

CORPORATE INFORMATION

Board of Directors:

Mr. Kolapo Lawson	(Chairman)
Mr. Adedoyin Adeyinka	(Managing Director/CEO)
Lt. Gen. Mohammed Inuwa Wushishi (Rtd)	(Non Executive)
Mr. Oladele Odimayo	(Non Executive)
Mr. James Miner	(Non Executive)
Prof. Ochapa Onazi	(Non Executive)
Mrs. Adebola Adefope	(Non Executive)
Mr. Olufemi Odebunmi	(Non Executive)
Mr. Olatunji Ladoja	(Non Executive)

Company Secretary

K & A Nominees
1708A, Olugbosi Close, Off Bishop Oluwole Street
Victoria Island, Lagos

Registered Office:

Plot 21 IB, Muri Okunola Street, Victoria Island, Lagos

Principal Office:

Elephant House (5th floor)
214, Broad Street, Marina, Lagos

Formerly:
Plot 21 IB, Muri Okunola Street
Victoria Island, Lagos

Auditor:

KPMG Professional Services
22A Gerrard Road, Ikoyi, Lagos

Principal Bankers:

First City Monument Bank Plc
Intercontinental Bank Plc
Guaranty Trust Bank Plc
Afribank Plc
Oceanic Bank Plc
Zenith Bank Plc

Solicitors:

Kenna & Associates
1708A, Olugbosi Close, Off Bishop Oluwole Street,
Victoria Island, Lagos

Foundation Chambers
24B, Apapa Lane, Dolphin Estate, Ikoyi, Lagos

Banwo & Ighodalo
98, Awolowo Road, South-west Ikoyi, Ikoyi, Lagos

Legal Direct
18, Bilikisu Iyede Street, Yaba, Lagos

B. Ayorinde & Co
136, Awolowo Road, Ikoyi, Lagos

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 28th Annual General Meeting of Acorn Petroleum Plc shall be held on Wednesday, June 22, 2011 at 9:00a.m (or so soon thereafter) at Obudu Cattle Ranch, Obudu, Cross Rivers State, for the purpose of considering the following matters:

ORDINARY BUSINESS

1. To receive the report of the Directors and the Audited Financial Statements for the year ended June 2009, and the report of the auditors thereon.
2. To re-elect Directors retiring by rotation/Removal of Directors.
3. To authorise the directors to fix the remuneration of the Auditors.
4. To elect members of the audit committee.

NOTES

A. Closure of Register of Members

The Register of Members and Transfer Books of the Company would be closed from Monday, 13th June to Friday, 17th June 2011 (both dates inclusive).

B. Audit Committee

In accordance with S.395 (5) of the Companies and Allied Matters Act, 1990, any member may nominate a shareholder as a member of the audit committee by giving Notice of such nomination to the Company Secretary at least 21 (Twenty One) days before the Annual General Meeting.

C. Proxy

A member entitled to attend and vote at the meeting is entitled to appoint a proxy (or proxies) to attend and vote in his/its stead. A proxy need not be a member (shareholder) of the Company. A proxy form is enclosed. Where a proxy is used, the proxy form must be lodged with Registrars, City Securities (Registrars) Limited, Primrose Towers, 17A Tinubu Street, Lagos limited no later than 48 hours prior to the time fixed for the meeting.

BY ORDER OF THE BOARD

K&A Nominees Limited

Company Secretary

Dated this 23rd day of May, 2011

CHAIRMAN'S STATEMENT



Fellow shareholders, I welcome you to the 28th Annual General Meeting of our Company and to present to you the Annual Reports and Accounts of the Company for the year ended 30th June 2009.

I will now proceed to review the business environment in which we operated during the last financial year and to summarise how the significant challenges posed by this environment impacted on our business activities and performance.

The Economy

The financial year under review was a remarkable year, It was characterized by a number of very unusual events, including, most obviously, the escalation of the global financial crisis that started in 2007, and the subsequent economic meltdown.

The financial crisis was initially triggered by the loss of investor confidence in the value of securitized mortgages, and other complex credit instruments in the United States of America. This resulted in a subsequent liquidity crisis, both in the United States and in Europe, which prompted a sharp contraction in money supply, a rapid decline in credit to the economy and waning consumer confidence and expenditure, leading ultimately to a major recession that is still spreading throughout the majority of both developed and emerging market economies.

On the African continent, this recession triggered a collapse of commodity prices and, as a result, African economies, once seen as the final frontier of new wealth creation, were thrown into severe disarray. The price of crude oil fell from US\$147 per barrel to US\$35 per barrel in just 120 days, and then moved to a trading range of US\$60–70 per barrel during the year under review. It is therefore hardly surprising that, with a major budget deficit looming, it has become apparent that Nigeria is not immune to the effects of the global recession.

The international hedge funds which had contributed significantly to the appreciation of the Naira and the recent stock market boom suffered substantial losses, almost without exception, and began to withdraw from the Nigerian market, not least because it was still one of the few in the world where investors could still realise some medium-term gains and repatriate liquidity. This divestment, combined with the even more important collapse of margin lending to local investors, fueled the largest and most rapid collapse in the stock market ever experienced in Nigeria, with the All Share Index falling by over 20% in January 2009 alone. The fall in the stock market was worsened by the significant devaluation of the Naira in the face of diminishing foreign exchange receipts from oil sales, thus providing further proof of the challenging macro-economic environment experienced throughout 2008 and 2009.

However, there are some encouraging signs of at least a slowdown in the pace of economic decline. GDP growth remains at over 6%, driven principally by rapid growth in the non-oil sectors of the economy, particularly agriculture, which contributed almost 50% of the entire GDP growth in 2008. While continued disruption in oil production in the Niger Delta contributed further to the foreign exchange shortfall caused by the decline in world oil prices, the non-oil sector, led by agriculture, trade and telecommunications has provided a modest stimulus for economic growth.

As mentioned earlier, the year under review also saw a rapid devaluation of the Naira, particularly during the second half of the financial year (i.e. the last quarter of 2008 and the first quarter of 2009). The Naira now trades at N152: US\$1, a sharp decline from the level of N116.8: US\$1 recorded in January, 2008. This was largely the result of declining foreign exchange inflows from oil receipts, as well as the departure of many foreign portfolio investors from the Nigerian market and a reduction in remittances from overseas, as a result of the global economic slowdown. The devaluation of the Naira was, to some extent, mitigated by the managed decline in foreign exchange reserves, which have fallen to about US\$43 billion from a peak of US\$60 billion. This level of reserves can support about 11 months of imports, which is a conservative level by currently accepted international standards. Thus it is encouraging to note that under its new Governor, the Central Bank of Nigeria has so far adopted a liberal approach towards the management of the foreign exchange market, which is in itself a confidence enhancing measure.

CHAIRMAN'S STATEMENT CONT'D.

Financial Performance

Our company grew its group turnover by 238% from N5.6 billion in 2008 to N19.2 billion in 2009. The gross profit also grew by 413% from N581 million in 2008 to N3 billion in 2009 however, our company declared a group loss after tax of N1.25 billion as compared to a profit of N276 million in the previous year.

Like I have tried to explain while revealing the economic environment which we operated during the year under review, the company's loss position can be attributed to but not limited to;

- Foreign exchange losses due to the devaluation of the naira
- High finance charges
- Growth challenges

The Board

Since the last Annual General Meeting, Rev. Selcan Miner resigned his appointment as a Director on the Board. Mr. James Miner was appointed to fill the casual vacancy created in accordance with Section 249 of the Companies and Allied Matters Act.

Dr. Christopher Kolade subsequent to year end also resigned from the Board

I join our esteemed shareholders to thank Rev. Miner and Dr. Kolade for their exemplary service to the Board on which they served for several years and wish them good health. At this meeting, the Board will be presenting Mr. James Miner to members for approval of his appointment as a Director of your Company.

In accordance with Section 259 of the Companies and Allied Matters Act, Mr. Olufemi Odebunmi, Mrs. Adebola Adefope and Mr. Olatunji Ladoja will retire by rotation and being eligible will present themselves for re-election at this meeting.

The following Directors having attained the age of seventy years and pursuant to Section 256 of the Companies and Allied Matters Act will retire and will present themselves for re-election at this meeting:

- I. Prof. Ochapa Onazi
- II. Lt. Gen. Mohammed Inuwa Wushishi (rtd)

Looking Ahead

Like you will all agree with me, the year ending 30th June 2009 had not been one of the best for your company especially due to the turbulent environment we operated in but the board is positioning the company for a better future.

Your Board testifies that the results are a true reflection of the performance of your company and is confident that, as we slowly return to a more stable and positive business environment, your company is well positioned to utilize those opportunities which always accompany economic recovery following a significant downturn, such as we experienced. As a result, the Board expects the coming year to take us closer to our goal of becoming a leader in the energy sector.

Your Board has approved the change of financial year end from June to December. Accordingly, the next financial year will translate to reporting for an eighteen month (July 2009 to December 2010) period which will enable our company stabilise for a better year end.

The outlook for the economy and the oil and gas industry are positive. Our company's focus on expansion and operational excellence will ensure that value is created for stakeholders.



Mr. Kolapo Lawson

DIRECTOR'S REPORT for the year ended 30 June 2009

In accordance with the provisions of the Companies and Allied Matters Act of Nigeria, the Directors of Acorn Petroleum Plc hereby present to the members of the Company the audited consolidated financial statements of the Group for the year ended 30 June 2009. The preparation of annual financial statements is the responsibility of the Board, and it should give a true and fair view of the state of affairs of the Company.

I. RESULTS

	The Group			The Company		
	2009	2008	change	2009	2008	change
	₦'000	₦'000	%	₦'000	₦'000	%
Revenue	19,208,417	5,690,149	238	18,827,248	5,690,149	231
Gross Profit	2,984,015	581,245	413	2,344,719	581,245	303
Operating profit	570,877	416,995	37	38,768	417,290	(91)
(Loss) / profit before taxation	(1,805,662)	360,892	(600)	(1,654,979)	361,187	(558)
(Loss)/ profit after taxation	(1,251,467)	276,587	(552)	(1,100,784)	276,882	(498)
Total assets	21,243,134	9,443,054	125	21,368,389	9,443,454	126
General reserve	(1,461,494)	283,345	(616)	(1,310,516)	283,640	(562)
Share capital	1,000,000	1,000,000	-	1,000,000	1,000,000	-
Equity	1,278,693	3,402,333	(62)	1,430,827	3,402,628	(58)
Basic(loss)/profit per share (₦)	(63)	37	(270)	(55)	37	(249)
Adjusted (loss) /profit per share (₦)	(63)	14	(550)	(55)	14	492

2. LEGAL FORM

The Company was incorporated as a petroleum marketing company in Nigeria in 1978 as Acorn Petroleum Nigeria Limited – a private company. Following a Private Placement in December 2007, the Company transformed into a Public company and changed its name to Acorn Petroleum Plc in 2008.

3. DESCRIPTION OF OPERATIONS

The Principal activities of the Company and its subsidiaries are as follows:

Marketing

Through its branded retail outlets across Nigeria, Acorn Petroleum Plc retails refined petroleum products. The Company also services industrial customers through the bulk supply of refined petroleum products.

Storage and Terminal Operations

Acorn Petroleum Storage Company Limited (Acorn Storage) is a wholly owned subsidiary that provides terminal, storage and supply chain management solutions for operators in the Nigerian Oil and Gas Industry. Acorn Storage currently manages a 27 million litres capacity petroleum product storage facility in Apapa, Lagos and provides logistics support to the Group through a fleet of third party owned branded distribution trucks.

4. SHAREHOLDING

The Company's shares are held by a highly diversified spread of Nigerian and institutional shareholders. No shareholder held up to 10% (direct holding) of the issued share capital of the Company as at 30 June 2009.

DIRECTORS REPORT (Cont'd)

5. DIVIDEND

No dividend is proposed by the directors (2008: ₦80,000,000).

6. DIRECTORS

(a) Since the last Annual General Meeting on 27 February 2009, Rev. Selcan Miner resigned his appointment as a Director on the Board. Mr. James Miner was appointed on 3 November 2009 to fill the casual vacancy created, in accordance with Section 249 of the Companies and Allied Matters Act of Nigeria. In addition, Dr. Christopher Kolade, CON, resigned from the Board on 14 December 2010.

