

29 September 2006



Ramco Energy plc ("Ramco" or the "Company")

Unaudited Interim Results for the six months ending 30 June 2006

Highlights

- Sale of interest in Seven Heads gas field
- Listing on AIM of Lansdowne Oil & Gas plc
- Ramco retains an interest of 86.25% with a current market value £11.3 million
- Repayment of all remaining recourse bank debt
- Successful appeal in Tenge lawsuit
- Sale of office building in Aberdeen concluded raising £1.5 million
- Cash balances of £3.3 million as at 30 June 2006

Steve Remp, Chairman of Ramco, commented:

"The first half of 2006 has seen Ramco achieve a number of significant milestones and we have now successfully left our recent troubled past behind us. We are now in a position where can start to identify new opportunities with the potential for early cash flow from which we can build for the future."

ENQUIRIES:

Ramco Energy – Aberdeen
Steven Bertram, Managing Director

01224 352 200

College Hill - London
Nick Elwes

020 7457 2020

I am pleased to report our unaudited interim results for the six month period ended 30 June 2006. During the period under review, we achieved a series of critical milestones, all of which were fundamental in enabling the Company to start the process of identifying new opportunities for growth. These milestones included the sale of our interest in the Seven Heads gas field, the repayment of all remaining recourse bank debt, the release of all associated guarantees and securities, the retention, through the Lansdowne fund raising, of our remaining licences in Ireland and the successful appeal in the long running Tenge lawsuit.

Financials

The Group recorded an after tax loss of £1.5 million in the first half of 2006 compared with a loss of £1.6 million in the first half of 2005.

Group turnover for the first six months of 2006 was £1.0 million, compared with £7.3 million over the corresponding period of 2005. This sharp reduction reflects both the sale of our oil services business at the end of 2005 and the sale of our interest in the producing Seven Heads gas field in February 2006.

Administrative expenses for the first half of 2006 were £0.3 million compared with £0.4 million in the first six months of 2005.

Net interest receivable over the first six months was £26,000 compared with net interest payable of £2.6m in the first half of 2005. This reduction reflects the repayment of the recourse bank debt in December 2005.

The Group's head office building was sold in June 2006 and we will shortly be relocating to new offices. The sale of the building realised £1.5 million in June and at 30 June 2006 the Group had cash balances of £3.3 million with all recourse bank debt having been repaid.

The Board is not recommending the payment of an interim dividend.

Ireland

Earlier this year, even while our freedom of manoeuvre was restricted by the Tenge lawsuit, we raised new money for our subsidiary Lansdowne Oil & Gas plc, and applied for its share capital to be admitted to AIM. Lansdowne holds all our remaining interests in Ireland and Ramco holds 86.25 per cent. of its shares. Lansdowne has a market capitalisation today of £13.1 million on AIM and our interest has a value of £11.3 million.

Since its admission to AIM, Lansdowne has successfully completed additional technical work on its Celtic Sea assets and is currently focussed on seeking farm-in partners in order to firm up a drilling programme for 2007. Lansdowne's interest in the Donegal basin, off the northwest of Ireland, was drilled in August. Unfortunately the Inishbeg prospect was plugged and abandoned as a dry well. Whilst this was a disappointing outcome, Lansdowne was fully carried through this well, and is now working with its partners to integrate the well results with all its previous work in the area, to determine the remaining potential of the Licence.

Bulgaria

We announced in June that we had reverted to a 20 per cent. interest in the A Lovech block, onshore Bulgaria, with our costs carried through 2006. It has since become clear that our partner in the acreage wishes to progress an aggressive drilling programme, which we do not believe we should support without the benefit of further seismic work. In order to allow our partner to progress its plans without undue delay, we have, this week, agreed to sell our 20 per cent. interest to our partner for \$1.45 million plus a 0.1 per cent. royalty over all future production from the acreage.

Montenegro

Our interest in three blocks, offshore Montenegro (Prevlaka Blocks 1 & 2 and Ulcinj Block 3), has, since February 2005, comprised an option to rejoin the concession holder, JugoPetrol Kotor ("JPK"), a subsidiary of Hellenic Petroleum ("Hellenic"), once the first exploration well has been drilled on the acreage. JPK and Hellenic have informed us that their attempts to re-negotiate concession terms with the Government of Montenegro have reached an impasse and that the Government has intimated its unilateral decision to terminate the concession over the Ulcinj block. JPK and Hellenic are disputing the validity of this unilateral decision and are attempting to resolve the matter. The concession over the remaining two Prevlaka blocks is unaffected by this dispute.

