

27 AUGUST 2009

FORTUNE OIL PLC
("Fortune Oil", "the Company" or "the Group")



Half Year Report for 6 months ended 30 June 2009

Fortune Oil invests in and manages oil and gas supply and infrastructure projects in China. Fortune Oil is quoted on the official list of the London Stock Exchange and has its headquarters in Hong Kong.

FINANCIAL HIGHLIGHTS

- Strong increase in Group revenues of 27 per cent to £184 million (1H 2008: £145 million).
- Group operating profit improved 13 per cent to £7.3 million (1H 2008: £6.4 million).
- Group profit before tax increased 3 per cent to £5.6 million (1H 2008: £5.5 million).
- Profit attributable to shareholders down 35 per cent to £1.9 million (1H 2008: £2.9 million), largely due to Bluesky, whose profit contribution reduced by £1.9 million compared to 1H 2008.
- All of Fortune Oil's other operating businesses produced a higher net contribution in the period.
- Gas distribution operating profit increased 73 per cent to £4.0 million, now the largest contributor to the Company's profit.
- Net cash position of £3.0 million as at 30 June 2009 with Group cash balance of £52.9 million.

OPERATIONAL HIGHLIGHTS

- Gas sales in 1H 2009 increased by 45 per cent to 225 million cubic metres.
- The Liulin CBM block has now produced sufficient gas to apply for reserves certification for the northern section, gas sales planned to commence in 2010 as a unique State Pilot Project.
- Volume sales of jet fuel at Bluesky rose 13 per cent to 1 million tonnes.
- Earnings from Bluesky were impacted by government pricing policy, which only stabilised in May; Bluesky's profit contribution is expected to increase significantly in the second half.
- Maoming SPM throughput increased by 8 per cent despite a one month shut down to renovate the buoy system.
- Recent appointment of Mr. Tee Kiam Poon as new business development director, previously responsible for instigating many of BP's projects in China.

Mr. Qian Benyuan, Chairman of Fortune Oil, commented:

"All of Fortune Oil's businesses produced a higher net contribution in the first six months compared to last year, apart from Bluesky. Bluesky continued to be impacted by domestic pricing policy in the first quarter, a situation that has now stabilised, providing the business with a more positive outlook.

"We are continuing to expand our integrated gas network, particularly in CNG and LNG, and we are developing further partnerships across the oil and gas industry. Fortune Oil will continue to be at the leading edge of developments in the supply of energy for China, which has emerged from the past year highly confident, both domestically and on the global stage."

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FORTUNE OIL PLC

Half Year Results for 6 Months ended 30 June 2009

CHIEF EXECUTIVE'S REVIEW

In the first half of 2009 China has continued to post substantial gains in gross domestic product and industrial production, in stark contrast to the performance of OECD economies. Certain sectors of China's economy were significantly affected in the first quarter of 2009, both by the collapse in global export markets and the fallout from the oil price volatility of 2008, but a significant recovery took hold in the second quarter.

For Fortune Oil, the margin in the wholesale gas business came under pressure in the first quarter but recovered in the ensuing months, such that the gas business posted a 73 per cent increase in operating profit for the first half of 2009. Jet fuel price issues continued to impact Bluesky's profit in the first quarter but the government pricing policy stabilised in the second quarter and we expect a significant positive contribution from Bluesky for the year as a whole. With the exception of Bluesky, all of Fortune Oil's operating businesses produced a higher net contribution in the first six months of 2009 compared to the same period last year, while the Liulin coal bed methane block made a significant step towards development through its designation as a State Pilot Project. Fortune Oil remains in a strong financial position: as at 30 June 2009 the Group was net cash positive and the Company is able to meet its debt repayment and investment commitments.

Financial Results for the First Half of 2009

- Revenues including the Group's share of jointly controlled entities increased to £184 million, up 27 per cent from the same period last year.
- Profit from operations for the Group increased by 13 per cent to £7.3 million.
- Profits attributable to equity shareholders decreased to £1.9 million compared with £2.9 million in the same period in 2008. The decrease was primarily due to the reduced contribution from Bluesky, higher finance costs, higher effective tax rates and a larger share of profits being attributable to non-controlling interests in the gas business.
- Earnings per share were 0.10 pence compared with 0.16 pence in first half of 2008.
- Net assets of £122.1 million as of 30 June 2009, a decrease from 31 December 2008 (£136.6 million) because of exchange rate movements.
- Net cash position was £3.0 million at 30 June 2009 and the total Group cash balance was £52.9 million.

Operational Results for the First Half of 2009

- Sales volume of natural gas increased by 45 per cent to 225 million cubic metres and the net operating profit of the gas distribution business increased by 73 per cent from £2.3 million to £4.0 million for the first half of the year. The development of an integrated gas business remains on track.
- In the Liulin coal bed methane block, sufficient gas has now been produced to apply for reserves certification for the northern section, with gas sales expected to commence in 2010 under the State Pilot Project scheme. Fortune Oil now controls a 73.9 per cent share in Fortune Liulin Gas.

- Sales volume at Bluesky rose by 13 per cent to 1.0 million tonnes as the ongoing increase in domestic air travel demand and sales to the new FedEx hub more than offset the fall in international demand. However the government pricing policy only stabilised in May and inventory losses in the first quarter resulted in only a £0.2 million profit contribution in the first half of 2009, compared with £2.1 million for the same period in 2008. A significant positive contribution is expected from Bluesky in the second half of the year.
- Revenues and profits increased at the Maoming SPM as throughput increased by 8 per cent despite the one month shut down to renovate the buoy system.
- Revenues and profit increased in the both the Trading business and at the West Zhuhai Products Terminal, where the utilisation by third party customers has increased significantly.
- There were no lost time accidents in any of the Company's operations in the period.

