



Ramco Energy plc

Interim Results for the half year ended 30 June 2007

Operations:

- Lansdowne Oil & Gas ("Lansdowne"), awarded two exploration licences in the Celtic Sea. Ramco hold 61% of Lansdowne.
- £500,000 of funding secured for Mesopotamia Petroleum Company ("MPC") – formed to secure a position in Iraq, MPC to accelerate its strategy. Ramco retain 32.67% of MPC.

Financials:

- After tax profit of £127,000 from continuing operations
- First results under International Financial Reporting Standards
- Raised £2.6million through divestiture of 25% of Lansdowne
- At 30 June 2007 cash balances of £3.6 million

Corporate:

- Steve Lampe of Lampe Conway in New York joins the board as a Non – Executive Director

Steve Remp, Chairman of Ramco, said:

"The first half of the year has seen sustained progress in our turnaround strategy. The end of the Tenge lawsuit in April cleared the way for new activity to begin. Our involvement in MPC is the first new activity and the securing of funding for that venture provides us with some very exciting opportunities, despite the ongoing volatility and uncertainty in Iraq, one of the world's most prolific hydrocarbon provinces.

Lansdowne continues its dialogue with potential farm-in partners and the award of the new licences allow it to move ahead with the planning of a drilling programme in the Celtic Sea."

20 September 2007

ENQUIRIES:

Ramco Energy plc

Chris Moar

Finance Director

01224 748480

John East & Partners Limited

David Worlidge

020 7628 2200

College Hill

Nick Elwes

Paddy Blewer

020 7457 2020

Dear Shareholder,

Since my last statement, less than three months ago, we have continued with our turnaround strategy and have already confirmed, through our AIM listed subsidiary Lansdowne Oil & Gas plc ("Lansdowne") the award of two exploration licences in the Celtic Sea.

Following the £2.6 million we raised through a sale of a part of our interest in Lansdowne at the end of June, I am pleased to be able to advise you that we have just secured further funding of £500,000 directly into the joint venture company Mesopotamia Petroleum Company Limited ("MPC") in which we have a significant interest.

Financial Results

This is the first financial information presented by the Group that has been prepared under International Financial Reporting Standards ("IFRS"). The transition to IFRS added considerably to the timetable for the preparation of these interim results, although the impact is mainly presentational. With that transition complete and with our recent difficulties behind us, we will now be reverting to our previous reporting timetable.

The Group recorded a profit from continuing operations after tax of £127,000 for the first six months of 2007 compared to a profit of £61,000 for the first six months of 2006. Given the absence of revenue from continuing operations, profitability has been achieved in both periods through material gains created by the divestment of a part of the Group's interest in Lansdowne.

Operating expenses for the current and prior interim periods were £1.3 million. Overhead costs have fallen compared to the prior interim period but this fall has been offset by increased professional fees incurred through the Group's endeavours to secure new deals.

Net finance income fell from £49,000 in the first six months of 2006 to £32,000 in same period of 2007, reflecting the lower cash balances held by the Group over the period.

Group cash balances at 30 June 2007 were £3.6 million compared with £3.3 million a year earlier.

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

Lansdowne

Shortly after the recent General Election in Ireland, the new government announced the results of the review of oil and gas fiscal terms and in August Lansdowne was awarded two Standard Exploration Licences over its Rosscarbery, Middleton and East Kinsale assets. The Boards of both Lansdowne and Ramco consider the new fiscal terms in Ireland offer a fair balance between continuing to encourage exploration and providing for a greater return to the Irish state in these times of higher oil and gas prices.

Lansdowne is already moving ahead to start planning for drilling the key prospects. Discussions with potential farm-in partners are continuing. Ramco retains a 61% interest in Lansdowne.

Mesopotamia Petroleum Company

Over the past three months our focus has been on the review and evaluation of some of the numerous opportunities which we had already identified. I referred in my last statement to our participation in MPC which we formed with Midmar Energy Limited in order to secure a position in Iraq through bidding on both oil service contracts and exploration and production opportunities. I am pleased to advise you that we have secured the injection of £500,000 into that joint venture company which has enabled MPC to position a Business Development Executive in the region to accelerate the strategy for that venture. Since that appointment MPC has been successful in advancing high level discussions with officials at the Iraqi Ministry of Oil.

