

Regulatory Announcement

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Company	BowLeven Plc
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BowLeven Plc ('BowLeven' or 'the Company')

Preliminary results for the year to 30 June 2005

BowLeven, the Cameroon-focused oil & gas company listed on AIM, today announces its preliminary results for the year ended 30 June 2005.

Highlights of the year include:

- Placing and admission to AIM, raising £32m (before expenses) at a pre-IPO and IPO placing;
- High quality seismic over block MLHP-7 has been acquired, processed and interpreted;
- A two well drilling programme has begun;
- Discussions with the Cameroon authorities, on economic and fiscal terms for oil and gas developments in the Etinde Permit, have commenced;
- Funding, for an ongoing drilling programme in 2006 and new 3D seismic over blocks MLHP-5 and 6, has been secured by a £55m institutional placing; and
- The boards of BowLeven and EurOil have been strengthened.

Commenting, Terry Heneaghan, Executive Chairman, said:

"This has been a significant year for BowLeven, securing funding for our work programme over the drilling programme. Although, yesterday, we announced that we had not found any oil at the Many are very encouraged that the well found gas as expected, and that the quality of the reservoir sands i

"We are using the funds raised to explore and appraise our assets and acquire 3D seismic over blocks MLHP - 5 and 6. The drilling programme is proceeding as planned and the Isongo Sands show considerable potential for gas and condensate."

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Chairman's Statement

20th October 2005

It is now just over ten months since BowLeven was admitted to AIM. Since then, substantial progress has been made:

- high quality 3D seismic over block MLHP-7 has been acquired, processed and interpreted,
- a two well drilling programme has begun;
- discussions with the Cameroon authorities, on economic and fiscal terms for oil and gas developments in the Etinde Permit, have started;
- funding, for an ongoing drilling programme in 2006 and new 3D seismic over blocks MLHP-5 and 6, has been secured by a £55 million institutional equity placing, and
- the boards of BowLeven and EurOil have been strengthened.

3D Seismic

The January 2005 acquisition of 3D seismic over 575 sq.km. in block MLHP-7, has proved to be an excellent investment. The seismic data has revealed that the known Isongo gas/condensate discoveries, which were drilled by previous operators many years ago, were located on the flanks of three large channel sand systems that congregate in a "hydrocarbon depocentre" in the southern portion of this block. These three channels cover around two thirds of the areal extent of the block and the prospects in this area, for exploration and appraisal drilling, are exciting.

Drilling

A jack-up drilling rig (Adriatic IX) was secured from GlobalSantaFe to drill two high impact exploration wells in block MLHP-7.

Drilling started on 10th October 2005 and the first exploration well (Manyikebi-1), a multi reservoir Biafra sands oil target, was drilled to total depth. The well encountered high quality reservoir sands, discovered gas but did not find oil. The well will be plugged and abandoned as a small gas discovery; recoverable volumes have yet to be determined. We are obviously disappointed with this result, which is a setback for our technical analysis of the Biafra sands, but the basic depositional model is confirmed.

The results of Manyikebi-1 have no impact on the Group's previously stated recoverable hydrocarbon volumes and the technical interpretation of the Isongo sands is unaffected. Our asset base in Cameroon has considerable exploration and development potential.

The second well, Bachuo-1, which will immediately follow on from the initial well, is a gas/condensate exploration target in the Upper Isongo sands, within the hydrocarbon depocentre in the southern part of this block. The result of this well will be announced as soon as possible after technical assessment has been concluded.

Fiscal and Economic Terms

Discussions have begun with the Cameroon authorities in regard to new fiscal and economic terms applicable to oil and gas developments in the Etinde Permit. These discussions are ongoing and we will report any significant developments to shareholders in due course.

Farm-In Strategy

Your directors recognise the likely advantages of securing an oil and gas joint venture partner in order to further de-risk the technical and financial exposure to the business.

Our criteria for partners are:

- we will retain Operatorship of our assets,
and our selected partner will ideally have:

- West African Experience,
- a fast track development record,
- gas as well as oil experience, and
- access to other licence areas in Africa.