(b) In accordance with Section 259 of the Companies and Allied Matters Act, the following Directors will retire by rotation and being eligible, will present themselves for re-election at this meeting:

- (i) Mr. Olufemi Odebunmi
- (ii) Mrs. Adebola Adefope
- (iii) Mr. Olatunji Ladoja

(c) The following Directors having attained the age of seventy years and pursuant to Section 256 of the Companies and Allied Matters Act will retire, will present themselves for re-election at this meeting

- (i) Prof. Ochapa Onazi
- (ii) Lt. Gen. Mohammed Inuwa Wushishi (rtd)

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

- | | |
|--|--|
| (1) Mr. Kolapo Lawson | - Chairman |
| (2) Mr. Adedoyin Adeyinka | - Managing Director |
| (3) Lt. Gen. Mohammed Inuwa Wushishi (rtd) | - Non-Executive Director |
| (4) Mr. Oladele Odimayo | - Non-Executive Director |
| (5) Mr. James Miner | - Non-Executive Director (alternate) - appointed 3/11/2009 |
| (6) Prof. Ochapa Onazi | - Non-Executive Director |
| (7) Mrs. Adebola Adefope | - Non-Executive Director |
| (8) Mr. Olufemi Odebunmi | - Non-Executive Director |
| (9) Mr. Olatunji Ladoja | - Non-Executive Director |

7. DIRECTORS HOLDINGS (DIRECT AND INDIRECT)

S/N	Name	Direct Number of shares	Indirect Number of shares	Total Number of shares
(1)	Mr. Kolapo Lawson*	50,909,090	202,176,514	253,085,604
(2)	Mr. Adedoyin Adeyinka	-	110,136,364	110,136,364
(3)	Lt. Gen. Muhammed Inuwa Wushishi	30,000,000	102,263,382	132,263,382
(4)	Mr. Oladele Odimayo	3,000,000	4,560,000	7,560,000
(5)	Rev. Selcan Miner**	-	19,347,826	19,347,826
(6)	Dr. Christopher Kolade, CON ***	8,000,000	3,000,000	11,000,000
(7)	Mr. Olatunji Ladoja	6,000,000	60,000,000	66,000,000
(8)	Prof. Ochapa Onazi	-	2,927,272	2,927,272
(9)	Mr. Olufemi Odebunmi	-	-	-
(10)	Mrs. Adebola Adefope*	-	1,000,000	1,000,000

*Mr. Kolapo Lawson and Mrs. Adebola Adefope are beneficial owners of 202,176,514 shares belonging to Lawson Corporation Nigeria Limited, Nationwide Development Company Limited and Consolidated Investments Limited.

** Subsequent to the year end, on 3rd November 2009, Rev. Selcan Miner, resigned from the board

*** Subsequent to the year end, on 14 December 2010, Dr. Christopher Kolade, CON, resigned from the Board.

DIRECTORS REPORT (Cont'd)

8. DIRECTORS' INTERESTS IN CONTRACTS

In accordance with Section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interests in contracts with the Company except as described in Note 28 to these financial statements.

9. CORPORATE GOVERNANCE

The Board is committed to its Corporate Governance Charter, the provisions of the Companies and Allied Matters Act as well as international corporate governance best practice. The Directors have varied backgrounds in their respective professional fields.

Board Committees

During the 2008/2009 financial year, the Board delegated some of its responsibilities to the following Committees:

(a) **Finance and Strategy Committee**

The Committee is charged with the responsibility of assisting the Board in fulfilling its oversight responsibilities relating to:

- Financial commitments and investments;
- The Company's financial and operating plan;
- The Company's financing plan, including funding, liquidity, etc;
- Balance sheet and capital management; and
- Credit and market risk management

Committee Composition:

- 1 Dr. Christopher Kolade, CON ---Chairman
- 2 Mr. Oladele Odimayo
- 3 Mr. Olufemi Odebunmi
- 4 Mr. Olatunji Ladoja
- 5 Mr. Adedoyin Adeyinka

(b) **Governance and Nomination Committee Responsibilities**

- To make recommendations on the structure and operations of the Board;
- Consideration of appointment of Directors and their emoluments;
- To oversee the Board's annual evaluation of its performance and the performance of other Board committees;
- Human resources matters including employment and remuneration packages of key executives and executive Directors;
- Succession plans of key executives and ensuring the performance of key executives is reviewed at least annually

DIRECTORS REPORT (Cont'd)

Committee Composition:

- | | | | |
|---|---------------------------------------|-----|----------|
| 1 | Mr. Kolapo Lawson | --- | Chairman |
| 2 | Dr. Christopher Kolade, CON | | |
| 3 | Lt. Gen Mohammed Inuwa Wushishi (rtd) | | |
| 4 | Mr. Adedoyin Adeyinka | | |

Statutory Committee - Audit Committee

The Audit Committee was established in accordance with Section 359(3) of the Companies and Allied Matters Act and the first Audit Committee was elected at the Company's 27th AGM held on 27 February 2009. In accordance with Section 359(4) of the Companies and Allied Matters Act, the Committee is made up of six members – three directors (Mr. James Miner, Mr. Olatunji Ladoja and Mr. Adedoyin Adeyinka) and three shareholders – Engr. Iyiola Rufus (Chairman), Mr. Osato Aideyan and Mr. Ayoola Otuyalo. The responsibilities of the Audit Committee are set out in Section 359 (6) of the Companies and Allied Matters Act of Nigeria.

Frequency of Meetings

The Board of Directors usually meets quarterly, but meetings may be convened at any time whenever the need arises. The board met five times during the year under review. The Statutory Audit Committee met prior to the commencement of the audit and subsequently to review, consider and assess the audited accounts.

The Board and its Committees met as follows in the year under review:

ATTENDANCE AT BOARD MEETINGS

S/N	Director	21-Jul-08	22-Aug-09	18-Dec-08	23-Feb-09	24-Apr-09
1	Mr. Kolapo Lawson	✓	✓	✓	✓	✓
2	Mr. Adedoyin Adeyinka	✓	✓	✓	✓	✓
3	Lt. Gen Inuwa Wushishi (Rtd)	✓	-	✓	✓	✓
4	Mr. Oladele Odimayo	✓	✓	✓	✓	✓
5	Mr. Selcan Miner	✓	✓	✓	✓	✓
6	Prof. Ochapa C. Onazi	✓	✓	✓	✓	✓
7	Dr. Christopher Kolade, CON	✓	✓	✓	✓	✓
8	Mrs. Adebola Adefope	✓	✓	✓	-	✓
9	Mr. Olufemi Odebunmi	✓	✓	✓	✓	✓
10	Mr. Olatunji Ladoja	✓	✓	✓	✓	✓

ATTENDANCE AT FINANCE AND STRATEGY COMMITTEE MEETINGS

S/N	Director	7-Nov-08	6-Feb-09	27-May-09
1	Mr. Adedoyin Adeyinka	✓	✓	✓
2	Mr. Oladele Odimayo	✓	✓	✓
3	Dr. Christopher Kolade, CON	✓	✓	✓
4	Mr. Olufemi Odebunmi	✓	✓	✓
5	Mr. Olatunji Ladoja	✓	-	✓

ATTENDANCE AT GOVERNANCE COMMITTEE MEETINGS

S/N	Director	26-Mar-09
1	Mr. Kolapo Lawson	✓
2	Mr. Adedoyin Adeyinka	✓
3	Dr. Christopher Kolade, CON	✓
4	Lt. Gen Inuwa Wushishi (Rtd)	✓

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

S/N	Member	1-May-09
1	Engr. Iyiola Rufus	✓
2	Mr. Aideyan Osato	✓
3	Mr. Ayoola Otuyalo	✓
4	Mr. James Miner	✓
5	Mr. Olatunji Ladoja	✓
6	Mr. Adedoyin Adeyinka	✓

DIRECTORS REPORT (Cont'd)

10 EMPLOYMENT AND EMPLOYEES

Employment of physically challenged Persons

It is the policy of the Company that there should be no discrimination in considering applications for employment including those from challenged persons. All employees are given equal opportunities for self development.

Employee Involvement and Training

The Company continues to place premium on the development of its human capital in the knowledge that this would ensure improved efficiency. The Company is committed to keeping employees fully informed as much as possible regarding the Company's performance and progress and seeking their views wherever possible on matters which particularly affect them as employees. Training is carried out from entry level through various levels with both in-house and external courses.

Health, Safety at Work and Welfare of employees

The Company continuously strives to improve its operations to ensure a safe working environment. Health and safety regulations are in force within the Company's premises and employees are aware of safety regulations. Incentive schemes designed to meet the circumstances of each individual employee are implemented wherever appropriate, and some of these include bonuses, salary review, promotion, the use of Health Management Organizations and gratuity for long service.

Graduate Trainee Programme

The Company initiated a Graduate Trainee Programme in 2008 in sync with its objective of growing talent and creating a pipeline of competent individuals, who would be the champions of the culture and core values of the Company and cater for emerging human resource requirements of the Company. The first batch of seven trainees were confirmed as full term employees in February 2009 at the successful completion of the Programme.

Employee Share Option Scheme

At the last Annual General Meeting, shareholders approved the establishment of an Employee Share Option Scheme. The Scheme is in line with the Company's objective of attracting and retaining a high caliber of managerial and technical personnel who will create value and be motivated by a sense of collective ownership to participate in the growth and sustained profitability of the Company. At inception, 2% of the authorized share capital of the Company was set aside for the purpose of the Scheme.

11 SHAREHOLDER RELATIONS

The Company is conscious of and promotes shareholder rights. It continues to take necessary steps to improve on same. The benefits from contributions, advice and wisdom from the shareholder members of the Statutory Audit Committee remain invaluable.

12 RETAIL OUTLET

The Company's Retail Stations are run and managed by dealers who in partnership with the Company, ensure the highest quality service delivery to our retail customers. A few of other retail outlets are Company managed. The Dealers are as follows:

<u>DEALER</u>	<u>STATION</u>
i. Alhaji Abubakar	Kachia Road, Kaduna
ii. Lashfad Ventures Ltd	Ogudu and Ijebu Ode
iii. Kool Ventures	Ejigbo, Lagos
iv. Vision Oil	Oshogbo I & II
v. Sikiru Kadiri	Ipetu Ijeshu
vi. JM Brothers Nig. Ltd	Mando Road, Kaduna
vii. Industrial Products & Services Ltd	Ikorodu, Ibadan, Kaduna & Jos
viii. Shebi Holdings	Akure

DIRECTORS REPORT (Cont'd)

13 FIXED ASSETS

Movements in fixed assets during the year are shown on note 8 of the financial statements. In the opinion of the Directors, the market value of the Company's properties is not less than the value shown in the Financial Statements.

14 POST BALANCE SHEET EVENTS

Post balance sheet events are disclosed in Note 35 to these financial statements.

15 AUDITORS

The previous auditor, Messrs Unuigbe Akintola & Co. (Chartered Accountants), who audited the prior financial statements up to 30 June 2008, voluntarily resigned their appointment as auditors and Messrs KPMG Professional Services were appointed to fill the vacancy created on 1 July 2008. Messrs KPMG Professional Services have indicated their willingness to continue in office as auditors in accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria.

By Order of the Board

K & A Nominees
COMPANY SECRETARY

20th May 2011

Date

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of Directors' responsibilities in Relation to the Financial Statements for the year ended 30 June 2009

In accordance with the provisions of the Companies and Allied Matters Act of Nigeria, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the financial position of the Company and the Group at the end of the financial year and of the profit or loss for the year then ended.

