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FORTE OIL PLC

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2017

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INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2017

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

The Directors accept responsibility for the preparation of these accompanying interim consolidated financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in accordance with IAS 34 'Interim Financal Reporting' and in compliance with the Financial Reporting Council Act No. 6, 2011 and in the manner required by the Companies and Allied Matters Act, CAP C20 LFN 2004.

The Directors are of the opinion that these accompanying interim consolidated financial statements give a true and fair view of the state of the interim consolidated financial affairs of the Group, in accordance with IAS 34 'Interim Financial Reporting' and in accordance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and in the manner required by Companies and Allied Matters Act, CAP C20, LFN 2004.

The Directors further accept responsibility for the maintenance of adequate accounting records as required by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and for such internal controls as the Directors determine is necessary to enable the preparation of the interim consolidated financial statements that are free from material misstatements whether due to fraud or error.

The Directors have made assessment of the company's ability to continue as a going concern and have no reason to believe that the company will not remain a going concern in the years ahead.

Signed on behalf of the Board of Directors by:

Otedola

Femi Otedola, CON
Chairman
FRC/2013/IODN/00000002426

Dated: 28 July 2017

Akin Akinfemiwa

Akin Akinfemiwa
Group Chief Executive Officer
FRC/2013/IODN/00000001994

Dated: 28 July 2017

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Independent Auditor's Report

To the Shareholders of Forte Oil Plc

Opinion

We have audited the accompanying interim consolidated financial statements of **Forte Oil Plc** ("the Company") and its subsidiaries ("the Group"), which comprise the interim consolidated statement of financial position at 30 June 2017, and the interim consolidated statement of profit or loss and other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the period then ended, and notes to the interim consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying interim consolidated financial statements present fairly, in all material respects, the interim consolidated financial position of the Group at 30 June 2017, and its interim consolidated financial performance and its interim consolidated cash flows for the six months period then ended; in accordance with IAS 34'Interim Financial Reporting' and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and with the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Interim Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the interim consolidated financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the interim consolidated financial statements of the current period. These matters were addressed in the context of our audit of the interim consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters below relate to the audit of the interim consolidated financial statements.

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Key Audit Matters	How the matters were addressed in the audit
1. Information Technology (IT) systems and control over financial reporting A significant part of the Group's financial reporting process is reliant on IT systems with automated processes and controls over the capture, storage and extraction of information. A fundamental component of these processes of controls is ensuring appropriate user process and change management protocols exist, and are being adhered to. These protocols are important because they ensure that access and changes to IT systems and related data are made and authorised in an appropriate manner. The Group uses a vendor customized Enterprise Resource Planning application (SAP). The Group has an IT division to manage the IT function, and/or to assist with operational requirements (Serve Consulting Limited manages major IT functions). In the event that the IT system failed, Business operations will be disrupted / hampered until systems is restored. As our audit sought to place a high level of reliance on IT systems and application controls related to financial reporting, a high proportion of the overall audit effort was in this area.	We focused our audit on those IT systems and controls that are significant for the Group financial reporting process. As audit procedures over IT systems and controls require specific expertise, we involved IT specialist in our audit. We assessed and tested the design and operating effectiveness of the Group's IT controls, including those over users access and changed management as well as data reliability. In a limited number of cases, we adjusted our planned audit approach as follows: • We extended our testing to identify whether there had been unauthorised or inappropriate access or changes made to critical IT systems and related data; • Where automated procedures were supported by systems with identified deficiencies, we extended our procedures to identify and test alternative controls; and • Where required, we performed a greater level of testing to validate the integrity and reliability of associated data reporting.

2. Trade and other Receivables - Impairment	
Trade receivables are stated at their original invoiced value less appropriate allowance for estimated irrecoverable amounts. As disclosed in note 4.11.1 and note 19.1 to the interim consolidated financial statements, the Group assesses at each reporting date whether there is objective evidence that financial asset is impaired. In carrying out this assessment, management relies on entity-developed internal models. For instance, in assessing collective impairment, the Group uses historical trend of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management determined risk rating. There is significant measurement uncertainty involved in this assessment, which makes it a key audit matter.	We focused our testing of the impairment of trade and other receivables on the key assumptions made by the management. Our audit procedures included: • Understand, evaluate and validate contracts over sales and trade receivables cycle. • Review, evaluate and validate contracts over credit process including age analysis of debtors. • Critically evaluate the determination of the expected cash flow used. • Evaluate whether the model used to calculate the recoverable amount complies with the requirement of IAS 39.

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report; Audit Committee's Report, Corporate Governance Report and Company Secretary's report which is expected to be made available to us after that date. The other information does not include the interim consolidated financial statements and our auditor's report thereon.

Our opinion on the interim consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the interim consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the interim consolidated financial statements or our knowledge obtained in the audit, or otherwise appeared to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and Those Charged with Governance for the Interim Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with IAS 34'Interim Financial Reporting' and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004, and for such internal control as the directors determine is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the interim consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Interim Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Najeeb A. Abdussalaam, FCA
FRC/2013/ICAN 00000000753
For: PKF Professional Services
Chartered Accountants
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A1275873

Dated: 28 July 2017

FORTE OIL PLC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2017

	Note	Group 30-Jun-17 ₦'000	Group 31-Dec-16 ₦'000	Company 30-Jun-17 ₦'000	Company 31-Dec-16 ₦'000
Assets					
Non-current assets					
Property, plant and equipment	13.	**67,193,085**	69,297,575	**9,245,579**	9,452,411
Investment property	14.	**1,783,322**	1,799,462	**1,783,322**	1,799,462
Intangible assets	15.	**212,750**	229,307	**196,852**	211,476
Investment in subsidiaries	16.	-	-	**10,433,666**	10,707,406
Deferred tax assets	17.	**167,273**	165,152	-	-
Long term employee benefits	22.	**30,967**	1,674	**14,961**	525
Total non-current assets		**69,387,397**	71,493,170	**21,674,380**	22,171,280
Current assets					
Inventories	18.	**8,571,115**	5,399,931	**7,085,152**	3,928,633
Trade and other receivables	19.	**61,064,654**	46,819,458	**33,621,760**	31,215,527
Cash and cash equivalents	20.	**7,266,714**	17,043,933	**7,022,861**	16,143,555
Total current assets		**76,902,483**	69,263,322	**47,729,773**	51,287,715
Total assets		**146,289,880**	140,756,492	**69,404,153**	73,458,995
Equity					
Share capital	21.	**655,314**	655,314	**655,314**	655,314
Share premium	21.	**8,071,943**	8,071,943	**8,071,943**	8,071,943
Other reserves	21.	**(217,865)**	(222,357)	**(7,752)**	(7,752)
Retained earnings	21.	**5,530,191**	4,200,191	**5,190,807**	4,543,801
Total equity attributable to equity holders of the Company		**14,039,583**	12,705,091	**13,910,312**	13,263,306
Treasury stock	21.	**(1,388,574)**	(1,388,574)	**(1,388,574)**	(1,388,574)
Non controlling interests	21.	**34,511,852**	32,017,060	-	-
Total equity		**47,162,861**	43,333,577	**12,521,738**	11,874,732
Liabilities					
Non-current liabilities					
Deferred tax liabilities	17.	**599,482**	495,372	**525,714**	417,594
Loans and borrowings	23.	**17,643,982**	17,394,641	**1,871,729**	2,172,169
Medium term bond	23	**7,809,301**	8,704,594	**7,809,301**	8,704,594
Deferred fair value gain on loan	24.	**794,556**	1,021,572	-	-
Non-current trade and other payables	25.	**386,045**	397,615	**386,045**	397,615
Total non-current liabilities		**27,233,366**	28,013,794	**10,592,789**	11,691,972
Current liabilities					
Loans and borrowings	23.	**9,249,202**	21,395,842	**9,703,234**	20,689,764
Medium term bond	23	**943,281**	-	**943,281**	-
Bank overdraft	20.	**5,257,752**	1,928,321	**5,211,848**	1,812,448
Current income tax liabilities	11.	**1,322,247**	1,230,362	**1,005,733**	982,389
Deferred fair value gain on loan	24.	**454,032**	454,032	-	-
Trade and other payables	25.	**54,667,139**	44,400,564	**29,425,530**	26,407,690
Total current liabilities		**71,893,653**	69,409,121	**46,289,626**	49,892,291
Total liabilities		**99,127,019**	97,422,915	**56,882,415**	61,584,263
Total equity and liabilities		**146,289,880**	140,756,492	**69,404,153**	73,458,995

The interim consolidated financial statements were approved by the Board of Directors on **28 July, 2017** and signed on its behalf by:

P. Otedola | Akin Akinfemiwa | JB Owotuga.

Femi Otedola, CON
Chairman
FRC/2013/IODN/00000002426

Akin Akinfemiwa
Group Chief Executive Officer
FRC/2013/IODN/00000001994

Julius B. Omodayo-Owotuga, CFA
Group Executive Director, Finance
FRC/2013/ICAN/00000001995

The accompanying notes and significant accounting policies form an integral part of these interim consolidated financial statements.

FORTE OIL PLC

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2017

	Notes	Group		Company	
		30-Jun-17 ₦'000	30-Jun-16 ₦'000	**30-Jun-17 ₦'000**	30-Jun-16 ₦'000
Revenue	**7.**	**65,647,503**	84,422,706	**46,713,493**	78,424,789
Cost of sales	**7**	**(53,465,180)**	(72,060,274)	**(40,562,529)**	(67,902,852)
Gross profit		**12,182,323**	12,362,432	**6,150,964**	10,521,937
Other income	**8.**	**1,008,328**	1,614,493	**951,646**	1,593,442
Distribution expenses	**9.2**	**(952,903)**	(1,822,664)	**(899,767)**	(1,800,126)
Administrative expenses	**9.2**	**(4,605,422)**	(5,308,760)	**(3,820,572)**	(4,296,912)
Operating profit		**7,632,326**	6,845,501	**2,382,271**	6,018,341
Finance Income	**11**	**1,054,362**	811,171	**905,633**	542,914
Finance cost	**11**	**(3,948,070)**	(3,394,321)	**(2,297,208)**	(1,669,682)
Net finance (cost)/income		**(2,893,708)**	(2,583,150)	**(1,391,575)**	(1,126,768)
Profit before income tax		**4,738,618**	4,262,351	**990,696**	4,891,573
Income tax expense	**11.**	**(628,826)**	(2,029,081)	**(343,690)**	(1,987,177)
Profit for the period		**4,109,792**	2,233,270	**647,006**	2,904,396
Other Comprehensive Income:					
Items that may be reclassified subsequently to profit or loss					
Foreign exchange translation gain/(loss)		**(4,492)**	(6,044)	**-**	-
Total other comprehensive loss net of taxes		(4,492)	(6,044)	**-**	-
Total comprehensive income for the period		**4,105,300**	2,227,226	**647,006**	2,904,396
Owners of the Company		**1,365,508**	2,447,414	**647,006**	2,904,396
Non controlling interests	**21.**	**2,739,792**	(220,188)	**-**	-
		4,105,300	2,227,226	**647,006**	2,904,396
Earnings per share					
Basic/diluted in (₦)	**12.**	**1.05**	1.88	**0.50**	2.23

The accompanying notes and significant accounting policies form an integral part of these interim consolidated financial statements.

FORTE OIL PLC

INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017

Attributable to equity holders - the Group

	Share capital ₦'000	Share premium ₦'000	Reserves ₦'000	Retained earnings ₦'000	Total equity attributable to equity holders of the company ₦'000	Treasury shares ₦'000	Non - controlling interest ₦'000	Total equity ₦'000
Balance at 31 December 2016	**655,314**	**8,071,943**	**(222,357)**	**4,200,191**	**12,705,091**	**(1,388,574)**	**32,017,060**	**43,333,577**
Changes in equity for 2017:								
Profit or loss for the period	-	-	-	1,370,000	1,370,000	-	2,739,792	4,109,792
Foreign exchange translation loss	-	-	4,492	-	4,492	-	-	4,492
Amount attributable to equity holders	**655,314**	**8,071,943**	**(217,865)**	**5,570,191**	**14,079,583**	**(1,388,574)**	**34,756,852**	**47,447,861**
Transactions with owners, recorded directly in equity								
Dividend	-	-	-	-	-	-	(245,000)	(245,000)
Withholding tax on dividend from a subsidiary	-	-	-	(40,000)	(40,000)	-	-	(40,000)
Balance at 30 June 2017	**655,314**	**8,071,943**	**(217,865)**	**5,530,191**	**14,039,583**	**(1,388,574)**	**34,511,852**	**47,162,861**

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

FORTE OIL PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017

Attributable to equity holders of the Company	Share capital ₦'000	Share premium ₦'000	Reserves ₦'000	Retained earnings ₦'000	Total	Treasury shares ₦'000	Total equity ₦'000
Balance at 31 December 2016	**655,314**	**8,071,943**	**(7,752)**	**4,543,801**	**13,263,306**	**(1,388,574)**	**11,874,732**
Changes in equity for 2017:							
Profit or loss for the period	-	-	-	647,006	647,006	-	**647,006**
Amount attributable to equity holders	**655,314**	**8,071,943**	**(7,752)**	**5,190,807**	**13,910,312**	**(1,388,574)**	**12,521,738**
Balance at 30 June 2017	**655,314**	**8,071,943**	**(7,752)**	**5,190,807**	**13,910,312**	**(1,388,574)**	**12,521,738**

The accompanying notes and significant accounting policies form an integral part of these interim consolidated financial statements.