Notwithstanding the continued volatility and uncertainties in Iraq, we believe there are near-term opportunities arising in the provision of oil services to the Iraqi Ministry of Oil and its operating entities. Both Ramco and Firstdrill, a sister company of Ramco's co-investor Midmar, have extensive experience in the oil services sector in addition to the expertise that both Ramco and Midmar have in exploration and production.

The new investment into MPC will see Ramco's holding reduce from 49 per cent. to 32.66 per cent. Given my own long involvement in the region, I am pleased to be acting as MPC's first Chairman.

Montenegro

Since reporting to shareholders in June, there have been no further developments. Together with our partners JugoPetrol Kotor ("JPK") and Hellenic Petroleum we have disputed the validity of the Montenegrin Government's unilateral decision to end the concession over Ulcinj (Block 3). We await the Government's response to our request to reconsider its refusal to extend the Prevlaka concession (Blocks 1 and 2) which is the subject of an application by JPK to the Montenegrin courts.

Board

I am delighted to announce that Steve Lampe of Lampe Conway in New York joins the Board as a Non-Executive Director with immediate effect. I know that Steve will make a valuable contribution to the Company's continued recovery.

Steve Remp

Chairman

20 September 2007

Condensed Consolidated Interim Balance Sheet

| | 30 June 2007 | 31 December 2006 | 30 June 2006 restated |
|--|-------------------------|---------------------|-----------------------------|
| | (unaudited) | (unaudited) | (unaudited) |
| Note | £'000 | £'000 | £'000 |
| Assets | | | |
| Non-current assets | | | |
| Intangible exploration/appraisal assets | 1,790 | 1,849 | 6,463 |
| Property, plant & equipment | 170 | 202 | 136 |
| 6 | 1,960 | 2,051 | 6,599 |
| Current assets | | | |
| Trade and other receivables | 190 | 328 | 606 |
| Cash and cash equivalents | 3,566 | 2,027 | 3,335 |
| | 3,756 | 2,355 | 3,941 |
| Total assets | 5,716 | 4,406 | 10,540 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | (2,198) | (1,467) | (2,715) |
| Provisions | (25) | (25) | (19) |
| | (2,223) | (1,492) | (2,734) |
| Non-current liabilities | | | |
| Long-term provisions | - | - | (7) |
| Other non-current liabilities | (32) | (608) | - |
| | (32) | (608) | (7) |
| Total liabilities | (2,255) | (2,100) | (2,741) |
| Net assets | 3,461 | 2,306 | 7,799 |
| Equity | | | |
| Share capital | 3,502 | 3,502 | 3,502 |
| Share premium | 69,405 | 69,405 | 69,405 |
| Retained earnings | (70,106) | (70,945) | (65,492) |
| Total equity attributable to equity holders of the parent | 2,801 | 1,962 | 7,415 |
| Minority interest | 660 | 344 | 384 |
| Total equity | 3,461 | 2,306 | 7,799 |

Condensed Consolidated Interim Income Statement

| | | Half-year ended 30 June | |
|----------------------------------|---|--------------------------------|-------------|
| | | 2007 | 2006 |
| | | (unaudited) | restated |
| | | £'000 | (unaudited) |
| Note | | | £'000 |
| Continuing operations | | | |
| | Cost of sales | (5) | (9) |
| | Write off of intangible exploration assets | 6 (135) | - |
| | Gross loss | (140) | (9) |
| | Operating expenses | (1,333) | (1,324) |
| | Gain on listing of Lansdowne | 7 - | 1,345 |
| | Gain on sale of Lansdowne shares | 7 1,568 | - |
| | Operating profit | 95 | 12 |
| | Finance income | 37 | 57 |
| | Finance expense | (5) | (8) |
| | Profit before taxation | 127 | 61 |
| | Taxation | - | - |
| | Profit from continuing operations | 127 | 61 |
| Discontinued operation | | | |
| | Loss from discontinued operation | (38) | (171) |
| | Profit/(loss) for the financial period | 89 | (110) |
| Attributable to: | | | |
| | Equity holders of the group | 201 | (99) |
| | Minority interests | (112) | (11) |
| | Profit/(loss) for the financial period | 89 | (110) |
| Earnings/(loss) per share | | | |
| | Basic and diluted | 8 0.6p | (0.3)p |
| Continuing operations | | | |
| Earnings per share | | | |
| | Basic and diluted | 8 0.7p | 0.2p |