The responsibilities include ensuring that:

- i. The Company and Group keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and Group and comply with the requirements of the Companies and Allied Matters Act
- ii. Appropriate and adequate internal controls are established to safeguard the Company's and Group's assets and to prevent and detect fraud and other irregularities;
- iii. The Company and Group prepare their financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied; and
- iv. It is appropriate for the financial statements to be prepared on a going concern basis.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with Nigerian Statements of Accounting Standards and the requirements of the Companies and Allied Matters Act of Nigeria.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and Group and of their operating results.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control. Nothing has come to the attention of the directors to indicate that the Company and Group will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Signature

Mr. Kolapo Lawson

Name

20th May 2011

Date



Signature

Mr. Adedoyin Adeyinka

Name

20th May 2011

Date



KPMG Professional Services
22a Gerard Road, Ikoyi
PMB. 40014. Falomo
Lagos, Nigeria

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Fax 234 (1) 462 0704
Internet www.ng.kpmg.com

INDEPENDENT AUDITOR'S REPORT

To the Members of **Acorn Petroleum Plc (formerly Acorn Petroleum Nigeria Limited)**

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of **Acorn Petroleum Plc (formerly Acorn Petroleum Nigeria Limited)** ("the Company") and its subsidiaries ("together the Group"), which comprise the balance sheets as at 30 June 2009, the profit and loss accounts, statements of cash flows, and value added statements for the year then ended, the statement of accounting policies, notes to the financial statements and two year and five year financial summaries, as set out on pages 15 to 46.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matters discussed in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

- Petroleum Products Pricing Regulatory Agency (PPPRA) receivables**
The Company could not provide appropriate, sufficient evidential matter to support the collectibility of Petroleum Products Pricing Regulatory Agency (PPPRA) receivables relating to interest and foreign exchange reimbursements amounting to N1,042,712,000 and N1,708,831,000 respectively which have been included in the financial statements for the year ended 30 June 2009 (2008: Nil).
As such we have not been able to obtain sufficient appropriate audit evidence about the collectibility of these PPPRA receivables as at 30 June 2009 and consequently we were unable to evaluate whether any adjustments to these amounts were necessary.
- Proforma Invoices (PFI's) from the Petroleum Products Marketing Company (PPMC)**
We did not receive confirmation from the PPMC as regards the total number and value of PFI's issued to the Company during the year and we could not determine through alternative procedures the completeness of the PFI's issued to the Company during the year. Accordingly, we were unable to determine whether any adjustments are required to these financial statements with respect to omitted PFI's.
- Verification of assets and liabilities**
At year end, the Company carried out an exercise to verify its assets and liabilities. In the process, the Company recorded write backs and write offs against its assets and liabilities. We were unable to obtain sufficient appropriate audit evidence about the completeness and accuracy of the write backs and write offs resulting from the verification exercise.
Accordingly, we are unable to determine whether any adjustments may be required to the amounts shown in the financial statements.
- Cash Disbursements**
We identified certain cash disbursements for which sufficient and appropriate supporting documentation were not available to enable us substantiate the nature of the payments or satisfy ourselves that such payments were wholly and necessarily incurred for business purposes. We have been unable to determine the full extent of such payments or their effect on the financial statements.

INDEPENDENT AUDITOR'S REPORT, cont'd.

To the Members of Acorn Petroleum Plc (formerly Acorn Petroleum Nigeria Limited)

5. Ongoing Securities and Exchange (SEC) Investigation

As described in Note 35(c)(ii) to these financial statements, subsequent to the year end, SEC commenced an investigation of the Company in response to a petition filed by a non executive director on the alleged "mismanagement of the Company's affairs". We have not been provided with evidence that the Company has received a report from SEC with respect to this investigation.

Accordingly, we are unable to determine the effect of the results of the investigation on the financial statements.

6. Ongoing investigation into the affairs of the Company by the Economic and Financial Crimes Commission (EFCC)

Subsequent to the year end, EFCC commenced investigations into the affairs of the Company with respect to some transactions recorded in the financial statements up to the year ended 30 June 2009. We do not know the full extent of the matters that have been referred to EFCC for investigation or the status of their investigation. In addition, we have not been provided with evidence that the Company has carried out an assessment of the potential impact of the investigation on these financial statements.

Accordingly, we are unable to determine the effect of the result of the investigation on the financial statements.

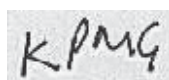
Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, do not express an opinion on the financial statements of Acorn Petroleum Plc and its Subsidiaries for the year ended 30 June 2009.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, because of the matters discussed in the Basis for Disclaimer of Opinion paragraph, we are unable to determine whether proper books of account have been kept by the Company.



15 June 2011
Lagos, Nigeria



STATEMENT of Accounting Policies

A summary of the principal accounting policies which have been applied consistently throughout the current and preceding year, except for non-consolidation of prior year financial statements as described in note b is set out below.

(a) Basis of Accounting

The financial statements of the Group and Company are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and the use of actuarial methods for estimating certain employee benefits. They are also prepared on a going concern basis. See Note 36.

(b) Basis of consolidation

The consolidated financial statements of the Company as at and for the year ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as the "Group"). See Note 9 for details of the subsidiaries. A subsidiary is an entity controlled by the Company. Control exists when the Company has power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date control ceases. This is the Company's first year of presenting group financial statements. Prior year comparative financial statements have been presented to conform with current year presentation. The accounting policies of the subsidiaries are consistent with the policies adopted by the Company and all intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(c) Debtors

Debtors are stated net of allowances for debts considered doubtful of recovery. These allowances are recorded in the profit and loss account. Debts deemed bad are written off to the profit and loss account.

(d) Revenue

Revenue represents net value of goods and services provided by the Company to third parties in the normal course of business net of returns, trade discounts, rebates and value added tax.

Revenue from goods sold is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, 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. Revenue from services represents throughput charges on refined petroleum products stored by the Group on behalf of customers.

Revenue from services rendered is recognised in the profit and loss account in proportion to the stage of completion of the transaction as at the reporting date.

(e) Fixed Assets

Fixed assets are stated at cost or valuation less accumulated depreciation.

Costs includes expenditure that are directly attributable to the acquisition of the fixed assets. When parts of an item of fixed assets have different useful life, they are accounted for as separate items of fixed assets. Costs relating to fixed assets under construction or in the process of installation are disclosed as Capital Work in Progress. The cost attributable to each asset is transferred to the relevant category immediately the asset is available for use.

Gains and losses on disposal of fixed assets are included in the profit and loss account.

STATEMENT of Accounting Policies (cont'd)

(f) Depreciation

Depreciation is provided at rates calculated to write off the cost/valuation, less estimated residual value, of each asset on a straight-line basis over its estimated useful life as follows:

<u>Asset category</u>		<u>Depreciation rate (%)</u>
Leasehold improvements	-	over the unexpired period of lease
Buildings	-	5
Tanks	-	5
Plants & equipment	-	20
Furniture, fittings & equipment	-	20
Motor vehicles	-	25
Computer equipment	-	33.33

Depreciation is not calculated on fixed assets until they are available for use and is included in the profit and loss account. Depreciation rates for certain categories of fixed assets were revised during the year as follows:

<u>Asset category</u>	<u>Revised rate (%)</u>	<u>Old rate (%)</u>
Plants & equipment	20	10
Furniture, fittings & equipment	20	15
Motor vehicles	25	15
Computer equipment	33.33	15

The impact of this review was an increase of N 27.48 million in the current year's depreciation charge.

(g) Fixed assets revaluation reserve

Fixed assets are revalued periodically as dictated by prevailing economic conditions. Surpluses/ (deficits) arising on the revaluation of individual fixed assets are (credited)/debited to a non-distributable reserve known as the fixed assets revaluation reserve. Revaluation deficits in excess of the amount of prior revaluation surpluses on the same asset are charged to the profit and loss account.

On disposal of previously revalued fixed assets, an amount equal to the revaluation surplus attributable to that asset is transferred from the fixed assets revaluation reserve to the general reserve.

(h) Long-term investments

The Company's investment in its subsidiaries are carried at cost. Provisions are made for permanent diminution in the value of the investment. Provisions previously made for diminution are written back to the extent that it is no longer required.

(i) Stocks

Stocks are stated at the lower of cost and net realizable value. Cost of stocks is determined using first in and first out method and includes expenditures incurred in acquiring the stocks, and other costs incurred in bringing them to their existing location and condition. Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal.

Allowance is made for defective and slow moving items as appropriate.

STATEMENT of Accounting Policies (cont'd)

(j) Taxation

Tax expenses/credits are recognised in the profit and loss account. Income tax is the expected amount of incometax payable on taxable profit determined in accordance with Companies Income Tax Act (CITA) using s tatutory tax rates at the balance sheet date and any adjustment to tax payable in respect of previous years.

Education tax is assessed at 2% of the assessable profits

(k) Deferred taxation

Deferred taxation, which arises from differences in the timing of the recognition of items in the financial statements and by the tax authorities, is calculated using the liability method. Deferred tax is provided on all timing differences at the rates of tax likely to be in force at the time of reversal. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the assets will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is charged to the profit and loss account except to the extent that it relates to a transaction that is recognised directly in equity.

(l) Foreign Currencies

i. Reporting currency

The consolidated financial statements are presented in Nigerian Naira, which is the Company's reporting currency.

ii. Transactions and balances

Transactions denominated in foreign currencies are recorded in Naira at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or where appropriate at the contracted rate of exchange if the balance is to be settled at a contracted rate. Any gain or loss arising from a change in exchange rates, subsequent to the dates of transactions, is included as an exchange gain or loss in the profit and loss account.

iii. Group companies

The results and financial position of all Group entities that have a currency different from the reporting currency are translated into the reporting currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date except for share capital and pre-acquisition reserves, which are translated at their historical rates;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions in which case income and expenses are translated at the dates of the transactions); and
- all exchange differences arising on consolidation are recognised in the translation reserves.

On consolidation, exchange differences arising from the translation of the investment in foreign entities are taken to equity. When a foreign operation is sold, such exchange differences are recognised in the profit and loss account as part of the gain or loss on sale.

Good will and other adjustments (e.g. previously unrecognised deferred tax assets) arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

STATEMENT of Accounting Policies (cont'd)

(m) Employee retirement benefits

i. *Gratuity Scheme:*

The Group operates an unfunded defined benefit gratuity scheme for its permanent staff, the benefits under which are related to employees' length of service and remuneration. Lump-sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives of employees of the Group or Company. The liability recognised in the balance sheet in respect of the unfunded gratuity scheme is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Actuarial gains or losses arising during the year are charged in full to the profit and loss account.

ii. *Pension Fund Scheme:*

The Group, in line with the provisions of the Pension Reform Act 2004 operates a defined contribution pension scheme under which the Group and its employees each contribute 10% and 7.5% respectively of the employees' monthly basic salary, housing and transport allowances to the fund. The staff contributions to the scheme are funded through payroll deductions while the Group contributions are accrued and charged fully to the profit and loss account.

iii. *Share-based payment transactions*

Certain employees are given the right to exercise options to acquire certain pre-determined number of shares of the Company at a right price after spending a specific number of years in service. The grant date fair value of the share-based payment awards granted to employees is recognised in the profit and loss account as an employee expense and/or director's remuneration, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as employee expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as the expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(n) Provisions

A provision is recognized only if, as a result of a past event, the Group or 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.

(o) Impairment

The carrying value of the assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account except where they relate to previously revalued assets, in which case, they are recognised directly against any revaluation surplus to the extent that an amount is included in the revaluation reserve account for the related assets, with any remaining loss recognised in the profit and loss account.

(p) Government grants

Petroleum Products Pricing Regulatory Agency (PPPRA) subsidies which compensate the Company for losses made on importation of certain refined petroleum products are recognised when there is reasonable assurance that they will be recovered and the Company has complied with the conditions attached to receiving the subsidy. The subsidies are recognised in the profit and loss accounts in the same period in which the related expenses are recognised.

STATEMENT of Accounting Policies (cont'd)

(q) Cash and cash equivalents

For the purpose of reporting cashflows, cash and cash equivalents include cash on hand, cash balances with banks and short term deposits with banks with original maturity of three months or less.

(r) Pre-incorporation expenses

Expenses incurred prior to incorporation of members of the Group are recognised in the profit and loss account.

(s) Leases

(i) Where the Company is the lessee

Leases in terms of which the Group or Company assumes substantially all the risks and rewards of ownership are classified as finance leases. At the beginning of the lease term, the leased asset is measured at an amount equal to the fair value of the leased asset less the present value of unguaranteed or partially guaranteed residual value which would accrue to the lessor at the end of the term of the lease. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Other leases are classified as operating leases and are not recognised on the Group or Company's balance sheet. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(ii) Where the Company is the lessor

When assets are held subject to a finance lease, the transactions are recognized in the books of the Group at the net investments in the lease. Net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease.