Litigation

Since my last statement in June, shortly after the Fourteenth Texas Court of Appeals ruled in our favour in the Tenge dispute, little has changed with regard to this case. The plaintiffs filed a motion with the Court of Appeals for a review of its ruling but the Court has yet to consider that motion. The directors, after consultations with the Group's lawyers, do not consider it necessary to alter the existing provisions in the accounts.

Outlook

We have cleared the decks of our past problems and are now in a position where we can start to actively identify new opportunities for growth. We are already in the early stages of considering a number of new projects and are seeking to identify opportunities with the potential for early cash flow.

Ramco Energy plc Consolidated Profit and Loss Account

				6			6			Restate
				Months			Months			Year
				to			to			to
				30/06/0			30/06/			31/12/
				6			05			05
				Total			Total			Total
				unaudite			unaudi			audited
				d			ted			audited
				£'000			£'000			£'000
	Note	Continui	Discontin	30/06/0	Continui	Discontin	30/06/	Continui	Discontin	31/12/
		ng	ued	6	ng	ed	05	ng	ed	05
		Operatio	Operatio	Total	Operatio	Operatio	Total	Operatio	Operatio	Total
		ns	s	unaudite	ns	s	unaudi	ns	s	audited
		unaudite	unaudited	d	unaudite	unaudited	ted	audited	audited	audited
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover - Group and share of joint venture and associates		-	986	986	-	9,146	9,146	-	17,212	17,212
Less share of joint venture and associates		-	-	-	-	(1,850)	(1,850)	-	(3,548)	(3,548)
Group turnover	2	-	986	986	-	7,296	7,296	-	13,664	13,664
Cost of sales before exceptional items		(863)	(378)	(1,241)	(441)	(10,326)	(10,767)	(475)	(22,060)	(22,535)
Exceptional items	3	-	-	-	-	5,334	5,334	-	15,681	15,681
Cost of sales after exceptional items		(863)	(378)	(1,241)	(441)	(4,992)	(5,433)	(475)	(6,379)	(6,854)
Gross (loss) / profit		(863)	608	(255)	(441)	2,304	1,863	(475)	7,285	6,810
Administrative expenses before exceptional items		(326)	-	(326)	(308)	(132)	(440)	(425)	(445)	(870)
Exceptional items	4	-	-	-	(605)	-	(605)	(605)	-	(605)
Administrative expenses after exceptional items		(326)	-	(326)	(913)	(132)	(1,045)	(1,030)	(445)	(1,475)
(Loss)/ gain on exchange		(9)	(6)	(15)	2	(35)	(33)	(2)	-	(2)
Group operating (loss) / profit		(1,198)	602	(596)	(1,352)	2,137	785	(1,507)	6,840	5,333
Exceptional item	4	-	(923)	(923)	-	-	-	-	(809)	(809)
Share of operating profit in joint venture and associates		-	-	-	-	335	335	-	656	656
(Loss) / profit before interest and taxation		(1,198)	(321)	(1,519)	(1,352)	2,472	1,120	(1,507)	6,687	5,180
Net interest receivable / (payable)				26			(2,571)			(3,290)
(Loss) / profit on ordinary activities before taxation				(1,493)			(1,451)			1,890
Tax charge on (loss) / profit on ordinary activities				-			(100)			(84)
(Loss) / profit on ordinary activities after taxation				(1,493)			(1,551)			1,806
Minority interests	11			11			-			-
Retained (loss) /profit for the period	10			(1,482)			(1,551)			1,806
(Loss) / profit per ordinary share - basic and fully diluted										
On (loss) / profit for the financial period	5			(4.4)p			(5.1)p			5.7p

There is no material difference between the loss on ordinary activities before taxation and the retained loss for the period stated above, and their historical cost equivalents. There were no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

