



bowleven
oil & gas



Re-energised & re-focused

Interim Report to 31 December 2007

Bowleven is an African focused oil and gas group, based in Edinburgh and listed on AIM since December 2004.

Bowleven holds, through its wholly-owned subsidiary EurOil Limited, a 100% equity interest in the Etinde Permit area, being three shallow water blocks in offshore Cameroon, West Africa; namely Blocks MLHP-5, MLHP-6 and MLHP-7. In total, Bowleven has approximately 2,300 km² of exploration acreage located across the Rio del Rey and Douala basins in the Etinde Permit. With current P50 resources independently certified as 160 mmbob, EurOil Limited has also recently signed a new licence (for the Bomono Permit) in onshore Cameroon, extending to approximately 2,328 km² in the Douala/Kribi Campo Basin. Bowleven has operated in Cameroon since 1999.

Bowleven also holds, through its wholly-owned subsidiary, FirstAfrica Oil, a 100% equity interest in the EOY offshore Permit in Gabon, which contains an existing oil discovery that it is seeking to develop, and a 50% equity interest in the Epaemeno Permit, which is approximately 1,340 km² of exploration acreage in onshore Gabon, which sits adjacent to a number of recent discoveries in surrounding blocks.

The Company's focus is on exploration-led organic growth and niche acquisitions.

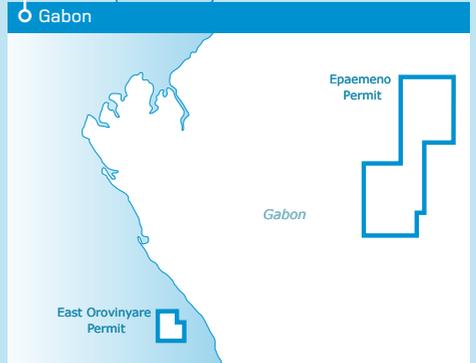
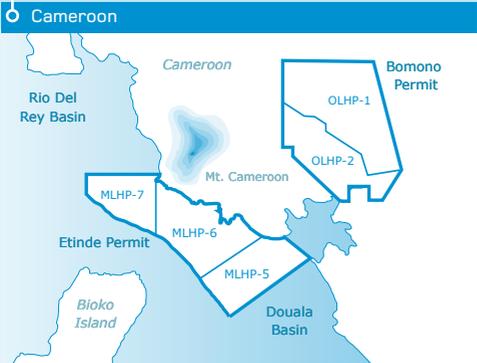
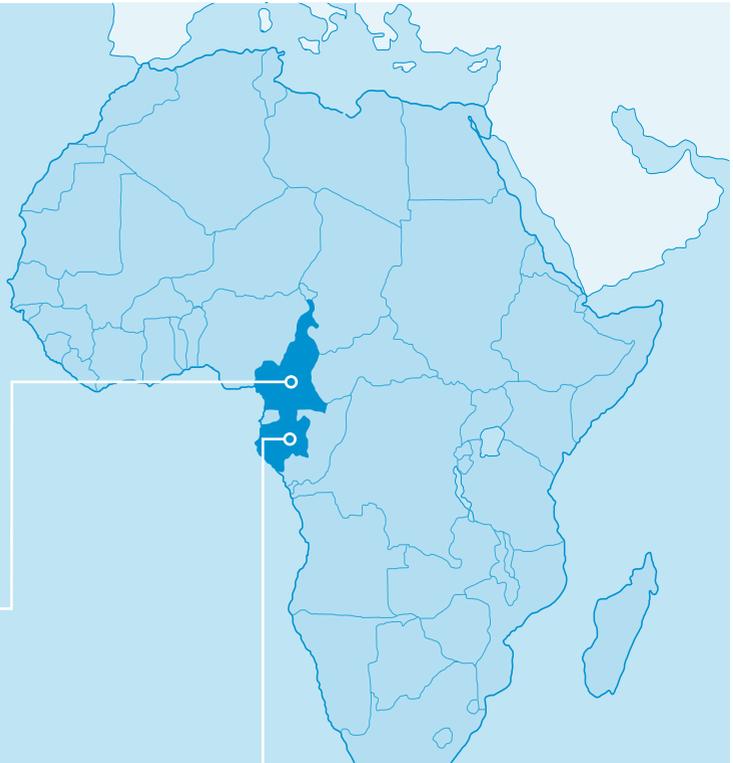
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Company Highlights

