

BORDERS & SOUTHERN PETROLEUM PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

Borders & Southern Petroleum plc (AIM: BOR) is pleased to announce its interim results for the six months to 31 December 2005.

Highlights

- 2D seismic processing completed
- Screening evaluation of the new seismic data completed
- Detailed technical evaluation and specialist studies initiated
- Ongoing screening of new opportunities
- Cash Balance as of 31 December 2005 is £10 million

Chief Executives' Statement

Borders & Southern Petroleum continues to make great progress in its exploration work in the Falkland Islands. The acquisition of 2,862 km of 2D seismic in the South Falkland Basin was completed in June 2005. The processed data was received in September 2005 and an initial screening of the new data was undertaken. This screening identified numerous structural traps with areal closures up to 140 sq km, and with the potential for stacked reservoirs over a vertical section of 3km. Seismic amplitude anomalies were also noted on some of the large fold structures.

In order to follow up on these positive findings a comprehensive evaluation of the seismic data was initiated. This involves detailed prospect mapping and evaluation, along with specialist studies comprising structural modelling, geochemical and thermal modelling, and seismic AVO analysis. The results from these projects will be used to compile a ranked prospect inventory.

Once the evaluation is completed, a decision will be made on the next phase of the exploration programme. This may include 3D seismic acquisition prior to a drilling campaign.

Change of Accounting Date

The Board has decided that it is appropriate to align the company's year end with general oil industry practise and are moving the end of this financial period to 31 December 2006. To provide regular financial information a second set of interim results will be published in respect of the period from 31 December 2005 to 30 June 2006 by 30 September 2006. The board intend that the preliminary announcement of the results for the 18 month period to 31 December 2006 will be published and the audited accounts made available to shareholders before 30 April 2007.

For further information please contact:

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Borders & Southern Petroleum plc

SUMMARISED PROFIT AND LOSS ACCOUNT

For the six months ended 31 December 2005

		6 months ended 31 December 2005 (unaudited) £	6 months ended 31 December 2004 (unaudited) £	12 months ended 30 June 2005 (audited) £
Administrative expenses		(89,768)	(29,911)	(204,785)
OPERATING LOSS		(89,768)	(29,911)	(204,785)
Interest receivable		210,928	4,000	63,539
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		121,160	(25,911)	(141,246)
Taxation		-	-	-
PROFIT/ (LOSS) RETAINED FOR THE PERIOD	3	121,160	(25,911)	(141,246)
Profit/(loss) per share – basic and diluted	2	0.09p	(0.08p)	(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 31 December 2005

	Notes	At 31 December 2005 (unaudited) £	At 31 December 2004 (unaudited) £	At 30 June 2005 (audited) £
FIXED ASSETS				
Intangible assets		1,626,697	42,976	1,497,668
Tangible assets		12,947	8,318	14,965
		<u>1,639,644</u>	<u>51,294</u>	<u>1,512,633</u>
CURRENT ASSETS				
Debtors		129,417	14,888	142,790
Cash at bank and demand deposits		10,065,744	540,407	10,416,100
		<u>10,195,161</u>	<u>555,295</u>	<u>10,558,890</u>
CREDITORS: amounts falling due within one year		(16,623)	-	(331,546)
		<u>10,178,538</u>	<u>606,589</u>	<u>10,227,344</u>
NET CURRENT ASSETS		10,178,538	606,589	10,227,344
TOTAL ASSETS LESS CURRENT LIABILITES		11,818,182	606,589	11,739,977
Provision for liabilities and charges		-	-	(42,955)
		<u>11,818,182</u>	<u>606,589</u>	<u>11,697,022</u>
NET ASSETS		11,818,182	606,589	11,697,022
CAPITAL AND RESERVES				
Called up share capital		1,276,875	632,500	1,276,875
Share premium account		10,561,393	-	10,561,393
Profit and loss account (deficit)		(20,086)	(25,911)	(141,246)
		<u>11,818,182</u>	<u>606,589</u>	<u>11,697,022</u>
EQUITY SHAREHOLDERS' FUNDS	3	11,818,182	606,589	11,697,022

Borders & Southern Petroleum plc

CASH FLOW STATEMENT

For 6 months ended 31 December 2005

	Notes	6 months ended 31 December 2005 (unaudited) £	6 months ended 31 December 2004 (unaudited) £	12 months ended 30 June 2005 (audited) £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	4	(431,100)	(44,043)	(140,147)
RETURN ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		210,928	4,000	63,539
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Purchase of tangible fixed assets		(1,156)	(9,074)	(18,685)
Exploration and evaluation expenditure		(129,029)	(42,976)	(1,326,875)
		(130,185)	(52,050)	(1,345,560)
CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		(350,357)	(92,093)	(1,422,168)
MANAGEMENT OF LIQUID RESOURCES				
Deposit on demand		393,509	(350,000)	(10,000,000)
FINANCING				
Share capital issued, net of issue costs		-	632,500	11,838,268
INCREASE IN CASH	5	43,152	190,407	416,100

Borders & Southern Petroleum plc

NOTES TO THE INTERIM STATEMENT

For 6 months ended 31 December 2005

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. EARNINGS/(LOSS) PER SHARE

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

	Profit/(Loss) £	Weighted average number of shares	Profit/(loss) per share pence
BASIC AND DILUTED			
Six months ended 31 December 2005	121,160	127,687,500	0.09
Six months ended 31 December 2004	(25,911)	33,504,381	(0.08)
Year ended 30 June 2005	(141,246)	55,413,437	(0.26)

3. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	6 months ended 31 December 2005 (unaudited) £	6 months ended 31 December 2004 (unaudited) £	12 months ended 30 June 2005 (audited) £
Profit/(loss) for the period	121,160	(25,911)	(141,246)
New share capital issued	-	632,500	12,642,500
Share issue costs	-	-	(804,232)
Net addition to shareholders' funds	121,160	606,589	11,697,022
Closing shareholders' funds	11,818,182	606,589	11,697,022

Borders & Southern Petroleum plc

NOTES TO THE INTERIM STATEMENT *(continued)*

For 6 months ended 31 December 2005

4. NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES

	6 months ended 31 December 2005 (unaudited) £	6 months ended 31 December 2004 (unaudited) £	12 months ended 30 June 2005 (audited) £
Operating loss	(89,768)	(29,911)	(204,785)
Depreciation	3,174	756	3,720
Decrease / (Increase in debtors (Decrease)/Increase in creditors	13,372 (357,878)	(14,888) -	(142,790) 203,708
Net cash outflow from operating activities	(431,100)	(44,043)	(140,147)

5. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	6 months ended 31 December 2005 (unaudited) £	6 months ended 31 December 2004. (unaudited) £	12 months ended 30 June 2005 (audited) £
Increase in cash	43,152	190,407	416,100
(Decrease)/Increase in short term deposits	(393,509)	350,000	10,000,00
Movements in net funds in the period	(350,357)	540,407	10,416,100
Net funds as at 30 June 2005	10,416,100	-	-
Net funds as at 31 December 2005	10,065,743	540,407	10,416,100

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 July 2005 to 31 December 2005 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 31 December 2005 was approved by the Directors on 15 March 2006.