

## **Borders & Southern Petroleum plc**

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### **Interim Results for the six months ended 30 June 2006**

Borders & Southern Petroleum plc (AIM: BOR) is pleased to announce its interim results for the six months to 30 June 2006.

#### **Highlights**

- The first phase of the Falkland Islands technical evaluation has been completed
- The Company has defined a new fold belt play within an untested basin – the heart of this play falls within Borders & Southern’s acreage
- The Company’s lead inventory has increased significantly since the AIM listing in May 2005
- Regional and block specific technical evaluation continues, aimed at further prospect definition and risk reduction
- Ongoing screening and evaluation of new opportunities
- Cash Balance as at 30<sup>th</sup> June 2006 is £9.9 million (30<sup>th</sup> June 2005: £10.4 million)

## Chief Executive's Statement

During the six month reporting period the Company made considerable progress in its technical evaluation of its Falklands Islands acreage. Our understanding of the prospectivity has increased dramatically, as has the size and quality of the Company's lead inventory. In May 2006 we made a press release to report some of these findings.

The technical work continues as we aim to further reduce the risks and consider our funding options prior to entering the next exploration phase. We are delighted with the progress to date and remain optimistic that the acreage can deliver a high value play.

In parallel with our Falklands work, we continue to screen and evaluate new exploration opportunities in other parts of the world. To date we have elected not to invest in any of these opportunities as they did not compare favourably with our existing acreage. We will only sign up those projects that meet the Company's strategy and stringent investment criteria.

For further information please contact:

Howard Obee  
Chief Executive  
Borders & Southern Petroleum plc  
Tel: 020 7661 9348

Simon Hudson  
Director  
Tavistock Communications  
Tel: 020 7920 3150

The Interim Results will be sent to shareholders shortly and available on the Company's website [www.bordersandsouthern.com](http://www.bordersandsouthern.com)

## Borders & Southern Petroleum plc

### SUMMARISED PROFIT AND LOSS ACCOUNT

For the six months ended 30 June 2006

		<b>6 months ended 30 June 2006 (unaudited)</b>	6 months ended 30 June 2005 (unaudited)	12 months ended 30 June 2005 (audited)
	<b>Notes</b>	£	£	£
Administrative expenses		<b>(361,022)</b>	(174,874)	(204,785)
<b>OPERATING LOSS</b>		<b>(361,022)</b>	(174,874)	(204,785)
Interest receivable		<b>179,012</b>	59,539	63,539
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(182,010)</b>	(115,335)	(141,246)
Taxation		-	-	-
<b>LOSS RETAINED FOR THE PERIOD</b>	<b>3</b>	<b>(182,010)</b>	<b>(115,335)</b>	<b>(141,246)</b>
Loss per share – basic and diluted	<b>2</b>	<b>(0.14p)</b>	(0.18p)	(0.26p)

All recognised gains and losses are included in the profit and loss account.

All amounts relate to continuing activities.

# Borders & Southern Petroleum plc

## SUMMARISED BALANCE SHEET

At 30 June 2006

	<b>At 30 June 2006 (unaudited)</b>	<b>At 30 June 2005 (audited) £</b>
<b>FIXED ASSETS</b>		
Intangible assets	<b>1,639,997</b>	1,497,668
Tangible assets	<b>10,173</b>	14,965
	<hr/> <b>1,650,170</b>	<hr/> 1,512,633
<b>CURRENT ASSETS</b>		
Debtors	<b>93,531</b>	142,790
Cash at bank	<b>9,918,712</b>	10,416,100
	<hr/> <b>10,012,243</b>	<hr/> 10,558,890
<b>CREDITORS: amounts falling due within one year</b>	<hr/> <b>(26,241)</b>	<hr/> (331,546)
<b>NET CURRENT ASSETS</b>	<hr/> <b>9,986,002</b>	<hr/> 10,227,344
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<hr/> <b>11,636,172</b>	<hr/> 11,739,977
Provision for liabilities and charges	<hr/> <b>-</b>	<hr/> (42,955)
<b>NET ASSETS</b>	<hr/> <b>11,636,172</b>	<hr/> 11,697,022
<b>CAPITAL AND RESERVES</b>		
Called up share capital	<b>1,276,875</b>	1,276,875
Share premium account	<b>10,561,393</b>	10,561,393
Profit and loss account (deficit)	<b>(202,096)</b>	(141,246)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	<hr/> <b>11,636,172</b>	<hr/> 11,697,022