Outlook

China has emerged from the past year with a strong confidence both domestically and on the global stage. Economic growth has recovered significantly and the pricing disparities that impacted the oil and gas markets in the latter part of 2008 have now been curbed. We expect a more stable operating environment in both the oil and gas sectors in the second half of 2009.

China has the world's fastest growing energy market and the industry landscape is becoming more complex, with new opportunities yet also more competition as the market develops. State-controlled companies continue to dominate both the domestic energy market and the search for international energy assets but Fortune Oil is well placed to benefit from the market growth as a result of its long operational track record, diversified asset base and deep industry and government relationships. The Company will continue to seek out new opportunities as the market and government policies evolve, an effort that will be significantly enhanced by the recent appointment of a new Business Development Director, Mr. Tee Kiam Poon, who instigated many of BP's major projects in China. Throughout 2009 we are continuing to expand our integrated gas network, particularly in CNG and LNG, and we are developing further partnerships across the oil and gas industry. Fortune Oil intends to continue to be at the leading edge of developments in the supply of energy for China.

BUSINESS REVIEW

CHINA REVIEW

Economic Growth

Most economic indicators suggest continuing strong recovery in China's economy. According to the National Bureau of Statistics, industrial output increased by 7.5 per cent year-on-year in the first seven months of 2009. Fixed asset investment grew by 32.9 per cent over this period, driven by the government's stimulus package and state-directed lending. The government is now slowing this rate of lending while still maintaining loose monetary policy. Both the consumer price index and producer price index in July 2009 were lower year-on-year but the government is still concerned about asset price inflation for property and the stock markets. Most international economists have upgraded their growth forecasts for China over the past few months and the government target of 8 per cent growth in GDP for 2009 now seems achievable.

This is in stark contrast with the rest of the global economy, where many OECD countries are still reporting year-on-year declines in GDP and industrial production. The collapse in export markets had a significant impact on certain manufacturing zones in China, for example a large number of factories in the Pearl River Delta have closed. However, fears of social unrest as a result of returning migrant labour were proved to be unfounded. New and more efficient manufacturing sites continue to be developed in the inner provinces, including the target areas for the Company's gas business.

Energy Markets

The government continues to shape its energy policies so as to ensure investment in infrastructure as well as sustainable energy price levels. The government retains control of domestic prices for transportation fuels but is now in a better position to control price and demand via new direct consumption taxes, while still keeping wholesale prices closer to international levels. The move towards cleaner transportation fuels continues, with both Compressed Natural Gas ("CNG") and Liquefied Natural Gas ("LNG") expected to play a more important role on grounds of cost and environmental protection.

China has been shutting down many of its smaller power plants and coal mines, focusing on larger scale, more efficient and less polluting facilities. For example since 2007 it has closed 55 GW of coal-fired and oil-fired power plants, similar in scale to the total generating capacity in England. Most new power plants are coal-fired and Chinese companies are emerging as world leaders in the development of new and cleaner coal technology, but government officials are still concerned that limiting carbon emissions too soon could cause serious energy supply problems. In the last few months China has been a net importer of coal as demand outstrips supply, even though China's proved coal reserves are sufficient to meet its needs for four decades to come.

In the search for future energy supplies Chinese companies have recently been very active in acquiring international petroleum and coal assets, particularly as the State controlled energy companies have access to significant domestic funding. The relative success of China in withstanding the global economic turndown and in developing its own business and technical solutions has significantly enhanced the confidence of Chinese companies in the international arena. However, China retains a centralised long term energy plan, with strict controls over cross-border supply. Domestic prices for natural gas are expected to continue to rise, both because of consumer demand and because of the imminent arrival of more expensive gas contracted from Turkmenistan and as imported LNG, even though global spot gas prices are currently low. The Beijing government is still anxious to develop the domestic gas resources in coal, hence the State Council's selection of coal bed methane ("CBM") as a key technology focus area, and the selection of Liulin as a key State Pilot Project to demonstrate the production of CBM.

NATURAL GAS DISTRIBUTION

Volume sales of natural gas increased by 45 per cent to 225 million cubic metres (m³) in the first half of 2009 (2008: 155 million m³) and a further 10,700 new customers were connected in this period (1H 2008: 3,800). The total revenues from gas sales increased by 32 per cent to RMB 360 million (£35.0 million) (1H 2008: RMB 273 million, £19.6 million). The operating profit for the gas distribution business increased to RMB 41.1 million (£4.0 million), compared with RMB 32.2 million (£2.3 million) in the same period in 2008.

The overall demand for gas in China remained strong in the period despite the economic downturn. Consumption in the industrial sector was adversely affected both by reduced export markets and the forced relocation of some customer factories for environmental reasons. However sales to households, commercial users and gas-fired vehicles all increased in the period. In the first quarter of 2009 the margins for spot-priced wholesale gas decreased due to the reduced industrial demand and competition such as low-priced LPG, but ultimately very few customers switched back to LPG and the wholesale margins increased again in the second quarter.

