BOWLEVEN PLC
OIL & GAS COMPANY

INTERIM REPORT
FOR THE SIX MONTHS
ENDED 31 DECEMBER

2005

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, via its wholly owned operating subsidiary EurOil Limited, three shallow water 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 2,314 sq km acreage, which has had 11 wells drilled in it, has very attractive exploration potential. The Company has operated in Cameroon since 1999. BowLeven was admitted to AIM in December 2004.

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Dear Shareholder,

Since reporting our 2005 annual results in October of last year, the Company has suffered a number of setbacks. We have drilled two disappointing exploration wells, our share price has fallen by around 75% from its historic high and Philip Rhind, the Chief Executive, has been dismissed. However, following some new director appointments and management changes, your company is returning to the path that was set out in our AIM Admission Document in December 2004, with the clear objective of generating considerable value for shareholders.

THE TWO EXPLORATION WELLS

Two exploration wells, Manyikebi-1 and Bachuo-1, were drilled during the last quarter of 2005.

Manyikebi-1 was a Biafra sands oil exploration prospect with an estimated 1 in 3 chance of success. It was a potentially high impact well, which had been assessed to contain in place hydrocarbons (P50) of around 280 million barrels of oil and 100 Bcf of gas. As was expected from the seismic data, the well discovered gas but, despite encountering around 950 feet of high quality reservoir sands, no oil was found. The well, which was drilled to a total depth of 5,050 ft, was plugged and abandoned, as a small gas discovery, at a total cost of approximately US$7 million for our 100% interest.

The Bachuo-1 exploration well was an Isongo sands gas/condensate target with an estimated chance of success of 1 in 5. It was another potentially high impact well, which had been assessed to contain in place hydrocarbons (P50) of around 2.6 Tcf of gas and over 430 million barrels of condensate. Although hydrocarbons were encountered they would not flow when tested. The reservoir consisted of volcanoclastic debris of low permeability. This well was drilled to a total depth of 10,353 ft and cost approximately US$21 million in total for our 100% interest. It has been suspended and will probably be abandoned in due course at no additional cost.

It is worth emphasising however, that the results of these two wells have had no adverse impact on the Company's (P50) recoverable hydrocarbon Reserves and Contingent Resources (as stated in our AIM admission document), which were independently appraised by Scott Pickford at 118.5 million barrels of oil equivalent (60.3 mmboe of Reserves and 58.2 mmboe of Contingent Resources). This document, including the full report by Scott Pickford, is available on our website: www.bowleven.com. We intend to include a reserves update as part of the announcement of the Company's results for the full year.

THE BUSINESS PLAN

The Company's business plan has been re-examined and we are focussing on the original objectives, which were stated in our AIM Admission document. Over the next 18 months, management will concentrate on the following activities:

+ implementing its Gas to Electricity ('GTE') business plan with the support of the government of Cameroon,
+ monetising our existing and future recoverable hydrocarbon resources,
+ acquiring and interpreting 3D seismic over blocks MLHP-5 and MLHP- 6,
+ securing one or more industry joint venture partners,
+ assessing the additional exploration potential of the Etinde Permit, and
+ drilling four wells in early 2007.

The Company is being actively encouraged, by the Cameroon authorities, to bring gas to shore from the Isongo Marine Field, which is located in block MLHP-7, for the initial purpose of fuelling an existing heavy fuel oil-fired electricity generating plant near Limbe. It is expected that this plant will be converted to burn gas and its capacity will then be expanded, in staged phases, over subsequent years. We are currently engaged in securing the commercial agreements necessary for this project and we have already started conceptual development design. Associated condensate production will be sold separately at prices that are close to world market prices.

A 3D seismic acquisition and interpretation programme is currently underway over blocks MLHP- 5 and 6. Processing and initial interpretation of the seismic data are expected to be completed during the 4th quarter of 2006.

The Company still owns a 100% working interest, subject to government participation, in the Etinde Permit and the Board is committed to reduce the financial risks for shareholders on exploratory drilling and to secure a 'second pair of eyes' to review technical risks and select drilling locations.

As a result, we are actively seeking joint venture partners on an asset farm-out basis over blocks MLHP-5 and 6. This farm-out process is currently being planned in two stages. Stage 1 will be a selective process, which will take place while the 3D seismic acquisition over MLHP-5 and MLHP-6 is being processed and interpreted: it is likely to begin in April of this year. It is possible that a further selective farm-out exercise, Stage 2, will be conducted after the initial 3D seismic interpretation has been completed but before drilling on these blocks has started. Drilling in MLHP-5 and 6 is expected to begin during the second quarter of 2007.

We are also considering a farm-out of block MLHP-7 and this exercise is likely to start after a gas sales contract for the GTE business plan has been signed and at least one Isongo Marine appraisal well has been drilled and tested. It should be noted that considerable exploration potential still remains in this block.

As stated in our AIM Admission Document, we may also consider other forms of corporate partnerships, alliances or joint ventures.

