

28 July 2011

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 interims for the six months ended 30 June 2011

Forum Energy recorded a profit after tax of US\$3,322,000 for the interim period ended 30 June 2011 (Loss - US\$285,000 for interim period ended 30 June 2010). The turnaround to profit from loss compared to 2010 period was due to an increased share of revenue from the Galoc field as the operator fully recovered development costs during 2010; which has resulted in gross profit of US\$4,557,000 (US\$880,000 for interim period ended 30 June 2010).

Operational Highlights

- First Sub-phase work programme commitments over SC72 satisfied by the acquisition of 564,887 Km² of 3D seismic data collected over the Sampaguita Gas Field and 2,202line-Km of 2D seismic data over the remainder of the block. This seismic data is currently being processed and its interpretation is expected to be available by the fourth quarter of 2011;
- Galoc production of 1.39 million barrels gross for first 6 months of 2011 (2.69 million barrels gross for 12 months in 2010), the Company has a 2.27% interest in the field;
- Development of Libertad Gas Field (SC40) by DESCO with expected commercial production in Q4 2011; and
- Interpretation of 3,000 line-km 2D seismic data started in May 2011 to generate prospects for possible drilling on the Toledo and Maya areas (SC40) in 2012.

Financial Highlights

- Revenues of US\$7,556,000 (US\$2,528,000 – 30 June 2010);
- Gross profit of US\$4,557,000 (US\$880,000 - 30 June 2010);
- Profit before tax of US\$3,322,000 (Loss before tax of US\$285,000 – 30 June 2010);
- Working capital of US\$3.4 million as of 30 June 2011 (US\$3.5m – 30 June 2010);
- US\$6 million of the agreed US\$10 million three year loan facility borrowed during period, at an interest rate of US LIBOR plus 4.5%, to fund first sub-phase work programme over SC72; and
- Continued reduction in administrative expenses.

For further information please contact:

Forum Energy Plc

Andrew Mullins, Executive Director

Tel: +44 (0) 1932 445 344

Execution Noble & Company Limited

Harry Stockdale / John Llewellyn-Lloyd

Tel: +44 (0) 20 7456 9191

Or visit the Company's website:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2011

	Note	Six months ended 30 June 2011 US\$000 Unaudited	Six months ended 30 June 2010 US\$000 Unaudited	Year ended 31 December 2010 US\$000 Audited
Revenue		7,556	2,528	6,068
Cost of sales		(2,999)	(1,648)	(4,009)
Gross profit		4,557	880	2,059
Administrative expenses		(992)	(1,060)	(2,397)
Profit/(loss) from operations		3,565	(180)	(338)
Finance expense		(255)	(107)	(235)
Finance income		12	2	15
Profit/(loss) before tax		3,322	(285)	(558)
Tax expense		-	-	-
Profit/(loss) from continuing operations		3,322	(285)	(558)
Total comprehensive income/(loss) for the period/year		3,322	(285)	(558)
Total comprehensive income/(loss) attributable to:				
Owners of the parent		3,354	(269)	(438)
Non-controlling interest		(32)	(16)	(120)
		3,322	(285)	(558)
Profit/(loss) per ordinary share (US\$) attributable to equity holders of the parent				
Basic	3	0.101	(0.008)	(0.013)
Diluted	3	0.094	(0.008)	(0.013)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2011

