



INTERIM REPORT

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FORUM ENERGY PLC IS A UK-BASED OIL, GAS AND COAL E&P COMPANY WITH A PORTFOLIO OF PROJECTS IN THE PHILIPPINES.

Forum is focused exclusively on the development of its oil, gas and coal assets in the Philippines. The Company's principal asset is a 100% interest in GSEC101, an offshore petroleum licence situated west of Palawan Island in the South China Sea. In 2006, results from a 248-square-kilometre 3D seismic survey over the licence area indicated 3.4TCF gas-in-place (GIP) with upside to 20TCF. The Company has initiated the process of converting the licence to a service contract.

The Company's shares are traded on the London AIM market under the symbol 'FEP'.

1	HIGHLIGHTS
2	CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT
4	INDEPENDENT REVIEW REPORT TO FORUM ENERGY PLC
5	CONSOLIDATED INCOME STATEMENT
6	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
7	CONSOLIDATED BALANCE SHEET
8	CONSOLIDATED CASH FLOW STATEMENT
10	UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
11	GLOSSARY
IBC	SHAREHOLDER INFORMATION

HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

- Confirmed proven GIP at Sampaguita, GSEC101, of 3.4TCF with upside to 20TCF.
- Initiated the process of conversion of GSEC101 to a service contract.
- Farmed out a 30% interest in GSEC101 to Monte Oro Resources & Energy, Inc., securing past costs and Filipino Participation Incentive Allowance (FPIA).
- First production from Galoc on track to commence early 2008.
- Farm-out of NW Palawan assets in progress.
- Refocused the Company to take full advantage of GSEC101 opportunity.

FINANCIAL HIGHLIGHTS

- Revenues of US\$370,000 for the interim period ended 30 June 2007 (30 June 2006: US\$132,000).
- Shareholders' equity of US\$50.6 million as of 30 June 2007 (30 June 2006: US\$54.5m).
- Cash resources anticipated to be adequate for the foreseeable future.
- Loss before minority interest of US\$1,739,000 for the interim period ended 30 June 2007 (30 June 2006: US\$339,000).

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

Dear Shareholder

Forum continues to make progress, working its assets and conserving its cash with the objective of realising shareholder value through its prime asset, the GSEC101 block containing the Sampaguita gas discovery.

With production from the Galoc field and judicious farm-outs the Company is positioned to be able to fund its work programmes through 2008 and beyond and looks to progress positively in the coming months. It remains open to, and is actively seeking, additional business opportunities to provide value but sees these as being consummated to maximum shareholder benefit once the service contract on GSEC101 is awarded. With the recent farm-out to Monte Oro Resources & Energy, Inc. we are optimistic that a service contract award will be forthcoming in the near future.

Financial report

Forum recorded a loss of US\$1.74 million for the interim period ended 30 June 2007 (US\$0.34 million for interim period ended 30 June 2006). After deduction of minority interest, the loss attributable to shareholders of US\$1.61 million compares to a loss of US\$0.30 million for the equivalent period last year and US\$3.26 million for the full year 2006.

Revenues for the period were US\$0.37 million (US\$0.13 million for interim period ended 30 June 2006) attributable to oil production from the Basic Petroleum & Minerals Inc. (BPMI) assets acquired in April 2006. A gross loss of US\$0.16 million compares to a marginal profit in the first six months of 2006 and primarily reflects a higher rate of depletion of production assets. Administrative expenses of US\$0.99 million were broadly in line with the equivalent period last year but proportionately lower than full year 2006, reflecting efforts by the new management to reduce spend rates and conserve cash resources. The increased loss from operations of US\$1.57 million, compared to first half 2006 loss

of US\$0.93 million, included non-cash share-based payments of US\$0.42 million reflecting an emphasis on incentive-driven rewards for staff. The full year 2006 loss from operations includes US\$0.92 million of impairment charges with no similar charges appearing in the first half of 2007.