The Fortune Gas business (85 per cent owned by Fortune Oil) is diversified with no over-reliance on one sector of the gas chain. City gas sales, user connection fees, pipeline tariffs, sales of CNG and sales of LNG each have an important contribution to the business, and each segment made a higher contribution in the first half of 2009 compared with 1H 2008.

Natural gas remains a priority investment area for the government and the State-controlled oil and gas companies continue to develop the nationwide network of trunk pipelines, which provide new connection opportunities for Fortune Gas. In the meantime we continue to develop wholesale CNG and LNG production facilities for customers who cannot yet be connected by pipeline, such as the new LNG liquefaction plant at Puyang. Our strategy remains to develop an integrated network and in June 2009 we announced the acquisition of a 35 per cent interest in CNG retail stations in Xinyang for a consideration of RMB 24 million (£2.1 million), still subject to local government approvals. These stations are supplied with gas by our Xinyang city pipeline system.

COAL BED METHANE

The Company continues to invest in the Liulin CBM block in Shanxi Province, where its subsidiary Fortune Liulin Gas ("FLG") has a Production Sharing Contract ("PSC") with the government-owned China United Coalbed Methane Corporation ("CUCBM"). In February 2009 CUCBM announced that the Liulin block had been designated a State Science and Technology Significant Project to demonstrate CBM production in the Ordos Basin. This is the first State Pilot Project in the China CBM industry wherein the State and a foreign company are co-operating to promote CBM development. It is a clear sign of the State's confidence in the potential at Liulin and FLG will benefit both from early investment by CUCBM and preferential policies for Liulin CBM.

Currently FLG has four production pilot wells flaring gas and two further wells in the dewatering phase, all in the northern section of the block. The first two wells for a planned cluster in the southern section were spudded in August. Under the State Pilot Project CUCBM has committed to drill at least 40 vertical and lateral wells before the end of 2010, mostly in the southern section. Later in 2009 an application will be made to the NDRC to certify the reserves for the northern section and we expect there to be sufficient production data to certify most of the remaining block in 2010. The gas marketing strategy, whether by pipeline or trucked CNG, will be subject to local and provincial approvals and it is planned to commence gas sales in 2010.

As of 30 June 2009 the total expenditure by Fortune Gas in relation to the Liulin block was US\$9.8 million (RMB 67 million, £5.9 million). As the Company continued to fund a larger proportion of the cash calls by FLG, the shares in FLG are now held 26.1 per cent by Molopo Australia Limited and 73.9 per cent by Fortune Green Energy Limited (a wholly owned subsidiary of Fortune Gas). Fortune Oil therefore currently has a 62.8 per cent effective interest in FLG and at least a 31.4 per cent effective interest in the Liulin block as a whole, assuming that CUCBM fully takes up its rights to up to 50 per cent of the Liulin block under the PSC.

OIL SECTOR OPERATIONS

Aviation Refuelling (South China Bluesky Aviation Oil Company)

The operations at Bluesky for the first few months in 2009 continued to be affected by the government-set pricing for jet fuel, with further sharp decreases in the first quarter of 2009, in part to protect the domestic airlines during the economic turndown. However, the government has since followed a policy of setting domestic jet fuel price closer to international price levels. As a result the domestic price was increased in mid May and at the end of June and is currently similar to the cost of imported jet fuel, resulting in a more stable operating environment for Bluesky.

Bluesky's volume sales of jet fuel rose by 13 per cent year-on-year to 1.0 million tonnes (1H 2008: 0.9 million tonnes). Bluesky's revenues in the first six months were RMB 3.6 billion (£353 million), down from RMB 5.4 billion in the same period last year because of the lower jet fuel prices. The demand for air travel within China continued to grow despite the economic downturn, with Bluesky's jet fuel sales to Chinese airlines for domestic flights increasing by 14 per cent year-on-year. A significant element of demand growth also came from the new FedEx hub at Guangzhou, which commenced operations in February and purchased 32,000 tonnes of jet fuel in the first half of the year. However, excluding FedEx, there was a 24 per cent reduction in the purchases by foreign airlines because of the global downturn in international travel. Bluesky receives a higher tariff for supplying these international flights and hence average margin decreased for the period.

The combination of ongoing inventory losses in the first quarter and reduced margin for the period resulted in the net profit contribution from Bluesky reducing to RMB 2.2 million (£0.2 million) compared with RMB 29.2 million (£2.1 million) in 1H 2008. However the reduction in international jet fuel price over the last year and the recent recovery in domestic demand have eased the operating environment for Chinese airlines, which in turn has led to a stabilisation of domestic prices. The average payment period for receivables is now down to the industry standard of one month, in part due to vigorous efforts by Bluesky management to ensure on-time payment, which has also significantly reduced financing costs. As the pricing situation for domestic jet fuel has now improved and domestic demand continues to grow and financing costs are lower, we expect a significant positive contribution from Bluesky in the second half of 2009.

Maoming Single Point Mooring

In the first six months of 2009 the Maoming SPM delivered crude oil from 22 tankers (1H 2008: 21) and the total throughput increased to 4.7 million tonnes (1H 2008: 4.3 million tonnes). For much of the period the domestic prices in China resulted in a positive refining margin and the Maoming refinery reverted to its traditional crude oil slate passing through the SPM system. The throughput increased in the first six months of 2009 even though the system was shut down for four weeks to replace and renovate sections of the buoy system, which was carried out on time and on budget. The capital expenditure for this refit, which is required every four years, was RMB 15.8 million (£1.5 million).