	Note	30 June 2011 US\$000 Unaudited	30 June 2010 US\$000 Unaudited	31 December 2010 US\$000 Audited
Assets				
Non-current assets				
Property, plant and equipment		4,392	3,159	3,673
Intangible assets	4	49,462	41,370	42,630
Investments		30	13	18
Total non-current assets		53,884	44,542	46,321
Current assets				
Inventories		261	297	419
Trade and other receivables		3,028	1,004	1,151
Cash and cash equivalents		2,813	3,705	2,464
Total current assets		6,102	5,006	4,034
Total assets		59,986	49,548	50,355
Liabilities				
Non-current liabilities				
Other liabilities and provisions		3,975	3,757	3,994
Loan		6,000	-	-
Total non-current liabilities		9,975	3,757	3,994
Current liabilities				
Trade payables and other payables		2,680	1,510	2,352
Total current liabilities		2,680	1,510	2,352
Total liabilities		12,655	5,267	6,346
Total net assets		47,331	44,281	44,009
Capital and reserve attributable to equity holders of the company				
Share capital		5,982	5,981	5,982
Share premium reserve		50,964	50,964	50,964
Share options reserve		438	493	438
Retained deficit		(11,355)	(14,595)	(14,709)
		46,029	42,843	42,675
Non-controlling interest		1,302	1,438	1,334
Total equity		47,331	44,281	44,009

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2011

	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 2010	5,941	50,869	493	(14,326)	42,977	1,454	44,431
Total comprehensive income for the period	-	-	-	(269)	(269)	(16)	(285)
Issue of shares (net of costs)	40	95	-	-	135	-	135
Balance as at 30 June 2010 (Unaudited)	5,981	50,964	493	(14,595)	42,843	1,438	44,281
Total comprehensive income for the period	-	-	-	(169)	(169)	(104)	(273)
Transfer to retained deficit	-	-	(55)	55	-	-	-
Issue of shares (net of costs)	1	-	-	-	1	-	1
Balance as at 31 December 2010 (audited)	5,982	50,964	438	(14,709)	42,675	1,334	44,009
Total comprehensive income for the period	-	-	-	3,354	3,354	(32)	3,322
Balance as at 30 June 2011 (Unaudited)	5,982	50,964	438	(11,355)	46,029	1,302	47,331

CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 June 2011

	Six months ended 30 June 2011 US\$000 Unaudited	Six months ended 30 June 2010 US\$000 Unaudited	Year Ended 31 December 2010 US\$000 Audited
Cash flows from operating activities			
Profit/(loss) before tax for the period/year	3,322	(285)	(558)
Adjustments for:			
Depreciation	2,169	1,106	2,454
Foreign exchange loss	-	86	-
(Gain) on investments	(12)	(8)	(13)
Finance income	-	(2)	(2)
Finance expenses	117	-	35
	<u>5,596</u>	<u>897</u>	<u>1,916</u>
(Increase) in trade and other receivables	(4,219)	(365)	(512)
Decrease/(increase) in inventories	158	(232)	(354)
(Decrease)/increase in trade and other payables	(1,054)	(211)	843
Increase in provisions and employee benefits	-	14	26
Net cash flows from operating activities	<u>481</u>	<u>103</u>	<u>1,919</u>
Investing activities			
Purchases of property, plant and equipment	(32)	(97)	(2,001)
Disposal of property, plant and equipment	-	-	42
Purchase of intangible assets	(5,897)	(511)	(1,771)
Interest received	-	2	2
Interest paid	(117)	-	-
Net cash from investing activities	<u>(6,046)</u>	<u>(606)</u>	<u>(3,728)</u>
Financing activities			
Issue of ordinary shares (net of issue costs)	-	135	136
Loan facility	6,000	-	-
Net cash from financing activities	<u>6,000</u>	<u>135</u>	<u>136</u>
Net increase/(decrease) in cash and cash equivalents	<u>435</u>	<u>(368)</u>	<u>(1,673)</u>
Cash and cash equivalents at beginning of period/year	2,464	4,172	4,172
Exchange losses on cash and cash equivalents	(86)	(99)	(35)
Cash and cash equivalents at end of period/year	<u>2,813</u>	<u>3,705</u>	<u>2,464</u>

1. Accounting Policies - Basis of preparation

The 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 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 2011.

2. Financial Reporting Period

The interim financial information for the period 1 January 2011 to 30 June 2011 is unaudited. In the opinion of the Directors the 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 2010 to 30 June 2010 and the audited financial year to 31 December 2010.

