



INTERIM REPORT

09

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HIGHLIGHTS

Forum Energy – Interim results to 30.06.09

Forum recorded a loss of US\$1,243,000 for the interim period ended 30 June 2009 (US\$1,657,000 for interim period ended 30 June 2008). This was primarily attributed to administrative expenses and share-based payments.

Revenues for the period were US\$203,000 (2008: US\$389,000) attributable to oil production from the offshore North West Palawan interests.

Operational Highlights

- Completed further evaluation of the COC131 asset and initiated programme to convert licence into full production contract to enhance value.
- Signed Gas Sale and Purchase Agreement with DESCO on the development of the Libertad Gas Field and commenced negotiations with the DOE on power plant installation.
- First revenues from Galoc expected Q3 2009.
- Continued to refine the overall business and strategically position the Company for the GSEC101 Service Contract expected in H2 2009; and
- Evaluated other strategic investments in the Oil & Gas sector for possible future participation.

Financial Highlight

- Revenues of US\$203,000 for the interim period ended 30 June 2009 (US\$389,000 – 30 June 2008).
- Loss of US\$1,243,000 for the interim period ended 30 June 2009 (US\$1,657,000 – 30 June 2008).
- Shareholders' equity of US\$44.3 million as of 30 June 2009 (US\$47.3m – 30 June 2008).
- Working capital of US\$2.9 million as of 30 June 2009 (US\$6.2m – 30 June 2008).
- Substantial 40% reduction in administrative expenses to US\$1.1 million as of 30 June 2009 (US\$1.8m – 30 June 2008).

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 2009 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 2009 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 Stoy Hayward LLP

Chartered Accountants and Registered Auditors

London

21 July 2009

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2009

	Note	Six months ended 30 June 2009 US\$000 Unaudited	Six months ended 30 June 2008 US\$000 Unaudited	Year ended 31 Dec 2008 US\$000 Audited
Revenue		203	389	706
Cost of sales		(376)	(524)	(1,017)
Gross loss		(173)	(135)	(311)
Administrative expenses		(1,099)	(1,822)	(4,364)
Loss from operations		(1,272)	(1,957)	(4,675)
Finance expense		-	(10)	-
Finance income		54	307	306
Loss before tax		(1,218)	(1,660)	(4,369)
Tax expense		-	(10)	(68)
Loss from continuing operations		(1,218)	(1,670)	(4,437)
(Loss)/Profit on discontinued operation, net of tax		(25)	13	90
Loss for the period/year		(1,243)	(1,657)	(4,347)
Total comprehensive income for the period/year		(1,243)	(1,657)	(4,347)
Total comprehensive income attributable to:				
Owners of the parent		(1,225)	(1,744)	(4,425)
Non-controlling interest		(18)	87	78
		(1,243)	(1,657)	(4,347)
Loss per ordinary share (US\$) attributable to equity holders of the parent				
Basic and diluted	3	(0.041)	(0.060)	(0.152)
Loss per share (US\$) on continued operations				
Basic and diluted	3	(0.040)	(0.061)	(0.155)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	30 June 2009 US\$000 <i>Unaudited</i>	30 June 2008 US\$000 <i>Unaudited</i>	31 Dec 2008 US\$000 <i>Audited</i>
Assets			
Non-current assets			
Property, plant and equipment	3,568	3,865	3,784
Intangible assets	40,711	40,292	40,606
Investments	4	15	8
	<hr/>	<hr/>	<hr/>
Total non-current assets	44,283	44,172	44,398
Current assets			
Inventories	65	68	77
Trade and other receivables	279	285	275
Advances to associated companies	3,165	3,882	3,165
Cash and cash equivalents	1,517	2,619	2,574
Non-current assets classified as held for sale	967	901	991
	<hr/>	<hr/>	<hr/>
Total current assets	5,993	7,755	7,082
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Total assets	50,276	51,927	51,480
Liabilities			
Non-current liabilities			
Provisions	3,693	3,949	3,739
Deferred tax liability	102	43	102
	<hr/>	<hr/>	<hr/>
Total non-current liabilities	3,795	3,992	3,841
Current liabilities			
Trade payables	19	53	19
Advances from associated companies	1,948	-	2,011
Employee benefits	89	76	71
Tax payable	7	117	25
Other payables	73	396	120
	<hr/>	<hr/>	<hr/>
Total current liabilities	2,136	642	2,246
	<hr/>	<hr/>	<hr/>
Total liabilities	(5,931)	(4,634)	(6,087)
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Total net assets	44,345	47,293	45,393
Capital and reserve attributable to equity holders of the company			
Share capital	5,443	5,197	5,443
Share premium reserve	48,938	48,696	48,938
Share options reserve	352	1,699	157
Retained deficit	(11,933)	(9,871)	(10,708)
	<hr/>	<hr/>	<hr/>
	42,800	45,721	43,830
Non-controlling interest			
	1,545	1,572	1,563
	<hr/>	<hr/>	<hr/>
Total equity	44,345	47,293	45,393
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2009

