



BowLeven

BowLeven plc
African oil and gas exploration and development group

Interim Report to 31 December 2004

CORPORATE PROFILE

Based in Edinburgh, BowLeven owns a number of valuable assets in Cameroon, one of the most attractive oil and gas exploration regions in West Africa. It controls three shallow offshore blocks in the Etinde Permit area with proved and probable (P50) recoverable reserves (independently assessed) of 60.3 million barrels of oil equivalent (“mmboe”) plus P50 contingent resources of 58.2 mmboe i.e. a total of 118.5 mmboe of recoverable hydrocarbon volumes. As well as P50 hydrocarbon reserves and contingent resources the 2,300 sq km acreage, which has had 9 wells drilled in it, has very attractive exploration potential. The Company has operated in Cameroon since 1999.

Contents

Chairman’s Letter	1
Group Profit and Loss Account	3
Group Balance Sheet	4
Group Cash Flow Statement	5
Notes Forming Part of the Interim Results	6
Corporate Information	7

CHAIRMAN'S LETTER

Dear Shareholder

Since the listing of the Company's shares on the Alternative Investment Market, the directors of the Company have been active in the following areas:

- acquisition and processing of 575 sq km of 3D seismic data over block MLHP-7,
- acquisition of 206 sq km of 3D seismic over blocks MLHP-5 and MLHP-6,
- search for rig to start drilling in summer 2005,
- initiation of discussions for gas to electricity ("GTE").

3D Seismic

The quality of the new 3D seismic data in the Etinde Permit area, which was acquired in January by Western Geco, is excellent. The data is being processed by Veritas and the "fast track" results should be ready around the beginning of April 2005. Full data processing and interpretation should be finalised in early summer. We are very encouraged by the preliminary interpretation and several new structures are being identified.

The 3D seismic has identified several potential drilling prospects, leads and plays in block MLHP-7 and these will be ranked in terms of risk and potential reward. Initially, we plan to select two well locations in known hydrocarbon bearing structures that will offer the potential to be gas/condensate tests in the Isongo sands and/or oil tests in the Biafra sands. We are most pleased with the progress to date.

Although 206 sq km of 3D seismic data has been acquired over blocks MLHP-5 and MLHP-6, the area covered only represents around 12% of the area of these blocks. The water depth in the remainder of the blocks is shallow (0 – 25 metres) and is not deep enough for most seismic vessels. However, vessels that can undertake the work have been identified and your directors are considering the options available to acquire additional 3D seismic in this shallow water, including the large Souellaba feature.

Drilling

We are evaluating rig options to begin drilling by the end of summer 2005. Subject to the results of the first well, we will either drill a second appraisal well into the same structures or will move to another location to test other potential reservoirs.

Sanaga Sud

Discussions are continuing with the Government of Cameroon with regard to Block MLHP-4, which contains the Sanaga Sud gas field. When these discussions are finalised, a further announcement will be made.

CHAIRMAN'S LETTER

GTE Business Plan

We have appointed The Energy Contract Company Limited ("ECC") to negotiate and conclude the full range of commercial agreements relating to the GTE business, including those with the government of Cameroon. ECC is a specialist gas consultancy firm with considerable expertise in gas and power contract negotiations. The process has begun and we expect contracts to be concluded within six to nine months.

Financial

The Group recorded a loss of £1.5 million for the six months ended 31st December 2004. The main contributor to the loss was interest payable and similar charges of approximately £1.3 million, which relates to the premiums payable on the redemption and conversion of debentures and other loans.

The balance sheet was considerably strengthened by the equity funds raised during the period. At 31st December 2004, net cash was approximately £25.8 million.

Board Appointment

We are delighted to have recruited Peter Wilson as Commercial Director of the Company with effect from 1st April 2005. Peter (age 41) was a corporate partner at McClure Naismith (the Company's solicitors) and had been advising the BowLeven Group on general corporate and contractual issues for several years. He has considerable experience of oil and gas commercial matters and will also take on the responsibilities of General Counsel and Company Secretary.

An active search for experienced non-executive directors is underway, with the objectives of strengthening the Board and complementing the experience of the executive directors.

Outlook

The directors are moving forward as quickly as possible with the Company's business plan and are confident that this plan is on track. The next few months should be an exciting time for the Company and its shareholders.