FORTE OIL PLC

INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2016

Attributable to equity holders - the Group

	Share capital ₦'000	Share premium ₦'000	Reserves ₦'000	Retained earnings ₦'000	Total equity attributable to equity holders of the company ₦'000	Treasury shares ₦'000	Non - controlling interest ₦'000	Total equity ₦'000
Balance at 31 December 2015	**546,095**	**8,181,162**	**(257,985)**	**6,001,847**	**14,471,119**	**(1,388,574)**	**33,198,198**	**46,280,743**
Changes in equity for 2016:								
Profit or loss	-	-	-	2,453,458	2,453,458	-	(220,188)	2,233,270
Foreign exchange translation loss			(6,044)		(6,044)	-	-	(6,044)
Defined benefit plan actuarial loss	-	-	-	-	-	-	-	-
Amount attributable to equity holders	**546,095**	**8,181,162**	**(264,029)**	**8,455,305**	**16,918,533**	**(1,388,574)**	**32,978,010**	**48,507,969**
Transactions with owners, recorded directly in equity								
Dividend	-	-	-	(4,521,671)	(4,521,671)	-	(1,225,000)	(5,746,671)
Reversal of dividend*	-	-	-	138,447	138,447	-	-	138,447
Withholding tax on dividend from a subsidiary	-	-	-	(20,000)	(20,000)	-	-	(20,000)
Bonus issue to equity holders	109,219	(109,219)	-	-	-	-	-	-
Balance at 30 June 2016	**655,314**	**8,071,943**	**(264,029)**	**4,052,081**	**12,515,309**	**(1,388,574)**	**31,753,010**	**42,879,745**

The accompanying notes and significant accounting policies form an integral part of these interim consolidated financial statements.

FORTE OIL PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2016

Attributable to equity holders of the Company

	Share capital ₦'000	Share premium ₦'000	Reserves ₦'000	Retained earnings ₦'000	Total	Treasury shares ₦'000	Total equity ₦'000
Balance at 31 December 2015	**546,095**	**8,181,162**	**(7,752)**	**5,691,196**	**14,410,701**	**(1,388,574)**	**13,022,127**
Changes in equity for 2016:							
Profit or loss	-	-	-	**2,904,396**	**2,904,396**	-	**2,904,396**
Other comprehensive income							
Defined benefit plan actuarial loss	-	-	-	-	-	-	-
Amount attributable to equity holders	**546,095**	**8,181,162**	**(7,752)**	**8,595,592**	**17,315,097**	**(1,388,574)**	**15,926,523**
Transactions with owners, recorded directly in equity					-		
Dividend to equity holders	-	-	-	(4,521,671)	(4,521,671)	-	**(4,521,671)**
Reversal of dividends on forfeited shares**	-	-	-	138,447	138,447	-	**138,447**
Bonus issue to equity holders	109,219	(109,219)	-	-	-		
Balance at 30 June 2016	**655,314**	**8,071,943**	**(7,752)**	**4,212,368**	**12,931,873**	**(1,388,574)**	**11,543,299**

The accompanying notes and significant accounting policies form an integral part of these interim consolidated financial statements.

FORTE OIL PLC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2017

	Notes	Group 30-Jun-17 ₦'000	Group 30-Jun-16 ₦'000	Company 30-Jun-17 ₦'000	Company 30-Jun-16 ₦'000
Cash flows from operating activities					
Profit for the period		**4,105,300**	2,227,226	**647,006**	2,904,396
Adjustment for:					
Foreign exchange translation loss on consolidation		**4,492**	6,044	**-**	-
Depreciation of property, plant and equipment	**13.**	**2,549,882**	1,024,849	**649,928**	599,992
Depreciation of investment property	**14.**	**16,140**	42,909	**16,140**	42,909
Amortization of intangible asset	**15.**	**45,557**	46,182	**43,624**	41,244
Profit on disposal of property, plant and equipment		**27,872**	(16,601)	**28,692**	(16,601)
Finance income	**10.**	**(1,054,362)**	(811,171)	**(905,633)**	(542,914)
Finance cost on loans and borrowings	**10.**	**3,948,070**	3,394,321	**2,297,208**	1,669,682
Increase in impairment allowance for trade receivables		**56,703**	25,286	**54,454**	-
Current service cost	**22.**	**50,173**	43,000	**48,674**	30,146
Income tax expense	**11.**	**628,826**	2,029,081	**343,690**	1,987,177
Impairment of investment	**10**	**-**	-	**273,740**	324,885
		10,378,653	8,011,126	**3,497,523**	7,040,916
Changes in:					
Inventories	**18.**	**(3,171,184)**	3,496,241	**(3,156,519)**	3,475,580
Trade and other receivables	**19.**	**(14,301,899)**	(5,742,223)	**(2,460,687)**	(8,545,817)
Trade and other payables	**25.**	**9,953,600**	10,686,158	**2,997,004**	6,052,506
Non trade payables and other creditors	**25.**	**261,405**	1,806,066	**9,265**	1,037,954
Cash generated from operating activities		**3,120,575**	18,257,368	**886,586**	9,061,139
Employee benefit paid	**23**	**(39,415)**	(10,070)	**(30,160)**	(745)
Income taxes paid	**11.**	**(432,831)**	(1,753,623)	**(212,226)**	(1,557,849)
Net cash from operating activities		**2,648,329**	16,493,675	**644,200**	7,502,545
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	**14,8**	**4,493**	40,858	**2,954**	37,655
Acquisition of property, plant and equipment	**13.**	**(476,161)**	(7,392,629)	**(474,742)**	(450,848)
Acquisition of Intangibles		**(29,000)**	(15,205)	**(29,000)**	(7,193)
Long term employee benefit funded	**23**	**(400)**	(2,027)	**-**	-
Return on employee benefits planned assets	**23**	**(39,651)**	(21,680)	**(32,950)**	(19,622)
Interest received	**10.**	**1,054,362**	811,171	**905,633**	542,914
Net cash generated from/(used in) investing activities		**513,643**	(6,579,512)	**371,895**	102,906
Cash flows from financing activities					
Dividend paid to non controlling interests		**(245,000)**	(1,225,000)	**-**	-
Dividend paid		**-**	(4,521,671)	**-**	(4,521,671)
Short term loans and borrowings	**24**	**(11,203,359)**	1,759,660	**(10,043,249)**	3,426,349
Long term loans and borrowings	**24**	**(645,952)**	3,258,676	**(1,195,733)**	(433,410)
Deferred fair value gain on loan	**24.**	**(227,016)**	(174,883)	**-**	-
Interest paid	**10.**	**(3,948,070)**	(3,394,321)	**(2,297,208)**	(1,669,682)
Net cash(used in) in financing activities		**(16,269,397)**	(4,297,539)	**(13,536,190)**	(3,198,414)
Net (decrease)/increase in cash and cash equivalents		**(13,107,425)**	5,616,625	**(12,520,094)**	4,407,037
Cash and cash equivalents as at 1 January	**20.**	**15,115,612**	1,432,469	**14,331,107**	(101,972)
Effect of exchange rate fluctuations		**775**	4,145	**-**	-
Cash and cash equivalents at 30 June	**20.**	**2,008,962**	7,053,238	**1,811,013**	4,305,065

The accompanying notes and significant accounting policies form an integral part of these interim consolidated financial statements.

FORTE OIL PLC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2017

1. The Group

1.1 Reporting entity

Forte Oil Plc (the Company) was incorporated on 11 December 1964 as British Petroleum. It became African Petroleum through the nationalisation policy of the Federal Government of Nigeria in 1979. The Company changed its name to Forte Oil Plc in December 2010 upon restructuring and rebranding. The major shareholders are Zenon Petroleum and Gas Company Limited and Thames Investment Incorporated. The Company and its subsidiaries, Forte Upstream Services Limited, AP Oil and Gas Ghana Limited and Amperion Power Distribution Limited and its subsidiary, Geregu Power Plc are collectively the Group.

1.2 Principal activities

The Company and its subsidiaries are primarily engaged in the marketing of petroleum products which is divided into fuels, production chemicals, lubricants, greases and power generation.

2. Basis of preparation

2.1 Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (IFRSs) as issued by the International Accounting Standard Board (IASB) and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011. These are the Group's financial statement for the period ended 30 June 2017, prepared in accordance with IAS 34- Interim Financial Reporting has been applied.

2.2 Functional/presentation currency

These interim consolidated financial statements are presented in Naira, which is the Group's functional currency (except for AP Oil Ghana Ltd which operates in the Ghanian Cedis). Except as indicated in these consolidated financial statements, financial information presented in Naira has been rounded to the nearest thousand.

2.3 New standards and interpretations not yet adopted

Standards and interpretations issued but not yet effective.

At the date of authorisation of these interim consolidated financial statements, the following IFRSs and amendments to IFRS that are relevant to the group and the company were issued but not effective.

IFRS 9, 'Financial instruments'

A finalized version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment, Hedge Accounting and Derecognition:

a) IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorsed as "fair value through other comprehensive income" in certain circumstances. The requirementss for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.

b) The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets.

c) IFRS 9 contains a new model for hedge accounting that aligns the accounting treament with the risk management activities of an entity, in addition enchanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements.

IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.
The group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 not later than the accounting period beginning on or after I January 2018.

2.3.2 IFRS 15, 'Revenue from contracts with customers'

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 supersedes the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standards introduce a 5-step approach to revenue recognition:
Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, the new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. The group is yet to assess IFRS 15's full impact and intends to adopt IFRS 15 not later than the accounting period begining on or after 1 January 2018.

2.3.3 1FRS 16, 'Leases'

IFRS 16 was issued which introduces a number of significant changes to the lease accounting model under IFRSs, including a requirement for leases to recognize nearly all leases on their balance sheets. IFRS 16 will supersede the current leases guidance including IAS 17 Leases, IFRIC 4 Determing whether an Arrangement contains a lease, SIC 15- Operating leases incentives, SIC 27-Evaluating the substance of Transactions involving the legal form of lease.

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. However, an entity cannot adopt this standard earlier than it adopts IFRS 15, Revenue from Contracts with Customers. This standard was issued on 13 January, 2016. The group is yet to assess IFRS 16's full impact and intends to adopt IFRS 16 not later than the accounting period beginning on or after 1 January 2019.

2.3.4 Disclosure initiative (Amendments to IAS 7)

The Amendments:
- require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgement when determining the exact form and content of the disclosures needed to satisfy this requirement
.• suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including:
  - changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses
  - a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position, including those changes identified immediately above.

Effective date: The Amendments are effective for annual periods beginning on or after 1 January 2017.

2.3.5 Clarifications to IFRS 15 'Revenue from contracts with customers'

Amends IFRS 15 in three areas:

a. Identification of performance obligations – changes clarify the application of the concept of 'distinct‘ in this context.
b. Whether an entity is acting as principal or agent – changes clarify the application of the principal of ‘control’ in making this determination.
c. Licensing – changes assist in determining whether an entity’s activities ‘significantly affect’ intellectual property during the period for which it has been licensed to a customer.

The amendments also provide some transition relief for modified contracts and completed contracts.

Effective date: The Amendments are effective for annual periods beginning on or after 1 January 2018.

2.3.6 Recognition of deferred tax assets for unrealised losses (Amendments to IAS 12)

The Amendments are:

a. Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
b. The carrying amount of an asset does not limit the estimation of probable future taxable profits.
c. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
d. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Effective date: The Amendments are effective for annual periods beginning on or after 1 January 2017.

2.4 Basis of measurement

These interim consolidated financial statements are prepared on the historical cost basis except as modified by actuarial valuation of staff gratuity and fair valuation of financial assets and liabilities where applicable. There are other asset and liabilities measured at amortised cost.

2.5 Use of estimates and judgements

The preparation of the interim consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Changes in these assumptions may materially affect the financial position or financial results reported in future periods. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the interim consolidated financial statements.

a) Recovery of deferred tax assets

Judgement is required to determine which types of arrangements are considered to be tax on income in contrast to an operating cost. Jugement is also required in determining whether deferred tax assets are recognised in the interim consolidated statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses require management assessment of the likelihood that the Group will generate sufficient taxable earnings in future periods in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by sales volume and production, global oil prices, operating costs and capital expenditure) and judgement about the application of existing tax laws.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reportting date could be impacted.

Future changes in tax laws could also limit the ability of the Group to obtain tax deductions in future periods.

b) Decommissioning costs

The Group may incur decommissioning cost at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary for various factors including changes to relevant legal requirements, emergence of new restoration techniques or experience on similar decommissioning exercise. The expected timing, extent and amount of expenditure can also change, for example in response to changes in laws and regulations or their interpretations. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which could affect future financial results.

c) Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

d) Impairment review

IFRS requires management to undertake an impairment test of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area which involves management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

a) growth in EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
b) timing and quantum of future capital expenditure;
c) long-term growth rates; and
d) the selection of discount rates to reflect the risks involved.

The Group prepares and approves a formal five year management plan for its operations, which is used in the calculation of its value in use, a long-term growth rate into perpetuity has been determined as the compound annual growth rate in EBITDA in years four to five of the management plan.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results. The Group's review includes the key assumptions related to sensitivity in the cash flow projections.

During the period, additional impairment loss to the tune of N273,740,000 was recognised in the statement of profit or loss for its investment in AP Oil and Gas Ghana Limited. The carrying amount of this investment in the separate financial statements was greater than the recoverable value to the tune of the impairment charge.

e) Provisions for employee benefits

The actuarial techniques used to assess the value of the defined benefit plans involve financial assumptions (discount rate, rate of return on assets, medical costs trend rate) and demographic assumptions (salary increase rate, employee turnover rate, etc.). The Group uses the assistance of an external independent actuary in the assessment of these assumptions. For more details refer to note 22.

f) Control over subsidiaries

The Group's management has asessed whether or not the Group has control over the subsidiaries based on whether the Group has the practical ability to direct the relevant activities of each subsidiary laterally. In making their judgement, the directors considered the Group’s absolute size of holding in the subsidiaries and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the Directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of the subsidiaries and therefore the Group has control over them.

3. Basis of consolidation

3.1 The Group's financial statements incorporate the financial statements of the parent and entities controlled by the parent and its subsidiaries made up to 30 June 2017. Control is achieved where the investor:

i has power over the investee entity,
ii is exposed, or has rights, to variable returns from the investee entity as a result of its involvement,
iii can exercise some power over the investee to affect its returns.

The financial statements of subsidiaries are included in the interim consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners' of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment that has been recognised in profit or loss.

