This document is important and should be read carefully. If you are in any doubt about its contents or the action to be taken, please consult your Banker, Stockbroker, Accountant, Solicitor or any other professional adviser for guidance immediately. For information concerning certain risk factors which should be considered by prospective investors, see "risk factors" commencing on pages 126 to 129 hereof.

FORTE OIL PLC

FORTE OIL PLC

RC 4119

(INCORPORATED WITH LIMITED LIABILITY IN THE FEDERAL REPUBLIC OF NIGERIA)

₦50,000,000,000

MEDIUM TERM BOND PROGRAMME

SHELF PROSPECTUS

This Shelf Prospectus and the Bonds which it offers have been registered by the Securities & Exchange Commission (the "SEC" or "the Commission").
It is a civil wrong and a criminal offence under the Investments and Securities Act (No. 29) 2007 ("the ISA" or "the Act") to issue a Prospectus which contains false or misleading information. Clearance and registration of this Shelf Prospectus and the Bonds which can be issued under the Programme do not relieve the parties of any liability arising under the Act for false and misleading statements contained herein or for any omission of a material fact. Investors are advised to note that liability for false or misleading statements or acts made in connection with the prospectus is provided in sections 85 and 86 of the ISA.

This Shelf Prospectus has been issued in compliance with Part IX of the Act, the Rules and Regulations of the Commission and the listing requirements of the Nigerian Stock Exchange ("the NSE") and FMDQ OTC PLC ("FMDQ") and contains particulars which are in compliance with the requirements of the Commission for the purpose of giving information with regard to the Programme.

Under this ₦50,000,000,000 Medium Term Bond Programme(the "**Programme**"), Forte Oil Plc ("**Forte Oil Plc**" or "**Issuer**" or "**the Company**") may from time to time issue Bonds (the "**Bonds**"). As more fully described herein, Bonds issued under the Programme may be (i) senior and unsecured; or (ii) senior and secured; or (iii) subordinated; or (iv) equity linked; or (v) convertible; or (vi) exchangeable, and may be issued from time to time in separate series, amounts, prices and on terms to be set out in accompanying Supplementary Shelf Prospectuses ("**Supplementary Prospectuses**").

The maximum aggregate nominal amount of all Bonds issued from time to time and outstanding under the Programme shall not exceed ₦50,000,000,000 over the three(3) years that this Shelf Prospectus, including any amendments thereto, remains valid. This Shelf Prospectus is to be read and construed in conjunction with any supplement hereto and all documents which are incorporated herein by reference and, in relation to any series of the Programme, together with the applicable Supplementary Prospectus.

The registration of this Shelf Prospectus and any Supplementary Prospectus shall not be taken to indicate that the Commission endorses or recommends the Bonds or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Shelf Prospectus or any Supplementary Prospectus. No Bond will be allotted or issued on the basis of this Prospectus read together with a Supplementary Prospectus later than three (3) years after the date of the issue of the Shelf Prospectus.

A decision to invest in the Bonds offered by the Issuer should be based on consideration by the Investor of the Shelf Prospectus, the accompanying Supplementary Prospectus and any document incorporated by reference as a whole. An investment in certain Bonds may entail a risk of loss of all or a portion of the principal amount of the Bonds which is directly caused by fluctuation of interest rates; devaluation of the currency of issue; value of Bonds at a securities market; or other indices or by a change in the condition of business or assets of the party selling the Bonds or other parties. Also an exercise of an option or other right associated with certain Bonds or cancellation of a contract for sale of certain Bonds may be subject to certain time limitations. (See the Section on "Risk Factors" on pages 126 to 129 for information on certain factors which should be considered by prospective investors).Investors are advised to note that liability for false or misleading statements or acts made in connection with the prospectus is provided in sections 85 and 86 of the ISA.

LEAD ISSUING HOUSE

United Capital
RC: 444999

JOINT ISSUING HOUSES

Boston Advisory Limited
RC: 928966

FBNQuest
RC: 466599

VETIVA
RC: 485600

Planet Capital
RC: 986761

THIS SHELF PROSPECTUS IS DATED 17TH NOVEMBER, 2016

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IMPORTANT NOTICE

This Shelf Prospectus is made in accordance with the provisions of the Act, Rules and Regulations of the Commission, and the listing and quotation requirements of the FMDQ and NSE, and for the purpose of giving information with regard to the Company and the Bonds which, according to the particular nature of the Company and the Bonds, is necessary to enable investors make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Shelf Prospectus or any other information supplied in connection with the Programme and, if given or made, such information must not be relied upon as having been authorised by either the Company, or any of the parties to the Programme.

Neither this Shelf Prospectus nor any other information supplied in connection with the Programme: (a) is intended to provide the basis of any credit or other evaluation, or (b) should be considered as a recommendation by either the Company or any of the parties to the Programme that any recipient of this Shelf Prospectus or any other information supplied in connection with the Programme should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Company. Neither this Shelf Prospectus nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Company or any of the parties to the Programme to any person to subscribe for or to purchase any Bonds.

FORWARD LOOKING STATEMENTS

1. Presentation of Information

The information set forth herein has been obtained from official sources other than that of the Company that are believed to be reliable, but is not guaranteed as to the accuracy, reliability or completeness. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Shelf Prospectus nor any issue made hereunder or any future use of this Shelf Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof.

All financial and other information presented or incorporated by reference in this Shelf Prospectus has been provided by the Company from its records, except for information expressly attributed to other sources. The presentation of certain information, including tables of receipts and other revenues, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Company. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

A wide variety of other information concerning the Company, including financial information, are available from the Company's website – www.forteoilplc.com - and authorised publicly available Company publications. Any such information that is inconsistent with the information set forth in this Shelf Prospectus should be disregarded. No such information is a part of or incorporated into this Shelf Prospectus.

2. Financial Information

Unless otherwise indicated, the financial information regarding the Issuer indicated in this Shelf Prospectus has been derived from the Reporting Accountants' Report on the Issuer's audited financial statements for the five years ended 31 December 2015. The Issuer's audited financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act, and are presented in Naira, the reporting currency of the Issuer.

3. Rounding

Certain numerical figures included in this Shelf Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown in totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

4. Forward-Looking Statements

Certain statements included herein and in any Pricing Supplement/Supplementary Prospectus may constitute forward-looking statements that involve a number of risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements can be identified by the use of forward-looking terminologies such as "believes", "expects", "may", "are expected to", "intends", "will", "will continue", "should", "would be", "seeks", "approximately" or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminologies. These forward-looking statements include all matters that are not historical facts and include statements regarding the Issuer's intentions, beliefs or current expectations concerning, amongst other things, the Issuer's operating results, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates.

FORWARD LOOKING STATEMENT

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that the Issuer's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this Shelf Prospectus. In addition, even if the Issuer's results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward-looking statements contained in this Shelf Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Factors that could cause actual results to differ materially from the Issuer's expectations are contained in cautionary statements in this Shelf Prospectus and include, among other things, the following:

- overall political, economic and business conditions in Nigeria;
- changes in government regulations;
- changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- economic and political conditions in international markets, including governmental changes;
- the demand for the Issuer's products and services;
- competitive factors in the industries in which the Issuer and its customers compete;
- interest rate fluctuations and other capital market conditions;
- exchange rate fluctuations; and
- the timing, impact and other uncertainties of future actions.

The sections of this Shelf Prospectus entitled "**Risk Factors**", "**Description of Forte Oil Plc**" and "**Statutory and General Information**" contains a more detailed discussion of the factors that could affect the Issuer's future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Shelf Prospectus may not occur.

The Issuer does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Issuer or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Shelf Prospectus.

ISSUE OF PRICING SUPPLEMENTS/SUPPLEMENTARY PROSPECTUS

Following the publication of this Shelf Prospectus, a Pricing Supplement/Supplementary Prospectus may be prepared by the Issuer for the approval of the SEC in accordance with Rule 279(3)(6)(b) of the SEC Rules and Regulations.

Statements contained in any such Pricing Supplement/Supplementary Prospectus shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Shelf Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Shelf Prospectus.

Forte Oil Plc will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Shelf Prospectus which is capable of affecting the assessment of the Bonds, prepare an SSP or Pricing Supplement/Supplementary Prospectus to this Shelf Prospectus or publish a new Shelf Prospectus for use in connection with any subsequent issue of Bonds.

FORTE OIL PLC
RC 4119

13, Walter Carrington Crescent,
Victoria Island, Lagos
t: +234 1 277 6100 - 29,
f: +234 1 277 6129
e: info@forteoilplc.com
www.forteoilplc.com

13 July 2016

DECLARATION BY THE ISSUER

This Prospectus has been prepared by the Issuing Houses on behalf of Forte Oil Plc ("**Forte Oil**" or the "**Company**") for the purpose of providing information to prospective investors on relevant aspects of the Company in connection with the Issue and the investment in securities issued therein.

On Behalf of Forte Oil Plc, we hereby make the following declarations:

1. We confirm that information contained in this prospectus is to the best of our knowledge and belief, in accordance with the facts and contains no omission likely to affect its import;
2. There has been no significant change in financial condition or material adverse change in the prospects of the Company since the date of this document, and
3. The Company has not, during the 12 calendar months immediately preceding the date of application to SEC for registration of this Prospectus, breached any terms and conditions in respect of borrowed monies which has resulted in the occurrence of an immediate recall of such borrowed monies

Signed for and on behalf of Forte Oil plc
By its duly authorized representatives:

Julius B. Omodayo - Owotuga
Group Executive Director, Finance & Risk Management

Akinleye Olagbende
Company Secretary

Akin Akinfemiwa
Group Chief Executive Officer

GLOSSARY OF DEFINED TERMS

Unless the context otherwise requires, the following expressions shall have the meanings respectively assigned to them:

"Applicable Pricing Supplement or Supplementary Prospectus"	The Pricing Supplement/Supplementary Prospectus applicable to a particular Series of Bonds issued under the Programme
"Allotment Date"	Date on which the Bonds are allotted to investors/ approved to be allotted
"Board" or "Directors"	Board of Directors of the Company
"Bonds"	A registered instrument of indebtedness issued by the Company on a continuing basis in accordance with the terms of this Shelf Prospectus and any subsequent PS/SSP
"Bondholder"	Any registered owner or beneficial owner of Bond units to be issued under the Programme
"Board Resolution"	The Resolution of the Board of the Company dated 26th of April, 2016 authorizing the Bond Programme
"Business Day"	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria
"CAMA"	Companies and Allied Matters Act Cap C20 LFN, 2004.
"CBN"	Central Bank of Nigeria
"CITA"	Companies Income Tax Act Cap. C21 LFN, 2004 (as amended by the Companies Income Tax (Amendment Act No. 11 of 2007)
"Coupon "	Refers to both the specified rate of interest on a Bond, and also to the rate stated on an actual Bond Certificate evidencing the interest payable at a specified date
"Coupon Commencement Date"	The Issue Date for any particular Series of Bonds, or such other date as may be specified in the applicable PS/SSP, from which interest on the Bonds begins to accrue
"Coupon Payment Date"	The date on which a coupon falls due for payment to the Bondholders, as specified in the applicable PS/SSP
"Coupon Period"	The period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next Interest Payment Date
"Coupon Rate"	Interest rate stated on Bonds when it is issued expressed as a percentage of the face value of the Bond
"CSCS" or the "Clearing System"	Central Securities Clearing Systems Plc
"Daily Quotation List" or "DQL" or "Daily Official List"	The daily official publication of the FMDQ/NSE, containing market/model prices and yields, and the values traded on all securities listed and quoted on the FMDQ/NSE

"Debt Issuance Programme" or the "Programme"	The ₦50Billion Bond Issuance Programme described in this Shelf Prospectus pursuant to which the Issuer may issue series of Bonds from time to time, the maximum aggregate value outstanding of which shall not exceed ₦50Billion
"Debt Securities"	Any securities, which include registered bonds, promissory notes, certificates, debentures and other obligations authorized to be issued under the Programme by Forte Oil Plc
"Exchange Rate"	The applicable USD/NGN currency exchange rate which shall be the applicable Central Bank of Nigeria clearing rate at the allotment date
"Face Value"	The par value of a Bond
"Federal Government" or "FGN"	Federal Government of Nigeria
"FIRS"	Federal Inland Revenue Service
"Fixed Rate Bonds"	Bonds in respect of which interest is to be calculated and paid on a fixed rate basis
"Floating Rate Bonds"	Bonds in respect of which interest is to be calculated and paid on a floating rate basis
"FMDQ"	FMDQ OTC PLC
"GDP"	Gross Domestic Product
"High Net Worth Individual"	An individual investor with a net worth of at least ₦300 million, excluding automobiles, homes and furniture as defined by Rule 321 of the SEC Consolidated Rules and Regulations, 2013
"Holder" or "Bondholder"	A person in whose name Bonds are registered in the Bonds Register
"Interest Commencement Date"	The first date from which interest on a Series of the Bonds will accrue, as specified in the Applicable PS/SSP
"Interest Payment Dates"	The dates on which interest on the Bonds will be paid as set forth in the Applicable PS/SSP
"ISA or "the Act""	Investments & Securities Act, No 29, 2007
"Issuer"	Forte Oil Plc ("the Company")
"Issue Date"	The date on which the relevant series of the Bonds are issued, as specified in the applicable PS/SSP
"Issue Price"	The price of issue of the Bonds under the relevant Series as set out in the applicable PS/SSP
"Issuing Houses"	The Lead Issuing House and the Joint Issuing Houses
"Joint Issuing Houses"	Boston Advisory Limited FBN Capital Limited Planet Capital Limited Vetiva Capital Management Limited

"Joint Trustees"	ARM Trustees Limited FBN Trustees Limited United Capital Trustees Union Trustees Limited Vetiva Trustees Limited
"Lead Issuing House"	United Capital Plc
"LFN"	Laws of the Federation of Nigeria, 2004
"Maturity Date"	The date as specified in each applicable PS/SSP on which the principal amount is due for redemption
"Naira", "NGN" or "₦"	The Nigerian Naira
"Nigeria"	The Federal Republic of Nigeria and the "Nigerian" shall be construed accordingly.
"NSE"	Nigerian Stock Exchange
"Paying Agents"	Registrars
"Pension Act"	Pension Reform Act, 2014
"PFAs"	Pension Fund Administrators
"PITA"	Personal Income Tax Act, CapP8, LFN 2004 as amended by the Personal Income Tax (Amendment) Act 2011
"Pricing Supplement, "PS" or Supplementary Shelf Prospectus "SSP"	The document(s) to be issued pursuant to this Shelf Prospectus, which shall provide final terms and conditions of a specific Series or Tranche of Bonds under the Programme
"Professional Parties"	Professionals engaged by the Issuer whose roles will ensure the success of the Bond Issue
"Programme Trust Deed"	The Deed entered into by the Issuer and the Trustees dated 23rd November, 2016 which empowers the Trustees to hold, administer and manage the Debt Service Reserve Account (where applicable) in respect of each series of Bonds issued pursuant to the Programme, and appoints the Trustees to act on behalf of bondholders
"Principal Amount"	The nominal amount of each Bond, as specified in the Applicable PS/SSP
"Qualified Institutional Investor"	A purchaser of securities that is financially sophisticated. These include Banks, Fund Managers, Pension Fund Administrators, Insurance Companies, Investment/Unit Trusts, Multilateral and Bilateral Institutions, Registered and/or Verifiable Private Equity Funds, Registered and/or verifiable Hedge Funds, Market Makers, Staff Schemes, Trustees/Custodians, Stock Broking Firms and any other category as the Commission may determine as stipulated by Rule 321 of the Rules and Regulations of the Securities and Exchange Commission
"Rating Agency"	Global Credit Rating Co. Limited

"Receiving Agents"	Market operators authorized to receive application forms/monies from investors
"Record Date"	The date on which the list of Bondholders is extracted from the Register for the purposes of making coupon payments, being a day which is Fifteen (15) days immediately preceding the date on which the coupon falls due for payment
"Redemption Amount"	The aggregate principal amount outstanding in respect of the Bonds on the Maturity Date
"Registrar"	Veritas Registrars Limited
"Related Parties"	Anybody corporate, which is the Company's subsidiary or holding Company or a subsidiary of that Company's holding Company
"Rules and Regulations"	The Rules and Regulations of the SEC 2013 (or as amended from time to time), issued by the SEC pursuant to the ISA
"SEC" or "the Commission"	Securities and Exchange Commission
"Series"	A Tranche of Bonds together with any further Tranche or Tranches of Bonds which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects except for their respective Issue Dates, and/or Issue Prices
"Settlement Date"	The date by which the buyer must pay for the Bonds delivered by the Issuer. In a Book Build, the same date as the Allotment Date
"Shelf Prospectus" or "SP"	The document issued in accordance with the Rules and Regulations of the Commission, which details the aggregate size and broad terms and conditions of the Programme
"Supplemental Trust Deed" or "Series Trust Deed"	A deed supplementing or modifying the provisions of this Deed entered into by the Issuer and the Trustees securing a specific Series and empowering the Trustees to hold, administer and manage the applicable Assets;
"Terms and Conditions"	The terms and conditions of the Bonds as set out in this Shelf Prospectus
"The Trustees"	The Trustees appointed to represent and oversee the interests of bondholders and to invest, manage and administer the Sinking Fund established under the Supplementary Trust Deed, i.e.: ARM Trustees Limited FBN Trustees Limited Union Trustees Limited United Capital Trustees Vetiva Trustees Limited and any other party that may be appointed to represent and oversee the interests of bondholders
"Tranche"	Each tranche of the Bonds to be issued under this Programme
"Trustees Act"	Trustees Investments Act Cap T22, LFN 2004
	Boston Advisory Limited

"Underwriters"	FBN Capital Limited Planet Capital Limited United Capital Plc Vetiva Capital Management Limited
"Validity period"	A period not exceeding three (3) years after the date of the issue of this Shelf Prospectus
"WHT"	Withholding Tax as provided for in section 78(2) of CITA

This Shelf Prospectus should be read and construed in conjunction with:

1. Each Applicable PS/SSP relating to any Series of the Bonds issued under this Shelf Prospectus; and

2. The audited accounts (and notes thereto) and any audited interim financial statements published subsequent to such audited accounts of the Issuer for the three financial years (2017, 2018 and 2019) prior to each issue of Bonds under this Programme, which shall be deemed to be incorporated in, and to form part of this Shelf Prospectus and which shall be deemed to modify and supersede the contents of this Shelf Prospectus as appropriate

The Issuer will, in the event of any material change in its financial position which is not reflected in this Shelf Prospectus, prepare an amendment or supplement to this Shelf Prospectus; also, the Issuer's information given in this Shelf Prospectus and the terms and conditions of additional Bonds to be issued under the Programme may be updated in a Supplementary Shelf Prospectus/ Pricing Supplement pursuant to the Rules and Regulations of the SEC. Any such amendment or supplement is hereby incorporated by reference into this Shelf Prospectus and forms an integral part hereof. Any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Shelf Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Shelf Prospectus.

Availability of Information

This Shelf Prospectus and any Supplementary Shelf Prospectus/ Pricing Supplement, if applicable, are accessible, and copies of them are available free of charge at the offices of the Issuing Houses from 8:00a.m till 17:00p.m on Business Days, during the validity of the Programme at the following addresses:

Boston Advisory Limited
28B Awori Road
Dolphin Estate
Ikoyi
Lagos

FBN Capital Limited
16, Keffi Street,
off Awolowo road,
Ikoyi S.W,
Lagos

PLANET CAPITAL LIMITED
3rd Floor St Peter's House
3, Ajele Street Off Broad St
Lagos.

United Capital Plc
12th Floor, UBA House
57 Marina
Lagos

Vetiva Capital Management Limited
Plot 266B, Kofo Abayomi Street
Victoria Island
Lagos

Copies of the financial statements of the Issuer incorporated by reference herein may be obtained from the Issuer's website [www.forteoilplc.com].

PARTIES TO THE PROGRAMME

The Issuer:	**Forte Oil Plc** 13, Walter Carrington Crescent Victoria Island Lagos
Issuer's Board of Directors	**Mr. Femi Otedola, CON** Chairman
	Mr. Akin Akinfemiwa Group Chief Executive Officer
	Mr. Julius Omodayo-Owotuga Group Chief Financial Officer
	Mr. Christopher Adeyemi Director
	Mr. Philip Akinola Director
	Mr. Anil Dua Director
Company Secretary	**Mr. Akinleye Olagbende** Company Secretary
Lead Issuing House:	**United Capital Plc** 12th Floor, UBA House 57 Marina Lagos
Joint Issuing Houses:	**Boston Advisory Limited** 28b Awori Road Dolphin Estate Ikoyi Lagos ROTIMI BALOGUN **FBN Capital Limited** 16, Keffi Street, off Awolowo road, Ikoyi S.W, Lagos Iseyi Hammond **Planet Capital Limited** 33rd Floor St Peter's House 3 Ajele Street Off Broad Street Lagos. Chidi Agbapu **Vetiva Capital Management Limited** Plot 266B, Kofo Abayomi Street Victoria Island Lagos Damilola Ajayi
Joint Trustees:	**ARM Trustees Limited** 1 Mekunwen Road Off Oyinkan Abayomi Drive, Ikoyi Lagos Folashade Adeleye

PARTIES TO THE PROGRAMME

	FBN Trustees Limited 16, Keffi Street, off Awolowo road, Ikoyi S.W, Lagos Adekunle Awojobi **United Capital Trustees Limited** UBA House (12th Floor) 57 Marina Lagos, Nigeria Tokunbo Ajayi **Union Trustees Limited** OLUFUNKE AIYEPOLA 1st Floor, Kingsway Building 2 Davies Street Lagos **Vetiva Trustees Limited** Plot 266B, Kofo Abayomi Street Victoria Island Lagos
Solicitors to the Issue:	**Olaniwun Ajayi** The Adunola Plot L2 Banana Island Ikoyi, Lagos
Solicitors to the Trustees:	**Akindelano Legal Practitioners** 21 Military Street, Onikan Lagos Oladale Ajayi-Bembe
Reporting Accountants:	**Ijewere and Co** 100/110 Lewis Street (1st Floor) Lagos Island Lagos Akinjayeju Bola
Stock Brokers	**Enterprise Stock Brokers** 7 Norman Williams Street South-West, Ikoyi Lagos, Nigeria Osunde Abel **Nigerian International Securities Limited** 3 Alhaji Kanike Street Off Awolowo Road South-West, Ikoyi Lagos Helen Ifeacho **United Capital Securities Limited** UBA House (12th Floor) 57 Marina Lagos, Nigeria Kayode Fadahunsi
Registrars to the Issue:	**Veritas Registrars Limited** Plot 89A, Ajose-Adeogun Street, Victoria Island, Lagos David Bayo Azibaye

PARTIES TO THE PROGRAMME

Rating Agency:	**Global Credit Rating Co. Limited** New Africa House (17th Floor) 31 Marina Lagos

Adekemi
A Adebambo
Adebambo

External Auditor PKF Professional Services ABDUL-SALAAM NAJEEB

THE PROGRAMME

A copy of this Shelf Prospectus and the documents specified herein have been delivered to the SEC for clearance and registration.

This Shelf Prospectus is being issued in compliance with the provisions of the ISA, the Rules, Regulations and the listing and quotation requirements of FMDQ OTC PLC and NSE and contains particulars in compliance with the requirements of the SEC, NSE and FMDQ for the purpose of giving information to the public with regards to the ₦50Billion Bond Issuance Programme being undertaken by the Issuer. An application will be made to the Governing Council of the NSE and Board Listings and Quotations Committee of the FMDQ OTC PLC for the admission to its platform of each Series of the Bonds to be issued under the Programme.

Each of the Directors of the Company represents that he has taken all reasonable care to ensure that the information concerning the Company contained in this Shelf Prospectus is true and accurate in all material respects as at the date of this Shelf Prospectus and that as of the date hereof there are no other material facts, in relation to the Issuer, the omission of which would make misleading any statement herein, whether in fact or opinion.

LEAD ISSUING HOUSE

United Capital
RC: 444999

JOINT ISSUING HOUSES

Boston Advisory Limited
RC:928966

FBNQuest
RC: 466599

Planet Capital
RC 986761

VETIVA
RC: 485600

On Behalf of

FORTE OIL PLC
RC: 4119

are authorised to issue this Shelf Prospectus in respect of the ₦50,000,000,000 Bond Issuance Programme

This Shelf Prospectus has been registered with the SEC. The registration of this Shelf Prospectus and any subsequent PS/SSP shall not be taken to indicate that the SEC endorses or recommends the Bonds described herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed herein.

This Shelf Prospectus must be read in conjunction with any PS/SSP to be issued by the Company from time to time within its validity period. No Bonds will be issued on the basis of this Shelf Prospectus read together with any PS/SSP later than three years after the issue date indicated on the cover of this Shelf Prospectus.

This Shelf Prospectus contains:

1. on pages 56 to 80, the Reporting Accountant's Report on the Company's historical financial information, prepared by Ijewere and Company;
2. on pages 23 to 27, the Terms & Conditions of the Programme;
3. on page 55, extract of the Rating Reports prepared by Global Credit Rating Co Limited;
4. on page 132, details of claims and litigation prepared by Olaniwun Ajayi

Validity Period of the Shelf Prospectus and Delivery of Documents:

This Shelf Prospectus is valid until 17th November, 2019. No Bonds shall be issued or allotted on the basis of this Shelf Prospectus read together with any SSP later than three (3) years after the issue date indicated on the cover of this Shelf Prospectus.

This Shelf Prospectus and the documents referred to herein can be obtained free of charge from the offices of the Commission, the Issuer and the Issuing House. They can also be obtained free of charge on the Issuer's website (www.forteoilplc.com).

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and qualified in its entirety by the remainder of this Shelf Prospectus and, in relation to the terms and conditions of any particular Series of Bonds, the applicable Pricing Supplement/Supplementary Shelf Prospectus. Words and expressions defined in "Form of the Bonds" and "Terms and Conditions of the Bonds" shall have the same meaning in this summary:

Issuer:	Forte Oil Plc
Programme Description	Fixed Rate Senior Unsecured Bonds (the "Bonds") to be issued under a ₦50 billion Debt Issuance Programme (the "Programme")
Programme Size:	₦50,000,000,000 (Fifty Billion Naira)
Lead Issuing House:	United Capital Plc
Joint Issuing Houses:	Boston Advisory Limited FBN Capital Limited Planet Capital Limited Vetiva Capital Management Limited
Registrar/Paying Agent:	Veritas Registrar Limited and/or such other registrar/paying agent as may be specified in the applicable PS/SSP.
Methods of Issue:	Bonds under this Programme may be issued via an Offer for Subscription, auction or private placement, through a Book Building process and/or any other methods as specified in the applicable PS/SSP approved by the SEC.
Use of Proceeds:	The proceeds of the Debt Issuance Programme will be utilized as stated in the applicable PS/SSP
Provision of Debt Service Reserve Account (DSRA):	The DSRA shall be created in each tranche/series in accordance with the provision of the applicable Supplementary Trust Deed. The DSRA shall be funded from the Issuer's operating cash flows. The DSRA shall be managed by the Trustees to the Bonds.
Interest Rates:	Bonds may be interest-bearing or non-interest bearing. Interest (if any) may be at a fixed rate as indicated in the applicable PS/SSP and may vary during the lifetime of the relevant Series
Currencies:	Bonds will be denominated in Nigerian Naira or such currency or currency units as may be agreed between the Issuer and the Issuing Houses, subject to compliance with all applicable legal and/or regulatory requirements
Ratings:	The Bonds issued under this Programme will be rated by at least one rating agency duly registered with the SEC and such rating shall be reviewed annually in accordance with the SEC Rules and Regulations
Status of the Bonds:	▪ The Bonds qualify as securities in which Pension Fund Administrators (PFAs) may invest under the Pension Reform Act, Cap P4, LFN 2004; and ▪ The Bonds qualify as securities in which Trustees may invest under the Trustees Investment Act, Cap T22, LFN 2004

Ranking	The Bonds will rank pari passu without any preference to one above the other by reason of priority of date of issue, currency of payment or otherwise with all other secured obligations of the Issuer, present and future, except to the extent that any such obligations are by their terms expressed to be subordinated in right of payment amounts and terms of issue to be published by the Issuer, from time to time by way of a PS/SSP
Events of Default:	Events of Default will include but will not be limited to the following: ▪ Default by the Issuer in any payment when due and payable; ▪ Material default by the Issuer in its performance of any of the affirmative undertakings; ▪ Inaccuracy of any of the material representations made by the Issuer; ▪ Breach of any one or more of the obligations of the Issuer under the Trust Deed or in relation to the Bonds, which breach is incapable of remedy or is not in the opinion of the Trustees remedied within fifteen (15) days after notice of such default shall have been given to the Issuer by the Trustees; Provided that where the breach arises from a Force Majeure Event and the Issuer is unable to resolve the Force Majeure Event (and therefore perform its obligations) within the fifteen (15) day grace period provided herein, the Trustees may at their reasonable discretion, upon receipt of a legal opinion from the Issuer's counsel that such Force Majeure Event can be remedied within a reasonable period or such other period as the Trustees may determine, extend the grace period; ▪ Material Adverse Condition in business/financial condition of Issuer that could reasonably be expected to affect the ability of the Issuer to meet its obligations to Bondholders; and ▪ Bankruptcy, liquidation and insolvency of the Issuer.
Form of the Bonds:	The Series 1 Bonds will be issued in dematerialised/ immobilised (book-entry) form. Notwithstanding, every Bondholder shall be entitled to receive a Certificate covering the aggregate Principal Amount of his beneficial interest in the Series 1 Bonds where such Bondholder elects to do so.
Issuance in Series and Tranches:	Bonds will be issued in series (each a "Series"). The Bonds of each Series will all be subject to identical terms, whether as to currency or maturity or otherwise, or terms which are identical except that the issue date, the amount of the first payment of interest and/or the denomination thereof may be different. Each Series may comprise of one or more tranches issued on

	different issue dates. A Series Bonds will be issued in dematerialised/ immobilised (book-entry) form
Maturity of Bonds:	The Bonds may be issued with such maturity periods as may be agreed between the Issuer and the Issuing Houses and as indicated in the applicable PS/SSP, subject to such minimum or maximum maturity period as may be allowed or required from time to time by the Issuer or any laws or regulations applicable to the Issuer or the relevant specified currency
Denominations:	Bonds will be issued in such denominations as may be agreed between the Issuer and the Issuing Houses and as specified in the relevant PS/SSP, subject to compliance with all applicable legal and regulatory requirements, and in accordance with usual market practice
Early Redemption:	Early redemption will be permitted only to the extent specified in the applicable PS/SSP and Supplementary Trust Deed and then only subject to any applicable legal or regulatory limitations
Redemption:	Bond may be redeemable at its nominal amount or such other amount as may be specified in an amortisation or principal payment schedule appended to, or determined in accordance with, the applicable Series Trust Deed and Supplementary Shelf Prospectus and/or Pricing Supplement
Business Day Convention:	Following business day, which means a payment in respect of the Bonds which falls due on a date which is not a Business Day, is paid on the next Business Day
Listing:	Each Series of Bonds will be listed on the FMDQ and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the Issuing Houses; or they may be unlisted, as specified in the relevant PS/SSP
Tax Status:	The Bonds are exempt from taxation in Nigeria in accordance with the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011, the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 and the Personal Income Tax (Amendment) Act 2011. As such, all payments made to Bondholders shall be free and clear of Withholding, State and Federal Income and Capital Gains Taxes with no deductions whatsoever being made at source. For avoidance of doubt, this exemption has a lifespan of 10 years commencing on the effective date of 2nd January 2012.
Underwriting:	The Bonds may be partially or fully underwritten on a standby or firm basis as stated in the relevant PS/SSP
Credit Enhancement:	As stated in the applicable PS/SSP and/or Supplemental Trust Deed, Bonds to be issued may include additional comforts in the form of debenture, security, collateral, insurance, third party guarantee, subordination or credit tranching or any other arrangement to reduce the credit risks of the Bonds

Terms and Conditions:	The terms and conditions applicable to each Series (the "Terms and Conditions") will be agreed between the Issuer and the Issuing Houses at or prior to the time of issuance of such Tranche or Series, and will be specified in the applicable PS/SSP. The Terms and Conditions applicable to each Tranche or Series will therefore be those set out on pages 23 to 24 hereof as supplemented, modified or replaced by the applicable PS/SSP
Other Conditions:	Such other Terms and Conditions as may be incorporated by reference to, modified by, or supplemented by applicable PS/SSP for the Issue
Governing Law:	The Bonds and all related contractual documentation will be governed by, and construed in accordance with Nigerian law
Transaction Documents	- Shelf Prospectus; - Supplementary Shelf Prospectus or Pricing Supplement; - Programme Trust Deed; - Supplemental Trust Deed; - Reporting Accountants' report; - Solicitors' report on claims and litigation; - Vending Agreement; - Underwriting Agreement (where applicable)

TERMS AND CONDITIONS OF THE PROGRAMME

*The following is the text of the general terms and conditions which, (subject to amendment and as completed, modified, supplemented, varied or replaced, in whole or in part, by the final terms which are set out in the relevant Series Trust Deed and/or Pricing Supplement(PS)/Supplementary Shelf Prospectus(SSP) (the **"Final Terms"**) and, save for the italicised text), will apply to the Bonds and will be endorsed on the back of each Bond Certificate issued in respect of the Bonds.*

The provisions of these Terms and Conditions which are applicable to the Bonds under the Programme shall be deemed to be completed by the information contained in the relevant Final Terms as if such information were inserted in these Terms and Conditions. Any provisions of the Final Terms modifying, supplementing or replacing, in whole or in part, the provisions of these Terms and Conditions shall be so construed and all provisions of these Terms and Conditions which are inapplicable to the Bonds shall be deemed to be deleted from these Conditions as required to give effect to the terms of the relevant Final Terms..

The Bonds are constituted by a Programme Trust Deed (the '**Deed**') dated 23rd November, 2016 between Forte Oil Plc (the **"Issuer"**) and the Trustees listed in the First Schedule therein (the **"Trustees"** which expression shall include all persons who for the time being are trustee or trustees under the Deed) as Trustee for the purpose of acting on behalf of the Bondholders. The Bondholders are entitled to the benefit of and are bound by, and are deemed to have notice of, all the provisions of the Deed and the relevant Series Trust Deed applicable to them. The Deed and any Series Trust Deed are hereinafter collectively referred to as "**the Deed**".

These Conditions include summaries of, and are subject to the detailed provisions of the Trust Deed and the relevant Series Trust Deed.

Words and expressions defined in the Trust Deed (as same may be amended, varied or supplemented from time to time with the consent of the Parties thereto) are expressly and specifically incorporated into and shall apply to these Conditions.

Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Trust Deed unless the context otherwise required or unless otherwise stated.

Condition 1
FORM, TITLE AND STATUS

i. Form

The Bond shall be issued in registered form and dematerialised and held in electronic book entry form at the CSCS. However, a Bondholder may elect to receive a Certificate covering the amount of his beneficial interest in the Bonds PROVIDED THAT joint Bondholders shall be entitled to only one Certificate in respect of the Bonds jointly held by them which Certificate shall be delivered to that one of the joint Bondholders whose name stands first in the Register and the delivery of a Certificate to one of such persons shall be deemed to be sufficient delivery to all.

ii. Title

Title to the Bonds passes only by registration of the instrument of transfer in the Register. The Bondholder of any Series whose details are entered into the Register will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing) and no person will be liable for so treating the Bondholder.

iii. Status of the Bonds

The Bonds shall constitute direct, unconditional and senior obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The Bonds qualify as securities in which Trustees may invest under the Trustees Investment Act CAP t22, LFN 2004 and securities in which Pension Fund Administrators may invest under the Pension Reform Act, CAP P4, LFN 2004.

Condition 2
PAYMENTS

I. Coupon on the Bonds shall accrue from and including the Coupon Commencement Date and payments will be made on the Coupon Payment Dates to those persons whose names appear (or to the first Bondholder in the case of joint Bondholders) in the Register on the Record Date.

II. Payments of principal and Coupon will be made in Naira and by credit to the specified bank account of the Bondholder or by cheques/warrants drawn on a bank duly licensed by the Central Bank of Nigeria and where the Bondholder does not specify a bank account, mailed by registered post to the address of record of any Bondholder or in the case of joint Bondholders, to the address of the joint Bondholder who is named first in the Register. Coupon on Bonds due on Coupon Payment Dates will be paid to the Bondholder shown on the Register of Bonds of a Series at the close of business on the Record Date.