Ramco Energy plc
Consolidated Group Balance Sheet

	Note	As at 30/06/06 unaudited £'000	As at 30/06/05 unaudited £'000	As at 31/12/05 audited £'000
Fixed assets				
Intangible assets		6,463	6,139	6,278
Other fixed assets	6	136	16,153	11,567
Investments				
Share of joint venture's gross assets		-	1,844	-
Share of joint venture's gross liabilities		-	(479)	-
Share of joint venture's net assets		-	1,365	-
In associated undertakings		-	106	-
Other fixed asset investments		-	2	-
Total investments		-	1,473	-
		6,599	23,765	17,845
Current Assets				
Stocks		-	936	-
Debtors : amounts falling due within one year		606	3,899	1,648
Cash at bank and in hand		3,335	5,275	4,799
		3,941	10,110	6,447
Creditors : amounts falling due within one year	7	(2,679)	(24,599)	(11,618)
Net current assets / (liabilities)		1,262	(14,489)	(5,171)
Total assets less current liabilities		7,861	9,276	12,674
Provisions for liabilities and charges		(26)	(5,335)	(5,385)
Net assets		7,835	3,941	7,289
Capital and reserves				
Called up share capital	8	3,502	3,314	3,314
Share premium account		69,405	69,294	69,294
Revaluation reserve		-	743	-
Other reserves		-	(21)	-
Profit and loss account	9	(66,801)	(69,389)	(65,319)
Equity shareholders' funds	10	6,106	3,941	7,289
Minority Interests - equity	11	1,729	-	-
		7,835	3,941	7,289

Ramco Energy plc
Consolidated Cash Flow Statement

	Note	6 Months to 30/06/06 unaudited £'000	6 Months to 30/06/05 unaudited £'000	Year to 31/12/05 audited £'000
Net cash (outflow) / inflow from operating activities	12(a)	(732)	2,354	3,542
Net cash inflow / (outflow) from returns on investments and servicing of finance		26	(383)	(638)
Taxation paid		-	(159)	(27)
Net cash inflow / (outflow) for capital expenditure and financial investment		1,324	(320)	(435)
Acquisitions and Disposals	12(d)	(1,251)	-	11,801
Net cash (outflow) / inflow before financing		(633)	1,492	14,243
Net cash (outflow) / inflow from financing		(831)	518	(12,709)
(Decrease) / increase in cash	12(b)	(1,464)	2,010	1,534

Ramco Energy plc
Notes to the Financial Statements

1. Basis of presentation

The interim financial information for the six months ended 30 June 2005 and 30 June 2006 is unaudited, but has been prepared on the basis of accounting policies expected to be adopted in the financial statements for the year ended 31 December 2006. The accounting policies are consistent with those set out in the audited accounts for the year ended 31 December 2005. This interim financial information does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The financial information for the year ended 31 December 2005 has been extracted from the financial statements of the Company which have been delivered to the Registrar of Companies. The auditors report on those financial statements was unqualified but modified by reference to Note 1 to the financial statements, Basis of Preparation - Going Concern, regarding the cash flow assumptions in the Group's cash flow forecast.

This report relates to the six month period ending 30 June 2006 and was approved by a duly appointed and authorised committee of the Board of Directors on 28 September 2006. It should be read in conjunction with the financial statements for the year ended 31 December 2005. Particular attention is drawn to Note 1 of those financial statements - Basis of Preparation – Going concern which describes uncertainties surrounding the Group's ability to continue as a going concern, and the Directors conclusion of why they believe it was appropriate for the financial statements to be prepared on the going concern basis.

Comparative period

The exceptional administrative expenses disclosed in the results to 30 June 2005 were not separately disclosed in the results to 31 December 2005. The Directors consider that it is more appropriate to show these items separately and therefore the comparative period has been restated to reflect this with no effect on the group operating profit.