- **Encouraging exploration progress** – following completion of successful three well drilling campaign in Cameroon during 2007, preparation of an exploitation application for MLHP-7 is now underway.
- **Near term drilling programme** – IF-1r well drilling expected to commence April/May 2008 with likely further appraisal wells to follow.
- **Further asset base evaluation** – substantial high quality prospect inventory being developed across the Company's portfolio.
- **Portfolio expansion** – doubled acreage in Cameroon with signing of new Bomono PSC.
- **Financial flexibility** – proposed placing of up to approximately 12 million shares announced today strengthens the Group enabling the timely pursuit of the opportunities in its portfolio.

Our Assets
Cameroon & Gabon



Etinde Permit

Acreage	2,314 km ²
Equity interest	100%
Operator	Bowleven Group

Bomono Permit

Acreage	2,328 km ²
Equity interest	100%
Operator	Bowleven Group

East Orovinyare Permit

Acreage	105 km ²
Equity interest	100%
Operator	Bowleven Group

Epaemeno Permit

Acreage	1,340 km ²
Equity interest	50%
Operator	Addax

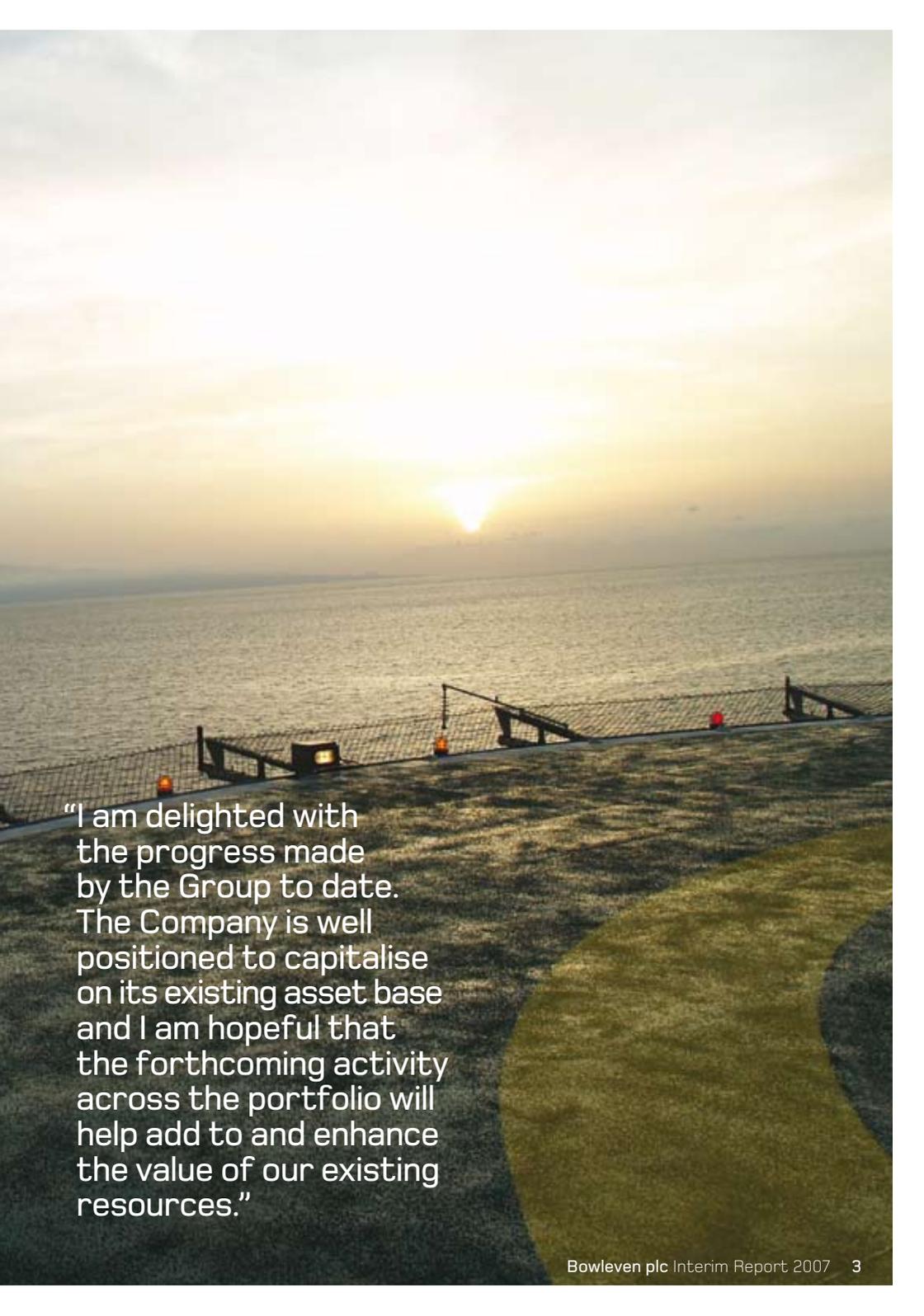
Delivering material organic growth

Value creation

The Bowleven Board and management team strive to position the Company in such a way as to maximise its chances of success and the creation of shareholder value.

In so doing, the Board applies a set of aims that it believes is consistent with these goals, namely:

- have an asset base with the potential for material exploration success, augmented by opportunistic niche acquisitions;
- create the environment for a competitive advantage to exist through the focused active management of political, commercial and technical risk;
- foster strong external partnerships and excellent relationships with host nations, based always on mutual respect;
- keep control of our destiny by acting as exploration operator;
- maintain a robust financial position;
- build a world-class team of motivated individuals and an environment where they, and the Company, maximise their potential.



“I am delighted with the progress made by the Group to date. The Company is well positioned to capitalise on its existing asset base and I am hopeful that the forthcoming activity across the portfolio will help add to and enhance the value of our existing resources.”

Chairman & Chief Executive's Review

We are delighted to report that over the last six months your Company has continued to evolve into a business which is capable of delivering material organic growth and value creation for its shareholders.

The period has seen advances on a number of fronts as we seek to expand our exploration portfolio and to add to and commercialise some of our existing P50 resource base of 167 million barrels of oil equivalent.

