



Ramco Energy plc

Preliminary Results for the year ended 31 December 2006

Operations:

- Creation and AIM listing of Lansdowne Oil & Gas plc ("Lansdowne"), incorporating the Company's Irish portfolio; Ramco retained an 86% interest
- Lansdowne Celtic Sea projects remain robust following updated RPS report
- Sale of Bulgarian assets for \$1.45million in cash and ongoing 0.1% royalty on all future production

Financials:

- Loss of £5.7million
- Full provision made over Ulcinj, Montenegro, resulting in a write down of £4.0million
- Sale of property for £1.5million
- At 31 December 2006 cash of £2million

Post Balance Sheet Highlights

- Conclusion of Tenge Lawsuit in Ramco's favour
- Raised £2.6million through divestiture of 25% of Lansdowne. Ramco now holds 61% of Lansdowne's issued share capital.

Steve Remp, Chairman of Ramco, said:

"2006 has been a frustrating yet pivotal year for the company and post the year end we finally reached the successful conclusion in the long running Tenge case; the red tape surrounding which has hampered our attempts to move forward.

With Tenge over, we can now begin to accelerate our turnaround strategy. We have the funding in place and a highly experienced team who have worked together for many years. Our strategy is to return to what Ramco does best: frontier exploration and deal making.

We are evaluating a number of exciting projects currently and are confident that these will provide Ramco the impetus to move forwards again and create value for our shareholders."

27 June 2007

ENQUIRIES:

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Chairman's Statement

Although we obtained a decisive result from the Texas Court of Appeals in the Tenge lawsuit over a year ago, the case remained alive until April 2007. The ability of the plaintiffs to string out the case severely hampered our ability to access new opportunities through the issue of new shares, either to raise new capital or as consideration for acquisitions, and reduced our cash reserves.

We were pleased to announce earlier this week, that we had raised £2.6 million through the sale of a proportion of our holding in our AIM listed subsidiary Lansdowne Oil & Gas plc ("Lansdowne"). This funding will enable us to progress our strategy and to take advantage of the opportunities that we have identified and are currently evaluating.

Financial Highlights

Consolidated Group turnover for 2006 was £1.0 million, down from £13.7 million in 2005. This reflects the disposal of the Group's Oil Services division in December 2005 and the sale of the Oil & Gas division's only producing asset, its interest in the Seven Heads gas field, in February 2006.

The Group recorded a loss for the financial year, attributable to ordinary share holders, of £5.7 million in 2006 compared with a profit of £1.7 million in 2005. The loss for 2006 was dominated by the write-off of £4.0 million of exploration costs in connection with the Ucinj block in Montenegro. The total profit of £1.7 million in 2005 resulted from the profit of £2.1 million generated by the Oil Services division which was sold at the end of that year, the reversal of £4.9 million in the impairment in the carrying value of the Seven Heads gas field and the effects of operating costs and net interest payable.

The Directors do not recommend the payment of a dividend (2005: nil).

Net cash outflow from operating activities for 2006 was £2.8 million (2005: net cash inflow of £3.5 million). At the reporting date, the Group had net funds of £2.0 million (2005: net debt of £3.4 million). These movements are a result of the loss of income streams from continuing operations and the repayment of all outstanding recourse bank debt.

The Group's former head office building was sold in June 2006 for £1.5 million in cash, resulting in a modest book gain of £84,000. The move to new offices, occupied under an operating lease, was completed shortly thereafter.

The Company's cash resources were increased earlier this week by the sale of a 25.1 per cent stake in the Group's subsidiary Lansdowne which raised £2.61 million.

Ireland

Since April 2006, our Irish interests have been held via a majority holding in our AIM listed subsidiary Lansdowne.

Lansdowne's interests comprise 100 per cent of the Midleton and East Kinsale Licensing Options, 77 per cent of the Rosscarbery Licensing Option and 74 per cent of the Seven Heads Oil Licensing Option and a 19.25 per cent interest in the Donegal Frontier Exploration Licence.

During 2006 Lansdowne successfully completed the work programmes associated with all of its Celtic Sea Licensing Options. This work included reprocessing existing 2D seismic data, acquiring and integrating further 2D seismic data, conducting geophysical processing studies, reservoir development studies, reservoir engineering studies and conceptual development

studies. Comprehensive reports detailing the findings were presented to the Department of Communication, Marine and Natural Resources of the Irish Government.

