



Leadership through quality

annual report &  
accounts 2010

## OUR VALUES

Transparent.

Passionate.

Innovative.

Customer Driven.

## QUALITY POLICY

"Forte Oil consistently provides the best products and services in the downstream and upstream sectors of the petroleum industry based on its in-built stepwise improvement of processes at value to all stakeholders"

This is the financial report for  
African Petroleum Plc  
now Forte Oil Plc for  
the year ended December 31, 2010.

## VISION

"To be the preferred energy company delivering unbeatable benefits to our stakeholders"



*A proposed model of the Forte Oil Forecourt*

## MISSION

"To provide quality products and services using high safety standards and global best practices while remaining highly profitable and socially responsible".

## Contents

Corporate Information	4
Result at a Glance	5
Notice of Annual General Meeting	6
Chairman's Statement	7 - 12
Statement of Compliance	13 - 17
Board of Directors	18 - 19
Profile of Directors	20 - 22
Report of Directors	23 - 26
Report of Audit Committee	27
Report of Independent Auditors	28 - 29
Statement of Accounting Policies	30 - 32
Profit and Loss Account	34
Balance Sheet	35
Statement of Cash Flows	36
Notes to the Financial Statements	37 - 49
Statement of Value Added	50
Five-Year Financial Summary ( <i>Group</i> )	51
Five-Year Financial Summary ( <i>Company</i> )	52
Proxy Form	53
Admission Card	54
Postage	55
E-Dividend Mandate	56

## Corporate Information

### **BOARD OF DIRECTORS**

FEMI OTEDOLA, C.O.N.	-	Chairman
OSA OSUNDE	-	Vice Chairman
MICHAEL O. AHME	-	Managing Director/CEO
OMOLOLA SEGUN-IDAHOR (MRS.)	-	ED, Finance & I.T.
REV. LAYIWOLA BOLODEOKU	-	Director
GRACE C. EKPENYONG (DR., MRS.)	-	Director
CHRISTOPHER ADEYEMI	-	Director
NEBOLISA ARAH	-	Director
PHILIP M. AKINOLA	-	Director
KOREDE OMOLOJA (MRS.)	-	Director
ADEREMI OGUNTOYE <i>Esq.</i>	-	Ag. Company Secretary

PEDRO ADIGWE	-	MD, AP Oil Field Services Limited
NIKITA ADEWOLE OLUADE	-	GM, AP Oil & Gas Ghana Limited

**AG. COMPANY SECRETARY**  
ADEREMI OGUNTOYE *Esq.*

**REGISTERED OFFICE**  
54/56, BROAD STREET, LAGOS.

**REGISTRARS AND TRANSFER OFFICE**  
ZENITH REGISTRARS  
PLOT 89A, AJOSE ADEOGUN STREET,  
VICTORIA ISLAND,  
LAGOS.

**AUDITORS**  
PKF PROFESSIONAL SERVICES  
TOLOYE HOUSE  
362, IKORODU ROAD/1A, OKUPE ESTATE, MARYLAND, LAGOS

**BANKERS**  
ZENITH INTERNATIONAL BANK PLC  
GTBANK PLC  
FIRST BANK OF NIGERIA PLC  
UNION BANK OF NIGERIA PLC  
MAINSTREET BANK PLC

## Result at a Glance

YEAR ENDED 31 DECEMBER, 2010

	2010 N'000	2009 N'000
PROFIT & LOSS ITEMS		
TURNOVER	132,690,558	159,858,809
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(2,843,846)	(8,921,636)
TAXATION	96,441	(237,291)
LOSS AFTER TAX	(2,747,405)	(9,158,927)
MAJOR BALANCE SHEET ITEMS		
FIXED ASSETS	9,313,398	12,137,841
CURRENT ASSETS	57,850,632	74,258,277
CURRENT LIABILITIES	(42,331,715)	(51,586,178)
NET CURRENT ASSETS	15,518,917	22,672,099
SHAREHOLDERS FUNDS	25,378,780	33,082,789

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 32nd Annual General Meeting of the Members of Forte Oil Plc (formerly African Petroleum Plc) will be held at the Transcorp Hilton Hotel, Abuja, on the 28<sup>th</sup> day of October, 2011, by 10.00 am to transact the following business:

### ORDINARY BUSINESS

1. To present the Report of the Directors, the Balance Sheet together with the Profit and Loss Account as at December 31, 2010, and the Report of the Auditors thereon.
2. To re-elect Directors under Articles 88, 89 and 93 of the Company's Articles of Association.

### SPECIAL BUSINESS

3. To approve the conduct of a rights issue of 102,231,137 units of shares, which initial approval was sought and obtained at the 31st AGM, at such price and manner as the Board of Directors deem fit and proper subject to obtaining relevant approval of the Securities & Exchange Commission.
4. To re-elect a Director, who is 70 years of age, pursuant Sections 252 and 256 of the Companies and Allied Matters Act, 2004.
5. To approve the divestment of existing shareholdings of 204,016,794 to an institutional investor and in the manner

as the Board of Directors deem fit and proper subject to the authorization of regulatory authorities.

### PROXIES

A member of the company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member. A form of proxy is available at the Registrars. To be valid for this meeting, it must be duly stamped by the Commissioner of Stamp Duties and deposited at the office of the Registrar at Plot 89A, Ajose Adeogun Street, Victoria Island, Lagos, not later than 48 hours before the time for holding the meeting.

### CLOSURE OF REGISTER

Notice is hereby given that the Register of Members and Transfer Books will be closed from October 10, 2011, through to October 12, 2011, both days inclusive, to enable us update the Register of Members.

Dated this 2nd Day of October, 2011.

### BY ORDER OF THE BOARD



ADEREMI OGUNTOYE Esq.  
Ag. Company Secretary  
13A, Walter Carrington Crescent,  
Victoria Island, Lagos.

## Chairman's Statement

Distinguished Stakeholders, Ladies and Gentlemen,

It is with great pleasure that I welcome you to the 32nd Annual General Meeting of our great company. Indeed, we are delighted that our company survived the impact of the recent global economic downturn which affected all major advanced economies. Some analysts say the storm is not yet over, but our survival gives us confidence of a brighter tomorrow.

During last year's AGM, I alluded to the fact that the strategies presented by the executive management, will set us on our way to recovery. It is my pleasure to inform this meeting that we have reduced our losses significantly by 71%.

The Directors Reports and Financial Statements for the year ended 31st December 2010 will be presented to you at this meeting. Before I share the company's scorecard, I will like to discuss some critical macro-economic indices that impact our operations.

### Global Economic Environment

In 2010, economic recovery began globally but at varying degrees in different markets with oil prices rising above \$100 per barrel. Global economic growth was uneven as emerging economies picked up significantly compared to advanced economies. According to the International Monetary Fund (IMF), the average annual change of global output was 5%, with a 3% for advanced economies and 7% for developing economies. This development the IMF reports was largely driven by huge inventory accumulation, fiscal stimulus measures, remarkable consumption and improved investments. Global financial conditions improved in the second half of 2010. However, this improvement was short lived, as further financial instability was experienced in Europe in the last quarter of 2010. The current economic situation and in particular short term outlook are still affected by major uncertainties especially as regards funding of recurrent and capital expenditures.

The effects of political unrest in the Middle East and North Africa has worsened the global economic situation. The economic and social issues which led to a civil war in Libya, a major oil producing nation has deeply unsettled the international crude oil markets with oil prices rising above \$100 per barrel. This has varying impacts

## Chairman's Statement *(cont'd)*

on already fragile oil dependent economies. Overall, the World Bank noted that growth in both high income and developing countries will be adversely affected in 2011. This will dampen economic growth internationally until the expected gradual positive changes in 2012.

### National Economic Environment

Here at home, we made some progress with economic reforms which has effected paramount changes in our economic environment. The government maintained prudent macroeconomic policies, strengthened financial institutions albeit slowly and unevenly, is undertaking reforms to transform the economy structurally. The reform effort, aided by revenue from high oil prices, has led to significantly improved macroeconomic outcomes, including a slightly weaker inflation and seemingly strong GDP growth. Real GDP growth rose from 7.0% in 2009 to 7.85% in 2010. This marginal growth in the aftermath of the global financial and economic crisis, underscored the resilience of the Nigerian economy and to some extent, the prudence of its economic policies.

Despite the economic achievements noted above, the inflation rate was at 14.40% at the beginning of 2010. The inflationary pressures were triggered by several factors such as electioneering expenses, the purchase of non-performing bank loans by Asset Management Corporation of Nigeria (AMCON). As expected in a developing economy like ours, the issue of a two digit inflation rate continues to be a major challenge to the

Government.

Our economy's dependence on oil receipts further deteriorated in the year 2010, as crude oil earnings accounted for 85% of the country's revenue and 90% of the foreign exchange earnings. These levels of dependence on crude oil, has necessitated an urgent call for the implementation of reforms needed to diversify the economy.

The reform policies and development efforts of the Central Bank of Nigeria (CBN) impacted on the economy in several ways in 2010. These efforts included the setting up of the AMCON, creation of special purpose initiatives for the stimulation of manufacturing, the real sector and infrastructural development.

With the introduction of various banking reforms by the CBN and internal economic outlook, the money market experienced a high level of banking pressure, which meant funds were not available to many companies.

In our sector, a warmly welcomed initiative by the Federal Government of Nigeria (FGN) was the introduction of the Sovereign Debt Note (SDN). SDNs have enhanced FGN's efforts to ensure stable supply of petroleum products to the nation by oil marketers and thus generating guaranteed payment to them within a specified period. This development slightly reduced the funding pressure experienced in our sector.

The market still awaits excitedly, the passage of the Petroleum Industry Bill (PIB) and the subsequent deregulation of the downstream sector of the industry. The

phase in both the consumer and supplier relationship and eliminate the inefficiencies and bottlenecks associated with the business today.

Various requests were put forward by the Oil Marketers to the FGN, a review of the fuel distribution margins in the Petroleum Product Pricing Regulatory Agency's (PPPRA) pricing template, to reflect the current high cost of operations.

Power generation is still a major challenge within our economy especially with the government failing to meet the 2010 target of 6,000 MW. The high cost of alternate power generation with its resultant effect on operational cost is still a deterrent to our national operational efficiency.

#### *National Political Environment*

We witnessed the demise of our democratically elected President-Shehu Musa Yar'Adua, whose amnesty program provided some degree of calm in the Niger Delta thereby increasing oil production from about 1.9 million barrels per day in December 2009 to 2.4 million barrels per day by the end of 2010.

The country continues to experience fundamental sectarian upheavals in the middle belt and has a negative effect on the Government's drive for foreign direct investment.

President Goodluck Jonathan has signed the local content bill into law, paving the way for higher domestic participation in the oil and gas industry and more extensive training requirements. This bill seeks to

address the compelling need to have indigenous participation in the industry.

Analysts estimate that local participation in the oil and gas industry stands at around 40 per cent, with the majority of skilled and executive-level positions being taken on by foreigners. Under the new law, foreign oil companies will be required to commit additional funds to training local workers to allow them to participate more fully in the sector

#### SUBSIDIARIES/ASSOCIATES

The company's subsidiaries performed creditably in their operations and posted impressive results.

##### *1. AP OIL FIELD SERVICES LIMITED*

In 2010 AP Oil Field Services Limited (APOS) successfully completed the Nigerian Petroleum Development Company (NPDC) completion fluid contract.

APOS is making steady progress in the supply of production chemicals, drilling fluids and completion fluids. It secured contracts with SNEPCO and ADDAX for production chemicals, wellbore cleanup and drilling fluids.

APOS has consistently grown turnover, net profits and shareholders fund and is poised to attain leadership position in the supply of oilfield production and drilling fluid chemicals in the country.

##### *2. AP OIL & GAS GHANA LIMITED*

The discovery of oil in Ghana in 2010

## Chairman's Statement *(cont'd)*

resulted in the influx of more foreign direct investments into the country, which resulted in an increase in market opportunities and the proliferation of Oil Marketing Companies and Bulk Distribution Companies.

However, in spite of the stiff competition and other external inhibition to improved sales, the volume of products sold increased during the year to 38.8 million litres from 14.4 million litres for the previous year representing an increase of 169%.

AP Oil & Gas Ghana (APOG) posted a net profit of GHc 383,387.00, which is 123% over the profit of GHc 171,550.00 recorded in 2009. APOG's significant achievements during the year under review include amongst others the signing of a trade agreement to supply a monthly minimum quantity of 5 million litres of low particulate AGO to two mining companies, the commencement of the implementation Enterprise Resource Planning (ERP) for the automation of its operations and the empowerment of the work force with relevant working tools.

In 2011, APOG will expand its retail network, secure contracts with mining companies, win more blue chip industrial customers, explore throughput arrangement to commence Aviation Fuel sales, co-opt LPG outlets and secure the permit and commence the sale of Marine Gas Oil.

APOG is also expected to supply Residual Fuel Oil to a customer in Togo, Aviation Fuel to an up coming private cargo airport in Ghana, Marine Gas Oil to foreign vessel, Low particulate AGO to new upcoming Mining

Companies and crude oil to Tema Oil Refinery and other interested parties outside the shores of Ghana.

APOG shall ensure the implementation of all the strategic initiatives in order to meet and surpass set targets and by extension achieve good return on investments for the incoming year.