The MKM joint venture net earnings were RMB 25 million (£2.4 million) for the period (1H 2008: RMB 25 million, £1.8 million). The Maoming SPM continues to have an accident-free and spill-free record.

Products Terminals and Supply

At the **West Zhuhai Products Terminal (South China Petroleum Company)** the throughput in the first half of 2009 was 1.1 million tonnes (1H 2008: 1.0 million tonnes). The net profit contribution to Fortune Oil increased to RMB 5.0 million (£0.5 million) compared to RMB 4.3 million (£0.3 million) in 1H 2008, due to the higher throughput and an increase in storage fees. The terminal's major customer continues to be PetroChina for both bonded and non-bonded oil products. However the utilisation by independent customers has increased and they now represent 26 per cent of throughput compared with 12 per cent in the same period last year.

The **Trading** business remains focussed on low-risk cross-border supply of non-regulated oil products and petrochemicals. These activities generated an operating profit of RMB 6.2 million (£0.6 million) for the first six months of 2009, a small increase compared to the same period in 2008. For the Trading division as a whole, including the Shantou depot and gasoline retail stations, the revenues increased to RMB 528 million (£51.3 million) (1H 2008: RMB 287 million, £20.6 million), while the operating profit was RMB 8.0 million (£0.78 million) (1H 2008: RMB 9.2 million, £0.66 million).

FINANCIAL REVIEW

Group revenues (including share of jointly controlled entities) increased by 27 per cent to £184 million in the first half of 2009 (1H 2008: £145 million). This was principally due to higher sales of natural gas (with a £15 million revenue increase) and higher trading revenues (an increase of £31 million), partly offset by a £9 million reduction in Fortune Oil's share of Bluesky revenues caused by lower jet fuel prices.

Despite the contribution from Bluesky being £1.9m lower than 1H 2008, the Group profit from operations was £7.3 million, an increase of 13 per cent on the previous period (1H 2008: £6.4 million). While Bluesky's contribution was still significantly down compared to 1H 2008 all the other business segments posted a higher net contribution to the Group, particularly natural gas. However the profit attributable to equity shareholders decreased to £1.9 million (1H 2008: £2.9 million). The year-on-year decrease was principally because the Group finance charges were £0.5 million higher, the Group taxation was £0.6 million higher and there was a higher profit share of non-controlling interests in the gas business.

Net assets of the Group were £122.1 million (RMB 1.25 billion) at 30 June 2009. This represents a 9 per cent increase in RMB terms since 31 December 2008 but a decrease in sterling terms because of the £15.9 million exchange differences arising on translation of foreign operations for the Group (as reported in the Group Comprehensive Income Statement under new accounting standards). The capital expenditure for the period totalled £8.3 million (1H 2008: £3.2 million) of which £5.5 million was in gas distribution assets, £1.3 million in Fortune Liulin Gas and £1.5 million for the SPM renovation and enhancement.

The level of trade and other receivables and payables at the end of the period was similar to the position as at end 2008. The Group cash balance as at 30 June 2009 was £52.9 million and the Group had a net cash position of £3.0 million (at 31 December 2008: cash balance of £67.8 million and net cash position of £5.6 million).

The finance charges increased to £1.8 million (1H 2008: £1.2 million) principally because of the bank loans inherited upon acquisition of the Xinyang city gas business in 2008. The taxation charge increased to £1.0 million (1H 2008: £0.5 million) principally because the concessionary tax rates for certain natural gas businesses and Maoming SPM expired during 2008.

There have been significant movements in the exchange rate between sterling and renminbi in 2008 and to date in 2009. Sterling strengthened 14 per cent against the renminbi in the period from 31 December 2008 to 30 June 2009.

In the first six months of 2009 the natural gas business provided 41 per cent of the Company's profit contribution. The Maoming SPM was the second largest contributor, providing 23 per cent of the Company's profit contribution. While Bluesky had a small contribution in the first six months of the year we expect an improvement in the second half of 2009.

PRINCIPAL RISKS AND UNCERTAINTIES

The business of the Fortune Oil Group is focused on the distribution in mainland China of hydrocarbon fuels with recent expansion into coal bed methane, and it is subject to a variety of business risks. These risks have not changed since the date of the Annual Report 2008, where the principal risks and uncertainties are detailed on pages 21 and 22.

The general business risks facing Fortune Oil's operations in China include: country risk; the regulatory regime; relationship risks; attraction and retention of employees; speed of development; current and future financing; uninsured risks; foreign exchange risks; liquidity risk; commodity price risk; and health, safety and environment (HSE) risks. Specific risks pertaining to the Group's fuel distribution business include: the level of energy demand; technical risk; physical security; and gas availability. Specific risks and uncertainties for the Group's upstream gas business include: general exploration, development and production risks; estimation of gas resources; and the work programme under the Group's Production Sharing Contract.

GOING CONCERN STATEMENT

The Group's business activities and associated opportunities and risks are set out above in the "Business Review" and "Principal Risks and Uncertainties". The financial position of the Group, its cash flows and liquidity position are described in the Financial Review.

In the management of liquidity risk the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. The Group meets part of its capital expenditure requirements from medium term loan facilities. The current economic conditions may create uncertainty over: (a) the level of demand for the Group's products and services; (b) international exchange rates that affect commodity prices and hence the Group's revenues in China as denominated in US dollars or sterling; (c) the availability of bank or equity finance in the foreseeable future; and (d) counterparty credit risk.