III. The Bondholder or his legal representative shall be the only person entitled to receive payments in respect of Bonds and the Issuer will be discharged by payment to, or to the order of, the Bondholder in respect of each amount so paid or in the case of joint Bondholders, the first named joint Bondholder. Every cheque or warrant shall be sent at the risk of the person entitled to the monies represented thereby. However upon application or notification in writing to the Registrar or the Trustees not less than fifteen (15) days before the date due for payment, such payment may be made by transfer to a designated bank account denominated in naira and maintained by the payee with any Nigerian bank as notified to the Registrar.

IV. If the due date for payment of any amount in respect of the Bonds is not a Business Day, then the Bondholder thereof shall not be entitled to payment of the amount due until the next Business Day and the Bondholder shall not be entitled to any further Coupon or other payment in respect of any such delay. For the purpose of this Condition, **"Business Day"** means any day on which banks are open for business in Lagos, Nigeria excluding Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria, and in the case of transfer to or from an account held by a non-resident investor, in the place where such bank account is maintained.

Condition 3
Taxation

The Bonds are exempt from Companies Income Tax, Value Added Tax and Personal Income Tax respectively, by virtue of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011, the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 and the Personal Income Tax (Amendment) Act 2011 (the 'Exemptions'). Subject to the renewal/extension of the Exemptions, all payments made to the Bondholders shall be free and clear of Withholding Tax or any taxes, duties, levies and assessments or any other governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the Federal Government of Nigeria or any political subdivision or any authority thereof having power to tax.

Condition 4
COUPON AND CALCULATION

i. Coupon Rate

The Coupon rate applicable to any Series of Bonds shall be as specified or calculated in accordance with the applicable Series Trust Deed or Supplementary Shelf Prospectus and/or Pricing Supplement in respect of such Bonds.

ii. Accrual of Coupon

The Bonds shall accrue Coupon from (and including) the Coupon Commencement Date. Each Bond will cease to accrue Coupons from (and including) the due date for final redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event Coupon will continue to accrue at rates determined by the Issuer in conjunction with the Trustees acting on behalf of the Bondholders.

iii. Calculation of Coupon

The Coupon payable in respect of each series of Bond shall be specified in (an amortisation/payment schedule appended to), or determined in accordance with, the applicable Series Trust Deed and/or Pricing Supplement. The Coupon payable in respect of Bonds of a Series for any Coupon Accrual Period shall be calculated by multiplying the product of the Coupon Rate, the Principal Amount outstanding on such Bonds as specified in the applicable Series Trust Deed and/or Supplementary Shelf Prospectus/Pricing Supplement (the "Calculation Amount") by the Day Count Fraction for such Coupon Accrual Period, unless a Coupon amount (or formula for its calculation) is applicable to such Coupon Accrual Period, in which case the Coupon payable per Calculation Amount in respect of such Bond for such Coupon Accrual Period shall equal such Coupon amount (or be calculated in accordance with such formula). In respect of any other period for which Coupon is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which Coupon is required to be calculated.

"**Day Count Fraction**" means, in respect of the calculation of the Coupon payable on Bonds of a Series for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting a Coupon Period or latest accrual period, the "Calculation Period") and if "Actual/Actual" is specified in respect of the Bonds:

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of: (i) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and (ii) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

Where:

"Coupon Accrual Period" means the period beginning on (and including) the Coupon Commencement Date and ending on (but excluding) the first Coupon Period Date and each successive period beginning on (and including) a Coupon Period Date and ending on (but excluding) the next succeeding Coupon Period Date.

"Coupon Period" means the period beginning on (and including) the Coupon Commencement Date and ending on (but excluding) the first Coupon Payment Date and each successive period beginning on (and including) a Coupon Payment Date and ending on (but excluding) the next succeeding Coupon Payment Date.

"Coupon Period Date" means each Coupon Payment Date unless otherwise specified in respect of the Bonds.

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"Determination Date" means the date specified in respect of the Bonds of a Series or, if none is so specified, the Coupon Payment Date.

<u>Condition 5</u>

REDEMPTION, PURCHASE AND CANCELLATIONS

i. Final Redemption

Unless previously redeemed, purchased and/or cancelled, the Bonds shall be fully redeemed by the Issuer on the Maturity Date. For Bonds issued in certificated form, Bondholders will be required to surrender the Certificates evidencing their beneficial ownership to the Registrar for proper identification/authorisation. For Bonds issued in dematerialised form, CSCS shall be required to transfer the final position from the Bondholders' CSCS accounts to the Registrar.

ii. Scheduled Redemption

The Bonds may be partially redeemed in instalments on each Coupon Payment Date at the Redemption Amount specified in the applicable Supplementary Shelf Prospectus/Pricing Supplement whereupon the Redemption Amount shall reduce the Principal Amount outstanding of such Bond on each payment date until fully redeemed at the Maturity Date.

iii. Purchases

The Issuer and any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price.

iv. Cancellation

All Bonds purchased by or on behalf of the Issuer or any of its Subsidiaries may be cancelled by causing them to be deleted from the records of the Registrar. All Bonds redeemed by the Issuer shall be cancelled in the same manner. Bonds so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

<u>CONDITION 6</u>

PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within six (6) years from the appropriate Relevant Date in respect of the Bonds.

As used in these Conditions, "Relevant Date" in respect of any payment means the date on which such payment first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that such payment will be made.

CONDITION 7
CHANGE IN NAME AND ADDRESS OF BONDHOLDER

Any change of name or address on the part of the Bondholder shall forthwith be brought to the notice to the Registrar and, the Register shall amend same accordingly.

CONDITION 8
RIGHTS AGAINST PREDECESSOR IN TITLE

Except as required by law, the Issuer will recognise the registered Bondholder of the Bonds as the absolute owner thereof and shall not be bound to take notice, or see to the execution of any trust whether express, implied or constructive, to which any units of the Bonds may be subject, and the receipt of such registered Bondholder, or in the case of joint registered Bondholders the receipt by any of them, for the Coupon from time to time accruing due, or for any other monies available in respect thereof, shall be a good discharge by the Issuer notwithstanding any notice it may have whether express or otherwise of the right title, interest or claim of any other person to or in such units of the Bonds, interest or monies. No notice of any trust, express or constructive shall be entered in the Register in respect of any units of the Bonds.

CONDITION 9
LIQUIDATION OF BONDHOLDER

In the event of the winding up of a registered Bondholder, the liquidator and/or receiver manager, shall be the only authorised persons recognised by the Issuer as having any title to such Bonds.

CONDITION 10
TRANSMISSION OF BONDS

Any person becoming entitled to any Bond in consequence of the death, bankruptcy, winding-up or dissolution of the Bondholder may, upon producing such evidence of his title as the Issuer or the Registrar shall think sufficient, be registered as the holder of the Bond, or instead of being so registered, may make such transfer of the Bonds subject to the conditions as to transfer. The Issuer shall be at liberty to retain the Coupon payable on any Bond which any person is entitled to transfer until such person shall be registered or duly transfer the same as aforesaid.

CONDITION 11
NOTICES

i. Notices to the Bondholders

All Notices to the Bondholders will be valid if mailed to them at their respective addresses in the Register maintained by the Registrar PROVIDED THAT joint Bondholders shall be entitled to only one Notice which shall be mailed to that one of the joint Bondholders whose name stands first in the Register and the delivery of a Notice to one of such persons shall be deemed to be sufficient delivery to all. The Issuer shall also ensure that Notices are duly given or published in a manner which complies with the rules and regulations of FMDQ and any Stock Exchange or other relevant authority on which the Bonds are for the time being listed. Any Notice shall be deemed to have been given on the second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

ii. Notices from the Bondholders

Notices to be given by any Bondholder shall be in writing and given by lodging the same, together with the relative Certificate, with the Registrar.

MACRO-ECONOMIC OVERVIEW OF NIGERIA

The Information in this section has been extracted from publicly available data obtained from organizations such as the Central Bank of Nigeria "CBN", the Nigerian Debt Management Office ("DMO"), the National Bureau of Statistics ("NBS"), the Nigerian Federal Ministry of Finance ("FMF") and the Organization of Petroleum Exporting Countries ("OPEC"), the United Nations, the Economist Intelligence Unit (EIU), the World Bank, the International Monetary Fund (IMF), United Nations Conference on Trade and Development (UNCTAD) and other sources believed to be reliable. The Issuer, the Issuing Houses and their respective advisers have relied on the accuracy of this information without independent verification and make no representation as to its accuracy.

Introduction

Nigeria is Africa's most populous country with a population of approximately 179 million and the largest economy on the continent, when measured by GDP. Earlier in August 2016, the Nigerian economy fell to become the second largest economy in Africa as measured in United States dollars. This is believed to be a consequence of about 42 per cent depreciation in the Naira.

Nigeria has the second largest proven oil reserves (37.1 billion bbl[1]) and the largest proven reserve of natural gas (180.1tcf[2]). However, the country's oil and gas production is often hindered by sporadic disruptions in supply mainly due to pipeline vandalism and militancy in the Niger Delta Region of Country. Despite the country's vast natural gas reserves the sector is limited by the lack of investment in infrastructure to commercialize natural gas that is eventually flared.

Nigeria has enjoyed sustained economic growth from 2005 - 2015 averaging a growth rate of 6%[3]. The main driver of growth has been the non-oil sector, contributing c.92% to GDP in 2015, whilst the oil sector contributed c.8% over the same period. Despite the low contribution to GDP, the oil and gas sector remains critical to the development of the country as it represents c.95% of exports earnings and c.70% of government revenue in Nigeria according to the IMF.

Nigeria offers the largest market in West Africa, comprising of up c.70% of the West African population making it an attractive destination for foreign investment. However, the business environment is also hampered by Nigeria's weak level of governance, infrastructure deficit and high level of bureaucracy.
This ranks Nigeria 169 out of 189 countries on the 2015 Ease of Doing Business Index, according to the World Bank.

Gross Domestic Product

In 2015 Nigeria's GDP was US$484.3[4]billion. The country's real GDP has grown at an average of c.6% over the last decade (2005-2015). However, real GDP growth slowed to 2.79% by the end of 2015. This was largely due to a decline in oil prices as result of global supply and demand imbalance, a slowdown in global economic growth and an inflexible domestic foreign exchange policy.

In the first quarter of 2016 Nigeria's GDP growth contracted to -0.36 year on year, a decline of 2.47% from the previous quarter (2.11%) in 2015. The manufacturing sector witnessed the largest fall in growth, contracting -8.1% in the first quarter of 2016 a decline of 8.01% from the 0.38% growth recorded in the previous month.

Figure 1. Real GDP Growth (%)

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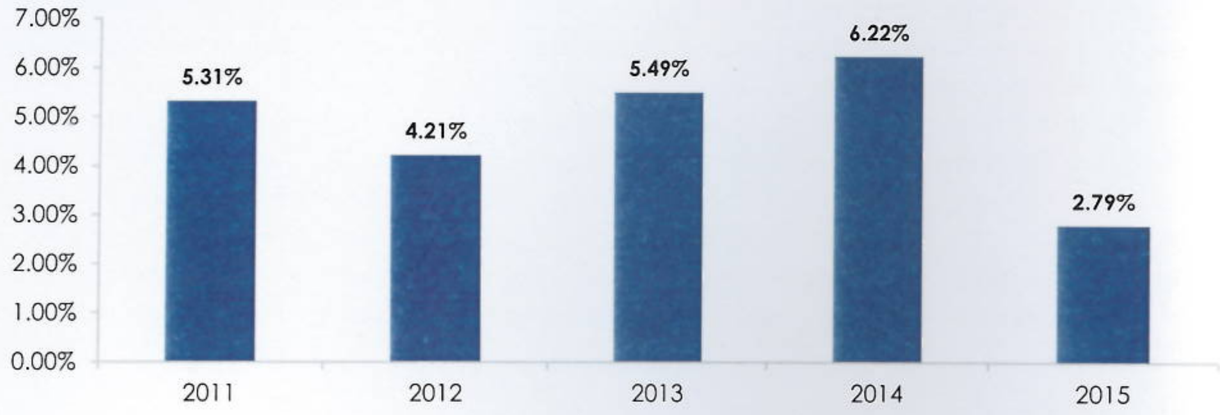
1 *BP. Statistical Review of World Energy 2015*

2 *BP. Statistical Review of World Energy 2015*
African Development Bank

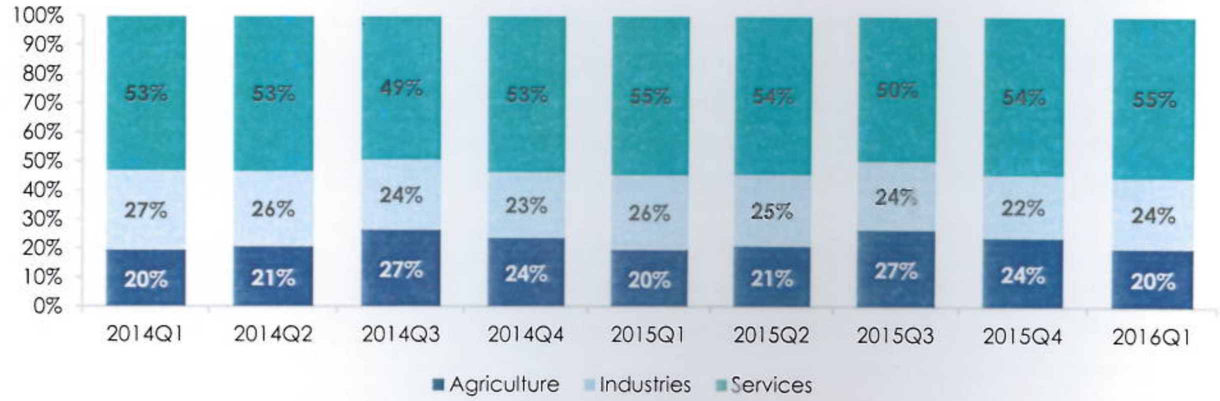
4 *Nigeria Bureau of Statistics and CBN*



Source: Nigerian Bureau of Statistics

Much of the reason for the decline in the manufacturing sector was partly due to disruptions in the supply chain stemming from fuel shortages and the lack of foreign exchange available to manufacturers to source raw materials, in addition to the inability to pass on higher costs to customers. The service sector, which accounts for 55.2% of GDP, recorded the second worst performance with growth declining by 6.24% from 7.04% in 2015Q1 to 0.8% in 2016 Q1. This was largely driven by a decline in imports and unavailability of foreign exchange.

Figure 2. Sectoral Contribution to GDP (%)



Source: Nigerian Bureau of Statistics

The economic slowdown which started in 2015 continued into 2016 with a negative GDP growth in the first quarter. The passage of the 2016 budget should enable the government to implement its fiscal policies and thus stimulate growth in the economy. Additionally, the introduction of a less restrictive and flexible foreign exchange policy should positively impact foreign direct inflows and trade, thus complementing the government's plan to strengthen the economy.

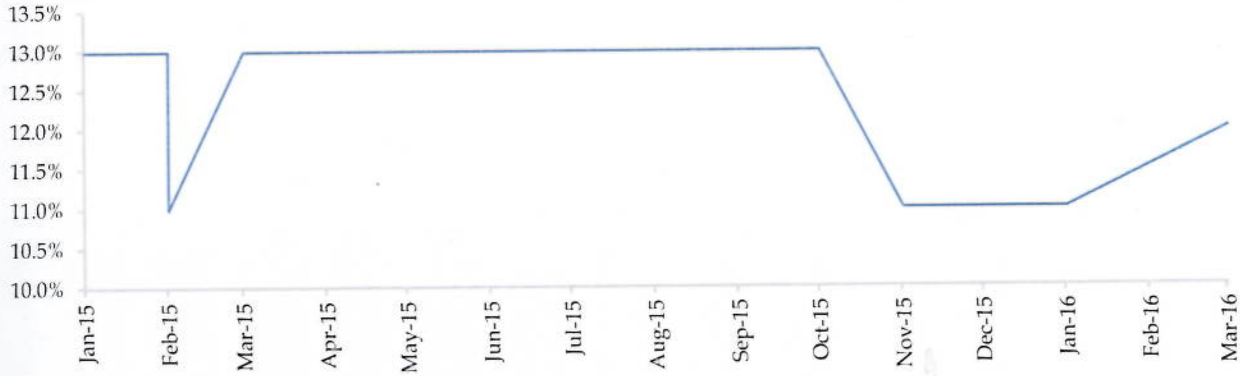
Monetary Policy

Nigeria's monetary policy is carried out by The Central Bank of Nigeria through its Monetary Policy Committee (MPC). The committee is responsible for managing the country's inflation rate by controlling money supply. The MPC achieves its objectives by modifying benchmark interest rates (such as the Monetary Policy Rate (MPR), conducting money market operations and changing banks' reserve requirements.

Monetary policy has been somewhat consistent over the last few years with MPR kept constant at 12% for the period of 2011-2014 and a significant part of 2015 until it was raised towards the end of the year. However, at the fourth Monetary Policy Committee meeting held on the 25th and 26th of July, 2016 the committee decided to increase the Monetary Policy Rate by 200 basis points from 12 per cent to 14 per cent to combat inflation.

Prior to now,the CBN had opted to tighten money supply by increasing the MPR from 11% to 12%. In addition, the Asymmetric Corridor for Standing Lending and Deposit Facilities were narrowed from +200 and -700 basis points to +200 and -500 basis points. The Cash Reserve Ratio was also increased from 20% to 22.5% against the backdrop of rising inflation and declining foreign currency reserves.

Figure 3. Historical Monetary Policy Rate (%)



Source: Central Bank of Nigeria

Foreign Direct Investment

Over the last 9 quarters Nigeria has experience a significant decline in Foreign Direct investment from 3.9bn in 2014Q1 to US$0.71bn in 2016Q1. As a percentage of GDP, total capital inflows have averaged c.4% between the periods of 2011-2014 this however declined to 2% of GDP in 2015. Total capital outflows, consisting of mainly trade credits and private sector holdings of currency and deposits, also average c.4% of GDP of the same period (2011-2014).

Figure 4. Capital Importation by Type of Investment (US$bn)

Source: Nigeria Bureau of Statistics

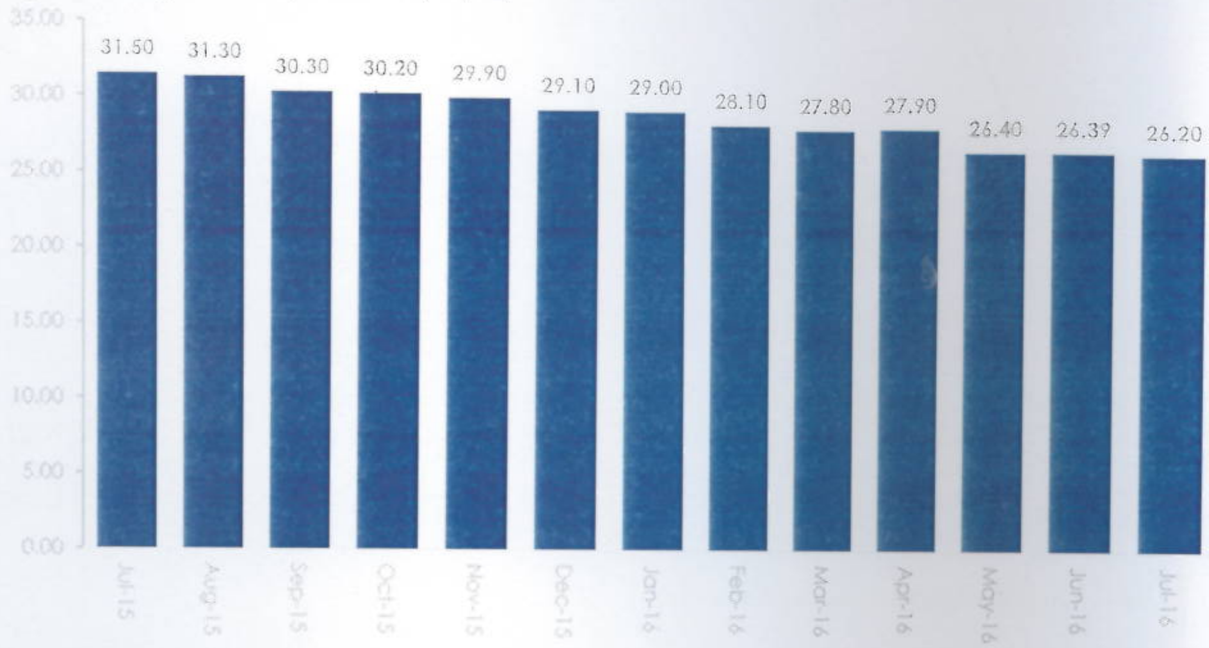
The main drivers of capital flows to and from Nigeria can be broken down into push and pull factors. Push factors, typical external, include factors that determine the rate of return on advanced economy assets, such as interest rates, economic growth and degree of risk aversion by foreign investors. Pull factors include factors that determine the rate of return on domestic assets such as, domestic interest rates, exchange rate expectations, economic growth and other risk factors. Given Nigeria's dependence on oil exports for foreign exchange earnings and government revenue, oil prices are likely to be the key driver of the rate of return on domestic assets, domestic credit risk and foreign exchange risk.

Foreign Exchange and Currency Reserves

Nigeria at the beginning of 2016 operated a fixed exchange rate regime with the naira fixed at 196.5 per US dollar. However, due to the large disparity between the official rate (₦197 – ₦199 to a dollar) and that of the parallel market ₦320– ₦330 to a dollar), the Monetary policy committee(MPC) during its May 2016 meeting MPC voted unanimously to adopt greater flexibility in exchange rate policy. The directive became effective in June 20, 2016 when the official rate moved to 279.5.

Nigeria's foreign currency reserves stood at US$26.2bn as at August 29, 2016. Over the last year Nigeria's foreign currency reserves have declined by c.US$5.3bn largely due to the steep drop in oil prices as well as The CBN's efforts to resist devaluation and defend the naira. Recent measures implemented to halt the decline in reserves include banning the importation of 41 products and the restrictions around use of naira debit and credit cards overseas.

Figure 5.Foreign Currency Reserves (US$bn)



Source: Central Bank of Nigeria

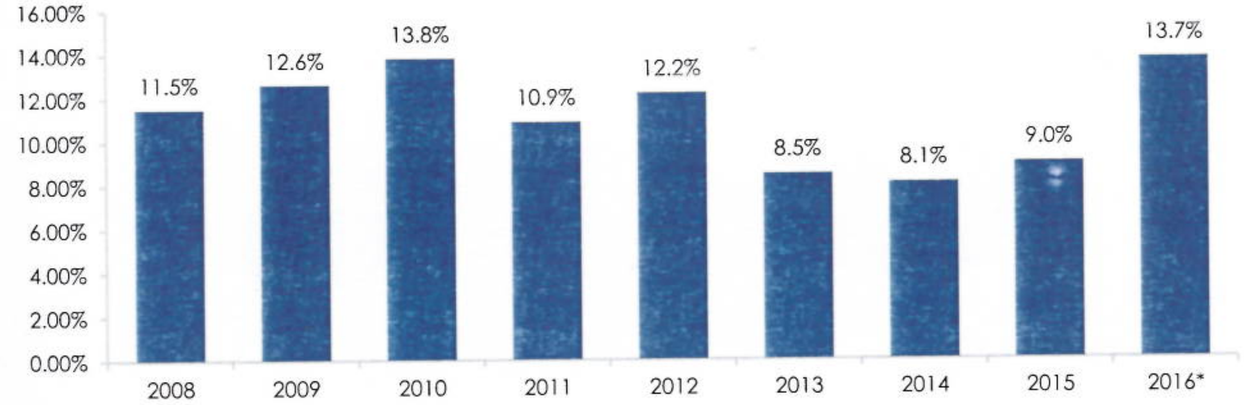
Inflation

Nigeria recorded an increase in the Consumer Price Index (CPI) of 16.48% for the month of June 2016, its highest since November 2005, as a result of higher fuel and electricity prices. Over the same period the food inflation stood at 15.3% due to higher food prices in fish, bread and cereals and vegetables.

Furthermore, the inflationary impact was more severe in the urban areas than in the rural areas. Inflation in the urban index stood at 18.1% in June 2016.

Inflationary pressures is expected to remain high in the short term due to a combination of the 67% increase in the price of gasoline to ₦145 and the pass-through effects of higher fuel costs throughout the economy.

Figure 6: Annual Inflation rate (%)



*Source: Central Bank of Nigeria, *2016 Inflation figure is the average as at July*

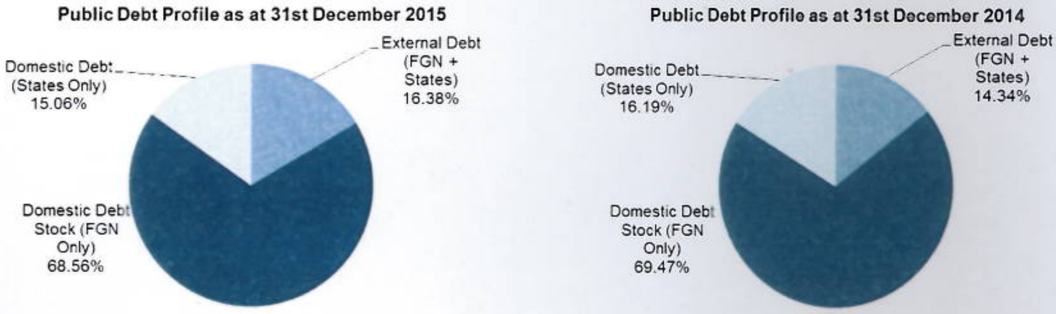
External Debt

According to the Debt Management Office (DMO) Nigeria's total public as at December 2015 was US$65.4 billion a 3.4% decrease compared to USD$67.7 billion in December 2014, however its proportion to GDP remained relatively constant 13.4% and 12.6% in 2015 and 2014 respectively. Domestic debt accounted for 83.6% of public debt stock while external debt accounted for 16.4%. In 2015 federal government bonds represent 65.73% of total domestic stock with Nigerian Treasury Bills and Treasure Bonds representing 31.38% and 2.9% respectively

External public debt of the federal and state governments increased 10.37% from US$9.7bn in December 2014 to US$10.7bn in December 2015. The majority of external public debt was from multilaterals (70.54%) with the World Bank Group supplying 83% of multilateral credit. Bilateral sources represented 15.47% of the total with Exim Bank of China being the main bilateral contributor (87.1). Eurobond issuances represented 13.99% of the total external debt.

Given the shortfall in government revenues as a result of a fall in oil prices and oil production distributions the government may need to seek alternative funding sources to make up the shortfall. However, a declining foreign reserves balance and a shrinking economy might make sourcing for funds from international creditors a challenge. On a positive note, the recent currency swap deal with China provides hope that government can pursue innovative ways of sourcing for funding. The swap deal is expected to provide yuan liquidity and alleviate some of the pressure on foreign reserves.

Figure 7: Public Debt Profile



Source: Debt Management Office

Reforms

Upon being elected into office in 2015, the Buhari led administration set out to pursue a number of reforms in order to transform the economy. The focus mainly was on the eradication of corruption, stimulation of the private sector economy and a reduction of dependence on the importation of petroleum products.

In order to achieve its objectives the government focused on implementing the following reforms:

Treasury Single Account (TSA). The Introduction of Treasury Single Account is a public accounting system using a single account, or a set of linked accounts by the government to ensure all revenue receipts and payments are done through a Consolidated Revenue Account (CRA) at the CBN. Deposit Money Banks (DMB's) are allowed to maintain revenue collection accounts for Ministries, Department and Agencies (MDAs), but all collections must be remitted to the CRA at the end of every banking day.

The purpose of the TSA is to improve the accountability of government revenue, transparency and avoid misappropriation of funds. Although concerns were raised about the effect of the TSA on the liquidity of the banking system, the policy has been so far successful with the Federal Government collecting up c.N3 trillion as revenue accruals since the TSA's implementation.

Power The Nigerian electrical power sector requires significant investment in order for its generation capacity to satisfy domestic demand. Nigeria has an installed generation capacity for supply to the national grid of 12,522MW[5] and an available transmission capacity of only approximately 4,500 MW[6], to meet the needs of Nigeria's population of c178.5 million.

National Electricity Regulatory Commission (NERC), the industry regulator, introduced the Multi-Year Tariff Order (MYTO) in 2008, which was later amended in 2012 as MYTO II. MYTO provides a 15-year tariff path for the electricity industry that is adjusted each year in response to certain parameters (including inflation, exchange rate and gas prices). NERC published a new set of tariffs on the 18th December 2015, for distribution companies for years 2015-2024. The new tariffs will implement different pay grades for users in different locations and categories.

Oil & Gas. In 2008 the Nigerian government set out to restructure the Oil and Gas industry through the enactment of the petroleum industry bill (PIB). However prolonged failure to pass the initial bill by the National Assembly has resulted in a different approach to address the industry legislation by dealing with the reforms in segments that can be enaacted into law independently. Currently

[5] *Nigerian Power Baseline Report*
[6] *Ministry of Power*

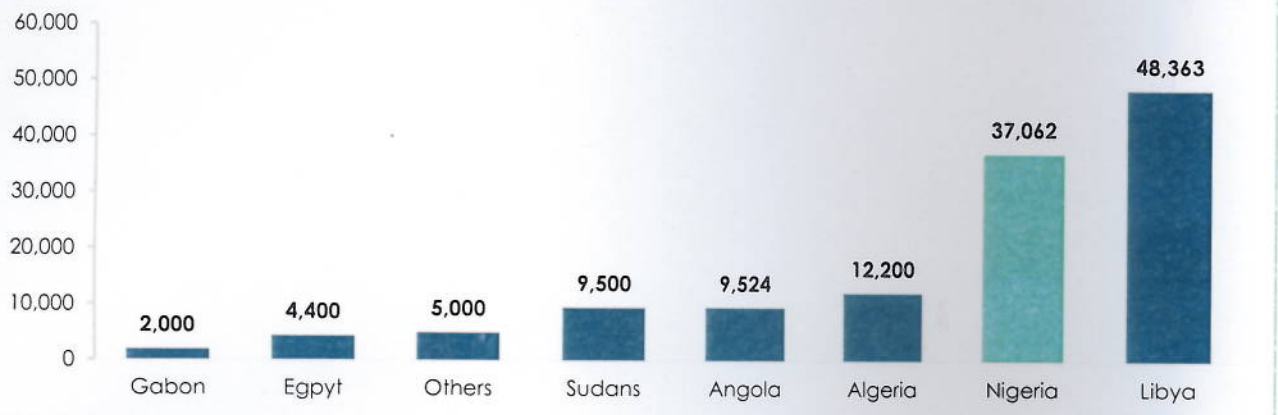
in circulation, is an executive sponsored bill called the Petroleum Industry Governance Bill. The new and improved bill sets out to achieve the following;

- the promotion of transparency and accountability in the petroleum industry
- The creation of efficient and effective governing institutions with clear and separate roles for the petroleum industry; and
- Establishment of a framework for the creation (out of existing government-owned entities) of commercially oriented and profit driven entities that will ensure value-add and internationalization of the petroleum industry.

OVERVIEW OF THE NIGERIAN OIL & GAS SECTOR

Nigeria, a member of Organisation of Petroleum Exporting Countries (OPEC), is Africa's largest and the 13th largest producer of crude oil in the world. Nigeria also has the 2nd largest proven oil reserves (37.1 billion barrels) in Africa, the 10th Largest in the world and is also the fourth-largest exporter of Liquified Natural Gas ("LNG") in the world. The oil and gas sector contributes only 10.29%[7] to the country's GDP but 71.4%[8] of total export revenue. Nigeria's oil production is hampered by instability and supply disruptions, while its natural gas sector is restricted by the lack of infrastructure to commercialize natural gas that is currently flared (burned off). As a mono-product economy, Nigeria's high dependence on oil exports has significant implications on public finances and economic policy objectives as federal and sub-national budgets are based largely on projections for oil production and the price of crude oil. Nigeria is also the largest consumer of petrol motor spirit (33 million litres/day[9]) in Middle Africa due to the size of its population (178.5m). However, the country relies on the importation of petroleum products due to its limited refining capacity.

Figure 8. 2015 Proven Crude Oil Reserves (million barrels)



Source: OPEC

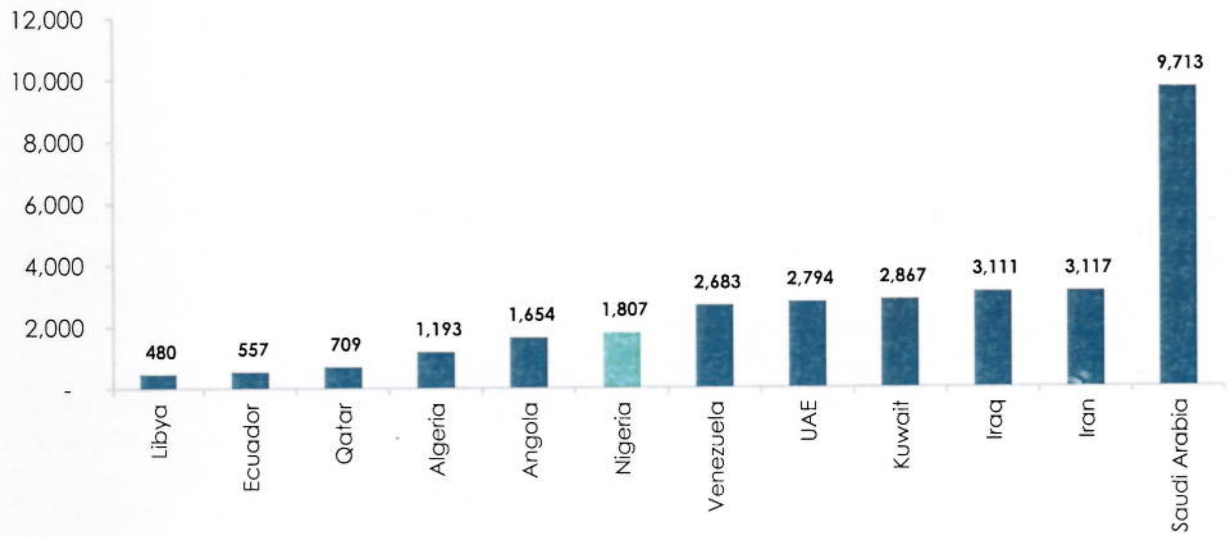
The Nigerian oil and gas industry can be broken down into 3 sub-sectors, upstream, midstream and downstream:

Upstream. Major players in the upstream sector include Shell, Chevron, ExxonMobil, Total, and Eni among other foreign investors who have operated in Nigeria since the 1950's. The Nigerian National Petroleum Corporation (NNPC) is the state-owned oil company, and has a majority share of several joint ventures involving the majors. As a JV partner, NNPC has consistently struggled to meet their funding requirement causing a shortfall in investment in the sector. Recently the International Oil Companies (IOC's) have begun to focus their production on offshore fields as a result of the harsh operating conditions onshore. In 2014, the IOCs began a wave of divestments of onshore assets which presented a tremendous opportunity for indigenous players to increase their market share in the upstream sector. The top six indigenous producers include Seplat, Oando, Shoreline, Famfa, Conoil and Sapetro.

[7] *National Bureau of Statistics GDP Q12016 Report*
[8] *Nigerian Bureau of Statics "Q42015 Foreign Trade Statistics"*
[9] *NNPC*

After having reached a peak production of around 2.6mn bpd in 2005, recent production stands at around c.1.4mn bpd as a result of a fresh wave of attacks on pipelines and other infrastructure by militants in the Niger Delta region. Nigeria's onshore production is exported via six exporter terminals: Forcados and Bonny (Shell), Escravos and Pennington (Chevron), Qua Iboe (ExxonMobil), Brass (Eni/Agip), while there are 13 Floating Production Storage and Offloading (FPSO) vessels offshore for the country's offshore production.