2. Segmental Reporting

	Oil & Gas			Oil Services			Total		
	6 months to 30/06/06 unaudited £'000	6 months to 30/06/05 unaudited £'000	Year to 31/12/05 audited £'000	6 months to 30/06/06 unaudited £'000	6 months to 30/06/05 unaudited £'000	Year to 31/12/05 audited £'000	6 months to 30/06/06 unaudited £'000	6 months to 30/06/05 unaudited £'000	Year to 31/12/05 audited £'000
Turnover	986	3,183	4,787	-	5,963	12,425	986	9,146	17,212
Less joint venture and associates	-	-	-	-	(1,850)	(3,548)	-	(1,850)	(3,548)
Group turnover	986	3,183	4,787	-	4,113	8,877	986	7,296	13,664
Profit before amounts not allocated to segments :									
Group	(255)	1,319	4,148	-	544	2,662	(255)	1,863	6,810
Joint venture and associates	-	-	-	-	335	656	-	335	656
	(255)	1,319	4,148	-	879	3,318	(255)	2,198	7,466
Administrative expenses							(326)	(440)	(870)
Administrative expenses - exceptional items - Note 4							-	(605)	(605)
Loss on exchange							(15)	(33)	(2)
Exceptional items							(923)	-	(809)
(Loss) / profit before interest and taxation							(1,519)	1,120	5,180
Net interest							26	(2,571)	(3,290)
(Loss) / profit on ordinary activities before taxation							(1,493)	(1,451)	1,890

The turnover for the oil and gas division relates to the Seven Heads gas field which was sold in February 2006. This has been included in discontinued operations in the profit and loss account.

Ramco Energy plc
Notes to the Financial Statements
continued

3. Exceptional items - Cost of Sales

	6 Months to 30/06/06 unaudited £'000	6 Months to 30/06/05 unaudited £'000	Year to 31/12/05 audited £'000
Impairment provision - Seven Heads	-	-	634
Reversal of impairment provision - Seven Heads	-	-	(5,485)
Impairment borne by finance provider	-	(6,707)	(10,830)
Mezzanine finance written off	-	-	(8,600)
Reversal of impairment borne by finance provider- mezzanine finance	-	-	8,600
Inventory written down to net realisable value	-	1,373	-
	-	(5,334)	(15,681)

4. Exceptional items - Administrative expenses

	6 Months to 30/06/06 unaudited £'000	6 Months to 30/06/05 unaudited £'000	Year to 31/12/05 audited £'000
Loss on sale of Ramco Celtic Sea Limited (a)	923	-	-
Loss on sale of Ramco Oil Services Limited (b)	-	-	809
Professional fees	-	605	605

Sale of subsidiaries

(a) On 2 February 2006 the Company concluded the sale of its subsidiary, Ramco Celtic Sea Limited (RCSL), which held its 86.5%

interest in the Seven Heads gas field to Marathon International Petroleum Hibernia Limited.

All of the proceeds of the sale, after costs, flowed to the Company's project finance lenders and retired sums due to them. The business of RCSL has been treated as a discontinued operation in the profit and loss account.

(b) On 16 December 2005 the Group sold Ramco Oil Services Limited (ROSL) together with its subsidiaries for £12.6 million in cash after costs. The ROSL sub group provided downhole tubular maintenance and pipeline coating services and the disposal of the ROSL sub group ceased the Ramco Group's involvement in these activities. This disposal resulted in a material change in the nature and focus of the Group's operations. It has been treated as a discontinued operation in the profit and loss account.

(c) Professional Fees

The exceptional costs relate to professional fees and expenses incurred in respect of a transaction aborted in April 2005.

5. (Loss) / Earnings Per Share

Basic and fully diluted (loss) / earnings per share

The calculation of (loss) / earnings per share is based on the loss for the financial period of £1,493,000 (six months to 30/06/05 loss £1,551,000, year to 31/12/05 profit £1,806,000 and 33,608,682 (30/06/05 - 30,260,735 and 31/12//05 – 31,714,576) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