The Group has a considerable cash balance following the share placings in 2008. The Group's current forecasts and projections, adjusting for reasonably possible changes in trading conditions, show that the Group will be able to repay the maturing loans in accordance with the loan agreements.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, Fortune Oil continues to adopt the going concern basis in preparing the half year report and accounts.

RESPONSIBILITY STATEMENT PURSUANT TO DTR 4.2

We confirm that, to the best of each person's knowledge:

- 1) The condensed financial statements, which have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and income of the issuer, and the undertakings included in the consolidation as a whole as required by DTR 4.2.4 R; and DTR 4.2.10(4));
- 2) The half year management report includes a fair review of important events in the half year period, their impact on the financial information, and a description of the principal risks and uncertainties in accordance with DTR 4.2.7R; and
- 3) The half year management report includes a fair review of related party transactions in accordance with DTR 4.2.8 R.

By order of the Board

Li Ching
Chief Executive Officer

John Pexton
Deputy Chief Executive Officer

FORTUNE OIL PLC
Half Year Results for 6 Months ended 30 June 2009
GROUP COMPREHENSIVE INCOME STATEMENT

Amount in £'000	6 months ended 30.06.09 (Unaudited)	6 months ended 30.06.08 (Unaudited)
Revenue including share of jointly controlled entities	184,188	145,091
Share of revenue of jointly controlled entities	(92,098)	(101,512)
Group revenue	92,090	43,579
Cost of sales	(81,525)	(36,233)
Gross profit	10,565	7,346
Distribution expenses	(1)	-
Administrative expenses	(4,211)	(3,562)
Share of results of jointly controlled entities	933	2,638
Profit from operations	7,286	6,422
Finance costs	(1,765)	(1,225)
Investment revenue	120	266
Profit before tax	5,641	5,463
Income tax charge	(1,045)	(494)
Profit for the period	4,596	4,969
Other comprehensive income		
Exchange differences arising on translation of foreign operations	(15,900)	3,059
Other comprehensive income for the period (net of tax)	(15,900)	3,059
Total comprehensive income for the period	(11,304)	8,028
Profit for the period attributable to:		
Owners of the parent	1,911	2,921
Non-controlling interests	2,685	2,048
	4,596	4,969
Total comprehensive income attributable to:		
Owners of the parent	(7,780)	5,148
Non-controlling interests	(3,524)	2,880
	(11,304)	8,028
Earnings per share		
Basic	0.10p	0.16p
Diluted	0.10p	0.16p

All results shown are from continuing operations.

FORTUNE OIL PLC
Half Year Results for 6 Months ended 30 June 2009
GROUP FINANCIAL POSITION

Amount in £'000	30.06.09 (Unaudited)	31.12.08
Assets		
Non-current assets		
Property, plant and equipment	84,344	90,086
Investment properties	1,776	2,017
Goodwill	7,096	7,935
Other intangible assets	3,453	4,002
Prepaid lease payment	4,649	5,185
Investments in jointly controlled entities	25,146	27,405
Available-for-sale investments	822	934
	127,286	137,564
Current assets		
Inventories	3,354	4,672
Trade and other receivables	17,093	18,937
Cash and cash equivalents	52,938	67,823
	73,385	91,432
Total assets	200,671	228,996
Equity and liabilities		
Capital and reserves		
Ordinary share	19,282	19,282
Treasury share	(594)	(594)
Share premium	8,932	8,932
Foreign currency translation reserve	11,737	21,428
Retained earnings	39,529	37,618
Equity attributable to owners of the parent	78,886	86,666
Non-controlling interests	43,263	49,944
Total equity	122,149	136,610
Non-current liabilities		
Borrowings	27,592	34,633
Deferred tax liabilities	2,225	2,556
	29,817	37,189
Current liabilities		
Trade and other payables	25,981	26,572
Borrowings	22,306	27,593
Current tax liabilities	418	1,032
	48,705	55,197
Total liabilities	78,522	92,386
Total equity and liabilities	200,671	228,996

FORTUNE OIL PLC
Half Year Results for 6 Months ended 30 June 2009
GROUP CASH FLOW STATEMENT

Amount in £'000	Six months ended	
	30.06.09 (Unaudited)	30.06.08 (Unaudited)
Net cash from operating activities		
Profit for the period	4,596	4,969
Adjustments for:		
Share of post-tax results of jointly controlled entities	(933)	(2,638)
Taxation	1,045	494
Amortisation	106	2,344
Depreciation	3,454	464
Loss on disposal of property, plant and equipment	234	62
Loss on disposal of prepaid lease payment	19	-
Share-based payments	-	200
Investment income	(120)	(266)
Finance costs	1,765	1,225
Decrease/(increase) in inventories	754	(228)
Increase in trade and other receivables	(414)	(6,857)
(Decrease)/increase in trade and other payables	(990)	3,751
Net cash from operations	9,516	3,520
Interest paid	(1,765)	(1,225)
Taxation paid	(1,580)	(637)
Net cash from operating activities	6,171	1,658
Interest received	120	266
Dividend received from jointly controlled entities	19	687
Payment for property, plant and equipment	(8,334)	(2,755)
Payment for other intangible assets	-	(452)
Payment for prepaid lease payments	(138)	-
Receipt from disposal of property, plant and equipment	4	12
Investments in jointly controlled entities	-	(1,197)
Purchase of club debentures	-	(46)
Loan from/(to) jointly controlled entities	19	(1,664)
Net cash used in investing activities	(8,310)	(5,149)
Loan from non-controlling shareholders	-	864
Repayment of loans to non-controlling shareholders	(2,217)	-
Dividend paid to non-controlling shareholders	(194)	(2,849)
Other capital contribution from non-controlling shareholders	388	856
Increase in bank loans	(2,654)	(885)
Net cash used in financing activities	(4,677)	(2,014)
Net decrease in cash and cash equivalents	(6,816)	(5,505)
Cash and cash equivalents at beginning of the period	67,823	27,263
Cash flow effect of foreign exchange rate changes	(8,069)	1,579
Cash and cash equivalents at end of the period	52,938	23,337