The main achievements over the last six months in this regard have included:

- Successful three well drilling campaign completed on Cameroon acreage in 2007.
- Obtaining an 18 month exploration extension to September 2009 for the Etinde Permit, Cameroon.
- Following success of recent drilling, preparation of an exploitation application for Block MLHP-7 now underway.
- Securing the Trident IV drilling rig for IF-1r well; drilling expected to commence April/May 2008.
- Progress on development plan for EOY field in Gabon (including further subsurface evaluation) with sanction possible Q2/Q3 2008.
- Signing the new Bomono PSC for an area in Cameroon covering approximately 2,328 km².
- Developing a substantial high quality prospect inventory across the Company's portfolio.

Cameroon

MLHP-7 exploration

Block MLHP-7 is situated in the Rio del Rey petroleum province in south west Cameroon. This prolific hydrocarbon province is responsible for all of Cameroon's current hydrocarbon production.

Thirteen wells were drilled on the block between the 1960s and 1980s which resulted in numerous discoveries. These include the Isongo Marine field discovered by Mobil and the IE discovery made by Total.

In 2005 the Group acquired the first 3D seismic over the block. Interpretation of the resulting data has refined and improved our understanding of the prospectivity of the block. In 2007 the Group drilled an up-dip appraisal well to the IE discovery which yielded extremely high condensate rates on test. The IF-1 well was then drilled structurally up-dip to the south of the IE field in August 2007. Encouraging data was gained from this well prior to its early abandonment due to a high pressure influx of hydrocarbons. The IF-1r well is scheduled to be re-drilled by Transocean's Trident IV jack-up rig commencing April/May 2008. If successful, the intention would be to drill up to two further appraisal wells on Block MLHP-7 in the following 12 months.

In parallel to preparations for the re-drilling of IF-1r, Bowleven has undertaken to reprocess the 3D data over Block MLHP-7. This is intended to enhance imaging over the Miocene age section, the principal objective on the block. Development of a full prospect inventory based upon the re-processed 3D volume is scheduled for mid 2008 and the Company believes this work has the potential to highlight further significant prospects on the block.

Exploitation/commercialisation

We are continuing with our activities to progress the development of our gas/condensate discoveries in Block MLHP-7. The commercialisation of these resources has the potential to substantially increase the core value of the Group and remains the top priority going forward.