Following completion of the additional technical work in 2006, Lansdowne engaged RPS Scott Pickford to review all of its Celtic Sea projects in the light of the substantial increase in costs related to exploration and development of its oil and gas projects. The conclusion was that all the Celtic Sea projects outlined in Lansdowne's AIM Admission document remained robust even at a price of \$35 per barrel for oil and 30p per therm for gas and assuming current fiscal terms.

In December 2006, Lansdowne filed applications for Standard Exploration Licences over parts of the areas held under the Middleton, Rosscarbery and East Kinsale Licensing Options. In addition, an application has been filed to convert the Seven Heads Oil Licensing Option to a Lease Undertaking, to allow Lansdowne and its partners to continue to evaluate development options.

The Irish Government's response to Lansdowne's applications has been delayed by a combination of a review of licensing and fiscal terms applicable to the exploration and production of hydrocarbons and the recent general election. Accordingly, the applications submitted by Lansdowne are all conditional on the new fiscal terms being acceptable to the applicants. Lansdowne's future business is dependent on these applications and we believe that a response to the applications will be received shortly.

Lansdowne also 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 of 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.

Although Lansdowne considered that while the results of the 13/12 well did not give sufficient confidence in the prospectivity to allow a commitment to be given to drilling a second well, they did indicate the possibility of a viable hydrocarbon play on the acreage. Accordingly Lansdowne has requested an extension to phase one of the licence, to allow further technical work to be undertaken and a response to that request, from the Irish authorities, is also awaited.

Montenegro

In our interim statement last September, we announced that the attempts of our partner JugoPetrol Kotor ("JPK") to re-negotiate concession terms with the Government of Montenegro had reached an impasse. The Government had also intimated its unilateral decision to terminate the concession over the Ulcinj (Block 3). Together with JPK and Hellenic, we are continuing to dispute the validity of this unilateral decision, but at this time no concrete progress has been made and there is no prospect of a short term resolution. Consequently we have decided to make full provision against our Ulcinj investment. This results in a write-down of £4.0 million in 2006.

Since last September, Hellenic and Ramco have agreed to reverse the restructuring arrangement entered into in 2005 which converted Ramco's participation into a 15% back-in option and for Ramco to revert to a 40% working interest participant in both the Ulcinj and Prevlaka (Blocks 1 & 2) concessions.

Meanwhile the future of the concession with respect to the Prevlaka blocks has been threatened by the Montenegrin Government which delayed the work programme beyond the expiry date (31 March 2007) of the exploration period. JPK has made a formal application for an extension to the exploration period and action has been taken by JPK in the Montenegrin Court to have certain administrative decisions of the Government declared invalid. Therefore,

we are continuing to carry past costs of £803,000 relating to Prevlaka on the Group balance sheet until the situation is fully resolved.

Bulgaria

We announced last September that we had sold our interest in the A-Lovech block onshore Bulgaria to our partner for \$1.45m in cash plus a 0.1 per cent royalty interest over all future production from that acreage. We understand that the first well Deventsi-1, is due to spud before the end of June.

Litigation

We were delighted to announce in June 2006 that we had been successful in winning our appeal in the long-running Tenge lawsuit and we believed, at that time, that we had finally put this damaging process behind us. Unfortunately it was not to be. The intricacies of the Texas legal system allowed the plaintiffs to drag the case on through not only a re-hearing at the Court of Appeals but also two later attempts to persuade the Texas Supreme Court to hear the case. While the plaintiffs were unsuccessful in each of these efforts, it nevertheless caused the process to continue to plague us until April 2007 when the case was finally closed by the Texas Supreme Court. During this time, we were very active in identifying and progressing new opportunities as part of our commitment to re-build shareholder value. Regardless of the remote prospect of a success by the plaintiffs it created sufficient uncertainty to prevent the deals from being closed.

Outlook

With the Tenge lawsuit now behind us, we believe we can entertain new opportunities without the cloud that has been hanging over the Company for seven years. Tenge served to drain our cash resources but I am pleased to say that the funds raised earlier this week should enable the Company to accelerate its recovery.