The gross investment is the sum of the minimum lease payments plus any residual value payable on the lease. The discount on lease is defined as the difference between the gross investment and the present value of the asset under the lease. The discount is recognized as unearned in the books of the Group and amortized to income as they are earned over the life of the lease at a basis that reflects a constant rate of return on the Group's net investment in the lease. When assets are held subject to an operating lease, the assets are recognized as property and equipment based on the nature of All indirect costs associated with the operating lease are charged as incurred to the profit and loss account.

(t) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services with in a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The Company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company's internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

for the year ended 30th June,2009

	Notes	The Group		The Company	
		2009 N'000	2008 N'000	2009 N'000	2008 N'000
REVENUE	1	19,208,417	5,690,149	18,827,248	5,690,149
Direct costs		<u>(16,224,402)</u>	<u>(5,108,904)</u>	<u>(16,482,529)</u>	<u>(5,108,904)</u>
GROSS PROFIT		2,984,015	581,245	2,344,719	581,245
Operating expenses		(2,448,650)	(194,318)	(2,322,860)	(194,023)
Other income	2	<u>35,512</u>	<u>30,068</u>	<u>16,909</u>	<u>30,068</u>
OPERATING PROFIT		570,877	416,995	38,768	417,290
Interest income	3	43,459	33,543	40,510	33,543
Interest expense and similar charges	4	<u>(2,419,998)</u>	<u>(89,646)</u>	<u>(1,734,257)</u>	<u>(89,646)</u>
(LOSS)/ PROFIT BEFORE TAXATION	5	(1,805,662)	360,892	(1,654,979)	361,187
Taxation	6 (a)	<u>554,195</u>	<u>(84,305)</u>	<u>554,195</u>	<u>(84,305)</u>
(LOSS)/ PROFIT AFTER TAXATION		(1,251,467)	276,587	(1,100,784)	276,882
Non - controlling interest		-	-	-	-
Non-controlling interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Loss)/profit attributable to members of the company		<u>(1,251,467)</u>	<u>276,587</u>	<u>(1,100,784)</u>	<u>276,882</u>
APPROPRIATION					
Transferred to general reserve	25 (b)	<u>(1,251,467)</u>	<u>276,587</u>	<u>(1,100,784)</u>	<u>276,882</u>
Earnings per share (kobo):					
- Basic	7 (a)	<u>(63)</u>	<u>37</u>	<u>(55)</u>	<u>37</u>
- Adjusted	7 (b)	<u>(63)</u>	<u>14</u>	<u>(55)</u>	<u>14</u>
Declared Dividend per share (Kobo)	7 (c)	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>

The board of directors have not proposed any dividend in the current year. In 2008 financial year, a final dividend of 4 kobo per share on the issued share capital of 2,000,000,000 ordinary shares of 50 kobo each was declared and approved by shareholders at the Annual General Meeting held on 27 February 2009.

The accounting policies on pages 15 to 19 and accompanying notes on pages 23 to 43 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEETS

As at 30 June 2009

	Notes	The Group		The Company	
		2009	2008	2009	2008
		N'000	N'000	N'000	N'000
NON-CURRENT ASSETS:					
Fixed assets	8	6,330,316	6,369,184	6,297,062	6,369,184
Investments in subsidiaries	9	-	-	47,588	500
Long term prepayments	10	39,506	-	39,506	-
Deferred tax	18	473,272	-	473,272	-
TOTAL NON-CURRENT ASSETS		6,843,094	6,369,184	6,857,428	6,369,684
CURRENT ASSETS:					
Stocks	11	5,694,037	208,158	5,694,037	208,158
Due from subsidiaries	12	-	-	147,142	150
Debtors and prepayments	13	8,267,452	1,217,902	8,243,102	1,217,902
Cash and cash equivalents		438,551	1,647,810	426,680	1,647,560
TOTAL CURRENT ASSETS		14,400,040	3,073,870	14,510,961	3,073,770
CURRENT LIABILITIES:					
Short term borrowings	14	(14,283,303)	(599,872)	(14,283,303)	(599,872)
Term loans (short term)	19	(927,550)	(227,243)	(927,550)	(227,243)
Creditors and accruals	15	(1,710,803)	(1,369,125)	(1,647,479)	(1,368,980)
Due to subsidiary	16	-	-	(44,478)	(250)
Dividend payable	17	(13,429)	(2,382)	(13,429)	(2,382)
Tax payable	6(b)	(82,107)	(83,480)	(82,107)	(83,480)
NET CURRENT (LIABILITIES)/ ASSETS		(2,617,152)	791,768	(2,487,385)	791,563
TOTAL ASSETS LESS CURRENT LIABILITIES		4,225,942	7,160,952	4,370,043	7,161,247
NON-CURRENT LIABILITIES:					
Term loans	19	(2,904,592)	(3,735,597)	(2,904,592)	(3,735,597)
Deferred income	15 (b)	(8,400)	(19,653)	(8,400)	(19,653)
Provision for employee benefits	20	(34,257)	(3,369)	(26,224)	(3,369)
TOTAL NON-CURRENT LIABILITIES		(2,947,249)	(3,758,619)	(2,939,216)	(3,758,619)
NET ASSETS		1,278,693	3,402,333	1,430,827	3,402,628
EQUITY					
Called-up share capital	21	1,000,000	1,000,000	1,000,000	1,000,000
Share premium account	22	1,370,431	1,658,024	1,370,431	1,658,024
Fixed assets revaluation reserve	23	370,912	460,964	370,912	460,964
Foreign currency translation reserve	24	(1,156)	-	-	-
General Reserve	25	(1,461,494)	283,345	(1,310,516)	283,640
Total equity attributable to the shareholders of the Company		1,278,693	3,402,333	1,430,827	3,402,628
Non-controlling interest		-	-	-	-
TOTAL EQUITY		1,278,693	3,402,333	1,430,827	3,402,628

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:


)

) Directors

Approved by the Board of Directors on 20th May 2011

The accounting policies on pages 15 to 19 and accompanying notes on pages 23 to 43 form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

for the year ended 30th June, 2009

	Notes	The Group		The Company	
		2009 N'000	2008 N'000	2009 N'000	2008 N'000
Cash flows from operating activities					
Operating profit before working capital changes	26	973,382	419,662	437,571	419,957
Working capital changes	27	(12,456,386)	219,456	(12,604,508)	219,411
Increase in long term prepayments	10	(39,506)	-	(39,506)	-
(Decrease)/ increase in deferred income		(2,400)	19,653	(2,400)	19,653
Income tax paid	6(b)	(1,874)	(2,423)	(1,874)	(2,423)
Net cash (used) / provided by operating activities		(11,526,784)	656,348	(12,210,717)	656,598
Cash flows from investing activities					
Proceeds from sale of fixed assets		-	70	-	70
Purchase of fixed assets	8	(412,008)	(5,780,778)	(375,400)	(5,780,778)
Interest received		43,459	33,543	40,510	33,543
Proceeds from sale of Acorn / Zitta investments		-	6,001	-	6,001
Increase in investment in subsidiaries	9	-	-	(47,088)	(500)
Net cash used by investing activities		(368,549)	(5,741,164)	(381,978)	(5,741,664)
Cash flows from financing activities					
Proceeds from share issue		-	2,520,510	-	2,520,510
Net proceeds from short term borrowings	14	13,683,431	314,096	13,683,431	314,096
Proceeds from term loans	19	4,052,794	3,964,021	4,052,794	3,964,021
Repayment of term loans	19	(4,184,888)	(1,181)	(4,184,888)	(1,181)
Interest expense and similar charges paid	4	(2,419,998)	(89,646)	(1,734,257)	(89,646)
Dividend paid	17	(111,824)	(1,481)	(111,824)	(1,481)
Share issue expense	22 (a)	(20,000)	-	(20,000)	-
Net cash provided by financing activities		10,999,515	6,706,319	11,685,256	6,706,319
Net (decrease)/increase in cash and cash equivalents		(895,818)	1,621,503	(907,439)	1,621,253
CASH AND CASH EQUIVALENTS, beginning of year as previously reported		1,647,810	26,307	1,647,560	26,307
Duplicated cash receipt	22 (a)	(313,441)	-	(313,441)	-
CASH AND CASH EQUIVALENTS, beginning of year restated		1,334,369	26,307	1,334,119	26,307
CASH AND CASH EQUIVALENTS, end of year		438,551	1,647,810	426,680	1,647,560

The accounting policies on pages 15 to 19 and accompanying notes on pages 23 to 43 form an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

1 Revenue	The Group		The Company	
	2009	2008	2009	2008
Revenue for the year, all of which was earned in Nigeria, comprises:	N'000	N'000	N'000	N'000
Product revenue	18,827,248	5,690,149	18,827,248	5,690,149
Throughput revenue	381,169	-	-	-
	<u>19,208,417</u>	<u>5,690,149</u>	<u>18,827,248</u>	<u>5,690,149</u>
2 Other income	The Group		The Company	
Other income comprises:	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
Rental income (Note 15 (b))	2,400	2,400	2,400	2,400
Sundry income	33,112	27,668	14,509	27,668
	<u>35,512</u>	<u>30,068</u>	<u>16,909</u>	<u>30,068</u>
3 Interest income	Interest income relates to interest on the fixed deposits maintained with bankers during the year.			
4 Interest expense and similar charges	The Group		The Company	
Interest expense and similar charges relate to:	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
Interest on overdraft and import finance facilities (Notes 4 (a) and 14))	902,687	89,646	902,687	89,646
Interest on term loans (Note 19)	1,517,311	-	831,570	-
	<u>2,419,998</u>	<u>89,646</u>	<u>1,734,257</u>	<u>89,646</u>

(a) Included as a reduction to overdraft and import finance facilities expense are PPPRA reimbursements amounting to N1.04 billion on certain interest costs incurred during the year (2008: Nil). See Notes 5 (a) and 13 (a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

5 (Loss)/ profit before taxation	The Group		The Company	
	2009	2008	2009	2008
(a) (Loss)/ Profit before taxation is stated after charging/(crediting):	N'000	N'000	N'000	N'000
Depreciation (Note 8)	350,606	13,181	347,252	13,181
PPPRA product subsidy (recognised in direct costs)	(9,803,237)	-	(9,803,237)	-
PPPRA reimbursement of foreign exchange loss (Note 13 (a))	(2,364,552)	-	(2,364,552)	-
PPPRA reimbursement of bank interest charges (Note 13 (a))	(1,042,712)	-	(1,042,712)	-
Vessel hire costs	2,335,987	736	2,335,987	736
Directors' remuneration (Note 5 (b) (iv))	67,348	10,841	67,348	10,841
Employee costs (Note 5 (b)(i))	212,010	45,144	184,850	45,144
Auditors' remuneration	26,953	950	20,000	900
Provision for doubtful debts	229,606	-	229,606	-
Loss on disposal of fixed assets	-	82	-	82
Foreign currency exchange loss	2,799,358	-	2,799,358	-
	<u>2,799,358</u>	<u>-</u>	<u>2,799,358</u>	<u>-</u>
(b) Employee costs and directors' remuneration				
(i) Employee costs during the year comprise:				
	The Group		The Company	
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
Salaries and wages	171,998	43,868	148,032	43,868
Employer's pension contribution	8,800	1,276	7,110	1,276
Gratuity charge	23,045	-	21,541	-
Equity-settled share based payment (Note 25 (c))	8,167	-	8,167	-
	<u>212,010</u>	<u>45,144</u>	<u>184,850</u>	<u>45,144</u>
(ii) The average number of full-time persons employed during the year (other than executive directors) was as follows:				
	The Group		The Company	
	2009	2008	2009	2008
	Number	Number	Number	Number
Administration	21	8	18	8
Finance	12	5	11	5
Operations	39	8	20	8
	<u>72</u>	<u>21</u>	<u>49</u>	<u>21</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

(iii) Higher-paid employees of the Company, other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration in excess of ₦125,000 (excluding pension contributions) in the following ranges:

₦	₦	The Group		The Company	
		2009 Number	2008 Number	2009 Number	2008 Number
125,001	325,000	6	10	2	10
325,001	525,000	11	3	5	3
525,001	725,000	10	3	5	3
725,001	925,000	1	2	1	2
925,001	1,125,000	3	-	1	-
1,125,001	1,325,000	10	-	6	-
1,325,001	1,525,000	7	-	7	-
1,525,001	1,725,000	2	1	2	1
1,725,001	1,925,000	3	-	3	-
2,525,001	2,725,000	5	2	4	2
2,725,001	3,000,000	1	-	1	-
3,000,001	3,500,000	1	-	1	-
3,500,001	4,000,000	5	-	5	-
4,000,001	4,500,000	1	-	1	-
4,500,001	5,000,000	-	-	-	-
5,000,001	5,700,000	3	-	2	-
5,700,001	6,400,000	-	-	-	-
6,400,001	7,200,000	2	-	2	-
7,200,001	8,000,000	1	-	1	-
		<u>72</u>	<u>21</u>	<u>49</u>	<u>21</u>

(iv) Directors's remuneration (including pension contributions) for directors of the Company charged to the profit and loss account are as follows:

	The Group		The Company	
	2009 ₦'000	2008 ₦'000	2009 ₦'000	2008 ₦'000
Fees	4,100	-	4,100	-
Sitting allowance	2,179	2,611	2,179	2,611
Other emoluments	38,167	8,230	38,167	8,230
Pension	1,059	-	1,059	-
Gratuity	7,843	-	7,843	-
Equity-settled share based payment (Note 25 (c))	14,000	-	14,000	-
	<u>67,348</u>	<u>10,841</u>	<u>67,348</u>	<u>10,841</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

The directors' remuneration shown above includes:	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Chairman	500	500	500	500
Highest paid director	39,843	6,000	39,843	6,000
Other directors received emoluments in the following ranges:				
	The Group		The Company	
	2009 Number	2008 Number	2009 Number	2008 Number
N 400,001 - N 600,000	8	8	8	8

6 Taxation

- (a) The tax charge for the year has been computed after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes. In the current year, the Company reported a taxable loss and as such the tax charge for the year has been computed using the principles of minimum tax.

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Current year provision:				
Income tax	35,669	79,036	35,669	79,036
Education tax	-	5,269	-	5,269
Prior year over provisions	(35,168)	-	(35,168)	-
For the year (Note 6 (b))	501	84,305	501	84,305
Deferred tax (Note 18)	(554,696)	-	(554,696)	-
(Credit)/charge to profit and loss	(554,195)	84,305	(554,195)	84,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

(b) The movement on the tax payable account during the year was as follows:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Balance, beginning of year	83,480	1,598	83,480	1,598
Charge for the year (Note 6 (a))	501	84,305	501	84,305
Payments during the year	(1,874)	(2,423)	(1,874)	(2,423)
Balance, end of year	<u>82,107</u>	<u>83,480</u>	<u>82,107</u>	<u>83,480</u>

7 Earnings per share and declared dividend per share

(a) Basic earnings per share

Basic earnings per share for the group is based on loss after taxation of ₦1,251,467,000 (2008: profit of ₦276,587,000) and on 2,000,000,000 (2008: 757,158,466 being weighted average number of ordinary shares) in issue during the year.

Basic earnings per share for the Company is based on loss after taxation of ₦1,100,784,000 (2008: profit of ₦276,882,000) and on 2,000,000,000 (2008: 757,158,466 being weighted average number of ordinary shares) in issue during the year.

(b) Adjusted earnings per share

Adjusted earnings per share have been computed on the basis of 2,000,000,000 ordinary shares in issue as at 30 June 2009.

© Declared dividend per share

Declared dividend per share is based on the dividend declared and on ordinary shares in issue during the year. During the year no dividend was declared and paid to ordinary shareholders (2008: ₦ 80,000,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Fixed assets (a) Group

The movement on these accounts during the year was as follows:

	Land	Leasehold improvements	Buildings	Tanks	Acorn tank farm	Plants and equipment	Furniture, fittings and equipment	Motor vehicles	Computer equipment	Capital work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
COST:											
Beginning of year	229,678	-	372,081	-	5,744,809	46,769	5,988	26,961	4,409	-	6,430,695
Reclassification	934,344	-	97,463	4,545,972	(5,744,809)	167,030	-	-	-	-	-
Prior year adjustments (Note 25 (a) (ii))	(34,382)	-	(1,424)	(66,444)	-	(2,441)	-	-	-	-	(104,691)
Additions	150,000	34,056	-	-	-	51,852	25,613	128,775	5,105	16,607	412,008
End of year	1,279,640	34,056	468,120	4,479,528	-	263,210	31,601	155,736	9,514	16,607	6,738,012
DEPRECIATION:											
Beginning of year	-	-	27,945	-	-	21,592	2,920	7,851	1,203	-	61,511
Prior year adjustments (Note 25 (a) (iii))	-	-	8,083	-	-	(3,665)	(2,528)	(5,266)	(1,045)	-	(4,421)
Charge for the year	-	5,183	40,830	223,976	-	49,106	5,257	24,427	1,827	-	350,606
End of year	-	5,183	76,858	223,976	-	67,033	5,649	27,012	1,985	-	407,696
NET BOOK VALUE:											
End of year	1,279,640	28,873	391,262	4,255,552	-	196,177	25,952	128,724	7,529	16,607	6,330,316
Beginning of year	229,678	-	344,136	-	5,744,809	25,177	3,068	19,110	3,206	-	6,369,184

(i) Certain land and buildings were revalued by Dapo Olaiya Consulting (Estate Surveyors and Valuers) on 30 June 2007, on the basis of open market values. The values were incorporated in the financial statements at that date and the surplus that arose on the revaluation was credited to fixed assets revaluation reserve. All subsequent additions are stated at cost. Fixed assets are revalued periodically as dictated by prevailing economic conditions. The net book value of revalued assets included in the above was as follows:

	The Group		The Company	
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
Land	208,952	229,678	208,952	229,678
Buildings	300,026	372,081	300,026	372,081
	508,978	601,759	508,978	601,759

(ii) There were no capital commitments as at year end (2008: Nil).

(iii) Included in fixed assets are assets financed by bank loans/facilities. The cost of these assets was ₦45.9 billion (2008: ₦45.77 billion) with corresponding accumulated depreciation charges at the balance sheet date of ₦281.66 million (2008: ₦784 million) (Note 19 (b)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) Company

The movement on these accounts during the year was as follows:

	Land	Leasehold improvements	Buildings	Tanks	Acorn tank farm	Plants and equipment	Furniture, fittings and equipment	Motor vehicles	Computer equipment	Capital work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
COST:											
Beginning of year	229,678	-	372,081	-	5,744,809	46,769	5,988	26,961	4,409	-	6,430,695
Reclassification	934,344	-	97,463	4,545,972	(5,744,809)	167,030	-	-	-	-	-
Prior year adjustments (Note 25 (a) (ii))	(34,382)	-	(1,424)	(66,444)	-	(2,441)	-	-	-	-	(104,691)
Additions	150,000	17,715	-	-	-	51,852	14,407	128,775	4,301	8,350	375,400
End of year	1,279,640	17,715	468,120	4,479,528	-	263,210	20,395	155,736	8,710	8,350	6,701,404
DEPRECIATION:											
Beginning of year	-	-	27,945	-	-	21,592	2,920	7,851	1,203	-	61,511
Prior year adjustments (Note 25 (a) (iii))	-	-	8,083	-	-	(3,665)	(2,528)	(5,266)	(1,045)	-	(4,421)
Charge for the year	-	3,767	40,830	223,976	-	49,106	3,499	24,427	1,647	-	347,252
End of year	-	3,767	76,858	223,976	-	67,033	3,891	27,012	1,805	-	404,342
NET BOOK VALUE:											
End of year	1,279,640	13,948	391,262	4,255,552	-	196,177	16,504	128,724	6,905	8,350	6,297,062
Beginning of year	229,678	-	344,136	-	5,744,809	25,177	3,068	19,110	3,206	-	6,369,184

(i)

(ii) Certain land and buildings were revalued by Dapo Olaiya Consulting (Estate Surveyors and Valuers) on 30 June 2007, on the basis of open market values. The values were incorporated in the financial statements at that date and the surplus that arose on the revaluation was credited to fixed assets revaluation reserve. All subsequent additions are stated at cost. Fixed assets are revalued periodically as dictated by prevailing economic conditions. The net book value of revalued assets included in the above was as follows:

	The Group		The Company	
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
Land	208,952	229,678	208,952	229,678
Buildings	300,026	372,081	300,026	372,081
	508,978	601,759	508,978	601,759

(iii) There were no capital commitments as at year end (2008: Nil).

(iii) Included in fixed assets are assets financed by bank loans/facilities. The cost of these assets was ₦5.91 billion (2008: ₦5.77 billion) with corresponding accumulated depreciation charges at the balance sheet date of ₦281.66 million (2008: ₦7.84 million) (Note 19 (b)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

9 Investments in subsidiaries

Investments in subsidiaries represents the Company's investment in unquoted Companies and comprise:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Acorn Petroleum Storage Company Limited	-	-	1,000	-
Acorn Gas Limited	-	-	250	250
Acorn Energy Nigeria Limited	-	-	250	250
Acorn Petroleum (Ghana) Limited	-	-	46,088	-
Acorn Energy Limited (Isle of Man)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>47,588</u>	<u>500</u>

The subsidiaries are wholly owned by the company. Analysis of direct holdings are as below:

Company name	Country of Incorporation	Nature of Business	Percentage of equity capital held	Year end
Acorn Petroleum Storage Company Limited	Nigeria	Storage of refined petroleum products	99.99	30 June
Acorn Gas Limited	Nigeria	Extraction, production, refining and marketing of liquified natural gas, liquefied petroleum gas, petroleum and petroleum products.	99.90	30 June
Acorn Energy Limited	Nigeria	Production, refining, marketing, import, exporting, buying and selling of all types of solar, hydro, electrical and nuclear energy, fossil fuel	100	30 June
Acorn Petroleum (Ghana) Limited	Ghana	Exploration, production, refining, storage and marketing of petroleum and allied products	100	30 June
Acorn Energy Limited (Isle of Man) (Value of investment is N 489)	Isle of Man	Trading of petroleum products	100	30 June

Except for Acorn Petroleum Storage Company Limited, none of the other subsidiaries were operational during the year and /or had carried out any activity.

10 Long term prepayments

Long term prepayments represents prepaid rent relating to periods more than one year after the balance sheet date.

11 Stocks

Stocks comprise:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Premium Motor Spirit (PMS)	48,501	42,270	48,501	42,270
Dual Purpose Kerosene (DPK)	-	4,630	-	4,630
Automotive Gas Oil (AGO)	8,125	785	8,125	785
Lubricants	10,212	-	10,212	-
Low Pour Fuel Oil (LPFO)	-	147,433	-	147,433
Goods in transit	<u>5,627,199</u>	<u>13,040</u>	<u>5,627,199</u>	<u>13,040</u>
	<u>5,694,037</u>	<u>208,158</u>	<u>5,694,037</u>	<u>208,158</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

12 Due from subsidiaries

Due from subsidiaries comprise:

	The Group		The Company	
	2009	2008	2009	2008
	₦'000	₦'000	₦'000	₦'000
Acorn Petroleum Storage Company Limited (Note 28 (b))	-	-	146,372	-
Acorn Energy Limited (Isle of Man)	-	-	620	-
Acorn Energy Nigeria Limited	-	-	150	150
	-	-	147,142	150

13 Debtors and Prepayments

Debtors and Prepayments comprise:

	The Group		The Company	
	2009	2008	2009	2008
	₦'000	₦'000	₦'000	₦'000
Trade debtors	212,370	77,530	189,920	77,530
Due from PPPRA (Note (a))	5,586,742	-	5,586,742	-
Deposit for products with PPMC	2,281,756	912,875	2,281,756	912,875
Employee receivables	1,955	9,292	1,955	9,292
Director's debit balance	-	6,500	-	6,500
Other debtors	184,629	97,558	182,729	97,558
Bridging claims (Note 5 (a))	-	114,147	-	114,147
	<u>8,267,452</u>	<u>1,217,902</u>	<u>8,243,102</u>	<u>1,217,902</u>

(a) Due from PPPRA represents receivables from PPPRA with respect to subsidies on imported products.