### 2010 OPERATING RESULTS

Overall, the year under review recorded a better performance than the previous one. Despite a 19.6% drop in turnover, our loss position reduced to N2,744B as against the N9,485B in 2009. We incurred a N2,701B exceptional item in respect of employee restructuring exercise embarked upon by management to reposition the company for improved future performance. This exercise will continue in 2011 until we return the company to full profitability.

### REBRANDING UPDATE

At the last AGM, the board approved the change of company name from African Petroleum to Forte Oil.

Consequently, the company engaged the expertise of a leading Brand design agency to develop a brand identity. Extensive work has gone on in this regard; with key internal livery such as identity cards, stationary changed to the new identity.

The company website; [www.forteoilplc.com](http://www.forteoilplc.com) has also be launched in the new livery. Extensive production work is ongoing to ensure the gas stations are rebranded. By

April 12 2012, at least 20 AP Gas stations in Lagos, Port-Harcourt and Abuja, will be rebranded to Forte Oil.

#### CORPORATE SOCIAL RESPONSIBILITY

In the year past; Forte Oil Plc, made donations in support of various health causes affecting the lives of children in Lagos, Port-Harcourt, Ibadan and Abuja.

Pacelli School of the blind, Down syndrome Association, Modupe Cole child care and Treatment home, OLG Health foundation where some of the recipients.

Forte Oil, continues to perform its duty as a socially responsible citizen.

#### BOARD OF DIRECTORS

Michael Ahme and Omolola Segun-Idahor, who were previously acting as Managing Director/CEO and Executive Director Finance and IT respectively had their appointments confirmed by the Board of Directors at the Board Meeting held on 28th December 2010 and subsequently ratified at the 2009 Annual General Meeting held on 29th December, 2011.

Rev. Canon Layi Bolodeoku who attained 70 years in 2009 was re - appointed a director of the company after passing a special resolution in the last Annual General Meeting in compliance with section 256 Of CAMA was re-elected.

#### HUMAN CAPITAL

We recognize the value of human capital in business and management excellence. Our

human resources policies have continued to offer rewards, training, compensation in order to promote productivity and staff morale.

In a competitive business environment like ours we have worked to strengthen the quality and efficacy of our workforce through our recruitment, induction and training programmes.

#### TECHNOLOGY

We commenced the implementation of a new ERP – SAP to enhance our data collation process in order to improve our information management, reporting capabilities and eventually business intelligence. The Securities and Exchange Commission has mandated all publicly quoted companies to convert to the International Financial Reporting Standard (IFRS) by 2012, we have initiated the conversion process by ensuring that our new ERP is IFRS compliant.

We are extending our wide area network (WAN) to cover all Forte Oil PLC offices across the country. All our operational offices will be linked by the end of 2011. This will improve connectivity and impact positively on our ability to capture and process business data without delay.

#### THE FUTURE

Our lubricants business has been restructured to focus its operations and make the required impact in the lubricant market. We also re-strategized in other sectors of our business in order to improve on our 2010 performance.

In line with the above, we are vigorously pursuing our diversification efforts into the Power sector. We formed a consortium with our technical partners/investors and signed the Memorandum of Understanding. We thus have the necessary requirements in place to bid for controlling stakes in generating and distribution companies. In our efforts to support the use of LPG for cooking and to power vehicles we completed the installation of the LPG and Autogas skid plant for the refilling of LPG cylinders and Autogas dispensers at Shomolu service station, Lagos, while the LPG plant on IBB Way service station, Abuja is nearing completion.

In addition to the expansion of the tankage capacity at the Aviation terminal Ikeja, the sector was also equipped with a new state of the art aircraft refueller in order to boost its operation and increase efficiency.

The completion of the bitumen plant will further position the company to take advantage of the opportunities to sell bitumen to various companies in the road construction/ rehabilitation business.

#### APPRECIATION

In conclusion, I on behalf of the Board of Directors and management will continue to employ best practices to ensure our dear company is able to withstand the storm and turn the corner in the nearest future. We however, solicit your support and understanding during this rather tough period.

Thank you and God Bless you all.

Femi Otedola, C.O.N.

## Statement of Compliance with the Corporate Governance Code

African Petroleum Plc (now Forte Oil Plc) has remained committed to high standards of Corporate Governance in order to maintain transparency, accountability, control and integrity in its processes. The Board of Directors of the company has continued to comply with the code of corporate governance as outlined by the Securities and Exchange Commission (SEC) in line with international best practices.

The Board performed its functions through the following committees: Finance and General Purpose Committee (F & GPC), Establishment Committee, Audit Committee (which is also a shareholder committee) and the Governance/Remuneration Committee. The memberships of these Committees are made up of Board members. The only exception is the Audit Committee that is constituted of Board members and shareholders representatives in equal proportion. The Chairman of the Board is not a member of any of these Committees.

Apart from these committees, within the company, there are the Executive Management Committee, Management Committee and Management Tenders and Contracts Committee interfacing with the Board.

Further to the Company's high level of commitment to Section 33.1 of SEC's code of Corporate Governance, the company, at its last AGM, disengaged its long retained external auditors and appointed Messrs PKF Chartered Accountants & Business Advisers. This appointment was ratified at the 2009 Annual General Meeting held on 29<sup>th</sup> December 2010.

### THE BOARD

During the year under review, the Company's Board of Directors was made of up ten (10) members including the Chairman, the Vice Chairman, the Managing Director/CEO, an Executive Director and Six (6) other non Executive Directors. Four of these under-listed Directors resigned their appointments at various times of the year.

1. Mr. Tunde Falasinnu – former Managing Director/CEO
2. Mr. Sebastian Adigwe
3. Mr. Stanley Lawanson
4. Mr. Segun Senbanjo

While Mr. Clement Aviomoh was dismissed as the Executive Director of Finance/IT.

In line with the best practice, according to Section 12.1 of SEC's Code of Corporate Governance, the Board is expected to hold a minimum of four (4) meetings annually.

## Statement of Compliance with the Corporate Governance Code (cont'd)

The year under review, six (6) meetings were held and Director's attendances at the meetings are as follow:

### YEAR 2010 BOARD MEETING ATTENDANCE

S/N	NAME	POSITION	24 FEB 2010	18 MAY 2010	25 JUNE 2010	5 JULY 2010	27 SEPT 2010	28 DEC 2010
1.	Femi Otedola	Chairman	✓	✓	∞	✓	✓	✓
2.	Osa Osunde	Vice Chairman	✓	✓	✓	✓	✓	∞
3.	Mike Ahme	Managing Director/ceo	Δ	Δ	Δ	Δ	✓	✓
4.	Mrs. Omolola Segun-Idahor	Executive Director (Finance & It)	Δ	Δ	Δ	Δ	✓	✓
5.	Rev. Canon Layi Bolodeoku	Director	✓	✓	✓	✓	✓	✓
6.	Dr. (Mrs.) Grace C. Ekpenyong	Director	✓	✓	✓	✓	✓	✓
7.	Philip Akinola	Director	Δ	Δ	Δ	Δ	✓	✓
8.	Mrs. Korede Omoloja	Director	Δ	Δ	Δ	Δ	✓	✓
9.	Christopher Adeyemi	Director	✓	✓	✓	✓	✓	✓
10.	Nebolisa Arah	Director	✓	✓	✓	✓	∞	∞
11.	Segun Senbanjo	Director	✓	✓	✓	✓	Δ	Δ
12.	Tunde Falasinnu	Former Md/CEO	✓	✓	✓	✓	Δ	Δ
13.	Clement Aviomoh	Former ED(Finance & IT)	✓	✓	✓	✓	Δ	Δ
14.	Stanley Lawson	Director	✓	✓	✓	✓	Δ	Δ

### KEY TO TABLE

SYMBOL	MEANING
✓	PRESENT
∞	ABSENT
Δ	NOT ON THE BOARD

## 1. FINANCE AND GENERAL PURPOSE COMMITTEE

The Finance and General Purpose Committee is responsible for the review of Management's recommendation for Loans, Investments, Budgets, Procurements and all major recurrent expenditures by the company. The Committee is also responsible for the review of general finance and investment policies of the company, as well as any similar issue, referred to it by the Board. The Committee held three (3) sittings in year 2010.

Members of the committee are:

Mr. Nebolisa Arah  
Mr. Osa Osunde  
Mr. Clement Aviomoh  
Mr. Tunde Falasinnu  
Mr. Segun Senbanjo  
Mr. Stanley Lawson

### YEAR 2010 FINANCE AND GENERAL PURPOSE COMMITTEE MEETING

S/N	NAME	POSITION	30 MARCH 2010	20 APRIL 2010	4 MAY 2010
1.	NEBOLISA ARAH	CHAIRMAN	✓	✓	✓
2.	OSA OSUNDE	MEMBER	✓	∞	✓
3.	TUNDE FALASINNU	MEMBER	✓	✓	✓
4.	CLEMENT AVIOMOH	MEMBER	✓	✓	✓
5.	SEGUN SENBANJO	MEMBER	✓	✓	✓
6.	STANLEY LAWSON	MEMBER	∞	∞	✓

## 2. ESTABLISHMENT COMMITTEE

The Establishment Committee is responsible for making recommendations for appointments, promotions, discipline and disengagement of Management staff to the Board. They also have the responsibility for reviewing our corporate staffing policy to ensure that the policy and structure enable the company meet its targets. This committee held three (3) meetings. Attendance was highly commendable.

Members of the committee are:

Rev. Canon Layi Bolodeoku  
Mr. Osa Osunde  
Mr. Christopher Adeyemi  
Dr. (Mrs.) Grace Ekpenyong

## Statement of Compliance with the Corporate Governance Code (cont'd)

### YEAR 2010 ESTABLISHMENT COMMITTEE MEETING ATTENDANCE

S/N	NAME	POSITION	8 JANUARY 2010	13 JANUARY 2010	23 JUNE 2010
1.	REV. CANON LAYI BOLODEOKU	CHAIRMAN	✓	✓	✓
2.	OSA OSUNDE	MEMBER	✓	✓	✓
3.	DR. (MRS) GRACE C. EKPENYONG	DIRECTOR	✓	✓	✓
4.	CHRISTOPHER ADEYEMI	MEMBER	✓	✓	✓
5.	TUNDE FALASINNU	MEMBER	✓	✓	✓

### 3. AUDIT COMMITTEE

The Audit Committee is composed of six (6) members: Three Shareholders Representatives and three Directors. A Shareholders' representative chairs the committee. Shareholders' representatives on this committee are:

Tokunbo Shofolawe-Bakare  
Suleiman Ahmed  
Emmanuel Okoro

Board Representatives on this committee are:

Philip Akinola  
Korede Omoloja (Mrs.)  
Mrs. Omolola Segun - Idahor

The functions of the committee are set out in section 359(6) of the Company and Allied Matters Act. The Committee reviews the company's Control Policies, Management Accounting and Reporting Systems, Internal Control and Overall Standard of business conduct.

The Audit Committee members listed above were elected during the 31st AGM held on December 29, 2010. However, the out-going Audit Committee members held four (4) sittings in the year under review and members' attendances were excellent as shown in the table below:

**YEAR 2010 AUDIT COMMITTEE MEETING ATTENDANCE**

S/N	NAME	POSITION	25 FEBRUARY 2010	6 JULY 2010	23 SEPT. 2010	24 SEPT. 2010
1.	OLUREMI IDOWU	CHAIRMAN	✓	✓	✓	✓
2.	PAUL OLELE	MEMBER	✓	✓	✓	✓
3.	IGBRUDE MOSES O.	MEMBER	✓	✓	✓	✓
4.	CHRISTOPHER ADEYEMI	DIRECTOR	✓	∞	✓	✓
5.	DR. MRS. GRACE C. EKPEYONG	DIRECTOR	✓	✓	✓	✓
6.	OMOLOLA SEGUN- IDAHOR (MRS.)	DIRECTOR	Δ	Δ	✓	✓
7.	CLEMENT AVIOMOH	DIRECTOR	✓	✓	Δ	Δ

**KEY TO TABLE**

SYMBOL	MEANING
✓	PRESENT
∞	ABSENT
Δ	NOT ON THE BOARD

**4. GOVERNANCE/REMUNERATION COMMITTEE**

The Governance/Remuneration Committee is saddled with, among other things, the responsibility of reviewing and overseeing issues of Board and its committee membership, succession plan, remuneration of members, evaluation of Board and its members' skills and qualifications, and, most importantly, to ensure compliance with the code of Corporate Governance.