3.2 Group structure

Forte Upsteam Services (FUS) Limited and AP Oil and Ghana Limited (APOG) are wholly owned by Forte Oil Plc while Forte Oil Plc owns 57% in Amperion Power Distribution Limited. Amperion Power Distribution Limited owns 51% of Geregu Power Plc.

3.3 Transactions eliminated on consolidation

All intra-group balances and any gain and losses arising from intra-group transactions are eliminated in preparing the interim consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.4 Non-controlling interest

Non-controlling interest is the equity in a subsidiary or entity controlled by the Company, not attributable, directly or indirectly, to the parent company and is presented separately in the interim consolidated statement of profit or loss and other comprehensive income and within equity in the interim consolidated statement of financial position. Total comprehensive income attributable to non- controlling interests is presented on the line "Non- controlling interests" in the statement of financial position, even where it becomes negative.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these interim consolidated financial statements, unless otherwise indicated.

4.1.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the entities within the group.

Monetary items denominated in foreign currencies are re-translated at the exchange rates applying at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings which are regarded as adjustments to interest costs , where those interest costs qualify for capitalisation to assets under construction;
- exchange differences on transactions entered into to hedge foreign currency risks; and
- exchange differences on loans to or from a foreign operation for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in the foreign operation, which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis.

4.1.2 Foreign operations

The functional currency of the parent company and the presentation currency of the interim consolidated financial statements is Naira. The assets and liabilities of the Group's foreign operations are translated to Naira using exchange rates at period end. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rate on transaction date is used. Goodwill acquired in business combinations of a foreign operation are treated as assets and liabilities of that operation and translated at the closing rate.

Exchange differences are recognised in other comprehensive income and accumulated in a separate category of equity.

On the disposal of a foreign operation, the accumulated exchange differences of that operation, which is attributable to the Group are recognised in profit or loss.

4.2 Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments are recognised initially at fair value plus transactions costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial assets at fair value through profit or loss, which are initially measured at fair value, excluding transaction costs.

Financial instruments are derecognised on trade date when the Group is no longer a party to the contractual provisions of the instrument.

4.2.1 Available-for-sale financial assets

Available-for-sale financial assets comprise equity investments. Subsequent to initial recognition, available-for-sale financial assets are stated at fair value. Movements in fair values are taken directly to equity, with the exception of impairment losses which are recognised in profit or loss. Fair values are based on prices quoted in an active market if such a market is available. If an active market is not available, the Group establishes the fair value of financial instruments by using a valuation technique, usually discounted cash flow analysis.

When an investment is disposed, any cumulative gains and losses previously recognised in equity are recognised in profit or loss. Dividends are recognised in profit or loss when the right to receive payments is established.

4.2.2 Trade and other receivables

Trade receivables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue trade receivables is recognised as it accrues.

4.2.3 Cash and cash equivalents

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

4.2.4 Non-derivative financial liabilities

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

4.2.5 Trade and other payables

Trade payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

4.2.6 Loans and borrowings

4.2.6a Interest-bearing borrowings

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

4.2.6b Debt instruments

Financial instruments issued by the Group are qualified as debt instruments if there is a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if the Group is required to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group.

Issues of bonds are recorded at their initial fair value which normally reflects the proceeds received, net of direct issue costs less any repayments. Subsequently these are stated at amortised cost, using the effective interest method. Any difference between the proceeds after direct issue costs and the redemption value is recognised over the term of the borrowing in the income statement using the effective interest method.

4.2.7 Compound instruments

At the issue date, the fair value of the liability component of a compound instrument is estimated using the market interest rate for a similar non-convertible instrument. This amount is recorded as a liability at amortised cost using the effective interest method until extinguished upon conversion or at the instrument’s redemption date.

The equity component is determined as the difference of the amount of the liability component from the fair value of the instrument. This is recognised in equity, net of income tax effects, and is not subsequently remeasured.

4.2.8 Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at reporting date to determine whether there is objective evidence that is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occured after initial recognition of the asset, and that the loss event had a negative effect on the future cash flows of that asset that can be estimated reliably. See note 4.11 (Impairment) and note 6 (Financial risk management).

4.2.9 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

4.3.1 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects and costs directly attributable to the issue of the instrument.

4.3.2 Dividend distribution

Dividend distribution to the company’s shareholders is recognised as a liability in the group’s financial statements in the period in which the dividends are approved by the company’s shareholders.

Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 385 of Companies and Allied Matters Act of Nigeria, are written back to retained earnings.

4.4 Property, plant and equipment

4.4.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Items of property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for the intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

4.4.2 Reclassification of investment property

When the use of a property changes from owner-occupied to investment property, the property is transferred to investment properties at its carrying amount.

4.4.3 Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

4.4.4 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis (except for gas turbines; for which Unit of Production Method i.e Equivalent Operating Hours (EOH) is used) over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

The estimated useful lives for the current and comparative period are as follows:

Land	Over lease period
Buildings	25 years
Building improvements	5 years
Plants, equipment and tanks	5-20 years
Furniture and fitttings	4 years
Computer equipment	3 years
Motor vehicles	5-8years
Gas turbines	160,000 Equivalent Operating Hours (EOH) per plant

Depreciation methods, useful lives and residual values are reviewed at each financial period end and adjusted, if appropriate. Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

4.4.5 De-recognition of tangible assets

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognised.

Non-current asset held for sale

Non-current assets or a disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit and loss. Gains are not recognised in excess of any cumulative impairment loss.

4.5 Investment property

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the property. Investment properties under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the property to a condition of commercial lease to third parties.Land held for an undefined future use is recognised as investment property.

Property that is being constructed or developed for future use as investment property is recognised as investment property.

Depreciation is calculated over the depreciable amount, which is the cost of a property, or other amount substituted for cost, less its residual value. Depreciation is recognised on a straight - line basis over the useful life of the investment property.

The estimated useful lives for the current and comparative period are as follows:

Land	Over lease period
Buildings	25 years

The criteria used by the Group to distinguish investment property from owner occupied property are as follows:

- The property must not be actively used for the running of the core business activity of the group that is, production and marketing of petroleum products.
- The property generates cashflows which have no direct connection with core business activity of the group.
- The property is held primarily for rental income generation and/or value appreciation.

4.6 Intangible assets

4.6.1 Intangible assets acquired separately

Intangible assets acquired separately are shown at historical cost less accumulated amortisation and impairment losses.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. These charges are included in other expenses in profit or loss.

Intangible assets with an indefinite useful life are tested for impairment annualy. Other intangible assets are amortised from the date they are available for use. The estimated useful live for the current and comparative period is:

Software costs - 3 to 8 years

Amortisation periods and methods are reviewed annually and adjusted if appropriate.

4.6.2 Intangible assets generated internally

Expenditures on research or on the research phase of an internal project are recognised as an expense when incurred. The intangible assets arising from the development phase of an internal project are recognised if, and only if, the following conditions apply:

- it is technically feasible to complete the asset for use by the Group;
- the Group has the intention of completing the asset for either use or resale;
- the Group has the ability to either use or sell the asset;
- it is possible to estimate how the asset will generate income;
- the Group has adequate financial, technical and other resources to develop and use the asset; and
- the expenditure incurred to develop the asset is measurable.

If no intangible asset can be recognised based on the above, then development costs are recognised in profit and loss in the period in which they are incurred.

4.6.3 Intangible assets recognised in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date.

4.6.4 Subsequent expenditure

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

4.6.5 Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight - line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this must closely reflect the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the current and comparative period is:

Computer software: 3 to 8 years

Amortisation methods, useful lives and residual values are reviewed at each financial period end and adjusted if appropriate.

4.7 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

4.7.1 Finance leases

Assets held under finance leases are recognised as assets of the Group at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments. The related liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between interest expenses and capital redemption of the liability. Interest is recognised immediately in profit or loss, unless attributable to qualifying assets, in which case they are capitalised to the cost of those assets.

Contingent rentals are recognised as expense in the period in which they are incurred.

4.7.2 Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except if another systematic basis is more representative of the time pattern in which economic benefits will flow to the Group.

Contingent rentals arising under operating leases are recognised in the period in which they are incurred. Lease incentives and similar arrangements of incentives are taken into account when calculating the straight-lined expense.

4.8 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

4.9 Taxation

Income tax for the period is based on the taxable income for the period. Taxable income differs from profit as reported in the statement of comprehensive income for the period as there are some items which may never be taxable or deductible for tax and other items which may be deductible or taxable in other periods.

Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position. Deferred tax assets and liabilities are not recognised if they arise in the following situations: the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date.

The Group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries, joint ventures and associates where the parent company is able to control the timing of the reversal of the temporary differences and it is not considered probable that the temporary differences will reverse in the foreseeable future. It is the Group's policy to reinvest undistributed profits arising in group companies.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying amount of deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

4.10 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of deregulated inventories - AGO, ATK, LPFO is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The cost of regulated inventories - PMS and DPK is based on the standard cost principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Perpetual inventory system where cost of sales and ending inventory is updated continuously is in use.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The production costs comprise direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads.

Allowance is made for obsolete, slow moving or defective items where appropriate.

4.11 Impairment

4.11.1 Financial assets (including loans and receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset where applicable continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

4.11.2 Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

4.12 Employee benefits

The Group operates both defined contribution plans and defined benefit plans.

4.12.1 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit post-retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value and any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

4.12.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the period during which services are rendered by employees. In relation to the defined contribution plan, the Group has in place the Pension fund scheme.

4.12.3 Pension fund scheme

In accordance with the revised provisions of the Pension Reform Act, 2014, the Group has instituted a Contributory Pension Scheme for its employees, where both the employees and the Group contribute 8% and 10% respectively of the employee's emoluments (basic salary, housing and transport allowances). The Group's contribution under the scheme is charged to the profit and loss account while employee contributions are funded through payroll deductions.

4.12.4 Terminal benefit

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

4.12.5 Short term benefits - Profit-sharing and bonus plans

Forte Oil Plc recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to Forte's shareholders after certain adjustments. Forte Oil Plc recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

4.13 Provision, contingencies and decommissioning costs

4.13.1 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4.13.2 Contingent liabilities

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Group. Contingent liabilities are not recognised in the financial statements but are disclosed. However if the possibility of an outflow of economic resources is considered remote, such contigent liabilities are recognised in the financial statements.

4.13.3 Contingent assets

Contingent assets are possible assets that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contigent assets are only disclosed when an inflow of economic benefit is probable. Asset is recognised when the realisation of income is virtually certain, in which case the related asset is no more contingent.

4.13.4 Decommissioning costs

Liabilities for decommissioning costs are recognised when the Group has an obligation to dismantle and remove a facility or an item of property, plant or equipment and to restore the site on which it is located, and when a reliable estimate of the liability can be made. Where an obligation exists for a new facility such as a retail outlet, this will be on construction. An obligation for decommissioning may also crystalize during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding item of property, plant and equipment of an amount equivalent to the provision is also recognised. This is subsequently depreciated as part of the asset.

Other than the unwinding discount on the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding item of property, plant and equipment.

4.14 Models used for impairment test, valuations, actuarial results

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group’s non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each financial period at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

4.15 Income Recognition

4.15.1 Sale of goods and services

Revenue from sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue from energy sold and capacity charge are measured on monthly basis using the regulated rates in the Multi Year Tariff Order 11, 2012 - 2017 (MYTO II) of the Nigerian Electricity Regulatory Commission (NERC), net of energy and capacity import and grid transmission losses of 8.05% of energy sent out.

Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is possible, the associated costs and possible return of goods can be estimated reliably , there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

4.15.2 Rental income

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognised as other income.

4.15.3 Throughput income

Throughput income represents fees earned from the use of the Group's storage facilities by third parties on one hand and the Nigerian National Petroleum Corporation product discharge into these storage facilities. These are recognised as other income.

4.16 Finance, dividend income and finance cost.

4.16.1 Finance and dividend income

Finance income comprises interest income on funds invested. Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cashflow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables recognised using the original effective interest rate. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

4.16.2 Finance cost

Finance costs comprises interest expense on borrowings.
Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.17 Earnings per share

The Company presents basic earnings per share data for its ordinary shares.

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

4.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of head office expenses, and tax assets and liabilities.

4.19 Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group. The consideration transferred is measured as the sum of the fair value of the asset given, equity instruments issued and liabilities incurred or assumed at the acquisition date. Transaction costs are recognised within profit or loss as and when they are incured.The Group measures non-controlling interest on the acquisition date as the proportion of the subsidiary's identifiable net assets.

4.20 Transactions with non controlling interests

Transactions with non controlling interests that do not result in the gain or loss of control are accounted for as transactions with equity holders of the group. For purchases of additional interest from non controlling interests, the difference between the purchase consideration and the group's proportionate share of the subsidiary's additional net asset value acquired is accounted for directly in equity.

4.21 Deferred fair value gain on loans

Deferred fair value gain on loans are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the gainss will be received. Deferred fair value gain on loans are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the gains are intended to compensate. Specifically, deferred fair value gain on loans whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the interim consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Deferred fair value gain on loans that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable. The benefit of a deferred fair value gain on loans at a below-market rate of interest is treated as a deferred fair value gain on loans, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The amount recognised as deferred fair value gain on loan is recognised in profit or loss over the period the related expenditure is incurred.

4.22 Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of the future cash flows, and discounted at market rates of interest at the reporting date. For trade and other receivables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Fair value which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rates of interest at the reporting date. For trade and other creditors with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

4.23 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

4.24 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.25 Repurchase and reissue of share capital (Treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

4.26 Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in items in the statement of financial position that have not resulted in cash flows have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Finance cost is also included in financing activities while finance income received is included in investing activities.

4.27 Related parties

Related parties include the holding company and other group entities. Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company, are also considered to be related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

4.28 Event occurring after the balance sheet date

The value of asset and liabilities at the balance sheet date are adjusted if there is evidence that subsequent adjusting event warrant a modification of these values. These adjustment are made up to the date of approval of the interim consolidated financial statements by the Board of Directors.
Other non-adjusting event are disclosed in the notes.