The directors have estimated the subsidies based on best information available as at the date of the preparation of these financial statements. The amounts due from PPPRA and the basis of recognition are as follows:

	₦'000	Basis
(i) Subsidy on products	2,835,199	Used the PPPRA standard template made available to importers by the agency. Total product subsidy recorded in the year amounted to ₦ 9.80 billion (Note 5 (a)). Subsequent to the year end, PPPRA paid the outstanding balance of ₦2.84 billion.
(ii) Subsidy on foreign exchange loss	1,708,831	Used best estimates available to the directors as no specific guideline has been issued by the agency. These estimates take into consideration, the rate of exchange at the date of opening letter of credit and the applicable rates at the dates of settlement. Total subsidy on the foreign exchange loss amounted to ₦2.36 billion (Note 5 (a) (i)). Subsequent to the year end, PPPRA paid ₦843.32 million on the outstanding balance of ₦1.71 billion.
(iii) Subsidy on interest	1,042,712	Used best estimates available to the directors as no specific guideline has been issued by the agency. These estimates have taken into consideration the number of days the subsidies remained unpaid in excess of the agreed payment days and rates of interest applicable on the facilities used. Total subsidy recognised on interest amounted to ₦ 1.04 billion (Note 4 (a)). Subsequent to the year end, PPPRA paid ₦ 523.42 million on the outstanding balance of ₦1.04 billion.
	<u>5,586,742</u>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

14 Short term borrowings

Short term borrowings comprise bank overdrafts and products finance facilities obtained to meet working capital requirements and finance imports. Interest rates on the foreign currency denominated import finance facilities are at LIBOR plus 6% (subject to a minimum of 9%) while those denominated in Naira range between 17% to 22% per annum. The net interest expense incurred in the year amounted to N 902.69 million (2008: N89.65 million) (Note 4).

The facilities are repayable within one year and are secured by fixed and floating charges on the Company's assets, products financed and directors' pledges and guarantees.

They are analysed as follows:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Bank overdrafts	1,868,193	62,872	1,868,193	62,872
Products finance facilities	12,415,110	537,000	12,415,110	537,000
	<u>14,283,303</u>	<u>599,872</u>	<u>14,283,303</u>	<u>599,872</u>

15 Creditors and accruals

Creditors and accruals comprise:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Trade and other creditors	195,540	821,008	162,395	820,863
Accruals	635,543	545,717	614,489	545,717
Bridging allowance	868,195	-	868,195	-
Deferred income (Note 15 (a))	11,525	2,400	2,400	2,400
	<u>1,710,803</u>	<u>1,369,125</u>	<u>1,647,479</u>	<u>1,368,980</u>

(a) Deferred income comprise:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Deferred income on throughput revenue	9,125	-	-	-
Deferred income on rent (Note 15 (b))	2,400	2,400	2,400	2,400
	<u>11,525</u>	<u>2,400</u>	<u>2,400</u>	<u>2,400</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

The movement on the deferred income on rent account was as follows :

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Balance, beginning of year	22,053	18,131	22,053	18,131
Prior year adjustment (Note 25 (a)(vi))	(8,853)	-	(8,853)	-
Rent received	-	6,322	-	6,322
Rental income for the year (recognised in profit and loss) (Note 2)	(2,400)	(2,400)	(2,400)	(2,400)
Balance, end of year	10,800	22,053	10,800	22,053
Amounts falling due within one year (Note 15 (a))	(2,400)	(2,400)	(2,400)	(2,400)
Amounts falling due after one year	8,400	19,653	8,400	19,653

16 Due to subsidiaries

Amounts due to subsidiaries comprise:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Acorn Petroleum (Ghana) Limited	-	-	44,323	-
Acorn Gas Limited	-	-	155	250
	-	-	44,478	250

17 Dividend

(a) Declared dividend:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Final declared dividend - previous year (Note 17 (b))	80,000	-	80,000	-

The directors did not propose any dividend for the year ended 30 June 2009. Dividend declared represents ordinary dividend declared and approved by the shareholders at the last Annual General Meeting held on February 27, 2009 amounting to ₵ 80 million in respect of the 2008 financial year (2007: Nil).

(b) Per balance sheet:

The movement in dividend payable account during the year was as follows:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Balance, beginning of year	2,382	3,863	2,382	3,863
Prior year adjustment (Note 25 (a)(i))	47,634	-	47,634	-
Final dividend declared (Notes 17 (a) and 25 (b))	80,000	-	80,000	-
WHT on interim dividend paid now reclassified	(4,763)	-	(4,763)	-
Dividend paid	(111,824)	(1,481)	(111,824)	(1,481)
Balance, end of year	13,429	2,382	13,429	2,382

(c) Unpaid dividend amounting to ₵10.35 million was held by the Registrars as at year end (2008: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

18 Deferred tax

The movement in deferred tax account was as follows:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Balance, beginning of year	-	-	-	-
Charge/(credit):				
- Recognised in the revaluation reserve (Note 23)	(90,052)	-	(90,052)	-
- Recognised in the profit and loss account (Note 6)	554,696	-	554,696	-
Prior year adjustment (Note 25 (a)(viii))	8,628	-	8,628	-
	<u>473,272</u>	<u>-</u>	<u>473,272</u>	<u>-</u>

The deferred tax balance is attributable to the following:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Fixed assets	88,937	-	88,937	-
Provision for employee benefits	7,867	-	7,867	-
Tax losses	376,468	-	376,468	-
	<u>473,272</u>	<u>-</u>	<u>473,272</u>	<u>-</u>

19 Term loans

The movement in medium term borrowings account was as follows:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Balance, beginning of year	3,962,840	-	3,962,840	-
Prior year adjustment (Note 25 (a)(vii))	1,396	-	1,396	-
Term loans obtained in the year (Note 19 (a))	4,052,794	3,964,021	4,052,794	3,964,021
Payments made during the year	<u>(4,184,888)</u>	<u>(1,181)</u>	<u>(4,184,888)</u>	<u>(1,181)</u>
Balance, end of year	3,832,142	3,962,840	3,832,142	3,962,840
Amounts falling due within one year	<u>(927,550)</u>	<u>(227,243)</u>	<u>(927,550)</u>	<u>(227,243)</u>
Amounts falling due after one year	<u>2,904,592</u>	<u>3,735,597</u>	<u>2,904,592</u>	<u>3,735,597</u>

(a) During the year, the Company refinanced its facility used to fund the purchase of the tank farm asset in the prior year with another Banker.

As such N3.95 billion previously outstanding was settled during the year and another facility obtained. The amounts paid off amounting to N3.95 billion and the amount of financing obtained through the restructuring of N3.99 billion have been included in the movement as repayments and loan obtained respectively. See terms and conditions of these facilities in Note 19 (b) below.

(b) Terms and conditions of the outstanding loans were as follows

Date of grant	Bank loan secured N'000	Currency	Nominal interest rate	Year of maturity	Repayment schedule	Amount outstanding	
						2009 N'000	2008 N'000
(i) March, 2008	19,180	Naira	17%	2011	monthly	12,501	16,590
(ii) May, 2008	3,946,250	Naira	18%	2012	quarterly	-	3,946,250
(iii) July, 2008	16,365	Naira	19%	2011	monthly	11,840	-
(iv) August, 2008	3,991,632	Naira	prime lending rate + 2%	2013	quarterly with six months moratorium on capital	3,769,875	-
(v) November, 2008	3,616	Naira	25%	2010	monthly	3,160	-
(vi) January, 2009	26,625	Naira	19%	2011	monthly	20,924	-
(vii) March, 2009	6,400	Naira	24%	2012	monthly	5,879	-
(viii) May, 2009	4,800	Naira	22%	2012	monthly	4,607	-
(ix) June, 2009	3,360	Naira	22%	2012	monthly	3,356	-
	<u>8,018,228</u>					<u>3,832,142</u>	<u>3,962,840</u>

The term loans are secured over land, buildings, motor vehicles, plants and machinery with net book value of N 5.63 billion (2008: N 5.76 billion) (Note 8 (b)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

20 Provision for employee benefits

Current year gratuity provision is based upon independent actuarial valuation performed by HR Nigeria Limited using the projected unit credit basis. This valuation was carried out as at 30 June 2009. The principal assumptions, i.e., discount rates, average rate of inflation, used for the purpose of arriving at the actuarial valuation ranged between 10% and 12% per annum. The movement in the gratuity provision account was as follows:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Balance, beginning of year (Notes 5(a) (i) and (iv))	3,369	3,369	3,369	3,369
Provision for the year	30,888	-	29,384	-
Transfer to Acorn Petroleum Storage Limited	-	-	(6,529)	-
Balance at year end	<u>34,257</u>	<u>3,369</u>	<u>26,224</u>	<u>3,369</u>

21 Share capital

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Authorized share capital: 3,000,000,000 ordinary shares of 50 kobo each (2008: 3,000,000,000 ordinary shares of 50 kobo each)	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Issued and fully paid 2,000,000,000 ordinary shares of 50 kobo each (2008: 2,000,000,000 ordinary shares of 50 kobo each)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

(a) At the extra-ordinary general meeting held on 27 March 2008, a resolution was approved to split the existing shares of the Company with a nominal value of ₦1 each to shares with nominal value of 50 kobo each. This increased the authorised units of shares from 1,500,000,000 to 3,000,000,000 ordinary shares.

(b) The movement in the share capital was as follows:

	The Group		The Company	
	2009 N'000	2008	2009 N'000	2008 N'000
Balance, beginning of year	1,000,000	130,000	1,000,000	130,000
Proceeds from rights issue and private placements	-	841,220	-	841,220
Bonus issue (Note 21 (b) (i))	-	25,380	-	25,380
Staff share ownership scheme (Note 21 (b) ii)	-	3,400	-	3,400
Balance at year end	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

(i) At the 25th Annual General Meeting of the Company for the 2006 financial year, the share holders approved for issue, bonus shares amounting to ₦25.38 million being 25,380,000 shares of ₦1 each. As at 30 June 2006, the Company's reserves stood at ₦24.27 million (share premium of ₦7.51 million and general reserve of ₦16.76 million). The Directors taking into consideration the possible effects of this transaction are taking certain steps with the view of remedying this matter.

(ii) Staff share ownership scheme relates to ordinary shares allotted to the Managing Director which he paid for in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

22 Share premium

The movement in the share premium account was as follows:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Balance, beginning of year	1,658,024	7,514	1,658,024	7,514
Rights issue and private placement	-	1,650,510	-	1,650,510
Prior year adjustment (Note 22 (a))	(287,593)	-	(287,593)	-
Balance, end of year	<u>1,370,431</u>	<u>1,658,024</u>	<u>1,370,431</u>	<u>1,658,024</u>

- (a) During the year, the directors identified that the previous year's share premium account was over stated as a result of the following:

	N'000
(i) Duplicated transactions in prior year cash and cash equivalents account and share premium account.	313,441
(ii) Share issue cost not previously recognised	20,000
(iii) Recognition of non-allowable expenses in the share premium account (Note 25 (v))	(45,848)
	<u>287,593</u>

23 Revaluation reserve

The movement in the share capital was as follows:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Balance, beginning of year	460,964	460,964	460,964	460,964
Prior year adjustment-recognition of deferred tax (Notes 18 and 25(a)(viii))	(90,052)	-	(90,052)	-
Balance, end of year	<u>370,912</u>	<u>460,964</u>	<u>370,912</u>	<u>460,964</u>

24 Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of financial statements of foreign operations.