Members of the Committee are:

Mr. Osa Osunde  
 Rev. Dr. ( Mrs.) Grace C. Ekpenyong  
 Rev. Canon Layi Bolodeoku  
 Mr. Christopher Adeyemi

**YEAR 2010 GOVERNANCE/REMUNERATION COMMITTEE MEETING ATTENDANCE**

S/N	NAME	POSITION	18 MAY 2010
1.	OSA OSUNDE	CHAIRMAN	✓
2.	DR. (MRS) GRACE C. EKPENYONG	MEMBER	✓
3.	REV. CANON LAYI BOLODEOKU	MEMBER	✓
4.	CHRISTOPHER ADEYEMI	MEMBER	✓

## Board of Directors



**FEMI OTEDOLA, CON** - *Chairman*



**OSA OSUNDE** - *Vice Chairman*



**MICHAEL ODIOR AHME**  
*Managing Director/CEO*



**OMOLOLA T. SEGUN-IDAHOR (MRS.)**  
*Executive Director, Finance  
And Information Technology*



**REV. BANKOLE OLAYIWOLA  
BOLODEOKU** *Director*



**DR. (MRS) GRACE C. EKPENYONG**  
*Director*



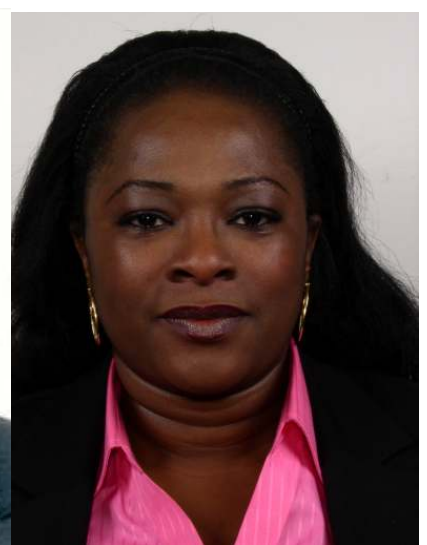
**CHRISTOPHER ADEYEMI**  
*Director*



**NEBOLISAH ARAH**  
*Director*



**DEACON PHILIP M. AKINOLA**  
*Director*



**KOREDE OMOLOJA (MRS.)**  
*Director*

## Profile of Directors

FEMI OTEDOLA, CON

- Chairman

An incisive Businessman with interests across various sectors, Femi Otedola was appointed the Chairman of the Board of Directors of Forte Oil Plc (formerly known as African Petroleum Plc) on May 25, 2007.

Otedola who started out in printing having attended the well-known London College of Printing in 1985, He then took over as the Managing Director of Impact Press Limited in 1988, growing the company into one of the foremost printing press industries in Nigeria at that time.

In 1999, he ventured into the Oil and Gas sector by incorporating Zenon Petroleum & Gas Limited, an indigenous company engaged in the procurement, storage, marketing and distribution of petroleum products. In 2001, he incorporated Seaforce Shipping Company Limited which currently owns and manages modern tanker fleet of vessels that transport petroleum products.

Today, Otedola is the President and Chief Executive Officer of Zenon Petroleum & Gas Limited; Chairman, Seaforce Shipping Company Limited; Atlas Shipping Agency Company Limited; F. O. Transport Limited, F.O. Properties Limited; Swift Insurance Brokers Limited and Garment Care Limited.

Femi is also a former President of the Nigerian Chamber of Shipping, and the immediate past Chairman of Transcorp Hilton Hotel, Abuja, was appointed member of the governing council of the Nigerian Investment Promotion Council (NIPC) in January 2004, and in December of the same year, he was appointed a member of the committee saddled with the task of fostering business relationship between the Nigerian and the South African Private sectors.

His contributions to the growth of the Nigerian economy was further recognized in May, 2010 through the esteemed National Honours of "Commander, Order of the Niger - CON" by the President of the Federal Republic of Nigeria; Goodluck Jonathan.

. OSA OSUNDE

- Vice Chairman

Mr. Osunde holds the Higher National Diploma (HND) in Accountancy (1985) of Auchi Polytechnic and qualified as a Chartered Stockbroker in 1988. He became a Fellow of the Institute of Stockbrokers of Nigeria in 2000, Associate Member of the Chartered Institute of Taxation of Nigeria in 1998 and also an Associate of the Institute of Management Consultants.

He has attended various management and professional training courses within and outside Nigeria. He is the Chairman of the Board of Afribank Nigeria Plc, the Managing Director of Fidelity Finance Company Limited, a Director in Oil and Gas Cargo Carriers Nigeria Plc; Director, DN Mayer Nigeria Ltd., and a former Director of New Nigeria Bank Plc.

MICHAEL ODIOR AHME

- Managing Director/CEO

Mr. Mike Ahme appointment as the Managing Director/CEO was confirmed at the Board of Directors' meeting held on 28<sup>th</sup> December 2010. Before his present position, he had worked in the organization as the General Manager (Specialties), Acting General Manager (Marketing) and Aviation Manager.

Mr Ahme attended University of Ibadan where he obtained a Bachelors of Science degree in Zoology in 1978. In 1985, he obtained a Masters Degree in Business Administration with emphasis in Marketing/Finance from the University of Benin.

Before leaving Forte Oil Plc (then African Petroleum Plc) in 1992, and returning to same company in 2004, Mr. Ahme had worked in the Personnel and Marketing Departments of Forte Oil from 1979 to 1992. He left Forte Oil to work for Petralpha Limited between 1992 and 1997. He joined Eterna Oil & Gas Plc in 1998 as Marketing Director and shortly after became the Managing Director/Chief Executive Officer between 1998 and 2004. Mr. Ahme has attended various management programmes in Nigeria and overseas.

OMOLOLA T. SEGUN-IDAHOR (MRS.)  
- Executive Director, Finance and Information Technology

Mrs Segun-Idahor holds the Higher National Diploma in Accounting (1986); LLB, BL (1990, 1991); MBA. Mrs. Segun-Idahor had about 10 years experience in the banking and financial sector of the Nigerian economy.

She was Branch Manager, Societe Generale Bank (1998-2002), Branch Manager, Metropolitan Bank (2002 - 2003), Branch Manager, ECOBANK (2003-2004) and later Branch Manager, Zenith Bank (2004-2008). Mrs. Segun-Idahor joined Forte Oil Plc (then African Petroleum Plc) as Manager, Treasury and Financial Operations (2008-2009) and became the General Manager, Treasury & Financial Planning from 2009 to September 2010, the position she held until her appointment as Ag. ED, Finance and IT on September 27, 2010 followed by the substantive confirmation of same position at the Board meeting held on 28<sup>th</sup> December 2010.

REV. CANON BANKOLE OLAYIWOLA BOLODEOKU  
- Director

Rev. Bankole Olayiwola Bolodeoku is a non Executive Director of Forte Oil Plc. He obtained a Bachelor's Degree in History and Political Science from the University of Ibadan in 1965 and a Masters' Degree in Public Administration from the University of Ife in 1972. He worked with the old Western Region Civil Service in different capacities and was seconded to the newly founded Ibadan Polytechnic as the first Registrar in 1971.

Subsequently, he was appointed Registrar Examinations in the Public Service from where he became Training Officer in charge of the old Civil Service Training School. In 1973, he joined Evans Brothers Limited as a General Manager and later became the Managing Director/Chief Executive Officer in 1976, and was also Director of Evans Brothers London and Evans East Africa, before he voluntarily retired in May, 2000. Rev Bolodeoku is a member of the prestigious society of Young Publishers in Brighton England and the United Kingdom Society of Scientific

Technical and Mechanical Publishers. Between 1980 and 1981, he served on the executive committee of the publisher's association based in Geneva. In 1979, he was appointed Vice President of the Nigerian Publishers' Association and became the President in 1980, and has remained on the Board of the University Bookshop as Chairman.

DR. (MRS) GRACE C. EKPENYONG  
- Director

Grace Christopher Ekpenyong holds a first Degree in Zoology from the University of Ibadan in 1979 and a Post Graduate Diploma in Education from the University of Lagos. She is vastly experienced in different fields such as manufacturing, social welfare, education, farming, and humanitarian activities - having worked in various capacities within the sectors.

From 1980 to 1985, she was a Senior Lecturer/Vice Principal, Cross River State Schools Board; Lecturer at Vivian Fowler Tutorial College from 1986-1989. From 1989 to date, she has been the Deputy Managing Director, Gestric Group of Companies; Managing Director, Amazing Quality Limited and President, Widows Mite Integrated Development Association. Currently, she also functions as Executive Director, Eemjrm Investment.

Mrs. Grace Ekpenyong is a member of many associations, such as the Manufacturers Association of Nigeria, National Association of Women Entrepreneurs (NAWE), Nigeria Institute of Management (NIM), etc.

She holds various awards such as Certificate of Honour, Federal UNESCO Club of Nigeria (FUCN); Leadership Award, African Education and Culture Organisation, Miami, Florida, USA, and Honorary Degree of Doctor of Divinity. She has been on the Board of Forte Oil Plc since 1999.

CHRISTOPHER ADEYEMI - Director

Mr. Adeyemi attended Obafemi Awolowo University Ile Ife where he obtained his LL.B (Hons) degree in 1989. He became a Barrister and Solicitor of the Supreme Court of Nigeria in 1991. Mr Adeyemi began his legal career as Head of

## Profile of Directors (cont'd)

Green Form Advice and Assistance Team in The Legal Aid Board of England and Wales. During his stint at the Legal Aid Board, he was responsible for setting up the Green Form Advice and Assistance phone extensions team and also the Immigration Project Team. After leaving the public sector, Mr Adeyemi, in partnership with others, set up Agape Consulting, a Legal Practice and Management Consultancy which assists in setting up and advising over 100 Law firms in the United Kingdom. the Immigration Project Team. After leaving the public sector, Mr Adeyemi, in partnership with others, set up Agape Consulting, a Legal Practice and Management Consultancy which assists in setting up and advising over 100 Law firms in the United Kingdom.

Christopher Adeyemi is currently the Head of the Corporate and Media Law Department of the International Law and Management Firm. He has advised multinational companies on setting up businesses in the African and European markets. Mr. Adeyemi has most recently advised the Nollywood Industry on how to make international profits.

He is a member of the Nigerian Bar Association, member of the Black Solicitors Network (UK), and member of Immigration Law Practitioners Association (UK).

NEBOLISA ARAH - Director

Nebolisah Arah, a graduate of Agricultural Economics from the University of Ibadan, is currently the Managing Director/CEO of Afribank Nigeria Plc. After bagging his bachelor's degree in 1976, he worked as a Management Trainee in Unilever Nigeria Plc, then Lever Brothers from 1977 to 1978 after which he proceeded to The Ohio State University where he bagged a Masters in Business Administration and Agricultural Economics in 1980.

Mr. Arah was Chief Executive Officer, Agate Tower Limited (2004-2007); Consultant/Financial Adviser, Cornerstone Insurance Plc. (2006-2007); Managing Director/CEO, Fidelity Bank Plc (1988-2003); Director, Universal Trust Bank (2004-2005); Director, All States Trust Bank (2004-2005); Director, Financial Derivates Company Limited (2004 till date); Credit Analyst/ Senior Manager, International Merchant

Bank Nigeria Limited (1981-1988) as well as Chairman, Fidelity Union Securities (1998-2003).

He is a member of several professional organizations: Bankers' Committee (1988-2003); Nigerian Economic Summit Group (1994 till date); Public Sector Committee, Lagos Business School Alumni Association and Mentor, Lagos Business School Alumni Association.

DEACON PHILIP M. AKINOLA - Director

Deacon Akinola holds a B.Sc. (Honours) in Sociology and Anthropology (1987), M.Sc. Industrial Sociology (1989), and has Ph.D (Sociology) in view at University of Lagos.

Mr. Akinola has garnered over 21 years experience in Human Resources Operations, Consulting and Management. His working experiences included stints as Management Consultant, Agrovog (1992 - 1994), Principal Consultant, Management Plus (1994 - 1997), and Manager, Personnel /Admin., Golden Gate Ventures and Trusts Limited.

Deacon Akinola also worked as Manager, Human Resources Development at SCG Consulting from 1997 - 1999 and Human Resources Manager, Parker Drilling Nig. Limited (1999 - 2001). He is at present, the Head, Human Capital and Administration of Zenon Petroleum and Gas Limited.

MRS OMOLOJA KOREDE - Director

Mrs Omoloja is a qualified accountant with extensive experience gained while performing senior roles in accounting operations.

She holds a Higher National Diploma in Accountancy, B.Sc in Banking & Finance and an MBA (Finance). She also has certification by the Association of Chartered Certified Accountants, ACCA, (2007), ACTI (2001) and the Association of Chartered Accountants, ACA. (1999). She is a fellow of the Institute of Chartered Accountants.

Mrs. Omoloja previously worked as Audit Trainee at Confidence Finance; Accountant at Amni International Petroleum Dev. Co. Ltd (1994-2002), and as Head, Accounts/Financial Controller, Zenon Petroleum & Gas Limited (2002-2005). Mrs. Omoloja is at present, the Group Chief Financial Officer, Fine shade Energy Services Group Limited.

## Report of the Directors

TO THE MEMBERS OF FORTE OIL PLC

In accordance with the provisions of the Companies and Allied Matters Act 2004, the Directors present their Report together with the Audited Financial Statements of the Company for the year ended 31st December, 2010.

### PRINCIPAL ACTIVITY

The principal activity of the Company continues to be the sale of petroleum products.

RESULTS		N'000
TURNOVER		132,690,558
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	-	(2,843,846)
TAXATION		96,441
LOSS AFTER TAX	-	(2,747,405)
LOSS RETAINED FOR THE YEAR	-	(2,747,405)
RETAINED LOSS BROUGHT FORWARD	-	(16,581,139)
TRANSFER TO SHARE PREMIUM	-	(17,500,000)
PRIOR YEAR ADJUSTMENT	-	(2,293,505)
CUMULATIVE TRANSLATION ADJUSTMENTS	-	(69,850)
RETAINED LOSS CARRIED FORWARD	-	(39,191,899)

### FIXED ASSETS

Information relating to changes in fixed assets is given in Note 7 to the financial statements.