Financial income of US\$0.08 million was down from US\$0.59 million for the comparative period of 2006, reflecting the gradual utilisation of cash raised in 2005 whilst financial expense of US\$0.18 million principally comprised exchange losses on non-current liabilities.

Cash balances totalled US\$3.74 million at 30 June and, allied to reduced rates of ongoing expenditure, left the Company with sufficient resources to maintain its programmes whilst seeking to advance the value of its key assets.

GSEC101

GSEC101 is an area with tremendous potential for both exploration and appraisal. The Company is progressing the conversion of the licence to a service contract, which is at the Company's option, and has introduced a local partner through the farm-out of a 30% participating equity interest. This farm-out secures the Filipino Participation Incentive Allowance (FPIA) which equates to 7.5% of gross revenues as well as past costs. Importantly, this farm-out secures local involvement which is considered essential to the success of the project. Following service contract award Forum will be seeking a farm-in partner on behalf of both participants to expedite the work programme.

NW Palawan

This is a prolific oil-producing area in which Forum has a number of interests following the purchase of the assets of BPMI. The Nido/Matinloc fields continue to provide cash flow, while the Galoc field in which the Company has a 2.28% carried interest is scheduled for first production in early 2008. A farm-out has been agreed, subject to necessary approvals, on the Octon oil accumulation leaving the Company with a 1.67%

carried interest and discussions are ongoing on farm-out of the proven West Linepacan oil accumulation. The Company has determined, following technical review, that this area will be used to generate the cash flow necessary to sustain it, and to take advantage of the greater prize of GSEC101.

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The Company has completed its review of the offshore portion of the licence and identified a number of prospects. The offshore area will be the subject of a farm-out campaign while the onshore area is under review following the re-entry of the Maya well with inconclusive results. The Libertad gas development remains in abeyance pending clarification of commercial terms.

Coal contracts

The prime activity in the coal contracts has been the extension of exploration activities following some unexpected core results, which required confirmation of the geological model prior to further investment in order to secure the necessary returns. This has now been completed to satisfaction. However, with the positive results on GSEC101 and the determination to conserve capital to take advantage of a variable timeline in the award of the service contract, the Company is in the process of marketing the proven coal assets to more quickly capitalise on the resource and is in discussion with a number of interested parties.

In conclusion your Company remains confident that, given its prudent approach and strong relationships within the Philippines, the business will prosper to the benefit of shareholders for the remainder of 2007 and beyond.

Yours sincerely

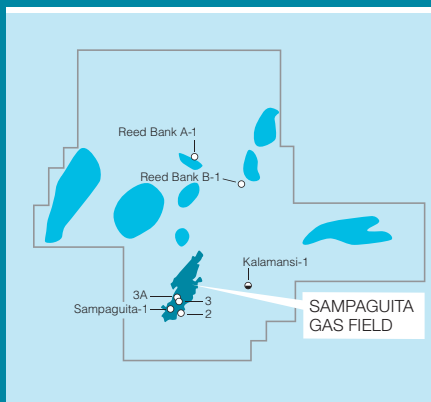
Alan Henderson
Chairman

Russell Harvey
Chief Executive

27 September 2007

ASSET LOCATIONS

GSEC101



NW PALAWAN



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INDEPENDENT REVIEW REPORT TO FORUM ENERGY PLC

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 June 2007 on pages 5 to 9. 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.

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.

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.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

BDO STOY HAYWARD LLP

Chartered Accountants
8 Baker Street
London W1U 3LL

27 September 2007

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD 1 JANUARY 2007 TO 30 JUNE 2007