Ramco is a founding shareholder (49 per cent) in Mesopotamia Petroleum Company Limited ("MPC") together with privately owned UK-based Midmar Energy Limited and a UK private investor. MPC was formed in order to try and secure a position to bid on both service contracts and exploration and production contracts in Iraq as the country seeks to re-establish itself.

The political situation there remains highly volatile and uncertain and this will not be a short term process. However, for its part, Ramco has extensive experience in geographical areas where there has been political uncertainty ahead of stability such as the Caspian and Balkans. This is not a new subject for us and this uncertainty can provide windows of opportunity for the smaller player.

Steve Remp
Chairman
27 June 2007

Consolidated Profit and Loss Account
Audited
For the year ended 31 December 2006

		2006		Total £'000	2005		Total Restated £'000
	Notes	Continuing operations £'000	Discontinued operations £'000		Continuing operations £'000	Discontinued operations £'000	
Turnover - Group and share of joint venture and associates		-	986	986	-	17,212	17,212
Less share of joint venture and associates		-	-	-	-	(3,548)	(3,548)
Group turnover	2	-	986	986	-	13,664	13,664
Cost of sales before exceptional items		(1,579)	(364)	(1,943)	(475)	(22,060)	(22,535)
Exceptional items	3	(3,950)	-	(3,950)	-	15,681	15,681
Cost of sales after exceptional items		(5,529)	(364)	(5,893)	(475)	(6,379)	(6,854)
Gross (loss) / profit		(5,529)	622	(4,907)	(475)	7,285	6,810
Administrative expenses		(1,130)	-	(1,130)	(1,098)	(445)	(1,543)
Loss on exchange		(67)	(6)	(73)	(2)	-	(2)
Group operating (loss) / profit		(6,726)	616	(6,110)	(1,575)	6,840	5,265
Exceptional items	4	1,345	(923)	422	-	(809)	(809)
Share of operating profit in joint venture and associates		-	-	-	-	656	656
(Loss) / profit before interest and taxation		(5,381)	(307)	(5,688)	(1,575)	6,687	5,112
Net interest receivable/(payable)				9			(3,290)
(Loss) / profit on ordinary activities before taxation	2			(5,679)			1,822
Tax charge on (loss) / profit on ordinary activities				(74)			(84)
(Loss) / profit for the financial year				(5,753)			1,738
Attributable to:							
Equity holders of the Company	9			(5,702)			1,738
Minority interests				(51)			-
(Loss)/profit for the financial year				(5,753)			1,738
(Loss) / profit per ordinary share - basic and fully diluted							
On (loss) / profit for the financial year	5	(15.2)p	(1.4)p	(16.6)p	(5.0)p	10.5p	5.5p

The corresponding amounts for the prior period have been restated due to the adoption of Financial Reporting Standard 20 "Share-based Payments".

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the year stated above, and their historical cost equivalents.

There are no recognised gains or losses other than the Group loss for the year and, therefore, no Statement of Total Recognised Gains and Losses has been presented.

Balance Sheets

Audited

As at 31 December 2006

		Group		Company	
	Notes	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Fixed assets					
Intangible assets	6	1,849	6,278	-	-
Tangible fixed assets	7	202	11,567	181	1,514
		2,051	17,845	181	1,514
Current Assets					
Debtors: amounts falling due within one year		328	1,648	231	264
Cash at bank and in hand		2,027	4,799	1,053	1,311
		2,355	6,447	1,284	1,575
Creditors: amounts falling due within one year		(1,467)	(11,618)	(1,921)	(1,299)
Net current assets/(liabilities)		888	(5,171)	(637)	276
Total assets less current liabilities		2,939	12,674	(456)	1,790
Creditors: amounts falling due after one year		(608)	-	(608)	-
Provisions for liabilities and charges		(25)	(5,385)	(25)	(26)
Net assets/(liabilities)		2,306	7,289	(1,089)	1,764
Capital and reserves					
Called up share capital		3,502	3,314	3,502	3,314
Share premium account		69,405	69,294	69,405	69,294
Profit and loss account	9	(70,945)	(65,319)	(73,996)	(70,844)
Equity shareholders' funds/(deficit)	10	1,962	7,289	(1,089)	1,764
Minority interest	11	344	-	-	-
Total equity/(deficit)		2,306	7,289	(1,089)	1,764