An initial study indicates that gas recycling (which allows the initial stripping out and sale of the condensate with the later production of commercial gas volumes) could be a feasible option for developing the Block MLHP-7 fields and further work is continuing on this as an initial route towards commerciality of our resources.

There also remain a number of options for the sale of gas into Cameroon for power and industrial use. In addition, the high global demand for LNG (liquefied natural gas) combined with the development of smaller scale liquefaction units, gives further options for development. The recent announcement of the ownership structure for the second train at EGLNG (the gas liquefaction plant on nearby Bioko Island in Equatorial Guinea) has provided momentum to plans for the plant's expansion.

This is also encouraging for the subsequent development of gas in MLHP-7 and any other potential discoveries on our acreage. We continue to work with the Cameroon government and other industry partners to progress all options for commercial gas sales in the region.

Against this positive technical and commercial background, we are in the process of applying for an exploitation authorisation from the Cameroonian authorities in order to allow us to develop the MLHP-7 fields. The application document is well advanced and it is expected that it will be submitted towards the end of April 2008.

MLHP-5 & MLHP-6 exploration

Blocks MLHP-5 and MLHP-6 are located in the Douala basin petroleum province of southern Cameroon which is characterised by numerous onshore oil seeps. Exploration in the basin commenced in the early 1950s, culminating in the mid 1980s when activity effectively ceased with only sub-commercial volumes of hydrocarbons having been found. With the application of modern technology including 3D seismic, interest in the area is being regenerated. In 2007, the Group found hydrocarbons with its D-1 well (the first to be drilled on either block). Numerous other wells drilled on adjoining acreage over the last 18 months have further proved the existence of substantial volumes of gas, condensate and oil.

Detailed seismic interpretation continues to integrate the drilling results and to further develop what is already quite a meaningful prospect and lead inventory, with prospects identified at several stratigraphic intervals on the acreage.

A highly skilled team



Our people

People are our key asset and the attitude of our team is critical to our business culture and to the success of the organisation.

The Group has a highly skilled and dedicated workforce and we place great emphasis on attracting and retaining the best quality staff. In order to promote career development and enhance competencies and job skills, we offer our staff access to relevant external training schemes and courses, and encourage membership of appropriate professional bodies. We will continue to encourage team performance whilst recognising individual contributions.

Our aim is to ensure all our team understand our business goals and values. As an international Group, we believe that our staff should reflect the communities in which we operate. It is important to us that we help improve the quality and experience of our local employees in order to increase the number of local leaders throughout the organisation. We are committed to the development of the local staff in both Cameroon and Gabon. As well as sponsoring meaningful training programmes for the state oil companies and ministries, we also have active secondment schemes in operation at our head office for our technical staff from West Africa to develop both their skill set and their perspective of our activities.

The majority of new wells in the basin have targeted gas-condensate prone prospects with a high degree of success. Whilst pursuing these targets, oil has also been encountered and the Group's priority focus on blocks MLHP-5 and MLHP-6 will be to develop this oil play with a view to drilling a number of high impact exploration wells.

Farm-out activity

The Group is currently evaluating whether to farm-out part of its position in the Etinde Permit prior to further exploration and appraisal drilling. A decision will be made based on a thorough analysis of the risk reward proposition of maintaining 100% exposure versus any offer received. In any event, it is considered unlikely a farm-out will take place until after the IF-1r well is drilled.

Bomono

A production sharing contract (PSC) was signed for the Bomono Permit area, Cameroon, on 12 December 2007. The Bomono Permit area comprises onshore blocks OLHP-1 and OLHP-2 and covers approximately 2,328 km² in the Douala/Kribi Campo basin petroleum province. The permit area is characterised by numerous oil seeps and has not been actively explored since the 1980s. The first phase of the PSC requires 500km of 2D seismic and one well to be completed within a five year term. Preparations are underway to commence geological fieldwork later in 2008 and to conduct an airborne geophysics survey in the 2008/2009 dry season. A seismic programme is expected to commence in 2009.

Gabon

EOV field

Pre-sanction work is continuing for the 7mmbbl EOV oil development with a reservoir development study due for completion in April 2008. This study has been undertaken to provide additional confidence over the current reserves estimates for the field, and also to identify further development well locations. Negotiations are also continuing on evacuation options for oil from the field. Depending on the results of the reservoir study, the Company will be in a position to make a decision on project sanction by Q2/Q3 2008. Assuming sanction at that stage, commercial production from the field could then be expected in Q2/Q3 2009.