FORTUNE OIL PLC

Half Year Results for 6 Months ended 30 June 2009

GROUP STATEMENT OF CHANGES IN EQUITY

Amount in £'000	Issued capital		Share	Foreign	Retained	Attributable to	Non-	Total
	Ordinary	Treasury	Premium	currency	Earnings	owners of	controlling	
	Shares	Shares	Account	translation		the parent	Interests	
				Reserve				
Balance at 1 January 2008	18,363	(594)	22	(932)	28,291	45,150	18,473	63,623
Profit for the period	-	-	-	-	2,921	2,921	2,048	4,969
Exchange differences arising on translation of foreign operations	-	-	-	2,227	-	2,227	832	3,059
Total comprehensive income for the period	-	-	-	2,227	2,921	5,148	2,880	8,028
Payment of dividends	-	-	-	-	-	-	(2,849)	(2,849)
Capital contribution by non-controlling shareholders of a subsidiary	-	-	-	-	-	-	856	856
Share-based payments	-	-	-	-	200	200	-	200
Balance at 30 June 2008	18,363	(594)	22	1,295	31,412	50,498	19,360	69,858
Balance at 1 January 2009	19,282	(594)	8,932	21,428	37,618	86,666	49,944	136,610
Profit for the period	-	-	-	-	1,911	1,911	2,685	4,596
Exchange differences arising on translation of foreign operations	-	-	-	(9,691)	-	(9,691)	(6,209)	(15,900)
Total comprehensive income for the period	-	-	-	(9,691)	1,911	(7,780)	(3,524)	(11,304)
Payment of dividends	-	-	-	-	-	-	(3,545)	(3,545)
Capital contribution by non-controlling shareholders of a subsidiary	-	-	-	-	-	-	388	388
Balance at 30 June 2009	19,282	(594)	8,932	11,737	39,529	78,886	43,263	122,149

FORTUNE OIL PLC

Half Year Results for 6 Months ended 30 June 2009

NOTES

1. Basis of preparation

The condensed financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The financial information for the six months ended 30 June 2009 and 30 June 2008 was neither audited nor reviewed by the auditors. The full year figures for 2008 do not constitute statutory accounts for the purposes of section 240 of the Companies Act 1985. A copy of the statutory accounts for the year ended 31 December 2008 has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain statements under section 237 (2) or (3) of the Companies Act 1985.

2. Significant accounting policies

The condensed financial statements have been prepared under the historical cost convention, except for the revaluation of certain properties and financial instruments.

The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2008, except for the impact of the adoption of the Standards and Interpretations described below.

Amendments to IFRSs issued in May 2008

The Amendments include 35 changes across 20 different Standards that largely clarify the required accounting treatment where previous practice had varied, and have resulted in a number of changes in the detailed application of the Group's accounting policies described below. None of the other amendments to IFRSs have had a significant impact on the accounting policies of the Group.

IFRS 8 Operating Segments

(effective for annual periods beginning on or after 1 January 2009)

IFRS 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments (see note 3), but has had no impact on the financial position of the Group.

IAS 1 (revised 2007) Presentation of Financial Statements

(effective for annual periods beginning on or after 1 January 2009)

The revised Standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised Standard has had no impact on the reported results or financial position of the Group.

At the date of issue of these financial statements, the following Standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective.

IFRS 3 (revised 2008) Business Combinations

(effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009)

The impact of IFRS 3(2008) *Business Combinations* would be:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests);
- to change the recognition and subsequent accounting requirements for contingent consideration. Whereas, under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if it met probability and reliably measurable criteria, under the revised Standard the consideration for the acquisition always

includes the fair value of any contingent consideration. Once the fair value of the contingent consideration at the acquisition date has been determined, subsequent adjustments are made against goodwill only to the extent that they reflect fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). Under the previous version of the Standard, adjustments to consideration were always made against goodwill;

- where the business combination in effect settles a pre-existing relationship between the Group and the acquiree, to require the recognition of a settlement gain or loss, measured at fair value of non-contractual relationships; and
- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being expensed when incurred, whereas previously they were accounted for as part of the cost of the acquisition.

The revised Standard is also expected to affect the accounting for business combinations in future accounting periods, but the impact will only be determined once the detail of future business combination transactions is known.

IAS 27(revised 2008) Consolidated and Separate Financial Statements

(effective for annual periods beginning on or after 1 July 2009)

The revised Standard would be resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in its subsidiaries. In prior years, in the absence of specific requirements in IFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under IAS 27(2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date that control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments.

The revised Standard is also expected to affect the accounting for changes in ownership interests in future accounting periods, but the impact will only be determined once the detail of future transactions is known.