Figure 9. 2015 OPEC members average daily crude production (000/b)



Source: OPEC

Midstream. There are four oil refineries with a combined nameplate capacity of about 445,000 b/d however their utilization rates are extremely low (c.5%). The first refinery was commissioned in1965 at Port Harcourt. It was a jointly-owned operation by Shell, BP and the Nigerian government, but by 1978 the Nigerian government had acquired all the shares in the refinery. NNPC commissioned its first wholly-owned refinery at Warri in 1978 and followed by a refinery in Kaduna two years later. The second refinery at Port Harcourt came on stream in 1988.

The Kaduna refinery in northern Nigeria, is a complex refinery with a nameplate distillation capacity of 110,000 b/d. The refinery is operated by the Kaduna Refining and Petrochemical Company (KRPC), a subsidiary of NNPC. It was the first Nigerian refinery to be able to process both light and heavy crudes, yielding both fuel and non-fuel products such as lubricating oils, waxes and asphalt. The refinery can also manufacture petrochemical products such as linear alkyl benzene, benzene and kero solvent.

The Warri refinery came on stream in 1978, is a complex refinery with a nameplate distillation capacity of 125,000 b/d. Itis owned by NNPC and operated by a subsidiary company, the Warri Refining and Petrochemical Company (WRPC). It was built primarily to cater for domestic demand for petrol not covered by the Port Harcourt I refinery. The refinery is jointly managed with a petrochemicals plant which produces 13,000 tonnes per year of polypropylene and 18,000 tonnes per year of carbon black.

Figure 10. Current Operating Refineries

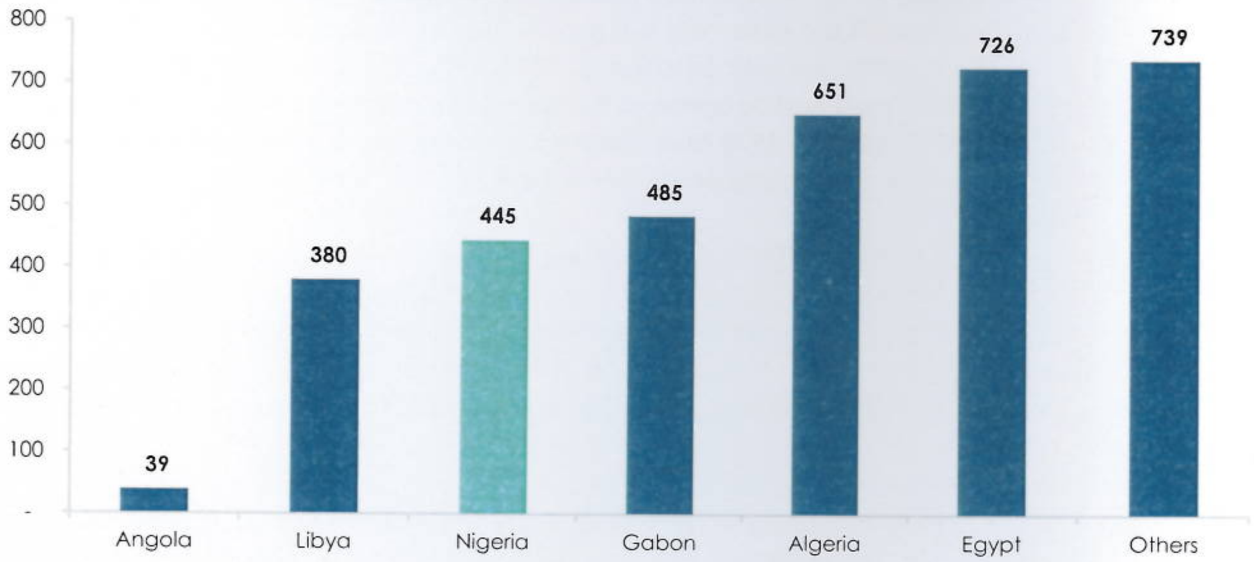
Operator	Refinery	Location	CDU*Capacity	Throughput(2012)
Port Harcourt Refining Company	Port Harcourt I	Port Harcourt	60.0	7.2
Port Harcourt Refining Company	Port Harcourt II	Port Harcourt	150.0	17.9
Warri Refining & Petrochem Co	Warri	Warri	125.0	27.9
Kaduna Refining & Petrochem Co	Kaduna	Kaduna	110.0	32.0

Source: BMI,*CDU = Crude Distillation Unit

In 2015 the government issued modular refining licenses to 65 companies in a bid to alleviate the lack of refining capacity and increase the production of locally refined petroleum products. Modular refineries are small refineries with capacities ranging from 1,000 – 10,000 barrels per day. The speed at which they can be assembled makes them an effective substitution for large scale refineries which often take years and significant capital investment to build.

In February 2015 Dangote Group announced the planned construction of a refinery, fertilizer and petrochemical complex in Lekki, Lagos that is set to more than double the capacity of the sector by adding 650,000 bpd. The facility is set to come online in 2019 and would enable the country to become a net refined fuels exporter for the first time since 1997.[10]

Figure 11. 2014 African Countries Refining Capacity (1,000 b/cd)



Source: OPEC

[10] *BMI Nigeria Oil and Gas Report Q2 2016*

A number of private companies, listed below, received licenses over the last few years are also set to further add to Nigeria's refining capacity

Figure 12. License Status of Private Refining Companies in Nigeria[11]

S/N	Company	Plant Location	License Issued	Capacity (Barrels Per Stream Day)	License Status
1	Niger Delta Petroleum Resources (NDPR)	Ogbelle, Rivers State	License to Operate (LTO)	1,000	Plant is Operational
2	Amakpe International Refinery	Eket Akwa Ibom State	Approval to Construct (ATC)	12,000	Process unit fabricated and awaiting shipment and installation
3	Resource Petroleum & Petrochemicals Inc.	Ibeno, Akwa Ibom State	Approval to Construct (ATC)	100,000	Licence is valid. Plant is yet to be installed
4	Kainji Resources Limited	Oguta, Imo State	License to Establish (LTE)	24,000	Licences issued in July 2013
5	Omega Butler Refineries Nigeria	Ikpokiri, Rivers State	License to Establish (LTE)	20,000	Licenses issued in July 2013
6	Dangote Industries Limited	Lekki Free Trade Zone, Lagos State	License to Establish (LTE)	400,000	Licenses issued in September 2014

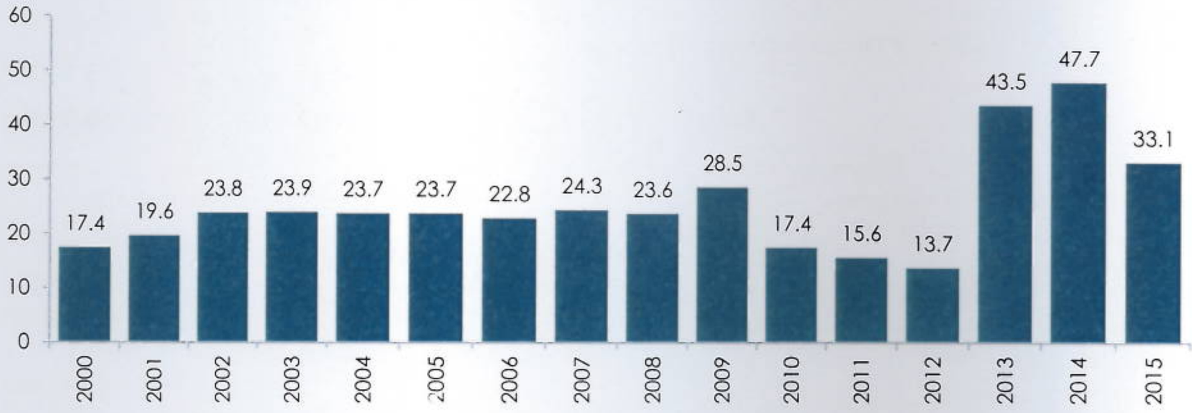
Source: Department of Petroleum Resources

Downstream. The downstream sub-sector of the oil and gas industry involves the importation, exportation, marketing and sale of refined petroleum products. There is a heavy reliance on imported petroleum products in Nigeria given its limited ability to refine petroleum products domestically. Average daily consumption is currently c.33 million liters with petrol motor spirits (PMS) accounting for c.88% of consumption.

From 2000-2009 the domestic consumption of gasoline was relatively stable averaging 23.12 million liters/day. However, following the banking crisis in 2010 consumption dropped significantly averaging 15.6 million liters/day between 2010 and 2012. In 2013 consumption averaged 43.5 million liters/day a 179% increase from 2012. Consumption peaked at 47.7 million liters/day, in 2014, a 10% increase year on year but subsequently declined in 2015 by 31% to 33.1 million liters/day. The large decline in 2015 can be attributed to efforts by the government to crack down on the smuggling of petroleum products to neighboring countries in order to take advantage of the price arbitrage created by the fuel subsidy.

[11] Department of Petroleum Resources. Retrieved from http://www.dpr.gov.ng

Figure 13 Nigeria's Average gasoline consumption 2000 – 2015, million litres daily

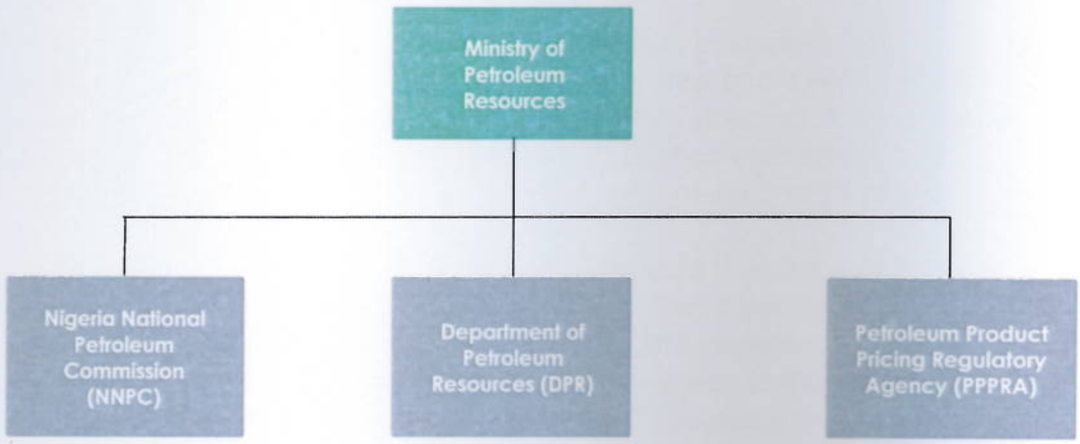


Source: NNPC

Regulatory Overview

The Nigerian Oil and Gas industry is currently regulated by The Ministry of Petroleum Resources, through the Department of Petroleum Resources ("DPR") the petroleum regulatory agency of Nigeria. The regulatory body is responsible for ensuring that all industry operators comply with the various guidelines, laws and regulations governing the industry. Although the majority of the regulatory oversight is conducted through DPR, the Ministry of Petroleum Resources also carries out other regulatory activities through the Nigerian National Petroleum Corporation (NNPC) and the Petroleum Product Pricing Regulatory Agency (PPPRA).

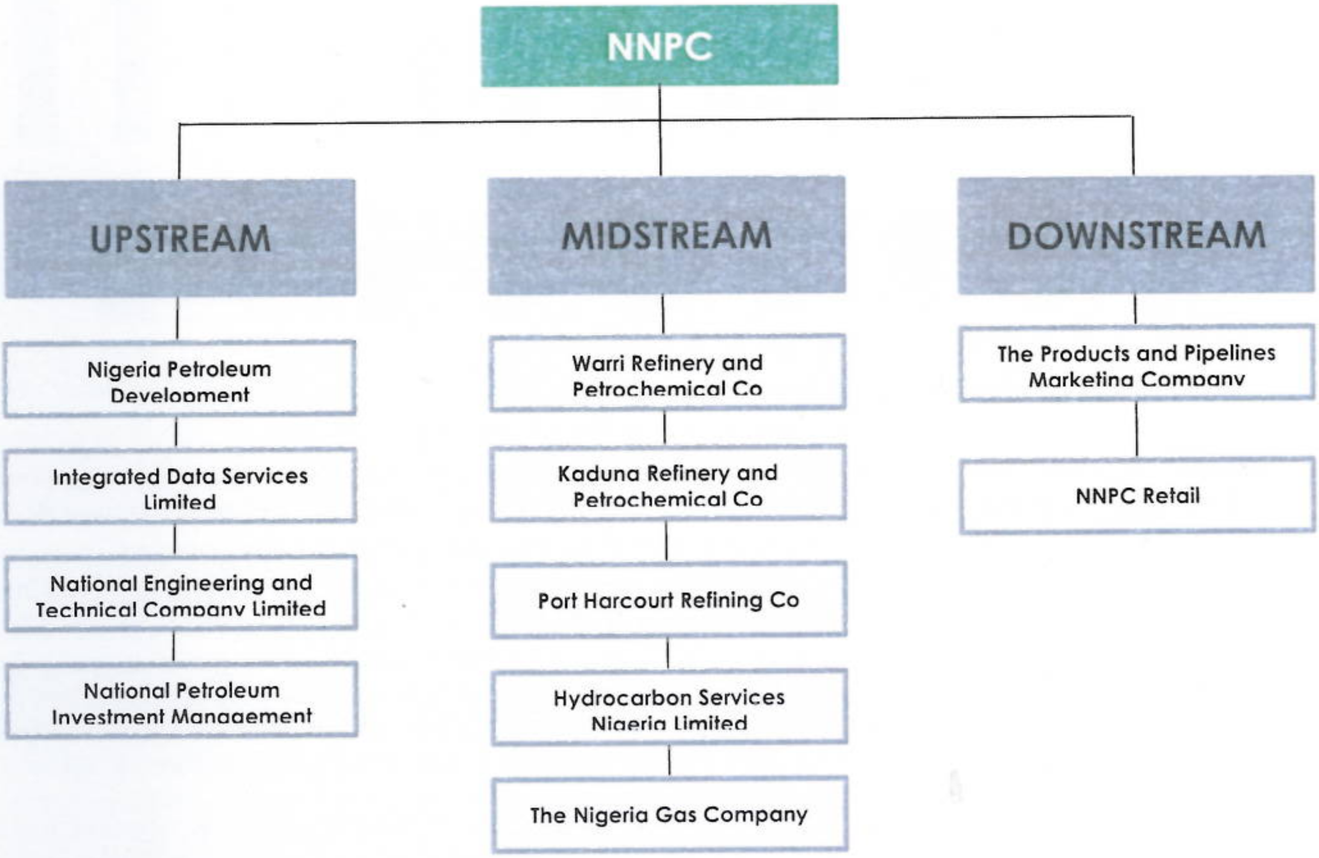
Figure 14. Ministry of Petroleum Resources Organization Chart



Source: Department of Petroleum Resources

Nigerian National Petroleum Corporation (NNPC). Incorporated in 1977, NNPC was created to oversee the commercial activities in the petroleum industry as well as enforce regulatory measures in the sector. Through its joint venture arrangements with upstream companies in the sector, the organization is able to receive revenue from the sale of crude which makes up the majority of the Federation Revenue. In order to oversee the various functions of NNPC the organization is divided into the following groups whose activities span across the upstream, midstream and downstream sectors of the economy.

Figure 15. Nigerian National Petroleum Organizational Structure



Source: NNPC

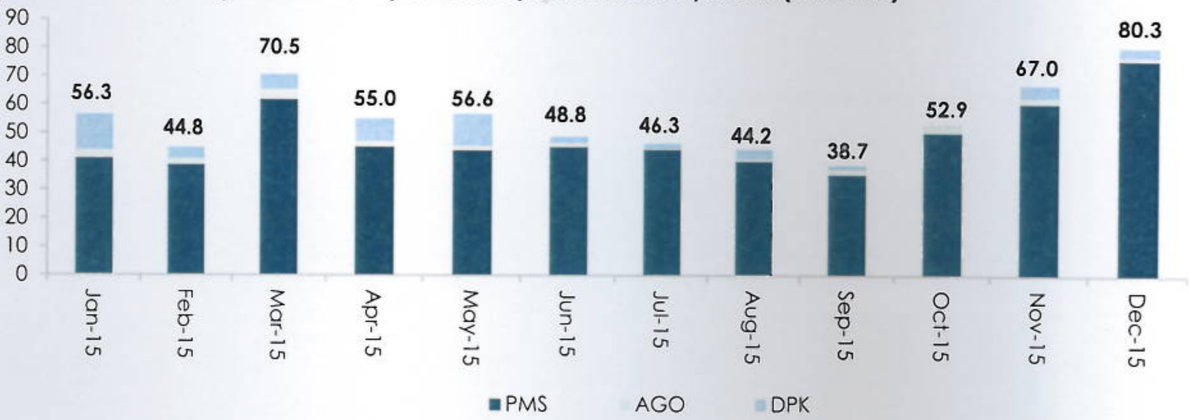
NNPC Retail

Incorporated in 2002, NNPC Retail Ltd is a subsidiary of NNPC, the state oil marketing company, which engages in the sale of petroleum products. NNPC Retail currently operates 37 Mega Stations, 12 Floating Mega Stations and over 500 Affiliate Stations. Recently the company announced plans to expand its retail network by building 50 new fuel stations.

The Products and Pipeline Marketing Company (PPMC)

PPMC is the downstream bulk trading subsidiary of NNPC that is responsible for the marketing and sale of petroleum products. PPMC receives crude from the National Petroleum Investment Management Services (NAPIMS) which it supplies to NNPC's local refineries in exchange for petroleum products. In 2015 PPMC sold N661.3bn worth of petroleum products (PMS, AGO and DPK) with PMS making up c.88% of the products sold.

Figure 16. 2015 monthly downstream petroleum product sales by PPMC (N'Billions)



Source: PPMC

Department of Petroleum Resources (DPR)

The Department of Petroleum Resources, within the Ministry of Petroleum Resources, is another key regulator, focused on general compliance, leases and permits, and environmental standards. Its objective is to achieve optimal exploitation, conversion and utilisation of petroleum resources for the maximum benefit of Nigerians while ensuring minimal damage to the environment.

Petroleum Products Pricing Regulatory Agency (PPPRA)

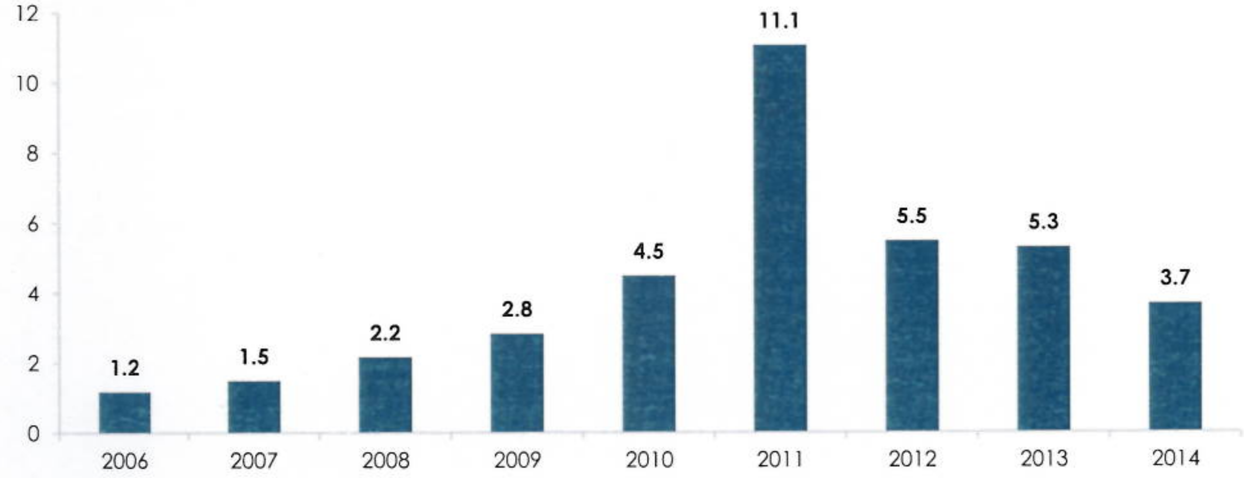
The Petroleum Products Pricing Regulatory Agency ("PPPRA") engages in the monitoring and regulation of the supply and distribution of petroleum products in addition to establishment of their prices. The difference between the determined pump prices and the government-regulated prices yields the amount of subsidy per litre that the government pays to importers.

The PPPRA authorizes importation after ascertaining supply deficits and the needed import quantity, and grants supply quotas to licensed marketers Import supplies are accounted for by the PPPRA and importers (marketers) while government-appointed auditors (inspection agents) verify the quantities and value of the imported goods. The Federal Ministry of Finance authorizes payments after reviewing the inspection reports, while the Central Bank of Nigeria acts as the custodian of the Petroleum Support Fund ("PSF") and payment confirmation and remittance. The Debt Management Office is responsible for the issuance of sovereign debt notes and guarantees marketers' payments within 45 days of issuance of the sovereign debt note

The fuel subsidy scheme has weakened the development of the domestic refinery segment as investors are not eager to sell into a regulated gasoline market. Under the Nigerian price control and subsidy programme, if a company buys refined petroleum products from refineries and trading companies at international market rates and subsequently sells the refined petroleum products to Nigerian marketers at the Government-set rates, which are lower than international market rates, that company may make claims for a subsidy payment from the PSF.

Historically the subsidy has been very costly to the government who have paid US$37.63billion in subsidy payments from 2006-2014. The removal of the subsidy has been a point of contention in recent times especially against the backdrop of fast declining foreign reserves and a fall in government earnings.

Figure 17. Fuel subsidies paid by Nigeria's government 2006 – 2014, $billion



Source: Ministry of Finance

Following a prolonged 5 month fuel scarcity in Nigeria, due to the inability of importers of petroleum products to source foreign exchange at the official rate, on Wednesday 11th of May 2016 the Minister of State for Petroleum Resources, Emmanuel Ibe Kachikwu, announced a major policy shift that altered the dynamics of the downstream sector by introducing a price modulation mechanism, designed to be cost reflective in line with market dynamics guiding petroleum marketers to sell at price band of ₦135- ₦145/litre.

The introduction of the price band is expected to spur activities which would have significant influence on petrol prices as the downstream sector tilts towards a more competitive market with minimal government interference. In addition, the issue of forex unavailability which had prevented marketers from importing petroleum products even after being awarded quotas has been resolved following the new PPPRA template which now recognizes exchange rate at a more competitive exchange rate of ₦285.00 per US$.

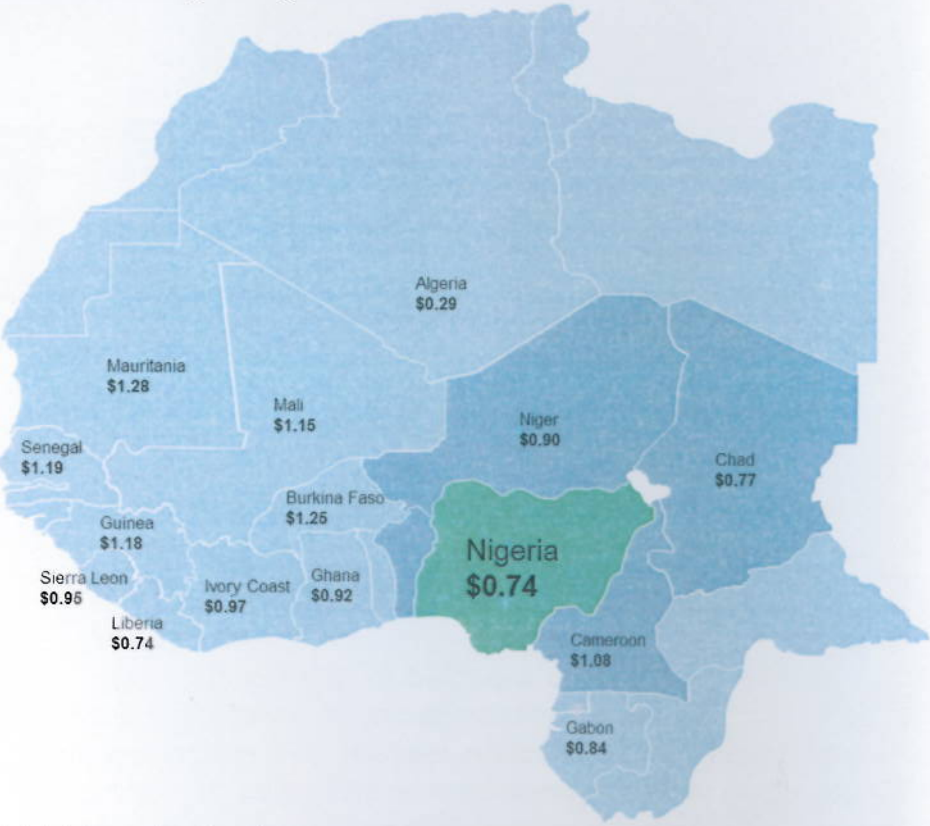
Figure 18. PMS pricing template 19th May, 2016

Based on 30 Days Moving Average Platts Posted Price for: 23rd April – 23rd May, 2016		
		PMS
A	***Cost Elements:***	Naira/Litre
1	C+F	111.30
2	Lightering Expenses	4.56
3	NPA	0.84
4	NIMASA Charge	0.22
5	Financing	2.51
6	Jetty Thru' Put Charge	0.6
7	Storage Charge	2
8	***Landing Cost***	***122.03***
B	***Distribution Margins:***	
1	Retailers	6.00
2	Transporters Allowance (NTA)	3.36
3	Dealers	2.36
4	Bridging Fund	6.20
5	Marine Transport Average (MTA)	0.15
6	Admin Charge	0.30
7	***Total Margins***	***18.37***
C	**Total Cost**	**140.40**

Source: PPPRA

The increase in price is seen as a positive move as it should reduce the amount of smuggling that takes place between neighboring countries as the price arbitrage opportunity between Nigeria and its neighbours has been significantly reduced.

Figure 19. Gasoline Prices in neighboring countries



Source: http://www.globalpetrolprices.com/gasoline_prices

Competitive Landscape

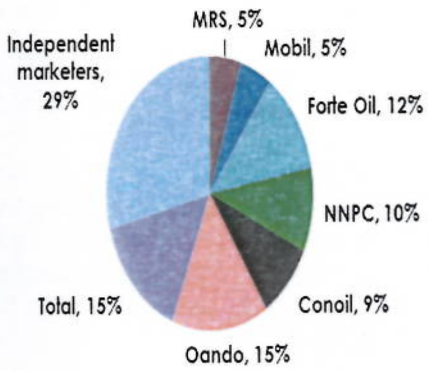
The downstream industry is predominantly dominated by a few large players, NNPC, the Major Oil Marketers Association of Nigeria ("MOMAN") (Forte Oil Plc, Oando Marketing Plc, Mobil Plc, Total Nigeria Plc, Conoil Plc, MRS Oil Plc) and The Independent Petroleum Marketers Association of Nigeria ("IPMAN") which comprises of over c.4,000 members.

Due to the lack of adequate refining capacity in Nigeria, local oil marketers and trading companies source refined products from international refineries and trading companies such as Trafigura, Vitol and Glencore which are then shipped by oil vessels into the country's main ports in Port Harcourt, Lagos and Calabar.

Presently, Total Nigeria Plc is the largest petroleum marketing company in Nigeria, controlling 15% of the downstream sector, while Forte Oil control's 12%. Much of the reason for Total's dominance can be attributed to its vast and diverse network of retail outlets across the country and its ability to source for foreign exchange from its international parent company, Total S.A, to purchase petroleum products amid a prolonged fuel scarcity which lasted for 5 months across Nigeria.

In a bid to solve the prolonged fuel scarcity crisis in the country, the oil majors have committed to provide over US$200m over the next year to their local retail outlets. Total S.A, Royal Dutch Shell, Exxon Mobil Corporation and Eni SpA have been paired with Total Nigeria Plc, Conoil Plc, Mobil Oil Nigeria Plc and Oando Plc respectively, to provide them with the necessary foreign currency needed to import petroleum products.

Figure 20. Market Share and Number of Retail Stations



	2015 Sales (USD MM)	2014-2015 Sales Growth	Retail Footprint
FORTE OIL	799.4	40.7%	c450
Oando	616 Marketing: 1,365.8	(39) Marketing: (33.3%)	> 460
TOTAL	1,487.1	9.3%	> 500
Conoil	996.2	6.3%	> 300
MRS	548.2	10.1%	387
ExxonMobil	491.7	(2.5%)	> 200

Source: Company Financials, Corporate Website, NNPC Bulletin

Outlook

Going forward we are likely to see the likes of Forte Oil Plc and other members of MOMAN increase market share as a result of their ability to efficiently source for products and foreign currency as well as leverage their vast retail networks to sell increasingly larger volumes of petroleum products across the country.

We expect significant improvements in the working capital and profit margins of oil marketers as the removal of subsidy will alleviate the Petroleum Support Fund (PSF) issues and consequently release the significant amount of funds tied up in PSF receivables.

Furthermore, with the elimination of PPPRA allocations, we see the MOMAN members taking the position of bulk traders, servicing the wholesale and retail segment of the market by selling to the likes of IPMAN who may be unable to source for products at competitive exchange rates.

DESCRIPTION OF FORTE OIL PLC

The Information in this section has been extracted from documents and publications available and released by the Issuer. Neither the Issuer nor its advisers are able to ascertain if facts have been omitted that would render the reproduced information inaccurate or misleading.

History of The Company

Forte Oil Plc ("Forte Oil" or the "Company") was incorporated on 11 December 1964 as British Petroleum. It became African Petroleum through the nationalization 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 has three subsidiaries African Petroleum Oilfield Services Limited (APOS) in Nigeria, AP Oil and Gas Ghana Limited and Amperion Power Distribution Company

Forte Oil Plc is an indigenous petroleum marketing company in Nigeria, listed on the NSE. The Company is a major marketer of refined petroleum products with a strong presence in the thirty-six states of Nigeria and Abuja and is considered a major player in the downstream sector of the Nigerian oil and gas sector. Forte Oil provides to its consumers a wide range of products from the oil value chain including;

- PMS
- AGO
- Aviation fuel
- Kerosene
- Commercial Gas
- LPG

In addition, Forte Oil Plc sells a wide range of lubricants manufactured from its lubricating oil blending plant in Apapa, Lagos. The plant is capable of producing up to 50,000 metric tons of about 100 different grades of lubricating oil annually for use with various automobiles and machines.

Vision and Strategy

Vision: *"To be the preferred energy company, delivering unbeatable benefits to our stakeholders"*

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

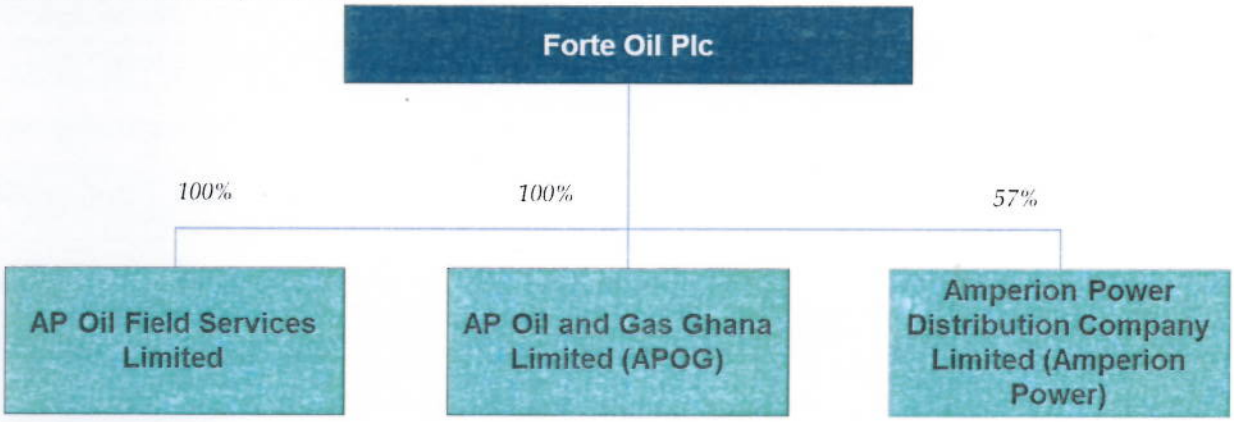
Subsidiaries

African Petroleum Oilfield Services Limited (APOS). Incorporated in 2003, APOS specializes in supply of Well Production Chemicals and Drilling/Completion Fluids to major multinational and indigenous oil companies in the upstream sector such as SNEPCO, Total, ExxonMobil, Saipem, Addax, MI Nigeria, Moni Pulo, Agip, SPDC, etc. APOS also has a sustainable technical partnership agreement with M-I Production Technologies (MI-PT) a subsidiary of MI SWACO.

AP Oil and Gas Ghana Limited (APOG). APOG commenced operations in July 2008 with a single outlet and a few industrial customers in its pursuit of the African dream of a transnational oil company and the integration of regional businesses. Today, APOG has grown to a viable energy company with its head office within the Accra Business District and a network of 8 retail outlets. AP Ghana has put in place lube blending arrangement with the Tema Lube Oil Company to sustain constant supply of Forte Oil quality engine oils to the Ghanaian market.

Amperion Power Distribution Company Limited (Amperion Power). Amperion Power is the power generation arm of Forte Oil PLC which just completed the acquisition of a majority stake in the 414MW Geregu Power plant located in Kogi State of Nigeria, under the government-led privatization programme in the power sector. The Geregu Power Plant was commissioned in 2007 with three Siemens V94.2 open cycle gas turbine power generation units totalling 414MW of installed capacity. The three operational units namely GT11, GT12, and GT13 have a rated capacity of 138MW each. The station is supplied gas from two pipelines, a 24-inch wide old pipeline and 36-inch wide 136 KM long new pipeline from the Natural Gas Treatment Plant. These are able to satisfy the fuel requirements of 3 units running on a full load of 414MW

Figure 21. Forte Oil Group Structure



Growth Strategy

In a bid to consolidate and increase its position as one of Nigeria's largest and most prominent integrated oil and gas company, Forte Oil has chosen to focus on improving the following aspects of its business:

Improve Operating Margins	▪ Deepen focus on high margin products i.e. lubricants,– increase lubes & throughput per station ▪ Fully exploit LPG business particularly LPG retailing & bottle refilling ▪ Optimize and expand the Geregu Power Plant Asset
Diversify Revenue Base	▪ Diversification into the upstream space through profitable acquisition of upstream assets ▪ Harness partnerships with convenience stores, financial institutions and telecommunications firms and increase footfall to our stations ▪ Introduction of new product lines – Bitumen, LPFO and LPG ▪ Diversification of high margin related businesses
Strengthen Financial Position	▪ Optimize working capital mix ▪ Achieve optimal term structures for loans ▪ Efficient inventory management & trade accounts receivables management
Optimise Distribution Channels Base	▪ Focus on retail network optimization and strategic expansion through acquisition of prime retail sites. ▪ Growth of profitable commercial customer base through the provision of tailor made energy solutions ▪ Expand our network of partnerships with blue chip businesses Develop POS for our LPG drive – Refurbishment of our LPG plants in Lagos and Abuja
Pursue a focused Merger & acquisition strategy	▪ Make accretive acquisitions by exercising bid/pricing discipline ▪ Aggressively pursue M&A opportunities along the energy value chain ▪ Achieve market dominance through acquisition of strategic retail infrastructure/assets

Profile of Directors

Mr. Femi Otedola, CON – Chairman

He was appointed the Chairman of the Board of Directors of Forte Oil Plc (on May 25, 2007. Mr. Otedola attended the famous London College of Printing from where he bagged a Diploma in Printing Technology in 1985. He then took over as the Managing Director of Impact Press Limited in 1988, growing the company into one of the foremost printing press in Nigeria at that time.

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

Mr. Otedola is the President and Chief Executive Officer of Zenon Petroleum & Gas Limited; Chairman, Seaforce Shipping Company Limited, Atlas Shipping Agency Company Limited, F. O. Transport Limited, F.O. Properties Limited, Swift Insurance Brokers Limited and Garment Care Limited. Mr. Otedola, a former President of the Nigerian Chamber of Shipping, and the immediate past Chairman of Transcorp Hilton Hotel, Abuja, was appointed member of the governing council of the Nigerian Investment Promotion Council (NIPC) in January 2004, and in December of the same year, he was appointed a member of the committee saddled with the task of fostering business relationship between the Nigerian and the South African private sector.