Condensed Consolidated Interim Statement of Cash Flows

| | | Half-year ended 30 June | |
|---|---|--------------------------------|-------------|
| | | 2007 | 2006 |
| | | (unaudited) | (unaudited) |
| Note | | £'000 | £'000 |
| Cash flows from operating activities: | | | |
| | Continuing operations | (1,092) | (1,354) |
| | Discontinued operation | - | 599 |
| | Net cash used in operating activities | (1,092) | (755) |
| 9 | | | |
| Cash flows from investing activities: | | | |
| | Interest received | 25 | 56 |
| | Proceeds from sale of property, plant and equipment | 102 | 1,510 |
| | Proceeds from sale of shares in subsidiary | 2,612 | - |
| | Acquisition of intangible exploration assets | (90) | (185) |
| | Acquisition of property, plant and equipment | (15) | - |
| | Discontinued operation | - | (1,251) |
| | Net cash from investing activities | 2,634 | 130 |
| Cash flows from financing activities: | | | |
| | Issue of share capital in Company | - | 298 |
| | Issue of share capital in Lansdowne to minority interests | - | 2,350 |
| | Payment of transaction costs | - | (611) |
| | Payment of finance lease liabilities | (2) | - |
| | Discontinued operation | - | (2,869) |
| | Net cash used in financing activities | (2) | (832) |
| Net increase/(decrease) in cash and cash equivalents | | 1,540 | (1,457) |
| | Cash and cash equivalents at start of period | 2,027 | 4,799 |
| | Effect of exchange rate fluctuations on cash held | (1) | (7) |
| | Cash and cash equivalents at end of period | 3,566 | 3,335 |

Notes to the Interim Statement

1. General information

This condensed consolidated interim financial information was approved for issue by the Ramco Board on 20 September 2007. It was neither audited nor reviewed by the Group's external auditors.

These interim financial results do not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 December 2006 were approved by the Board of Directors on 26 June 2007 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain any statement under section 237 of the Companies Act 1985. It did, however, contain an emphasis of matter over the going concern basis of preparation for the Group. Therefore, this financial information should be read with due regard to the uncertainties described within note 1 of the financial statements for the year ended 31 December 2006.

2. Basis of preparation

This condensed consolidated interim financial information for the half-year ended 30 June 2007 has been prepared in accordance with the Listing Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union ("EU"). The interim condensed consolidated financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2006 which have been prepared in accordance with UK Generally Accepted Accounting Principles ("UK GAAP") and the Statement of Recommended Practice ("SORP") 'Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities'.

3. Accounting policies

The Group now prepares its accounts in accordance with applicable International Financial Reporting Standards ("IFRS") as adopted by the EU. This is the first financial information on the Group to have been prepared under IFRS and the disclosures required by IFRS 1 "First time adoption of IFRS" concerning the transition from UK GAAP to IFRS are given in the full interim results that will be posted on our website .

The IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations adopted in these interim results are those issued by the International Accounting Standards Board ("IASB") up to 31 December 2006 that are mandatory for the year end 31 December 2007. Relevant new standards and interpretations issued by the IASB, but not yet effective and not applied in this financial information, are as follows:

- IFRIC 11, 'IFRS 2 – Group and treasury share transactions', effective for annual periods beginning on or after 1 March 2007. Share based payment awards relating to employees of a subsidiary are already recognised in the equity of that company. Therefore, no change to the current accounting policy will be required.
- IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009, subject to EU endorsement. The Group intends to early adopt this standard once it has been endorsed by the EU and is currently analysing the management information required to revise the Group's segmental reporting in line with this standard. Management do not currently foresee any changes to the group's business or geographical segments.