	Six months ended 30 June 07 US\$000 Unaudited	Six months ended 30 June 06 US\$000 Unaudited	Year ended 31 Dec 06 US\$000 Audited
Revenues	370	132	544
Cost of sales	(527)	(107)	(340)
Gross (loss)/profit	(157)	25	204
Other administrative expenses	(993)	(918)	(2,925)
Permanent impairment of deferred charges and abortive project costs	–	–	(922)
Share-based payments	(416)	(38)	(789)
Total administrative expenses	(1,409)	(956)	(4,636)
Loss from operations	(1,566)	(931)	(4,432)
Financial income	81	593	1,066
Financial expense	(182)	(1)	(2)
Share of operating loss of associates net of taxation	(42)	–	(68)
Loss before taxation	(1,709)	(339)	(3,436)
Taxation	(30)	–	(7)
Loss after taxation	(1,739)	(339)	(3,443)
Attributable to:			
Equity holders of the parent	(1,607)	(300)	(3,258)
Minority interest	(132)	(39)	(185)
	(1,739)	(339)	(3,443)
Loss per ordinary share (US\$)			
Basic and diluted	(0.056)	(0.011)	(0.115)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1 JANUARY 2007 TO 30 JUNE 2007

	Share capital US\$000	Share premium US\$000	Foreign exchange reserve US\$000	Other reserves US\$000	Retained losses US\$000	Total attributable to equity holders of parent US\$000	Minority interest US\$000	Total US\$000
Balance as at 1 January 2006	4,932	46,714	(499)	51	(867)	50,331	2,057	52,388
Loss for the period	-	-	-	-	(300)	(300)	85	(215)
Unrealised foreign exchange movements	-	-	162	-	-	162	-	162
Total recognised income and expense for the period	-	-	162	-	(300)	(138)	85	(53)
Share-based payments	-	-	-	38	-	38	-	38
Issue of shares	234	1,889	-	-	-	2,123	-	2,123
Balance as at 30 June 2006	5,166	48,603	(337)	89	(1,167)	52,354	2,142	54,496
Loss for the period	-	-	-	-	(2,958)	(2,958)	(270)	(3,228)
Unrealised foreign exchange movements	-	-	337	-	(499)	(162)	-	(162)
Total recognised income and expense for the period	-	-	337	-	(3,457)	(3,120)	(270)	(3,390)
Share-based payments	-	-	-	751	-	751	-	751
Issue of shares	-	(6)	-	-	-	(6)	-	(6)
Shares issued under LTIP	16	-	-	-	(16)	-	-	-
Balance as at 31 December 2006	5,182	48,597	-	840	(4,640)	49,979	1,872	51,851
Loss for the period	-	-	-	-	(1,607)	(1,607)	(132)	(1,739)
Total recognised income and expense for the period	-	-	-	-	(1,607)	(1,607)	(132)	(1,739)
Share-based payments	-	-	-	416	-	416	-	416
Issue of shares	15	99	-	-	-	114	-	114
Balance as at 30 June 2007	5,197	48,696	-	1,256	(6,247)	48,902	1,740	50,642

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2007

	As at 30 June 07 US\$000 Unaudited	As at 30 June 06 US\$000 Unaudited	As at 31 Dec 06 US\$000 Audited
Non-current assets			
Intangible assets	43,845	47,452	43,264
Property, plant and equipment	2,322	578	2,675
Financial assets	25	–	40
Investments in associated companies	1,039	–	1,081
Advances to associated companies	3,512	–	3,159
Total non-current assets	50,743	48,030	50,219
Current assets			
Inventories	71	101	154
Trade and other receivables	315	386	276
Advances	–	657	–
Other financial assets	–	663	–
Cash and cash equivalents	3,740	9,501	5,739
Total current assets	4,126	11,308	6,169
Total assets	54,869	59,338	56,388
Liabilities:			
Current liabilities			
Trade payables	515	1,548	1,036
Non-current liabilities			
Other payables	3,712	3,294	3,501
Total liabilities	(4,227)	(4,842)	(4,537)
Total net assets	50,642	54,496	51,851
Capital and reserves attributable to equity holders of the Company			
Called up share capital	5,197	5,166	5,182
Share premium account	48,696	48,603	48,597
Other reserves	1,256	89	840
Foreign exchange reserves	–	(337)	–
Retained losses	(6,247)	(1,167)	(4,640)
	48,902	52,354	49,979
Minority interest	1,740	2,142	1,872
Total equity	50,642	54,496	51,851