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 2010 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. Profit per Share

The calculation of basic and diluted profit per share has been based on the profit for the period of US\$3,354,000 (30 June 2010 - loss: US\$269,000).

The basic weighted average number of equity shares in issue for the period is 33,364,533 ordinary (30 June 2010: 33,145,130).

The diluted weighted average number of equity shares in issue for the period is 35,559,533 ordinary (30 June 2010: 33,145,130).

The corresponding figures for the year ended 31 December 2010 were: loss attributable to equity holders of the Company of US\$438,000 and weighted average number of shares 33,256,478.

As at 31 December 2010 and 30 June 2010 the Group made losses, the effect of the share options in issue for these periods is anti-dilutive; therefore there is no difference between basic and diluted earnings per share.

4. Intangible Assets

The net book value of assets included within intangible fixed assets are as follows:
SC40 – US\$28,838,000 (31 December 2010: US\$28,689,000) & (30 June 2010: US\$28,545,000)
SC72 – US\$20,399,000 (31 December 2010: US\$13,720,000) & (30 June 2010: US\$12,604,000)
Others – US\$225,000 (31 December 2010: US\$221,000) & (30 June 2010: US\$221,000).

5. Functional Currency

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

6. 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, E-mail: info@forumenergyplc.com or downloaded from the website: www.forumenergyplc.com.

Supplemental Information

Exploration and Drilling Commitments

SC6

The SC6 is divided into two blocks, 6A and 6B. In the Company's request from Department of Energy (DOE) for extension of terms of SC6 retained areas for the final 15-year term extension that will expire in 2023, through the lead operator of the consortium, the Philodrigill Corporation, committed to undertake exploration and development activities in SC6A and SC6B.

On December 7, 2010, the consortium submitted a work program for 2011 consisting of the Pre-Stack Depth Migration processing of the 3D dataset acquired by WesternGeco in SC6A in 1997. The study will focus on the northern part of SC6A where several prospects and leads have been previously identified. It is expected that the completed reprocessed data will be available by the end of 2011 while seismic interpretation, prospect mapping and ranking will be the main activity for 2012. The SC6B consortium has requested for the extension of submission of work program and budget to DOE.

SC40

The Company has signed with the DOE joint determination of commerciality of the onshore Libertad Gas Field. Pursuant to the declaration, the Company is mandated by its contract with the Philippine Government to:

- a) Retain after the exploration period and during the effectivity of the service contract, 12.5% of the initial area in addition to the delineated Production Area, provided that the area to be surrendered shall each be of sufficient size and convenient shape to enable the petroleum operations to be conducted thereon;
- b) Operate the field in accordance with accepted good field practices using modern and scientific methods including the following: enabling maximum economic production of petroleum; avoiding hazards to life, health and property; avoiding pollution of air, land and waters; and pursuant to an efficient and economic program of operations; and
- c) After commercial production commences in the Contract Area, supply from such production a portion of the domestic requirements of the Republic of the Philippines on a pro-rata basis, which portion shall be sold at market price and shall be determined as follows: in respect of each year multiply the total quantity of crude oil required for domestic consumption by the ratio of the total quantity of crude oil produced from the Contract Area to the entire Philippine production of crude oil.

SC72

In the course of its exploration activities in SC72, the Company is bound to comply with the necessary minimum work commitments as stated in the service contract, as follows:

- a) Sub-Phase 1 – February 15, 2010 to August 14, 2011: one well of 250 sq km of 3D seismic survey or equivalent high resolution 2D seismic survey at expenditure of US\$3m;
- b) Sub-Phase 2 – August 15, 2011 to August 14, 2013: two wells or one well of 259 Sq km of 3D seismic (if one well is drilled in sub-phase 1) at minimum expenditure of US\$6m;
- c) Sub-Phase 3 – August 15, 2013 to August 14, 2015: two wells at minimum expenditure of US\$6m; and
- d) Sub-Phase 4 – August 15, 2015 to August 14, 2017: three wells at minimum expenditure of US\$9m.

- End -