## Borders & Southern Petroleum plc

### CASH FLOW STATEMENT

For 6 months ended 30 June 2006

		<b>6 months ended 30 June 2006 (unaudited) £</b>	<b>6 months ended 30 June 2005 (unaudited) £</b>	12 months ended 30 June 2005 (audited) £
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>Notes</b> 4	<b>(312,105)</b>	(96,575)	(140,147)
<b>RETURN ON INVESTMENTS AND SERVICING OF FINANCE</b>				
Interest received		<b>179,012</b>	59,539	63,539
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>				
Purchase of tangible fixed assets		<b>(639)</b>	(9,140)	(18,685)
Exploration and evaluation expenditure		<b>(13,300)</b>	(1,283,899)	(1,326,875)
		<b>(13,939)</b>	(1,293,039)	(1,345,560)
<b>CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>		<b>(147,032)</b>	(13,30,075)	(1,422,168)
<b>MANAGEMENT OF LIQUID RESOURCES</b>				
Movement in deposits on demand		<b>25,037</b>	(9,650,000)	(10,000,000)
<b>FINANCING</b>				
Share capital issued, net of issue costs		-	11,205,768	11,838,268
<b>(DECREASE)/INCREASE IN CASH</b>	<b>5</b>	<b>(121,995)</b>	225,693	416,100

# Borders & Southern Petroleum plc

## NOTES TO THE INTERIM STATEMENT

For 6 months ended 30 June 2006

### 1. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with the applicable accounting standards and under the historical cost convention. The principal accounting policies of the company have remained unchanged from those set out in Borders & Southern Petroleum plc's 2005 annual report and financial statements.

### 2. LOSS PER SHARE

The calculation of the basic earnings per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

	Loss for the period £	Weighted average number of shares	Loss per share pence
<b>BASIC AND DILUTED</b>			
<b>Six months ended 30 June 2006</b>	<b>(182,010)</b>	<b>127,687,500</b>	<b>(0.14)</b>
Six months ended 30 June 2005	(115,335)	63,250,000	(0.18)
12 months ended 30 June 2005	(141,246)	55,413,437	(0.26)

### 3. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	6 months ended 30 June 2006 (unaudited) £	6 months ended 30 June 2005 (unaudited) £	12 months ended 30 June 2005 (audited) £
Opening shareholders' funds	11,818,182	606,589	-
Loss for the period	(182,010)	(115,335)	(141,246)
New share capital issued	-	12,010,000	12,642,500
Share issue costs	-	(804,232)	(804,232)
Net (reduction)/addition to shareholders' funds	(182,010)	11,090,433	11,697,022
Closing shareholders' funds	11,636,172	11,697,022	11,697,022

## Borders & Southern Petroleum plc

### NOTES TO THE INTERIM STATEMENT *(continued)*

For 6 months ended 30 June 2006

#### 4. NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	<b>6 months ended 30 June 2006 (unaudited) £</b>	6 months ended 30 June 2005 (unaudited) £	12 months ended 30 June 2005 (audited) £
Operating loss	<b>(361,022)</b>	(174,874)	(204,785)
Depreciation	<b>3,413</b>	2,493	3,720
Decrease/(increase) in debtors	<b>35,886</b>	(127,902)	(142,790)
Increase in creditors	<b>9,618</b>	203,708	203,708
	<hr/>	<hr/>	<hr/>
Net cash outflow from operating activities	<b>(312,105)</b>	(96,575)	(140,147)
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#### 5. RECONCILING OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	<b>6 months ended 30 June 2006 (unaudited) £</b>	6 months ended 30 June 2005 (unaudited) £	12 months ended 30 June 2005 (audited) £
Increase in cash	<b>(121,995)</b>	225,693	416,100
(Decrease)/Increase in short term deposits	<b>(25,037)</b>	9,650,000	10,000,00
	<hr/>	<hr/>	<hr/>
Movements in net funds in the period	<b>(147,032)</b>	9,875,693	10,416,100
Net funds as at 31 December 2005	<b>10,065,744</b>	540,407	-
	<hr/>	<hr/>	<hr/>
Net funds as at 30 June 2006	<b>9,918,712</b>	10,416,100	10,416,100
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

6. The interim report is unaudited and does not constitute Statutory Accounts as defined in Section 240 of the Companies Act 1985. A copy of the Company's 2005 Statutory Accounts has been filed with the Registrar of Companies. The audit report issued for the year ended 30 June 2005 was unqualified.
7. The financial information for the period 1 January 2006 to 30 June 2006 is unaudited. In the opinion of the directors the financial information for this period present fairly the financial position, results of operations and cash flows for the period in conformity with UK Generally Accepted Accounting Principles consistently applied. The interim report for the six months ended 30 June 2006 was approved by the Directors on 20 September 2006.
8. The directors do not recommend the payment of a dividend