### DIRECTORS

The names of the Directors as at the date of this report and those who held office during the year are as follows:

FEMI OTEDOLA, C.O.N. (Chairman)	Appointed on May 25, 2007
OSA OSUNDE (Vice Chairman)	Re-appointed on July 22, 2009
MICHAEL AHME (Managing Director/CEO)	Appointed on July 5, 2010
OMOLOLA SEGUN-IDA HOR (Executive)	Appointed on Sept. 27, 2010
REV. CANON LAYI BOLODEOKU	Re-appointed on Dec. 29, 2010
DR. GRACE C. EKPENYONG (MRS.)	Re-appointed on Dec. 29, 2010
CHRISTOPHER ADEYEMI	Appointed on June 23, 2009
NEBOLISA ARAH	Re-appointed on Dec. 29, 2010
DEACON PHILIP M. AKINOLA	Appointed on Sept. 27, 2010
KOREDE OMOLOJA (MRS.)	Appointed on Sept. 27, 2010
TUNDE FALASINNU	Resigned on July 5, 2010
SEGUN SENBANJO	Resigned on Aug. 8, 2010
STANLEY LAWSON	Resigned on Sept. 27, 2010
CLEMENT AVIOMOH	Replaced on Sept. 27, 2010

In accordance with Article 89 of the Company's Articles of Association, Mr. Osa Osunde and Mr. Chris Adeyemi will retire by rotation from the Board of Directors at this Annual General Meeting and being eligible have offered themselves for re-election at this meeting.

## Report of the Directors (cont'd)

### DIRECTORS' INTERESTS

The Directors' interests in the issued share capital of the company as recorded in the member's share register and/or as notified for the purpose of section 275 and 276 of the Companies and Allied Matters Act 2004, is as stated below:

	NUMBER OF SHARES AS AT	
	31 <sup>ST</sup> DEC 2010	31 <sup>ST</sup> DEC 2009
Femi Otedola (CON)	11,333	20,011,333
	373,018,299 (indirect)	373,018,299 (indirect)
Osa Osunde	10,803,094	35,918,580
Dr. Grace C. Ekpenyong (Mrs.)	17,248	1,017,248
Rev. Layi Bolodeoku	-	1,000,000
Christopher Adeyemi	-	-
Nebolisa O. Arah	2,410	2,410
Omolola Segun-Idahor (Mrs.)	250,000	250,000
Mike Ahme	336,050	336,050
Philip Akinola	-	-
Korede Omoloja (Mrs.)	-	-

### CONTRACTS

None of the Directors has notified the company for the purpose of Section 277 of the Company and Allied Matters Act 2004 of any declarable interest in contracts which the Director is involved.

### ACQUISITION OF SHARES

The Company did not purchase any of its own shares during the year.

### SUBSTANTIAL SHAREHOLDERS

The Register of members showed that as at 31st December, 2010, Asset Management Nominees Limited, Zenon Petroleum & Gas Limited and ZSL A/c FOZ are the only shareholders with 5% or more of the issued share capital. Their shareholdings are as follow:

Name	Units	Percentage (%)
1. Asset Management Nominees Limited	127,924,854	11.84
2. Zenon Petroleum & Gas Limited	250,222,794	23.36
3. A/c FOZ	122,795,505	11.36

### Analysis of Ordinary Shareholders by Groups/Bands:

Range	No. of Holders	Percentage	Units	Percent
1 - 1,000	137,303	83.12%	37,938,541	3.67%
1,001 - 5,000	21,832	13.22%	40,164,497	3.88%
5,000 - 10,000	3,149	1.90%	22,449,536	2.17%
10,001 - 100,000	2,619	1.59%	67,003,581	6.47%
100,001 - 500,000	213	0.13%	43,588,035	4.21%
500,001 - 1,000,000	29	0.02%	23,146,009	2.24%
1,000,001 - 10,000,000	39	0.02%	23,146,009	13.95%
10,000,001 - 100,000,000	9	0.00%	205,375,233	15.02%
100,000,001 - 1,000,000,000	4	0.00%	500,899,767	48.21%
Grand Total	165,197	100.00%	1,080,280,629	100.00%

## DONATIONS AND SPONSORSHIPS

The following donations and sponsorships were made during the year

SN	NAME OF BENEFICIARY	PURPOSE	AMOUNT (N)
1.	Photo Journalist Association of Nigeria (PJAN)	Sponsorship for the 2010 Photo Journalist Association of Nigeria week.	200,000
2.	Wesley School 1 & 11 for the hearing Impaired	Donation towards the 2010 Inter-House Sport	70,000
3.	Manufacturers Association of Nigeria	Donation towards the upgrade of the Association Branch Secretariat in Lagos.	120,000
4.	Ibadan Zone Shareholders Association	Donation in support of Ibadan Zone Shareholders Association.	250,000
5.	Down Syndrome Association of Nigeria	Donation in support of the Association	200,000
6.	National Gallery of Art Lagos	Sponsorship for Children Day Celebration.	120,000
7.	Nigeria Union Of Journalist	Sponsorship for 2010 Media Games .	50,000
8.	Major Oil Marketers Association of Nigeria (MOMAN)	Contribution towards the public servtization on the Danger of selling/using base oil as engine oil.	2,000,000
9.	Nigeria Army – 3 <sup>rd</sup> Brigade	Donation of 3 Brigade Nigeria Army Bukavu (Kano) for hosting West African Social Activities.	50,000
			3,060,000

## Report of the Directors (cont'd)

### SHARE CAPITAL HISTORY

AUTHORISED CAPITAL			ISSUED AND FULLY PAID CAPITAL			CONSIDERATION
DATE	FROM	TO	DATE	FROM	TO	
	₦	₦		₦	₦	N
22/06/78	6,000,000	7,500,000	28/02/79	6,000,000	7,500,000	-
17/07/80	7,500,000	11,250,000	17/07/80	7,500,000	11,250,000	Bonus (1:2)
28/08/82	11,250,000	22,500,000	24/08/82	11,250,000	22,500,000	Bonus (1:1)
04/08/84	22,500,000	30,000,000	10/08/84	22,500,000	30,000,000	Bonus (1:3)
06/08/86	30,000,000	36,000,000	16/09/86	30,000,000	36,000,000	Bonus (1:5)
12/07/88	36,000,000	43,200,000	03/08/88	36,000,000	43,200,000	Bonus (2:3)
29/06/90	43,200,000	72,000,000	24/09/90	43,200,000	86,400,000	Rights Issue
29/07/93	72,000,000	86,400,000	10/01/94	72,000,000	86,400,000	Bonus (1:4)
28/11/97	86,400,000	108,000,000	28/11/99	86,400,000	108,000,000	Rights Issue
19/02/99	108,000,000	144,000,000	13/09/04	108,000,000	216,000,000	Rights Issue
15/11/02	144,000,000	5,000,000,000	25/11/04	216,000,000	234,263,450.50	-
			30/09/05	234,263,450.50	281,116,141	Bonus (1:5)
			28/10/06	281,116,141	394,393,919	Placement
			20/04/09	394,393,919	443,271,555	Rights Issue
			20/04/09	443,271,555	540,140,314.50	Public Offer

### AUDITORS

In accordance with Section 357(2) of the Companies and Allied Matters Act, 2004, Messrs PKF, Professional Services have indicated their willingness to continue in office as Auditors to the company. A resolution will be proposed authorizing the Directors to determine their remuneration.

### COMPANY SECRETARIAT

Aderemi Oguntoye Esq. became the Acting Company Secretary on August 1, 2011.

### By Order of the Board



**ADEREMI OGUNTOYE Esq.**  
Ag. Company Secretary

## Report of the Audit Committee

TO THE MEMBERS OF FORTE OIL PLC

In accordance with the provision of section 359(6) of the Companies and Allied Matters Act 2004, we confirm that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended 31<sup>st</sup> December 2010 were adequate and we have reviewed the external auditors' findings on management matters and are satisfied with the departmental response thereto.

Dated this 5<sup>th</sup> Day of October, 2011.



Mr. Tokunbo Shofolawe-Bakare  
*Chairman, Audit Committee*

### MEMBERS OF THE AUDIT COMMITTEE

TOKUNBO SHOFOLAWÉ-BAKARE	CHAIRMAN
SULEMAN AHMED	MEMBER
EMMANUEL OKORO	MEMBER
PHILIP AKINOLA	DIRECTOR
KOREDE OMOLOJA (MRS.)	DIRECTOR
OMOLOLA SEGUN-IDA HOR (MRS.)	DIRECTOR

## REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF AFRICAN PETROLEUM PLC (now FORTE OIL PLC)

We have audited the accompanying consolidated financial statements of African Petroleum Plc (Now Forte Oil Plc) (the Company) and its subsidiaries (together the Group) set out on pages 30 to 52 which comprise the consolidated balance sheet as at 31 December 2010, the consolidated income statement, consolidated statement of cash flows and the consolidated statement of value added for the year then ended, a summary of significant accounting policies, financial summary and other explanatory information.

### Directors' Responsibility for the Consolidated Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Statement of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act, Cap C20, LFN 2004, and for such internal controls as the Directors determine are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on conducting the audit in accordance with Nigerian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

### Basis of Opinion

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of African Petroleum Plc (the Company) and its subsidiaries (together the Group), as at 31 December 2010, and of their financial performance and their cash flows for the year then ended; and give in the prescribed manner, information required by the Companies and Allied Matters Act CAP C20 LFN 2004 and in accordance with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board.

## Emphasis of Matter

### *Shares Allotted to Shareholders not paid for*

We draw attention to Note 9 to the consolidated financial statements on the hybrid offer (public offer and rights issue) in 2008 for which the majority of proceeds were received in 2009. The proceeds for 102 million ordinary shares allotted to certain shareholders of the Group amounting to N24.7 billion have not been received by the company as at the date of this report. Full provision for this amount has been charged directly to shareholders' funds in these consolidated financial statements.

Dividends amounting to N530 million were released for payment to the Registrar in respect of these unpaid shares as part of the dividend declared for the year ended 31 December 2008, and approved by the shareholders on 22 July 2009. Only N271m unpresented cheques has been recovered from this amount.

### *Minimum Share Capital*

We also draw attention to Note 18 regarding the Company's issued share capital. The issued share capital is less than twenty five percent of the authorized share capital prescribed by Section 99 of the Companies and Allied Matters Act, Cap C20 LFN 2004.

Our opinion is not qualified in respect of these matters.

PKF

Chartered Accountants  
Lagos, Nigeria



Date: 20 July 2011

## Statement of Significant Accounting Policies

FOR THE YEAR ENDED 31 DECEMBER, 2010

The following are the significant accounting policies adopted in the preparation of these consolidated financial statements:

1. **Basis of accounting**  
The consolidated financial statements have been prepared under the historical cost convention as modified to include the revaluation of certain fixed assets.
2. **Basis of consolidation**  
The consolidated financial statements include the financial statements of African Petroleum Plc and its subsidiaries; African Petroleum Oilfield Services Limited (APOS), AP Oil and Gas Ghana Limited, AP Properties Limited, AP Marginal Oil Field Investment Limited, AP Investment in AP Tchad and AP Drilling & Completion Limited; all made up to 31 December 2010. AP Properties Limited, AP Marginal Oil Field Investment Limited, AP Investment in AP Tchad and AP Drilling & Completion Limited are not consolidated because there are no significant balances relating to these entities and they are dormant.

All subsidiaries are wholly owned by African Petroleum Plc. All intra Group transactions, balances, income and expenses are eliminated on consolidation.

3. **Turnover**  
Turnover represents the net value of goods and services provided by the Group to third parties.
4. **Fixed assets**  
Fixed assets are stated at cost/valuation less accumulated depreciation.
5. **Depreciation**  
Depreciation is provided on a straight-line basis to write off the cost of fixed assets over their estimated useful life. Principal annual depreciation rates are:-

Freehold land	Not depreciated
Leasehold land	Lease period
Buildings	4%
Lubricating oil blending plant	5%
Compressors, rail tanks, trailers	10%
Barges	15%
Tanks and pumps	20%
Office and household machinery	25%
Office and household furniture	20%
Motor vehicles	25%

Assets acquired or disposed off during the year are depreciated on a pro rata basis. No depreciation is provided on capital work-in-progress.

6. **Finance leases**  
Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the Group are capitalised and depreciated over the estimated useful lives in line with the Group's policy for assets of the same class. The capital element of the related obligations is included in creditors and accruals. The interest element of the rental obligations is charged to

## Statement of Significant Accounting Policies (cont'd)

FOR THE YEAR ENDED 31 DECEMBER, 2010

the profit and loss account evenly over the period of the lease.

7. Investments

Investments are stated at cost less provision made for any permanent diminution in value.

8. Debtors

Debtors are stated net of provisions for debts considered bad, or doubtful of recovery. All provisions are charged to the profit and loss account.

9. Stocks

Stocks are valued at the lower of cost, on a first in, first out basis, and net realisable values after making due allowance for any obsolete or slow moving items. In the case of finished goods and work-in-progress, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads.

10. Foreign currency transactions

Transactions in foreign currencies are recorded in Naira at the exchange rates ruling at the transaction dates. Assets and liabilities denominated in foreign currencies at the balance sheet date are converted at the applicable rates of exchange at that date. Realised profits and losses arising from currency conversion are dealt with in the profit and loss account.

Foreign subsidiaries are consolidated using the net investment method. All balance sheet items are translated into Naira using the closing exchange rate as at the balance sheet date whilst the profit and loss items are translated using average exchange rates. The resultant exchange differences from the translation are taken to a cumulative translation adjustment account.