Consolidated Cash Flow Statement
Audited
For the year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
Net cash (outflow)/inflow from operating activities	12(a)	(2,802)	3,542
Returns on investments and servicing of finance			
Interest received		70	147
Interest paid		(33)	(785)
Net cash inflow/(outflow) from returns on investments and servicing of finance		37	(638)
Taxation			
United Kingdom corporation tax received		276	-
Overseas corporation tax paid		-	(27)
Taxation received/(paid)		276	(27)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(128)	(216)
Sale of tangible fixed assets		1,567	9
Oil & gas expenditure - intangible assets		(402)	(372)
Receipt of sale of exploration licence		763	-
Receipt of sale of other fixed asset investments		-	144
Net cash inflow/(outflow) for capital expenditure and financial investment		1,800	(435)
Disposal			
Net proceeds from sale of subsidiary		-	11,801
Cash on disposal		(1,251)	-
Net cash (outflow)/inflow from disposal	12(d)	(1,251)	11,801
Net cash (outflow)/inflow before financing		(1,940)	14,243
Financing			
Issue of share capital in Company	8	298	1,018
Issue of share capital in Lansdowne to minority interests		1,739	-
Decrease in debt	12(b)	(2,869)	(13,727)
Net cash outflow from financing		(832)	(12,709)
(Decrease)/increase in cash	12(b)	(2,772)	1,534

Notes to the Financial Statements
Audited
For the year ended 31 December 2006

1. Basis of presentation

The financial statements have been prepared on the going concern basis which assumes that the Company and its subsidiaries will continue in operational existence for the foreseeable future.

As discussed in the Chairman's statement and note 14, the Group raised £2.6 million in cash from the sale of 25.1 per cent of the share capital of Lansdowne. The Directors have prepared cash flow forecasts for the Group for the period ending 12 months from the date of approval of these financial statements. These indicate that the Group will have adequate cash resources to meet its obligations, as they fall due and provide seed funding for new projects. However, there remains uncertainty as to whether the Group can be considered a going concern in that the Group currently has no revenue streams and only limited amounts of available funding to invest in revenue generating activities.

The projects in Lansdowne are the most developed in the Group and the investment in the company represents the most readily realisable asset. However, currently Lansdowne is awaiting the Irish Government to approve their applications for exploration licences and is reliant on securing funding for work programme obligations through farm-out arrangements or the issue of new shares or a combination of both. Therefore, this represents a further uncertainty in the Group. Further details of potential future transactions involving Lansdowne shares are discussed in note 14.

Although uncertainties exist, the Directors consider that it is appropriate to adopt a going concern assumption in preparing these financial statements as;

- they consider that the new funding raised provides sufficient time in which the Group will be able to secure future revenue, and
- they believe that the Lansdowne licences will be granted imminently and a farm-in partner will be found to fund future exploration activities.

If for any reason the uncertainties described above cannot be successfully resolved, the going concern basis may no longer be applicable and adjustments to the Group profit and loss account and Group balance sheet would be required to record additional liabilities and write down assets to their recoverable amounts.

The financial information set out in these financial statements does not constitute the Company's statutory accounts for the year ended 31 December 2006. The 2006 statutory accounts, which received an unqualified auditors' report, contained no statement under section 237(2) or (3) of the Companies Act 1985, have not yet been delivered to the Registrar.

Audited
For the year ended 31 December 2006

2. Segmental Reporting

	Oil & Gas		Oil Services		Total	
	2006	2005	2006	2005	2006	2005
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	986	4,787	-	12,425	986	17,212
Less joint venture and associates	-	-	-	(3,548)	-	(3,548)
Group turnover	986	4,787	-	8,877	986	13,664
Operating (loss)/profit						
Group	(4,907)	4,148	-	3,318	(4,907)	7,466
Less Joint venture and associates	-	-	-	(656)	-	(656)
Group gross (loss)/profit	(4,907)	4,148	-	2,662	(4,907)	6,810
Joint venture and associates	-	-	-	656	-	656
	(4,907)	4,148	-	3,318	(4,907)	7,466
Administrative expenses	(1,130)	(1,098)	-	(445)	(1,130)	(1,543)
Exceptional items	422	-	-	(809)	422	(809)
(Loss)/profit on exchange	(73)	(38)	-	36	(73)	(2)
(Loss)/profit before interest and taxation	(5,688)	3,012	-	2,100	(5,688)	5,112
Net interest					9	(3,290)
(Loss)/profit before taxation					(5,679)	1,822

The Ramco Oil Services sub group was sold in December 2005 and so the Group now has only one business segment, being Oil and Gas exploration and appraisal.