	6 Months to 30/06/06			6 Months to 30/06/05			Year to 31/12/05 Restated		
	Continuing Operations unaudited £'000	Discontinued Operations unaudited £'000	Total unaudited £'000	Continuing Operations unaudited £'000	Discontinued Operations unaudited £'000	Total unaudited £'000	Continuing Operations audited £'000	Discontinued Operations audited £'000	Total audited £'000
(Loss) / profit before interest and taxation	(1,198)	(321)	(1,519)	(1,352)	2,472	1,120	(1,507)	6,687	5,180
Net interest	49	(23)	26	8	(2,579)	(2,571)	18	(3,308)	(3,290)
(Loss) / profit on ordinary activities before taxation	(1,149)	(344)	(1,493)	(1,344)	(107)	(1,451)	(1,489)	3,379	1,890
Tax charge on (loss) / profit on ordinary activities	-	-	-	-	(100)	(100)	(21)	(63)	(84)
(Loss)/profit on ordinary activities after taxation	(1,149)	(344)	(1,493)	(1,344)	(207)	(1,551)	(1,510)	3,316	1,806
Minority interests	11	-	11	-	-	-	-	-	-
(Loss) / profit for the financial period	(1,138)	(344)	(1,482)	(1,344)	(207)	(1,551)	(1,510)	3,316	1,806
(Loss) / profit per ordinary share - basic and fully diluted on (loss) /profit for the financial period	(3.4)p	(1.0)p	(4.4)p	(4.4)p	(0.7)p	(5.1)p	(4.8)p	10.5p	5.7p

For dilutive earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has two classes of dilutive potential ordinary shares, share options and warrants. The lowest exercise price of the share options is 34p per share. In August 2005 warrants over 3,000,000 shares of 10p each, with an exercise of 34p each, were issued to the Group's lenders. Share options and warrants are only considered dilutive if their exercise price is below the average market price of the shares for the period. On that basis none of the share options or warrants are considered dilutive for the current period.

6. Other Tangible Fixed Assets

The movement in tangible fixed assets during the period amounted to a reduction of £11,431,000 which mainly related to the disposal of the interest in the Seven Heads gas field.

7. Creditors

	6 Months to 30/06/06 unaudited £'000	6 Months to 30/06/05 unaudited £'000	Year to 31/12/05 audited £'000
Amounts falling due within one year :			
Bank loan	-	19,175	8,201
Other amounts	2,679	5,424	3,417
	<u>2,679</u>	<u>24,599</u>	<u>11,618</u>
Amounts falling due after one year :			
Bank loan			
Main & mezzanine	68,415	67,915	68,415
Unpaid gas price hedge	13,199	7,087	13,199
Unpaid interest on loan	4,556	4,292	4,556
Cumulative Repayments	(21,928)	-	(13,727)
	<u>64,242</u>	<u>79,294</u>	<u>72,443</u>
Less: Impairment borne by non-recourse finance provider	<u>(64,242)</u>	<u>(60,119)</u>	<u>(64,242)</u>
	-	19,175	8,201
Amounts falling due within one year	<u>-</u>	<u>(19,175)</u>	<u>(8,201)</u>
	-	-	-

The Bank Loan amounts included in creditors due within one year, as at 31 December 2005, of £8.2 million were repaid in February 2006.

8 .Share Capital

On 5 April 2006, 520,322 new ordinary shares of 10p each were issued for 28.5p per share. The issue raised £149,000. On 1 June 2006 952,380 new ordinary shares of 10p each were issued for 10.5p per share and 400,400 new ordinary shares of 10p each were issued for 12.5p per share. The issue raised £150,000.

9. Profit and Loss account

	6 Months to 30/06/06 unaudited £'000	6 Months to 30/06/05 unaudited £'000	Year to 31/12/05 audited £'000
Opening balance	(65,319)	(67,838)	(67,838)
(Loss) / profit for the period	(1,482)	(1,551)	1,806
Released on disposal	-	-	713
Closing balance	(66,801)	(69,389)	(65,319)

10. Reconciliation of Movement in Shareholders' Funds

	6 Months to 30/06/06 unaudited £'000	6 Months to 30/06/05 unaudited £'000	Year to 31/12/05 audited £'000
(Loss) / profit for the period	(1,482)	(1,551)	1,806
Issue of ordinary share capital	299	1,018	1,018
Amortisation of deferred gain on asset sold to joint venture	-	(9)	(18)
Net change in shareholders' funds	(1,183)	(542)	2,806
Opening shareholders' funds	7,289	4,483	4,483
Closing shareholders' funds	6,106	3,941	7,289

11. Minority Interests

	6 Months to 30/06/06 unaudited £'000	6 Months to 30/06/05 unaudited £'000	Year to 31/12/05 audited £'000
At start of period	-	-	-
Arising on flotation of subsidiary	1,740	-	-
Share of results for period	(11)	-	-
As at end of period	1,729	-	-