11. Taxation

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax, education tax and deferred income tax.

i. Current taxation

Income tax liabilities are recognized in line with the provisions of the Companies Income Tax Act. Education tax is determined as 2% of assessable profits. Capital gains tax is charged on applicable capital assets disposals where the proceeds are not to be reinvested.

ii. Deferred taxation

Deferred taxation is provided using the liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Currently enacted tax rates are used to determine deferred income tax. The principal temporary differences arise from rates used for depreciation of fixed assets and the rates of capital allowances granted for tax purposes.

12. Retirement benefits

The staff pension scheme involves all categories of staff, and is funded through a monthly contribution of 7.5% of the monthly emoluments comprising basic salary, transport and housing allowances (as defined by the Pension Reform Act 2004), each by the company and employee.

## Statement of Significant Accounting Policies (cont'd)

FOR THE YEAR ENDED 31 DECEMBER, 2010

Liabilities in respect of retirement gratuities are provided for by making provisions for the unfunded portion which represents the estimated value of the future liability for gratuities to departing employees in respect of past services for which the company is liable under the employee's term of employment.

13. **Social Security and National Insurance Trust (Ghana)**  
The staff Social Security & National Insurance Trust involves all categories of Ghanaian nationals and is funded through a monthly contribution of 5% of the basic monthly salary (as defined by the Social Security Law 1991, P.N.D.C.L. 274) and 12.5% contribution by the company.
14. **Bridging claims and allowances**  
Bridging claims, usually raised against the Federal Government of Nigeria, are costs incurred in transporting white products (excluding ATK) from specific PPMC depots to approved areas. Bridging allowances are compulsory contributions on each litre of white product lifted, to assist the Federal Government defray costs arising from bridging claims. Bridging claims are usually set off against bridging allowances to establish the net amount due to, or from the Petroleum Equalisation Fund (PEF), an organ of the Federal Government responsible for managing the process.
15. **Unified Petroleum Pricing Fund (UPPF) (Ghana)**  
UPPF, usually costs raised against the National Petroleum Authority (NPA) are costs incurred in transporting white products from specific depots to approved areas in Ghana, whilst recovery from the fund is built into the pump prices of the products sold to consumers. At the end of each month, returns are made to NPA, which will either be payable or receivable from the Fund. Periodically, a net-off position is established and payments are either made to the Fund or received from the Fund through the National Petroleum Authority, an organ responsible for managing the Fund in Ghana.
16. **Provision**  
Provision is recognized when the Group has a present obligation whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.
17. **Segment Reporting**  
The Group has three major business segments; fuels, production chemicals and lubricants & greases. The Group's business segments are disclosed by products that are subject to similar risks and returns. Segment revenue and cost represent operating revenue and expenses respectively that are directly attributable to each business segment.

AP OILFIELD SERVICES facilities in:  
Port Harcourt, Onne, Warri & Lagos



## Consolidated Profit and Loss Account

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	The Group		The Company	
		2010 N'000	2009 N'000	2010 N'000	2009 N'000
Turnover	2	132,690,558	159,858,809	125,775,120	156,393,852
Cost of sales		<u>(120,537,621)</u>	<u>(146,642,073)</u>	<u>(114,447,699)</u>	<u>(143,885,051)</u>
Gross profit		12,152,937	13,216,736	11,327,421	12,508,801
Selling and distribution expenses		(3,333,808)	(6,716,588)	(3,257,234)	(6,626,839)
Administrative expenses		(6,749,109)	(7,792,142)	(6,353,956)	(7,480,416)
Interest payable and similar charges		<u>(1,644,085)</u>	<u>(6,543,418)</u>	<u>(1,560,953)</u>	<u>(6,525,873)</u>
		425,935	(7,835,412)	155,278	(8,124,327)
Other operating income	3	<u>1,552,292</u>	<u>2,415,379</u>	<u>1,512,794</u>	<u>2,288,956</u>
Operating profit/(loss) before exceptional item		1,978,227	(5,420,033)	1,668,072	(5,835,371)
Exceptional item	4	<u>(4,822,073)</u>	<u>(3,501,603)</u>	<u>(4,822,073)</u>	<u>(3,501,603)</u>
Loss before taxation	5	(2,843,846)	(8,921,636)	(3,154,001)	(9,336,974)
Taxation	6	<u>96,441</u>	<u>(237,291)</u>	<u>410,135</u>	<u>(147,642)</u>
Loss after taxation transferred to revenue reserve	21	<u><u>(2,747,405)</u></u>	<u><u>(9,158,927)</u></u>	<u><u>(2,743,866)</u></u>	<u><u>(9,484,616)</u></u>
Per share data:					
Loss per 50kobo share (Naira) - basic	30	<u><u>(2.54)</u></u>	<u><u>(8.48)</u></u>	<u><u>(2.54)</u></u>	<u><u>(8.78)</u></u>

The accounting policies on pages 30 to 32 and other explanatory notes on pages 37 to 49, form part of these consolidated financial statements.

## Consolidated Balance Sheet

AS AT 31 DECEMBER 2010

	Note	The Group		The Company	
		2010 N° 000	2009 N° 000	2010 N° 000	2009 N° 000
FIXED ASSETS	7	9,313,398	12,137,841	7,948,207	10,702,401
LONG TERM INVESTMENTS	8	92,002	2,500	447,392	59,470
DEFERRED TAXATION ASSET	6.4	1,773,471	1,453,482	1,773,471	1,453,482
CALLED-UP SHARE CAPITAL NOT PAID	9	24,677,139	24,677,139	24,677,139	24,677,139
Provision for called-up share capital not paid	9	(24,677,139)	(24,677,139)	(24,677,139)	(24,677,139)
		-	-	-	-
<b>CURRENT ASSETS</b>					
Stocks	10	7,778,311	8,179,331	7,115,199	7,312,920
Debtors	11	32,330,395	48,174,727	30,607,186	47,330,429
Related company receivables	12	116,992	-	1,676,929	1,676,929
Short term deposits	13	13,787,001	15,356,350	13,787,001	15,356,350
Bank and cash balances		<b>3,837,933</b>	<b>2,547,869</b>	<b>3,305,324</b>	<b>2,528,591</b>
		<u>57,850,632</u>	<u>74,258,277</u>	<u>56,491,639</u>	<u>74,205,219</u>
<b>CREDITORS: Amounts falling due within one year</b>					
Bank loans and overdrafts	14	16,005,485	27,153,560	15,823,169	27,104,767
Trade creditors	15	13,526,347	13,888,692	12,230,581	13,474,919
Other creditors and accruals	16	11,998,779	10,105,989	11,859,581	9,673,760
Taxation	6	801,104	437,937	723,189	372,997
		<u>42,331,715</u>	<u>51,586,178</u>	<u>40,636,520</u>	<u>50,626,443</u>
Net current assets		<u>15,518,917</u>	<u>22,672,099</u>	<u>15,855,119</u>	<u>23,578,776</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>26,697,788</u>	<u>36,265,922</u>	<u>26,024,189</u>	<u>35,794,129</u>
Deferred taxation liability	6.3	(484,850)	(1,128,109)	(180,620)	(1,090,474)
<b>CREDITORS: Amounts falling due after more than one year</b>					
Provision for liabilities and charges					
Staff gratuity	17	(834,158)	(2,055,024)	(821,032)	(2,050,498)
		<u>25,378,780</u>	<u>33,082,789</u>	<u>25,022,537</u>	<u>32,653,157</u>
<b>CAPITAL AND RESERVES</b>					
Share capital	18	489,025	489,025	489,025	489,025
Share premium	19	61,588,213	44,425,282	61,588,213	44,425,282
Revaluation reserve	20	2,493,441	4,749,621	2,493,441	4,749,621
Revenue reserve	21	(39,191,899)	(16,581,139)	(39,548,142)	(17,010,771)
		<u>25,378,780</u>	<u>33,082,789</u>	<u>25,022,537</u>	<u>32,653,157</u>

The consolidated financial statements on pages 30 to 52 were approved by the Board of Directors on 20 July 2011 and signed on its behalf by:

 }  
 \_\_\_\_\_ } **Directors**  
 }  
 \_\_\_\_\_ }

The accounting policies on pages 30 to 32 and other explanatory notes on pages 37 to 49, form part of these consolidated financial statements.

## Consolidated Statement Of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	The Group		The Company	
		2010 N'000	2009 N'000	2010 N'000	2009 N'000
Cash flows from operating activities					
Cash receipts from customers		126,323,859	162,012,214	120,104,096	158,014,270
Cash paid to suppliers and employees		<u>(112,641,939)</u>	<u>(150,539,159)</u>	<u>(106,769,353)</u>	<u>(148,121,286)</u>
		13,681,920	11,473,055	13,334,743	9,892,984
Income taxes paid	6	(503,640)	(1,818,136)	(469,516)	(1,793,204)
Net value added tax paid		<u>(372,312)</u>	<u>(310,265)</u>	<u>(240,523)</u>	<u>(248,188)</u>
Net cash provided by operating activities	22	<u>12,805,968</u>	<u>9,344,654</u>	<u>12,624,704</u>	<u>7,851,592</u>
Cash flows from investing activities					
Purchase of fixed assets	7	(915,232)	(2,515,896)	(898,407)	(1,326,934)
Purchase of investment		(89,502)	-	(387,922)	(26,431)
Interest on call and other deposits	3	1,036,229	1,393,512	1,036,148	1,392,404
Proceeds from sale of fixed assets		<u>12,481</u>	<u>863</u>	<u>12,481</u>	<u>863</u>
Net cash provided/(used) by investing activities		<u>43,976</u>	<u>(1,121,521)</u>	<u>(237,700)</u>	<u>39,902</u>
Cash flows from financing activities					
Interest paid on loans and overdrafts		(1,644,085)	(6,543,418)	(1,560,953)	(6,525,873)
Proceeds from share issue		-	46,240,954	-	46,240,954
Share issue expenses		(337,069)	(3,541,928)	(337,069)	(3,541,928)
Dividend paid		-	(4,986,210)	-	(4,986,210)
Long term loan repayment		-	(119,613)	-	-
Finance lease repayment		-	(37,725)	-	(37,725)
Repayment of short term loan		-	(41,185,394)	-	(41,185,394)
Net cash used by financing activities		<u>(1,981,154)</u>	<u>(10,173,334)</u>	<u>(1,898,022)</u>	<u>(10,036,176)</u>
Net increase/(decrease) in cash and cash		10,868,790	(1,950,201)	10,488,982	(2,144,682)
Cash and cash equivalents at 1 January		<u>(9,249,341)</u>	<u>(7,299,140)</u>	<u>(9,219,826)</u>	<u>(7,075,144)</u>
Cash and cash equivalents at 31 December	23	<u>1,619,449</u>	<u>(9,249,341)</u>	<u>1,269,156</u>	<u>(9,219,826)</u>

## Notes To The Consolidated Financial Statements

YEAR ENDED 31 DECEMBER 2010

### 1. The Group

African Petroleum Plc (the Company) now (Forte Oil Plc) was incorporated on 11 December 1964 and is engaged in the marketing of petroleum products which is divided into three main market segments namely fuels, production chemicals and lubricants and greases. The major shareholders are Zenon Petroleum and Gas Company Limited and Assets Nominees Limited (A subsidiary of Afribank Nigeria Plc). The Company and its subsidiaries, African Petroleum Oil Field services Limited (APOS), AP Properties Limited, AP Marginal Oil Field Investment Limited, AP Investment in AP Tchad, AP Drilling & Completion Limited and AP Oil and Gas Ghana Limited are collectively, the Group.

### 2. Turnover

Turnover comprises the net value of sales invoiced to third parties.

#### 2.1 Analysis of turnover by products

	The Group	
	2010 N'000	2009 N'000
Fuels	120,655,618	151,369,586
Production chemicals	6,201,149	2,016,832
Lubricants and greases	5,833,791	6,472,391
	<u>132,690,558</u>	<u>159,858,809</u>

#### 2.2. Segment information

##### Business segment

The Group has three major business segments; fuels, production chemicals and lubricants and greases.

2010	Fuels	Production	Lubricants &	Total
	N'000	chemicals	greases	
	N'000	N'000	N'000	N'000
Turnover	120,655,618	6,201,149	5,833,791	132,690,558
Cost of sales	<u>(113,194,469)</u>	<u>(5,095,346)</u>	<u>(2,247,806)</u>	<u>(120,537,621)</u>
<b>Gross profit</b>	<u>7,461,149</u>	<u>1,105,803</u>	<u>3,585,985</u>	<u>12,152,937</u>
2009	Fuels	Production	Lubricants &	Total
	N'000	chemicals	greases	
	N'000	N'000	N'000	N'000
Turnover	151,369,586	2,016,832	6,472,391	159,858,809
Cost of sales	<u>(140,060,773)</u>	<u>(1,469,825)</u>	<u>(5,111,475)</u>	<u>(146,642,073)</u>
Gross profit	<u>11,308,813</u>	<u>547,007</u>	<u>1,360,916</u>	<u>13,216,736</u>

There is no disclosure of depreciation, amortisation and assets per business segment because the assets of the Group are not directly related to a particular business segment.

## Notes To The Consolidated Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2010

### 2.3. Segment information (cont'd)

#### Geographic segment

The Group operates in two geographic regions namely Nigeria and Ghana.