No other IFRS as issued by the IASB which are not yet effective are expected to have an impact on the Group's financial statements.

The accounting policies in the annual financial statements for the year ended 31 December 2006 were those adopted in accordance with UK GAAP. Therefore, the IFRS accounting policies adopted by the Group have been given in full in this financial information.

4. Comparative period

The corresponding amounts in the prior interim period have been adjusted for the effects of changes to accounting policies on transition to IFRS. However, the corresponding amounts have also been restated for two errors in accordance with International Accounting Standard ("IAS) 8 - "Accounting Policies, Changes in Accounting Estimates and Errors".

(a) The gain of £1,345,000 on the listing of Lansdowne was incorrectly credited to minority interests within equity on the unaudited 30 June 2006 consolidated balance sheet, as reported in the 2006 Interim Results. The Group have adopted the parent company model of consolidation so that gains arising on transactions with minority interests are reported in the income statement. The gain is, therefore, shown in the restated consolidated interim income statement.

(b) The interest on the outstanding debt due to Schlumberger was incorrectly omitted from the prior interim results. The corresponding amount for discontinued operations in the interim income statement has been restated to include an additional £36,000 of accrued interest, which is half the total accrued for the 2006 full year financial statements. As the debt relates to the discontinued Seven Heads development, the accrued interest has been classified within discontinued operations. Trade payables were increased by £36,000 in the consolidated balance sheet as at 30 June 2006.

The combined affect of the restatements is a decrease of £36,000 to the Group's net assets position as at 30 June 2006 and the loss of £1,493,000 reported for the six months to 30 June 2006 should have been a loss of £184,000. Equity shareholder's funds should have been disclosed as £7,415,000 rather than £6,106,000. These corrections can be seen in the restated UK GAAP figures and flow through to the corresponding amounts under IFRS.

5. Segment Information

| Six months ended 30 June 2007 | Central and eastern Europe £'000 | Ireland £'000 | Total continuing operations £'000 | Total discontinued operation £'000 | Corporate unallocated expenses and gains £'000 | Total Group £'000 |
|--|---|--------------------------|--|---|---|------------------------------|
| Revenue | - | - | - | - | - | - |
| Operating (loss) or profit / segment results | (405) | (423) | (828) | (38) | 923 | 57 |
| Operating loss from discontinued operation | | | | | | (38) |
| Operating profit from continuing operations | | | | | | 95 |
| | | | | | | 57 |
| Six months ended 30 June 2006 | | | | | | |
| Revenue | - | - | - | 986 | - | 986 |
| Operating (loss) or profit / segment results | (680) | (183) | (863) | (105) | 875 | (93) |
| Operating loss from discontinued operation | | | | | | (105) |
| Operating profit from continuing operations | | | | | | 12 |
| | | | | | | (93) |

The Group currently has only one reportable business segment, which is the exploration for oil and gas reserves. Segment information is presented in respect of the Group's geographical segments, which are based on the Group's management and reporting structures.

6. Capital Expenditure and Impairment

| | Tangible and intangible assets £'000 |
|--|---|
| Six months ended 30 June 2006 | |
| Opening net book amount at 1 January 2006 | 8,094 |
| Additions | 185 |
| Disposals | (1,554) |
| Depreciation | (126) |
| Closing net book amount at 30 June 2006 | 6,599 |

Six months ended 30 June 2007

| | |
|--|--------------|
| Opening net book amount at 1 January 2007 | 2,051 |
| Additions | 76 |
| Disposals | (20) |
| Depreciation | (12) |
| Write off of intangible exploration assets | (135) |
| Closing net book amount at 30 June 2007 | 1,960 |