Mr. Femi Otedola was further recognized for his immense contributions to the growth of the Nigerian economy when in May, 2010 he was awarded the prestigious National Honours of "Commander of the Order of the Niger - CON" by President Goodluck Jonathan.

Mr. Akin Akinfemiwa – Group Chief Executive Officer

Mr. Akin Akinfemiwa is the Group Chief Executive Officer of Forte Oil Plc and responsible for the overall strategic leadership, direction and guidance for the business and its subsidiaries. He coordinates the formulation, review and implementation of the organization's strategy, goals and objectives. He is the Chairman of the Board of Directors of Forte Upstream Services Limited and serves as a director on Amperion Power Distribution Limited, Geregu Power Plc and AP Ghana Limited.

He was recently elected as Chairman of the Association of Major Oil Marketers of Nigeria (MOMAN). He was a former Director, Head Trader and Business development of Fineshade Energy Limited. He is a seasoned and experienced International Petroleum Products Trader with focus on oil and oil products futures, swaps and derivatives trading responsibilities. He was influential in developing strategic trading and supply relationships for Oando Plc in the West African Sub Region. Mr. Akinfemiwa is an alumnus of the Said Business School, Wharton Business School, University of Pennsylvania and Said Business School, University of Oxford where he attended various senior management and leadership programs. He also holds a B.Sc Honours degree in Mechanical Engineering from the University of Ibadan (1995) and a Master of Business Administration (Information Technology) from the University of Lincolnshire and Humberside, United Kingdom (2001).

Mr. Julius Babatunde Omodayo–Owotuga – Group Chief Financial Officer

Mr. Julius B. Omodayo-Owotuga is the Group Chief Financial Officer of Forte Oil Plc. He is a CFA Charter Holder, a KPMG trained Chartered Accountant and an experienced finance professional. Before he joined Forte Oil Group, he was at Africa Finance Corporation (AFC) where he had responsibilities for the Corporation's Assets and Liabilities Management function and also doubled as the Assistant Treasurer. AFC is a US$1bn private sector led Development Finance and Investment Bank. Prior to this, he was the Finance Manager in the same Corporation. In this role, Mr. Omodayo-Owotuga set up the Financial Control function of the institution. He was also responsible for Human Resources and Administration at the Corporation's start up stage in 2007.

Mr. Omodayo-Owotuga joined the AFC from Standard Chartered Bank Nigeria Limited where he was a Finance Manager. Before this, he was at KPMG Professional Services where he led assurance engagements within the Nigerian financial services industry. He also consulted for a number of Institutions on IFRS and Risk Management while at KPMG Professional Services. Prior to KPMG, Mr. Omodayo-Owotuga worked in the Foreign Operations Group of MBC International Bank (now First Bank of Nigeria Limited). He holds a B.Sc. in Accounting from the University of Lagos 2003. He is also a Chartered Management Accountant and Certified Treasury and Financial Manager. He has attended senior management and leadership programs at the Harvard Business School and other top global business schools.

Mr. Christopher Adeyemi – Director

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

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

Christopher Adeyemi is currently the Head of the Corporate and Media Law Department of the International Law and Management Firm. He has advised multinational companies on setting up businesses in the African and European markets.

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

Deacon Philip M. Akinola – Director

Deacon Akinola holds a B.Sc. (Honours) in Sociology and Anthropology (1987), M.Sc. Industrial Sociology (1989), and Ph.D. Sociology (in view) at University of Lagos. Mr. Akinola has garnered over 22 years' experience in Human Resources Operations, Consulting and Management. His working experience include Management Consultant, Agrovog (1992 - 1994), Principal Consultant, Management Plus (1994 - 1997), and Manager, Personnel /Admin., Golden Gate Ventures and Trusts Limited.

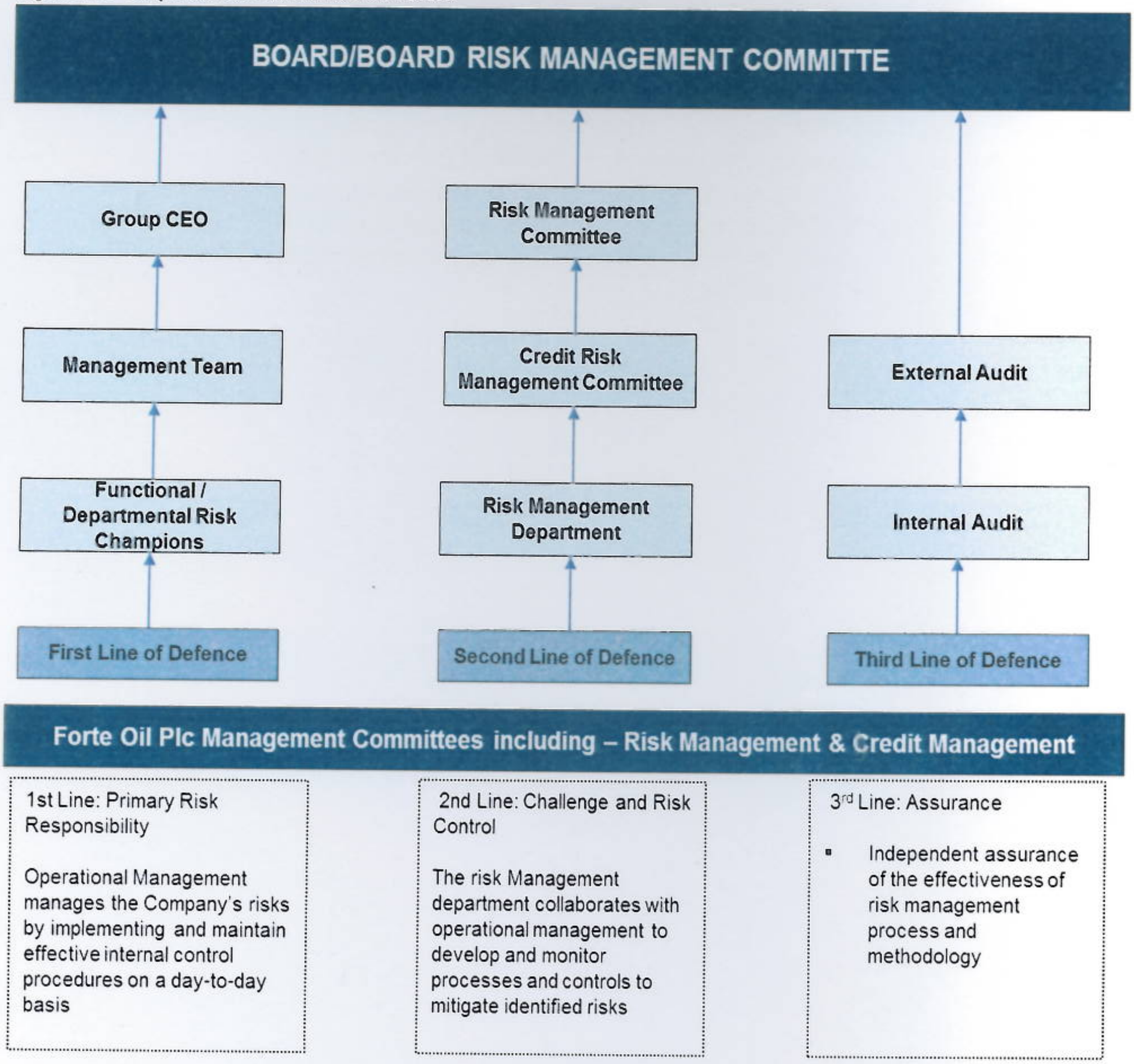
Deacon Akinola also worked as Manager, Human Resources Development at SCG Consulting from 1997 - 1999 and Human Resources Manager, Parker Drilling Nig. Limited (1999 - 2001). He is at present, the Head, Human Capital and Administration of Zenon Petroleum and Gas Limited.

Anil Dua – Non Executive Director

Mr. Anil Dua holds a Master's degree in Economics from Delhi School of Economics(1972) . He is a Non-Executive Director who was until recently the Chief Executive Officer of Standard Chartered Bank, West Africa. He has previously held non-executive positions on the Boards of Seychelles International Mercantile Corporation and Standard Chartered Bank in Nigeria, Ghana and Cameroon. He was previously the Chairman of Standard Chartered Côte d'Ivoire and is presently to be on the Board of Afrexim Bank.

Corporate Governance Structure

Figure 22. Corporate Governance Structure



Board Structure

The membership of the Board of Forte Oil Plc is a dynamic mix of executive and nonexecutive directors based on integrity, professionalism, career success, recognition and the ability to add value to the organization. In reviewing Board composition, the Board ensures a mix with representatives from different industry sectors. The Company currently has six (6) Board members which include the Chairman, three (3) Non-Executive Directors and two (2) Executive Directors to ensure the stability and accountability of the organization at all times. The Board of Directors is responsible for the efficient operation of the Company and to ensure that the Company fully discharges its legal, financial and regulatory responsibilities. The Board is also committed to shareholders to create and deliver sustainable value through the management of the Company's business.

Board Committees

The Board carries out its oversight functions using its Board Committees. This makes for efficiency and allows for a deeper attention to specific matters for the Board. The Committees are set up in line with statutory and regulatory requirements, and are consistent with global best practice. The Committees' roles and responsibilities are set out in their charter, which are reviewed periodically to ensure they remain relevant. In addition, the Committees' charters sets out the scope of authority, composition and procedures for reporting to the Board.

The four (4) standing Committees are as follows:

1. Statutory Audit 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 Forte Oil's culture. The committee reports quarterly to the board of directors on its various activities The committee members include: Mr. Anil Dua; Mr Philip Akinola ; Mr. Chris Adeyemi; Mr. Emmmanuel Okoro; Ahmed Suleman; and Tokunbo Shofolawe- Bakare.

2. Corporate Governance and Remuneration Committee

The role of the Governance and Remuneration Committee is to assist the Board in fulfilling its responsibilities in relation to Corporate Governance and Remuneration matters, to satisfy legal and regulatory requirements so as to protect the Company from liability, improve organizational effectiveness and assist in the attainment of business goals. Specifically, the Committee is responsible for the following:

I. Determine what professional skills, personal qualities or other requirements are necessary for the position of the MD/CEO. The Committee shall also apply other measures as they deem fit in choosing a candidate for this position;
II. Review annually the MD/CEO's business performance goals and objectives and report the outcome of this evaluation to the Board;
III. Periodically review the Company's succession plan for the top executives of the Company and report to the Board annually;
IV. Review and make recommendations to the Board concerning the nature and amount of compensation and benefits for the Non-Executive and Executive Directors as they deem fit;
V. Oversee an annual self-evaluation of the Board and its Committees to determine their effectiveness;
VI. Periodically evaluate the skills, knowledge and experience required of members of the Board and ensure that the Board has the required blend and diversity of skills to effectively carry out its responsibilities;
VII. Provide detailed information on Directors' remuneration in the Company's annual report; and
VIII. Review and make recommendations to the Board for the approval of the Company's organizational structure and any proposed amendments.

The committee members are: Mr. Chris Adeyemi; and Mr. Philip Akinola.

3. Risk Management Committee

The primary purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities in the identification, assessment, management of risk and adherence to internal risk management policies and procedures. Responsibilities The Committee shall be responsible for the following:

I. Oversee the establishment of a formal risk management framework for the Company
II. Oversee the effective management of all risks faced by the Company;

III. Ensure that adequate policies and controls are in place to manage the adverse effects of both business and control risks in the Company's operations;
IV. Evaluate along with senior management the adequacy of the Bank's risk management system and control environment;
V. Review the processes for assessing and improving controls for the management of risk in the Company;
VI. Ensure the Company's information security policies, business continuity management and disaster recovery plans are comprehensive and adequate;
VII. Monitor compliance with established policies through periodic review of reports provided by management, statutory auditors and the supervisory authorities;
VIII. Review reports on the Company's risk profile, the action plans in place to manage key risks, and monitor progress against plan to achieve these actions;
IX. To review and assess quarterly reports on the activities of senior management with respect to the Company's investment portfolio as against approved risk tolerance limits, and where limits are breached, direct that appropriate actions be taken;
X. Review and approve the Company's risk management policy including risk appetite and risk strategy;
XI. Oversee management's process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
XII. Review the Company's compliance level with applicable laws and regulatory requirements that may impact the Company's risk profile; and
XIII. Periodically review changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile.

The committee members are: Mr. Akin Akinfemiwa; Mr. Julius Omodayo-Owotuga; Mr. Anil Dua; Mr. Chris Adeyemi.

4. Finance & Strategy Committee

The Board's Finance and Strategy Committee is composed of five (5) members constituted to assist the board of Directors in fulfilling its oversight responsibilities of the financial management of the Company. In addition, the Committee is charged with the oversight of the Company's strategic and transactional planning activities, financing and capital structure objectives, insurance program, tax structure and investment policies and dividend policies.

The committee members are: Mr. Akin Akinfemiwa; Mr. Julius Omodayo-Owotuga; Mr. Chris Adeyemi and; Mr. Philip Akinola.

USE OF PROCEEDS

Unless otherwise stated in the applicable Pricing Supplement/Supplementary Prospectus, the net proceeds from each issue of the Bonds will be used for retail expansion, refinancing debt obligations and such specific purposes as may be determined from time to time.

The applicable Pricing Supplement/Supplementary Prospectus for each Tranche or Series under the Programme will specify details of the use of proceeds of the particular Tranche or Series.

GCR GLOBAL CREDIT RATING CO.
Local Expertise • Global Presence

Forte Oil Plc

Nigeria Corporate Analysis | June 2016

Security class	Rating scale	Rating	Rating outlook	Expiry date
Long term	National	A-(NG)	Stable	June 2017
Short term	National	A1-(NG)		

Financial data:

(USD'm Comparative)

	31/12/14	31/12/15
N/USD (avg.)	165.1	197.9
N/USD (close)	182.9	198.9
Total assets	758.5	610.7
Total debt	224.3	190.9
Total capital	239.7	231.3
Cash and equiv.	87.8	58.8
Turnover	1,030.2	629.6
EBITDA	53.9	36.8
NPAT	27.0	29.3
Op. cash flow	0.2	55.9
Market cap *	USD1,350m	

* As at 20/05/2016 @ N198.953/USD

Rating history:

Initial rating/New rating (June 2016)
Long term: A-(NG)
Short term: A1-(NG)
Rating outlook: Stable

Last rating: n/a

Related methodologies/research:

Criteria for rating Corporate entities, updated February 2016

Glossary of Terms/Ratio, February 2016

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Summary rating rationale

- Forte Oil Plc ("Forte", "FO", or the "Group") ranks amongst the top three players in the Nigerian downstream petroleum industry. Its position is supported by long history of operations, significant assets across the value chain, strong relationships with suppliers, experienced management team and an extensive distribution and retail network.
- The downstream petroleum industry evidences very low levels of domestic refining and a heavy reliance on imports. Combined with the impact of price regulations on petroleum products, the industry has been characterised by high cost of sales (above 80% of revenue) and low profit margins. Following the removal of subsidies, earnings are anticipated to increase materially as customers will pay market dependent prices. The removal of subsidies will also ease the working capital pressure caused by delayed payments from the Federal Government ("FG").
- Revenue has remained above the N100bn level for most of the review period, albeit a function of volumes sold and pricing regulations. Improved business efficiency, streamlined product procurement processes and increased focus on higher margin products led to an improvement in gross margin from 7.5% in F11 to 14.7% in F15 (F14: 10.9%). As a result, gross profit of N18.4bn in F15, was largely in line with that of F14, despite a 27% reduction in revenue to N124.6bn. Operating margin has also improved from a negative margin in F11 to 5% in F15 (F14: 4.5%), edging higher to 6.8% in the 3-month period to March 2016 ("1Q F16").
- Ensuring sufficient funding facilities are available to cover fuel imports, and managing down the interest cost, are essential to ensuring Forte's business can operate profitably. To this end, Forte maintains credit facilities with four Nigerian banks, with a global credit facility limit above N60bn indicating adequate funding facilities to meet expected working capital requirements. The net proceeds from the proposed bond issuance will be applied towards refinancing expensive short term debt and retail outlet expansion.
- Supported by significant enhancement in equity base, net gearing declined from a peak of 122% at FYE12 to 54% at 1Q F16 (FYE15: 57%). Similarly, net debt to EBITDA has improved considerably from 611% at FYE13, to 207% at 1Q F16 (FYE15: 295%), on the back of firmer earnings and lower debt.
- In light of increased pump prices, relatively inelastic and sharply rising demand for petroleum products in Nigeria, revenue is anticipated to jump to N299bn in F16 (28% CAGR over the 5-year forecast period), and operating profit to N25.7bn. However, the weakness in the Naira value and scarcity of foreign currency present some risks to budget attainment.

Factors that could trigger a rating action may include:

Positive change: Attainment of targeted product volumes and enhancement of capacity utilisation at the power plant, combined with effective cost management should result in improved earnings margins and debt service metrics.

Negative change: Business operations are susceptible to vagaries of the operating environment. In this respect, adverse regulatory changes, foreign exchange policy or other exogenous factors may constrain product volumes and revenue. This could adversely affect earnings and result in liquidity strain or increased gearing metrics, placing downward pressure on the ratings.

GLOBAL CREDIT RATING CO.

IJEWERE & Co.
CHARTERED ACCOUNTANTS

August 23, 2016

The Directors
Forte Oil Plc
13, Water Carrington Crescent
Ikoyi
Lagos

And

The Directors
United Capital Plc
12th Floor
UBA House
57 Marina
Lagos Island.

Dear Sirs,

PROJECT LIBERTATEM – ACCOUNTANT'S REPORT ON THE FINANCIAL STATEMENTS OF FORTE OIL PLC FOR THE FIVE YEARS PERIOD ENDED 31 DECEMBER 2011 to 2015

We have reviewed the five years financial information of Forte Oil Plc ('the Company)

The financial information is extracted from the audited financial statements of the Company for the five years financial reporting period ended 31 December 2011 to 2015, which was audited by the Messrs PKF Professional Services a firm of Chartered Accountants. The financial information has been prepared from these financial statements, adjusted for matters arising from our review, and in accordance with the accounting policies.

The financial statements were prepared in accordance with the International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act No.6 2011 and in the manner required by the Companies and Allied Matters Acts of Nigeria CAP C20, LFN 2004.

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E. I. Ijewere

Partners
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F. B. Medessou
A. I. Apata
K. V. Oyetoyan
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INAA GROUP - With Members throughout the World
INTERNATIONAL ASSOCIATION OF INDEPENDENT ACCOUNTING FIRMS

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The five years financial information is the responsibility of the directors of the Company. Our responsibility is to issue a report on the financial information based on our review. The Directors are also responsible for the contents of the document in which this report is included.

We conducted our review in accordance with the International Standard on Review Engagement 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatements.

Our review of the financial statements has been limited primarily to the review of the audited financial statements of the external auditors of the company and enquiries of the company personnel and analytical procedures applied to the financial data. We have not performed an audit neither were schedules on the audited financial statements reviewed as they were not made available, and accordingly we do not express an audit opinion.

The summarised statement of financial position, statement of comprehensive income, and statements of cash flows attached are based on the audited financial statements of Forte Oil Plc.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly the financial position of the company as at the dates stated and of its financial performance and its cash flows for the period then ended in accordance International Financial Reporting Standards.

Yours faithfully,
For: **IJEWERE AND CO.**

I. B. AKINJAYEJU
ICAN MB 14516

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& IJEWERE & Co.

STATEMENT OF FINANCIAL POSITION

	NOTES	Q1 2016 (Unaudited) N'000	FY 2015 Audited N'000	FY 2014 Audited N'000	FY 2013 Audited N'000	FY 2012 Audited N'000	FY 2011 Audited N'000
ASSETS							
Non- Current Assets							
Property, plant & equipment	13	9,525,430	9,663,556	9,851,156	7,442,192	7,753,349	8,264,126
Investment property	14	1,810,289	1,831,743	1,934,928	2,021,526	2,247,129	2,328,457
Intangible assets	15	258,167	278,710	462,724	583,660	744,354	29,085
Investment in subsidiaries	16	11,032,291	11,032,291	11,032,291	11,141,547	457,415	358,340
Deferred tax assets		-	-	-	920,949	1,943,603	1,943,603
Long term employee benefits		35,280	40,695	18,581	2,948	-	-
Other investments		-	-	-	-	3,882,798	1,027,763
Trade and other receivables		-	-	-	-	-	330,281
Total non- current Assets		22,661,457	22,846,995	23,299,680	22,112,822	17,028,648	14,281,655
Current Assets							
Inventories	17	7,619,650	8,971,340	11,250,222	9,801,830	6,834,061	5,037,775
Other assets	18	127,264	125,625	127,415	107,511	148,289	155,654
Trade and other receivables	19	24,829,920	23,672,578	45,242,378	28,012,325	9,795,564	19,576,313
Cash and cash equivalent	20	6,361,239	10,124,422	13,758,711	5,281,601	3,657,438	3,248,546
Total Current Assets		38,938,073	42,893,965	70,378,726	43,203,267	20,435,352	28,018,288
Total Assets		61,599,530	65,740,960	93,678,406	65,316,089	37,464,000	42,299,943
Equity							
Share capital	21	546,095	546,095	546,095	539,368	539,368	489,025
Share premium	21	8,181,162	8,181,162	8,181,162	6,947,887	62,292,576	61,588,213
Other Reserves	21	(7,752)	(7,752)	(2,255)	(2,255)	-	-
Retained earnings	21	6,595,056	5,691,196	3,346,139	4,854,671	(55,984,400)	(56,638,862)
Total equity attributable to equity holders of the company		**15,314,561**	**14,410,701**	**12,071,141**	**12,339,671**	**6,847,544**	**5,438,376**
Treasury stock	21	(1,388,574)	(1,388,574)	-	-	-	-
		13,925,987	13,022,127	12,071,141	12,339,671	6,847,544	5,438,376
Liabilities							
Non-current liabilities							
Loans and borrowings	23	2,763,744	2,976,673	4,302,768	7,916,178		
Employee benefits	22					107,835	667,438
Non-current payables		400,487	400,487	421,839	680,711	807,589	669,392
Total non-current liabilities		3,164,231	3,377,160	4,724,607	8,596,889	915,424	1,336,830
Current laibilities							
Loans and borrowings	23	14,701,980	12,026,413	12,288,927	4,908,688	2,194,212	3,075,021
Bank overdraft		3,629,324	10,226,394	16,496,305	4,906,018	9,771,432	6,376,654
Current income tax liabilities		1,082,042	751,179	639,847	468,148	168,432	174,399
Trade and other payables	24	25,095,966	26,337,687	47,457,579	34,096,675	17,566,956	25,898,663
Total current laibilities		44,509,312	49,341,673	76,882,658	44,379,529	29,701,032	35,524,737
Total liabilities		47,673,543	52,718,833	81,607,265	52,976,418	30,616,456	36,861,567
Total equity and liabilities		61,599,530	65,740,960	93,678,406	65,316,089	37,464,000	42,299,943

STATEMENT OF COMPREHENSIVE INCOME

	NOTES	Q1 2016 (Unaudited) N'000	FY 2015 Audited N'000	FY 2014 Audited N'000	FY 2013 Audited N'000	FY 2012 Audited N'000	FY 2011 Audited N'000
Revenue	5	31,735,771	108,853,855	156,714,840	117,541,434	78,921,742	103,825,837
Cost of sales	6	(28,286,819)	(96,540,929)	(143,843,421)	(107,039,042)	(69,752,363)	(95,774,521)
Gross profit		3,448,952	12,312,926	12,871,419	10,502,392	9,169,379	8,051,316
Other income	7	927,511	3,730,957	1,553,228	3,082,268	570,376	737,518
Distribution expenses	8	(901,251)	(2,700,331)	(2,410,265)	(2,860,669)	(2,777,787)	(5,835,574)
Administrative expenses	9	(1,793,063)	(7,562,925)	(6,675,725)	(5,265,152)	(4,430,093)	(12,944,928)
Other expenses		-	-	-	-	-	(8,709,598)
Operating profit		1,682,149	5,780,627	5,338,657	5,458,839	2,531,875	(18,701,266)
Net finance cost	10	(447,427)	51,128	(1,131,215)	652,491	(1,655,372)	(1,348,897)
Profit before income tax		1,234,722	5,831,755	4,207,442	6,111,330	876,503	(20,050,163)
Income tax expenses	11	(330,863)	(1,037,177)	(1,568,530)	(1,528,098)	(221,942)	473,935
Profit/ (Loss) for the year		903,859	4,794,578	2,638,912	4,583,232	654,561	(19,576,228)
Other comprehensive income:							
Items that will not be classifiedsubsequently profit o		-	-	-	-	-	-
Items that may be classified subsequently profit or l		-	-	-	-	-	-
Defined benefit plan actuarial loss		-	(5,497)	-	(2,255)	-	-
			(5,497)	-	(2,255)	-	-
Total other comprehensive loss net of taxes		-	(5,497)	-	(2,255)	-	-
Total comprehensive income for the year		**903,859**	**4,789,081**	**2,638,912**	**4,580,977**	**654,561**	**(19,576,228)**
		-					
Earnings per share							
Basic/ diluted in (N)	12	0.83	4.4	2.4	4.3	0.6	(20.0)

STATEMENT OF CASH FLOWS

	Q1 2016 (Unaudited)	FY 2015 Audited	FY 2014 Audited	FY 2013 Audited	FY 2012 Audited	FY 2011 Audited
	N'000	N'000	N'000	N'000	N'000	N'000
Cash flows from operating activities						
Profit/(Loss) for the year	903,860	4,789,081	2,638,913	4,580,977	654,461	(19,576,228)
Adjustment for:						
Depreciation of property, plant & equipment	290,321	1,119,705	793,396	543,774	448,835	399,928
Property, plant & equipment written off		-	750			
Amortisation of intangible asset	20,543	191,490	180,684	173,069	106,850	8,949
Depreciation of investment property	21,454	87,025	86,598	89,919	81,328	48,956
Profit on disposal of property, plant & equipment	(13,580)	(2,484)	(2,541)	(448,790)	(7,569)	34,451
Profit on disposal of investment property		(523,841)	-	(790,785)	-	-
Impairment loss on property, plant & equipment		-	-	7,241	-	-
Nominal value of shares issued in 2008 but not recognised in the books		-	4,167	-	29,085	-
Profit on disposal of investment		-	-	-	(167,826)	-
Finance income	(254,969)	(3,142,423)	(1,971,304)	(2,099,077)	(127,062)	(86,395)
Interest expense	702,396	3,091,295	3,102,519	1,446,586	1,782,534	1,435,292
Increase/ decrease in impairment allowance for trade receivables	-	(23,393)	(76,992)	(866,803)	-	-
Current service cost	15,073	124,105	58,402	52,771	2,978	8,754,817
Interest cost on defined benefit plan		9,001	14,306	-	-	-
Defined benefit plan actuarial loss		5,497	-	2,255	-	-
Impairment loss on investment		-	-	-	222,596	-
Expected return on gratuity planned asset		(33,389)	(23,031)	(15,809)	-	-
Capital gain tax expenses		59,995	-	154,038	-	-
Income tax expense	330,863	977,182	1,568,530	1,374,060	221,942	(473,935)
	2,015,961	6,728,846	6,374,397	4,203,426	3,248,152	(9,454,165)
Changes in:						
Inventories	1,351,690	2,278,882	(1,448,392)	(2,967,769)	(1,788,921)	1,921,770
Consumables	(1,639)	1,790	(19,904)	40,778	10,197,232	2,420,970
Trade and other receivables	(1,157,342)	21,593,193	(17,153,080)	(17,349,958)	(89,179)	646,188
Trade and other payables	(1,777,132)	(19,797,670)	14,946,956	20,657,044	(4,828,930)	(5,091,783)
Non trade payables and other creditors	534,411	(1,062,616)	(588,733)	(3,982,763)	(3,364,580)	7,569,676
Employee benefits paid		(38,877)	(9,403)	-	(559,603)	(416,503)
Cash generated from operating activities	965,949	9,703,548	2,101,861	600,758	2,814,171	(2,403,847)
Income taxes paid	-	(925,845)	(1,558,397)	(205,728)	(227,909)	(727,940)
Net Cassh from operating activities	965,949	8,777,703	543,464	395,030	2,586,262	(3,131,787)
Cash from investing activities						
Proceed from sale of property, plant & equipment	33,308	28,314	5,501	674,900	20,373	13,403
Proceed from sale of investment property		600,000	-	947,000	-	-
Acquisition of property, plant & equipment	(171,923)	(957,935)	(3,206,070)	(465,969)	(798,510)	(2,097,630)
Acquisition of intangible assets	-	(7,476)	(59,748)	(12,376)	(65,250)	
Acquisition of investment properties		(60,000)	-	(20,529)	-	(10,928)
Acquisition of investments		-	(424,950)	(6,801,334)	(3,179,206)	(938,711)
Divestment from subsidiaries		-	534,206	-	-	-
Long term employee benefit funded	-	(88,451)	(55,907)	(150,000)	-	-
Reversal of accurals for work in progress		-	-	-	61,694	-
Disposal of innvestment in subsidiary		-	-	-	170,326	-
Return on employee benefits planned assets re-inv	(9,658)					
Interest received	254,969	3,142,423	1,971,304	2,099,077	127,062	86,395
Net cash used in investing activities	106,696	2,656,875	(1,235,664)	(3,729,231)	(3,663,511)	(2,947,471)
Cash flow from financing activities						
Shares issued and fully paid for		-	1,235,835	639,711	754,706	-
Treasury stock		(1,388,574)	-	-	-	-
Dividend paid		(2,730,478)	(4,321,123)	-	-	-
Short term loans and borrowings	2,675,567	(262,514)	7,380,239	3,713,784	-	-
Long term loans and borrowings	(212,929)	(1,326,095)	(3,613,410)	6,916,870	(880,809)	3,075,021
Interest paid	(702,396)	(3,091,295)	(3,102,519)	(1,446,586)	(1,782,534)	(1,435,292)
Net cash (used in)/ from financing activities	1,760,242	(8,798,956)	(2,420,978)	9,823,779	(1,908,637)	1,639,729
Net (decrease)/increase in cash and cash equivalents	2,833,887	2,635,622	(3,113,178)	6,489,578	(2,985,886)	(4,439,529)
Cash and cash equivalents as at 1 January	(101,972)	(2,737,594)	375,584	(6,113,994)	(3,128,108)	1,311,421
Cash and cash equivalents as at 31 December	2,731,915	(101,972)	(2,737,594)	375,584	(6,113,994)	(3,128,108)

NOTES TO THE FINANCIAL STATEMENTS

1. The Company

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 has three subsidiaries, Forte Upstream Services Limited (FUS), AP Oil and Gas Ghana Limited and Amperion Power Distribution Limited and a sub-subsidiary

1.2 Principal activities

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

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB) and in compliance with the Financial Reporting Council of Nigeria

2.2 Functional/presentation currency

These financial statements are presented in Naira, which is the Company's functional currency Except as indicated in these financial statements, financial information presented in Naira has been rounded to the nearest thousand.

2.4 Basis of measurement

These 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

2.5 Use of estimates and judgements

The preparation of the 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

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at 1 Janaury 2011 for the purpose of the trasition to IFRSs, unless

3.1.1 Foreign currency trasactions

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

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

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;
- exchange differences on loans to or form a foreign operation for which settlementis 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 orpartial disposal of the net investment.

3.1.2 Foreign operations

The functional currency of the parent company and the presentation currency of the consolidated financial statements is Naira. The assets and liabilities of the Company'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 ofthat 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 Company are recognised in profit or loss.

3.2 Financial instruments

The Company 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 Company 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 Company is no longer aparty to the contractual provisions of the instrument.

3.2.1 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 Company 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.

3.2.2 Trade 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.

3.2.3 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.

3.2.4 Non-derivative financial liabilities

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

3.2.5 Trade payables

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

3.2.6 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.

3.2.7 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
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

3.2.8 Impairment of financial assets

All financial assets, except for those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date.

3.3 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

3.4 Property, Plant and Equipment

3.4.1 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 material sand 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.

3.4.2 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.

3.4.3 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 Company 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

3.4.4 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 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 reason ably certain that the Company will obtain ownership by the end The estimated useful lives for the current and comparative period are as follows:

Leasehold Land
Buildings
Building improvements
Plants, Equipment and tanks
Furniture and fitttings
Computer Equipment
Motor vehicles

Depreciation methods, useful lives and residual values are reviewed at each financial year 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

3.4.5 De-recognition

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 year

Non-current asset held for sale

Non-current assets or a disposal Companys 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 Company are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal Company 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

3.5 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 material sand direct labour, any other costs directly attributable to bringing the property to a condition of commercial lease to third parties.

Depreciation is calculated over the depreciable amount,which is the cost of an 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 Company 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 Company i.e production and marketing of petroleum products.
- The property generates cashflows which have no direct connection with core business activity of the

3.6 Intangible assets

3.6.1 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

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 useful lives are as follows:

Software cost 3 - 5 years

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

3.6.2 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 Company
- the company has the intention of completing the asset for either use or resale
- the company has the ability to either use or sell the asset
- it is possible to estimate how the asset will generate income
- the company has adequate financial, technical and other resources todevelop 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.

3.6.3 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.

3.6.4 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.

3.6.5 Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for

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

Computer software:

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

3.7 Leases

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

3.7.1 Finance leases

Assets held under finance leases are recognised as assets of the Company at the fairv alue 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

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.

incurred.

3.7.2 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 Company.

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.

3.8 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.

3.9 Taxation

Income tax for the period is based on the taxable income for the year. Tax ableincome 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

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 Company 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 of 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 Company's policy to reinvest

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 reviewes 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.

3.10 Inventory

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

Perpetual inventory system where cost of sales and ending inventory is updated

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.

3.11 Impairment

3.11.1 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

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 Company on terms that the Company 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 Company 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.

3.11.2 Non-financial assets

The carrying amounts of the Company'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
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

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

3.12 Employee benefits

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

3.12.1 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company'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 periods; 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 Company'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 Company, 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 Company. An economic benefit is available to the Company 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.

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 periods during which services are rendered by employees. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value. In relation to the defined contribution plan, the Company has in place the Pension fund scheme.

Pension fund scheme

In accordance with the provisions of the Pension Reform Act, 2004 the Company has instituted a Contributory Pension Scheme for its employees, where both the employees and the Company contribute 7.5% of the employee emoluments (basic salary, housing and transport allowances). The Company's contribution under the scheme is charged to the profit and loss account while employee contributions are funded through payroll deductions.

With effect from July 2014 and in accordance with the provisions of the Pension Reform Act 2014, the contribution from the employee and the conpany into the scheme is 8% and 10% respectively.

Terminal benefit

Termination benefits are recognised as an expense when the Company 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 Company 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.

Provision, contigencies and decommissioning

Provisions

A provision is recognised if, as a result of a past event, the Company 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.

Contingent liabilities

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company. 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.

Contingent assets

Contigent 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.

Decommissioning

Liabilities for decommissioning costs are recognised when the Company 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 a 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

3.14 Models used for impairment test, valuations, actuarial results and policy holders liabilities

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

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 Company on terms that the Company 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

The Company considers evidence of impairment for receivables at both a 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

In assessing collective impairment the Company 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

Non-financial assets

The carrying amounts of the Company'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

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.

3.15 Revenue

3.15.1 Sale of goods

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

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

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

3.15.2 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

3.15.3 Throughput income

Throughput income represents fees earned from the use of the Company'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.

3.16 Finance income and finance costs

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest

Finance costs comprises interest expense on borrowings and impairment losses recognised on financial assets.

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

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.17 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 Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

3.18 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. Segment results that are reported to the Company'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

3.19 Business Combinations

The acquisition method of accounting is used to account for the acquisition of subsidiary by the Company. 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 incurred. The Company measures non-controlling interest on the acquisition date as

4.1 Financial instruments

The company 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

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

Financial instruments are derecognised on trade date when the Company is no longer aparty to the contractual provisions of the instrument.

4.11 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 Company 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 Trade 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.

4.3 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.

4.4 Trade payables

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

4.5 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.

4.6 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 methoduntil extinguished upon conversion or at the instrument's redemption date.