Epaemeno

The PSC for the 1,340 km² Epaemeno permit area located onshore Gabon entered its second three year term in August 2007 with an obligation to drill one well prior to August 2010. The farm-out of 50% of the Group's interest in the Epaemeno PSC to Addax was approved by the Gabonese government in December 2007. Addax are now preparing to acquire up to 700 km of 2D seismic with activity expected to commence later in 2008.

Financial results

This is the first period that the financial statements for the Group have been prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). It is also reporting in US Dollars for the first time, the revised presentational currency for the Group. A detailed conversion and restatement document was issued on 20 November 2007, and a copy of this is available on the Company's website.

The Group reported a loss of \$6.6 million for the 6 months ended 31 December 2007 (H1 2006: loss \$11.6 million).

The main contributor to this loss was administrative expenses of \$9.5 million (H1 2006: \$4.4 million). The scale of this expense reflects the ongoing efforts across the Group to properly assess and exploit the asset base. The overall loss for the period also includes a \$0.9 million foreign exchange gain. This is included within finance income and results primarily from the treatment under IFRS of exchange movements on intra-group funding arising from the weakening of the US dollar against sterling (H1 2006: foreign exchange losses of \$9 million are included within finance costs).

The principal cash outflow during the period under review was the expenditure of approximately \$49 million, primarily on exploration drilling activity.

At the period end, the Company has approximately \$55 million of net cash and was fully funded for its committed work programme. However, in order to improve financial and operational flexibility, the Company announced today the proposed placing of up to approximately 12 million shares to new and existing institutional investors. The separate announcement by the Company sets out the terms of the placing. These additional funds will enable the Group to best pursue the significant exploration opportunities in its existing portfolio.

Board appointment and strengthening of management team

We are pleased to announce that Ed Willett, who currently serves as Exploration Director on the Group Management Board, has been appointed as a director on the Board of Bowleven plc with effect from 28 March 2008.

Kerry Crawford joined us in January 2008 as Deputy Finance Director and Head of Investor Relations. Kerry will sit on the Group Management Board and is a welcome addition to the team.

Outlook

It is our vision to build an African-focused, exploration and production company which becomes renowned for its ability to consistently create and realise material shareholder value through exploration-led organic growth and niche acquisitions. Against a backdrop of high oil prices and substantial cost inflation Bowleven has now amassed what it considers to be a highly prospective portfolio of exploration acreage. Your Company is well positioned to evaluate and exploit this position with the overall goal of creating significant value for shareholders. In addition to pursuing opportunities in our existing asset portfolio we continue to evaluate new venture opportunities across the West African province.

Kevin Hart
Chief Executive
28 March 2008

Ronnie Hanna
Chairman

Group Income Statement

For the six months ended 31 December 2007

	6 months ended 31 December 2007 (Unaudited) \$'000	6 months ended 31 December 2006 (Unaudited) (As re-stated) \$'000	Year ended 30 June 2007 (Audited) (As re-stated) \$'000
Administration expenses	(9,509)	(4,408)	(11,649)
Operating loss			
Continuing operations	(9,509)	(4,408)	(9,908)
Acquisitions	–	–	(1,741)
	(9,509)	(4,408)	(11,649)
Finance income	2,909	1,845	5,108
Finance costs	(27)	(9,043)	(13,606)
Loss before taxation	(6,627)	(11,606)	(20,147)
Taxation	–	–	–
Loss for the period	(6,627)	(11,606)	(20,147)
Basic and diluted earnings per share	\$(0.09)	\$(0.33)	\$(0.37)

Group Statement of Changes in Equity

For the six months ended 31 December 2007

	6 months ended 31 December 2007 (Unaudited) \$'000	6 months ended 31 December 2006 (Unaudited) (As re-stated) \$'000	Year ended 30 June 2007 (Audited) (As re-stated) \$'000
Opening equity attributable to equity holders	309,359	121,387	121,387
Currency translation differences	(872)	12,063	13,728
Total income recognised directly in equity	(872)	12,063	13,728
Loss for the period	(6,627)	(11,606)	(20,147)
Total recognised income and expenses attributable to equity holders for the period	(7,499)	457	(6,419)
New shares issued in respect of employee share options	1,336	–	–
Share based payments	1,048	610	1,539
New shares issued	–	131,533	192,852
Closing equity attributable to the equity holders	304,244	253,987	309,359