2010	Nigeria N'000	Ghana N'000	Total N'000
Turnover	127,928,980	4,761,578	132,690,558
Cost of sales	(116,053,433)	(4,484,188)	(120,537,621)
Gross profit	<u>11,875,547</u>	<u>277,390</u>	<u>12,152,937</u>
2009	Nigeria N'000	Ghana N'000	Total N'000
Turnover	158,410,684	1,448,125	159,858,809
Cost of sales	(145,354,876)	(1,287,197)	(146,642,073)
Gross profit	<u>13,055,808</u>	<u>160,928</u>	<u>13,216,736</u>

	The Group		The Company	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
<b>3. Other operating income</b>				
Rental income	-	150,472	-	150,472
Interest on call and other deposits	1,036,229	1,393,512	1,036,148	1,392,404
Profit on disposal of fixed assets	1,624	863	1,624	863
NNPC Mega Station income	-	197,455	-	197,455
Provision no longer required	-	34,334	-	34,334
Exchange gain	-	234,162	-	184,831
Sundry income	514,439	404,581	475,022	328,597
	<u>1,552,292</u>	<u>2,415,379</u>	<u>1,512,794</u>	<u>2,288,956</u>
<b>4. Exceptional item</b>				
Provision no longer required (Note 4.1)	-	(979,911)	-	(979,911)
Provision for other debit balances	-	4,481,514	-	4,481,514
Provision for doubtful debts	2,120,956	-	2,120,956	-
Severance benefit (Note 4.2)	2,701,117	-	2,701,117	-
	<u>4,822,073</u>	<u>3,501,603</u>	<u>4,822,073</u>	<u>3,501,603</u>

#### 4.1 Provision no longer required

This relates to the release of provision previously made relating to a receivable from Star AP Joint Venture now taken over by AP Oilfield Services Limited.

#### 4.2 Severance benefit

There was a restructuring exercise during the year which resulted in payment of severance benefit to staff.

## Notes To The Consolidated Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2010

	The Group		The Company	
	2010	2009	2010	2009
	N'000	N'000	N'000	N'000
<b>5. Loss before taxation is stated after charging/(crediting):</b>				
Directors' emoluments	79,527	61,216	67,081	60,558
Auditors' remuneration	33,828	53,956	30,000	50,000
Exchange loss/(gain)	66,512	(234,162)	86,091	(184,831)
Depreciation	912,774	1,006,719	825,700	981,272
Profit on sale of fixed assets	(1,624)	(863)	(1,624)	(863)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>6. Taxation</b>				
<b>6.1 As per profit and loss account</b>				
Income tax	50,850	416,378	277,625	372,997
Education tax	284,982	8,633	11,108	-
Deferred taxation (credit)/charge (Note 6.3)	(643,259)	895,368	(909,854)	857,733
Deferred taxation credit (Note 6.4)	(319,989)	(1,453,482)	(319,989)	(1,453,482)
Underprovision in respect of prior year	530,975	370,394	530,975	370,394
	<u>(96,441)</u>	<u>237,291</u>	<u>(410,135)</u>	<u>147,642</u>
<b>6.2 As per balance sheet</b>				
Balance at 1 January	437,937	1,460,668	372,997	1,422,810
Deferred taxation liability	643,259	(895,368)	909,854	(857,733)
Deferred taxation asset	-	1,453,482	-	1,453,482
Charge for the year	223,548	237,291	(90,146)	147,642
Payment during the year	(503,640)	(1,818,136)	(469,516)	(1,793,204)
<b>Balance at 31 December</b>	<u>801,104</u>	<u>437,937</u>	<u>723,189</u>	<u>372,997</u>
<p>The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act, Cap C21, LFN 2004 as amended to date, and Education Tax Act, Cap E4, LFN 2004. The current year charge has been computed on minimum tax basis in accordance with the Act.</p>				
<b>6.3 Deferred taxation liability</b>				
Balance at 1 January	1,128,109	232,741	1,090,474	232,741
Charge for the year	(643,259)	895,368	(909,854)	857,733
<b>Balance at 31 December</b>	<u>484,850</u>	<u>1,128,109</u>	<u>180,620</u>	<u>1,090,474</u>
<b>6.4 Deferred taxation asset</b>				
Balance at 1 January	1,453,482	1,453,482	1,453,482	-
Credit for the year	319,989	-	319,989	1,453,482
<b>Balance at 31 December</b>	<u>1,773,471</u>	<u>1,453,482</u>	<u>1,773,471</u>	<u>1,453,482</u>

## Notes To The Consolidated Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2010

7. Fixed assets The Group	Freehold land and buildings N'000	Plant, equipment and tanks N'000	Motor vehicles N'000	Furniture and fittings N'000	Capital in-progress N'000	Total N'000
<b>Cost / Valuation</b>						
At 1 January	7,988,600	7,235,601	861,082	98,950	563,839	16,748,072
Additions	388,589	249,817	104,719	9,091	240,415	992,631
Disposal	-	-	(95,611)	-	-	(95,611)
Reclassification (Note 7.3)	55,830	420,989	-	9,621	(563,839)	(77,399)
Revaluation surplus on disposed items (Note 7.4)	(466,022)	(1,642,643)	(357,752)	(69,695)	-	(2,536,112)
Translation Difference	22,844	24,472	(21,802)	(243)	-	25,271
At 31 December	<u>7,989,841</u>	<u>6,288,236</u>	<u>490,636</u>	<u>47,724</u>	<u>240,415</u>	<u>15,056,852</u>
<b>Depreciation</b>						
At 1 January	1,517,541	2,389,642	648,888	78,837	-	4,634,908
Charge for the year	295,157	493,785	116,559	7,273	-	912,774
Disposal	-	-	(84,754)	-	-	(84,754)
Elimination of depreciation on previously disposed items	629,046	(37,934)	(256,105)	(55,075)	-	279,932
Translation difference	250	2,251	(1,869)	(38)	-	594
At 31 December	<u>2,441,994</u>	<u>2,847,744</u>	<u>422,719</u>	<u>30,997</u>	<u>-</u>	<u>5,743,454</u>
<b>Net book value</b>						
At 31 December 2010	<u>5,547,847</u>	<u><b>3,440,492</b></u>	<u>67,917</u>	<u>16,727</u>	<u>240,415</u>	<u>9,313,398</u>
At 31 December 2009	<u>6,493,653</u>	<u>4,867,770</u>	<u>192,261</u>	<u>20,318</u>	<u>563,839</u>	<u>12,137,841</u>
<b>The Company</b>						
	Freehold land and buildings N'000	Plant, equipment and tanks N'000	Motor vehicles N'000	Furniture and fittings N'000	Capital in-progress N'000	Total N'000
<b>Cost / Valuation</b>						
At 1 January	7,801,707	5,998,066	821,599	83,002	563,839	15,268,213
Additions	388,589	182,876	89,066	3,143	234,733	898,407
Transfer	133,229	420,989	-	9,621	(563,839)	-
Disposal	-	-	(95,611)	-	-	(95,611)
Revaluation surplus on disposed items (Note 7.3)	(466,022)	(1,642,643)	(357,752)	(69,695)	-	(2,536,112)
At 31 December	<u>7,857,503</u>	<u>4,959,288</u>	<u>457,302</u>	<u>26,071</u>	<u>234,733</u>	<u>13,534,897</u>
<b>Depreciation</b>						
At 1 January	1,515,503	2,340,096	637,853	72,360	-	4,565,812
Charge for the year	288,394	426,827	105,618	4,861	-	825,700
Elimination of depreciation on previously disposed items	629,046	(37,934)	(256,105)	(55,075)	-	279,932
Disposal	-	-	(84,754)	-	-	(84,754)
At 31 December	<u>2,432,943</u>	<u>2,728,989</u>	<u>402,612</u>	<u>22,146</u>	<u>-</u>	<u>5,586,690</u>
<b>Net book value</b>						
At 31 December 2010	<u>5,424,560</u>	<u>2,230,299</u>	<u>54,690</u>	<u>3,925</u>	<u>234,733</u>	<u>7,948,207</u>
At 31 December 2009	<u>6,286,204</u>	<u>3,657,970</u>	<u>183,746</u>	<u>10,642</u>	<u>563,839</u>	<u>10,702,401</u>

## Notes To The Consolidated Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2010

- 7.1** The Group's assets were revalued on 8 March 2004 on the open market basis by Osas & Oseji (Estate Surveyors & Valuers). The net surplus on revaluation amounting to N4,749,620,768 as at that date was transferred to revaluation reserve. Subsequent additions are stated at cost.
- 7.2** Capital work in progress relates principally to a tank farm in the course of construction.
- 7.3** Net balance on this account relates to rent paid in advance for filling stations which was initially classified as Land and Building now re-classified to prepayment.
- 7.4** Amount represent revaluation surplus and accumulated depreciation on disposed items not previously recognised now corrected.

	The Group		The Company	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
<b>8 Long term investments</b>				
AP Oilfield Services Limited	-	-	10,000	10,000
AP Marginal Oil Field Investment	10,000	10,000	10,000	10,000
AP Investment in AP Tchad	7,677	7,677	7,677	7,677
AP Properties Ltd.	75,000	75,000	75,000	75,000
AP Drilling & Completion Fluids	10,000	10,000	10,000	10,000
Bid Expenses for SPDC Oilwell	89,502	-	89,502	-
AP Oil and Gas Ghana Limited	-	-	345,390	46,970
	<b>192,179</b>	102,677	<b>547,569</b>	159,647
Provision for diminution in value of investments	<b>(100,177)</b>	(100,177)	<b>(100,177)</b>	(100,177)
	<b>92,002</b>	<b>2,500</b>	<b>447,392</b>	<b>59,470</b>

### 9 Called up share capital not paid

This represents the value of shares allotted to some of the Group's Directors and shareholders in respect of the 2008 Hybrid Offer for which payment was not received. This was reported to the regulatory authority and the shares have been forfeited. It is now available to existing shareholders who want to take up additional rights.

	The Group		The Company	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
Nominal value of 102.2million ordinary shares of 50kobo each (Note 20)	51,116	51,116	51,116	51,116
Share premium (Note 21.1)	24,626,023	24,626,023	24,626,023	24,626,023
	<b>24,677,139</b>	<b>24,677,139</b>	<b>24,677,139</b>	<b>24,677,139</b>

## Notes To The Consolidated Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2010

### 10 Stocks

Raw materials and packaging	<b>3,091,190</b>	3,019,163	<b>2,509,539</b>	3,019,163
White products (AGO, PMS, DPK, etc.)	<b>5,302,124</b>	3,071,371	<b>5,177,582</b>	3,056,792
Lubricants	<b>1,059,419</b>	1,119,457	<b>1,049,151</b>	1,119,033
Chemicals	<b>97,169</b>	1,070,950	<b>97,169</b>	188,992
Other consumables	<b>64,384</b>	134,548	<b>64,384</b>	134,548
	<b>9,614,286</b>	8,415,489	<b>8,897,825</b>	7,518,528
Provision	<b>(1,835,975)</b>	(236,158)	<b>(1,782,626)</b>	(205,608)
	<b>7,778,311</b>	<b>8,179,331</b>	<b>7,115,199</b>	<b>7,312,920</b>

11. Debtors	The Group		The Company	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
Trade debtors	<b>12,401,189</b>	6,718,711	<b>11,347,492</b>	6,400,106
Less: provision	<b>(3,082,730)</b>	(4,281,390)	<b>(3,082,730)</b>	(4,281,390)
	<b>9,318,459</b>	2,437,321	<b>8,264,762</b>	2,118,716
Underwriters' commitment receivable	-	11,623,538	-	11,623,538
Sundry debtors	<b>420,176</b>	732,604	<b>166,403</b>	250,622
Receivable from the Petroleum Stabilisation Fund	<b>7,013,295</b>	19,740,931	<b>7,013,295</b>	19,740,931
Bridging claims	<b>2,069,865</b>	2,073,417	<b>2,069,865</b>	2,073,417
Prepayments	<b>2,013,037</b>	2,099,488	<b>1,995,937</b>	2,055,777
Staff share loan	<b>52</b>	41,259	<b>52</b>	41,259
Withholding tax	<b>302,366</b>	-	<b>57,124</b>	-
Interest receivable	<b>2,010,355</b>	-	<b>2,010,355</b>	-
Advances to suppliers (Note 11.1)	<b>9,517,349</b>	9,426,169	<b>9,517,349</b>	9,426,169
Other debit balances (Note 11.2)	<b>4,634,911</b>	4,481,514	<b>4,481,514</b>	4,481,514
	<b>37,299,865</b>	52,656,241	<b>35,576,656</b>	51,811,943
Provision for other debit balances	<b>(4,969,470)</b>	(4,481,514)	<b>(4,969,470)</b>	(4,481,514)
	<b>32,330,395</b>	<b>48,174,727</b>	<b>30,607,186</b>	<b>47,330,429</b>

## Notes To The Consolidated Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2010

**11.1** Advances to suppliers represent payments made to Zenon Petroleum and Gas Limited, Fineshade Limited and Platinum Fleet Limited for Petroleum products. Subsequent to the balance sheet date, (15 June, 2011) Zenon Petroleum and Gas Limited has paid the sum of N5.68billion back into the Company's account.

**11.2** Other debit balances relate to the net of unsubstantiated debit entries in the creditors' general ledger and unsubstantiated credit entries in sales ledger which are under investigation by management. Full provision has been made for the balance.