FORTE OIL PLC
NOTES TO THE FINANCIAL STATEMENTS

		Q1 2016 (Unaudited) N'000	FY 2015 Audited N'000	FY 2014 Audited N'000	FY 2013 Audited N'000	FY 2012 Audited N'000	FY 2011 Audited N'000
5	**Revenue & Cost of sales**						
	Fuels	29,580,243	102,653,464	151,042,857	111,655,434	74,873,997	96,750,185
	Production chemicals	-	26,587	16,126	12,411	4,978	528,162
	Lubricants and grease	2,155,528	6,173,804	5,655,857	5,873,589	4,042,767	6,547,490
		31,735,771	108,853,855	156,714,840	117,541,434	78,921,742	103,825,837
6	**Cost of sales**						
	Fuels	26,644,273	92,506,632	139,860,222	103,341,257	67,294,756	92,180,810
	Production chemicals	-	30,473	22,781	15,682	25,825	103,967
	Lubricants and grease	1,642,546	4,003,824	3,960,418	3,682,103	2,431,782	3,489,744
		28,286,819	**96,540,929**	**143,843,421**	**107,039,042**	**69,752,363**	**95,774,521**
	Gross profit	**3,448,952**	**12,312,926**	**12,871,419**	**10,502,392**	**9,169,379**	**8,051,316**
7	**Other Income**						
	Investment property rental income	37,446	181,017	196,915	149,128	26,984	214,866
	Throughput income (Note 3.1)	149,160	589,205	286,969	120,710	324,877	456,178
	Foreign exchange gain (Note 3.2)	11	355,304	369,379	63,909		
	Bad debt impairment no longer required	220,890	25,467	76,992	-	-	-
	Bad debt recovered	-	-	38,550	-	-	-
	Accruals no longer required	-	300,162	-	302,365		
	Sundry income (Note 3.3)	-	75,802	285,926	339,430	43,120	66,474
	Profit on sale of forfeited shares (Note 3.4)	-	825,649	-	-	-	-
	Dividend received	180,000	-	180,000	-	-	-
	Investment income from held to maturity	158,275	-	-	-	-	-
	instruments (Note 3.5)	-	313,763	-	-	-	-
	Freight income	168,149	538,263	115,956	-	-	-
	Gain on disposal of investment property	13,580	523,841	-	-	-	-
	Royalty	-	-	-	348	-	-
	Gain on disposal of investment	-	-	-	-	167,826	-
	Gain on disposal of property, plant & equipm	-	2,484	2,541	-	7,569	-
		927,511	**3,730,957**	**1,553,228**	**975,890**	**570,376**	**737,518**

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

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

7.3 This represents income from sales of scrap drums and other scrap materials

7.4 This represents interest on dividend paid to a shareholder on shares not paid for and accrued interest proceed of the company's shares forcefully collected by the shareholder. The recovery was based on the ruling of the Security and Exchange Commission.

7.5 This represents income from investment in US Treasury Bills classified as HTM on recognition. The FX exposure on this investment was also covered with an NDF. The profit at the settlement date is the interest income and difference between the agreed upon exchange rate and the spot rate at the time of settlement.

		Q1 2016 (Unaudited) N'000	FY 2015 Audited N'000	FY 2014 Audited N'000	FY 2013 Audited N'000	FY 2012 Audited N'000	FY 2011 Audited N'000
8	**Distribution expenses**						
	Freight cost	892,004	2,669,650	2,395,035	2,860,669	2,777,787	5,835,574
	Sales commission	9,247	30,681	15,230	-	-	-
		901,251	**2,700,331**	**2,410,265**	**2,860,669**	**2,777,787**	**5,835,574**

The company operates Vendor Managed inventory located at the 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.

		Q1 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
9	**Administrative Expenses**						
	Personnel expenses	424,838	1,955,843	1,391,701	1,247,552	1,195,462	3,838,458
	Depreciation and amortisation	332,318	1,398,220	1,060,680	806,761	637,013	457,833
	Bank charges	94,540	402,955	403,501	387,457	-	-
	Transport and travel costs	74,387	227,066	241,580	227,808	-	-
	Repairs and maintenance	134,045	663,631	837,945	369,768	-	-
	Safety security and quality control	48,261	196,613	218,682	123,755	-	-
	Insurance	41,070	181,991	135,381	125,145	-	-
	Internet and communication	59,044	124,043	129,650	103,128	-	-
	Utilities	23,068	71,632	116,026	125,648	-	-
	Professional and legal charges	80,647	242,132	295,805	292,832	-	-
	Audit fees	15,225	60,900	56,700	55,325	45,200	35,000
	Board and AGM expenses	14,880	57,731	58,349	86,843	-	-
	License, rates and fees	23,453	83,849	139,992	151,574	-	-
	Import related period costs	2,128	65,459	190,430	-	-	-
	Public relations, promotions & advertisement	27,810	244,827	123,222	42,366	-	-
	Rent and leases	238,871	923,476	867,891	845,556	-	-
	Foreign exchange loss	-	65,459	24,401	-	-	-
	Impairement change	-	-	1,094	-	-	-
	Bad and uncollectible debt	1,184	81,593	-	-	-	-
	Shrinkage and product losses	124,339	293,271	254,532	-	-	-
	Loss on held to matutity investments	32,955	59,200	-	-	-	-
	Other expenses		153,034	128,163	273,634	2,552,418	8,613,637
		1,793,063	**7,552,925**	**6,675,725**	**5,265,152**	**4,430,093**	**12,944,928**
10	**Finance Income and finance cost**						
	Finance Income						
	Interest income on bank deposits	16,901	142,549	326,538	384,287	321	-
	Other interest income (10.1)	238,068	2,999,874	1,644,765	1,714,790	126,741	86,395
		254,969	3,142,423	1,971,303	2,099,077	127,062	86,395
	Finance costs						
	Net foreign exhange loss					(24,497)	(7,516)
	Interest expense on bank loans & overdraft	(702,396)	(3,091,295)	(3,102,519)	(1,446,586)	(1,758,037)	(1,427,776)
	Net finance costs	(447,427)	51,128	(1,131,216)	652,491	(1,655,472)	(1,348,897)

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

10.1 This includes interest earned on Petroleum subsidies from the Petroleum Product Regulatory Agency that were not received within the stipulated 45 days of the PSF scheme.

		Q1 2016 (Unaudited) N'000	FY 2015 Audited N'000	FY 2014 Audited N'000	FY 2013 Audited N'000	FY 2012 Audited N'000	FY 2011 Audited N'000
11	**Taxation**						
11.1	Income tax expense						
	Current year income tax	302,934	862,227	539,926	223,257	144,498	170,038
	Current year education tax	27,929	114,955	107,655	128,149	47,382	-
	Capital gain tax	-	59,995	-	154,038	-	-
	Adjustment for prior periods		-	-	-	30,062	9,112
		330,863	1,037,177	647,581	505,444	221,942	179,150
	Deferred tax charge	-	-	920,949	1,022,654	-	(653,085)
	Total income tax expense	**330,863**	**1,037,177**	**1,568,530**	**1,528,098**	**221,942**	**(473,935)**
11.2	**Effective tax rate**						
	Profit for the year	903,860	4,794,578	2,638,912	4,583,232	654,461	(19,576,228)
	Total income tax expense	330,863	1,037,177	1,568,530	1,528,098	221,942	(473,935)
	Profit before tax	**1,234,723**	**5,831,755**	**4,207,442**	**6,111,330**	**876,403**	**(20,050,163)**
	Effective tax rate	27%	18%	37%	25%	25%	2%
11.3	**Movement in current tax liability**						
	Balance at 1 January	751,179	639,847	468,148	168,432	174,399	723,189
	Income tax for the year	330,863	1,037,177	647,581	505,444	221,942	179,150
	Reclassification from other liabilities (7.3.1)	-	-	1,082,515	-	-	-
	Payments during the year		(925,845)	(1,558,397)	(205,728)	(227,909)	(727,940)
	Balance at 31 March / December	1,082,042	751,179	639,847	468,148	168,432	174,399

11.3.1 This represents prior periods' tax provisions reporting in accounts payable correctly reclassified.

		Q1 2016 (Unaudited) N'000	FY 2015 Audited N'000	FY 2014 Audited N'000	FY 2013 Audited N'000	FY 2012 Audited N'000	FY 2011 Audited N'000
12	**Earnings per share**						
	Profit attributable to ordinary shareholders						
	Profit for the year/ (loss)	903,860	4,794,578	2,638,912	4,583,232	654,461	(19,576,227)
	Profit attributable to ordinary shareholders	903,860	4,794,578	2,638,912	4,583,232	654,461	(19,576,227)
	Weighted average number of ordinary shares						
	Issued ordinary shares at 1 January	1,092,191	1,092,191	1,078,736	1,078,736	978,049	978,049
	Shares issued in 2008 not recognised	-	-	8,335	-	-	-
	Additional issued during the year	-	-	2,560	-	100,687	-
	Weighted average number of ordinary shares	1,092,191	1,092,191	1,089,631	1,078,736	1,078,736	978,049
	Basic/ diluted earnings per share in (₦)	N0.83	N4.39	N2.42	N4.25	N0.61	(N20.02)

		Q1 2016 (Unaudited) N'000	FY 2015 Audited N'000	FY 2014 Audited N'000	FY 2013 Audited N'000	FY 2012 Audited N'000	FY 2011 Audited N'000
13	**Property, plant & equipment**						
	Cost						
	Land	2,884,403	2,887,238	2,705,881	2,610,092	2,761,152	2,764,587
	Building	2,670,620	2,677,972	2,448,845	1,990,053	2,121,452	2,109,183
	Plant, equipment tanks	7,254,587	7,186,882	6,913,249	6,291,157	6,254,187	5,845,615
	Furniture & fittings	15,427	15,427	15,422	4,477	35,033	32,401
	Motor vehicles	3,014,367	2,934,522	2,954,243	481,510	541,084	423,380
	Construction work-in-progress	270,222	270,222	62,195	543,229	532,990	1,173,192
		16,109,626	**15,972,263**	**15,099,835**	**11,920,518**	**12,245,898**	**12,348,358**
	Depreciation and impairment losses						
	Land	332,252	325,282	295,651	268,555	255,966	236,259
	Building	1,050,442	1,008,482	832,130	697,178	691,196	603,977
	Plant, equipment tanks	4,326,541	4,186,606	3,669,625	3,242,904	3,182,603	2,942,418
	Furniture & fittings	8,284	7,481	3,653	1,724	25,372	24,195
	Motor vehicles	866,677	780,856	447,620	267,965	337,412	277,383
		6,584,196	**6,308,707**	**5,248,679**	**4,478,326**	**4,492,549**	**4,084,232**
	At 31 March / December	**9,525,430**	**9,663,556**	**9,851,156**	**7,442,192**	**7,753,349**	**8,264,126**
14	**Investment property**						
	Cost	2,546,976	2,546,976	2,611,401	2,611,401	2,790,904	2,790,904
	Depreciation and impairment losses	736,687	715,233	676,473	589,875	543,775	462,447
	Carrying amounts						
	At 31 March / December	**1,810,289**	**1,831,743**	**1,934,928**	**2,021,526**	**2,247,129**	**2,328,457**
15	**Intangible assets**						
	Cost	930,804	930,804	923,328	863,580	892,221	41,017
	Amortisation	(672,637)	(652,094)	(460,604)	(279,920)	(147,867)	(11,932)
	Carrying amounts						
	At 31 March / December	**258,167**	**278,710**	**462,724**	**583,660**	**744,354**	**29,085**

a. These relates to purchased softwares

b. There is an AllAsset Debenture Security for the long term loan of N11.3bn secured from Zenith Bank Plc and the gaurantee of a loan from first bank of Nigeria Plc granted to Amperion Power Distribution Limited for the acquisition of Geregun Power Plc. The All Asset Debenture is however being perfected as at December 2015 reporting date.

		Q1 2016 (Unaudited) N'000	FY 2015 Audited N'000	FY 2014 Audited N'000	FY 2013 Audited N'000	FY 2012 Audited N'000	FY 2011 Audited N'000
16	**Investment in subsidiaries**						
	Investment in subsidiaries comprise:						
	Equity:						
	AP Oilfield Services Limited	10,000	10,000	10,000	10,000	10,000	10,000
	AP Oil and Gas Ghana Limited	670,011	670,011	670,011	670,011	670,011	345,390
	Amperion Power Distribution Limited	10,149,926	10,149,926	10,149,926	10,684,132	-	-
	AP Marginal Oil Field Investment		-	-	-	10,000	10,000
	AP Investment in AP Tchad		-	-	-	7,677	7,677
	AP Properties Limited		-	-	-	-	75,000
	AP Drilling & Completion Fluids		-	-	-	10,000	10,000
	Forte Oil Energy		-	-	-	-	450
	Impairment losses (16.1)	(222,596)	(222,596)	(222,596)	(222,596)	(250,273)	(100,177)
		10,607,341	10,607,341	10,607,341	11,141,547	457,415	358,340
	Irredeemable Preference Shares						
	Cummulative Covertible Preference shares in AP Oil and Gas Ghana Limited	424,950	424,950	424,950	-	-	-
		11,032,291	11,032,291	11,032,291	11,141,547	457,415	358,340

Other subsidiaries as at 31 December 2012 were dormat and were liquidated in 2013.

16.1 The impairment allowance relates to AP Oil and Gas Ghana Limited.

There is an All Asset Debenture Security for the long term loan of N11.3bn secured from Zenith Bank Plc and the gaurantee of a loan from first bank of Nigeria Plc granted to Amperion Power Distributon Limited for the acquisiton of Geregun Power Plc.

		Q1 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
17	**Inventories**						
	White products	3,805,719	6,553,955	8,146,656	6,341,327	3,226,713	2,959,670
	Raw and packaging materials	2,841,712	1,488,320	2,105,867	2,538,602	2,426,632	1,033,866
	Semi finished goods of Lubricants	258,452	249,254	171,710	226,627	-	-
	Finished goods of Lubricants	713,767	679,811	820,771	668,256	1,102,144	993,386
	Chemicals	-	-	5,218	27,018	78,572	50,853
		7,619,650	8,971,340	11,250,222	9,801,830	6,834,061	5,037,775
18	**Other Assets**						
	Consumables	127,264	125,625	127,415	107,511	148,289	155,654

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

		Q1 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
19	**Trade and other receivables**						
	Trade receivables	6,400,250	6,672,183	8,071,729	3,108,311	4,149,658	7,899,199
	Receivable from related parties	6,874,423	6,515,081	4,756,931	7,146,014	1,689,396	1,869,376
	Prepayments	4,170,785	4,176,425	3,437,849	2,859,595	1,438,928	1,349,749
	Prepaid staff expenses	420,532	289,626	451,526	122,649	43,180	64,877
	Petroleum Support Fund (PSF) receivable (1	7,052,360	6,684,083	26,528,812	14,149,592	3,911,733	10,829,689
	Petroleum Equalisaton Fund (PEF) receivable (19.2)		-	490,255	-	-	-
	Advance payment to suppliers	1,692,372	1,297,961	3,645,453	2,715,586	5,209,340	4,238,365
	Interest Receivable (19.3)	2,024,859	2,028,864	2,033,798	2,065,788	2,055,811	2,010,355
	Transporters' scheme	1,370,018	1,370,018	1,374,311	1,416,756	3,321,617	3,605,277
	Withholding tax recoverable	245,705	241,979	59,311	49,890	-	-
	Sundry debtors	322,690	140,432	159,870	222,603	304,380	365,208
		30,573,994	29,416,652	51,009,845	33,856,784	22,124,043	32,232,095
	Impairment allowance	(5,744,074)	(5,744,074)	(5,767,467)	(5,844,459)	(12,328,479)	(12,325,501)
		24,829,920	23,672,578	45,242,378	28,012,325	9,795,564	19,906,594

19.1 This balance relates to outstanding subsidy claims under the PSF scheme recoverable from Petroleum Pricing Regulatory Agency (PPPRA) on PMS imported by Forte Oil Plc

19.2 The balance relates to the net of bridging claims due from Petroleum Equalisation Fund (PEF). Bridging claims usually 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 claims are usually set off against bridging allowance to establish the net amount due to or from the PEF an organ of the federal Government responsible for managing the process.

19.3 As at December 2015, N2.010bn of this relates to disputed balance on interest receivable from Afribank now Mainstreet Bank. This has been fully impaired

20	**Cash and Cash equivalents**						
	Bank balances	(1,951,942)	62,117	878	10,798	1,644,391	2,491,726
	Short term deposits	8,313,181	10,062,305	13,757,833	5,270,803	2,013,047	756,820
	Cash and bank balances	6,361,239	10,124,422	13,758,711	5,281,601	3,657,438	3,248,546
	Bank overdrafts used for cash management purpose (20.1)	(3,629,324)	(10,226,394)	(16,496,305)	(4,906,018)	(9,771,432)	(6,376,654)
	Cash and cash equivalents used in the statement of cash flows	**2,731,915**	**(101,972)**	**(2,737,594)**	**375,583**	**(6,113,994)**	**(3,128,108)**

20.1 This represents the overdrawn current account balances with four Nigerian banks. These facilities have an average interest rate of 17.5% and are secured by an "all asset debenture"

21	**Capital and Reserves**						
	Ordinary shares						
(a)	**Authorised ordinary shares:**						
	Ordinary shares of 50k eack	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
(b)	**Issued and fully paid ordinary shares of**	545,095	546,095	546,095	539,368	539,368	489,025
(c)	**Share premium**	8,181,162	8,181,162	8,181,162	6,947,887	62,292,576	61,588,213

There was a transfer of N55.98billion from shere premium account to retained earnings as approved by the company's shareholders in a scheme of arrangement for capital reorganisation. The scheme approved by the company's shareholders at a court order meeting held on the 26th of November 2013 and sanctioned by the Federal High Court on the 6th of Deceber, 2013

(d) **Retained earnings**

Retained earnings represent the carried forward recognised income net of expenses plus current period comprehensive income

e. **Treasury shares**

This represents 5,599,087 units (at the market value of N248 as at the date of the seizure) of the company's existing shares seized to 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 shares are to be re-issued to existing shareholders of the company in the

f. **Other reserves**

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

g The redeemable convertible cumulative preference shares in the books of AP Oil and Gas Ghana Limited has been eliminated on consolidation thereby eliminating the dilutive instrument in the Group as at reporting date.

22 **Long term employee benefits**

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

Gratuity balance at 1 January	323,637	223,911	160,606	107,835	667,438	1,083,941
Charged to profit and loss	15,073	138,603	72,708	52,771	112,136	1,923,376
Payments during the year	-	(38,877)	(9,403)	-	(671,739)	(2,339,879)
Gratuity balance at 1 January	338,710	323,637	223,911	160,606	107,835	667,438
Planned asset at 1 January	(364,332)	(242,492)	(163,554)	-		
Addition during the year	-	(88,451)	(55,907)	(150,000)		
Actual return on planned assets	(9,658)	(33,389)	(23,031)	(13,554)		
Balance at 31 Decemebr (over)/under funded position	(35,280)	(40,695)	(18,581)	(2,948)	107,835	667,438
Expense recognised in profit or loss						
Current service costs	15,073	122,561	58,402	52,771	102,478	1,923,376
Interest costs	-	9,001	14,306	-	9,658	-
Return on planned asset	(9,658)	(33,389)	(23,031)	(15,809)	-	-
Remeasurement (gain)/ loss	-	5,497	-	2,255	-	-
	5,415	103,670	49,677	39,217	112,136	1,923,376

a Long term employee benefit expense is recognised in administrative expenses in the statement of comprehensive income

b The actuaty valuation was carried out by Miller Kingsley (FRC/2013/NAS/0000000002392) of KMC Actuarial Services a Fellow of the Society

23 Loans and borrowings

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

Non-Current						
Long term borrowings (19.1)	2,763,744	2,976,673	4,302,768	7,916,178	-	-
Finance lease liabilities	-	-	-	-	999,308	3,075,021
	2,763,744	2,976,673	4,302,768	7,916,178	999,308	3,075,021
Current						
Term loan (19.1)	14,701,980	12,026,413	12,288,927	3,713,783	-	-
Finance lease liabilities	-	-	-	1,194,905	1,194,904	-
	14,701,980	12,026,413	12,288,927	4,908,688	1,194,904	-
	17,465,724	15,003,086	16,591,695	12,824,866	2,194,212	3,075,021

23.1 There was an additional eleven billion, two hundred million Naira by the subsidiary used to finace the purchase of the Geregun Power Plant by Forte Oil through its subsidiary Amperion Power Distribtion Company Limited. There is an all asset debenture security as collateral to the banks for these long term borrowings

24 Trade and other payables

Current trade and other payables						
Trade payable						
NNPC Acccounts payable	3,871,625	2,930,039	2,093,595	3,652,507	2,602,883	4,168,879
Trade creditors	3,495,340	9,657,813	21,865,141	13,972,648	1,211,994	-
Petroleum Equilisation Fund (PEF) receivabl	1,356,473	1,649,804	-	2,897,388	1,517,937	1,018,554
Inventory accruals (24.2)	8,606,777	5,536,441	17,080,771	11,838,274	4,044,165	6,587,388
Customer deposits for products	4,242,104	3,575,354	2,388,572	273,885	1,365,789	3,297,496
	21,572,319	23,349,451	43,428,079	32,634,702	10,742,768	15,072,317
Non-trade payables and other creditors						
Non-trade payables and other creditors (24.3	3,523,647	2,988,236	4,029,500	1,461,973	6,824,188	10,826,346
	25,095,966	26,337,687	47,457,579	34,096,675	17,566,956	25,898,663
Non-current trade and other payables						
Underwriters commitment	-	-	-	114,174	114,174	50,000
Technical fees	-	-	-	110,157	110,157	-
Refundabale security deposits	400,487	400,487	421,839	456,380	583,258	619,392
	400,487	400,487	421,839	680,711	807,589	669,392

24.1 The 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 cost 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 allowance to establish the net amount due to or from the PEF an organ of the federal Government responsible for managing the process.

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

24.3 This consists of transporters freight account, withholding tax liabilities, VAT, rent received in advance, PAYE, NSITF, and unclaimed dividends. Unclaimed dividends of NGN83,592,000 represnting dividend payable on shares not paid for previously included in non-trade payables and other creditors was transfered to retained earnings

25 Financial instruments

Credit risk

Exposure to credit rsik

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was:

Trade and receivables (note 15)	-	23,672,578	45,242,378	28,012,325	9,795,564	19,906,594
Cash and cash equivalent (note 16)	-	(101,972)	(2,737,594)	375,583	(6,113,994)	(3,128,108)
	-	23,570,606	42,504,784	28,387,908	3,681,570	16,778,486
Forex exposure						
Bank balances demnominated in other currencies	-	129,276	770,177	-	99,585	588,386
Trade and other receivable demnominated in other currencies	-	334,205	145,092	502,352	244,713	-
	-	463,481	915,269	502,352	344,298	588,386

	Mar. 2016 N'000	Gross Dec. 2015 N'000	Gross Dec. 2014 N'000	Gross Dec. 2013 N'000	Gross Dec. 2012 N'000	Gross Dec. 2011 N'000
Impairment losses						
The ageing of loans and receivables at the reporting date						
0-2 months						
02-3 months	-	11,492,615	8,744,704	1,759,790	10,912,412	13,500,282
3-6 months	-	457,622	11,239,996	9,639,132	1,428,815	9,263,968
6-12 months	-	3,662,188	18,510,721	14,770,569	3,925,766	5,588,114
More than 12 months	-	15,108,192	12,514,424	7,687,294	5,857,050	3,879,731
	-	30,720,617	51,009,845	33,856,785	22,124,043	32,232,095

	Impairment Mar. 2016 N'000	Impairment Dec. 2015 N'000	Impairment Dec. 2014 N'000	Impairment Dec. 2013 N'000	Impairment Dec. 2012 N'000	Impairment Dec. 2011 N'000
The ageing of loans and receivables at the reporting date						
0-3 months	-	125,411	40,461	9,134	5,375,926	7,892,326
3-6 months	-	22,596	592,925	619,358	-	-
6-12 months	-	782,430	1,326,438	1,090,941	1,735,439	1,455,035
More than 12 months	-	5,605,512	3,807,643	4,125,026	5,217,114	2,978,140
	-	6,535,949	5,767,467	5,844,459	12,328,479	12,325,501

AUDITED HALF YEAR 2016

PKF Professional Services

PKF

Accountants &
business advisers

REPORT OF THE INDEPENDENT AUDITORS

TO THE **MEMBERS OF FORTE OIL PLC**

We have audited the accompanying interim consolidated financial statements of Forte Oil Plc **("the Company") and its subsidiaries (together, "the Group")**, which comprise the interim consolidated financial position at 30 June 2016 and the interim consolidated statement of profit or loss and other comprehensive income, interim consolidated statement of cash flows and statement of changes in equity for the period then ended, summary of significant accounting policies and other explanatory information.

Directors' Responsibility 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 with the requirements of the Companies and Allied Matters Act, Cap C20, LFN 2004, and for such internal controls as the Directors determine are necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the interim consolidated financial statements present fairly, in all material respects, the financial position of **Forte Oil Plc and its subsidiaries** at 30 June 2016, and of their financial performance and 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 in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004.

The company and its subsidiaries have kept proper books of account, which are in agreement with the interim consolidated financial position and statement of profit or loss and other comprehensive income as it appears from our examination of their records.

Tajudeen Akande

Tajudeen A. Akande, FCA
FRC/2013/ICAN/01780
For: **PKF Professional Services**
Chartered Accountants
Lagos, Nigeria

Date: 28 July 2016

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FORTE OIL PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2016

	Note	Group		Company	
		30-Jun-16 N'000	31-Dec-15 N'000	30-Jun-16 N'000	31-Dec-15 N'000
Assets					
Non-current assets					
Property, plant and equipment	14.	68,789,113	62,420,249	9,493,358	9,663,556
Investment property	15.	1,788,834	1,831,743	1,788,834	1,831,743
Intangible assets	16.	264,676	286,110	244,659	278,710
Investment in subsidiaries	17.	-	-	10,707,406	11,032,291
Deferred tax assets	18.	181,500	131,141	-	-
Long term employee benefits	24.	32,596	41,819	30,916	40,695
Total non-current assets		71,056,719	64,711,062	22,265,173	22,846,995
Current asset					
Inventories	19.	6,387,836	10,059,871	5,496,220	8,971,340
Other assets	20.	565,373	389,579	125,165	125,625
Trade and other receivables	21.	40,521,895	34,896,618	32,218,395	23,672,578
Cash and cash equivalents	22.	17,447,820	11,700,826	14,623,920	10,124,422
Total current assets		64,922,924	57,046,894	52,463,700	42,893,965
Total assets		135,979,643	121,757,956	74,728,873	65,740,960
Equity					
Share capital	23.	655,314	546,095	655,314	546,095
Share premium	23.	8,071,943	8,181,162	8,071,943	8,181,162
Other reserves	23.	(264,029)	(257,985)	(7,752)	(7,752)
Retained earnings	23.	4,052,081	6,001,847	4,212,368	5,691,196
Total equity attributable to equity holders of the Company		12,515,309	14,471,119	12,931,873	14,410,701
Treasury stock	23.	(1,388,574)	(1,388,574)	(1,388,574)	(1,388,574)
Non controlling interests'	23.	31,753,010	33,198,198	-	-
Total equity		42,879,745	46,280,743	11,543,299	13,022,127
Liabilities					
Non-current liabilities					
Deferred tax liabilities	18.	423,155	73,914	354,597	
Loans and borrowings	25.	17,210,358	13,951,682	2,543,263	2,976,673
Deferred fair value gain on loan	26.	1,245,752	1,432,781	-	-
Non-current trade and other payables	27.	402,615	400,487	402,615	400,487
Total non-current liabilities		19,281,880	15,858,864	3,300,475	3,377,160
Current liabilities					
Loans and borrowings	25.	15,517,467	13,757,807	15,452,762	12,026,413
Bank overdraft	22.	10,394,583	10,268,358	10,318,855	10,225,394
Current income tax liabilities	12.	897,623	967,834	825,910	751,179
Deferred fair value gain on loan	26.	453,001	440,855	-	-
Trade and other payables	27.	46,555,144	34,183,495	33,287,572	26,337,687
Total current liabilities		73,818,018	59,618,349	59,885,099	49,341,673
Total liabilities		93,099,898	75,477,213	63,185,574	52,718,833
Total equity and liabilities		135,979,643	121,757,956	74,728,873	65,740,960

The interim consolidated financial statements were approved by the Board of Directors on **28 July, 2016** and signed on its behalf by:

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

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

JB Omodayo-Owotuga
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.

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INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

		Group		Company	
	Notes	30-Jun-16 ₦'000	30-Jun-15 ₦'000	30-Jun-16 ₦'000	30-Jun-15 ₦'000
Revenue	7.	84,422,706	61,168,015	78,424,789	53,225,833
Cost of sales	7.	(72,060,274)	(52,838,365)	(67,902,852)	(47,941,072)
Gross profit		12,362,432	8,329,650	10,521,937	5,284,761
Other income	8.	1,614,493	1,573,740	1,593,442	1,214,920
Distribution expenses	9.	(1,822,664)	(1,203,458)	(1,800,126)	(1,174,572)
Administrative expenses	10.	(5,308,760)	(5,939,076)	(4,296,912)	(3,434,084)
Operating profit		6,845,501	2,760,856	6,018,341	1,891,025
Net finance (cost)/income	11.	(2,583,150)	494,925	(1,126,768)	997,557
Profit before income tax		4,262,351	3,255,781	4,891,573	2,888,582
Income tax expense	12.	(2,029,081)	(725,032)	(1,987,177)	(664,972)
Profit for the period		2,233,270	2,530,749	2,904,396	2,223,610
Other Comprehensive Income:					
Items that will not be reclassified subsequently to profit or loss					
Foreign exchange translation loss		(6,044)	(17,149)	-	-
Items that may be reclassified subsequently to profit or loss					
Defined benefit plan actuarial loss		-	(478)	-	(478)
Total other comprehensive loss net of taxes		(6,044)	(17,627)	-	(478)
Total comprehensive income for the period		2,227,226	2,513,122	2,904,396	2,223,132
Total comprehensive income attibutable to:					
Owners of the Company		2,447,414	1,891,539	2,904,396	2,223,132
Non controlling interests	23.	(220,188)	621,583	-	-
		2,227,226	2,513,122	2,904,396	2,223,132
Earnings per share					
Basic/diluted in (₦)	13.	1.87	1.75	2.22	2.04

The accompanying notes and significant

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2016

	Notes	Group 30-Jun-16 ₦'000	Group 30-Jun-15 ₦'000	Company 30-Jun-16 ₦'000	Company 30-Jun-15 ₦'000
Cash flows from operating activities					
Profit for the period		2,227,226	2,513,122	2,904,396	2,223,132
Adjustment for:					
Foreign exchange translation loss on consolidation		6,044	-	-	-
Depreciation of property, plant and equipment	14.	1,024,849	1,103,173	599,992	546,269
Amortization of intangible asset	16.	46,182	100,357	41,244	95,256
Depreciation of investment property	15.	42,909	43,528	42,909	43,528
Profit on disposal of property, plant and equipment		(16,601)	(278)	(16,601)	(278)
Finance income	11.	(811,171)	(2,760,813)	(542,914)	(2,695,603)
Interest expense	11.	3,394,321	2,265,888	1,669,682	1,698,046
Increase/decrease in impairment allowance for trade receivables		25,286	10,116	-	49,326
Current service cost	24.	43,000	87,901	30,146	59,409
Income tax expense	12.	2,029,081	725,032	1,987,177	664,972
Impairment of investment		-	-	324,885	-
Other non cash-items-translation losses		-			
		8,011,126	4,088,026	7,040,916	2,684,057
Changes in:					
Inventories	19.	3,672,035	3,965,821	3,475,120	4,191,901
Other assets	20.	(175,794)	172,321	460	(5,811)
Trade and other receivables	21.	(5,742,223)	13,645,431	(8,545,817)	14,320,293
Trade and other payables	27.	10,686,158	(18,972,709)	6,052,506	(20,275,539)
Non trade payables and other creditors	27.	1,806,066	(1,482,811)	1,037,954	(871,341)
Cash generated from operating activities		18,257,368	1,416,079	9,061,139	43,560
Employee benefit paid		(10,070)	-	(745)	-
Income taxes paid	12.	(1,753,623)	(1,117,158)	(1,557,849)	(925,848)
Net cash from/(used in) operating activities		16,493,675	298,921	7,502,545	(882,288)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	14,8	40,858	1,670	37,655	1,670
Acquisition of property, plant and equipment	14.	(7,392,629)	(8,874,967)	(450,848)	(179,101)
Acquisition of intangible asset	16.	(15,205)	(5,513)	(7,193)	(5,513)
Acquisition of investment property	15	-	(60,000)	-	(60,000)
Long term employee benefit funded	24	(2,027)	(35,713)	-	(26,223)
Return on employee benefits planned assets reinvested	24	(21,680)	(16,775)	(19,622)	(16,775)
Interest received	11.	811,171	2,760,813	542,914	2,695,603
Net cash (used in)/generated from investing activities		(6,579,512)	(6,230,485)	102,906	2,409,661
Cash flows from financing activities					
Dividend paid to non controlling interests		(1,225,000)	-	-	-
Dividend paid		(4,521,671)	(2,730,478)	(4,521,671)	(2,730,478)
Short term loans and borrowings	25	1,759,660	(6,061,879)	3,426,349	(7,428,608)
Long term loans and borrowings	25	3,258,676	2,674,921	(433,410)	(972,480)
Deferred fair value gain on loan	26.	(174,883)	2,051,984	-	-
Interest paid	11.	(3,394,321)	(2,265,888)	(1,669,682)	(1,698,046)
Net cash used in financing activities		(4,297,539)	(6,331,340)	(3,198,414)	(12,829,612)
Net increase/(decrease) in cash and cash equivalents		5,616,624	(12,262,904)	4,407,037	(11,302,239)
Cash and cash equivalents as at 1 January	22.	1,432,469	(434,135)	(101,972)	(2,737,596)
Effect of exchange rate fluctuations		4,145	(3,070)	-	-
Cash and cash equivalents at 30 June	22.	7,053,238	(12,700,109)	4,305,065	(14,039,835)

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

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 equ ₦'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**	**46,280,74**
Changes in equity for 2016:								
Profit or loss for the period	-	-	-	2,453,458	2,453,458	-	(220,188)	2,233,27
Foreign exchange translation loss			(6,044)		(6,044)	-	-	(6,04
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**	**48,507,9**
Transactions with owners, recorded directly in equity								
Dividend	-	-	-	(4,521,671)	(4,521,671)	-	(1,225,000)	(5,746,67
Reversal of dividends*				138,447	138,447			138,44
Withholding tax on dividend from a subsidiary	-	-	-	(20,000)	(20,000)	-	-	(20,00
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**	**42,879,74**

*This represents dividend earlier paid on shares under lien with the Asset Management Corporation of Nigeria (AMCON)

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

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 equ ₦'000
Balance at 31 December 2015	**546,095**	**8,181,162**	**(7,752)**	**5,691,196**	**14,410,701**	**(1,388,574)**	**13,022,12**
Changes in equity for 2016:							
Profit or loss for the period	-	-	-	2,904,396	2,904,396	-	**2,904,39**
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)**	**15,926,52**
Transactions with owners, recorded directly in equity							
Dividend to equity holders	-	-	-	(4,521,671)	(4,521,671)	-	**(9,043,34**
Reversal of dividends*	-	-	-	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**	**12,793,426**	**(1,388,574)**	**7,021,62**

*This represents dividend earlier paid on shares under lien with the Asset Management Corporation of Nigeria (AMCON)

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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 2016, prepared in accordance with IAS 34-Interim Financial Reporting.

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 interim 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.

2.3.1 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.

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 IFRS 16, 'Leases'

IFRS 16 was issued which introduces a number of significant changes to the lease accounting model under IFRSs, including a requirement for lessees 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 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 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 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) Estimated useful lives and residual values of intangible assets and property, plant and equipment

As described at 4.4.4 below, the Group reviews the estimated useful lives of property, plant and equipment ar intangible asset at the end of each reporting period. During the current period, the management determined that tl useful lives of certain items of computer software and information technology equipment should be extended ar shortened respectively, because the management did not foresee discontinuing the use of the computer equipme and the useful lives of the computer software was reviewed due to obsolescence and past trends.