5. Determination of fair values

A number of Group's accounting policies and disclosures require the determination of fair value, both for financial and non financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these interim consolidated and separate financial statements is determined for measurement and / or disclosures purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of the future cash flows, discounted at market rates of interest at the reporting date. For trade and other receivables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Fair value which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rates of interest at the reporting date. For trade and other creditors with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

6. Financial risk management

Overview

Our risk management objective is to ensure sustainable business growth with stability by promoting a pro-active approach in identifying, evaluating, mitigating and reporting risks associated with the business. In order to achieve these objective, we have established a structured and disciplined approach to Risk Management, including the development of the Risk Matrix, in order to guide decisions of the Group on risk related issues. Forte Oil Plc Group has a risk management system embedded in our day to day business activities which guides our business operations and is being followed in a consistent and systematic manner to increase value to our shareholders. Our Enterprise Risk Management framework focuses on enterprise wide risk of Forte Oil Group with the objective to protect and enhance each entity’s value and by extension the Group’s value.

Forte Oil Group (FO Group) - Risk Management framework

The Board of Directors sets our overall risk appetite, approve the risk management strategy and is ultimately responsible for the effectiveness of the risk management process and system of internal control within FO Group.

Specific objectives of the Group’s Risk Management framework are:

* To ensure that all the current and future material risk exposures of FO Group are identified, assessed, quantified, appropriately mitigated and managed.
* To establish a framework for FO risk management process and to ensure group-wide implementation.
* To ensure systematic and uniform assessment of risks related with the Group’s operations.
* To reduce operational surprises and losses.
* To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
* To assure business growth with financial stability.

The Board oversees risk management through the following Committees:

Board Risk Management Committee

The Board Risk Management Committee is responsible for developing and monitoring the Group’s risk management policies which are established to identify and analyse the risks faced by the Group, to set appropriate risk limit and controls, monitor risks and adherence to risk limits. The Committee ensures that risk management policies are integrated into FO Group’s culture. The Committee also reviews quarterly risk management reports and direct appropriate actions to be taken by senior management. The committee reports quarterly to the Board of Directors on its various activities.

Statutory Audit Committee

The Audit Committee oversees how management monitors compliance with the Group’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the FO Group.

Corporate Governance and Remuneration Committee

The Corporate Governance and Remuneration Committee assists the Board in fulfilling its responsibilities in relation to Corporate Governance & remuneration matters by ensuring the groups meets the legal and regulatory requirements, thus protecting the Group from incurring operational and reputational liabilities that can affect the achievement our goals and objectives

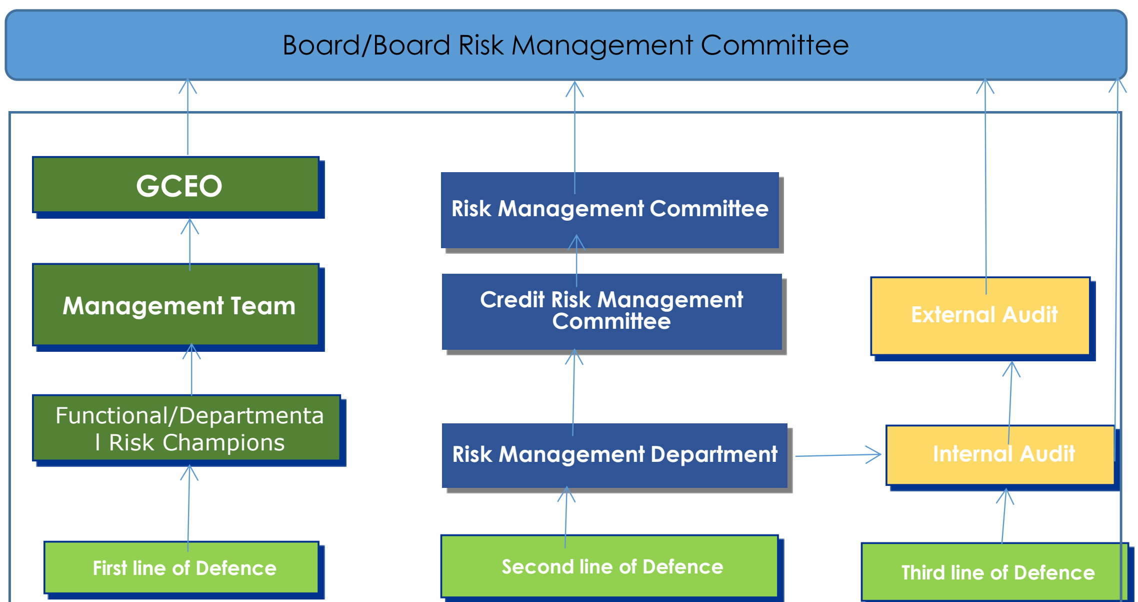
Risk Management Committee

The Risk Management Committee is a Management Committee of Forte Oil Group which evaluates the risks inherent within the business and ensure that they are captured appropriately within the business risk profile. The committee monitors residual risk exposures and provides assurance as to adequacy of controls implemented to manage risks to the agreed level of appetite. The committee meets monthly, however risk reports are provided quarterly to the Board Risk Committee. Principal risk events are however escalated immediately.

Credit Risk Management Committee

The Credit Risk Management Committee is a Sub-Committee of the Risk Management Committee that assess the credit risk of Forte Oil Group. The Committee review and approve credit request in line with the Group's credit policy.
The committee also meets at least monthly to review payment performance of credit customers, the adequacy of Bank Guarantees, credit limits of customers and also take appropriate actions to ensure zero tolerance for bad debts.

Risk Management Structure & Governance



Risk Management Governance Structure

FO Plc Management Committees including –Risk Management & Credit Management

1st Line: Primary Risk Responsibility

* Operational management manages the Company's risks by implementing and maintaining effective internal control procedures on a day-to-day basis.

2nd Line: Challenge and Risk Control.

* The Risk Management department collaborates with operational management to develop and monitor processes and controls to mitigate identified risks.

* They facilitate risk assessment sessions, develop risk management programs and alert management to emerging issues and changing risk scenarios.

3rd Line: Assurance

* Independent assurance of the effectiveness of the risk management process and methodology

Risk Profile
In the course of our daily operations, we are exposed to various risks. The Group has a risk management function that manages these risks with various reporting done as required. We have categorised the risks into the following:

Operational Risk
- HSE Risk

Financial Risk
- Credit risk
- Liquidity risk
- Market risk
- Capital risk management

Reputational Risk
Strategic Risk

Operational Risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes and controls, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the group's operations.

The group's objective is to manage operational risk to be within its risk appetite thus ensuring that the overall control processes and procedures does not restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall group standards for the management of operational risk in the following areas:
* Requirements for appropriate segregation of duties, including the independent authorization of transactions/processes.
* Requirements for the reconciliation and monitoring of transactions.
* Compliance with regulatory and other legal requirements.
* Documentation of controls and procedures.
* Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
* Requirements for the reporting of operational losses and proposed remedial action.
* Development of contingency plans
* Training and professional development
* Ethical and business standards
* Risk mitigation approach such as adequate insurance cover on the assets of FO Group Plc.

The Operational risk of the Group is identified and monitored through risk management review of operational processes and procedures across departments and subsidiaries with the use of Risk Management tool kit such as Risk registers, Control Self- Assessments, Top 25 Risk of the business and Key Risk Indicators Review.
Compliance with Group's operating standards is also supported by a programme of periodic reviews undertaken by Business Assurance and Compliance (BAC). The results of BAC reviews are discussed with the management of the business unit while the summaries submitted to the Audit Committee and Executive Management of the group.

HSE Risk
Forte Oil Group is committed to managing a Health, Safety & Environmental system that promotes a safe working environment for all employees, contractors, customers and visitors to our sites. At Forte Oil Group, Health and Safety has equal importance with all other business activities.

It is the policy of the Group to carry out its activities in a manner that guarantees health and safety of its workers and other stakeholders, the protection of the company's facilities and the environment and compliance with all regulatory and industry requirements. We consider health, safety and environmental issues as important as our core businesses and assume the responsibility of providing healthy, safe and secure work environment for our workers as required by law.

Financial Risk
FO Group Plc's overall risk management focuses on the unpredictability of financial markets and the adverse effect on the company's financial and operational performance. The Group has a risk management function that manages the financial risks relating to the Group's operations under the policies approved by the Board of Directors.

The Group has exposure to the following risks from its use of financial instruments:
Credit Risk
Liquidity Risk
Market Risk
Foreign Exchange Risk
Currency Risk
Interest Rate Risk
Other Market Risk

Credit Risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a policy of only dealing with creditworthy customers as a means of mitigating the risk of financial loss from defaults. We also secure our credits with Bank Guarantees from Company selected Banks.

The Company uses other publicly available financial information and its own trading records to evaluate its major customers. All credits are administered in line with FO's Credit policy.
Warning signs for default are promptly identified based on our Credit Management & Reporting tools. Mitigating actions such as reduced credit term, aggressive cash collection and downward review of credit limits are highlighted and implemented for high-risk customers based on approval by Executive Management and Management Credit Committee.

There is no material concentration of our credit exposure geographically or with individual customers and there is no significant level of counterparty default.

Trade and other receivables
The Group has established a credit policy under which each new customer is analysed individually for creditworthiness. Credit limit are established for each customer, which represents the maximum exposure to the customer. These limits are reviewed periodically by management credit committee based on customer's performance and credit worthiness. Customers that fail to meet the Group's credit criteria may transact with the Company on a cash-and-carry basis or provides a Bank Guarantee.

Our exposure to credit risk for trade and other receivables and related impairment losses at the reporting date is as disclosed in note 19.

Allowance for impairment losses
Forte Oil Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. Please refer to Note 28 for the ageing of trade and other receivables and related impairment allowances for the Group at the reporting date.
The models used for impairment is explained in note 4.14 above

Investments
The Group actively monitors the credit rating of companies and only invest in liquid securities with companies with high credit ratings. The Group does not expect any counterparty to fail to meet its obligations.

Guarantees

The Group's policy is to provide financial guarantees only to subsidiaries after a careful review of the underlying transaction. Where the underlying transaction does not meet the Group's risk appetite, such transactions are exited.
There is a financial guarantee on behalf of Amperion to First Bank of Nigeria Plc.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable and avoidable losses or risking damage to the Group's reputation. Cash flow projection is performed by the treasury unit of FO Group Plc to anticipate the cash & liquidity requirements of the Group.

The Group has a clear focus on ensuring sufficient access to capital to finance growth and to refinance maturing debt obligations. As part of the liquidity management process, the Company has various credit arrangements with some banks and related parties which can be utilised to meet its liquidity requirements.

The Group manages its liquidity process by:
- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Monitoring balance sheet liquidity ratios against internal requirements.
- Managing the concentration and debt profile.
- Usage of overdraft facility to meet liquidity needs

Lastly, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign Exchange Risk

The Group transacts some of its purchases and sales in foreign currency and is exposed to foreign exchange risk on these transactions. The company has no long term assets or liabilities denominated in foreign currency. The opening of the OTC FX Market has enabled the Group use Non-Deliverable Forwards/Futures (NDFs)to hedge Foreign Exchange Risk. Generally, the Group seeks to apply hedge accounting in order to minimize the effects of exchange rate movements on profit margins.

Foreign exchange risks are minimized by a reduction in direct import transactions while increasing local purchases from importers. Also interest rates are benchmarked to NIBOR (for local loans and LIBOR (for foreign loans).

Currency Risk

The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than its functional currency. The Group is exposed primarily to US Dollars (USD), Euro (E), Pound Sterling (GBP) and Ghanian Cedis (GHC).

The Group monitors the movement in currency rates on an ongoing basis to mitigate the risk that the movements in the exchange rates may adversely affect the Group's income or value of their financial instruments.

The Group is allowed to hedge currency exposure within the tolerable limit by bank and must be approved by Risk Management Committee. The Group does not hedge for speculative reasons.

Interest on borrowings is denominated in the currency of the borrower. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily Naira, also GHC and USD. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The investment in APOG subsidiary is hedged by a GHC-denominated secured bank loan, which mitigates the currency risk arising from the subsidiary's net assets. The investments in other subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

Sensitivity Analysis

A change in the exchange rate either positively or negatively by 200 basis points would have increased/(decreased) equity and profit or loss by the amount stated below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period, the analysis assumes that all other variables, in particular interest rates remain.

A weakening of the Naira against the currencies at 30 June 2017 would have increased/(decreased) equity and profit or loss by the amount shown below:

Interest Rate Risk

The Group is exposed to interest rate risk because the Company borrows funds at fixed interest rates and also utilizes overdraft facilities from Banks. This risk is managed by the Company by maintaining an appropriate mix between short and long term borrowings. The risk is also managed by the Company by constantly negotiating with the banks to ensure that interest rates are consistent with the monetary policy rates as defined by the Central Bank of Nigeria.

At the reporting date, the interest rate profile of the Group's interest -bearing financial interest was:

Secured bank loan	19.5%
Overdraft	20.8%

Note 24 highlights the borrowings for the reporting period.

Other market Risk

Management of the Forte Oil Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are recommended by Risk Management Committee and approved by the Executive Committee.

Management is assisted by external advisors in this regard. In accordance with this strategy, certain investments are designated at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis. The group does not enter into commodity contracts other than to meet the group's expected usage and sale requirements; such contracts are not settled net.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence at all times and to sustain future development and growth of the business. The Board of Directors monitors capital on the basis of the gearing ratio, which the group defines as total liabilities (non-current liabilities and current liabilities) over total assets (non-current assets and current assets). Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group manages its capital structure to achieve capital efficiency, maximise flexibility and give the appropriate level of access to debt markets at attractive cost levels. Also, The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The group does not have a defined share buy-back plan.

The group's debt to capital ratio at the end of the reporting period/ year was as follows:

	Jun-17 **₦'000**	Dec-16 ₦'000
Total liabilities	**99,127,019**	97,422,915
Total assets	**146,289,880**	140,756,492
Gearing ratio as at:	**68%**	69%

There were no changes in the group's approach to capital management during the period/year.