Our objectives are to:

- reduce risk,
- obtain additional technical capability
- provide funds for future developments, and
- reduce future cash requirements from shareholders.

Should we decide to form a joint venture partnership, we would aim to conclude a deal during summer 2006.

Additional Equity Funding

On 18th October 2005, BowLeven issued 8.5 million new ordinary 10p shares, by way of a private placing to certain financial institutions, at a price of £6.50 per share, to raise new equity funds of £55.25 million before expenses. The net proceeds of £53.09 million will be used to fund a planned 2006-2007 exploration, appraisal and development drilling programme, 3D seismic acquisition over Blocks MLHP-5 and 6 and provide additional working capital.

Board Changes

With immediate effect, Don Vandergrift (Group Operations Director and CEO of EurOil) is retiring from the boards of BowLeven Plc and all of its subsidiaries. For a period of twelve months, Don will act as a consultant to the BowLeven Group, in order to ensure a smooth handover of his responsibilities to our new Technical Director, John Morrow, and other executive directors. On behalf of the shareholders and the other directors, I thank him for his tremendous services to the BowLeven Group over the past several years, often in a very difficult and precarious business environment. We wish him well for the future.

Dr Easton Wren has indicated his willingness to retire from the board once another non-executive director has been recruited to replace him.

The operations function is now within the responsibility of John Morrow. John, age 51 and formerly Project Director (Middle East), BG Group, joined BowLeven Plc on 7th September 2005 and is appointed to the board as Technical Director of the BowLeven Group with immediate effect. Philip Rhind, Group CEO, takes over the position of CEO of EurOil.

The board of BowLeven Plc has been strengthened by the appointment of two non-executive directors.

Mr Robert Walvis is appointed with immediate effect to the board as Senior Non-Executive Director and Deputy Chairman. Robert, age 58, spent his entire full-time business career from 1971 until

2001 with Royal Dutch Shell. When he retired from Shell International Limited, he was Director and Chairman of the Global Corporate Centre with responsibility for worldwide planning, external and environmental affairs. Robert will be appointed chairman of the Audit, Remuneration and Nomination committees.

With immediate effect, Mr Steve Lowden is appointed to the board of BowLeven plc as a non-executive director. Steve, age 47, has had over 24 years experience in the international oil and gas business, mainly with Premier Oil and Marathon Oil Corporation. When he resigned from Marathon in June 2005, Steve was Senior Vice President for Business Development and Integrated Gas.

I am delighted that we have been able to recruit people of such high calibre and wide ranging experience.

In July 2006 I will be 60 years old. It has always been my plan to retire from full-time executive life at that age and I will retire as Executive Chairman sometime during the next twelve months. When I retire, Robert Walvis will take on the role of Chairman (Non-Executive).

We are actively looking to recruit an Exploration Director with a proven track record of finding hydrocarbons and we are also seeking a non-executive director with a City/financial background.

Financial Results

The Group reported a loss of £2.1 million for the twelve months ended 30th June 2005. The main reasons for the loss are, interest payable of £1.3 million (relating to the premium payable on the redemption and conversion of certain loans during the financial year) and an increase in administrative expenses to £1.4 million, reflecting the necessary increase in the scale of the Group's operations in order to properly manage and develop its asset base.

The balance sheet is healthy and the post-balance sheet event of the institutional equity placing has considerably strengthened our financial resources and significantly de-risked the business going forward.

Summary

BowLeven has an attractive asset base in Cameroon with considerable exploration and development potential.

Our business plan to optimise shareholder value remains unchanged and it is management's mission to drive this company forward with drill-bit success.

We are now well funded and our plan to form a strategic alliance with a quality industry partner will provide additional financial and corporate strength.

The quality of the experienced professionals that we have managed to attract onto this board is a tribute to the potential of our asset base and our business ambitions.

The Company is moving forward.