The financial effect of this reassessment, assuming the assets held until the end of their estimated useful lives, are to decrease / increase the amortisation/depreciation expense in the current financial period respectively by the following:-

	N'000
	2016
Computer software	55,219
Information technology equipment	14,088

e) Impairment review

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

Impairment testing is an area which involves management judgement, requiring assessment as to whether th carrying value of assets can be supported by the net present value of future cash flows derived from such asset using cash flow projections which have been discounted at an appropriate rate. In calculating the net present valu of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matter 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 th calculation of its value in use, a long-term growth rate into perpetuity has been determined as the compound annua 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 assumption 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 N324,885,000 was recognised in the statement of prof or loss for its investment in AP Oil and Gas Ghana Limited, due to the cost of investment in the separate financia statements greater than the recoverable value.

f) 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 24.

g) 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 interim financial statements incorporate the financial statements of the parent and entities controlled by the parent and its subsidiaries made up to 30 June 2016. 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 interim 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 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 consolidated statement of profit or loss and other comprehensive income and within equity in the 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 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.

4.1.2 Foreign operations

The functional currency of the parent company and the presentation currency of the 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 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.

4.2.7 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 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.

4.4 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	4-8years
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.

With effect from January 1 2016, the Group reassessed the useful life of its computer equipment to 3 years from 4 years.

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 Pc 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.

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 income and finance costs

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprises interest expense on borrowings and impairment losses recognised on financial assets.

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.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

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 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.

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 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 which 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

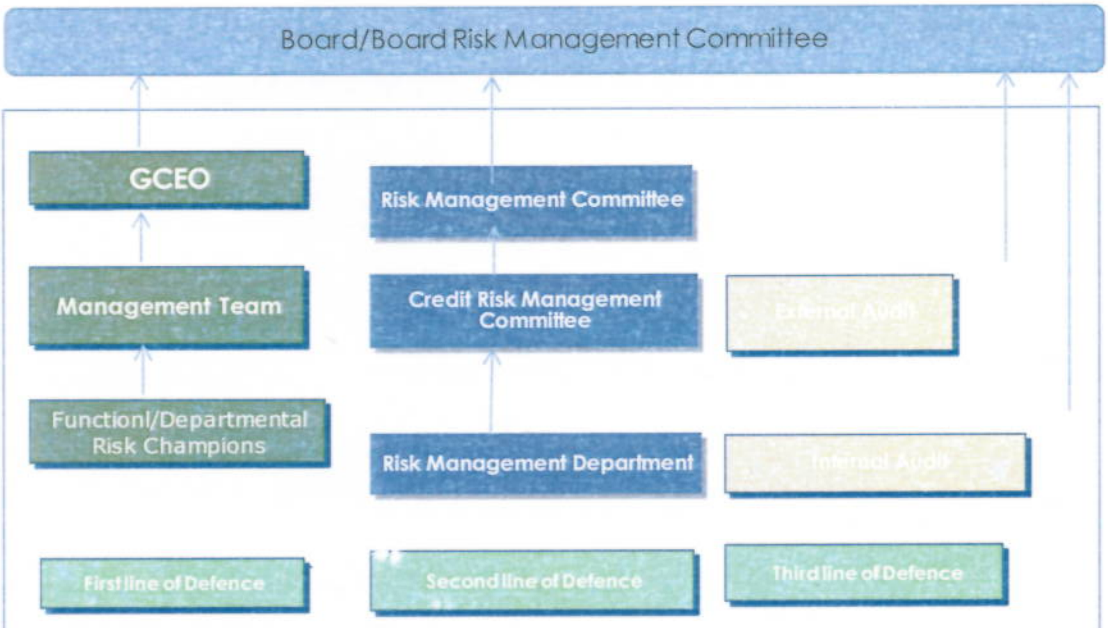
The Risk Management Committee is a Management Committee of Forte Oil Group which evaluates the risks inherent within the business and ensure that they are captured appropriately within the business risk profile. The committee monitors residual risk exposures and provides assurance as to adequacy of controls 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 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	2nd Line: Challenge and Risk Control.	3rd Line: Assurance
* Operational management manages the Company's risks by implementing and maintaining effective internal control procedures on a day-to-day basis.	* 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.	* 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 so as to balance the avoidance of financial losses and damage to the group's reputation with overall cost effectiveness and to avoid control procedures that 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, including insurance when this is effective.

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 to which they relate, with 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
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 and also request for a Bank Guarantee for customers that do not meet our credit criteria. The Group also uses publicly available financial information and customers credit history to rate its major customers. The Management Credit Committee also conducts rigorous review of all credit applications before its final approval. The GCEO & Board Risk Committee (where necessary) also approves credit request in line with FO's Credit Policy.

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 28.

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.

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 uses Non-Deliverable Forwards (NDFs) to manage Foreign Exchange Risk. All transactions are carried out within the guidelines set by the Risk Management Committee. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Foreign exchange risks are managed by maintaining foreign denominated bank accounts and maintaining letters of credit facility lines with the Group's bankers. 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. The Group does not hedge for speculative reasons.

Interest on borrowings is denominated in the currency of the borrowing. 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.

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 was as follows:

	₦'000	₦'000
Total liabilities	**93,099,898**	75,477,213
Total assets	**135,979,643**	121,757,956
Gearing ratio as at:	**68%**	62%

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

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's Brand.

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 this risk are active at all times.

In the course of the year, we increase FO Plc's presence on Social Media with the appointment of a consultant that helps in managing details and contents on FO Plc in the news.

We also engage and receive feedback from our customers, vendors, dealers, transporters and investors through interaction fora organized to know how Forte Oil Group is fulfilling their expectations. We improve our performance based on the feedback obtained from our stakeholders including; include customers, investors, employees, suppliers, government, regulators, special interest and 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, PPPRA import allocation, delay in subsidy payments, exchange rate fluctuations and changes 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.

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-16	30-Jun-15	30-Jun-16	30-Jun-15
		₦'000	₦'000	₦'000	₦'000
7.1	**Revenue & Cost of Sales**				
7.1.1	**Revenue**				
	Fuels	**73,989,761**	50,682,537	**73,242,616**	49,750,674
	Production chemicals	**874,729**	2,124,806	**-**	-
	Lubricants and greases	**5,182,802**	3,475,866	**5,182,173**	3,475,159
	Power generation	**4,375,414**	4,884,806	**-**	-
		84,422,706	61,168,015	**78,424,789**	53,225,833
7.1.2	**Cost of sales**				
	Fuels (Note 7.1.3)	**65,120,641**	46,664,683	**64,460,518**	45,820,043
	Production chemicals	**690,005**	1,573,830	**-**	-
	Lubricants	**3,442,828**	2,121,676	**3,442,334**	2,121,029
	Power generation (Note 7.1.4)	**2,806,800**	2,478,176	**-**	-
		72,060,274	52,838,365	**67,902,852**	47,941,072
	Gross profit	**12,362,432**	8,329,650	**10,521,937**	5,284,761
	Gross margin	**15%**	**14%**	**13%**	**10%**

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 N365,910,381 (June 2015: N506,687,000) 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-16	31-Dec-15	**30-Jun-16**	31-Dec-15
	₦'000	₦'000	**₦'000**	₦'000
Segment Reporting				
Current assets				
Fuels and lubricants	53,197,589	42,849,958	52,463,700	42,893,965
Production chemicals	2,962,735	2,724,405	-	-
Power generation	8,762,601	11,472,531	-	-
Total current assets	**64,922,924**	57,046,894	**52,463,700**	42,893,965
Non current assets				
Fuels and lubricants	22,544,675	23,146,595	22,265,173	22,846,995
Production chemicals	363,428	338,214	-	-
Power generation	58,823,433	41,226,252	-	-
Total non current assets	**81,731,536**	64,711,061	**22,265,173**	22,846,995
Current liabilities				
Fuels and lubricants	60,879,794	49,502,671	59,885,099	49,341,673
Production chemicals	1,358,396	1,499,364	-	-
Power generation	11,579,830	8,616,314	-	-
Total current liabilities	**73,818,019**	59,618,349	**59,885,099**	49,341,673

Non current liabilities				
Fuels and lubricants	3,300,474	3,377,160	3,300,475	3,377,160
Production chemicals	68,559	73,914	-	-
Power generation	15,912,847	12,407,790	-	-
Total non current liabilities	**19,281,880**	15,858,864	**3,300,475**	3,377,160

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

Geographic segment

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

	Nigeria 30-Jun-16 N'000	Ghana 30-Jun-16 N'000	Nigeria 30-Jun-15 N'000	Ghana 30-Jun-15 N'000
Income statement				
Revenue	83,674,933	747,774	60,233,435	934,580
Cost of sales	(71,390,796)	(669,479)	(51,993,077)	(845,288)
Gross profit	12,284,136	78,295	8,240,358	89,292
Other income	1,611,334	3,158	1,573,334	406
Distribution expenses	(1,800,126)	(22,537)	(1,174,572)	(28,886)
Administrative expenses	(5,245,949)	(62,811)	(5,796,377)	(142,699)
Operating profit	6,849,396	(3,894)	2,842,743	(81,887)
Finance income	811,171	-	2,760,813	-
Finance expense	(3,376,406)	(17,916)	(2,245,411)	(20,477)
Reportable segment profit before income tax	4,284,161	(21,810)	3,358,145	(102,364)
Financial position				
Total current assets	64,189,034	733,890	47,272,818	2,012,242
Total non current assets	70,746,302	310,417	55,114,354	278,586
Total assets	134,935,336	1,044,307	102,387,172	2,290,828
Total current liabilities	72,792,407	1,025,611	45,538,152	1,112,816
Total non current liabilities	19,281,880	-	15,585,573	92,152
Total liabilities	92,074,287	1,025,611	61,123,725	1,204,968
Statement of cash flows				
Net cash generated from operating activities	16,459,854	33,821	(908,078)	9,015
Net cash used in investing activities	(6,578,291)	(1,221)	2,453,668	(27,232)
Net cash from/(used in) financing activlties	(4,276,921)	(20,618)	(12,830,324)	712

	Group		Company	
	30-Jun-16	30-Jun-15	**30-Jun-16**	30-Jun-15
	₦'000	₦'000	**₦'000**	₦'000
8. Other income				
Investment property rental income	**93,061**	73,263	**99,356**	79,232
Throughput income (Note 8.1)	**272,182**	236,488	**272,181**	236,488
Foreign exchange gain (Note 8.2)	**271,397**	249,483	**75,102**	98,464
Bad debt impairment no longer required	**-**	3,738	**-**	3,738
Provisions no longer required (Note 8.3)	**312,802**	250,982	**312,802**	250,982
Sundry income (Note 8.4)	**45,741**	239,742	**34,691**	25,972
Dividend Received(Note 8.5)	**-**	-	**180,000**	-
Income from crude lifting contract (Note 8.6)	**158,275**	-	**158,275**	-
Investment income from held to maturity instruments	**-**	313,763	**-**	313,763
Freight Income	**444,434**	206,003	**444,434**	206,003
Gain on disposal of property, plant and equipment	**16,601**	278	**16,601**	278
	1,614,493	1,573,740	**1,593,442**	1,214,920

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 accruals for freight in prior years.

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

8.5 During the period ended 30 June 2016, the company-Forte Oil Plc received N200,000,000 Dividend from Forte Upstream Services Limited, one of its subsidiaries. Amperion Power Distribution Limited also received N1,275,000,000 from its subsidiary Geregu Power Plc. These dividend incomes have been eliminated on consolidation after deducting applicable taxes.

8.6 This represents net income from crude oil lifitng contract of 45,000bpd received from Nigerian National Petroleum Corporation (NNPC) to lift out of the total crude allocation.

	Group		Company	
	30-Jun-16	30-Jun-15	**30-Jun-16**	30-Jun-15
	₦'000	₦'000	**₦'000**	₦'000
9. Distribution expenses				
Freight cost	**1,805,604**	1,185,578	**1,783,066**	1,156,692
Sales commissions	**17,060**	17,880	**17,060**	17,880
	1,822,664	1,203,458	**1,800,126**	1,174,572

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.

	Group		Company	
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
	₦'000	₦'000	₦'000	₦'000
10. Administration expenses				
Personnel expenses (Note 10.1)	**1,358,775**	983,734	**1,155,685**	755,455
Depreciation and amortisation	**748,030**	739,163	**684,145**	685,054
Bank charge	**190,763**	252,753	**180,528**	229,903
Transport and travel costs	**179,423**	249,814	**118,625**	99,234
Repairs and maintenance	**343,598**	393,070	**305,414**	295,274
Safety security and quality control	**143,866**	102,097	**108,180**	98,125
Insurance	**231,467**	198,470	**80,393**	92,401
Internet and communication	**71,419**	87,570	**58,547**	70,201
Utilities	**66,254**	56,091	**49,877**	35,251
Professional and legal fees (Note 10.2)	**443,590**	304,400	**221,605**	91,046
Audit fees	**29,647**	33,220	**23,623**	30,450
Board and AGM expenses	**74,401**	26,114	**74,401**	26,114
Licenses, rates and fees	**54,914**	42,179	**44,781**	40,031
Public relations, promotions and advertisement	**65,279**	50,347	**44,643**	49,891
Rent and leases	**593,504**	492,215	**543,888**	451,588
Foreign exchange loss	**392,117**	1,553,994	-	63,593
Impairment charge	**25,286**	54,594	-	53,064
Bad and uncollectible debt	**6,182**	71,386	**3,266**	71,386
Diminution in investment (Note 10.3)	-	-	**324,885**	-
Shrinkage and product losses	**214,500**	131,411	**214,500**	131,366
Others expenses	**75,745**	116,454	**59,926**	64,657
	5,308,760	5,939,076	**4,296,912**	3,434,084
10.1 Personnel expenses				
Salaries, wages and allowances	**747,876**	683,987	**604,118**	519,764
Employee bonuses	**170,000**	-	**170,000**	-
Contributions to pension fund scheme	**48,446**	42,898	**39,709**	35,107
Gratuity and redundancy cost	**21,591**	72,698	**10,794**	44,206
Training, recruitment and canteen expenses	**166,527**	60,411	**163,271**	54,505
Medical expenses	**23,213**	10,516	**16,725**	7,683
Contract Manpower	**158,825**	101,941	**130,420**	84,524
Other personnel expenses	**22,297**	11,283	**20,648**	9,666
	1,358,775	983,734	**1,155,685**	755,455

10.2 Included in this cost in the current period is the professional fees incurred in respect of merger and acquisition prospects on a downstream business entity.

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

	Group		Company	
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
	₦'000	₦'000	₦'000	₦'000
11. Finance income and finance cost				
Finance income				
Interest income on bank deposits	**312,330**	91,589	**44,100**	90,620
Other interest income (Note 11.1)	**498,841**	2,669,224	**498,814**	2,604,983
	811,171	2,760,813	**542,914**	2,695,603
Finance costs				
Interest expense on bank loans and overdrafts	**(3,394,321)**	(2,265,888)	**(1,669,682)**	(1,698,046)
Net finance costs	**(2,583,150)**	494,925	**(1,126,768)**	997,557

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.

11.1 This includes interest earned on Petroleum subsidies for 2013 and 2014 from Petroleum Product Pricing Regulatory Agency in 2015 that were not received within the stipulated 45 days of the PSF scheme.

	Group		Company	
	30-Jun-16	30-Jun-15	**30-Jun-16**	30-Jun-15
	N'000	N'000	**N'000**	N'000
12. Taxation				
a) Income tax expense				
Income tax	**1,563,282**	785,022	**1,516,708**	601,894
Education tax	**119,384**	8,380	**114,926**	63,078
Capital Gain	**946**	-	**946**	-
	1,683,612	793,402	**1,632,580**	664,972
Deferred tax charge	**345,469**	(68,370)	**354,597**	
Total income tax expense	**2,029,081**	725,032	**1,987,177**	664,972
b) Effective tax rate				
Profit for the period	**2,233,270**	783,145	**2,904,396**	2,223,610
Total income tax expense	**2,029,081**	725,032	**1,987,177**	664,972
Profit before taxes	**4,262,351**	1,508,177	**4,891,573**	2,888,582
Effective tax rates	**48%**	48%	**41%**	23%

The company income tax computation for the period ended 30 June 2016 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 while Geregu Power Plc in line with the relevant tax laws and regulations will enjoy pioneer status considering its nature of operations. Hence, no tax estimate has been recognised for these entities in these financial statements. Geregu Power is not liable to income tax for the period under review because the company's Pioneer status incentive has been approved. Hence, it will enjoy tax holiday for the next three years with a two year extention option.

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

	Group		Company	
	Jun-16	Dec-15	**Jun-16**	Dec-15
	N'000	N'000	**N'000**	N'000
d) Movement in current tax liability balance				
Liability as at 1 January	**967,834**	845,611	**751,179**	639,847
Income tax for the period	**1,683,612**	1,239,291	**1,632,580**	1,037,177
Payments during the period	**(1,753,623)**	(1,117,068)	**(1,557,849)**	(925,845)
	897,823	967,834	**825,910**	751,179

	Group		Company	
	30-Jun-16	30-Jun-15	**30-Jun-16**	30-Jun-15
	N'000	N'000	**N'000**	N'000
13. Earnings per share				
Profit attributable to ordinary shareholders				
Profit for the period	**2,453,458**	1,909,166	**2,904,396**	2,223,610
Profit attributable to ordinary shareholders	**2,453,458**	1,909,166	**2,904,396**	2,223,610
Weighted average number of ordinary shares				
Issued ordinary shares at 1 January *	**1,092,191**	1,092,191	**1,092,191**	1,092,191
Bonus issue	**218,438**	-	**218,438**	-
Weighted average number of ordinary shares	**1,310,629**	**1,092,191**	**1,310,629**	**1,092,191**
Basic/diluted earnings per share in (N)	**1.87**	1.75	**2.22**	2.04

The group's basic earnings per share of N1.87 kobo (June 2015 : N1.75kobo) is based on the profit attributable to ordinary shareholders of N2,453,458,000 (June 2015 : N1,909,166,000), and on the 1,092,191,000 (June 2015 : 1,092,191,000) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the current and preceding period.

Bonus share of 1 for every 5 units of shares held was recommended by the Board of the directors and approved by the shareholders in 2015. This is however yet to be issued to the shareholders as at the reporting date. However, the bonus shares represent 218,438,211 units of shares. The necessary approval for this was granted by the Security and Exchange Commission (SEC) on the 29th March, 2016.

Dilutive instruments

There were no dilutive instruments in the books of the Group as at the period end 30 June, 2016. 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.

14. Property, plant and equipment

a) The Group

The movement on this account during the period was as follows:	Land	Building	Plant, Equipment and tanks	Furniture & fittings	Motor vehicles	Construction work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
Balance at 1 January 2016	3,017 884	2 978,133	51 806 770	43 365	3 116 892	10 833,953	71,796,906
Additions	-	46,106	255,427	9,726	123,712	6 947 658	7,382 629
Transfers	2 787	965,015	213 571	-	-	(1 181,373)	-
Reclassification	-	-	1.263	(1 263)	-	-	-
Reclassification to intangibles	-	-	-	-	-	(9 450)	(9,450)
Disposal	(2 835)	(20 110)	(3 358)	-	(66,575)	-	(92 878)
Translation difference	3 712	30 902	17 291	4 504	6,345	1,485	64,239
Balance at 30 June 2016	3,021 348	4 000 046	52,300,073	56,332	3,180 474	10,692 273	79 151 446
Depreciation							
Balance at 1 January 2016	335 164	1 044 172	7 082 221	30 090	886,010	-	9,376,657
Depreciation for the period	15,969	117,397	674 618	3 822	213 043	-	1,024 849
Reclassification	-	-	293	(293)	-	-	-
Disposal	(433)	(4,543)	(3 358)	-	(60 262)	-	(68,021)
Translation difference	2 655	6 424	11 874	3,324	5 171	-	29 448
Balance at 30 June 2016	353 355	1,163 445	7 765,648	36 943	1 042,942	-	10,362,333
At 1 January 2016	2,532,959	1 875 907	46,107,248	22,436	2,610 113	1,104 667	62,420 249
Balance at 30 June 2016	2,667 993	2,836 601	44,535,325	19,389	2,137 532	16 592 273	69,789 113

(a) Depreciation charge of N365 910,381 (June 2015 N506,697,000) for the turbines used for power generation is included in cost of sales in the statement of profit or loss and comprehensive income for the Group in line with the provisions of IFRS

(b) Depreciation charge of N659 033,054 (June 2015 N506,486 000) is included in administrative expenses in the statement of comprehensive income

(c) The Group is committed to a capital project to the tune of $94 000 000 in respect of the overhauling of three 138MW power plants in Geregu. Additional commitment to the tune of $11 000,000 was ratified by the Board of Directors during the period. Of this amount, $72 050 000 has been advanced for this overhaul as at the reporting date

(d) 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

(e) With effect from 01 January, 2016 the Group reassessed the useful life of its computer equipments and changed to 3 years from 4 years previously in use. The effect of this has been applied prospectively in line with the provisions of the IFRS. Monthly depreciation expense for those affected assets increased by N2 348,000

(f) No impairment charge on property, plant and equipment during the period

(b) **Company**

The movement on this account during the period was as follows:	Land N'000	Building N'000	Plant, Equipment and tanks N'000	Furniture & fittings N'000	Motor vehicles N'000	Construc-tion work in progress N'000	Total N'000
Cost							
Balance at 1 January 2016	2,887,238	2,677,972	7,186,882	15,427	2,934,522	270,222	15,972,263
Additions	-	46,106	258,112	-	106,623	40,007	450,848
Disposal	(2,835)	(20,110)	(3,358)	-	(60,425)	-	(86,728)
Transfer	-	-	155,242			(155,242)	
Balance at 30 June 2016	**2,884,403**	**2,703,968**	**7,596,878**	**15,427**	**2,980,720**	**154,987**	**16,336,383**
Depreciation and impairment losses							
Balance at 1 January 2015	325,282	1,008,482	4,186,606	7,481	780,856	-	6,308,707
Depreciation for the period	14,804	95,001	294,812	1,605	193,770	-	599,992
Disposals	(433)	(4,548)	(3,358)	-	(57,335)	-	(65,674)
Balance at 30 June 2016	**339,653**	**1,098,935**	**4,478,060**	**9,086**	**917,291**	-	**6,843,025**
Carrying amounts							
At 1 January 2015	2,561,956	1,669,490	3,000,276	7,946	2,153,666	270,222	9,663,556
Balance at 30 June 2016	**2,544,750**	**1,605,033**	**3,118,818**	**6,341**	**2,063,429**	**154,987**	**9,493,358**

{a} Depreciation charge of NGN599,992,000 (June 2015: N546,269,000) is included in administrative expenses in the statement of profit or loss and 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} With effect from 01 January, 2016, the Company reassessed the useful life of its computer equipments and changed to 3 years from 4 years previously in use. The effect of this has been applied prospectively in line with the provisions of the IFRS. Monthly depreciation expense for these affected assets increased by N2,036,139

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

	Group N'000	Company N'000
15. Investment property		
Cost		
Balance at 1 January 2016	**2,546,976**	**2,546,976**
Balance at 30 June 2016	**2,546,976**	**2,546,976**
Depreciation and impairment losses		
Balance at 1 January 2016	**715,233**	**715,233**
Depreciation for the period	**42,909**	**42,909**
Balance at 30 June 2016	**758,142**	**758,142**
Carrying amount		
At 1 January 2015	**1,831,743**	**1,831,743**
Balance at 30 June 2016	**1,788,834**	**1,788,834**

{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 2016 the Group recognised N93,061,000 as rental income in statement of comprehensive income (June 2015 : N73,263,000) after eliminating intra-group transactions while the Company recognised N99,356,000 (June 2015 : N79,232,000).

{c} Depreciation charge of N42,909,000 (2015 N43,528,000) is included in administrative expenses

{d} The fair value of the investment properties as at 31 December 2015 was N7,619,827,000.The fair valuation was carried out by Jide Taiwo & Co (FRC2012/NIESV/000000254); Diya Fatimehin & Co (FRC/2013/NIESV/00000002773); Femi Ismail & Associates (FRC/2013/NIESV/00000005108); 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, 2016 are not materially different from the values obtained at 2015 year end.

{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.

16. Intangible asset

	Group ₦'000	Company ₦'000
Cost		
Balance at 1 January	966,314	930,804
Acquisitions	15,205	7,193
Reclassification	9,450	-
Translation difference	1,009	-
Balance at 30 June 2016	991,978	937,997
Amortisation		
Balance at 1 January	680,204	652,094
Amortisation for the period	46,182	41,244
Translation difference	916	-
Balance at 30 June 2016	727,302	693,338
Carrying amounts		
At 1 January 2016	286,110	278,710
At 30 June 2016	264,676	244,659

a) These relate to purchased softwares.

b) The amortisation charge of N46,182,000 (2015:N100,357,000); Company N41,244,000 (2015: N95,256,000) 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) With effect from 01 January, 2016, the Company reassessed the useful life of its SAP ERP software and changed to 8 years from 5 years previously in use. The effect of this has been applied prospectively in line with the provisions of the IFRS. Monthly depreciation expense for this affected software decreased by N9,203,195.

17. Investment in subsidiaries

Investment in subsidiaries comprise:

	Company % of ownership	Company Amount ₦'000
30 June 2016		
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 17.1)		(547,481)
Total investment in subsidiaries		10,707,406

31 December 2015

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 17.1)		(222,596)
Total investment in subsidiaries		**11,032,291**

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 2016.

	Amount ₦'000
17.1 Impairment losses	
Impairment allowance at 31 Dec 2015	222,596
Impairment allowance during the period	324,885
Balance at 30 June 2016	**547,481**

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.

18. Deferred tax assets and liabilities

18.1 The Group

a) Recognised deferred tax assets and liabilities

	Assets 2016 N'000	Assets 2015 N'000	Liabilities 2016 N'000	Liabilities 2015 N'000	Net 2016 N'000	Net 2015 N'000
Deferred tax assets and liabilities are attributable to the following:						
Property, plant and equipment	181,500	131,141	423,155	73,914	(241,655)	57,227
	181,500	131,141	423,155	73,914	(241,655)	57,227

b) Movement in temporary differences during the period

	Balance January-2016 N'000	Recognized in profit or loss N'000	Effect of forex flunctuations N'000	Recognized in other comprehensive income N'000	Balance June-2016 N'000
Property, plant and equipment	57,227	(345,469)	46,588	-	(241,654)
	57,227	(345,469)	46,588	-	(241,654)

18.1 The Company

a) Recognised deferred tax assets and liabilities

	Assets 2016 N'000	Assets 2015 N'000	Liabilities 2016 N'000	Liabilities 2015 N'000	Net 2016 N'000	Net 2015 N'000
Deferred tax assets and liabilities are attributable to the following:						
Property, plant and equipment	-	-	354,597	-	(354,597)	-
	-	-	354,597	-	(354,597)	-

b) Movement in temporary differences during the period

	Balance January-2016 N'000	Recognized in profit or loss N'000	Effect of forex flunctuations N'000	Recognized in other comprehensive income N'000	Balance June-2016 N'000
Property, plant and equipment	-	(354,597)	-	-	(354,597)
	-	(354,597)	-	-	(354,597)

	Group		Company	
	Jun-16	Dec-15	Jun-16	Dec-15
	N'000	N'000	N'000	N'000
19. Inventories				
White products	3,518,962	6,743,550	3,464,183	6,553,955
Raw and packaging materials	1,236,364	1,707,285	1,236,364	1,488,320
Semi-finished goods of lubricants	306,275	249,254	306,275	249,254
Finished goods of lubricants	532,861	712,302	489,398	679,811
Chemicals	793,374	647,480	-	-
	6,387,836	10,059,871	5,496,220	8,971,340

19.1 The gross value of the inventory is N6.4 billion (Company : N5.5 billion) with an impairment allowance of N43.7 million (Company : N29.4 million). 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.

	Group		Company	
	Jun-16	Dec-15	Jun-16	Dec-15
	N'000	N'000	N'000	N'000
20. Other assets				
Consumables	565,373	389,579	125,165	125,625

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

21. Trade and other receivables

	Group Jun-16	Group Dec-15	Company Jun-16	Company Dec-15
Trade receivables (Note 21.1)	15,690,292	17,733,127	5,551,369	6,672,183
Receivable from related parties (Note 28)	5,156,955	5,986,180	7,723,065	6,515,081
Prepayments	4,396,428	4,602,520	4,067,246	4,176,425
Prepaid staff expenses	474,048	293,501	450,514	289,626
Petroleum Support Fund (PSF) receivable (Note 21.2)	13,847,390	6,684,083	13,847,390	6,684,083
Advance payment to suppliers	2,780,141	1,308,412	2,733,780	1,297,961
Interest receivable (Note 21.3)	2,028,245	2,029,338	2,021,946	2,028,864
Transporters' scheme	1,370,018	1,370,018	1,370,018	1,370,018
Withholding tax recoverable	373,833	750,696	5,803	241,979
Other debtors	523,592	140,844	191,338	140,432
	46,640,942	40,898,719	37,962,469	29,416,652
Impairment allowance (Note 21.4)	(6,119,047)	(6,002,101)	(5,744,074)	(5,744,074)
	40,521,895	34,896,618	32,218,395	23,672,578

21.1 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).

21.2 This balance relates to outstanding subsidy, interest on delayed payments and foreign exchange differential claims under the PSF scheme recoverable from Petroleum Products Pricing Regulatory Agency (PPPRA) on PMS imported by Forte Oil Plc.

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

	Group		Company	
	Jun-16	Dec-15	Jun-16	Dec-15
	₦'000	₦'000	₦'000	₦'000
21.4 Impairment allowance				
At 1 January	**6,002,101**	6,030,637	**5,744,074**	5,767,467
Increase/(decrease) during the year	**25,286**	(28,536)	-	(23,393)
Effect of translation difference	**91,660**	-	-	-
Balance at 30 June	**6,119,047**	6,002,101	**5,744,074**	5,744,074
22. Cash and cash equivalents				
Bank balances	**1,489,352**	1,638,521	**1,102,202**	62,117
Short-term deposits (Note 22.1)	**15,958,468**	10,062,305	**13,521,718**	10,062,305
Cash and bank balances	**17,447,820**	11,700,826	**14,623,920**	10,124,422
Bank overdrafts used for cash management purposes (Note 22.2)	**(10,394,583)**	(10,268,358)	**(10,318,855)**	(10,226,394)
Cash and cash equivalents in the statement of cash flows	**7,053,237**	1,432,468	**4,305,065**	(101,972)

22.1 Short term deposits with banks represents placements with banks for periods between 0 - 180 days. Included in these are unclaimed dividends amounting to N877,064,987 (Dec 2015:N799,516,310) 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. Short term deposits of N7,523,872,515.38 (Dec 2015: N9,175,191,545) also represents the balance on the sinking fund account while N2,389,498,740 (Dec 2015; Nil) represents cash backed letters of credit deposits used to secure import finance facilities held with the Company's bankers (see note 25 for details).

22.2 This represents the overdrawn current account balances with four Nigerian banks. These facilities have an average interest rate of 17.5% and are secured by an 'all asset debenture'.

23. Share capital and reserves

Ordinary shares

	Group Jun-16	Group Dec-15	Company Jun-16	Company Dec-15
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**	546,095	**655,314**	546,095
c) Share premium	**8,071,943**	8,181,162	**8,071,943**	8,181,162

d) Retained earnings

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

e) 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.

f) Other reserves

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

g) 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-15	Dec-15
	₦'000	₦'000
h) Non-controlling interest		
At 1 January	**33,198,198**	31,896,549
Dividend	**(1,225,000)**	-
Share of profit for the period (see note i)	**(220,188)**	1,301,649
Balance	**31,753,010**	33,198,198

i) Bureau of Public Enterprises share of profit from Geregu Power Plc	**318,418**	1,749,004
BSG Resources Ltd share of profit/(loss) from Amperion Power Distribution Ltd	**(475,977)**	(395,337)
Shanghai Municipal Electricity Power Company Share of profit/(loss) from Amperion Power Distribution Ltd	**(62,628)**	(52,018)
	(220,188)	1,301,649

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, 2016.

24. 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 at 31st December 2015 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-16	Dec-15	Jun-16	Dec-15
	₦'000	₦'000	₦'000	₦'000
Gratuity liability at 1 January	**374,005**	239,758	**323,637**	223,911
Charged to profit and loss	**43,000**	182,637	**30,146**	138,603
Payment during the period	**(10,070)**	(48,390)	**(745)**	(38,877)
Gratuity liability at 30 June	**406,935**	374,005	**353,038**	323,637
Planned asset at 1 January	**(415,824)**	(256,122)	**(364,332)**	(242,492)
Additional funding during the period	**(2,027)**	(123,446)	**-**	(88,451)
Actual return on planned assets	**(21,680)**	(36,256)	**(19,622)**	(33,389)
Balance at 30 June *(over)/under funded position*	**(32,596)**	(41,819)	**(30,916)**	(40,695)
Expense recognised in comprehensive income				
Current service costs	**43,000**	162,701	**30,146**	122,561
Interest costs		10,436	**-**	9,001
Return on planned assets	**(21,680)**	(36,256)	**(19,622)**	(33,389)
Remeasurement (gain) /loss	**-**	7,583	**-**	5,497
	21,320	144,464	**10,524**	103,670

(a) Long term employee benefit expense is recognised in administrative expenses in the statement of comprehensive income.

{b} The actuary valuation report was signed in January 2015 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 treasury bills and bonds are Federal Government of Nigeria securities with quoted market price in the active Nigerian bond market while the 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.

In estimating the present value of the defined benefit obligation, certain assumptions on financial environment, attrition rates of withdrawal from service and death of staff likely to be experienced were made. The significant actuarial assumptions used are summarized as follows:

a)	Discount rate/average rate of return on assets	11% per annum
b)	Average rate of salary increase	10% per annum
c)	Inflation rate	9% per annum
d)	Mortality rate	A49/52 English Life Tables

25. 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-16	**Dec-15**	**Jun-16**	**Dec-15**
	₦'000	₦'000	**₦'000**	₦'000
Non-current				
Long term borrowings (note 25.1)	**17,210,358**	13,951,682	**2,543,263**	2,976,673
	17,210,358	13,951,682	**2,543,263**	2,976,673
Current				
Import finance facilities (note 25.2)	**14,614,287**	11,233,994	**14,614,287**	11,233,994
Term loans (note 25.1)	**903,180**	2,523,813	**838,475**	792,419
	15,517,467	13,757,807	**15,452,762**	12,026,413
	32,727,825	27,709,489	**17,996,025**	15,003,086

25.1 Group N11bn (Company ₦2.93bn) 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 N8bn (Company nil) of this also relates to the Power Intervention Loan granted to Geregu Power Plc through the Central Bank of Nigeria.

25.2 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 22)

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

26. 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	
	2016	**2015**	**2016**	**2015**
	₦'000	₦'000	**₦'000**	₦'000
Deferred fair value gain on loan				
Non-current	**1,245,752**	1,432,781	-	-
	1,245,752	1,432,781	-	-
Current	**453,001**	440,855	-	-
	453,001	**440,855**	-	-
	1,698,753	1,873,636	-	-

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.

	Group		Company	
	Jun-16	Dec-15	Jun-16	Dec-15
	N'000	N'000	N'000	N'000
27. Trade and other payables				
Current trade and other payables				
Trade payable				
NNPC accounts payable	8,406,297	2,930,039	8,406,297	2,930,039
Trade creditors	9,953,889	15,448,978	3,024,161	9,657,813
Petroleum Equilisation Fund (PEF) payable (Note 27.1)	2,601,814	1,649,804	2,601,814	1,649,804
Inventory accruals (Note 27.2)	17,031,286	6,963,963	12,051,763	5,536,441
Customer deposits for products	3,210,897	3,525,241	3,317,922	3,575,354
	41,204,183	30,518,025	29,401,957	23,349,451
Non-trade payables and other creditors				
Non-trade payables and other creditors (Note 27.3)	5,350,961	3,665,470	3,885,615	2,988,236
	5,350,961	3,665,470	3,885,615	2,988,236
	46,555,144	34,183,495	33,287,572	26,337,687
Non-current trade and other payables				
Refundable security deposits	402,615	400,487	402,615	400,487
	402,615	400,487	402,615	400,487

27.1 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.