Reputational Risk

Reputational risk is the risk that operations and activities of Forte Oil Group, its related parties or affiliates will negatively affect its image or public perception.

The Group understands the fact that the losses stemming from reputational exposure may not be quantifiable, thus we have implemented structures and procedures which will help protect the company against such losses.

The Board through the Risk Management committee monitor closely, media publications about the activities of Forte Oil Group through Brand and Corporate Communications Unit (BCC) who ensures controls for mitigating reputational risk are active at all times.

We also regularly engage and interact with our stakeholders to know how Forte Oil Group is fulfilling their expectations. We improve our performance based on the feedback obtained. Major stakeholders include customers, investors, employees, suppliers, government, regulators, special interest & consumer groups, media and the general public.

Strategic Risk

Strategic risk is the risk that Forte Oil Group will make inappropriate strategic choices, or that there will be changes in the external environment to which the Group fails to adapt its strategies.

The Group organizes a Strategy Review Session to deliberate on issues relating to changes in operating environment that may impact strategy execution and implementation. These include issues on Product sourcing and logistics, availability of forex for importation, delay in subsidy payments, currency devaluation, changes in government policies and macroeconomic variables and volatilities in crude prices which have implications for profitability, product availability and business growth.

Failure to manage this risk could have a wide-ranging impact. It could lower revenues, profitability and returns to shareholders, and severely impair our ability to meet other financial and non-financial objectives.

The Board has ultimate responsibility for approving strategic plans, initiatives and changes to strategic direction. In addition, Forte Oil Group employs robust strategy development processes which consider the implications of economic, industrial, market, technological and customer developments and trends. Business Performance Review Meeting is carried out monthly for Strategic Business Units and Quarterly for all departments to review business performance against target.

7. Operating segment

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products, and are managed separately. For each of the strategic business units, the Group's CEO reviews internal management reports on at least monthly basis. The following summary describes the operations in each of the Group's reportable segments.

Segments	Descriptions
Fuels	This segment is responsible for the sale and distribution of petroleum products (white products) and Aviation Turbine Kerosene (ATK) in retail outlets and to industrial customers.
Upstream Services	This segment provides ancilliary services to the Exploration & Production (E&P) sub sector of the oil and gas industry.
Lubricants and Greases	This segment manufactures and sells lubricants and greases.
Power Generation	This segment generates power.

The accounting policies of the reportable segments are the same as described in notes 2 to 5.
Information regarding the results of each reportable segment is included below:

		30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
		₦'000	₦'000	**₦'000**	₦'000
7.1	**Revenue & Cost of Sales**				
7.1.1	**Revenue**				
	Fuels	**41,297,159**	73,989,761	**40,329,721**	73,242,616
	Production chemicals	**1,175,776**	874,729	**-**	-
	Lubricants and greases	**6,384,808**	5,182,802	**6,383,772**	5,182,173
	Power generation	**16,789,760**	4,375,414	**-**	-
		65,647,503	84,422,706	**46,713,493**	78,424,789
7.1.2	**Cost of Sales**				
	Fuels	**36,079,362**	65,120,641	**35,138,806**	64,460,518
	Production chemicals	**659,111**	690,005	**-**	-
	Lubricants and greases	**5,424,501**	3,442,828	**5,423,723**	3,442,334
	Power generation	**11,302,206**	2,806,800	**-**	-
		53,465,180	72,060,274	**40,562,529**	67,902,852
	Gross profit	**12,182,323**	12,362,432	**6,150,964**	10,521,937

7.1.3 The company operates Vendor Managed Inventory located at some customers' premises. The risk and reward of the inventory at these locations still resides in the company until consumed or transferred to the customer's facilities. Freight cost of inventory in these locations is included as part of the value of inventory and not freight expense and subsequently recognised as cost of sales when the risk and reward of these inventory passes to the customer.

7.1.4 Depreciation charge of N1,831,961,000 (June 2016 : N365,910,000) for the turbines used for power generation is included in cost of sales for the Power Generating Segment. This is recognised using Equivalent Operating Hours (EOH) of the turbines for the period.

		Group		Company	
		30-Jun-17	**30-Jun-16**	**30-Jun-17**	**30-Jun-16**
7.2	**Segment Reporting**	**₦'000**	₦'000	**₦'000**	₦'000
	Current assets				
	Fuels and lubricants	**43,763,167**	53,197,589	**47,729,773**	52,463,700
	Production chemicals	**3,482,781**	2,962,735	**-**	-
	Power generation	**29,656,535**	8,762,601	**-**	-
	Total current assets	**76,902,483**	64,922,925	**47,729,773**	52,463,700
7.2.2	**Non current assets**				
	Fuels and lubricants	**11,545,897**	22,544,675	**21,674,380**	22,265,173
	Production chemicals	**322,804**	363,428	**-**	-
	Power generation	**57,518,696**	58,823,433	**-**	-
	Total non current assets	**69,387,397**	81,731,536	**21,674,380**	22,265,173
7.2.3	**Current liabilities**				
	Fuels and lubricants	**42,686,075**	60,879,794	**46,289,626**	59,885,099
	Production chemicals	**2,156,876**	1,358,396	**-**	-
	Power generation	**27,050,702**	11,579,830	**-**	-
	Total current liabilities	**71,893,653**	73,818,020	**46,289,626**	59,885,099
7.2.4	**Non current liabilities**				
	Fuels and lubricants	**10,592,789**	3,300,474	**10,592,789**	3,300,475
	Production chemicals	**73,768**	668,559	**-**	-
	Power generation	**16,566,810**	15,912,847	**-**	-
	Total non current liabilities	**27,233,367**	19,881,880	**10,592,789**	3,300,475

The fuels and lubricants segment both share the same resources of the company which are not directly allocated to the segments

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7.3 Geographic segment

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

	Nigeria	Ghana	Nigeria	Ghana
	30-Jun-17	**30-Jun-17**	**30-Jun-16**	**30-Jun-16**
	₦'000	**₦'000**	₦'000	₦'000
Statement of profit or loss and other comprehensive income				
Revenue	**64,679,032**	**979,222**	60,233,435	934,580
Cost of sales	**(52,588,577)**	**(887,354)**	(51,993,077)	(845,288)
Gross profit	**12,090,455**	**91,868**	8,240,358	89,292
Other income	**1,000,332**	**7,995**	1,573,334	406
Distribution expenses	**(920,720)**	**(32,183)**	(1,174,572)	(28,886)
Administrative expenses	**(4,491,306)**	**(114,116)**	(5,796,377)	(142,699)
Operating profit	**7,678,761**	**(46,436)**	2,842,743	(81,887)
Finance income	**1,164,385**	**-**	2,760,813	-
Finance expense	**(4,041,089)**	**(17,004)**	(2,245,411)	(20,477)
Reportable segment profit before income tax	**4,802,057**	**(63,440)**	3,358,145	(102,364)
Financial position				
Total current assets	**76,076,836**	**825,647**	47,272,818	2,012,242
Total non current assets	**69,098,223**	**289,174**	55,114,354	278,586
Total assets	**145,175,059**	**1,114,821**	102,387,172	2,290,828
Total current liabilities	**70,721,068**	**1,172,585**	45,538,152	112,816
Total non current liabilities	**27,233,367**	**-**	15,585,573	92,152
Total liabilities	**97,954,435**	**1,172,585**	61,123,725	204,968
Statement of cash flows				
Net cash generated from operating activities	**2,573,814**	**74,515**	16,459,854	33,821
Net cash used in investing activities	**515,063**	**(1,420)**	(6,578,291)	(1,221)
Net cash from/(used in) financing activities	**(16,252,286)**	**(17,111)**	(4,276,921)	(20,618)

8. Other income

	Group		Company	
	30-Jun-17	30-Jun-16	**30-Jun-17**	30-Jun-16
	₦'000	₦'000	**₦'000**	₦'000
Investment property rental income (Note 14)	**100,089**	93,061	**107,424**	99,356
Throughput income (Note 8.1)	**145,956**	272,182	**145,955**	272,181
Foreign exchange gain (Note 8.2)	**541,777**	271,397	**130,521**	75,102
Sundry income (Note 8.3)	**61,611**	45,741	**49,671**	34,691
Provisions no longer required	**51,587**	312,802	**51,587**	312,802
Dividend Received(Note 8.4)	**-**	-	**360,000**	180,000
Income from crude lifting contract (Note 8.5)	**-**	158,275	**-**	158,275
Freight Income (Note 8.6)	**106,488**	444,434	**106,488**	444,434
Gain on disposal of property, plant and equipment	**820**	16,601	**-**	16,601
	1,008,328	1,614,493	**951,646**	1,593,442

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8.1 This represents throughput income earned on storage of products for the Pipeline and Petroleum Marketing Company (PPMC) in Apapa tank farm.

8.2 This represents transactional gains of foreign exchange on sale earned from sale of dollar inflows.

8.3 This represents income from sales of scrap and empty packaging materials.

8.4 During the period ended 30 June 2016, the company - Forte Oil Plc received N400,000,000 Dividend from Forte Upstream Services Limited, one of its subsidiaries. Amperion Power Distribution Limited also received N255,000,000 from its subsidiary Geregu Power Plc. These dividend incomes have been eliminated on consolidation after deducting applicable taxes.

8.5 This represents net income from crude oil lifitng contract of 45,000bpd executed with the Nigerian National Petroleum Corporation (NNPC) to lift out of the total crude allocation in 2016

8.6 This represents income earned from 100 trucks owned by Forte Oil Plc managed by TSL.

		Group		Company	
		30-Jun-17	30-Jun-16	**30-Jun-17**	30-Jun-16
		₦'000	₦'000	**₦'000**	₦'000
9.	**Expenses by nature**				
	Personnel expenses (Note 9.1.1)	**1,244,901**	1,358,774	**1,038,024**	1,155,685
	Depreciation and amortisation	**2,611,579**	1,113,940	**709,692**	684,145
	Changes in inventories of lubes, greases and refined products	**51,633,219**	71,694,364	**40,562,529**	67,902,852
	Distribution cost	**952,903**	1,822,664	**899,767**	1,800,126
	Bank charge	**94,828**	190,763	**82,961**	180,528
	Transport and travel costs	**162,284**	179,423	**108,630**	118,625
	Repairs and maintenance	**324,298**	343,598	**289,782**	305,414
	Safety security and quality control	**118,870**	143,866	**69,849**	108,180
	Insurance	**260,181**	231,467	**109,448**	80,393
	Internet and communication	**66,616**	71,419	**47,195**	58,547
	Utilities	**49,330**	66,254	**40,397**	49,877
	Professional and legal fees	**163,877**	443,590	**68,138**	221,605
	Audit fees	**36,867**	29,647	**26,250**	23,623
	Board and AGM expenses	**56,830**	74,401	**53,410**	74,401
	Licenses, rates and fees	**99,048**	54,914	**36,924**	44,781
	Public relations, promotions and advertisement	**46,857**	65,279	**32,397**	44,643
	Rent and leases	**594,395**	593,504	**531,763**	543,888
	Foreign exchange loss	**14,972**	392,117	**-**	-
	Impairment of receivables	**56,703**	25,286	**54,454**	-
	Bad and uncollectible debt	**222,848**	6,182	**48,798**	3,266
	Diminution in investment (Note 9.1.2)	**-**	-	**273,740**	324,885
	Shrinkage and product losses	**71,261**	214,500	**72,473**	214,500
	Loss on disposal of propety, plant and equipment	**28,692**	-	**28,692**	-
	Others expenses	**112,146**	75,746	**97,555**	59,926
		59,023,505	79,191,698	**45,282,868**	73,999,890
9.1.1	**Personnel expenses**				
	Salaries, wages and allowances	**715,201**	747,876	**564,651**	604,118
	Contributions to pension fund scheme	**46,014**	48,446	**37,082**	39,709
	Gratuity and redundancy cost	**74,130**	21,591	**75,287**	10,794
	Training, recruitment and canteen expenses	**218,987**	166,527	**217,199**	163,271
	Medical expenses	**19,796**	23,213	**13,395**	16,725
	Contract Manpower	**149,807**	158,825	**123,251**	130,420
	Other personnel expenses	**20,966**	192,296	**7,159**	190,648
		1,244,901	1,358,774	**1,038,024**	1,155,685

9.1.2 This relates to diminution charge on investment in AP Oil and Gas Ghana Ltd. This was eliminated on consolidation.

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		Group		Company	
		30-Jun-17	30-Jun-16	**30-Jun-17**	30-Jun-16
		N'000	N'000	**N'000**	N'000
9.2	**Expense by function**				
	Cost of sales (Note 7.1.2)	**53,465,180**	72,060,274	**40,562,529**	67,902,852
	Selling, distribution expenses	**952,903**	1,822,664	**899,767**	1,800,126
	Administrative expenses	**4,605,422**	5,308,760	**3,820,572**	4,296,912
		59,023,505	79,191,698	**45,282,868**	73,999,890
10.	**Finance income and finance cost**				
	Finance income				
	Interest income on bank deposits (Note 10.1)	**584,271**	312,330	**325,529**	44,100
	Other interest income (Note 10.2)	**243,075**	323,957	**580,104**	498,814
	Other income from government grant on loan	**227,016**	174,884	-	-
	Total Finance income	**1,054,362**	811,171	**905,633**	542,914
	Finance costs				
	Interest on medium term bond	**(835,488)**	-	**(835,488)**	-
	Interest expense on bank loans and overdrafts (Note 10.1)	**(3,112,582)**	(3,394,321)	**(1,461,720)**	(1,669,682)
	Total Finance cost	**(3,948,070)**	(3,394,321)	**(2,297,208)**	(1,669,682)
	Net finance costs	**(2,893,708)**	(2,583,150)	**(1,391,575)**	(1,126,768)

10.1 Interest income represents income earned on bank deposits while interest expense represents charges paid on trade finance, loans and overdraft facilities utilised during the period.