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD 1 JANUARY 2007 TO 30 JUNE 2007

	Six months ended 30 June 07 US\$000 Unaudited	Six months ended 30 June 06 US\$000 Unaudited	Year ended 31 Dec 06 US\$000 Audited
Operating activities			
Net loss from ordinary activities	(1,739)	(339)	(3,443)
Adjustments for:			
Depreciation	364	28	129
Share-based payments	416	38	789
Exchange loss/(gain)	182	(355)	(736)
Interest expense	1	1	2
Interest income	(81)	(238)	(330)
Share of operating loss of associate	42	-	68
	924	(526)	(78)
Operating loss before changes in working capital	(815)	(865)	(3,521)
(Increase)/decrease in trade and other receivables	(39)	450	1,495
Decrease/(increase) in inventories	83	4	(49)
(Decrease)/increase in trade and other payables	(521)	1,112	2,839
	(477)	1,566	4,285
Cash outflows from operating activities	(1,292)	701	764
Investing activities			
Interest income	81	238	330
Acquisition of subsidiary (net of cash acquired)	-	-	(2,364)
Purchase of property, plant and equipment	(11)	(2,200)	(54)
Purchase of intangible assets	(467)	(571)	(2,958)
Investment in associated undertakings	-	(1,704)	(149)
Purchase of available for sale financial assets	-	63	(40)
Advances to associated companies	(353)	-	(3,159)
Cash flows from investing activities	(750)	(4,174)	(8,394)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	Six months ended 30 June 07 US\$000 Unaudited	Six months ended 30 June 06 US\$000 Unaudited	Year ended 31 Dec 06 US\$000 Audited
Financing activities			
Interest expense	(1)	1	(2)
Cash flows from financing activities	(1)	1	(2)
Decrease in cash	(2,043)	(3,472)	(7,632)
Cash and cash equivalents at beginning of the year	5,739	12,635	12,635
Foreign exchange movements	44	338	736
Cash and cash equivalents at end of the period	3,740	9,501	5,739

UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY 2007 TO 30 JUNE 2007

1. Accounting policies

Basis of preparation

The interim financial information has been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) and with the Companies Act 1985 applicable to companies preparing their accounts under IFRS. These accounts have not been audited but have been reviewed by the auditors of Forum Energy plc and its subsidiaries (the Group) as if they formed a single entity. The financial information has been prepared using the accounting policies as applied in the Group's statutory financial statements for the year ended 31 December 2006.

2. Financial reporting period

The financial information for the period 1 January 2007 to 30 June 2007 is unaudited. In the opinion of the Directors the 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 2006 to 30 June 2006 and the audited financial year to 31 December 2006.

The comparatives for the full year ended 31 December 2006 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 237(2)-(3) of the Companies Act 1985.

3. Loss per share

The calculation of basic and diluted loss per share has been based on the loss for the period of US\$1,607,000 (2006: US\$300,000) and the weighted average number of shares being 28,695,549 ordinary shares issued for the period ended 30 June 2007 (2006: 27,847,841).

4. Functional currency

All accounts have been prepared in US dollars, this being the Group 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 may be downloaded from the website: www.forumenergy.com

GLOSSARY

AIM	Alternative Investment Market of the London Stock Exchange
BPMI	Basic Petroleum & Minerals Inc.
Company	Forum Energy plc
E&P	exploration and production
Forum	the Company and/or its subsidiaries as appropriate
FPIA	Filipino Participation Incentive Allowance
GIP	gas-in-place
Group	the Company and/or its subsidiaries as appropriate
IFRS	International Financial Reporting Standards
LTIP	Long Term Incentive Plan
TCF	trillion cubic feet of gas

NOTES

SHAREHOLDER INFORMATION

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Russell Harvey (CEO)
Barry Stansfield
Graeme Thomson
Henry Wilson

Secretary

Andrew Mullins

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