27.2 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.

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

	Group		Company	
	Jun-16	Dec-15	Jun-16	Dec-15
	N'000	N'000	N'000	N'000
28. 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 21)	40,521,895	34,896,618	32,218,395	23,672,578
Cash and cash equivalents (Note 22)	7,053,237	1,432,468	4,305,065	(101,972)
	47,575,132	36,329,086	36,523,460	23,570,606

Forex exposure				
Bank balances denominated in other currencies	1,335,382	188,804	9,148	129,276
Trade and other receivables denominated in other currencies	2,272,844	991,755	2,382	334,205
	3,608,226	1,180,559	11,530	463,481

	Gross Jun-16 N'000	Impairment Jun-16 N'000	Gross Dec-15 N'000	Impairment N'000
Impairment losses				
The Group				
The aging of loans and receivables at the reporting date was:				
0-2 months	15,103,400	388,886	11,367,376	92,378
2-3 months	8,145,141	-	6,163,271	33,033
3-6 months	3,203,005	6	1,284,802	22,596
6-12 months	7,055,555	42,843	4,408,874	1,652,554
More than 12 months	13,193,044	5,687,313	17,674,396	4,201,540
	46,700,145	6,119,047	40,898,719	6,002,101
The Company				
The aging of loans and receivables at the reporting date was:				
0-2 months	4,375,740	13,912	7,870,207	92,378
2-3 months	8,541,997	-	3,622,408	33,033
3-6 months	3,373,774	6	457,622	22,596
6-12 months	7,827,902	42,843	3,662,188	782,430
More than 12 months	13,843,057	5,687,313	13,804,227	4,813,637
	37,962,470	5,744,074	29,416,652	5,744,074

	Gross Jun-16 N'000	Impairment Jun-16 N'000	Gross Dec-15 N'000	Impairment Dec-15 N'000
Analysis of financial assets specifically impaired.				
Trade receivables	13,505,311	2,235,830	4,228,125	2,118,884
Interest receivable	2,010,355	2,010,355	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	500,000	500,000	500,000	500,000
Receivables from former employees	2,844	2,844	2,844	2,844
	17,388,528	6,119,047	8,111,342	6,002,101

	Gross Jun-16 N'000	Impairment Jun-16 N'000	Gross Dec-15 N'000	Impairment Dec-15 N'000
Trade receivables	3,307,187	1,860,857	3,707,867	1,860,857
Interest receivable	2,010,355	2,010,355	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	500,000	500,000	500,000	500,000
Receivables from former employees	2,844	2,844	2,844	2,844
	7,190,404	5,744,074	7,591,084	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.

29 **Other related party transactions**

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

Related party	Nature of transaction	Relationship	Transaction value year ended: Jun-16 N'000	Dec-15 N'000	Balance outstanding as at: Jun-16 N'000	Dec-15 N'000
BSG Resources Ltd	Advances	Joint investor in a subsidiary	393,374	789,043	5,360,607	4,967,233
Amperion Power Company Ltd	Advances	Subsidiary	544,842	876,469	1,457,356	912,514
Geregu Power Plc	Advances	Sub subsidiary	(12)	(33)	15	27
Forte Upstream Services Ltd	Sales & Advances	Subsidiary	269,780	9,562	759,782	490,002
AP Oil and Gas Ghana Ltd	Sales	Subsidiary	-	-	60,878	60,878
Luzon Oil and Gas Limited	Sales	Related party to core investor	-	-	-	-
Zenon Petroleum and Gas Limited	Rent	Related party to core investor	-	1,000,000	84,427	84,427
			1,207,984	2,674,041	7,723,065	6,515,081

a) Included as collateral for the NGN3 2bn loan from Zenith Bank is a personal guarantee of the Chairman Mr Femi Otedola
All outstanding balances with these related parties are priced at arm's length

30. 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 N406 Million at 30 June 2016 (31 December 2015 : N6.8 billion). 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 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 consolidated financial statements.

31. Events after the end of reporting date

Geregu Power Plc received N40million from the Nigerian Bulk Electricity Trading Plc(NBET) on 15 July 2016 which is part of the reported trade receivables for the period.

32. Transactions with key management personnel

Loan to directors

No loan to directors was issued during the year ended 30 June 2016

Directors emoluments

	2016		2015	
	Directors N'000	Chairman N'000	Directors N'000	Chairman N'000
Fee	600	800	600	800
Allowances	5,495	6,674	5,495	6,674
	6,095	**7,474**	6,095	7,474

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

Key management personnel and compensation

The Group has 217 employees in June 2016 and 232 in December 2015. The total number of employees for the company were 171 in June 2016 and 182 in December 2015.

Group	2016	2015
1. Group Chief Executive Officer	Akin Akinfemiwa	Akin Akinfemiwa
2. Group Executive Director - Finance and Risk Manag	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	Vacant
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-16	30-Jun-15	30-Jun-16	30-Jun-15
	₦'000	₦'000	₦'000	₦'000
Key management personnel compensation comprised:				
Short-term employee benefits:				
- Salaries including allowances	194,006	185,428	144,719	142,224
	194,006	185,428	144,719	142,224
Post-employment benefits:				
- Defined contribution to compulsory pension fund sch	12,524	13,128	9,560	10,905
Defined benefit gratuity scheme	24,251	23,193	18,090	21,444
	230,781	221,749	172,369	174,573

	The Group		The Company	
Range	Jun-16 Number	Dec-15 Number	Jun-16 Number	Dec-15 Number
Below N1,000,000	1	3	-	-
N1,000,001 - N2,000,000	2	2	-	-
N2,000,001 - N3,000,000	46	43	39	37
N3,000,001 - N4,000,000	10	28	6	24
N4,000,001 - N5,000,000	41	47	37	43
N5,000,001 - N6,000,000	34	34	30	28
N6,000,001 - N7,000,000	31	26	22	18
N7,000,001 - N8,000,000	11	6	11	4
N8,000,001 - N9,000,000	12	12	2	2
N9,000,001 - N10,000,000	2	-	1	-
N10,000,001 and above	27	31	23	26
Total	217	232	171	182

**These are annual emoluments*

The following section does not describe all the risks (including those relating to each prospective investor's particular circumstances) with respect to an investment in the Bond. The risks in the following section are provided as general information only. Prospective investors should refer to and carefully consider the risks described below and the information contained elsewhere in this Shelf Prospectus, which may describe additional risks associated with the Bond. ***Investors should also seek professional advice before making investment decisions in respect of the Corporate Bond.***

RISKS RELATING TO NIGERIA

Nigeria experiences risks typical of an emerging market

The Company's operations are based in Nigeria and as such face the same risks typical of an emerging market. These risks included greater political risk, changes to the economic environment and underinvestment in infrastructure. Emerging markets are also more likely to experience higher instances of corruption, fraud, bribery and criminal activity. Failure to prevent any of the aforementioned risk may result in criminal penalties and reputational damage that may materially affect the Company's financial condition or operations. Although the Company has a sound governance structure it may not be possible to detect or prevent any instances of fraud, criminal activity, bribery or corruption.

Nigeria's large dependence on oil

The effect of the recent global shock in oil prices impacted Nigeria's economy significantly, causing a substantial withdrawal of portfolio capital and a corresponding decline in the stock market, fall in government revenues, weakening of the currency and a substantial drop in foreign currency reserves. A further decline in global oil prices may have an adverse effect on the Nigerian economy which in turn might have an impact on the operations and profitability of the Company.

Nigeria suffers heavily from the prevailing insecurity in the country ranging from intense militant activity in the Niger Delta Region to recent attacks by Herdsmen and the activities of the Terrorist group (Boko Haram) in the North-East.

Despite continuous attempts by the government to halt militant activity in the Niger Delta, such as the 2009 amnesty programme, there continues to be instability in the region. Militant groups have been known to kidnap expatriates and vandalise pipeline both of which have caused not only a decline in production but also a reduction in operation in the region by major international companies. Continued attacks in the region may have adverse on the company's operations.

RISKS RELATED TO THE MARKET AND THE OIL AND GAS SECTOR

Changes in Regulation

The Company is currently operating in an industry undergoing significant regulatory changes. A new version of the petroleum industry bill, "The Petroleum Industry Governance Bill" is currently making its way through National Assembly. The new bill seeks to establish a new sole regulatory body, the Nigeria Petroleum Regulatory Commission that will be responsible for both the technical and commercial aspects of regulation. Any material changes to laws related to the industry may be unfavorable to the company and may have an adverse effect on the company's profitability. In addition the PPPRA recently increased the price cap at which PMS can be sold to ₦145. Higher PMS prices may alter the consumption habits of the company's end users and have an adverse effect on the profitability of the company.

Disruption of operations as a result of strikes from Union Members

In response to the various changes to regulation in the oil and gas sector, the industry's two largest unions, The Nigeria Union of Petroleum and Natural Gas Workers (NUPENG) and The Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) have often carried out strikes. Disruptions as a result of union strikes may cause work stoppage at any of the company's facilities in the future, and any such work stoppage could negatively affect operating results and financial condition.

The company's operating results may be significantly affected by the supply and price levels of crude oil and natural gas

Crude oil is a key raw material used in the refining of petroleum products. The Company's profitability is directly affected by the price and availability of crude oil and thus petroleum products. Although the company has taken measures to ensure that they maintain an adequate supply of petroleum products, there can be no assurance that this supply will not be delayed or interrupted, which may result in delays or in cost increases if alternative sources of supply prove to be more expensive or difficult to obtain.

Natural Gas is also a key feedstock for the company's Geregu Power Plant. If the Company were to experience any interruptions in the supply of natural gas to their power plant, the company could lose sales opportunities, damage relationships with or lose customers, suffer lower margins and experience other negative effects to our business, operating results and financial condition.

RISKS RELATED TO THE ISSUER

The loss of key management personnel could adversely affect our business.

The loss of key management personnel or inability to hire and retain qualified employees could have an adverse effect on the company's business, financial condition and results of operations. Operations depend on the continued efforts of executive officers and senior management. The Company is not able to guarantee that any member of management at the corporate or subsidiary level will continue in his or her capacity for any particular period of time. If the company were to lose one or more key personnel, its operations could be adversely affected.

Risk management activities might not prevent losses

The company is exposed to commodity risk, interest-rate risk and foreign exchange risk arising from operating, financing and investment activities. Although we have a risk management system in place that uses various methodologies to quantify risk, these systems might not always be followed or might not always work as planned. Further, such risk measurement systems do not in themselves manage risk, and adverse changes involving volatility, adverse correlation of commodity prices and the liquidity of markets might still adversely affect earnings and cash flows and the Company's balance sheet, even if such risks have been identified.

Claims against the Issuer could have a material impact on the revenue or business of the Issuer.

To date, claims against the Company have not had a material impact on the revenue or business of the Company, although there can be no assurance that the it will not, in the future, be subject to a claim which may have a material impact upon its revenue or business, with associated reputational damage.

No protection against all potential losses and damages caused by natural disasters, operational catastrophes and deliberate sabotage.

The company has many business activities that are characterized by substantial investments in complex production facilities and transportation equipment. Many of the production processes, raw materials and certain finished products are potentially destructive and dangerous in uncontrolled or catastrophic circumstances, including fires, explosions, accidents, major equipment failures, etc. Despite insurance coverage, the Company could incur uninsured losses and liabilities arising from such events, including damage to reputation, and/or suffer substantial losses in operational capacity, which could negatively affect the operating results and financial condition of the company

RISKS RELATING TO THE BONDS

Change in interest rates may affect the price of the Bonds

Where bonds are offered with a fixed rate of interest they are subject to price risk. Consequently the price of the bond may vary inversely with changes in prevailing interest rates. That is, a rise in interest will cause the price of a fixed rate bond to fall and when interest rates fall, the price increases. Accordingly, the extent of the fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of the prevailing interest rates. Increased interest rates which frequently accompany inflation and/or a growing economy are also likely to have a negative effect on the price of the Bond.

Liquidity risk for the Bonds

There is a risk that the bonds may not have an established trading market when issued. There is no guarantee that a secondary market for bonds or liquidity will exist upon issuance. Consequently, investors may not be able to readily sell their bonds or at prices that will enable them to realise a yield comparable to that of similar instruments, if any, with a developed secondary market.

The trading market for debt securities may be volatile and may be adversely impacted by many events.

The market for debt securities is influenced by economic and market conditions, interest rates and currency exchange rates. Global events may lead to market volatility which may have an adverse effect on the price of the Bonds.

Credit Rating

The Bonds have been assigned an A- by GCR. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Bonds.

Early redemption of bonds

The Issuer may choose to redeem the Bonds at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Bonds.

Exchange rate risks and exchange controls

Payments of principal and interest on the Bonds will be made in Naira. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency other than the Naira. These include the risk that exchange rates may significantly change (including changes due to devaluation of Naira or revaluation of the investor's currency). An appreciation in the value of the Investor's Currency relative to Naira would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds and (3) the Investor's Currency equivalent market value of the Bonds. The government may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

TAX CONSIDERATIONS

Under current legislation in Nigeria, the tax consequences of an investment in the Bonds to be issued under the Programme are quite broad and extensive. These include exemption from Companies Income Tax, Value Added Tax and Personal Income Tax respectively, by virtue of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011, the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 and the Personal Income Tax (Amendment) Act 2011.

In addition, the Bonds qualify for a waiver from Capital Gains Tax by virtue of the ten (10) year tax waiver approved by the Federal Government in March 2010.

Incorporation and Share Capital History

Forte Oil plc was incorporated in 1964 as British Petroleum Nigeria. Between 1970 -1978 the company converted from a Private Company to a Public Company at which time NNPC acquired 60% stake in the company with the remaining 40% being sold to Nigerian public. The company then changed its name to African Petroleum In 1979. The company had a number of key investors buy into the company such as Sadiq petroleum, who in 2000 purchased a 30% stake in the company from NNPC. In 2007, Zenon Petroleum & Gas Limited, owned by Mr. Femi Otedola, became a core investor by acquiring NNPC's majority stake. The company changed its name to Forte Oil in December, 2010.

The following changes have taken place in the Company's authorized and issued capital since its inception:

Authorized Capital			Issued and Fully Paid Capital			
Date	From	To	Date	From	To	Consideration
	₦	₦		₦	₦	
22/06/78	6,000,000	7,500,000	28/02/79	6,000,000	7,500,000	-
17/07/80	7,500,000	11,250,000	17/07/80	7,500,000	11,250,000	Bonus (1:2)
28/08/82	11,250,000	22,500,000	24/08/82	11,250,000	22,500,000	Bonus (1:1)
04/08/84	22,500,000	30,000,000	10/08/84	22,500,000	30,000,000	Bonus (1:3)
06/08/86	30,000,000	36,000,000	16/09/86	30,000,000	36,000,000	Bonus (1:5)
12/07/88	36,000,000	43,200,000	03/08/88	36,000,000	43,200,000	Bonus (2:3)
29/06/90	43,200,000	72,000,000	24/09/90	43,200,000	86,400,000	Rights Issue
29/07/93	72,000,000	86,400,000	10/01/94	72,000,000	86,400,000	Bonus (1:4)
28/11/97	86,400,000	108,000,000	28/11/99	86,400,000	108,000,000	Rights Issue
19/02/99	108,000,000	144,000,000	13/09/04	108,000,000	216,000,000	Rights Issue
15/11/02	144,000,000	5,000,000,000	25/11/04	216,000,000	234,263,451	Rights Issue
			30/09/05	234,263,450.50	281,116,141	Bonus (1:5)
			28/10/06	281,116,141	394,393,919	Placement
			20/04/09	394,393,919	443,271,555	Rights Issue
			20/04/09	443,271,555	543,535,383	Public Offer
26/11/13	5,000,000,000	2,000,000,000	6/12/13	543,535,383	543,535,383	-
			11/07/2014	543,535,383	546,095,528	Underwriting of 2008/2009 Hybrid Offer

Shareholding Structure
As at 31 December 2015, the shareholders holding above 5% of the issued share capital of Forte Oil Plc are:

Shareholders	No. of shares	% holdings
Zenon Petroleum & Gas Limited	533,730,334	48.87%
Thames Investment Incorporated	158,396,833	14.50%
Mr. Femi Otedola	154,006,575	14.10%

Directors' Interests
The direct and indirect interests of the directors of Forte Oil in the issued share capital of the Company recorded in the Register of Members as at 31 December 2015 as confirmed by the Company were as follows:

	Holding		
Director	**Direct**	**Indirect**	**Total**
Femi Otedola, CON	154,006,575	708,434,400	862,440,975
Akin Akinfemiwa	20,000	Nil	20,000
Julius Omodayo-Owotuga	Nil	Nil	-
Grace Ekpenyoung	43,496	Nil	43,496
Layi Bolodeoku	Nil	Nil	
Christopher Adeyemi	80,485	Nil	80,485
Philip Akinola	Nil	Nil	
Omoloja Korede	49,187	Nil	49,187
Anil Dua	Nil	Nil	Nil

Statement of Indebtedness

Details of all indebtedness of the Issuer at the time of issuance of any Bonds under the Programme will be disclosed in the Supplementary Prospectus relating to the series of Bonds to be issued.

Extract Of The Memorandum And Articles Of Association (Article 79)

Borrowing Powers

The Directors may exercise all the powers of the company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debentures stock, and other securities whether outright or as security for any debt, liability or obligation of the company or of any third party.

Claims & Litigation

The total amount claimed in the cases instituted against Forte Oil PLC comes to ₦2,048,015,486.23 (Two Billion, Forty Eight Million, Fifteen Thousand, Four Hundred and Eighty-Six Nigerian Naira Twenty Three Kobo).

In the opinion of the Solicitor to the Issue therefore, the total contingent liability of Forte Oil PLC as it relates to all the nine suits is the aggregate sums of ₦2,048,015,486.23 (Two Billion, Forty Eight Million, Fifteen Thousand, Four Hundred and Eighty-Six Nigerian Naira Twenty Three Kobo).

The Solicitors to the Issue are of the opinion that Forte Oil PLC's liability in the event of an unfavourable resolution of the disputes against it is unlikely to be more than the aggregate sums stated above plus any interests on judgment sums (which are exclusive of these aggregate sums), as awarded by the courts".

The Directors of the Company are not aware of any pending and/or threatened claims or litigation other than those contained in the list of the Company's claims and litigation and are of the opinion that none of these cases is likely to have a material adverse effect on the Company or the Offer.

Off Balance Sheet Items
As at 31 December 2015, the Company had no off Balance Sheet Items.

Declarations
Except as otherwise disclosed in this Shelf Prospectus:
(a) No share of the Company is under option or agreed conditionally or unconditionally to be put under option;
(b) No commissions, brokerages or other special terms have been granted by the Company to any person in connection with the Bond Issuance Programme or sale of any securities of the Company;
(c) Save as disclosed herein, the directors of the Company have not been informed of any holding representing 5% or more of the issued share capital of the Company;
(d) There are no founders', management or deferred shares or any options outstanding in the Company;
(e) There are no material service agreements between the Company or any of its Directors and employees other than in the ordinary course of business;
(f) There are no long-term service agreements between the Company or any of its Directors and employees other than in the ordinary course of business;
(g) No Director of the Company has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Company in the five years prior to the date of this SP;
(h) No prosecution has commenced against the Company or any of its subsidiaries in respect of any breach of any securities or banking laws or CAMA;
(i) No action has been taken against the Company by FMDQ and NSE in respect of any breach of the listing requirements of the Exchange.

Further declarations/information in respect of shareholders/key management staff

It is further declared that to the best of knowledge of Directors as at 31st December, 2015:

(a) None of the above is under any bankruptcy or insolvency proceedings in any court of law;
(b) None of them has been convicted in any criminal proceeding;
(c) None of them is subject of any order, judgment or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty.

Material Contracts
The following agreements have been entered into and are considered material to this Programme:

- A Programme Trust Deed dated 23rd November, 2016 between Forte Oil plc on the one part and the Trustees on the other part by which the latter have agreed to act as Trustees to the sinking fund to be established in connection with the ₦50 Billion Bond Issuance Programme.

Other materials contracts in respect of any issuance of Bonds under the Programme will be disclosed in the relevant PS/SSP issued in respect of that Series of Bonds.

Costs & Expenses
The cost, charges and expenses of and incidental to the Issue, including fees payable to SEC, FMDQ,NSE, CSCS, professional parties fees, brokerage commission, printing and distribution expenses will be determined at each issuance. These costs are payable by the Issuer and deductible from the proceeds of the Issue. This shall be specified in the relevant PS/SSP to be issued under this Programme.

Relationship between the Parties
As of the date of this prospectus, there is no known relationship between the Issuer and any of its advisers except in the ordinary course of business.

Mergers or Takeovers

As at the date of this Shelf Prospectus, the Directors were not aware of the following during the preceding financial year or current financial year:

- A merger or takeover offer by third parties in respect of the Company's securities; and
- A merger or takeover by the Company in respect of another Company's securities.

Consents

The under listed parties have given and not withdrawn their written consents to the issue of this Prospectus with their names and reports (where applicable) included in the form and context in which they appear:

Representatives of the Board of Directors:	**Mr. Femi Otedola, CON** Chairman **Mr. Akin Akinfemiwa** Group Chief Executive Officer **Mr. Julius Omodayo-Owotuga** Group Chief Financial Officer **Mr. Christopher Adeyemi** Director **Mr. Philip Akinola** Director **Mr. Anil Dua** Director
Company Secretary:	**Mr. Akinleye Olagbende**
Lead Issuing House:	United Capital Plc
Joint Issuing Houses:	Boston Advisory Limited FBN Capital Limited Planet Capital Limited Vetiva Capital Management Limited
Joint Trustees:	ARM Trustees Limited FBN Trustees Limited United Capital Trustees Union Trustees Limited Vetiva Trustees Limited
Solicitors to the Issue:	Olaniwun Ajayi
Solicitors to the Trustees:	Akindelano Legal Practitioners
Reporting Accountant	Ijewere and Co
Registrars:	Veritas Registrars Limited
Stock Brokers	Enterprise Stock Brokers Limited Nigerian International Securities Limited United Capital Securities Limited
Rating Agency:	Global Credit Rating Co Limited

Documents Available For Inspection

The following documents will be available for inspection throughout the life of the Bonds at the principal offices of the Issuing Houses addresses as listed on page 15 between 8.00 a.m. and 5.00p.m. on any Business Day throughout the validity of the Programme.

- Certificate of Incorporation of the Company , duly certified by the Company secretary;.
- Memorandum and Articles of Association of the Company, duly certified by the CAC;
- Reporting Accountants' Report on 5 years historical financials of the Company for the five years ended 31st December 2015 ;
- Board Resolution dated 26th of April 2016 authorising the Debt Issuance Programme;

- Resolution of the shareholders at the Extraordinary General Meeting held on 26th of April 2016 approving the Debt Issuance Programme;
- Letter from the Securities & Exchange Commission confirming the registration of the Programme;
- Audited Financial Statement of the Company for the periods ending 31st December 2011 to 2015;
- Shelf Prospectus issued with respect to the Bond Issuance Programme;
- Consents of Parties referred to on page 134;
- The list of outstanding claims and litigation referred to herein;
- Material contract referred to in page 133;
- The Programme Trust Deed;
- The Schedule of Claims & Litigations involving the Company, together with the opinion of Solicitors to the Issue prepared in connection therewith;
- The Rating Reports issued by Global Credit Rating Co for in respect of the Issuer and the Bond.

This document is important and you are advised to carefully read and understand its contents. If you are in any doubt about its contents or the action to take, kindly consult your Stockbroker, Accountant, Banker, Solicitor or any other professional adviser for guidance immediately. For information concerning certain Risk Factors which should be considered by prospective investors please refer to section on "Risk Factors" commencing on Pages 126 to 129 of the Shelf Prospectus.

FORTE OIL PLC

FORTE OIL PLC

RC 4119

(INCORPORATED WITH LIMITED LIABILITY IN THE FEDERAL REPUBLIC OF NIGERIA)

OFFER FOR SUBSCRIPTION

OF

₦9,000,000,000

SERIES 1: 5 YEAR 17.50% FIXED RATE UNSECURED BONDS DUE 2021

UNDER A ₦50 BILLION BOND ISSUANCE PROGRAMME

Issue Price: ₦1,000 per unit
Payable in full on Application

Application List Opens: 2ND December, 2016
Application List Closes: 2ND December, 2016

This offering of 5-year 17.50% Fixed Rate Bonds (the **"Issue"**) is made through 100% firm Underwriting process wherein 100% of the Issue is offered to offered to and taken up by the Underwriters as defined under the Rules and Regulations of the Securities and Exchange Commission ("the SEC" or " the Commission").

The Series 1: 5-year 17.50% Fixed Rate Bonds (the **"Bonds"**) have been assigned an "A-" rating by Global Credit Rating Company Limited. The rating reflects an instrument that carries a high credit quality with good protection factors. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

This Supplementary Shelf Prospectus (**"Prospectus"**), under which the Bonds are being offered must be read in conjunction with the accompanying Shelf Prospectus dated 17th November, 2016 (the **"Shelf Prospectus"**) issued in relation to the ₦50 Billion Bond Issuance Programme (the **"Programme"**) established by the Issuer pursuant to Rule 279 (3) of the Rules and Regulations of the Securities and Exchange Commission. Terms defined in the Shelf Prospectus have the same meanings in this Prospectus unless the context otherwise requires.

THIS PROSPECTUS AND THE SECURITIES WHICH IT OFFERS HAVE BEEN CLEARED AND REGISTERED BY THE SEC.

THE INVESTMENT AND SECURITIES ACT NO 29 OF 2007 ("ISA") PROVIDES FOR CIVIL AND CRIMINAL LIABILITIES FOR THE ISSUE OF A PROSPECTUS WHICH CONTAINS FALSE OR MISLEADING INFORMATION. THE REGISTRATION OF THIS PROSPECTUS AND THE SECURITIES WHICH IT OFFERS DOES NOT RELIEVE THE PARTIES OF ANY LIABILITY ARISING UNDER THE ACT FOR FALSE OR MISLEADING STATEMENTS OR FOR ANY OMISSION OF A MATERIAL FACT. INVESTORS ARE ADVISED TO NOTE THAT LIABILITY FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE PROSPECTUS IS PROVIDED IN SECTIONS 85 AND 86 OF THE ISA.

THE CLEARANCE OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SEC RECOMMENDS THE SECURITIES OFFERED HEREIN OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS.

LEAD ISSUING HOUSE

United Capital
RC: 444999

JOINT ISSUING HOUSES

Boston Advisory Limited
RC:928966

FBNQuest
RC: 466599

VETIVA
RC: 485600

Planet Capital
RC 986761

THIS PRICING SUPPLEMENT IS DATED 17TH NOVEMBER, 2016

Date	Activity	Responsibility
31st August, 2016	File Application for approval of prospectus with SEC	Issuing Houses
10th November, 2016	Receive SEC approval and clearance to hold Signing Ceremony	Issuing Houses
[17th November, 2016	Hold Signing Ceremony	All Parties
2nd December, 2016	Application List Opens	Issuing Houses
2nd December, 2016	Application List Closes	Issuing Houses
2nd December, 2016	Forward Net Issue proceeds to the Issuer	Issuing Houses
6th December, 2016	File Executed Offer Documents with SEC	Issuing Houses
6th December, 2016	File Allotment Proposal and draft newspaper announcement with SEC	Issuing Houses
13th December, 2016	Receive SEC clearance of Allotment Proposal	Issuing Houses
14th December, 2016	Publish Allotment Announcement in at least two (2) national bodies	Issuing Houses
16th December, 2016	Distribute Certificates/Credit Central Securities Clearing System ("CSCS") Accounts	Registrars
19th December, 2016	Forward Declaration of Compliance to The Exchange	Stockbrokers
22nd December, 2016	Listing of the Bonds on FMDQ and NSE	Issuing Houses/Stockbrokers
23rd December, 2016	Post Offer Compliance	Issuing Houses

Important Notice: The dates given above are indicative only. Events in the timetable may be subject to adjustment

DIRECTORS AND COMPANY SECRETARY OF THE ISSUER	
MR. FEMI OTEDOLA, CON (CHAIRMAN) 13, WALTER CARRINGTON CRESCENT VICTORIA ISLAND LAGOS	**MR. AKIN AKINFEMIWA** (GROUP CHIEF EXECUTIVE OFFICER) 13, WALTER CARRINGTON CRESCENT VICTORIA ISLAND LAGOS
MR. JULIUS OMODAYO-OWOTUGA (GROUP CHIEF FINANCIAL OFFICER) 13, WALTER CARRINGTON CRESCENT VICTORIA ISLAND LAGOS	**MR. CHRISTOPHER ADEYEMI** (NON-EXECUTIVE) 13, WALTER CARRINGTON CRESCENT VICTORIA ISLAND LAGOS
MR. PHILIP AKINOLA (NON-EXECUTIVE) 13, WALTER CARRINGTON CRESCENT VICTORIA ISLAND LAGOS	**MR ANIL DUA** (NON-EXECUTIVE) 13, WALTER CARRINGTON CRESCENT VICTORIA ISLAND LAGOS
MR. AKINLEYE OLAGBENDE (COMPANY SECRETARY) 13, WALTER CARRINGTON CRESCENT VICTORIA ISLAND LAGOS	

LEAD ISSUING HOUSE

UNITED CAPITAL PLC
12TH FLOOR, UBA HOUSE
57 MARINA
LAGOS

JOINT-ISSUING HOUSES

BOSTON ADVISORY LIMITED 28B AWORI ROAD DOLPHIN ESTATE IKOYI LAGOS	**PLANET CAPITAL LIMITED** 3RD FLOOR, ST PETER'S HOUSE 3, AJELE STREET OFF BROAD STREET LAGOS Chidi Agbapu
FBN CAPITAL LIMITED 16, KEFFI STREET S. W. IKOYI LAGOS TSEYI HAMMOND	**VETIVA CAPITAL MANAGEMENT LIMITED** PLOT 266B, KOFO ABAYOMI STREET VICTORIA ISLAND LAGOS

UNDERWRITERS

UNITED CAPITAL PLC 12TH FLOOR, UBA HOUSE 57 MARINA LAGOS	**FBN CAPITAL LIMITED** 16, KEFFI STREET S. W. IKOYI LAGOS TSEYI HAMMOND
BOSTON ADVISORY LIMITED 28B AWORI ROAD DOLPHIN ESTATE IKOYI LAGOS	**PLANET CAPITAL LIMITED** 3RD FLOOR, ST PETER'S HOUSE 3, AJELE STREET OFF BROAD STREET. LAGOS. Chidi Agbapu
VETIVA CAPITAL MANAGEMENT LIMITED PLOT 266B, KOFO ABAYOMI STREET VICTORIA ISLAND LAGOS Damilola Ajayi	

JOINT TRUSTEES

ARM TRUSTEES LIMITED 1 MEKUNWEN ROAD OFF OYINKAN ABAYOMI DRIVE, IKOYI LAGOS	**UNITED CAPITAL TRUSTEES** 12TH FLOOR, UBA HOUSE 57 MARINA LAGOS Tokunbo Ajayi
FBN TRUSTEES LIMITED 16, KEFFI STREET OFF AWOLOWO ROAD IKOYI S.W LAGOS Adekunle Awojobi	**UNION TRUSTEES LIMITED** 2 DAVIES STREET 1ST FLOOR, KINGSWAY BUILDING MARINA LAGOS OLUFUNKE AIYEPOLA
VETIVA TRUSTEES LIMITED PLOT 266B, KOFO ABAYOMI STREET VICTORIA ISLAND LAGOS	

SOLICITORS TO THE ISSUE	**SOLICITORS TO THE TRUSTEES**
OLANIWUN AJAYI THE ADUNOLA PLOT L2 BANANA ISLAND IKOYI, LAGOS Ndewin Etom	**AKINDELANO LEGAL PRACTITIONERS** 21 MILITARY STREET, ONIKAN LAGOS Oladale Ajayi-Bembe
REGISTRARS TO THE ISSUE	**RATING AGENCY**
VERITAS REGISTRARS LIMITED PLOT 89A, AJOSE-ADEOGUN STREET, VICTORIA ISLAND, LAGOS David Boyo Ajibaye	**GLOBAL CREDIT RATING (GCR) CO.** 17TH FLOOR, NEW AFRICA HOUSE 31, MARINA LAGOS Adekemi Adebambo
STOCKBROKERS	
NIGERIAN INTERNATIONAL SECURITES LTD 3 ALHAJI KANIKE STREET OFF AWOLOWO ROAD SOUTH-WEST IKOYI LAGOS Helen Ifeacho	**ENTERPRISE STOCKBROKERS PLC** 7 NORMAN WILLIAMS STREET OFF KEFFI STREET IKOYI LAGOS Osunde Abel
UNITED CAPITAL SECURITIES LIMITED 12TH FLOOR, UBA HOUSE 57 MARINA LAGOS Kayode Fadahunsi	
AUDITORS	**REPORTING ACCOUNTANTS**
PKF PROFESSIONAL SERVICES PKF HOUSE 205A IKORODU ROAD OBANIKORO LAGOS, NIGERIA ABDUS-SALAAM NAJEEB	**IJEWERE AND CO** 100/110 LEWIS STREET (1ST FLOOR) LAGOS ISLAND LAGOS Akinjayeju Bola

SUMMARY OF THE OFFER

The following Summary does not purport to be complete and is qualified in its entirety by, the remainder of this Prospectus as a whole, the Shelf Prospectus and other documents, if any, incorporated by reference into this Prospectus.

Issuer:	Forte Oil Plc ("Forte Oil" or "the Company")
Description of the Bonds:	5-year 17.50% Fixed Rate Senior Unsecured Bonds due 2021
Issue Size/Principal Amount:	₦9,000,000,000
Series Number:	1
Par Value:	₦1,000.00
Allotment Date	2nd December, 2016
Issue Price:	100% at Par
Tenor:	5 years
Coupon:	17.50%
Lead Issuing House/ Underwriter:	United Capital Plc
Joint-Issuing Houses/Underwriters:	Boston Advisory Limited, FBN Capital Limited, Planet Capital Limited, Vetiva Capital Management Limited
Maturity Date:	2nd December, 2021, being the fifth anniversary of the Allotment Date
Coupon Frequency:	Semi-annual, and payable in arrears on 2nd June and 2nd December of each year up to and including the Maturity Date
Coupon Commencement Date:	Coupon shall accrue from the Allotment Date
Underwriting:	The Series 1 Bonds shall be 100% firmly underwritten by the Underwriters as follows:

Name of Underwriter	Amount Underwritten(₦)	%
Boston Advisory Limited	850,000,000	9.4%
Planet Capital Limited	1,000,000,000	11.1%
United Capital Plc	6,150,000,000	68.3%
Vetiva Capital Management Limited	500,000,000	5.6%
FBN Capital Limited	500,000,000	5.6%
TOTAL	**9,000,000,000**	**100%**

Redemption:

The Bond is an amortising Bond with the repayment of the principal amount to be made in arrears in accordance with the following repayment schedule reflecting moratorium of one year on the principal:

Principal Repayment Milestones	% of Principal Amount	Actual Principal Amount Repaid (₦'000)
2nd June, 2017	0%	0
2nd December, 2017	0%	0
2nd June, 2018	9%	823,492
2nd December, 2018	10%	895,547
2nd June, 2019	11%	973,907
2nd December, 2019	12%	1,059,124
2nd June, 2020	13%	1,151,798
2nd December, 2020	14%	1,252,580
2nd June, 2021	15%	1,362,182
2nd December, 2021	16%	1,481,372
TOTAL	**100%**	**9,000,000**

Source of Repayment:	The Bonds shall be redeemed from the Company's operating cash-flows
Method of Distribution:	Offer for Subscription
Minimum Subscription Amount:	Minimum of ₦10,000,000 and multiples of ₦1,000,000 thereafter
Business Day Convention:	Where the day on which a payment is due to be made is not a Business Day, that payment shall be effected on or by the next succeeding Business Day unless that succeeding business day falls in a different month in which case payment shall be made on or by the immediately preceding Business Day.
Day Count Fraction:	Actual/Actual (actual number of days in a Month and actual number of days in a Year)

Use of Proceeds[i]:

After the deduction of the costs and expenses of the Issue, which are estimated at ₦423.9million, representing 4.71% of the gross issue proceed, the net proceeds will be utilized as follows:

Purpose	Amount (₦)	% of Net proceeds	Estimated completion period
To refinance existing commercial bank loan obligations	6,003,261,999	70.00%	Immediately
To finance the Company's retail outlet expansion strategy	2,572,826,571	30.00%	In 12 months
Total	**8,576,088,570**	**100%**	

Estimate Cost of Issue:

Item	Amount (₦)	Percentage (%)
Cost of Issue	176,411,430	1.96%
Underwriting Fee	247,500,000	2.75%
Total	**423,911,430**	**4.71%**

Status:	The Bonds are direct, unconditional, senior, unsecured obligations of the Issuer and rank pari passu without any preference among themselves and at least pari passu with all other existing senior, unsecured obligations of the Issuer from time to time outstanding except for obligations mandatorily preferred by law applying to companies generally as provided for in the Series 1 Trust Deed.
Form of Bonds/Transferability:	The Bonds will be issued in registered form and be freely transferable in accordance with the provisions of the Series 1 Trust Deed. The Bonds may be initially represented by a certificate(s). Where the Bonds are represented by certificates, the certificate(s) will be authenticated by the Registrar and may be dematerialised and held in electronic book entry form at the CSCS depository.
Taxation:	Income earned from the Bonds is exempt from tax imposed under the PITA by virtue of the PIT Amendment Act. The income earned from the Bonds is exempt from tax imposed under the CITA by virtue of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011, effective 2nd of January 2012. This exemption is for a period of ten (10) years from the date of the Order. The proceeds from the disposal of the Bonds are exempt from tax imposed under the VAT Act by virtue of the Value Added Tax (Exemption of the Proceeds of the Disposal of Government and Corporate Securities) Order 2011, commencing from 2nd of January 2012. This exemption is for a period of ten (10) years from the date of the Order. Transactions with respect to these bonds are exempt of Commissions on Stock Exchange Transactions by virtue of the Value Added Tax (Exemption of Commissions on Stock Exchange Transactions) Order , 2014, commencing from 25th July, 2014. This exemption is for a period of five (5) years from the date of commencement of this order.
Grossing Up:	All amounts payable under the Bonds will be paid in full without set-off or counterclaim or other restrictions and free and clear of and without any deductions or withholding for or on account of any taxes or any charges or otherwise.
PENCOM Compliance:	The Bond qualifies as securities in which Pension Fund Assets can be invested under the Pensions Reforms Act 2014 and also qualifies as securities in which Trustees may invest under the Trustees Investment Act, Cap T22, LFN, 2004.
Listing:	FMDQ OTC Platform and NSE
Issuer Rating:	The Issuer has an **A-** long-term national rating and **A1-** short-term national rating from Global Credit Rating Company (GCR).