TA Heneaghan

Chairman

GROUP PROFIT AND LOSS ACCOUNT

	Six months ended 31 December 2004 £'000	Year ended 30 June 2004 £'000
Turnover	–	–
Administrative expenses	(303)	(589)
Operating loss	(303)	(589)
Interest receivable and similar income	78	7
Interest payable and similar charges	(1,227)	(2,185)
Loss on ordinary activities before taxation	(1,502)	(2,767)
Taxation	–	–
Loss on ordinary activities after taxation	(1,502)	(2,767)
Accumulated deficit brought forward	(3,940)	(1,173)
Accumulated deficit carried forward	(5,442)	(3,940)

There are no recognised gains or losses other than those included in the profit and loss account.

GROUP BALANCE SHEET

	At 31 December 2004 £'000	At 30 June 2004 £'000
Fixed assets		
Intangible assets	8,784	7,447
Current assets		
Stock	238	238
Debtors	1,071	69
Cash at bank	25,763	162
	27,072	469
Creditors: amounts falling due within one year	(2,533)	(7,755)
Net current assets/(liabilities)	24,539	(7,286)
Total assets less current liabilities	33,323	161
Capital and reserves		
Called up share capital	2,111	1,030
Share premium	33,771	188
Other reserves	2,883	2,883
Profit and loss account	(5,442)	(3,940)
Equity shareholders' funds	33,323	161

GROUP CASH FLOW STATEMENT

	Six months ended 31 December 2004 £'000	Year ended 30 June 2004 £'000
Net cash flow from operating activities	(1,227)	(176)
Returns on investments and servicing of finance	(1,193)	(5)
Capital expenditure and financial investment	(1,961)	(2,168)
Cash outflow before financing	(4,381)	(2,349)
Financing		
Proceeds of share issues	34,926	150
Redemption of loan instruments	(7,045)	(12)
Advance of loan instruments	2,100	2,359
Net cash flow from financing	29,981	2,497
Increase in cash in the period	25,600	148
Reconciliation of net cash flow to movement in net funds/ (debt)		
Increase in cash in period	25,600	148
Net cash outflow/(inflow) from loan instruments	4,945	(2,347)
Net non cash movement in loan instruments	–	(2,122)
Movement in funds/(debt) in period	30,545	(4,321)
Opening net funds/(debt)	(4,782)	(461)
Closing net funds/(debt)	25,763	(4,782)

1. Basis of preparation

The financial information contained herein does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The unaudited interim financial information has been prepared on the basis of the accounting policies set out in the Group's accounts for the year ended 30 June 2004. The figures for the year ended 30 June 2004 have been extracted from the accounts. Those accounts have been filed with the Registrar of Companies and contained an unqualified auditor's report.

2. Comparative figures

As this is the first Interim Report following the admission of the Company to AIM, no comparative figures for the six months ended 31 December 2003 are available.

3. Reconciliation of movement in shareholders' funds

	Six months ended 31 December 2004 £'000
Loss for the year	(1,502)
New shares issued	1,081
Premium on new share capital subscribed	33,583
Opening equity shareholders' funds	161
Closing equity shareholders' funds	33,323

4. Interest payable and similar charges

Interest payable and similar charges of £1,277,000 during the six month period to 31 December 2004 primarily relates to the premium payable on the redemption and conversion of debentures and other loans.

5. Interim report

This document represents the Interim Report and half yearly results of BowLeven plc. Copies of the Interim Report will be sent to shareholders and can be obtained, free of charge, from the Company at 68-70 George Street, Edinburgh, EH2 2LT for a period of one month.

CORPORATE INFORMATION

Board of Directors

Terry Heneaghan, Executive Chairman
Philip Rhind, Chief Executive Officer
John Brown, Finance Director
Chief Tabetando, Director
Donald Vandergrift, Operations Director
Easton Wren, Non-Executive Director

Nominated Adviser & Broker

Noble & Company Limited
76 George Street
Edinburgh EH2 3BU

Solicitors and Registered Office

McClure Naismith
49 Queen Street
Edinburgh EH2 3NH

Auditors

Baker Tilly
23 Queen Street
Edinburgh EH2 1JX

Principal Bankers

The Royal Bank of Scotland
36 St Andrew's Square
Edinburgh EH2 2YB

Registrars

Park Circus Registrars Limited
James Sellars House
144-146 West George Street
Glasgow G2 2HG

Public Relations Advisers

The Maitland Consultancy
Orion House
5 Upper St. Martin's Lane
London WC2H 9EA.

NOTES



Western Regent Vessel, acquired 3D seismic over part of Etinde permit

BowLeven

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