12. Notes to Consolidated Cash Flow Statement

(a) Reconciliation of operating (loss) / profit to net cash flow from operating activities

	6 Months to 30/06/06	6 Months to 30/06/05	Year to 31/12/05
	unaudited £'000	unaudited £'000	audited £'000
Operating (loss) / profit	(596)	785	5,333
Amortisation of goodwill	-	15	30
Gain on sale of investments	-	-	(142)
Depreciation of tangible fixed assets	167	649	1,133
Gain on sale of tangible fixed assets	(111)	(9)	(9)
Amortisation of deferred gain on asset sold to joint venture	-	(9)	(18)
Decrease in stocks	-	1,395	2,109
Decrease / (increase) in debtors	(128)	1,232	(248)
(Decrease) / increase in creditors	67	339	357
(Decrease) / increase in provisions	(131)	(80)	(178)
Impairment provision	-	-	(4,851)
Unpaid gas price hedges added to loan	-	4,744	10,856
Impairment borne by finance provider	-	(6,707)	(10,830)
Net cash (outflow) / inflow from continuing operating activities	(732)	2,354	3,542

(b) Reconciliation of net cash flow to movements in net funds/(debt)

	6 Months to 30/06/06 unaudited £'000	6 Months to 30/06/05 unaudited £'000	Year to 31/12/05 audited £'000
(Decrease) / increase in cash	(1,464)	2,010	1,534
Cash outflow from decrease in debt	8,201	500	13,727
Bank loan - impairment borne by non-recourse finance provider	-	6,707	10,830
Unpaid gas price hedge and interest on loan	-	(6,707)	(13,083)
Change in net debt resulting from cash flows	6,737	2,510	13,008
Net debt at start of period	(3,402)	(16,410)	(16,410)
Net funds / (debt) at end of period	3,335	(13,900)	(3,402)
Represented by:			
Cash at bank and in hand	3,335	5,275	4,799
Debt due within one year	-	(19,175)	(8,201)
	3,335	(13,900)	(3,402)

(c) Analysis of changes in net (debt) / funds

	At start £'000	Cash flow £'000	At end £'000
Cash at bank	4,799	(1,464)	3,335
Bank loan	(8,201)	8,201	-
	(3,402)	6,737	3,335

(d) Disposal of RCSL

The Group disposed of RCSL on 2 February 2006 (see note 4).

	£'000
Other fixed assets	9,866
Debtors	1,170
Cash	1,251
Creditors	(6,136)
Provisions	(5,228)
	923
Loss on disposal	(923)
Cash inflow from disposal	-

RCSL contributed £0.8 million of the 2006 operating cash flows.

13. Litigation

Following a jury verdict in October 2003, the Texas State Court issued a final judgement on 1 April 2004 against Ramco Energy plc, Ramco Oil Limited and certain other defendants in a case alleging breach of contract arising from confidentiality and non-circumvention obligations. These obligations arose while Ramco was considering investment in an oilfield development project in Kazakhstan which Ramco subsequently decided not to pursue.

Ramco's appeal, and the plaintiff's cross appeal, were heard in Houston on 26 April 2005. On 6 June 2006, the Fourteenth Texas Court of Appeals delivered its decision on the appeals lodged by both parties to the lawsuit. The original judgment issued to Anglo Dutch in 2004 was reversed in its entirety. The decision concluded by stating "we reverse the trial court's judgement and render judgement that the Plaintiffs take nothing against the Ramco Parties."

The arrestments and inhibitions which had been obtained by the plaintiffs from the Court of Session, which had been hampering the Group's ability to carry out its business, have now been lifted.

The plaintiffs filed a motion with the Court of Appeals for a review of its ruling but the Court has yet to consider that motion.

Because of the uncertainty surrounding the range of possible outcomes, the Directors considered it was not possible to make a reliable estimate of the likely outcome of the appeal process beyond providing an estimate of the legal costs of pursuing the appeals, and accordingly a provision of \$1,000,000 (£559,000) was made in 2003. This has now been fully utilised. The Directors consider that no further provision is necessary as it is expected that any additional U.S. costs will be offset by the recovery of costs associated with the Scottish action.