10.2 Other interest income represents interest earned from other financial assets carried at amortised cost.

		Group		Company	
		30-Jun-17	30-Jun-16	**30-Jun-17**	30-Jun-16
		₦'000	₦'000	**₦'000**	₦'000
11.	**Taxation**				
a)	**Income tax expense**				
	Income tax	**340,334**	1,563,282	**207,506**	1,516,708
	Education tax	**184,382**	119,384	**28,064**	114,926
	Capital Gain	**-**	946		946
		524,716	1,683,612	**235,570**	1,632,580
	Deferred tax charge	**104,110**	345,469	**108,120**	354,597
	Total income tax expense	**628,826**	2,029,081	**343,690**	1,987,177
b)	**Effective tax rate**				
	Profit for the period	**4,109,792**	954,242	**647,006**	903,860
	Total income tax expense	**628,826**	347,234	**343,690**	330,863
	Profit before taxes	**4,738,618**	1,301,476	**990,696**	1,234,723
	Effective tax rates	**13%**	27%	**35%**	27%

The company income tax computation for the period ended 30 June 2017 was based on the provisions of the Company Income Tax Act Cap C21 LFN 2004. Amperion Power Distribution Company Ltd reported a taxable loss for the period ended and is exempted from minimum tax in its first four (4) years of commencement of business. Geregu Power Plc initial Pionner status for it's first three years elapsed on the 31st of October, 2016. An application for an extention for two (2) years in line with the provisons of the Pionner legislation has been made and this is yet to be approved. The tax computation has been computed in line with the provisions of the Company Income Tax Act Cap C21 LFN 2004 pending the consideration of the two year extention.

Education tax was computed at the rate of 2% of assesible profit in accordance with the provisions of the Act.

	Group		Company	
	30-Jun-17	31-Dec-16	**30-Jun-17**	31-Dec-16
	₦'000	₦'000	**₦'000**	₦'000
d) Movement in current tax liability balance				
Liability as at 1 January	**1,230,362**	967,834	**982,389**	751,179
Income tax for the period/year	**524,716**	2,016,004	**235,570**	1,789,059
Payments during the period	**(432,831)**	(1,753,476)	**(212,226)**	(1,557,849)
	1,322,247	1,230,362	**1,005,733**	982,389

12. Earnings per share

	Group		Company	
Profit attributable to ordinary shareholders				
Profit for the period	**1,370,000**	2,453,458	**647,006**	2,904,396
Profit attributable to ordinary shareholders	**1,370,000**	2,453,458	**647,006**	2,904,396
Weighted average number of ordinary shares				
Issued ordinary shares at 1 January *	**1,305,030**	1,092,191	**1,305,030**	1,092,191
Treasury shares	**-**	(5,599)	**-**	(5,599)
Bonus issue	**-**	218,438	**-**	218,438
Weighted average number of ordinary shares	**1,305,030**	1,305,030	**1,305,030**	1,305,030
Basic/diluted earnings per share in (N)	**1.05**	1.88	**0.50**	2.23

The Group's basic earnings per share of N1.07 kobo (June 2017 : N1.88 kobo) is based on the profit attributable to ordinary shareholders of N1,397,627,000 (June 2016 : N2,453,458,000), and on the 1,305,030,180 (June 2016 : 1,305,030,180) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the current and preceeding period.

Dilutive instruments

There were no dilutive instruments in the books of the Group as at the year ended 30 June, 2017. The irredeemable convertible cummulative preference shares in the books of AP Oil and Gas Ghana Limited has been eliminated on consolidation thereby removing the dilutive instrument in the Group as at the reporting date.

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13. Property, plant and equipment

a) The Group

The movement on this account during the year was as follows:	Land	Building	Plant, Equipment and tanks	Computer equipment	Furniture & fittings	Motor vehicles	Construction work in progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost								
Balance at 1 January 2017	3,021,788	4,037,922	70,656,602	324,538	57,460	3,269,449	86,073	81,453,832
Additions	-	9,781	427,483	9,867	7,886	21,144	-	476,161
Transfers	-	-	-	32,917	-	-	(32,917)	-
Disposal	(24,565)	(11,598)	(3,633)	(739)	-	(21,399)	-	(61,934)
Translation difference	186	1,548	830	88	225	318	78	3,273
Balance at 30 June 2017	**2,997,409**	**4,037,653**	**71,081,282**	**366,671**	**65,571**	**3,269,512**	**53,234**	**81,871,332**
Depreciation								
Balance at 1 January 2017	369,747	1,286,918	9,007,169	254,153	41,491	1,196,779	-	12,156,257
Depreciation for the period	16,013	126,837	2,164,055	32,979	4,812	205,186	-	2,549,882
Disposal	(2,110)	(3,982)	(1,869)	(209)		(21,399)	-	(29,569)
Translation difference	149	373	605	84	195	271	-	1,677
Balance at 30 June 2017	**383,799**	**1,410,146**	**11,169,960**	**287,007**	**46,498**	**1,380,837**	-	**14,678,247**
At 1 January 2017	2,652,041	2,751,004	61,649,433	70,385	15,969	2,072,670	86,073	69,297,575
Balance at 30 June 2017	**2,613,610**	**2,627,507**	**59,911,322**	**79,664**	**19,073**	**1,888,675**	**53,234**	**67,193,085**

{a} Included in depreciation charge of N2,549,882,000 (June 2016 N1,024,849,000) is a charge of N1,831,961,000 (June 2016 N365,910,000) to cost of sales in the statement of profit or loss and comprehensivce income for the Group representing depreciation for the turbines used for power generation.

{b} There is an All Asset Debenture Security on the Company - Forte Oil Plc's assets for all its loans and trade finance lines with First Bank Nigeria Limited, Guaranty Trust Bank Plc and Zenith Bank Plc. The All Asset Debenture is however being perfected as at the reporting date.

{d} No impairment charge on property, plant and equipment during the period.

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(b) Company

The movement on this account during the year was as follows:	Land	Building	Plant, Equipment and tanks	Computer equipment	Furniture & fittings	Motor vehicles	Construc-tion work in progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost								
Balance at 1 January 2017	2,884,403	2,738,184	7,839,249	285,971	16,021	3,059,703	47,318	16,870,849
Additions	-	9,781	426,108	9,823	7,886	21,144	-	474,742
Disposal	(24,565)	(11,598)	(2,849)	(739)	-	(15,750)	-	(55,501)
Balance at 30 June 2017	**2,859,838**	**2,736,367**	**8,262,508**	**295,055**	**23,907**	**3,065,097**	**47,318**	**17,290,090**
Depreciation and impairment losses								
Balance at 1 January 2017	354,454	1,195,614	4,554,147	241,018	10,691	1,062,514	-	7,418,438
Depreciation for the period	14,739	100,827	318,501	22,960	2,378	190,523	-	649,928
Disposals	(2,110)	(3,982)	(1,804)	(209)	-	(15,750)	-	(23,855)
Balance at 30 June 2017	**367,083**	**1,292,459**	**4,870,844**	**263,769**	**13,069**	**1,237,287**	**-**	**8,044,511**
Carrying amounts								
At 1 January 2016	2,529,949	1,542,570	3,285,102	44,953	5,330	1,997,189	47,318	9,452,411
Balance at 30 June 2017	**2,492,755**	**1,443,908**	**3,391,664**	**31,286**	**10,838**	**1,827,810**	**47,318**	**9,245,579**

{a} Depreciation charge of N649,928,000 (June 2016: N599,992,000) is included in administrative expenses in the statement of profit or loss and other comprehensive income.

{b} There is an All Asset Debenture Security on the Company - Forte Oil Plc's assets for all its loans and trade finance lines with First Bank Nigeria Limited, Guaranty Trust Bank Plc and Zenith Bank Plc. The All Asset Debenture is however being perfected as at the reporting date.

{c} No impairment charge on property, plant and equipment during the period.

	Group 30-Jun-17 ₦'000	Company 30-Jun-17 ₦'000
14. Investment property		
Cost		
Balance at 1 January	2,546,976	2,546,976
Balance at 30 June 2017	2,546,976	2,546,976
Depreciation and impairment losses		
Balance at 1 January	747,514	747,514
Depreciation for the period	16,140	16,140
Balance at 30 June 2017	763,654	763,654
Carrying amount		
At 1 January	1,799,462	1,799,462
At 30 June 2017	1,783,322	1,783,322

{a} Investment property comprises of a number of commercial properties that are leased to third parties. The lease period ranges between 1 - 2 years. Investment properties are carried at cost/deemed cost. The carrying amount of investment property is separated between lease hold land and buildings. Lease hold land is amortised over the lease period while building is depreciated on a straight line basis over the estimated useful life at 4% per annum.

{b} During the period ended 30 June 2017 the Group recognised N100,089,000 as rental income in statement of profit or loss (June 2016 : N93,061,000) after eliminating intra-group transactions while the Company recognised N107,424,000 (June 2016 : N99,356,000).

{c} Depreciation charge of N16,140,000 (2016 N21,454,000) is included in administrative expenses in the statement of profit or loss and other comprehensive income.

{d} The fair value of the investment properties as at 31 December 2016 was N7,546,549,200,.The fair valuation was carried out by Jide Taiwo & Co (FRC2012/NIESV/000000254); Diya Fatimehin & Co (FRC/2013/NIESV/00000002773); Ismail & Partners (FRC/2012/NIESV/00000000245); Bullnet & Enquiries Networking Services Limited (FRC/2013/NIESV/00000005548); Dele Olaiya & Associates (FRC/2013/NIESV/0000002559). These valuations indicate upward movement in the market values of these properties, hence no indication of impairment for all investment properties. Management is of the view that the fair value of these properties as at 30 June, 2017 are not materially different from the values obtained at 31 December, 2016

{e} There is an All Asset Debenture Security on the Company - Forte Oil Plc's assets for all its loans and trade finance lines with First Bank Nigeria Limited, Guaranty Trust Bank Plc and Zenith Bank Plc. The All Asset Debenture is however being perfected as at the reporting date.

{f} No impairment charge on investment properties during the period.

	Group 30-Jun-17 ₦'000	Company 30-Jun-17 ₦'000
15. Intangible asset		
Cost		
Balance at 1 January	**1,001,098**	**946,997**
Acquisitions	**29,000**	**29,000**
Translation difference	**51**	**-**
Balance at 30 June 2017	**1,030,149**	**975,997**
Amortisation		
Balance at 1 January	**771,791**	**735,521**
Amortisation for the period	**45,557**	**43,624**
Translation difference	**51**	**-**
Balance at 30 June 2017	**817,399**	**779,145**
Carrying amounts		
At 1 January 2017	**229,307**	**211,476**
At 30 June 2017	**212,750**	**196,852**

a) These relate to purchased softwares.

b) The amortisation charge of Group N45,557,000 (2016:N46,182,000); Company N43,624,000 (2016: N41,244,000) on intangible asset is included in administrative expenses in the statement of comprehensive income.

c) There is an All Asset Debenture Security on the Company - Forte Oil Plc's assets for all its loans and trade finance lines with First Bank Nigeria Limited, Guaranty Trust Bank Plc and Zenith Bank Plc. The All Asset Debenture is however being perfected as at the reporting date.

d) No impairment charge on intangible assets during the period.

	Company	
	% of ownership	Amount ₦'000
16. Investment in subsidiaries		
Investment in subsidiaries comprise:		
30 June 2017		
Equity:		
Forte Upstream Services	**100**	**10,000**
AP Oil and Gas Ghana Limited	**100**	**670,011**
Amperion Power Distribution Limited	**57**	**10,149,926**
Irredeemable Preference Shares:		
Cummulative Convertible Preference Shares in AP Oil and Gas Ghana Ltd		**424,950**
		11,254,887
Impairment allowance (Note 16.1)		**(821,221)**
Total investment in subsidiaries		**10,433,666**
31 December 2016		
Equity:		
AP Oilfield Services Limited	**100**	10,000
AP Oil and Gas Ghana Limited	**100**	670,011
Amperion Power Distribution Limited	**57**	10,149,926
Irredeemable Preference Shares:		
Cummulative Convertible Preference Shares in AP Oil and Gas Ghana Ltd		424,950
		11,254,887
Impairment allowance (Note 16.1)		(547,481)
Total investment in subsidiaries		10,707,406

The interim consolidated financial statements include the financial statements of Forte Oil Plc and its subsidiaries; Forte Upsteam Services (FUS) Limited, AP Oil and Gas Ghana Limited (APOG) and Amperion Power Distribution Company Limited and its subsidiary (Amperion Group) all made up to 30 June 2017.

	Amount ₦'000
16.1 Impairment losses	
Impairment allowance at 1 January, 2017	547,481
Impairment allowance during the period (note 9)	273,740
Balance at 30 June 2017	**821,221**

During the period , additional impairment losses recognised in respect of investment in AP Oil and Gas Ghana Limited. These losses attributable to the carrying value of investment greater than the recoverable amount of the investment.The impairment loss has been included in the statement of profit or loss in the separate financial statements.