	The Group		The Company	
	2010	2009	2010	2009
	N'000	N'000	N'000	N'000
<b>12. Related company receivables</b>				
AP Oil Field Services Limited	-	-	1,355,308	1,355,308
Star AP Joint Venture	322,481	202,489	202,489	202,489
AP Sunlite Limited	7,107	7,107	7,107	7,107
AP Properties Limited	3,250	3,250	3,250	3,250
Gasland Company Limited	10,000	10,000	10,000	10,000
AP Oil and Gas Ghana Limited	-	-	324,621	324,621
	<b>342,838</b>	222,846	<b>1,902,775</b>	1,902,775
Provision	<b>(225,846)</b>	(222,846)	<b>(225,846)</b>	(225,846)
	<b>116,992</b>	-	<b>1,676,929</b>	<b>1,676,929</b>
<b>13. Short term deposits</b>				
This represents fixed deposits with various commercial banks in Nigeria	<b>13,787,001</b>	<b>15,356,350</b>	<b>13,787,001</b>	<b>15,356,350</b>
<b>14. Bank loans and overdrafts</b>				
Commercial paper	4,000,000	-	4,000,000	-
Bank overdrafts (Note 14.1)	12,005,485	27,153,560	11,823,169	27,104,767
	<b>16,005,485</b>	<b>27,153,560</b>	<b>15,823,169</b>	<b>27,104,767</b>

**14.1** The bank overdrafts are secured by a negative pledge over the assets of the Group.

## Notes To The Consolidated Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2010

	The Group		The Company	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
<b>15. Trade creditors</b>				
NNPC accounts payable	3,560,033	4,445,661	3,560,033	4,445,661
Other trade creditors	9,966,314	9,443,031	8,670,548	9,029,258
	<u>13,526,347</u>	<u>13,888,692</u>	<u>12,230,581</u>	<u>13,474,919</u>
<b>16. Other creditors and accruals</b>				
Other creditors	1,821,726	5,356,876	1,682,528	5,229,515
Inventory accruals (Note 16.2)	6,914,965	1,253,974	6,914,965	1,253,974
Technical fee	110,157	110,157	110,157	110,156
Accruals	3,080,113	3,312,988	3,080,113	3,009,486
Payment received in advance	53,023	59,827	53,023	58,462
Underwriters' commitment payable	6,470	-	6,470	-
Staff pension payable (Note 16.1)	12,325	12,167	12,325	12,167
	<u>11,998,779</u>	<u>10,105,989</u>	<u>11,859,581</u>	<u>9,673,760</u>
<b>16.1 Staff pension payable</b>				
At 1 January	12,167	6,944	12,167	6,559
Deductions during the year	130,162	147,403	130,162	147,403
Remittances during the year	(130,004)	(142,180)	(130,004)	(141,795)
At 31 December	<u>12,325</u>	<u>12,167</u>	<u>12,325</u>	<u>12,167</u>
<b>16.2</b> This account hold accruals for value of goods received pending receipt of suppliers' invoices				
<b>17 Staff gratuity</b>				
At 1 January	2,060,433	1,422,114	2,050,498	1,417,588
Provision for the year	45,009	652,145	41,818	652,145
	<u>2,105,442</u>	<u>2,074,259</u>	<u>2,092,316</u>	<u>2,069,733</u>
Payments during the year	(1,271,284)	(19,235)	(1,271,284)	(19,235)
At 31 December	<u>834,158</u>	<u>2,055,024</u>	<u>821,032</u>	<u>2,050,498</u>
<b>18 Share capital</b>				
<b>Authorised:</b>				
10,000,000,000 ordinary shares of 50kobo each	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
<b>Issued:</b>				
<b>Fully paid:</b>				
978,049,492 ordinary shares of 50kobo each	<u>489,025</u>	<u>489,025</u>	<u>489,025</u>	<u>489,025</u>

The issued share capital totaling 1,080,280,629 is currently less than 25% of the authorised share capital as required by Section 99 of the Companies and Allied Matters Act, Cap C20, LFN 2004. The Directors are in the process of regularising this.

## Notes To The Consolidated Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2010

	The Group		The Company	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
<b>19 Share premium</b>				
At 1 January	44,425,282	19,320,887	44,425,282	19,320,887
Proceeds from Hybrid Offer	-	70,772,346	-	70,772,346
Provision for called-up share capital not paid (Note 20.1)	-	(24,626,023)	-	(24,626,023)
Share issue expenses	(337,069)	(3,541,928)	(337,069)	(3,541,928)
Transfer from/(to) revenue reserve (Note 21)	17,500,000	(17,500,000)	17,500,000	(17,500,000)
At 31 December	<u>61,588,213</u>	<u>44,425,282</u>	<u>61,588,213</u>	<u>44,425,282</u>

**19.1** Included in the proceeds from the Hybrid Offer is an amount of N24.6billion representing the share premium on 102.23million ordinary shares allotted but not paid for at the year end. This has been fully provided for (Note 10).

	The Group		The Company	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
<b>20 Revaluation reserve</b>				
At 1 January	4,749,621	4,749,621	4,749,621	4,749,621
Adjustment on fixed assets revaluation (20.1)	(2,256,180)	-	(2,256,180)	-
	<u>2,493,441</u>	<u>4,749,621</u>	<u>2,493,441</u>	<u>4,749,621</u>

**20.1** This represent revaluation surplus on cost and accumulated depreciation on disposed items not previously recognised now corrected.

	The Group		The Company	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
<b>21 Revenue reserve</b>				
At 1 January	(16,581,139)	(17,502,100)	(17,010,771)	(17,612,581)
Loss for the year	(2,747,405)	(9,158,927)	(2,743,866)	(9,484,616)
Transfer (from)/to share premium (Note 21.1)	(17,500,000)	17,500,000	(17,500,000)	17,500,000
Prior year adjustment (Note 21.2)	(2,293,505)	(2,427,364)	(2,293,505)	(2,427,364)
Dividend paid	-	(4,986,210)	-	(4,986,210)
Cumulative translation adjustments	(69,850)	(6,538)	-	-
At 31 December	<u>(39,191,899)</u>	<u>(16,581,139)</u>	<u>(39,548,142)</u>	<u>(17,010,771)</u>

**21.1** Amount transferred from Share Premium account to eliminate and write off the deficit in Revenue Reserve at 31 December, 2009 now transferred back to the Share Premium Account on the directive of the Nigerian Accounting Standard Board (NASB).

**21.2** Prior year adjustment relates to additional National Transportation Average(NTA) for 2008 and 2009 raised after Petroleum Equalization Fund (PEF) reconciliation and foreign exchange differential in connection with a 2008 transaction debited by a bank.

## Notes To The Consolidated Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2010

	The Group		The Company	
	2010 N'000	2009 N'000	2010 N'000	2009 N'000
<b>22. Reconciliation of loss after tax to net cashflow from operating activities</b>				
Net loss after tax	<b>(2,747,405)</b>	(9,158,927)	<b>(2,743,866)</b>	(9,484,616)
Adjustments to reconcile net loss to net cash provided:				
Depreciation: Fixed assets	<b>912,774</b>	1,006,719	<b>825,700</b>	981,272
Interest expenses	<b>1,644,085</b>	6,543,418	<b>1,560,953</b>	6,525,873
Interest income	<b>(1,036,229)</b>	(1,393,512)	<b>(1,036,148)</b>	(1,392,404)
Provision for diminution in investments	-	72,500	-	72,500
Profit on disposal of fixed assets	<b>(1,624)</b>	(863)	<b>(1,624)</b>	(863)
Fixed asset and revaluation adjustment	<b>559,864</b>	-	<b>559,864</b>	-
Prior year adjustment	<b>(2,293,505)</b>	(2,427,364)	<b>(2,293,505)</b>	(2,427,364)
Cumulative translation adjustments	<b>(69,850)</b>	(13,943)	-	-
Changes in assets and liabilities:				
Decrease in stocks	<b>401,020</b>	3,662,312	<b>197,721</b>	3,888,367
Increase/(decrease) in debtors	<b>15,844,332</b>	(4,055,714)	<b>16,723,243</b>	(4,149,773)
(Increase)/decrease in inter-company receivables	<b>(116,992)</b>	3,250	-	(1,168,697)
(Decrease)/increase in trade creditors	<b>(362,345)</b>	11,637,525	<b>(1,244,338)</b>	11,852,272
Increase in other creditors and accruals	<b>1,892,790</b>	4,417,188	<b>2,185,821</b>	4,167,677
(Decrease)/increase in deferred tax liability	<b>(643,259)</b>	895,368	<b>(909,854)</b>	857,733
Decrease in deferred tax asset	<b>(319,989)</b>	(1,453,482)	<b>(319,989)</b>	(1,453,482)
Increase/(decrease) in tax payable	<b>363,167</b>	(1,022,731)	<b>350,192</b>	(1,049,813)
(Decrease)/increase in gratuity payable	<b>(1,220,866)</b>	632,910	<b>(1,229,466)</b>	632,910
Total adjustments	<b>15,553,373</b>	18,503,581	<b>15,368,570</b>	17,336,208
<b>Net cash provided by operating activities</b>	<b>12,805,968</b>	<b>9,344,654</b>	<b>12,624,704</b>	<b>7,851,592</b>
<b>23. Cash and cash equivalents</b>				
Cash at hand and in bank	<b>3,837,933</b>	2,547,869	<b>3,305,324</b>	2,528,591
Short term deposits	<b>13,787,001</b>	15,356,350	<b>13,787,001</b>	15,356,350
Bank loans and overdrafts (Note 14)	<b>(16,005,485)</b>	(27,153,560)	<b>(15,823,169)</b>	(27,104,767)
	<b>1,619,449</b>	<b>(9,249,341)</b>	<b>1,269,156</b>	<b>(9,219,826)</b>

## Notes To The Consolidated Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2010

### 24. Information regarding directors and employees

1. Emoluments of directors of the Group were:

Fees	3,667	4,250	3,667	4,250
Other emoluments	53,636	56,966	44,636	56,308
	<b>57,303</b>	<b>61,216</b>	<b>48,303</b>	<b>60,558</b>

2. Directors' remuneration shown above (excluding pension contributions) include:

Chairman	750	750	750	750
Highest paid director	63,679	47,168	54,679	47,168

3. The table below shows the number of directors whose emoluments during the year excluding pension contributions were within the ranges stated:

	Number	Number	Number	Number
Up to N3,000,000	1	3	1	3
N3,000,001 - N6,000,000	9	9	8	9
N6,000,001 - N9,000,000	-	1	-	1

4. Average number of employees excluding directors during the year

	<b>249</b>	<b>400</b>	<b>205</b>	<b>380</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>

5. Employment cost including directors salaries and wages and benefit scheme

	<b>1,977,551</b>	<b>2,451,813</b>	<b>1,860,411</b>	<b>2,349,368</b>
--	------------------	------------------	------------------	------------------

6. The table below shows the number of staff of the Group whose emoluments during the year excluding pension contributions were within the ranges stated:

	Number	Number	Number	Number
Up to N1,000,000	5	17	-	6
N1,000,001 - N2,000,000	67	43	56	37
N2,000,001 - N3,000,000	76	93	62	92
N3,000,001 - N4,000,000	75	91	67	90
Above N4,000,000	26	157	20	155
	<b>249</b>	<b>401</b>	<b>205</b>	<b>380</b>

## Notes To The Consolidated Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2010

### 25. Capital commitments

The Company had no capital commitment at 31 December, 2010 (2009 - N1.0billion).

### 26. Contingent liabilities

Pending legal actions against the Group at 31 December, 2010 which in the opinion of the directors would not result in material loss to the Group were N429 million (2009 - N774 million).

As at 31 December, 2010, the Group had no contingent liability in respect of Bank Guarantees. (2009 - N503million)

### 27. Related party transactions

During the year, the Group had significant transactions with related parties as follows:

	Purchase of goods N'000	Other N'000	Amount owed by related parties N'000	Amount owed to related parties N'000
<b>2010</b>				
Afribank Nigeria Plc	-	-	-	6,470
Zenon Petroleum and Gas Limited	49,069,916	-	4,352,125	-
Fineshade Energy Trading Limited	7,088,431	-	-	-
Platinum Fleet Limited	-	-	4,602,013	-
Neptune Energy Services limited	-	-	500,000	-
	<u>56,158,347</u>	<u>-</u>	<u>9,454,138</u>	<u>6,470</u>
<b>2009</b>				
Afribank Nigeria Plc	-	-	11,623,538	11,941,472
Zenon Petroleum and Gas Limited	35,932,152	-	2,304,370	-
Fineshade Energy Trading Limited	12,197,325	-	6,106,246	-
Platinum Fleet Limited	4,589,210	-	1,000,000	-
F.O. Properties Limited	-	900,000	-	-
Fidelity Finance Limited	-	900	-	900
	<u>52,718,687</u>	<u>900,900</u>	<u>21,034,154</u>	<u>11,942,372</u>

Afribank Nigeria Plc and Zenon Petroleum and Gas Limited are major shareholders of the Company. Zenon Petroleum and Gas Limited, Fineshade Energy Limited, Platinum Fleet Limited and F.O Properties are owned by the Chairman of the Company.

## Notes To The Consolidated Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2010

### 28. Post balance sheet events

The Group's Directors are of the opinion that there are no significant post balance sheet events that could have a material effect on the state of affairs of the Group at 31 December, 2010 and on the loss for the year ended on that date that has not been taken into account in these consolidated financial statements.