25 General reserve

- (a) **Restatement of opening general reserve**

Up to the year ended 30 June 2008:

- (i) The Company omitted the interim dividend declared by the board of directors on 16 April 2008. The impact of this omission amounted to N47.63million increase in dividend payable and depletion of N47.63million in general reserve (Note 17 (b)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

- (ii) The Company capitalised certain non-allowable expenses amounting to ₦104.69million as fixed assets in prior year. The interest expense does not relate to the cost of purchase of the tank farm. The impact on the general reserve is a depletion of ₦104.69 million.
- (iii) Prior years depreciation charges on fixed assets were over stated by ₦4.42million. The impact on the general reserve is an increase of ₦ 4.42 million.
- (iv) The Company included in prior year trade debtors' certain unsubstantiated balances amounting to ₦258.37million. The impact on general reserve of the write off in current year is a depletion of ₦258.37 million.
- (v) Certain unsubstantiated expenses and other expenses not allowable per Companies and Allied Matters Act of Nigeria amounting to ₦45.85million were charged to the share premium account in prior year. The impact on general reserve of the correction in the current year is a depletion of ₦45.85 million.
- (vi) Amortisation of rent received in advance was understated in prior years. Had this rent income received in advance been correctly amortised, general reserve would have increased by ₦8.85 million.
- (vii) Term loan in prior year was understated by ₦1.396million. The impact of this is a reduction of ₦1.396million in the general reserve.
- (viii) Deferred tax on revalued fixed assets was not computed at the date of recognition of revaluation surplus in June 2007. Had it been recognised, ₦90.05million would have been recognised as a reduction to the revaluation surplus and the same amount to the deferred tax liability. An amount of ₦8.63million would have subsequently reversed on the deferred tax liability and have been recognised in the profit and loss account. The impact of this omission on the general reserve would have been ₦8.63million if there had been no omission. The effect of the reversal of ₦8.63million has been recorded as an increase to the general reserve.
- (ix) In prior year, expenses incurred by the Company on behalf of the Subsidiaries was erroneously expensed.

To adjust for the issues noted above, the general reserve for the 2008 financial year has been restated as below:

	The Group		The Company	
	2008 ₦'000	2008 ₦'000	2008 ₦'000	2008 ₦'000
Balance, beginning of the year as previously stated		17,354		17,354
Prior year adjustment previously reported (Note 26)		(10,596)		(10,596)
Net results for the prior year as previously reported		-		-
		<u>276,587</u>		<u>276,882</u>
		283,345		283,640
Prior year adjustments:				
(i) Interim dividend omitted	(47,634)		(47,634)	
(ii) Capitalization of expenses as fixed assets (Note 8)	(104,691)		(104,691)	
(iii) Depreciation charges (Note 8)	4,421		4,421	
(iv) Debtors balances recorded in the previous year which could not be substantiated	(258,366)		(258,366)	
(v) Unsubstantiated expenses in the share premium account (Note 22 (a))	(45,848)		(45,848)	
(vi) Rental income omitted	8,853		8,853	
(vii) Understatement of term loan	(1,396)		(1,396)	
(viii) Reversal of deferred tax on revaluation surplus not recognised	8,628		8,628	
(ix) Subsidiary expenses wrongly written of by the Company	494		494	
Net impact of prior year adjustments		<u>(435,539)</u>		<u>(435,539)</u>
Balance, end of year restated		<u>(152,194)</u>		<u>(151,899)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

(b) Movement in the general reserve account during the year was as follows:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Balance, beginning of year	283,345	17,354	283,640	17,354
Net impact of prior year adjustments	(435,539)	(10,596)	(435,539)	(10,596)
Final dividend declared (Note 17 (b))	(80,000)	-	(80,000)	-
Share-based payment transactions (Note 25(c))	22,167	-	22,167	-
Transfer from profit and loss account	(1,251,467)	276,587	(1,100,784)	276,882
Balance, end of year	<u>(1,461,494)</u>	<u>283,345</u>	<u>(1,310,516)</u>	<u>283,640</u>

(c) On 1 July 2008, the Company established a share option scheme that entitles key management staff to shares of the Company at specific vesting dates, which is 3 years from the grant date of each option. These options will be settled by physical delivery of the shares to the qualifying employees at the vesting date. The Company expects that all employees will meet the service conditions of the share option scheme and as such recorded a total expense of N22.167 million as the charge for the first year of the grant (Notes 5 (b)(i) and 5 (b)(iv)).

26 Operating profit before changes in working capital

Operating (loss)/profit before changes in working capital comprise:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
(Loss)/ profit after tax	(1,251,467)	276,587	(1,100,784)	276,882
Adjustments:				
Taxation	(554,195)	84,305	(554,195)	84,305
Interest income	(43,459)	(33,543)	(40,510)	(33,543)
Interest expense and similar charges	2,419,998	89,646	1,734,257	89,646
Operating profit	570,877	416,995	38,768	417,290
Adjustments for items not involving movement of cash:				
Depreciation (Note 8)	350,606	13,181	347,252	13,181
Loss on disposal of fixed assets	-	82	-	82
Prior year adjustment as previously reported (Note 25 (a))		(10,596)		(10,596)
Effect of translation of foreign operations	(1,156)	-	-	-
Equity-settled share based payment	22,167	-	22,167	-
Gratuity charge (Note 20)	30,888	-	29,384	-
	<u>973,382</u>	<u>419,662</u>	<u>437,571</u>	<u>419,957</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

27 Working capital changes

Working capital changes comprise:

	The Group		The Company	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
(Increase)/decrease in stocks	(5,485,879)	7,951	(5,485,879)	7,951
Increase in debtors and prepayments	(7,307,916)	(1,118,086)	(7,283,567)	(1,118,086)
Increase in creditors and accruals	337,409	1,329,591	273,737	1,329,446
Increase in due from subsidiaries	-	-	(153,027)	(150)
Increase in due to subsidiaries	-	-	44,228	250
	<u>(12,456,386)</u>	<u>219,456</u>	<u>(12,604,508)</u>	<u>219,411</u>

28 Related party transactions

The following transactions were carried out with related parties in the year:

(a) Directors' interests

Transactions with entities related to Directors are as follows

Name of related party	Nature of relationship and services provided	Transaction value for the year (N'000)	Balance receivable at year end (N'000)
Viclab Logistics	A family member of a director, Adedoyin Adeyinka, is a share holder of Viclab Logistics. This related entity provides haulage services and purchases various petroleum products from the Company.	768,843	764

(b) Acorn Petroleum Storage Limited

The tank farm assets owned by the Company are managed by its wholly owned subsidiary Acorn Petroleum Storage Limited, under a memorandum of understanding between both parties, wherein the subsidiary earns and reports in its separate financial statements throughput revenue generated from the use of these assets. In return, it (the subsidiary) bears the interest and other financial charges incurred on the term loan obtained by the Company for the purpose of financing the purchase of the asset. An amount of N685.74 million representing interest and other financing charges with respect to this term loan was borne by the subsidiary in the year.

(c) Unpaid share capital

The Company has not paid its shareholding in some of its subsidiaries. These comprise:

Subsidiary	Unit	2009 N	2008 N
Acorn Petroleum Storage Company Limited	1,000,000	1,000,000	-
Acorn Gas Limited	250,000	250,000	250,000
Acorn Petroleum (Ghana) Limited	450,000	4,381	-
Acorn Energy Limited (Isle of Man)	2	489	-
		<u>1,254,870</u>	<u>250,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

29 Ultimate Holding Company

The Company does not have an ultimate holding company.

30 Contingencies

- (a) No provision has been made in the financial statements for contingent capital gains tax of ₦37.91 million (2008: ₦46.10 million) which might arise on disposal of revalued leasehold land and buildings at their present net book values. However, it is not the Directors' present intention to sell these assets.
- (b) The group is subject to various claims and litigations arising in the normal course of business. The contingent liabilities in respect of these amounted to ₦93.28 million. Based on independent legal advice and investigations carried out to date, no material loss is expected to arise from these claims.
- (c) As at the end of the year, the Company was in negotiation with one of its bankers to recover potential over charges of interest and other related charges. Subsequent to the year end, ₦111 million was realised as a result of the negotiations but has not been recognised in these Financial Statement as the Directors are of the opinion that as the end of the year, realisation of the income was only probable but not virtually certain.

31 Reporting entity

Acorn Petroleum Plc ("the Company") was incorporated on 6 March 1978 under the Companies and Allied Matters Act of Nigeria as a limited liability company and was converted to a public limited liability company on 26 July 2007. The Company is domiciled in Nigeria.

The Company is primarily engaged in trading, supply, marketing and storage of refined petroleum products.

32 Segment reporting

(i) Business Segments

The Company has three reportable business segments as described below:

<u>Segment</u>	<u>Description</u>
Products sales	These relate to sales of refined petroleum products.
Storage Services	These relate to storage of refined petroleum products

Information regarding each reportable business segment is as shown below:

Revenue

	The Group	
	2009	2008
	₦'000	₦'000
Products sales	18,827,248	5,690,149
Storage services	381,169	-
Total per profit and loss account	<u>19,208,417</u>	<u>5,690,149</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

	The Group	
	₦'000	2008 ₦'000
Depreciation		
Products sales	347,252	13,181
Storage services	3,354	-
Total depreciation (Notes 8 (a) and 8 (b))	<u>350,606</u>	<u>13,181</u>
Interest income		
Products sales	40,510	33,543
Storage services	2,949	-
Total per profit and loss account	<u>43,459</u>	<u>33,543</u>
Interest expense		
Products sales	1,734,257	89,646
Storage services	685,741	-
Total per profit and loss account	<u>2,419,998</u>	<u>89,646</u>
(Loss)/profit before taxation		
Products sales	(1,654,979)	361,187
Storage services	(146,692)	-
Unallocated*	(3,991)	(295)
Total per profit and loss account	<u>(1,805,662)</u>	<u>360,892</u>
Unallocated* - relates to pre-operational expenses incurred in the establishment of Subsidiaries.		
Fixed assets (NBV)		
Products sales	6,297,062	6,369,184
Storage services	33,254	-
Total NBV of fixed assets (Note 8(a))	<u>6,330,316</u>	<u>6,369,184</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

Net assets/(liabilities)

Products sales
Storage services
Unallocated*

Total net assets

The Group	
2009	2008
N'000	N'000
1,430,827	3,402,628
(145,692)	-
(6,442)	(295)
<u>1,278,693</u>	<u>3,402,333</u>

Unallocated* - relates to net liabilities of Subsidiaries except Acorn Petroleum Storage Limited.

33 Subsidiary information

Condensed financial data of consolidated entities are as below:

	Total assets	Total liabilities	Net assets / (liabilities)	Gross profit	Loss before taxation	Cash and cash equivalents
	N'000	N'000	N'000	N'000	N'000	N'000
Acorn Petroleum Plc	21,368,389	19,937,562	1,430,827	2,344,719	1,654,979	426,680
Acorn Petroleum Storage Company Limited	70,225	215,917	(145,692)	522,087	146,692	11,621
Acorn Gas Limited	250	945	(695)	-	800	-
Acorn Energy Nigeria Limited	250	800	(550)	-	650	250
Acorn Petroleum (Ghana) Limited	45	1,202	(1,157)	-	1,213	-
Acorn Energy Limited (Isle of Man)	-	1,359	(1,359)	-	1,359	-
Eliminations	(196,025)	(193,344)	(2,681)	117,209	(31)	-
Consolidated total	<u>21,243,134</u>	<u>19,964,441</u>	<u>1,278,693</u>	<u>2,984,015</u>	<u>1,805,662</u>	<u>438,551</u>

34 Prior Year Corresponding Figures

Certain prior year corresponding figures have been restated and reclassified to conform with current year presentation format.

35 Post balance sheet events

The following non-adjusting events occurred subsequent to year end:

(a) Incorporation of Subsidiaries

- The Company incorporated two subsidiaries, Acorn Marketing Nigeria Limited and Acorn Petroleum Limited (Sierra Leone) on 6 August 2009 and
- On 10 August 2009, Acorn Marketing Nigeria Limited, a subsidiary of Acorn Petroleum Company Plc, signed a share sale and purchase agreement to acquire 90% majority shares in Pegaz Group S.A., Republic of Benin. However, the share sale and purchase agreement was subsequently terminated following fundamental disagreements between the parties.

(b) Increase in authorised share capital

At the extra-ordinary general meeting held on 3 November, 2009, a resolution was approved to increase the authorised shares of the company to N20,000,000,000 from N1,500,000,000.