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17. Deferred tax assets and liabilities

17.1 The Group

a) Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
	₦'000	₦'000	₦'000	N'000	₦'000	₦'000
Deferred tax assets and liabilities are attributable to the following:						
Property, plant and equipment	-	-	**2,213,732**	2,224,308	**(2,213,732)**	(2,224,308)
Trade receivables	**-**	-	**(425,151)**	(563,537)	**425,151**	563,537
Other receivables	**-**	-	**(1,184,334)**	(1,164,965)	**1,184,334**	1,164,965
Other liabilities	**-**	-	**(4,765)**	(434)	**4,765**	434
Loss carry-forwards	**167,273**	165,152	**-**	-	**167,273**	165,152
	167,273	165,152	**599,482**	495,372	**(432,209)**	(330,220)

b) Movement in temporary differences during the period

	Balance January-2017	Recognized in profit or loss	Effect of forex flunctuations	Recognized in other comprehen-sive income	Balance June-2017
	₦'000	₦'000	N'000	₦'000	₦'000
Property, plant and equipment	(2,224,308)	**10,576**	-	-	**(2,213,732)**
Trade receivables	563,537	**(138,386)**	-	-	**425,151**
Other receivables	1,164,965	**19,369**	-	-	**1,184,334**
Other liabilities	434	**4,331**	-	-	**4,765**
Loss carry-forwards	165,152	**-**	2,121	-	**167,273**
	(330,220)	**(104,110)**	2,121	-	(432,209)
					-

17.2 The Company

a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
	₦'000	₦'000	₦'000	N'000	₦'000	₦'000
Property, plant and equipment	**-**	-	**2,129,268**	2,138,197	**(2,129,268)**	(2,138,197)
Trade receivables	**-**	-	**(419,196)**	(558,257)	**419,196**	558,257
Other receivables	**-**	-	**(1,179,870)**	(1,164,965)	**1,179,870**	1,164,965
Other liabilities	**-**	-	**(4,488)**	2,619	**4,488**	(2,619)
	-	-	**525,714**	417,594	**(525,714)**	(417,594)

b) Movement in temporary differences during the period

	Balance January-2017	Recognized in profit or loss	Effect of forex flunctuations	Recognized in other comprehen-sive income	Balance June-2017
	₦'000	₦'000	N'000	₦'000	₦'000
Property, plant and equipment	(2,138,197)	**8,929**	-	-	**(2,129,268)**
Trade receivables	558,257	**(139,061)**	-	-	**419,196**
Other receivables	1,164,965	**14,905**	-	-	**1,179,870**
Other liabilities	(2,619)	**7,107**	-	-	**4,488**
	(417,594)	**(108,120)**	-	-	(525,714)

	Group		Company	
	30-Jun-17	31-Dec-16	**30-Jun-17**	31-Dec-16
	₦'000	₦'000	**₦'000**	₦'000
18. Inventories				
White products	**3,542,200**	1,636,842	**3,520,727**	1,600,672
Raw materials	**1,690,256**	1,115,648	**1,690,256**	1,115,648
Packaging materials	**159,792**	133,668	**159,792**	133,668
Semi-finished goods of lubricants	**134,126**	150,626	**134,126**	150,626
Finished goods of lubricants	**1,291,464**	858,500	**1,248,912**	815,714
Chemicals	**711,256**	760,011	**-**	-
Consumables (Note 18.1)	**1,042,021**	744,636	**331,339**	112,305
	8,571,115	5,399,931	**7,085,152**	3,928,633

During the period, N51,633,219,000 (2016 N71,694,364); Company N40,562,529,000 (2016 N67,902,852) of inventory was sold and recognised as cost of sales in the income statement (Note 9).

18.1 Consumables include spare parts for retail outlets, equipment maintenance and stationery for office use.

18.2 The gross value of the inventory is N8.6 billion (Company : N7.1 billion). There is an All Asset Debenture Security on the Company - Forte Oil Plc's assets for all its loans and trade finance lines with First Bank Nigeria Limited, Guaranty Trust Bank Plc and Zenith Bank Plc.

	Group		Company	
	Jun-17	Dec-16	**Jun-17**	Dec-16
	₦'000	₦'000	**₦'000**	₦'000
19. Trade and other receivables				
Trade receivables (Note 19.1)	**32,589,838**	21,576,629	**3,117,554**	4,069,464
Receivable from related parties (Note 29)	**5,919,183**	5,522,627	**8,470,265**	8,114,709
Prepayments	**3,996,745**	4,073,692	**3,603,320**	3,651,416
Prepaid staff expenses	**468,142**	361,959	**442,800**	341,727
Petroleum Support Fund (PSF) receivable (Note 19.2)	**14,955,304**	15,089,649	**14,952,337**	15,085,356
Petroleum Equilisation Fund (PEF) receivable (Note 19.3)	**136,732**	-	**136,732**	-
Advance payment to suppliers	**4,380,963**	2,213,077	**4,323,301**	2,003,178
Interest receivable (Note 19.4)	**2,234,144**	2,091,493	**2,234,144**	2,091,056
Transporters' scheme	**1,370,018**	1,370,018	**1,370,018**	1,370,018
Withholding tax recoverable	**478,634**	445,830	**63,206**	36,899
Other debtors	**214,746**	196,705	**202,850**	195,778
	66,744,449	52,941,679	**38,916,527**	36,959,601
Impairment allowance (Note 19.5)	**(5,679,795)**	(6,122,221)	**(5,294,767)**	(5,744,074)
	61,064,654	46,819,458	**33,621,760**	31,215,527

19.1 The Group carries out periodic review and financial assessment of customers before products are supplied on credit. Credit customers are categorised according to the determined default risk rating. High risk customers are required to provide bank guarantees for credit sales. The Credit Committee assesses the status of all credit customers periodically.See note 4.11 (Impairment) and Note 6 (Financial Risk Management).

19.2 This balance relates to outstanding subsidy receivable from Petroleum Products Pricing Regulatory Agency (PPPRA). Also included in the PSF receivable is an amount of N11.83 billion (2016: N11.96 billion) which represents interest on delayed payments and foreign exchange differential claims under the PSF scheme recoverable from PPPRA on PMS imported by Forte Oil Plc. The foreign exchange differential represents differences between the rate used by PPPRA in pricing Power Motor Spirit (PMS) and the actual rates the foreign exchange in respect of these products importation were purchased.

19.3 This balance relates to bridging allowance net of bridging claims due to Petroleum Equalisation Fund (PEF). Bridging claims, raised against the Federal Government of Nigeria, are costs incurred in transporting white products (excluding deregulated products) 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 PEF, an organ of the Federal Government of Nigeria responsible for managing the process.

19.4 N2.010bn of this relates to disputed balance on interest receivable from Afribank now Skye Bank. This has been fully impaired.

		Group		Company	
		Jun-17	Dec-16	**Jun-17**	Dec-16
		₦'000	₦'000	**₦'000**	₦'000
19.5	**Impairment allowance**				
	At 1 January	**6,122,221**	6,002,101	**5,744,074**	5,767,467
	Increase/(decrease) during the period/year	**56,703**	17,602	**54,454**	(23,393)
	Write-offs	**(503,762)**	-	**(503,762)**	
	Effect of translation difference	**4,633**	102,518		-
	Balance	**5,679,795**	6,122,221	**5,294,766**	5,744,074
20.	**Cash and cash equivalents**				
	Bank balances	**339,749**	1,609,690	**95,896**	1,134,312
	Short-term deposits (Note 20.1)	**6,926,965**	15,434,243	**6,926,965**	15,009,243
	Cash and bank balances	**7,266,714**	17,043,933	**7,022,861**	16,143,555
	Bank overdrafts used for cash management purposes (Note 20.2)	**(5,257,752)**	(1,928,321)	**(5,211,848)**	(1,812,448)
	Cash and cash equivalents in the statement of cash flows	**2,008,962**	15,115,612	**1,811,013**	14,331,107

20.1 Short term deposits with banks represent placements with banks for periods between 0 - 180 days. Included in these are unclaimed dividends amounting to N860,215,715 (Dec 2016:N860,215,715) held in a separate bank account in accordance with the guildlines of the Security and Exchange Commission (SEC). The unclaimed dividend deposit is restricted for use by the Company.

20.2 This represents the overdrawn current account balances with four Nigerian banks. These facilities have an average interest rate of 19% and are secured by an 'all asset debenture'.

		Group		Company	
		Jun-17	Dec-16	**Jun-17**	Dec-16
		₦'000	₦'000	**₦'000**	₦'000
21.	**Share capital and reserves**				
	Ordinary shares				
a)	**Authorised ordinary shares:**				
	4,000,000,000 ordinary shares of 50k each	**2,000,000**	2,000,000	**2,000,000**	2,000,000
b)	**Issued and fully paid ordinary shares of 50k each**				
	1,310,629,267 ordinary share of 50k each	**655,314**	655,314	**655,314**	655,314

c) Treasury stocks

This represents 5,599,087 units (at the market value of N248 as at the date of the transfer) of the company's existing shares transfered to Forte Oil Plc to enable the Company recover the dividend and interest received on unpaid shares in 2009 by a shareholder. These shares were seized by the company on the ruling of the Security and Exchange Commission (SEC). The shareholders at the 37th Annual General Meeting held on the 26th of April, 2016 approved the re-issue of these shares to existing shareholders of the company on a pari passu basis at the market price of N300 per share.

	Group		Company	
	Jun-17	Dec-16	**Jun-17**	Dec-16
	Units	Units	**Units**	Units
d) Shares Outstanding				
Issued ordinary shares at 1 January	**1,305,030**	1,092,191	**1,305,030**	1,092,191
Treasury shares	**-**	(5,599)		(5,599)
Bonus issue	**-**	218,438		218,438
Number of ordinary shares	**1,305,030**	**1,305,030**	**1,305,030**	**1,305,030**
e) Share premium	**8,071,943**	8,071,943	**8,071,943**	8,071,943

f) Retained earnings

Retained earnings represent the carried forward recognised income net of expenses plus current period/year income attributable to shareholders.

	Group		Company	
	Jun-17	Dec-16	**Jun-17**	Dec-16
	₦'000	₦'000	**₦'000**	₦'000
Balance at 1 January	**4,200,191**	6,001,847	**4,543,801**	5,691,196
Profit for the year	**1,370,000**	2,601,568	**647,006**	3,235,829
Dividend declared	**-**	(4,521,671)	**-**	(4,521,671)
Withholding tax on intercompany dividends	**(40,000)**	(20,000)	**-**	-
Reversal of dividends on forfeited shares	**-**	138,447	**-**	138,447
Balance	**5,530,191**	**4,200,191**	**5,190,807**	**4,543,801**

g) Other reserves

Other reserves represent the carried forward recognised other comprehensive income and expenses plus current year other comprehensive income attributable to shareholders.

h) The irredeemable convertible cummulative preference shares in the books of AP Oil and Gas Ghana Limited has been eliminated on consolidation thereby eliminating the dilutive instument in the Group as at the reporting date.

	Jun-17	Dec-16
	₦'000	₦'000
i) Non-controlling interest		
At 1 January	**32,017,060**	33,198,198
Dividend	**(245,000)**	(1,470,000)
Share of profit for the period (see Note i)	**2,739,792**	288,862
Balance	**34,511,852**	32,017,060
j) Bureau of Public Enterprises share of profit from Geregu Power Plc	**2,299,149**	1,127,849
BSG Resources Ltd share of profit/(loss) from Amperion Power Distribution Ltd	**389,406**	(741,430)
Shanghai Municipal Electricity Power Company Share of profit/(loss) from Amperion Power Distribution Ltd	**51,238**	(97,556)
	2,739,792	288,863

Bureau of Public Enterprises (BPE) has 49% equity stake in Geregu Power Plc; BSG Resources Limited and Shanghai Municipal Electricity Power Company own 38% and 5% respectively of Amperion Power Distribution Limited as at 30 June, 2017.

22. Long term employee benefits

The Group operates a funded long term employees plan (gratuity) for qualifying employees of the Group. Under the plan, the employees are entitled to a lump sum benefits on attainment of a retirement age or on disengagement after contributing a specific number of years in service. No other post-retirement benefits are provided to these employees. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out as at 31st December 2016 by KMC Acturial Service. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method with acturial valuation being carried out at the end of each reporting period.

The movement in the present value of the other long term employee benefits was as follows:

	Group		Company	
	Jun-17	Dec-16	**Jun-17**	Dec-16
	₦'000	₦'000	**₦'000**	₦'000
Gratuity liability at 1 January	**486,639**	374,005	**414,477**	323,637
Charged to profit and loss	**50,173**	126,453	**48,674**	100,987
Payment during the period	**(39,415)**	(13,819)	**(30,160)**	(10,147)
Gratuity liability at 31 December	**497,397**	486,639	**432,991**	414,477
Planned asset at 1 January	**(488,313)**	(415,824)	**(415,002)**	(364,332)
Additional funding during the period	**(400)**	(19,357)	**-**	(4,000)
Actual return on planned assets	**(39,651)**	(53,132)	**(32,950)**	(46,670)
Balance at 30 June 2017/ December 2016 (over)/under funded position	**(30,967)**	(1,674)	**(14,961)**	(525)
Expense recognised in comprehensive income				
Current service costs	**50,582**	125,744	**48,674**	100,987
Interest costs	**-**	709	**-**	-
Return on planned assets	**(39,651)**	(53,132)	**(32,950)**	(46,670)
Remeasurement (gain) /loss	**-**	409	**-**	-
	10,931	73,730	**15,724**	54,317

{a} Long term employee benefit expense is recognised in administrative expenses in the statement of profit or loss.

{b} The actuary valuation report was signed in January 2017 by Miller Kingsley (FRC/2013/NAS/00000002392) of KMC Actuarial Services a Fellow of the Society of Actuaries, USA.

{c} The planned asset is held by four fund managers : Pensions Alliance Limited (PAL); FSDH Asset Management Limited, Cardinal Stone Securities Limited, and Afriinvest Securities Limited.

The assets are placed in Treasury bills, Bonds with quoted market price in the active Nigerian bond market and Fixed deposits are placements with financial institutions and do not have quoted prices.
The plan typically exposes the Group to actuarial risks such as; assets volitility, interest rate risk, life expectancy, salary risk, changes in corporate yeilds and inflation risk.

Asset volatility

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in Government Securities and money market instruments. Due to the long- term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

Interest Rate Risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Life Expectancy
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants during their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Changes in bond yields
A decrease in corporate bonds yield will increase plans liabilities.

Inflation Risk
The majority of the plan's assets are either unaffected by fixed interest bonds or loosely correlated with equities inflation, meaning that an increase in inflation will also increase defict.

There are two categories of employees in Forte Oil Plc; first category are those on direct long term contract with the company, while the second category are Associates on secondment to Forte from other companies. Only the former are covered by this longterm benefit.

23. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group		Company	
	Jun-17	Dec-16	**Jun-17**	Dec-16
	₦'000	₦'000	**₦'000**	₦'000
Non-current				
Long term borrowings (Note 23.1)	**17,643,982**	17,394,641	**1,871,729**	2,172,169
Medium term bond (Note 23.2)	**7,809,301**	8,704,594	**7,809,301**	8,704,594
	25,453,283	26,099,235	**9,681,030**	10,876,763
	Jun-17	Dec-16	**Jun-17**	Dec-16
	₦'000	₦'000	**₦'000**	₦'000
Current				
Loans and borrowings				
Import finance facilities (Note 23.3)	**9,028,708**	19,884,425	**9,028,708**	19,884,425
Term loans (Note 23.1)	**220,494**	1,511,417	**674,526**	805,339
	9,249,202	21,395,842	**9,703,234**	20,689,764
Medium term bond (Note 23.2)	**943,281**	-	**943,281**	-
	35,645,766	47,495,077	**20,327,545**	31,566,527

23.1 Group N11.7bn (Company ₦2.45bn) of this relates to long term financing for the acquisition of Geregu Power Plant by Forte Oil Plc through its subsidiary Amperion Power Distribution Company Limited.

Group N8.5bn (Company nil) of this also relates to the Power Intervention Loan granted to Geregu Power Plc through the Central Bank of Nigeria.

23.2 In November 2016, The company issued N9billion unsecured corporate bond for a 5year tenor and at a coupon and effective interest rate of 17.5% and 19.43% respectively

The net proceeds were used to refinance existing commercial bank loan obligations and to immediately finance the company's retails outlet expansion strategy.

The restriction to the bonds issued are as follows but not limited to below:-

a give prior notice to the Trustees of any proposed redemption and, if it shall have given Notice to the Bondholders of its intention to redeem any Bonds, duly proceed to redeem such Bonds accordingly.

b not (and procure that none of its Subsidiaries shall) without the consent of the Bondholders and Trustees

bi incur any Indebtedness above the sumn of Five Billion Naira (N5,000,000,000.00);

bii dispose any of its assets above the sum of Five Billion Naira (N5,000,000,000);

c give to the Trustees and Bondholders a Notice prior to the acquisition of any company/business/assets where the cost of such acquisition when aggregated with the cost of any other acquisition of any company/business/assets by the Issuer during the financial year of the proposed acquisition, exceeds the total sum of Five Billion Naira (N5,000,000,000).

Borrowinge are initially measured at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method. The carrying values of borrowings approximate their fair value.

23.3 Import finance facilities represents short term borrowings obtained to fund letters of credits for petroleum product importation. These facilities are secured with the product financed, the Petroleum Subsidy Fund receivable on them if applicable and the Company's sinking fund account included in short term deposits (Note 20).

There is an all asset debenture security as collateral to the banks for these long term borrowings.

24. Deferred fair value gain on loan

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group		Company	
	2017	2016	**2017**	2016
	₦'000	₦'000	**₦'000**	₦'000
Deferred fair value gain on loan				
Non-current	**794,556**	1,021,572	**-**	-
	794,556	1,021,572	**-**	-
Current	**454,032**	454,032	**-**	-
	454,032	**454,032**	**-**	**-**
	1,248,588	1,475,604	**-**	-

These represent the benefit of a BOI intervention loan at a below-market rate of interest measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.This amount is recognised in profit or loss over the year the related expenditure is incurred.

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	Group		Company	
	Jun-17	**Dec-16**	**Jun-17**	**Dec-16**
	₦'000	**₦'000**	**₦'000**	₦'000
25. Trade and other payables				
Current trade and other payables				
Trade payable				
NNPC accounts payable	**8,724,393**	10,098,080	**8,724,393**	10,098,080
Trade creditors	**25,854,387**	15,908,195	**5,849,889**	4,427,439
Petroleum Equilisation Fund (PEF) payable (Note 25.1)	**-**	1,858,723	**-**	1,858,723
Inventory accruals (Note 25.2)	**12,500,954**	8,915,511	**9,028,257**	4,744,752
Intercompany payable	**1,308,837**	1,189,911	**1,489,797**	518,483
Customer deposits for products	**1,411,640**	1,876,191	**1,485,892**	1,933,746
	49,800,211	39,846,611	**26,578,228**	23,581,223
Non-trade payables and other creditors				
Non-trade payables and other creditors (Note 25.3)	**4,866,928**	4,553,953	**2,847,302**	2,826,467
	4,866,928	4,553,953	**2,847,302**	2,826,467
	54,667,139	44,400,564	**29,425,530**	26,407,690
Non-current trade and other payables				
Refundable security deposits	**386,045**	397,615	**386,045**	397,615
	386,045	397,615	**386,045**	397,615

25.1 This balance relates to bridging allowance net of bridging claims due to Petroleum Equalisation Fund (PEF). Bridging claims, raised against the Federal Government of Nigeria, are costs incurred in transporting white products (excluding deregulated products) 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 PEF, an organ of the Federal Government of Nigeria responsible for managing the process.

25.2 Inventory accrual accounts includes liability accrued for product and associated costs. This account holds accruals for value of goods received pending receipt of supplier's invoices.

25.3 This consists of tranporters freight account, withholding tax liabilities, VAT, rents received in advance, PAYE, NSITF, and unclaimed dividends.

	Group		Company	
	Jun-17	**Dec-16**	**Jun-17**	**Dec-16**
	₦'000	**₦'000**	**₦'000**	₦'000
26. Financial instruments				
Credit risk				
Exposure to credit risk				
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:				
Trade and receivables (Note 19)	**61,064,654**	46,819,458	**33,621,760**	31,215,527
Cash and cash equivalents (Note 20)	**2,008,962**	15,115,612	**1,811,013**	14,331,107
	63,073,616	61,935,070	**35,432,773**	45,546,634

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	Group		Company	
	Jun-17	Dec-16	Jun-17	Dec-16
	₦'000	₦'000	₦'000	₦'000
Forex exposure				
Bank balances denominated in other currencies	**181,507**	385,296	**147,255**	129,276
Trade and other receivables denominated in other currencies	**2,094,220**	1,911,384	**-**	334,205
liabilities dominated in other currencies	**(18,916,379)**	(20,967,026)	**(15,350,203)**	(20,697,104)
	(16,640,652)	(18,670,346)	**(15,202,948)**	(20,233,623)

	Gross	Impairment	Gross	Impairment
	Jun-17	Jun-17	Dec-16	Dec-16
	₦'000	₦'000	₦'000	₦'000
Impairment losses				
The Group				
The aging of loans and receivables at the reporting date was:				
0-2 months	**31,457,672**	**447,545**	19,415,663	470,525
2-3 months	**1,344,360**	**525**	749,284	33,033
3-6 months	**2,197,453**	**672**	1,980,454	22,596
6-12 months	**4,065,889**	**15,066**	13,213,934	782,430
More than 12 months	**27,679,075**	**5,215,987**	17,582,345	4,813,637
	66,744,449	**5,679,795**	52,941,679	6,122,221
The Company				
The aging of loans and receivables at the reporting date was:				
0-2 months	**4,044,120**	**62,517**	2,190,107	92,378
2-3 months	**1,111,651**	**525**	811,770	33,033
3-6 months	**1,829,518**	**672**	1,073,030	22,596
6-12 months	**3,577,369**	**15,066**	13,611,604	782,430
More than 12 months	**28,353,869**	**5,215,987**	19,273,090	4,813,637
	38,916,527	**5,294,767**	36,959,601	5,744,074

	Gross	Impairment	Gross	Impairment
	Jun-17	Jun-17	Dec-16	Dec-16
	₦'000	₦'000	₦'000	₦'000
The Group				
Analysis of financial assets specifically impaired.				
Trade receivables	**1,770,429**	**1,742,124**	2,845,822	2,238,997
Interest receivable	**2,015,123**	**2,015,123**	2,010,355	2,010,362
Transporter's scheme receivable	**1,370,018**	**1,370,018**	1,370,018	1,370,018
Advances to contractors	**549,686**	**549,686**	500,000	500,000
Receivables from former employees	**2,844**	**2,844**	2,844	2,844
	5,708,100	**5,679,795**	6,729,039	6,122,221

	Gross Jun-17 ₦'000	Impairment Jun-17 ₦'000	Gross Dec-16 ₦'000	Impairment Dec-16 ₦'000
The Company				
Trade receivables	**1,385,401**	**1,357,095**	2,101,315	1,860,857
Interest receivable	**2,015,122**	**2,015,123**	2,010,355	2,010,355
Transporter's scheme receivable	**1,370,018**	**1,370,018**	1,370,018	1,370,018
Advances to contractors	**549,686**	**549,686**	500,000	500,000
Receivables from former employees	**2,844**	**2,844**	2,844	2,844
	5,323,071	**5,294,766**	5,984,532	5,744,074

The average credit period on sales of goods is 60 days. Specific impairment is made for trade receivables that are past due and doubtful of recovery based on the probability of default. Receivables not specifically impaired are impaired collectively using the historical probability of default over the last three reporting periods. Trade receivables are considered to be past due when they exceed the credit period granted.

27. Contingencies

a) Guarantees

The Company guaranteed the sum of $45M loan by First Bank of Nigeria Plc to a subsidiary Amperion Power Distribution Company Limited in respect of the acquisition of Geregu Power Plc.

b) Pending litigation and claims

The Company is engaged in lawsuits that have arisen in the normal course of business. The contingent liabilities in respect of pending litigation and claims amounted to N421 million at 30 June 2017 (31 December 2016 : N388 Million). In the opinion of the directors, and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claims. Thus, no provision has been made in these interim consolidated financial statements.

c) Financial commitments

The Directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the state of affairs of the Group, have been taken into consideration in the preparation of these interim consolidated financial statements.

28. Transactions with key management personnel

Loan to directors

No loan to directors was issued during the period ended 30 June 2017.

	2017		2016	
	Directors ₦'000	**Chairman ₦'000**	Directors ₦'000	Chairman ₦'000
Directors emoluments				
Fee	300	400	300	400
Allowances	4,490	5,688	5,495	6,674
	4,790	**6,088**	5795	7074

Executive Directors are not entiled to and do not get paid directors fees.

The Group has 257 employees as at June 30 2017 and 217 as at December 2016. The total number of employees for the company were 166 as at June 2017 and 171 as at December 2016.

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Group	2017	2016
1. Group Chief Executive Officer	Akin Akinfemiwa	Akin Akinfemiwa
2. Group Executive Director - Finance and Risk Management	Julius Omodayo-Owotuga	Julius Omodayo-Owotuga
3. Manager Director- AP Oil and Gas Ghana Ltd	Ukpai Okwara	Ukpai Okwara
4. Managing Director - Forte Upstream Services Ltd	Seyi Alabi	Seyi Alabi
5. Chief Executive Officer - Geregu Power Plc	Adeyemi Adenuga	Adeyemi Adenuga

Transactions with key management personnel

Key management of the Group are the executive members of Forte Oil Plc. Key management personnel remuneration includes the following expenses:

	Group		Company	
	30-Jun-17	**31-Dec-16**	**30-Jun-17**	**31-Dec-16**
	₦'000	**₦'000**	**₦'000**	₦'000
Key management personnel compensation comprised:				
Short-term employee benefits:				
- Salaries including allowances	**89,058**	194,006	**63,397**	144,719
	89,058	194,006	**63,397**	144,719
Post-employment benefits:				
- Defined contribution to compulsory pension fund scheme	**6,483**	12,524	**4,780**	9,560
Defined benefit gratuity scheme	**7,418**	24,251	**5,283**	18,090
	102,959	230,781	**73,460**	172,369

	The Group		The Company	
Range	**Jun-17 Number**	**Dec-16** Number	**Jun-17 Number**	**Dec-16** Number
Below N1,000,000	**26**	1	**-**	-
N1,000,001 - N2,000,000	**23**	2	**-**	-
N2,000,001 - N3,000,000	**55**	46	**49**	39
N3,000,001 - N4,000,000	**12**	10	**7**	6
N4,000,001 - N5,000,000	**36**	41	**32**	37
N5,000,001 - N6,000,000	**34**	34	**32**	30
N6,000,001 - N7,000,000	**26**	31	**16**	22
N7,000,001 - N8,000,000	**9**	11	**9**	11
N8,000,001 - N9,000,000	**12**	12	**3**	2
N9,000,001 - N10,000,000	**3**	2	**2**	1
N10,000,001 and above	**21**	27	**16**	23
Total	**257**	217	**166**	171

**These are annual emoluments*

29. Other related party transactions

The aggregate value of transactions and outstanding balances relating to these entities were as follows:

Related Parties	Nature of Transaction	Relationship	Transaction value during the period		Balance outstanding as at	
			Jun-17	**Dec-16**	**Jun-17**	**Dec-16**
			₦'000	₦'000	**₦'000**	₦'000
BSG Resources Ltd	Advances	Joint investor in a subsidiary	**397,904**	790,884	**6,156,021**	5,758,117
Amperion Power Company Ltd	Advances	Subsidiary	**(307,709)**	730,018	**1,334,823**	1,642,532
Geregu Power Plc	Advances	Sub subsidiary	**632**	2,036	**2,695**	2,063
Forte Upstream Services Ltd	Sales & Advances	Subsidiary	**264,729**	72,174	**826,905**	562,176
AP Oil and Gas Ghana Ltd	Sales	Subsidiary	**-**	4,516	**65,394**	65,394
Zenon Petroleum and Gas Limited	Rent	Related party to core investor	**-**	-	**84,427**	84,427
			355,556	1,599,628	**8,470,265**	8,114,709

a) BSG Resources Ltd is a co-investor in Amperion Power Distribution Company Ltd and the technical partner for the acquisition of Geregu Power Plc. The receivables represents a loan from Forte Oil Plc to BSG in respect of its equity contribution on the acquisition of the Power Plant in 2013. Interest is charged at prevailing market rate and recognised as finance income in the statement of profit or loss.

b) Included as collateral for the NGN3.2bn loan from Zenith Bank is a personal guarantee of the Chairman Mr. Femi Otedola.

c) All transactions with these related parties were priced at arm's length.

30. Prior year corresponding balances

Certain prior year balances have been reclassified to ensure proper disclosure and uniformity with current year's presentation. These reclassifications have no net effect on these interim consolidated financial statements.