Group Balance Sheet

As at 31 December 2007

	6 months ended 31 December 2007 (Unaudited) \$'000	6 months ended 31 December 2006 (Unaudited) (As re-stated) \$'000	Year ended 30 June 2007 (Audited) (As re-stated) \$'000
Non-current assets			
Intangible exploration assets	179,964	58,697	149,709
Property, plant and equipment	68,940	724	63,932
	248,904	59,421	213,641
Current assets			
Inventory	7,080	8,238	7,802
Trade and other receivables	1,874	21,660	2,080
Other financial assets	–	18,007	–
Cash and cash equivalents	54,614	155,153	105,307
	63,568	203,058	115,189
Total assets	312,472	262,479	328,830
Current liabilities			
Trade and other payables	8,228	8,492	19,471
Total current liabilities	8,228	8,492	19,471
Net assets	304,244	253,987	309,359
Equity attributable to equity holders of the parent			
Called-up share capital	14,451	11,420	14,378
Share premium	341,321	281,696	340,058
Foreign currency translation	12,856	12,063	13,728
Other reserves	8,431	6,454	7,383
Retained earnings	(72,815)	(57,646)	(66,188)
Total equity attributable to the equity shareholders	304,244	253,987	309,359

Group Cash Flow Statement

For the six months ended 31 December 2007

	6 months ended 31 December 2007 (Unaudited) \$'000	6 months ended 31 December 2006 (Unaudited) (As re-stated) \$'000	Year ended 30 June 2007 (Audited) (As re-stated) \$'000
Cash flows used in operating activities:			
Cash used in operations	(5,075)	(37,349)	(22,176)
Interest paid	(27)	–	(19)
Net cash used in operating activities	(5,102)	(37,349)	(22,195)
Cash flows used in investing activities:			
Expenditure on intangible exploration assets	(42,261)	(11,439)	(70,755)
Expenditure on property, plant and equipment	(6,531)	(184)	(5,149)
Interest received	2,010	1,845	5,108
Acquisitions	–	–	(962)
Net cash used in investing activities	(46,782)	(9,778)	(71,758)
Cash flows from financing activities:			
Proceeds from issue of shares	1,336	131,417	140,818
Pre-acquisition loan advanced to FirstAfrica Oil	–	–	(26,071)
Net cash flows from financing activities	1,336	131,417	114,747
Net (decrease)/increase in cash and cash equivalents	(50,548)	84,290	20,794
Opening cash and cash equivalents at beginning of period	105,307	77,108	77,108
Exchange (losses)/gains on cash and cash equivalents	(145)	11,762	7,405
Closing cash and cash equivalents	54,614	173,160	105,307

Reconciliation of Operating Loss to Net Cash Outflow from Operations

For the six months ended 31 December 2007

	6 months ended 31 December 2007 (Unaudited) \$'000	6 months ended 31 December 2006 (Unaudited) (As re-stated) \$'000	Year ended 30 June 2007 (Audited) (As re-stated) \$'000
Operating loss	(9,509)	(4,408)	(11,649)
Depreciation	231	172	353
Loss on disposal of property, plant and equipment	–	–	73
Decrease/(increase) in inventory	722	(7,492)	(5,769)
Decrease/(increase) in debtors	125	(23,577)	679
Increase/(decrease) in creditors	2,111	767	(1,814)
Exchange differences	197	(3,421)	(5,704)
Share options/LTIP charge	1,048	610	1,539
Non-cash payment of director's share option scheme dues	–	–	116
Net cash outflow from operations	(5,075)	(37,349)	(22,176)

Net Funds

For the six months ended 31 December 2007

	At 1 July 2007 \$'000	Cash flow \$'000	Exchange movements \$'000	At 31 December 2007 \$'000
Cash at bank	6,212	(3,994)	–	2,218
Short term deposits	99,095	(46,553)	(146)	52,396
Cash and cash equivalents/net funds	105,307	(50,547)	(146)	54,614

	6 months ended 31 December 2007 (Unaudited) \$'000	6 months ended 31 December 2006 (Unaudited) [As re-stated] \$'000	Year ended 30 June 2007 (Audited) [As re-stated] \$'000
Cash at bank	2,218	15,847	6,212
Short term deposits	52,396	139,306	99,095
Cash and cash equivalents	54,614	155,153	105,307
Other financial assets	–	18,007	–
Net funds	54,614	173,160	105,307