Terry Heneaghan
Executive Chairman

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2005

	<i>Notes</i>	2005 £'000	2004 £'000
TURNOVER		-	-
Distribution costs		-	-
Administrative expenses		(1,373)	(590)
OPERATING LOSS		(1,373)	(590)
Interest receivable and similar income		512	7
Interest payable and similar charges	1	(1,271)	(2,184)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,132)	(2,767)
Tax on loss on ordinary activities		-	-
LOSS FOR THE FINANCIAL YEAR		(2,132)	(2,767)
Basic and diluted Earnings Per Share (£/share)	2	(0.13)	(0.27)

The operating loss for the year arises from the group's continuing operations.

GROUP BALANCE SHEET
30 June 2005

	2005 £'000	2004 £'000
FIXED ASSETS		
Intangible assets	11,289	7,447
Tangible assets	336	-
	<u>11,625</u>	<u>7,447</u>
CURRENT ASSETS		
Stocks	853	238
Debtors	527	69
Cash at bank	20,518	162
	<u>21,898</u>	<u>469</u>
CREDITORS		
Amounts falling due within one year	(844)	(7,755)
NET CURRENT ASSETS/(LIABILITIES)	<u>21,054</u>	<u>(7,286)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>32,679</u>	<u>161</u>
CAPITAL AND RESERVES		
Called up equity share capital	2,111	1,030
Share premium account	33,758	189
Other reserves	2,883	2,883
Profit and loss account	(6,073)	(3,941)
SHAREHOLDERS' FUNDS	<u>32,679</u>	<u>161</u>

GROUP CASH FLOW STATEMENT
for the year ended 30 June 2005

	2005 £'000	2004 £'000
Net cash flow from operating activities	(2,905)	(178)
Returns on investments and servicing of finance	(759)	(5)
Capital expenditure and financial investment	(5,686)	(2,166)
CASH OUTFLOW BEFORE FINANCING	<u>(9,350)</u>	<u>(2,349)</u>
Financing	29,706	2,497
INCREASE IN CASH IN THE PERIOD	<u>20,356</u>	<u>148</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2005 £'000	2004 £'000
Increase in cash in the period	20,356	148
Net cash inflow/(outflow) from loan instruments	4,945	(2,347)
Net non cash movement in loan instruments	-	(2,122)
CHANGE IN NET DEBT	<u>25,300</u>	<u>(4,321)</u>
NET DEBT AT 1 JULY 2004	(4,782)	(461)
NET FUNDS AT 30 JUNE 2005	<u>20,518</u>	<u>(4,782)</u>

NOTES FORMING PART OF THE FULL YEAR RESULTS

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, in accordance with the Statement of Recommended Practice for Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities and with applicable accounting standards.

1 INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£'000	£'000
Debenture loan redemption premiums	411	456
Redemption premium on other loans	860	1,728
	<u>1,271</u>	<u>2,184</u>

The redemption premiums were converted into ordinary 10p shares of BowLeven PLC.

2 BASIC AND DILUTED EARNINGS PER SHARE

	2005	2004
	£	£
Basic and diluted EPS – Ordinary shares of £0.10 each	(0.13)	(0.27)
	<u> </u>	<u> </u>
Basic and diluted calculation based on:		
Loss for the financial year	2,132,145	2,767,227
	<u> </u>	<u> </u>
Weighted average number of ordinary shares in the period	16,788,012	10,248,321
	<u> </u>	<u> </u>

Basic and diluted loss per share are identical as there is no dilution

3 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004
	£'000	£'000
Loss for the financial year	<u>(2,132)</u>	<u>(2,767)</u>
New equity share capital subscribed	1,081	12
Premium on new share capital subscribed	33,569	188
	<u>34,650</u>	<u>200</u>
Net increase/(reduction) in funds	32,518	(2,567)
Opening shareholders' equity funds	161	2,728
	<u>32,679</u>	<u>161</u>

This document provides details of the full year results of BowLeven Plc. Copies of the Annual Report will be sent to shareholders EH2 2LT for a period of one month.

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