IAS 28(revised 2008) Investments in Associates

(effective for annual periods beginning on or after 1 July 2009)

The principle adopted in IAS 27(2008) that a change in accounting basis is recognised as a disposal and re-acquisition at fair value is extended by consequential amendments to IAS 28 such that, on the loss of significant influence, the investor measures at fair value any investment retained in the former associate.

The revised Standard is also expected to affect the accounting for changes in investments in Associates in future accounting periods, but this has had no impact on the financial position of the Group.

3. Segmental reporting

The Group has adopted IFRS 8 Operating Segments (effective on 1 January 2009) to identify six operating segments on the basis of internal reports about components of the Group which are reviewed regularly by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (IAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has changed.

In prior years, segment information reported externally was analysed on the basis of major business divisions of the Group. However, information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is more specifically detailed into each business segment by treating the Group's overheads as a separate item. The principal business segments are constant with minor changes of names and office overheads segregated. The Group has reclassified the operating divisions and the reportable segments under IFRS 8 as "Natural Gas", "Single point mooring facility", "Aviation Refuelling", "Trading", "Products Terminal" and "Others".

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of IFRS 8 as required by IAS 34.

a) Operating segments

Amount in £'000	Natural Gas		Single point mooring facility		Aviation Refuelling	
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Revenue including share of jointly controlled entities	34,972	19,560	7,216	5,157	86,477	95,720
Share of revenue of jointly controlled entities	(1,368)	(1,755)	-	-	(86,477)	(95,720)
Group revenue	33,604	17,805	7,216	5,157	-	-
Profit from operations (including share of results of jointly controlled entities)	3,994	2,308	2,949	2,151	212	2,093
Office overheads*						
Operating profit, net of overheads						
Finance costs						
Investment revenue						
Profit before taxation						
Taxation						
Profit for the period						
Attributable to						
Owners of the parent						
Non-controlling interests						
Amount in £'000	Natural Gas		Single point Mooring facilities		Aviation refuelling	
	30.06.09 (Unaudited)	31.12.08	30.06.09 (Unaudited)	31.12.08	30.06.09 (Unaudited)	31.12.08
Net assets: by class of business						
Assets						
Segment assets	138,195	162,409	19,800	21,148	13,519	18,231
Unallocated assets						
Consolidated total assets						
Liabilities						
Segment liabilities	(30,156)	(43,038)	(5,089)	(846)	(462)	(534)
Unallocated liabilities						
Consolidated total liabilities						

Amount in £'000	Trading		Products Terminal		Others**		Group	
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Revenue including share of jointly controlled entities	51,270	20,617	1,197	860	3,056	3,177	184,188	145,091
Share of revenue of jointly controlled entities	-	-	(1,197)	(860)	(3,056)	(3,177)	(92,098)	(101,512)
Group revenue	51,270	20,617	-	-	-	-	92,090	43,579
Profit from operations (including share of results of jointly controlled entities)	599	591	482	307	181	76	8,417	7,526
Office overheads*							(1,131)	(1,104)
Operating profit, net of overheads							7,286	6,422
Finance costs							(1,765)	(1,225)
Investment revenue							120	266
Profit before taxation							5,641	5,463
Taxation							(1,045)	(494)
Profit for the period							4,596	4,969
Attributable to								
Owners of the parent							1,911	2,921
Non-controlling interests							2,685	2,048

Amount in £000	Trading		Products Terminal		Others**		Group	
	30.06.09 (Unaudited)	31.12.08	30.06.09 (Unaudited)	31.12.08	30.06.09 (Unaudited)	31.12.08	30.06.09 (Unaudited)	31.12.08
Net assets: by class of business								
Assets								
Segment assets	27,882	29,645	(648)	(4,037)	(211)	(409)	198,537	226,987
Unallocated assets							2,134	2,009
Consolidated total assets							200,671	228,996
Liabilities								
Segment liabilities	(11,709)	(8,807)	-	-	-	-	(47,416)	(53,225)
Unallocated liabilities							(31,106)	(39,161)
Consolidated total liabilities							(78,522)	(92,386)
							122,149	136,610

* Includes overheads in UK/HK/PRC offices.

** Others include retail and distribution.

b) Analysis of group revenue

	6 months ended 30.06.09 (Unaudited)	6 months ended 30.06.08 (Unaudited)
Amount in £'000		
Sales of goods	87,826	41,379
Income from construction contracts	3,301	1,360
Rental income	520	499
Others	443	341
	92,090	43,579

4. Income tax charge

Interim period income tax is accrued based on the average effective income tax rate of 18.5 per cent (6 months ended 30 June 2008: 9.0 per cent).

The Group tax charge does not include any amounts for jointly controlled entities, whose results are disclosed in the statement of comprehensive income net of tax.

Please refer to the financial review for discussion on the increase in tax charges during the period.

5. Earnings per share

Earnings per share has been calculated by dividing earnings attributable to the shareholders by the weighted average number of shares in issue during the respective periods, as indicated below:

	30.06.09 No. '000 (Unaudited)	30.06.09 pence (Unaudited)	30.06.08 No. '000 (Unaudited)	30.06.08 pence (Unaudited)	31.12.08 No. '000	31.12.08 pence
Basic	1,869,115	0.10	1,777,248	0.16	1,827,321	0.49
Share option adjustment	4,347		7,106		7,004	
Diluted	1,873,462	0.10	1,784,354	0.16	1,834,325	0.49

6. Property, plant and equipment

During the period, the Group spent approximately £ 8.3 million on assets in the course of construction, single point mooring buoy and exploration and evaluation.