Notes to the Interim Statements

For the six months ended 31 December 2007

1. ACCOUNTING POLICIES

Basis of Preparation

This Interim Report has been prepared on a basis consistent with the accounting policies expected to be applied for the year ended 30 June 2008. AIM listed companies are required to report under International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) for financial years commencing on or after 1 January 2007. The first results to be prepared on this basis are the Company's Interim Results for the six months ending 31 December 2007. The Company will present its first annual report and accounts under IFRS for the year ended 30 June 2008.

The Company issued a 'Restatement of 2006-07 Results from UK GAAP (United Kingdom Generally Accepted Accounting Practices) to IFRS' document on 20 November 2007 that highlighted the principal accounting differences between IFRS and UK GAAP. This restatement document contained revised accounting policies under IFRS and presented restated financial information under IFRS in conjunction with reconciliations between UK GAAP and IFRS.

The disclosed figures are not statutory accounts in terms of section 240 of the Companies Act 1985. Statutory accounts for the year ended 30 June 2007, on which the auditors gave an unqualified report, have been filed with the Registrar of Companies.

Comparative Information

Comparative information for the six months to 31 December 2006 and for the twelve months to 30 June 2007 have been restated to comply with the IFRS accounting policies as contained within the above-mentioned restatement document. As discussed below, this comparative information was also restated in \$ in this document, following a revision to the presentational currency of the Group. Foreign currency exchange differences in the Income Statement have also been reclassified. Those previously recorded within administrative expenses have been reclassified within finance costs in the Income Statement.

a) Change in Oil and Gas Accounting Policy

In preparing the accounts for the twelve months to 30 June 2007, Bowleven followed the full cost method of accounting for oil and gas assets. Under this method, all expenditure incurred in connection with the acquisition, exploration, appraisal and development of oil and gas assets was initially capitalised. Following the implementation of IFRS Bowleven has changed its accounting policies for both exploration/appraisal assets and development/production assets (included in property, plant and equipment) to successful efforts-based policies. The comparative information for the six months to 31 December 2006 and the twelve months to 30 June 2007 have been restated accordingly. Further details can be found in the restatement document discussed above.

b) Change in Presentational Currency

The functional currency of Bowleven plc, the ultimate parent Company of the Group, is sterling. These financial statements have been presented in \$. This is a change from 30 June 2007 when the financial statements were presented under UK GAAP in the functional currency of the ultimate parent Company (sterling). As it is deemed to be more appropriate to present the financial statements in line with the functional currency of the majority of the Group the comparative information provided has been revised to reflect this change.

2. OTHER NOTES

- a) The basic earnings per ordinary share is calculated on a loss of \$6,627,000 (H1 2006 restated: loss of \$11,606,000) on a weighted average of 74,643,415 (H1 2006: 35,569,899) ordinary shares.
- b) In respect of the six months to 31 December 2007, 861,254 potential ordinary shares were anti-dilutive.
- c) No dividend has been declared (2006: nil).

3. 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 1 North St Andrew Lane, Edinburgh EH2 1HX, for a period of one month.

Glossary:

AIM:	a market operated by the London Stock Exchange
Bowleven:	Bowleven plc and/or its subsidiaries as appropriate
Company:	Bowleven plc
Group:	the Company and its subsidiaries
km:	kilometres
km²:	square kilometres
LTIP:	Long Term Incentive Plan
mmbo:	million barrels of oil
mmboe:	million barrels of oil equivalent
P50:	means 50% probability that volumes will be equal to or greater than stated volumes
PSC:	production sharing contract
2D seismic data:	data resulting from two dimensional seismic acquisition
3D seismic data:	data resulting from three dimensional seismic acquisition
\$:	United States Dollars

Corporate Information

Board of Directors

Ronnie Hanna
Non-Executive Chairman

Caroline Cook
Non-Executive Director

Kevin Hart
Chief Executive Officer

John Morrow
Chief Operating Officer

John Brown
Finance Director

Chief Tabetando
Chairman of EurOil

Peter Wilson
Commercial Director

Ed Willett*
Exploration Director

* Appointed to Board of Directors
on 28 March 2008

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