Exploration costs of £135,000 capitalised against the Donegal Licence have been written off during the period. Through its Lansdowne subsidiary, the Group participated in the Inishbeg exploration well which was drilled in August 2006. This frontier exploration well, operated by Lundin Exploration B.V., was located offshore Ireland in Block 13/12 off the northwest coast of County Donegal. It was designed to target a large but shallow Triassic gas prospect. Under the terms of a farm-out agreement, Lansdowne was carried through all the costs associated with the drilling and testing of the well. The well was plugged and abandoned in August 2006. In the 2006 financial statements the Group reported that an extension to Phase I of the Donegal Licence had been applied for, in return for a limited work programme. The response from the Irish Petroleum Affairs Division ("PAD") indicated that to continue with the original Licence would require a well commitment. The majority of Lansdowne's partners in the joint venture did not wish to continue with the Licence and Lansdowne and the remaining partner were not prepared to support a well commitment on their own. For these reasons the Licence was relinquished.

7. Listing and Sale of Lansdowne Shares

(a) On 21 April 2006 the Group successfully listed Lansdowne Oil and Gas plc ("Lansdowne") on the Alternative Investment Market of the London Stock Exchange. The Group's interest in Lansdowne reduced from 100 per cent to 86.25 per cent after the placing of 2,815,951 ordinary shares outwith the Group to minority interests. This raised a total of £2,350,000 in cash, before cash expenses of £611,000 and share based expenses of £136,000. The reduction in interest in Lansdowne constitutes a "deemed disposal" at Group level and resulted in a gain as calculated below.

| | |
|---|----------------|
| | £'000 |
| Groups share of net assets and proceeds after listing (86.25% of Lansdowne) | 2,468 |
| Group's share of net assets before listing (100% of Lansdowne) | <u>(1,123)</u> |
| Groups gain on deemed disposal | 1,345 |

The minority interests' share of net assets and proceeds after listing (13.75% of Lansdowne) was £395,000.

(b) On 26 June 2007 Ramco Hibernia Limited, a wholly owned subsidiary of the Company, sold 5,225,000 ordinary shares (25.1 per cent) in Lansdowne at a price of 50p per share to LC Capital Master Fund, generating a cash consideration of £2,612,000. As part of the sale and purchase agreement, the Group granted LC Capital Master Fund warrants over 5,000,000 ordinary shares in Ramco Energy plc, at an exercise price of 14p. The exercise price was set at a discount of 4p to the prevailing market price of the shares at the date of sale. Given that no services were received for the warrants, their fair value has been treated as a discount to the cash consideration rather than a share based payment. This yields a net consideration that is a reasonable approximation to the fair value of the Lansdowne shares. The sale reduced the Group's ownership of Lansdowne to 61.15 per cent and generated a gain on sale as calculated below.

| | |
|----------------------------------|--------------|
| | £'000 |
| Cash Consideration | 2,612 |
| Discount in the form of warrants | (578) |
| Net consideration | 2,034 |
| Selling costs | (40) |
| Increase in minority interest | <u>(426)</u> |
| Group gain on sale of shares | 1,568 |

8. Earnings per Share

Earnings per share attributable to equity holders of the Company arise from continuing and discontinued operations as follows:

| | Half year ended 30 June | |
|---|--------------------------------|-------------|
| | (pence per share) | |
| | 2007 | 2006 |
| Earnings per share for profit from continuing operations attributable to the equity holders of the Company | | |
| - basic | 0.68 | 0.21 |
| - diluted | 0.66 | 0.21 |
| Loss per share for loss from discontinued operation attributable to the equity holders of the Company | | |
| - basic | (0.11) | (0.51) |
| - diluted | (0.11) | (0.51) |
| Earnings/(loss) per share for profit/(loss) from continuing and discontinued operations attributable to the equity holders of the Company | | |
| - basic | 0.57 | (0.30) |
| - diluted | 0.55 | (0.30) |

The calculations were based on the following information.

| | | |
|--|-------------------|------------|
| Earnings attributable to equity holders of the Company | £'000 | £'000 |
| - continuing operations | 239 | 72 |
| - discontinued operation | (38) | (171) |
| - continuing and discontinued operations | 201 | (99) |
| Weighted average number of shares in issue | | |
| - basic | 35,017,815 | 33,608,682 |
| - diluted | 36,428,071 | 33,608,682 |