	<i>Share capital US\$000</i>	<i>Share premium US\$000</i>	<i>Share option reserve US\$000</i>	<i>Retained earnings US\$000</i>	<i>Total US\$000</i>	<i>Non- controlling interest US\$000</i>	<i>Total equity US\$000</i>
Balance as at 1 Jan 2008	5,197	48,696	1,667	(8,127)	47,433	1,485	48,918
Total comprehensive income for the period	-	-	-	(1,744)	(1,744)	87	(1,657)
Share based payments	-	-	32	-	32	-	32
Balance as at 30 June 2008	5,197	48,696	1,699	(9,871)	45,721	1,572	47,293
Total comprehensive income for the period	-	-	-	(2,681)	(2,681)	(9)	(2,690)
Share based payments	-	-	302	-	302	-	302
Transfer to retained deficit	-	-	(1,844)	1,844	-	-	-
Issue of shares	246	242	-	-	488	-	488
Balance as at 31 Dec 2008	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
Balance as at 30 June 2009	5,443	48,938	352	(11,933)	42,800	1,545	44,345

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2009

	Six months ended 30 June 2009 US\$000 Unaudited	Six months ended 30 June 2008 US\$000 Unaudited	Year Ended 31 Dec 2008 US\$000 Audited
Cash flows from operating activities			
Loss before tax for the period/year	(1,243)	(1,647)	(4,279)
Adjustments for:			
Depreciation	226	246	458
Foreign exchange gain	(11)	(289)	(285)
Loss on sale financial assets	4	10	17
Finance income	(1)	(19)	(21)
Share of loss/(profit) of associates	25	(13)	(90)
Equity settled share-based payment expense	195	32	334
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Cash flows from operating activities before changes in working capital and provisions	(805)	(1,680)	(3,866)
(Increase)/Decrease in trade and other receivables	(4)	79	22
Decrease in inventories	12	49	40
(Decrease)/Increase in trade and other payables	(65)	251	(80)
Increase in provisions and employee benefits	18	52	47
	<hr/>	<hr/>	<hr/>
Cash expended by operations	(844)	(1,249)	(3,837)
Income taxes paid	-	-	(2)
	<hr/>	<hr/>	<hr/>
Net cash flows from operating activities	(844)	(1,249)	(3,839)
Investing activities			
Purchases of property, plant and equipment	(10)	(9)	(141)
Purchase of intangible assets	(105)	(92)	(406)
Disposal of intangible assets	-	1,700	1,700
(Repayments)/Advances from/to associated companies	(64)	(21)	2,694
Interest received	1	19	21
	<hr/>	<hr/>	<hr/>
Net cash (used in)/from investing activities	(178)	1,597	3,868
Financing activities			
Issue of ordinary shares	-	-	488
	<hr/>	<hr/>	<hr/>
Net cash from financing activities	-	-	488
	<hr/>	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(1,022)	348	517
Cash and cash equivalents at beginning of period/year	2,574	2,319	2,319
Exchange losses on cash and cash equivalents	(35)	(48)	(262)
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	1,517	2,619	2,574
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UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

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 which will be applied in the Group's statutory financial statements for the year ended 31 December 2009. This results in the adoption of the revision to IAS 1; this revision prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement. This revision has been applied throughout these interim financial statements.

2. Financial Reporting Period

The condensed interim financial information for the period 1 January 2009 to 30 June 2009 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 are in conformity with generally accepted accounting principles consistently applied. The accounts incorporate comparative figures for the interim period 1 January 2008 to 30 June 2008 and the audited financial year to 31 December 2008.

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 2008 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 of US\$1,225,000 (2008: US\$1,744,000) and the weighted average number of shares being 30,084,121 ordinary shares issued for the period ended 30 June 2009 (2008: 28,711,709). The corresponding figures for the year ended 31 December 2008 were: loss attributable to equity holders of the Company of US\$4,425,000 and weighted average number of shares 29,167,761.

4. Functional Currency

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

5. Additional Information

Further copies of the Interim Statement 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.

SHAREHOLDER INFORMATION

<i>Directors</i>	<p>Walter W Brown (<i>Chief Executive Officer</i>) Andrew J Mullins (<i>Executive Director</i>) Barry Stansfield (<i>Non-Executive Chairman</i>) Roberto V Ongpin (<i>Non-Executive Director</i>), appointed 17/06/09</p>
<i>Company Secretary</i>	Andrew Mullins
<i>Registered office</i>	120 Bridge Road Chertsey Surrey KT16 8LA
<i>Principal place of business</i>	14F Pearlbank Centre 146 Valero Street Salcedo Village Makati City Metro Manila The Philippines
<i>Company number</i>	05411224 (England and Wales)
<i>Independent Auditors</i>	BDO Stoy Hayward LLP 55 Baker Street London W1U 7EU
<i>Bankers</i>	Royal Bank of Scotland PLC Natural Resources 8th Floor 135 Bishopsgate London EC2M 3UR
<i>Brokers & Financial Advisers</i>	Noble & Company Limited 76 George Street Edinburgh EH2 3BU
<i>Registrars</i>	Share Registrars Ltd First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
<i>Solicitors</i>	Osborne Clarke 2 Temple Back East Temple Quay Bristol BS1 6EG

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