Drilling locations for first quarter 2007 have not yet been selected, but at least one well (possibly two) of the four-well drilling programme will be an appraisal/development well in the Isongo Marine Field to support the GTE business plan. The remaining wells will depend upon the interpretation of our existing and new 3D seismic databases and the success of our farm-out strategy. New geological and geophysical consultants have been appointed to assist in the technical evaluation of our three offshore blocks and in selecting our next drilling locations.

SANAGA SUD

For approximately three years, the Company has been trying to secure this dry gas field. However, we were informed recently that a Production Sharing Contract for Sanaga Sud has been signed between the Cameroon government authorities and another oil and gas company. This fact has not impacted the Company's plans and objectives for the Etinde Permit.

DISMISSAL OF CHIEF EXECUTIVE AND MANAGEMENT CHANGES

As was announced on 15th February 2006, the Company's Chief Executive, Philip Rhind was dismissed.

As a consequence, the directors have asked me to put my previously stated plan to retire on hold. I will continue as Executive Chairman until a new CEO is appointed. John Morrow, previously Technical Director, has been appointed Chief Operating Officer and the Technical, Exploration, Drilling and Commercial functions report directly to him. John Morrow reports to me as do the Financial and Corporate functions.

No management void has occurred as a consequence of Philip Rhind's dismissal.

THE BOARD

At the beginning of January, Jerry Anthony joined the Company as Exploration Director. Jerry, a geologist and formerly an employee of Sasol and Chevron, is well experienced in West Africa and he is already making an impact on exploration and farm-out strategy. I am delighted that he has joined our team.

The resignation of Robert Walvis (Non-Executive Chairman Designate) on 13th January, shortly before Philip Rhind was suspended from office and subsequently dismissed, was a blow to succession planning on the board. In early January, Robert came to the conclusion that the role of Chairman would require more executive involvement than he was able or prepared to commit to the Company and, as a consequence, he resigned. I am very sorry that he did not continue with us; his corporate input, during the short period that he was a director, was very useful.

It is still my aim to retire sometime during 2006. I will do so when the roles that I am currently fulfilling have been filled to the satisfaction of the board and the Company's advisers, Noble & Company. Easton Wren will continue as a Non-Executive Director until a suitable replacement for him has been found.

Your directors are well experienced and qualified to take the Company forward and the board will be strengthened as necessary during the coming months.

EXECUTIVE SHARE OPTION SCHEME

Employees and directors who have joined the Company since the beginning of 2006, including Jerry Anthony, are entitled to receive share options based upon recent average market prices which are well below the exercise prices of the options packages granted in the past to their colleagues. This clearly creates an anomalous position within the management team. Therefore the Remuneration Committee will be considering changes to the options packages of all employees to ensure that they are properly incentivised in the future.

AIM GUIDELINES FOR RESOURCES COMPANIES

The London Stock Exchange has recently published guidelines for resources companies. We endorse these guidelines and will implement them fully.

FINANCIAL RESULTS

As expected, the Group reported a loss of £0.7 million for the six months ended 31st December 2005. The main contributor to this loss was administrative expenses of £1.5 million reflecting the Group's efforts to exploit its assets.

Following the successful share placing in October 2005, the balance sheet is healthy with £62 million of cash resources and no debt at the period end. Of this amount, approximately £14 million is committed for the 3D seismic acquisition programme over blocks MLHP-5 and 6 and it is planned that any additional funds, which the Company may require in the foreseeable future, to explore, appraise and develop its Cameroon asset base, will come from either a successful farm-out or a corporate alliance or both.

OUTLOOK

Despite the disappointing wells that were drilled in 2005 and the board changes of earlier this year, your Company has the resources to implement its business plan and deliver value for shareholders.

The previously assessed Reserves and Contingent Resources were not adversely affected by the well results of last year and management is determined to monetise these assets as rapidly as possible.

Exploration potential remains exciting and our farm-out strategy should unlock value from our exploration acreage.

The business plan, as previously stated in our AIM Admission Document, is back on track: the management team has the ability to capitalise on the potential of the Etinde Permit.

The balance sheet is solid with £62 million of cash at 31st December2005. We anticipate that a successful farm-out of part of our acreage and/or a corporate alliance should cover any foreseeable financing requirements beyond 2007.

Yours sincerely,

Terry Heneaghan
Executive Chairman

23rd March 2006

GROUP PROFIT & LOSS ACCOUNT

	Six months ended 31 December 2005 (Unaudited) £'000	Six months ended 31 December 2004 (Unaudited) £'000	Year ended 30 June 2005 (Audited) £'000
TURNOVER	–	–	–
Administrative expenses	(1,470)	(303)	(1,373)
OPERATING LOSS	(1,470)	(303)	(1,373)
Interest receivable and similar income	746	78	512
Interest payable and similar charges	–	(1,277)	(1,271)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(724)	(1,502)	(2,132)
Tax on loss on ordinary activities	–	–	–
LOSS FOR FINANCIAL PERIOD	(724)	(1,502)	(2,132)