### 29. Comparative figures

Certain comparative balances have been reclassified to ensure proper disclosure and uniformity with current presentation.

### 30. Earnings per share

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	The Group		The Company	
	2010	2009	2010	2009
Loss for the year attributable to shareholders (N'000)	<u>(2,747,405)</u>	<u>(9,158,927)</u>	<u>(2,743,866)</u>	<u>(9,484,616)</u>
Weighted average number of ordinary shares in issue ('000 units)	<u>1,081,281</u>	<u>1,080,281</u>	<u>1,080,281</u>	<u>1,080,281</u>
Loss per share (Naira) - basic	<u>(2.54)</u>	<u>(8.48)</u>	<u>(2.54)</u>	<u>(8.78)</u>

## Consolidated Statement of Value Added

FOR THE YEAR ENDED 31 DECEMBER 2010

	The Group				The Company			
	2010 N'000	%	2009 N'000	%	2010 N'000	%	2009 N'000	%
Turnover	132,690,558		159,858,809		<b>125,775,120</b>		156,393,852	
Other income	1,552,292		2,415,379		<b>1,512,794</b>		2,288,956	
	<u>134,242,850</u>		<u>162,274,188</u>		<u><b>127,287,914</b></u>		<u>158,682,808</u>	
Bought in materials and services:								
- Local	(75,788,362)		(30,772,848)		(70,103,590)		(28,125,150)	
- Imported	<u>(56,843,451)</u>		<u>(130,421,026)</u>		<u>(56,158,343)</u>		<u>(130,038,119)</u>	
<b>VALUE ADDED</b>	<u><b>1,611,037</b></u>	<b>100</b>	<u><b>1,080,314</b></u>	<b>100</b>	<u><b>1,025,981</b></u>	<b>100</b>	<u><b>519,539</b></u>	<b>100</b>
<b>APPLIED AS FOLLOWS:</b>								
<b>To pay employees:</b>								
Salaries, wages and other staff costs	<b>1,898,024</b>	<b>118</b>	2,451,813	227	<b>1,793,330</b>	<b>175</b>	2,349,368	453
<b>To pay government:</b>								
Taxation	<b>866,807</b>	<b>54</b>	795,405	74	<b>819,708</b>	<b>80</b>	743,391	142
<b>To pay providers of capital:</b>								
Interest on borrowings	<b>1,644,085</b>	<b>102</b>	6,543,418	606	<b>1,560,953</b>	<b>152</b>	6,525,873	1257
<b>To provide for assets replacement, payment of dividend to shareholders and future expansion:</b>								
Depreciation: Fixed assets	<b>912,774</b>	<b>57</b>	1,006,719	93	<b>825,700</b>	<b>80</b>	981,272	189
Deferred taxation	<b>(963,248)</b>	<b>(60)</b>	(558,114)	(52)	<b>(1,229,843)</b>	<b>(120)</b>	(595,749)	(115)
Loss for the year	<u><b>(2,747,405)</b></u>	<u><b>(171)</b></u>	<u>(9,158,927)</u>	<u>(848)</u>	<u><b>(2,743,866)</b></u>	<u><b>(267)</b></u>	<u>(9,484,616)</u>	<u>(1,826)</u>
	<u><b>1,611,037</b></u>	<u><b>100</b></u>	<u><b>1,080,314</b></u>	<u><b>100</b></u>	<u><b>1,025,981</b></u>	<u><b>100</b></u>	<u><b>519,539</b></u>	<u><b>100</b></u>

Value added represents the additional wealth which the Group has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth among the employees, government, providers of capital and that retained for the future creation of more wealth.

## Financial Summary

### THE GROUP

31 DECEMBER	2010 N'000	2009 N'000	2008 N'000	2007 N'000	2006 N'000
<b>Assets/(liabilities):</b>					
Fixed assets	9,313,398	12,137,841	10,555,414	9,586,643	8,760,208
Leased assets	-	-	65,657	98,486	-
Long term investments	92,002	2,500	75,000	172,760	1,971,967
Deferred taxation asset	1,773,471	1,453,482	-	-	-
Called up share capital not paid	24,677,139	24,677,139	-	-	-
Provision for called-up share capital not paid	(24,677,139)	(24,677,139)	(1,958,801)	-	-
Net current assets/(liabilities)	15,518,917	22,672,099	(232,741)	(1,410,577)	(5,924,836)
Deferred taxation liabilities	(484,850)	(1,128,109)	(119,613)	-	-
Long term loans	-	-	-	(134,493)	-
Provision for liabilities and charges	(834,158)	(2,055,024)	(1,422,114)	(932,753)	(2,352,109)
	<b>25,378,780</b>	<b>33,082,789</b>	<b>6,962,802</b>	<b>7,380,066</b>	<b>2,455,230</b>
<b>Capital employed:</b>					
Share capital	489,025	489,025	394,394	394,394	394,394
Share premium	61,588,213	44,425,282	19,320,887	19,320,887	19,320,887
Revaluation reserve	2,493,441	4,749,621	4,749,621	4,749,621	4,749,621
Revenue reserve	(39,191,899)	(16,581,139)	(17,502,100)	(17,084,836)	(22,009,672)
	<b>25,378,780</b>	<b>33,082,789</b>	<b>6,962,802</b>	<b>7,380,066</b>	<b>2,455,230</b>
<b>Turnover and (loss)/profit:</b>					
Turnover	132,690,558	159,858,809	153,062,066	81,934,351	42,761,163
(Loss)/profit before taxation	(2,843,846)	(8,921,636)	7,147,753	2,437,632	(3,369,651)
Taxation	96,441	(237,291)	(2,044,637)	(276,102)	(199,521)
(Loss)/profit after taxation	(2,747,405)	(9,158,927)	5,103,116	2,161,530	(3,569,172)
<b>Per Share Data in Naira</b>					
(Loss)/earnings per 50kobo share - basic	(2.54)	(8.48)	6.47	7.26	2.74
Dividend per 50kobo share	-	5.20	7.00	1.00	-
Net assets per share	23.49	30.62	9.36	9.36	3.11

(Loss)/earnings per share have been computed on the basis of the (loss)/profit after tax and the number of ordinary shares in issue at the end of each year.

Dividend per share is based on the dividend proposed in the previous year and paid in the current year divided by the number of ordinary shares in issue at the end of each financial year.

Net assets per share is based on the number of ordinary shares in issue at the end of each financial year.

## Financial Summary

### THE COMPANY

31 DECEMBER	2010 N'000	2009 N'000	2008 N'000	2007 N'000	2006 N'000
<b>Assets/(liabilities):</b>					
Fixed assets	7,948,207	10,702,401	10,291,082	9,345,908	8,760,208
Leased assets	-	-	65,657	98,486	-
Long term investments	447,392	59,470	105,539	125,539	1,971,967
Deferred taxation asset	1,773,471	1,453,482	-	-	-
Called up share capital not paid	24,677,139	24,677,139	-	-	-
Provision for called-up share capital not paid	(24,677,139)	(24,677,139)	-	-	-
Net current assets/(liabilities)	15,855,119	23,578,776	(1,959,628)	(1,272,342)	(5,924,836)
Deferred taxation liabilities	(180,620)	(1,090,474)	(232,741)	-	-
Provision for liabilities and charges	(821,032)	(2,050,498)	(1,417,588)	(929,640)	(2,352,109)
	<b>25,022,537</b>	<b>32,653,157</b>	<b>6,852,321</b>	<b>7,367,951</b>	<b>2,455,230</b>
<b>Capital employed:</b>					
Share capital	489,025	489,025	394,394	394,394	394,394
Share premium	61,588,213	44,425,282	19,320,887	19,320,887	19,320,887
Revaluation reserve	2,493,441	4,749,621	4,749,621	4,749,621	4,749,621
Revenue reserve	(39,548,142)	(17,010,771)	(17,612,581)	(17,096,951)	(22,009,672)
	<b>25,022,537</b>	<b>32,653,157</b>	<b>6,852,321</b>	<b>7,367,951</b>	<b>2,455,230</b>
<b>Turnover and profit:</b>					
Turnover	125,775,120	156,393,852	151,258,812	102,026,373	81,934,351
(Loss)/profit before taxation	(3,154,001)	(9,336,974)	7,012,856	2,437,632	2,437,632
Taxation	410,135	(147,642)	(2,006,969)	(276,102)	(276,102)
(Loss)/profit after taxation	(2,743,866)	(9,484,616)	5,005,887	2,161,530	2,161,530
<b>Per Share Data in Naira</b>					
(Loss)/earnings per 50kobo share - basic	(2.54)	(8.78)	6.35	7.23	2.74
Dividend per 50kobo share	-	5.20	7.00	1.00	-
Net assets per share	23.16	30.23	8.69	9.34	3.11

(Loss)/earnings per share have been computed on the basis of the (loss)/profit after tax and the number of ordinary shares in issue at the end of each year.

Dividend per share is based on the dividend proposed in the previous year and paid in the current year divided by the number of ordinary shares in issue at the end of each financial year.

Net assets per share is based on the number of ordinary shares in issue at the end of each financial year.

## PROXY FORM

The 32nd ANNUAL GENERAL MEETING to be held at the Transcorp Hilton Hotel, Abuja, on the 28<sup>th</sup> day of October, 2011, at 10.00 am

I/We \_\_\_\_\_ being member/members of Forte Oil Plc hereby appoint \*\*

Or failing Him/her the Chairman of the meeting, Mr. Femi Otedola or failing him, Mr. Michael Ahme, as my/our proxy to act and vote for me/us and on my/our behalf at the 32nd Annual General Meeting of the company to be held on 28<sup>th</sup> day of October, 2011, and at any adjournment thereof.

Dated this ----- day of ----- 2011

Shareholders Signature(s) \_\_\_\_\_

To be valid, this proxy form should be duly stamped by the commissioner for Stamp Duties and signed before posting it, to reach the address overleaf not later than 48 hours before the time for holding this meeting.

Please note that no action should be taken on the proxy form if the member will be attending the meeting.

NUMBER OF SHARES HELD
--------------------------

RESOLUTION	FOR	AGAINST
To receive Reports And Accounts		
To re-elect Directors		
To authorise the Directors to fix the remuneration of the Auditors		
To elect members of the Audit Committee		
To fix the remuneration of the Directors		

Please indicate "X" in the appropriate column how you wish your votes to be cast on the resolutions set above. Unless otherwise instructed the proxy will vote or abstain from voting at his discretion.

## Admission Card

FORTE OIL PLC

Please admit\* -----\*

to the 32nd Annual General Meeting of the Members of Forte Oil Plc (formerly African Petroleum Plc) holding at the Transcorp Hilton Hotel, Abuja, on the 28<sup>th</sup> day of October, 2011, by 10.00 am.

### IF YOU ARE UNABLE TO ATTEND THE MEETING

A member {shareholder} who is unable to attend an Annual General Meeting is allowed by law to vote by proxy and the above proxy form has been prepared to vote in case you cannot personally attend the meeting. Following the normal practice, the names of two Directors of the company have been entered on the form to ensure that someone will, at the meeting act as your proxy; but if you wish, you may insert in the blank space marked {\*\*} the name of any person, whether a member {shareholder} of this company or not, who will attend the meeting, and vote on your behalf instead of one of the Directors.

### NUMBER OF SHARES HELD

#### IMPORTANT

- a). The name of the Shareholder must be written in BLOCK CAPITALS on the form marked (\*). Please stamp and sign the proxy form if you are not attending the meeting and post it so as to reach the address shown overleaf not later than the 25<sup>th</sup> day of October, 2011. If executed by a corporation, the proxy form should be sealed with the common seal.
- b). The shareholder or his proxy must produce the admission card in order to gain entrance to the Annual General Meeting.
- c). Shareholders or their proxies are requested to sign the admission card before attending the meeting.

---

Signature of person attending

*Please sign before attending*  
**ADEREMI OGUNTOYE Esq.**  
Ag. Company Secretary



**PLEASE AFFIX  
STAMP HERE**

THE REGISTRAR

---

ZENITH REGISTRARS,  
PLOT 89 A, AJOSE ADEOGUN,  
VICTORIA ISLAND, LAGOS,  
LAGOS STATE.

## E - DIVIDEND MANDATE

The Registrar  
Zenith Registrars  
Plot 89 A, Ajose Adeogun Street,  
Victoria Island, Lagos  
www.zenithregistrars.com  
Email:zenithregistrars@zenithbank.com,  
[enquiries@zenithregistrars.com](mailto:enquiries@zenithregistrars.com)  
Tel: 01 2708930 4, 2793873, 2716116, 2716118

Dear sir,

I/we hereby request that all dividend(s) due to me/us from my/our holding in African Petroleum Plc be paid directly to my/our Bank named below:

NAME OF BANK  BRANCH

BANK ADDRESS

BANK ACCOUNT NO

SHAREHOLDER'S FULL NAME

SURNAME

TITLE

OTHER NAMES

FULL ADDRESS

MOBILE (GSM) NO  LAND LINE

E-MAIL  FAX

SHAREHOLDER'S SIGNATURE(S)

BANK'S AUTHORISED SIGNATURES/STAMP

1.

1.

2.

2.

Company Seal

-----  
Please fill out and send this form to the Registrar above



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

Designed & Produced by BSC Ltd. E-mail: [info@bscng.com](mailto:info@bscng.com)