Issue Rating:	The Bonds have been assigned a rating of **A-** by Global Credit Rating Company. Please refer to the section on "*Bonds Rating*" on page 21 of this Prospectus. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.
Financial Covenants:	For as long as the Bonds remain outstanding, the Issuer will be subject to the following financial covenants: 1. Restriction on disposals of the Issuer assets beyond ₦5 billion without the consent of the Bondholders; 2. Debt Service Reserve Account to be held by the Trustees and funded on a monthly basis from the Issuer's operating cash flow from which coupon payments and periodic repayment obligations will be met. 3. Restriction on additional financial indebtedness above ₦5 billion without the consent of the Bondholders; 4. The Issuer shall notify the Bondholders in the event that it wishes to acquire any company/business/assets if the amount of the acquisition cost (when aggregated with the cost of any other acquisition during that financial year) exceeds ₦5 billion; 5. The Issuer shall till the maturity of the Bonds maintain the following financial covenants: ▪ Debt to Equity Ratio equal to or less than 3:1 (i.e. Debt:Equity); ▪ Maximum Net Debt to EBITDA of 3.0X; and ▪ Minimum Debt Service Cover Ratio of 1.5X. The Trustee shall on a quarterly basis, ensure that the financial covenants stated above are strictly adhered to by the Issuer.
Events of Default:	Events of Default will include but will not be limited to the following: (a) Default by the Issuer in any payment when due and payable; (b) Material default by the Issuer in its performance of any of theaffirmative undertakings; (c) Inaccuracy of any of the material representations made by theIssuer; (d) Breach of any one or more of the obligations of the Issuer under the Trust Deed or in relation to the Bonds, which breach is incapable of remedy or is not in the opinion of the Trustee remedied within 15 days after notice of such default shall have been given to the Issuer by the Trustee; Provided that where the breach arises from a Force Majeure Event and the Issuer is unable to resolve the Force Majeure Event (and therefore perform its obligations) within the fifteen (15) day grace period provided herein, the Trustee may at its reasonable discretion, upon receipt of a legal opinion from the Issuer's counsel that such Force Majeure Event can be remedied within a reasonable period or such other period as the Trustee may determine, extend the grace period. (e) Material Adverse Condition in business/financial condition of Issuer that could reasonably be expected to affect the ability of

	the Issuer to meet its obligations to Bondholders; and (f) Bankruptcy, liquidation and insolvency of the Issuer.
Force Majeure Event:	In the context of the Bonds, a Force Majeure Event shall include such acts but not limited to acts of God, acts of war, revolution, civil commotion, strikes, fires, floods, earthquake, destructive lightning, epidemic or other circumstances which are beyond the reasonable control of the Issuer and which it could not have reasonably foreseen and guarded against and which by exercise of reasonable care and diligence, it is unable to prevent.
Remedies:	If an Event of Default occurs, the Trustee may, subject as provided in the Trust Deed, give notice to the Issuer that the Bonds are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount together with accrued interest.
Indebtedness:	As at 31 December 2015, Forte Oil has no indebtedness other than in its ordinary course of its business.
Negative Pledge:	The Issuer will not directly or indirectly create or have outstanding any mortgage, charge, lien, pledge, encumbrance or other security interest (each a Security Interest), other than Permitted Security Interests, upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Indebtedness, unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Trust Deed. For avoidance of doubt, Permitted Security Interest shall only include all security interests preceding the Programme and those subsequently created with the prior consent of the majority Bondholders: a) are secured by the Security Interest equally and rateably with the Indebtedness to the satisfaction of the Trustee; or b) such other Security Interest or other arrangement on substantially identical terms as the Security Interest (whether or not it includes the giving of a Security Interest) is provided either i. as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of Bondholders; or ii. as is approved by a resolution duly passed by a majority of not less than 66⅔% of the votes cast thereon of the Bondholders at a duly convened Bonholders meeting.

Claims and Litigation:	As at 25th August 2016: *"The total amount claimed in the cases instituted against Forte Oil PLC comes to ₦2,048,015,486.23 (Two Billion, Forty Eight Million, Fifteen Thousand, Four Hundred and Eighty-Six Nigerian Naira Twenty Three Kobo).* *In the opinion of the Solicitor to the Issue therefore, the total contingent liability of Forte Oil PLC as it relates to all the nine suits is the aggregate sums of ₦2,048,015,486.23 (Two Billion, Forty Eight Million, Fifteen Thousand, Four Hundred and Eighty-Six Nigerian Naira Twenty Three Kobo).* *The Solicitors to the Issue are of the opinion that Forte Oil PLC's liability in the event of an unfavourable resolution of the disputes against it is unlikely to be more than the aggregate sums stated above plus any interests on judgment sums (which are exclusive of these aggregate sums), as awarded by the courts".* *The Directors of the Company are not aware of any pending and/or threatened claims or litigation other than those contained in the list of the Company's claims and litigation and are of the opinion that none of these cases is likely to have a material adverse effect on the Company or the Offer.*
Governing Law:	The laws of the Federal Republic of Nigeria.
Material Contracts:	The following agreements have been entered into and are considered material to this Programme: ▪ A Series 1 Trust Deed dated 17th November, 2016 between Forte Oil plc on the one part and the Trustees on the other part by which the latter have agreed to act as Trustees to the sinking fund to be established in connection with the ₦9 Billion Bond Issuance Programme. ▪ A Vending Agreement dated 17th November, 2016 between Forte Oil plc on the one part and the Isuing Houses on the other part by which the latter have agreed to act as Issuing Houses to the sinking fund to be established in connection with the ₦9 Billion Bond Issuance Programme ▪ An underwriting Agreement dated 17th November, 2016 between Forte Oil plc on the one part and the Underwriters on the other part by which the latter have agreed to act as Underwriters to the sinking fund to be established in connection with the ₦9 Billion Bond Issuance Programme

History of the Company

Forte Oil Plc ("Forte Oil" or the "Company") was incorporated on 11 December 1964 as British Petroleum. It became African Petroleum through the nationalization 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 has three subsidiaries African Petroleum Oilfield Services Limited (APOS) in Nigeria, AP Oil and Gas Ghana Limited and Amperion Power Distribution Company

Forte Oil Plc is an indigenous petroleum marketing company in Nigeria, listed on the NSE. The Company is a major marketer of refined petroleum products with a strong presence in the thirty-six states of Nigeria and Abuja and is considered a major player in the downstream sector of the Nigerian oil and gas sector. Forte Oil provides to its consumers a wide range of products from the oil value chain including:

- PMS
- AGO
- Aviation fuel
- Kerosene
- Commercial Gas
- LPG

In addition, Forte Oil Plc sells a wide range of lubricants manufactured from its lubricating oil blending plant in Apapa, Lagos. The plant is capable of producing up to 50,000 metric tons of about 100 different grades of lubricating oil annually for use with various automobiles and machines.

Subsidiaries

African Petroleum Oilfield Services Limited (APOS): Incorporated in 2003, APOS specializes in supply of Well Production Chemicals and Drilling/Completion Fluids to major multinational and indigenous oil companies in the upstream sector such as SNEPCO, Total, ExxonMobil, Saipem, Addax, MI Nigeria, Moni Pulo, Agip, SPDC, etc. APOS also has a sustainable technical partnership agreement with M-I Production Technologies (MI-PT) a subsidiary of MI SWACO.

AP Oil and Gas Ghana Limited (APOG): APOG commenced operations in July 2008 with a single outlet and a few industrial customers in its pursuit of the African dream of a transnational oil company and the integration of regional businesses. Today, APOG has grown to a viable energy company with its head office within the Accra Business District and a network of 8 retail outlets. AP Ghana has put in place lube blending arrangement with the Tema Lube Oil Company to sustain constant supply of Forte Oil quality engine oils to the Ghanaian market.

Amperion Power Distribution Company Limited (Amperion Power): Amperion Power is the power generation arm of Forte Oil PLC which just completed the acquisition of a majority stake in the 414MW Geregu Power plant located in Kogi State of Nigeria, under the government-led privatization programme in the power sector. The Geregu Power Plant was commissioned in 2007 with three Siemens V94.2 open cycle gas turbine power generation units totalling 414MW of installed capacity. The three operational units namely GT11, GT12, and GT13 have a rated capacity of 138MW each. The station is supplied gas from two pipelines, a 24-inch wide old pipeline and 36-inch wide 136 KM long new pipeline from the Natural Gas Treatment Plant. These are able to satisfy the fuel requirements of 3 units running on a full load of 414MW.

Forte Oil's Group Structure

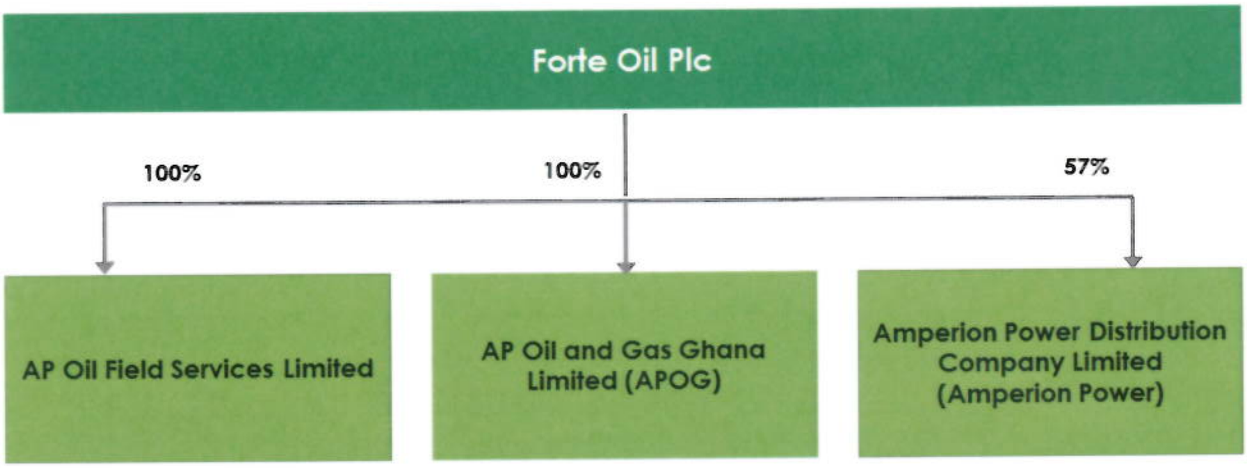


Figure: Forte Oil Group Structure

THE ISSUE

This Prospectus is a supplement to the Shelf Prospectus dated 17th November, 2016 issued by the Company in respect of its ₦50,000,000,000 Medium Term Bond Programme and it should be read in conjunction with the Shelf Prospectus.

A decision to invest in the Series 1 Bonds should be based on consideration by the prospective investor, of this Prospectus and the Shelf Prospectus in addition to any documents incorporated by reference therein as a whole.

Save as disclosed in this Prospectus, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Shelf Prospectus since the publication of the Shelf Prospectus.

LEAD ISSUING HOUSE

United Capital
RC: 444999

JOINT ISSUING HOUSES

Boston Advisory Limited RC928966

FBNQuest RC466599

VETIVA RC: 485600

Planet Capital RC 986761

On behalf of

FORTE OIL PLC

FORTE OIL PLC
RC 4119

Offer for Subscription

and is authorised to receive applications for

₦9,000,000,000

5-YEAR 17.50%
FIXED RATE SENIOR UNSECURED BONDS
DUE 2ND DECEMBER, 2021

Issued At Par

BEING SERIES 1 ISSUED UNDER THE

₦50 BILLION MEDIUM TERM BOND PROGRAMME

The Application List opens and closes on 2nd December, 2016

The offering of ₦9,000,000,000 in Aggregate Amount of 17.50% Fixed Rate Unsecured Bonds due 2021 (the "Series 1 Bonds") of Forte Oil Plc (the "Issuer") are constituted by a Series 1 Trust Deed dated the 17th day of November, 2016 (such Deed as amended and/or supplemented and/or restated from time to time, the " Series 1 Trust Deed") made between the Issuer, ARM Trustees Limited, FBN Trustees Limited, United Capital Trustees Limited, Union Trustees Limited and Vetiva Trustees Limited (together called the "Trustee" which expression shall include their successors-in-title and assigns) as Trustee for the holders of the Series 1 Bonds (the "Series 1 Bondholders" as more particularly defined in the Trust Deed).

The statements in these Terms and Conditions include summaries of, and are also subject to, the detailed provisions of and definitions in the Series 1 Trust Deed and the Programme Trust Deed dated the 17th day of November, 2016 (the "Programme Trust Deed"). The Series 1 Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Programme Trust Deed and the Series 1 Trust Deed.

<u>CONDITION 1</u>

FORM, TITLE AND STATUS

i. Form

a. The Bond shall be issued in registered form and dematerialised and held in electronic book entry form at the CSCS in denominations of ₦1000.00 (One Thousand Naira).

b. A Bondholder may however elect to receive a Certificate covering the amount of his beneficial interest in the Bonds PROVIDED THAT joint Bondholders shall be entitled to only one Certificate in respect of the Bonds jointly held by them which Certificate shall be delivered to that one of the joint Bondholders whose name stands first in the Register and the delivery of a Certificate to one of such persons shall be deemed to be sufficient delivery to all.

ii. Title

Title to the Bonds passes only by registration of the instrument of transfer in the Register. The Bondholder of any Bond issued under this Series whose details are entered into the Register will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing) and no person will be liable for so treating the Bondholder.

iii. Status of the Bonds

a. The Bonds shall constitute direct, unconditional and senior obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves.

b. The payment obligations of the Issuer in respect of principal and Coupon shall save for such obligations as may be preferred by applicable legislation relating to creditor's rights, at all times rank at least equally with all other senior and unsecured indebtedness and obligations of the Issuer, present and future.

c. The Bonds qualify as securities in which Trustees may invest under the Trustees Investment Act CAP t22, LFN 2004 and securities in which Pension Fund Administrators may invest under the Pension Reform Act, CAP P4, LFN 2004.

CONDITION 2
PAYMENTS

i. Repayment

a. There shall be a moratorium on the payment of principal for the first one (1) year. During the first one (1) year, the Series 1 Bonds shall only pay Coupon semi-annually in arrears. After this initial one (1) year period, the principal and Coupon shall be paid till maturity in accordance with this Deed and the Trust Deed or on the declaration of an Event of Default or on such earlier date as the Trustees declare that the Series 1 Bonds have immediately become payable

b. The Coupon rate applicable to the Bonds in relation to the principal amount shall be a fixed rate determined by the yield (as at the Closing Date) of the Federal Government of Nigeria January 2022 bond plus 2.00% margin based on the Issuer's credit rating of A-.

c. Coupon shall be payable on the dates stated in the table in the Third Schedule below.

d. The Coupon shall be calculated on the basis of the actual number of days in a month/actual number of days in a year.

e. The provisions of Condition 2 of the Fourth Schedule (Payments) of the Trust Deed will apply mutatis mutandis to the Series 1 Bonds.

ii. Debt Service Reserve Account

a. The Issuer shall establish a Debt Service Reserve Account ("DSRA") in a Nigerian Bank acceptable to the Trustees in respect of the Series 1 Bonds. The DSRA shall be in the name of the Trustees and shall be held, administered and maintained by the Trustees for the benefit of the Bondholders.

b. The Issuer shall make payments into the DSRA which shall form part of the trust Assets. The Issuer shall irrevocably authorise its chief financial officer or any officer for the time being in charge of the finances of the Issuer to deduct, as a first charge on the Issuer's cash flows and to place to the credit of the DSRA on or before the 10th day of every month, a minimum of ₦19,,687,500 from the funds of the Issuer.

c. The sums credited to the DSRA shall be applied by the Trustees towards the payment of Coupon, part-principal, premium (if any) and the redemption of a specific Series of Bonds issued under the Programme PROVIDED THAT the Trustees at their discretion may ask the Issuer to increase the amount being credited to the DSRA if, in their reasonable opinion, the amount being credited to the account is not sufficient to meet Coupon and principal repayment due on the Bonds at any time.

d. Any moneys standing to the credit of the DSRA may, at the discretion of the Trustees, be invested by the Trustees in accordance with prudent investment standards in Permitted Investments PROVIDED that the maturity date or date on which such Permitted Investments shall be redeemed shall coincide as closely as possible to the date on which such funds shall be required for the purposes hereof.

e. The Trustees shall not be liable for making any investment authorized by the provisions of this Deed or from any loss resulting from such investments except such loss arises as a result of the gross negligence or wilful misconduct of the Trustees PROVIDED that where such gross negligence or wilful misconduct arises from the acts or omissions of only one or some of the Trustees, the obligation to indemnify the Bondholders shall be on the Trustee(s) whose acts or omissions were deemed negligent.

CONDITION 3
REDEMPTION, PURCHASE AND CANCELLATION

i. **Redemption**

a) Unless previously redeemed, purchased and cancelled, the Bonds shall be fully redeemed at its final Redemption Amount (which, unless otherwise provided in respect of the Bonds, is its nominal amount outstanding) at the Maturity Date specified hereof.

b) The Bonds may be partially redeemed in instalments on each Coupon Payment Date at the Redemption Amount specified in the Series 1 Supplementary Prospectus/Pricing Supplement whereupon the Redemption Amount shall reduce the Principal Amount outstanding of such Bond on each Coupon Payment Date until fully redeemed at the Maturity Date.

c) The proceeds of such redemption shall be credited to the bank account of the Bondholder by the Registrar acting on behalf of the Issuer and the Trustees. Where the Bondholder does not specify a bank account, redemption warrants shall be sent by registered post to the address of record of such Bondholder at the risk of such Bondholder and in the case of joint Bondholders, to the address of the joint Bondholder who is named first in the Register.

ii. **Purchase Of Bond By The Issuer**
The Issuer and any of its subsidiaries may at any time and from time to time purchase any part of the Bonds through the market or by tender (available to all Bondholders alike) but not otherwise.

iii. **Cancellation of Bonds**
Any part of the Bonds redeemed or purchased shall be cancelled and the Issuer shall not keep such Bonds valid for the purpose of re-issue.

CONDITION 4
NEGATIVE PLEDGE

The provision of Clause 13 (Negative Pledge) of the Series 1 Trust Deed is hereby incorporated in relation to this Trust Deed.

CONDITION 5
TRANSFERS

a. Transfers of the Bond shall be effected in accordance with the procedures governing transfers in the Trust Deed and the rules governing the electronic transfer of securities held by the CSCS.

b. Upon a transfer of Bonds, the Registrar shall update the Register and the registration of any transfer shall be effected by the Registrar without any charge save for the payment of any fee imposed by law.

CONDITION 6
TRANSMISSION

a. In the case of the death of a Bondholder, the survivor or survivors where the deceased was a joint holder and the executor or administrator of the deceased where he was a sole or only surviving holder shall be the only person recognised by the Issuer as having any title to such Bond.

b. Any person becoming entitled to any Bond in consequence of the death, bankruptcy, winding-up or dissolution of the Bondholder may, upon producing such evidence of his title as the Issuer or the Registrar shall think sufficient, be registered himself as the holder of the Bond, or instead of being so registered, may make such transfer of the Bonds subject to the conditions as to transfer. The Issuer shall be at liberty to retain the Coupon payable on any Bond which any person is entitled to transfer until such person shall be registered or duly transfer the same as aforesaid

CONDITION 7
RECEIPTS FOR MONEY PAID

Notwithstanding Condition 9 below, if several persons are entered in the Register as joint holders of any Bond, then the receipt of any of such persons for any Coupon or principal or other money payable on or in respect of such Bond shall be as effective a discharge to the Issuer and the Trustee as if the person signing such receipt were the sole registered holder of such Bond.

CONDITION 8
EVENTS OF DEFAULT

The Events of Default set out in Clause 14 of the Trust Deed are hereby incorporated and shall, except to the extent revised by the terms hereof, remain in force and shall be binding on the Parties.

CONDITION 9
NOTICES

The provision of Condition 11 (Notices) of the Trust Deed will apply to the notices in connection with the Bonds.

CONDITION 10
OBLIGATIONS AND UNDERTAKINGS OF THE ISSUER

The provisions of Clause 11 (Obligations and Undertakings of the Issuer) of the Trust Deed are hereby incorporated and the Issuer agrees to perform same in relation to this Deed.

CONDITION 11
MEETINGS OF BONDHOLDERS

The rights and duties of the Bondholders in respect of attendance at meetings of Bondholders are set out in the Second Schedule of the Trust Deed (Provisions for Meetings of Bondholders).

USE OF PROCEEDS

The net proceeds after the deduction of the costs and expenses of the Issue, which are estimated at ₦423.9million, representing 4.71% of the gross Issue proceeds be utilized as follows:

Purpose	Amount (₦)	% of Net proceeds	Estimated completion period
To refinance existing commercial bank loan obligations	6,003,261,999	70.00%	Immediately
To finance the Company's retail outlet expansion strategy	2,572,826,571	30.00%	In 12 months
Total	**8,576,088,570**	**100%**	

EXTRACT FROM THE ISSUE RATING REPORT

GCR GLOBAL CREDIT RATING CO.
Local Expertise • Global Presence

Forte Oil Plc

Nigeria Corporate Bond Analysis **June 2016**

Security class	Rating scale	Rating	Rating outlook	Expiry date
Issuer - Long term	National	A-(NG)	Stable	June 2017
Issuer - Short term	National	A1-(NG)		June 2017
Series 1 Fixed Rate Bonds: Up to N10bn	National	A-(NG)#	Stable	December 2016

Key Transaction counterparties:

Issuer: Forte Oil Plc ("Forte", "FO", or the "Group")
Auditors: PKF professional services
Reporting Accountants: Ijewere and Co
Joint Trustees: ARM Trustees Ltd., United Capital Trustees Ltd., FBN Trustees Ltd., Vetiva Trustees Ltd., Union Trustees Ltd.
Solicitors to the Trustees: Akindelano Legal Practitioners
Solicitors to the Offer: Olaniwun Ajayi
Lead Issuing House: United Capital Plc
Joint Issuing Houses: FBN Capital Ltd., Planet Capital Ltd., Boston Advisory Ltd., Vetiva Capital Management Ltd.
Registrar: Veritas Registrars Ltd.
Stockbrokers: Nigerian International Securities Ltd., Enterprise Stockbrokers Plc, United Capital Securities Ltd.,
Receiving Banks: First Bank of Nigeria Limited
Key Documentation: Draft Trust Deed, Draft Shelf Prospectus, Draft Series 1 Trust Deed, Draft Series 1 Pricing Supplement.

Summary of Transaction:

Asset class	Senior unsecured, negative pledge applicable
Programme size	N50bn
Series 1 Bond	Up to N10bn
Tenor	5 years
Legal maturity date	2021
Fully underwritten by Issuing houses	
Negative pledge applicable	
Interest Basis	Fixed: TBD and paid semi-annually
Principal payment frequency	
Series 1 Bond	Paid semi-annually, following the expiration of a 12-month moratorium period.

Related methodologies/research:

Criteria for rating Corporate entities, updated February 2016, Forte Oil Plc Issuer rating report, June 2016
Glossary of terms/ratios, February 2016

GCR contacts:

Primary Analyst:
Adekemi Adebambo
Senior Analyst
adekemi@globalratings.net

Committee Chairperson
Dave King
king@globalratings.net

Analyst location: Lagos, Nigeria
+23 41 462-2545

Website: http://www.globalratings.com.ng

Summary rating rationale

- Forte Oil Plc ranks amongst the top three players in the Nigerian downstream petroleum industry. Its position is supported by long history of operations, significant assets across the value chain, strong relationships with suppliers, experienced management team and an extensive distribution and retail network.
- The Programme Trust Deed features a negative pledge and other covenants to protect the interest of bondholders. Global Credit Rating Company Limited ("GCR") has taken cognisance of the cash collection mechanism through the Debt Service Reserve Account. While this offers some short term protection, it would only delay a default on the Bonds, not prevent it. Thus, its features are not sufficient to warrant a notching up of the Bond rating.
- As the Series 1 Bonds will be senior unsecured obligation of the Issuer, the Bonds will bear the same rating as the Issuer, and any change in the rating assigned to the Issuer will directly affect the Bond rating. Forte was assigned an A-(NG) rating in June 2016.
- Improved business efficiency, streamlined product procurement processes and increased focus on higher margin products led to an improvement in gross margin from 7.5% in F11 to 14.7% in F15 (F14: 10.9%). As a result, gross profit of N18.4bn in F15, was largely in line with that of F14, despite a 27% reduction in revenue to N124.6bn. Operating margin has also improved from a negative margin in F11 to 5% in F15 (F14: 4.5%), edging higher to 6.8% in the 3-month period to March 2016 ("1Q F16").
- Ensuring sufficient funding facilities are available to cover fuel imports, and managing down the interest cost, are essential to ensuring Forte's business can operate profitably. To this end, Forte maintains credit facilities with four Nigerian banks, with a global credit facility limit above N60bn indicating adequate funding facilities to meet expected working capital requirements. The net proceeds from the proposed Series 1 Bond Issue will be applied towards refinancing expensive short term debt and retail outlet expansion.
- Supported by significant enhancement in equity base, net gearing declined from a peak of 122% at FYE12 to 54% at 1Q F16 (FYE15: 57%). Similarly, net debt to EBITDA has improved considerably from 611% at FYE13, to 207% at 1Q F16 (FYE15: 295%), on the back of firmer earnings and lower debt.
- In light of increased pump prices, relatively inelastic and sharply rising demand for petroleum products in Nigeria, revenue is anticipated to jump to N299bn in F16 (28% CAGR over the 5-year forecast period), and operating profit to N25.7bn. However, the weakness in the Naira value and scarcity of foreign currency present some risks to budget attainment.

The *indicative public rating* is premised on the Senior Unsecured status of the Bonds. Should the status of the Bonds differ from that initially contemplated, this could impact the final rating accorded. The final rating will be accorded upon receipt of satisfactorily signed and executed transaction documents.

GLOBAL CREDIT RATING CO.

A. APPLICATION

1. Qualified Institutional investors are hereby invited to participate in the Issue through any of the Issuing Houses.

2. Application for the Bonds now being offered must be made in accordance with the instructions set out on the back of the Application Form. Care must be taken to follow these instructions, as applications which do not comply will be rejected.

3. The Application List for the Bonds now being offered opens on 2nd December, 2016 and will close on 2nd December, 2016. Applications must be for a minimum of 10,000 registered Bonds of ₦1,000 each, representing an aggregate value of ₦10,000,000 and in integral multiples of 1,000 registered Bonds thereafter, representing an aggregate value of ₦1,000,000

4. The subscription currency for the Issue is the Nigerian Naira (₦).

5. The applicant should make only one application, whether in his own name, or in the name of a nominee. Multiple or suspected multiple applications will be rejected.

6. Applicants should complete the Application Form as appropriate. A corporate applicant should affix its seal in the box provided for this purpose and state its incorporation (RC) Number or in the case of a corporate foreign subscriber, its appropriate identification number in the jurisdiction in which it is constituted.

7. All applicants are required to indicate their bank account details in the space provided on the Application Form for the purposes of Coupon and principal e-payments.

8. Each duly completed Application should be forwarded ONLY to the Issuing Houses listed in this Prospectus together with evidence of Bank transfer in an amount equivalent to the aggregate number of bonds applied for. All bank commissions and transfer charges must be prepaid by the applicant. All cheques and bank drafts will be presented upon receipt and all applications in respect of which cheques or bank drafts are returned unpaid will be rejected.

B. ALLOTMENT

Forte Oil Plc and the Issuing Houses reserve the right to accept or reject any application in whole or in part for not complying with the terms and conditions of the Issue. All irregular or suspected multiple applications will be rejected. The allotment proposal will be subject to the clearance of the Commission. Any investor who prefers the issue of the Bonds in dematerialized form should specify the details of his/her Stockbroking firm, CHN and CSCS account in the space provided on the Application Form. The CSCS account shall be credited within 7(Seven) business days from the date of obtaining the approval of the Basis of Allotment from the Commission while Certificates in respect of allotted Bonds will be sent by registered post not later than 15(fifteen) Business days from the Allotment date to investors who prefer certificates.

C. APPLICATION MONIES

All application monies will be transferred to the Issuer on an offer opening date. If any application is not accepted, or is accepted for fewer Bonds, than the number applied for, a crossed cheque for the full amount or the balance of the amount paid (as the case may be) plus interest will be returned by registered post within 5(five) Business Days of allotment by the Registrar. Where monies are not sent within the stipulated 5 Business Days, accrued interest will be paid to the affected applicants at the prevailing Monetary Policy Rate plus a margin of 5% i.e. MPR+5%.

FORTE OIL PLC

Application List Opening Date
2nd December 2016

FORTE OIL PLC

RC 4119

Offers for Subscription

Application List Closing Date
2nd December, 2016

₦9,000,000,000 SERIES 1 17.50% FIXED RATE UNSECURED BONDS DUE 2021 UNDER A ₦50 BILLION DEBT ISSUANCE PROGRAMME

ISSUED AT PAR AT ₦1,000 PER UNIT
PAYABLE IN FULL ON APPLICATION

LEAD ISSUING HOUSE/ UNDERWRITER

United Capital
RC444999

JOINT ISSUING HOUSES/UNDERWRITERS

Boston Advisory Limited
RC928966

FBNQuest
RC466599

VETIVA
RC: 485600

Planet Capital
RC 986761

Orders must be made in accordance with the instructions set out in this Prospectus. Care must be taken to follow these instructions as applications that do not comply may be rejected. If you are in any doubt, please consult your Stockbroker, Accountant, Banker, Solicitor or any professional adviser for guidance.

Please complete all relevant sections of this Form USING BLOCK LETTERS WHERE APPLICABLE

PARTICIPANT STATUS (PLEASE TICK ☐)	DATE ssDD/MM/YYYY)	CONTROL NO. (FOR REGISTRARS' USE ONLY)
☐ High Net worth Investors	2 3 / 1 1 / 2 0 1 6	
☐ Fund Managers		
☐ Pension Fund Administrators		
☐ Insurance Companies		
☐ Investment/Unit Trusts		
☐ Multilateral/Bilateral Inst.		
☐ Market Makers		
☐ Staff Schemes		
☐ Trustees/Custodians		
☐ Stock-broking Firms		
☐ Resident Corporate Investors		
☐ Non-Resident Investors		
☐ Hedge Funds		
☐ Banks		

DECLARATION

I/We hereby confirm that I am/we are qualified persons to participate in this Bond Issue in accordance with applicable SEC Rules and Regulations.

I/We confirm that I/we have read the Prospectus dated **17th November, 2016** and that my/our Order(s) is/are made on the terms set therein

I/we hereby irrevocably undertake and confirm my/our Order(s) for the Bonds equivalent to my/our Participation Amount(s) set out below at the fixed Coupon Rate

I/We authorise the Issuer to make the necessary changes in the Prospectus for filing of the Final Prospectus with the SEC without intimation to me/us and use this Commitment Form as the Application Form for the purpose of this Issue.

I/We note that the Issuer and the Issuing Houses are entitled in their absolute discretion to accept or reject this Order.

I/We agree to accept the Participation Amount as may be allocated to me/us subject to the terms in this Prospectus

I/We authorise you to enter my/our name on the Register of Holders as holders of the Bonds that may be allotted to me/us and to register my/our address as given below

PARTICIPANT DETAILS (INDIVIDUAL/CORPORATE/JOINT) (Please use one box for one alphabet leaving one box blank between first word and second)

Participants have to make orders on the Commitment Form and such orders shall not be considered as multiple applications. All orders must be for a minimum amount of ₦10 million (Ten million Naira) and in multiples of ₦1 million thereafter.

ORDER

PARTICIPATION AMOUNT (minimum amount of ₦10 million and in multiples of ₦ 1 million thereafter)		COUPON RATE
IN FIGURES	₦	
IN WORDS		

SURNAME/CORPORATE NAME

FIRST NAME (FOR INDIVIDUALS ONLY)

OTHER NAMES (FOR INDIVIDUALS ONLY)

JOINT APPLICANT'S FIRST NAME (IF APPLICABLE)

OTHER NAMES (FOR JOINT APPLICANT ONLY)

CONTACT PERSON (FOR CORPORATE APPLICANT)/ NEXT OF KIN (FOR INDIVIDUAL APPLICANT)

ADDRESS IN FULL (PLEASE DO NOT REPEAT APPLICANT(S)' NAME). POST BOX NO. ALONE IS NOT SUFFICIENT

			TEL.	
CITY		**STATE**		**E-MAIL**	

ALLOTMENT PREFERENCE:

Please tick ☐ in the box to indicate allotment preference – CERTIFICATE ☐ / ELECTRONIC (BOOK ENTRY) ☐

E-ALLOTMENT DETAILS (FOR BOOK-ENTRY ALLOTMENTS ONLY)

Please credit my/our CSCS Account as detailed below to the extent of the Bonds allotted:

PARTICIPANT'S CSCS ACCOUNT NO:		**CHN (CLEARING HOUSE NUMBER):**	

NAME OF STOCKBROKING FIRM:	

BANK DETAILS (FOR E-PAYMENTS)

BANK NAME		**BRANCH**	
ACCOUNT NO:		**CITY/STATE**	

SIGNATURES

SIGNATURES	**2ND SIGNATURE (CORPORATE/JOINT)**	**OFFICIAL SEAL/RC. NO.**
NAME OF AUTHORISED SIGNATORY *(Corporate only)*	**NAME OF AUTHORISED SIGNATORY** *(Corporate/Joint)*:	
DESIGNATION *(Corporate only)*:	**DESIGNATION** *(Corporate only)*:	

STAMP OF SELLING GROUP MEMBER
(ISSUER/ISSUING HOUSES/STOCKBROKERS TO THE ISSUE ONLY)