(c) Law suits and investigations

- On 15 January 2010, four non-executive directors of the Company instituted a law suit against the Company, two of its directors and some share holders. The thrust of the suit is that the petitioners are claiming that the Company is being run in an "oppressive manner" and are requesting that the Court orders an investigation into the affairs of the Company. There are currently no monetary claims against the Company in this suit. The Board of Directors are collectively making efforts to have the matter settled out of court. Based on legal advice, the directors do not expect the outcome of the action to have a material effect on the Group or Company's financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30th June, 2009

- (ii) On the 13 August, 2010, a petition was written to the Securities and Exchange Commission (SEC) by one of the Company's Non-Executive Directors on alleged "Mismanagement of the Company's Affairs". The Company sent a comprehensive response dated 8 September, 2010 to SEC. One of the Company's non-executive directors also sent a response to SEC. A team from SEC visited the Company on the 19 October 2010 in the course of their investigation but no reports have been received by the Company to date. The directors based on legal advice; do not expect the outcome of the investigation to have a material effect on the Group or Company's financial position.
- (iii) On 24 September 2010, an action for the recovery of the sum of ₦5,938,091,198.52 plus interest at the rate of 17% per annum was instituted against the Company by Afribank Plc. This was entered in the Undefended List, and due to the fact that the amount claimed by Afribank was disputed by the Company, the Company filed a preliminary injunction and a notice of its intention to defend. The action relates to potential outstanding balance (inclusive of accrued interest) on product finance facilities which was due to Afribank and included as part of the product finance facility liability reported in Note 14 to these financial statements. The matter is presently being prosecuted at the Federal High Court Ikoyi. Both parties are also currently in discussions to reconcile the amounts due and negotiate a possible restructuring of the reconciled and agreed amounts.

36 Going Concern

The group incurred a group loss attributable to members of the Company of ₦1.25 billion for the year ended 30 June 2009 (2008: Profit of ₦276.59 million) and a Company loss of ₦1.10 billion (2008: Profit of ₦276.88 million). The current year Group and Company loss is stated after their cognition of a deferred tax asset of ₦554.696 million. The losses for the year have arisen principally from interest charges occasioned by the financing structure of the Company. Because of its dependence on short term financing, the group's current liabilities exceeded its current assets by ₦2.62 billion (2008: Current assets exceeded liabilities by ₦791.77 million) and the Company's current liabilities exceeded its current assets by ₦2.49 billion (2008: Current assets exceed current liabilities by ₦791.56 million). The Group and Company however reported a net assets of ₦1.28 billion and ₦1.43 billion respectively (2008: ₦3.40 billion and ₦3.40 billion respectively).

These are stated after their cognition of revaluation surplus on the group's and Company's fixed assets by ₦370.91 million and ₦370.91 million respectively (2008: ₦460.96 million and ₦460.96 million respectively) and group deferred tax asset of ₦473.27 million (2008: Nil) and a Company deferred tax asset of ₦473.27 million (2008: Nil).

In addition, the Group and Company have reported negative operating cash flows of ₦11.53 billion and ₦12.21 billion respectively (2008: Positive operating cash flows of ₦656.35 million and ₦656.60 million from the group and Company respectively). The directors have estimated income and Cashflows projections based on assumption that represents the directors' best estimates of economic conditions in the short to medium term and the directors consider that it is still appropriate for the revaluation of land and buildings to stand and that the assets are not impaired having regard to the Group and Company's losses. Arising from the projections, the directors consider that it is probable that future taxable profits will be available against which the accumulated tax losses can be utilised and, accordingly have recognised the deferred tax asset referred to in the previous paragraph.

The directors are taking various steps to reposition the Group and Company including:

- (a) Out of court settlement of the ongoing suit instituted by four (4) directors (Note 35 (c))
- (b) Renegotiation of product finance facilities (Note 35 (c))
- (c) Review of the financing options available to the Company - including equity financing
- (d) Securing access to sufficient financing to meet working capital obligations as they fall due
- (e) Focus on working capital management

Based on all these factors, the directors expect the Company and its subsidiaries to continue as going concern, realise their assets and discharge their liabilities in the normal course of business

VALUE ADDED STATEMENT

	The Group				The Company			
	2009 N'000	%	2008 N'000	%	2009 N'000	%	2008 N'000	%
Revenue	19,208,417		5,690,149		18,827,248		5,690,149	
Bought in materials and services								
- Local	(6,032,250)		(5,244,897)		(6,195,101)		(5,244,602)	
- Imported	(12,078,186)		-		(12,078,186)		-	
Value added by operating activities	1,097,981		445,252		553,961		445,547	
Other income	35,512		30,068		16,909		30,068	
Interest income	43,459		33,543		40,510		33,543	
Value added	<u>1,176,952</u>	<u>100</u>	<u>508,863</u>	<u>100</u>	<u>611,380</u>	<u>100</u>	<u>509,158</u>	<u>100</u>
Applied as follows:								
Employees as salaries, wages and other staff costs	212,010	18	45,144	9	184,850	30	45,144	9
Providers of capital as:								
- Interest on borrowings	2,419,998	206	89,646	18	1,734,257	284	89,646	18
Government as taxes	(554,195)	(47)	84,305	16	(554,195)	(91)	84,305	16
Retained in the business as:								
- Depreciation	350,606	30	13,181	3	347,252	57	13,181	3
- To pay proposed dividend	-		127,634	25	-		127,634	25
- To (deplete) /augment reserves	(1,251,467)	(107)	148,953	29	(1,100,784)	(180)	149,248	29
	<u>1,176,952</u>	<u>100</u>	<u>508,863</u>	<u>100</u>	<u>611,380</u>	<u>100</u>	<u>509,158</u>	<u>100</u>

TWO-YEAR FINANCIAL SUMMARY - GROUP

	2009 N'000	2008 N'000
Revenue	19,208,417	5,690,149
(Loss)/profit before taxation	(1,805,662)	360,892
Taxation	554,195	(84,305)
(Loss)/profit after taxation	(1,251,467)	276,587
Dividend declared	80,000	-
	<u>80,000</u>	<u>-</u>
Assets employed		
Fixed assets	6,330,316	6,369,184
Long term prepayments	39,506	-
Deferred tax	473,272	-
Net current (liabilities)/ assets	(2,617,152)	791,768
Non-current liabilities	(2,947,249)	(3,758,619)
	<u>(2,947,249)</u>	<u>(3,758,619)</u>
Net assets	1,278,693	3,402,333
	<u>1,278,693</u>	<u>3,402,333</u>
Funds employed		
Share capital	1,000,000	1,000,000
Share premium	1,370,431	1,658,024
Revaluation reserve	370,912	460,964
Foreign currency translation reserve	(1,156)	-
General reserve	(1,461,494)	283,345
	<u>(1,461,494)</u>	<u>283,345</u>
Equity	1,278,693	3,402,333
	<u>1,278,693</u>	<u>3,402,333</u>
Per-share data (kobo)		
Basic earnings per share	(63)	37
Adjusted earnings per share	(63)	14
Declared dividend per share	-	-
	<u>-</u>	<u>-</u>

The Company has prepared consolidated financial statements for the first time for the year ended 30 June 2009 and accordingly, restated the corresponding figures for 2008. Consequently, summarised consolidated financial information for 2007, 2006 and 2005 are not presented.

FIVE-YEAR FINANCIAL SUMMARY

	2009 N'000	2008 N'000	2007 N'000	2006 N'000	2005 N'000
Revenue	18,827,248	5,690,149	887,794	726,419	415,096
(Loss)/profit before taxation	(1,654,979)	361,187	4,439	5,721	(8,979)
Taxation	554,195	(84,305)	(1,610)	(1,260)	(1,261)
(Loss)/profit after taxation	(1,100,784)	276,882	2,829	4,461	(10,240)
Dividend declared	80,000	-	-	-	-
Assets employed					
Fixed assets	6,297,062	6,369,184	601,739	154,414	150,162
Investments	47,588	500	6,001	-	-
Long term prepayments	39,506	-	-	-	-
Deferred tax	473,272	-	-	-	-
Net current (liabilities)/ assets	(2,487,385)	791,563	8,092	(1,720)	1,594
Non-current liabilities	(2,939,216)	(3,758,619)	-	-	-
Net assets	<u>1,430,827</u>	<u>3,402,628</u>	<u>615,832</u>	<u>152,694</u>	<u>151,756</u>
Funds employed					
Share capital	1,000,000	1,000,000	130,000	126,900	126,900
Share premium	1,370,431	1,658,024	7,514	7,514	7,514
Revaluation reserve	370,912	460,964	460,964	-	-
General reserve	(1,310,516)	283,640	17,354	18,280	17,342
Equity	<u>1,430,827</u>	<u>3,402,628</u>	<u>615,832</u>	<u>152,694</u>	<u>151,756</u>
Per-share data (kobo)					
Basic earnings per share	(55)	37	2	4	(8)
Adjusted earnings per share	(55)	14	0	0	(1)
Dividend per share	4	-	-	-	-

PROXY FORM

ACORN PETROLEUM PLC
 28TH ANNUAL GENERAL MEETING TO BE HELD AT THE
 OBUDU CATTLE RANCH, OBUDU, CROSS RIVERS STATE
 ON WEDNESDAY 22ND JUNE 2011 AT 9AM.

I/We.....

(Name of Shareholder(s) IN BLOCK LETTERS PLEASE)

Of.....
 Being a shareholder(s) of Acorn Petroleum Plc hereby appoint

**.....
 of _____

or failing him the Chairman of the Meeting as my/our proxy to act and vote on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 22nd June 2011 and at any adjournment thereof.

Dated this.....day of.....2011

Shareholder's Signature.....

* Shareholder's name are to be inserted in block letters please. In case of joint shareholders, anyone of such may complete this form, but the names of all joint holders must be inserted.

A shareholder(s) who is/are unable to attend an Annual General Meeting is/are allowed by law to vote by proxy. The above form has been prepared to enable you exercise your right to vote, in case you cannot personally attend the meeting.

Provision has been on the proxy form for the Chairman of the meeting to act as your proxy, but if you wish you may insert in the blank space on the form (marked) the name of any person, whether a shareholder(s) of the company or not, who will attend the meeting and vote on your behalf instead of the Chairman of the meeting.

Please indicate 'x' in the appropriate box how you wish your votes to be cast on the resolution set out above. Unless so instructed the proxy will vote or abstain from voting at his/her discretion. Please sign the above proxy form and post it to reach the Registrars of the Company, City Securities (Registrars) Limited, Primrose Tower, 17 Tinubu Street, Lagos not later than 48 hours before the time of holding the meeting.

Please sign the above proxy form and post it to reach the Registrars or the Company Secretary at the registered office of the Company not later than 48 hours before the time of holding the meeting.

If executed by a Corporation, the proxy form should be sealed with the Common Seal.

TO BE VALID THIS FORM HAS TO BE DULY STAMPED.

NUMBER OF SHARES		
ORDINARY RESOLUTIONS		
1. To re-elect Directors above 70 years of age		
a. Prof Ochapa Onozi		
b. Gen Inuwa Wushishi		
2. To re -elect Directors retiring by rotation		
a. Mrs. Adebola Adefope		
b. Mr. Olatunji Ladoja		
c. Mr. Olufemi Odebunmi		
3. To remove as a Director Omoba Oladele Odimayo		
4. To authorize Directors to fix Auditors' Remuneration		
5. To elect Members of the Audit Committee		

PROXY FORM

ACORN PETROLEUM PLC
28TH ANNUAL GENERAL MEETING TO BE HELD AT THE
OBUDU CATTLE RANCH, OBUDU, CROSS RIVERS STATE
ON WEDNESDAY 22ND JUNE 2011 AT 9AM.

Please admit bearer of this form or his/her duly appointed proxy to the annual general meeting of Acorn Petroleum Plc to be held at the Obudu Cattle Ranch, Obudu, Cross Rivers State On Wednesday 22nd June 2011.

Name of person attending _____

Shareholder _____

No. of Shares held _____

Proxy _____

Signature _____

Important:

- (a) this admission form must be produced by the shareholder/proxy in order to obtain admittance to the Annual General Meeting. Shareholder/proxy is requested to sign the admission form before attending the meeting.
- (b) Shareholders or their Proxies are requested to sign the admission form before attending the meeting.