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

	At 31 December 2005 (Unaudited) £'000	At 31 December 2004 (Unaudited) £'000	At 30 June 2005 (Audited) £'000
FIXED ASSETS			
Intangible assets	27,496	8,784	11,289
Tangible assets	356	–	336
	27,852	8,784	11,625
CURRENT ASSETS			
Stocks	841	238	853
Debtors	956	1,071	527
Cash at bank	62,355	25,763	20,518
	64,152	27,072	21,898
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	(6,955)	(2,533)	(844)
NET CURRENT ASSETS	57,197	24,539	21,054
TOTAL ASSETS LESS CURRENT LIABILITIES	85,049	33,323	32,679
CAPITAL AND RESERVES			
Called up equity share capital	2,961	2,111	2,111
Share premium	86,002	33,771	33,758
Other reserves	2,883	2,883	2,883
Profit and loss account	(6,797)	(5,442)	(6,073)
SHAREHOLDERS' FUNDS	85,049	33,323	32,679

GROUP CASH FLOW STATEMENT

	Six months ended 31 December 2005 (Unaudited) £'000	Six months ended 31 December 2004 (Unaudited) £'000	Year ended 30 June 2005 (Audited) £'000
Net cash flow from operating activities	(2,301)	(1,227)	(2,905)
Returns on investments and servicing of finance	744	(1,192)	(759)
Capital expenditure and financial investment	(9,700)	(1,961)	(5,686)
CASH OUTFLOW BEFORE FINANCING	(11,257)	(4,380)	(9,350)
FINANCING			
Issue of equity share capital	53,094	34,926	34,651
Advance of other loans	–	2,100	2,100
Repayment of loans	–	(7,045)	(7,045)
Net cash inflow from financing	53,094	29,981	29,706
INCREASE IN CASH IN THE PERIOD	41,837	25,601	20,356
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase in cash in period	41,837	25,601	20,356
Net cash inflow from loan instruments	–	4,944	4,944
CHANGE IN NET FUNDS	41,837	30,545	25,300
OPENING NET FUNDS	20,518	(4,782)	(4,782)
CLOSING NET FUNDS	62,355	25,763	20,518

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 2005. The figures for the year ended 30 June 2005 have been extracted from the accounts. Those accounts have been filed with the Registrar of Companies and contained an unqualified auditor's report.

2. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Six months ended 31 December 2005 £'000
Loss for the period	(724)
New shares issued	850
Premium on new share capital subscribed	52,244
Opening shareholders' equity funds	32,679
CLOSING SHAREHOLDERS' EQUITY FUNDS	85,049

3. CASH

Included within the Group cash balance of £62 million at 31 December 2005 is a $3m non-refundable deposit received from Addax Petroleum NV as part of an agreement under which a farm-in agreement was contemplated. Addax has sought repayment of this amount. The Directors, having taken legal advice, intend to defend the claim.

4. 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.

BOARD OF DIRECTORS

Terry Heneaghan, Executive Chairman
John Morrow, Chief Operating Officer
Jerry Anthony, Exploration Director
John Brown, Finance Director
Chief Tabetando, Chairman of EurOil
Peter Wilson, Commercial Director
Steve Lowden, Non-Executive Director
Easton Wren, Non-Executive Director

NOMINATED ADVISER & BROKER

Noble & Company Limited
76 George Street
Edinburgh EH2 3BU

SOLICITORS

McClure Naismith
49 Queen Street
Edinburgh EH2 3NH

AUDITORS

Baker Tilly
23 Queen Street
Edinburgh EH2 1JX

BANKERS

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

REGISTRARS AND RECEIVING AGENTS

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James Sellars House
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Glasgow G2 2HG

FINANCIAL PR CONSULTANTS

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London WC2H 9EA

SECRETARY AND REGISTERED OFFICE

Peter G. Wilson
68-70 George Street
Edinburgh EH2 2LT

COMPANY NUMBER

SC225242

GLOSSARY

B

BBL or bbl: Barrel of oil.
BCF or bcf: Billion cubic feet of gas.
BiafraField or Biafra Sands: The Biafra formation gas and condensate reserves in Block MLHP-7.
BOE or boe: Barrels of oil equivalent.

C

Condensate: A light oil, often discovered with significant volumes of natural gas, which is gaseous under certain reservoir conditions.

E

EtindePermit: The permit granted by the Government of Cameroon which covers the area of 2,314 sq km which includes Block MLHP-5, Block MLHP-6 and Block MLHP-7, all within the Rio del Rey Basin and the Douala Basin.

I

IsongoField or Isongo Sands: The Isongo formation gas and condensate reserves in Block MLHP-7.

M

MCF or mcf: Thousand cubic feet of gas.
Mmbbls or mmbbls: Million barrels of oil.
MMBOE or mmboe: Million barrels of oil equivalent.
MMCF or mmcf: Million cubic feet of gas.

P

P50 or 2P: Means 50 per cent. probability that volumes will be equal to or greater than stated volumes.
Prospect, lead and play: A play is an exploration concept or idea that is conducive to the identification of leads, which in turn may become prospects when they are ready to be drilled.

S

Sanaga SudField: A gas reserve located offshore in the southern territorial waters of Cameroon.
3D seismic data: Data resulting from 3 dimensional seismic acquisition.

T

TCF: Trillion cubic feet of gas.

Designed and produced by Emperor Design Consultants Ltd
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