the Interim Results are available from the Company Secretary, Forum Energy plc, 120 Bridge Road, Chertsey, Surrey KT16 8LA, United Kingdom, Tel: +44 (0)1932 445 344, Fax: +44 (0)1932 445 345, info@forumenergyplc.com or downloaded from the website: [www.forumenergyplc.com](http://www.forumenergyplc.com).

## SHAREHOLDER INFORMATION

### **Directors**

Walter W Brown (Chief Executive Officer)  
Barry Stansfield (Non-Executive Chairman)  
Andrew J Mullins (Executive Director)  
Roberto V Ongpin (Non-Executive Director)  
Robert C Nicholson (Non-Executive Director) - Appointed 9 March 2010

### **Company Secretary**

Andrew Mullins

### **Registered office**

120 Bridge Road  
Chertsey  
Surrey KT16 8LA

### **Principal place of business**

14F Pearlbank Centre  
146 Valero Street  
Salcedo Village  
Makati City  
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The Philippines

### **Company number**

05411224  
(England and Wales)

### **Independent Auditors**

BDO LLP  
55 Baker Street  
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### **Brokers & Financial Advisers**

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### **Registrars**

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### **Solicitors**

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