9. Reconciliation of Profit/(Loss) for the Period to Net Cash Used in Operating Activities

| | Six months ended 30 June | | | |
|--|---------------------------------|------------------|----------------------|---------------|
| | 2007 | 2006 | IFRS | 2006 |
| | £'000 | UK GAAP £'000 | Adjustments £'000 | IFRS £'000 |
| Profit for period from continuing operations | 127 | 203 | (142) | 61 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 12 | 140 | (14) | 126 |
| Intangible assets written off | 135 | - | - | - |
| (Gain)/loss on sale of property, plant and equipment | (82) | (111) | 156 | 45 |
| Gain on sale of shares in subsidiary | (1,568) | - | - | - |
| Gain on listing of subsidiary | - | (1,345) | - | (1,345) |
| Equity settled share-based payment transactions | 62 | - | - | - |
| Net finance (income)/expense | (32) | (56) | 7 | (49) |
| Operating cash flows before movements in working capital | (1,346) | (1,169) | 7 | (1,162) |
| Change in trade and other receivables | 158 | 87 | - | 87 |
| Change in trade and other payables | 99 | (118) | - | (118) |
| Change in provisions | - | (161) | - | (161) |
| Cash outflow generated by operations | (1,089) | (1,361) | 7 | (1,354) |
| Interest paid | (3) | - | - | - |
| Net cash used in continuing operating activities | (1,092) | (1,361) | 7 | (1,354) |
| Loss for period from discontinued operation | (38) | (387) | 216 | (171) |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | - | 27 | (27) | - |
| Loss on sale of discontinued operation, net of tax | - | 923 | (189) | 734 |
| Net finance expense | 38 | 66 | - | 66 |
| Operating cash flows before movements in working capital | - | 629 | - | 629 |
| Change in trade and other receivables | - | (215) | - | (215) |
| Change in trade and other payables | - | 185 | - | 185 |
| Change in provisions | - | 30 | - | 30 |
| Cash outflow generated by operations | - | 629 | - | 629 |
| Interest paid | - | (30) | - | (30) |
| Net cash from discontinued operating activities | - | 599 | - | 599 |
| Total net cash used in operating activities | (1,092) | (762) | 7 | (755) |

The transition to IFRS resulted in the following changes to the adjustments within the 2006 reconciliation from the profit or loss for the period to net cash used in operating activities.

Continuing operations;

- Depreciation of £14,000 was reversed due to changes in the residual values of property and fixtures.
- The reversal of depreciation on property and fixtures of £142,000 in periods prior to the date of transition and £14,000 in the 2006 six-month period meant that there was a total change to the (gain)/loss on sale of £156,000.
- Foreign exchange losses of £7,000 on cash and cash equivalents was added to the finance expense and shown separately on the face of the statement of cash flows.

Discontinued operation;

- Depreciation of £27,000 was reversed on a disposal group for a discontinued operation.
- The loss on sale of a disposal group was decreased by £189,000.

10. Related Party Transactions

Directors

During 2005 and 2006 Executive Directors, SE Remp and SR Bertram, voluntarily waived contractual salary and pension contributions totalling £357,000. In addition Executive Directors deferred, pending re-financing of the Company, a total of £631,000 of remuneration over the 30 months to 30 June 2007 as summarised below.

| | 2007 | 2006 |
|-------------|--------------|-------|
| | £'000 | £'000 |
| S E Remp | 445 | 361 |
| S R Bertram | 170 | 147 |
| C G Moar | 16 | - |
| | 631 | 508 |

No guarantees have been given by the Company and no interest is charged on the outstanding balances. The Directors concerned have agreed to use the net sums due to them, after tax and National Insurance, to purchase new shares in the Company. It is intended that the deferred sums will be settled within twelve months of the reporting date.

11. Copies of the Interim Report

Copies of this interim report will be posted to all shareholders of the Company. Further copies can be obtained from the Company at Britannia House, Endeavour Drive, Arnhall Business Park, Westhill, Aberdeenshire, AB32 6UF and from the Company's website www.ramco-plc.com.