The Group also disposed of some of its single point mooring buoy and fixtures and fittings with a carrying amount of £ 217,000 million for proceeds of £ 4,000. There have been exchange losses of £ 21,000.

The depreciation charge for the period was £ 3.4 million (6 months ended 30 June 2008: £ 2.2 million).

7. Investments in jointly controlled entities

There was no acquisition during the period and the movement was mainly represented by the share of the profit and loan to the jointly controlled entities. There have been exchange losses of £3,154,000. Details are as follows:

Interest in	Net loans	Total
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Amount in £'000	jointly controlled entities	to jointly controlled entities	jointly controlled entities
Share of net assets/cost			
At 1 January 2009	22,251	5,154	27,405
Exchange rate difference	(2,537)	(617)	(3,154)
Repayment	-	(19)	(19)
Dividend	(19)	-	(19)
Share of profit	933	-	933
At 30 June 2009	20,628	4,518	25,146

8. Goodwill

There was no acquisition during the period and the movement mainly represents the exchange loss.

9. Issued capital

Issued capital as at 30 June 2009 amounted to £19,282,000. There were no movements in the issued capital of the Company during the period.

10. Related party transactions and significant contracts

The Group's related parties, the nature of the relationship and the extent of transactions with them are summarised below:

Amount in £'000	Sub note	30.06.09 (Unaudited)	30.06.08 (Unaudited)
Loans from equity non-controlling interests to subsidiaries	1	(2,755)	(3,716)
Loans to equity non-controlling interests to subsidiaries	1	2,126	-
Other loans from major shareholders	2	(3,784)	(3,144)
Interest paid and payable to major shareholders	2	64	80
Trade account receivable from non-controlling shareholders	3	3,772	3,944
Shareholder loans to / (from) jointly controlled entities	4	4,521	2,583
Sales of goods to Vitol Asia	5	-	984
Purchase of goods from Vitol Asia	5	2,859	114
Purchase of goods from jointly controlled entities	5	669	-
Current account with Vitol Asia	5	(423)	580

Sub-notes:

- The loans of £2,755,000 (2008: £3,278,000) comprised loans from the non-controlling shareholders of Shuozhou Jingshuo Natural Gas Limited, Beijing Fuhua Dadi Gas Company Limited (DADI), Luquan Fu Xin Gas Company Limited, Shuozhou Jingping Natural Gas Limited, Shuozhou Fu Hua Natural Gas Limited and Qufu Fu Hua Gas Company Limited. Except for £1,303,000 (2008: £1,055,000) from non-controlling shareholders of DADI which is interest bearing of 5.841% p.a. (2008: 8.217% p.a.), the loans are unsecured, interest free and without fixed payment terms. The loans in 2008 included £438,000 from Zhanjiang Gas Company Ltd ("ZGC"), the corporate shareholders of the Group's former subsidiary, Zhanjiang Fu Duo Gas Company Limited ("Fu Duo"). The Fu Duo group was disposed in 2008. The loans £2,126,000 (2008: Nil) comprised loans to the non-controlling shareholders of China United Shanxi CBM Company Limited and Henan Fortune Green Energy Development Company Limited which loans are unsecured, interest free and without fixed payment terms.
- Other loans at 30 June 2009 were from the major shareholder First Level Holdings Limited (FLHL). The amount due is unsecured, interest bearing of LIBOR plus 2% and without fixed payment terms. The interest paid and payable to FLHL was £64,000 (2008: £80,000). The interest owed at 30 June 2009 to FLHL was £58,000 (2008: £80,000).

3. Maoming Petrochemical Corporation (MPCC) is a corporate shareholder of the Group's subsidiary, Maoming King Ming Petroleum Company Limited and has representatives on the Board. Throughputting turnover from MPCC amounted to £6,958,000 (2008: £4,863,000) of which £3,772,000 was owed at 30 June 2009 (2008: £3,620,000). A trade account receivable from ZGC at 30 June 2008 was £324,000. ZGC was disposed of last year.
4. The shareholder loans are part of shareholders' investment in the jointly controlled entities. These are common methods of making an investment in jointly controlled entities in China. £4,398,000 (2008: £2,482,000) was due from Tianjin Tianhui Natural Gas Limited, Jining Qufu New Fu Hong Gas Limited and Shandong Green Energy Gas Company Limited at the end of 30 June 2009. The remaining balances relate to a number of other jointly controlled entities.
5. Sales from a Group's subsidiary, Fortune Oil Holdings Limited, to Vitol Asia Pte Ltd amounted to £Nil (2008: £984,000). Purchases from Vitol Asia Pte Ltd to a Group's subsidiary, Fortune Oil Holdings Limited amounted to £2,859,000 (2008: £114,000) and purchases from jointly controlled entities - Shandong Green Energy Gas Company Limited and Jining Qufu New Fu Hong Gas Limited to Group subsidiaries, Henan Fortune Green Energy Development Company Limited and Qufu Fu Hua Gas Company Limited amounted to £115,000 and £554,000 (2008: £Nil) respectively. Current account due from Vitol Energy (Bermuda) Limited amounted to £423,000 (2008: £580,000 due to Vitol Energy (Bermuda) Limited) of which is one of the substantial shareholders of the Group.

11. Approval of interim financial statements

The interim financial statements were approved by the board of directors on 27 August 2009.