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.

3. Exceptional Items

	2006	2005
	£'000	£'000
Impairment provision - Seven Heads	-	634
Reversal of impairment provision - Seven Heads	-	(5,485)
Impairment borne by finance provider	-	(10,830)
Mezzanine finance written off	-	(8,600)
Reversal of impairment provision borne by finance provider	-	8,600
Write-off of intangible fixed assets	3,950	-
	3,950	(15,681)

During the current period the Government of Montenegro terminated the concession over the Ulcinj block, offshore Montenegro. The costs directly associated with the Ulcinj concession have been written off.

During the prior period there was a net reversal of £4.9 million in the provision against the Seven Heads asset to reflect its net realisable value on disposal. Impairment to this asset beyond the recourse element of the related project finance was borne by the finance provider, resulting in a credit of £10.8 million.

4. Exceptional items

	2006	2005
	£'000	£'000
Gain on deemed disposal of subsidiary	1,345	-
Loss on sale of subsidiary	(923)	(809)
	422	(809)

(a) On 21 April 2006 the Group successfully listed Lansdowne Oil and Gas plc ("Lansdowne") on the AIM 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. 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
Group's 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)	(1,123)
	1,345

The above gain of £1,345,000 was incorrectly credited to minority interests within equity on the unaudited 30 June 2006 Group balance sheet, as reported in the 2006 Interim Results. This does not affect the Group's net assets position at that date but equity shareholder's funds should have been disclosed as £7,451,000 rather than £6,106,000 and the loss of £1,482,000 reported for the 6 months to 30 June 2006 should have been a loss of £137,000.

(b) 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, for £5.3 million, net of expense, to Marathon International Petroleum Hibernia Limited. All the proceeds of the sale, after costs, flowed to the Company's project finance lenders and retired sums due to them. The carrying value of the interest in the gas field had been reduced to its net realisable value when the asset was first sold from another Group subsidiary to RCSL, early in December 2005. From this date until RCSL was sold it generated profits and, therefore, net assets of £923,000. On disposal no proceeds flowed to the Company, creating a loss of £923,000 (see note 10(d)). As this disposal resulted in a material reduction in turnover for the Group's oil and gas operations, it has been treated as a discontinued operation in the profit and loss account.

(c) On 16 December 2005 the Group sold Ramco Oil Services Limited ("ROSL") together with its subsidiaries for £12.6 million in cash, after costs. This generated a loss on sale of £809,000. The ROSL sub group provided downhole tubular maintenance and pipeline coating services and the disposal of this sub group ceased the Group's involvement in these activities. As a result of the material change in the nature and focus of the Group's operations that this disposal represented, it was treated as a discontinued operation in the 2005 profit and loss account.

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 attributable to ordinary shareholders of £5.7 million (2005: profit of £1.7 million) and 34,317,614 (2005: 31,714,576) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

	2006		Total £'000	2005		Total £'000
	Continuing operations £'000	Discontinued operations £'000		Continuing operations £'000	Discontinued operations £'000	
(Loss)/Profit for period	(5,269)	(484)	(5,753)	(1,578)	3,316	1,738
Minority interest	51	-	51	-	-	-
Net (Loss)/profit attributable to ordinary shareholders	(5,218)	(484)	(5,702)	(1,578)	3,316	1,738
(Loss)/profit per ordinary share – basic and fully diluted on (loss)/profit for the financial year	(15.2)p	(1.4)p	(16.6)p	(5.0)p	10.5p	5.5p

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has three classes of potential ordinary shares; share options, warrants and the Schlumberger debt deferral agreement. As explained below, all three classes are not dilutive for the current period.

Share options

Only share options that are exercisable at the reporting date are potential ordinary shares. The lowest exercise price of exercisable share options is 675p per share. This is above the average market price of the shares in issue for the period. On that basis none of the share options are considered dilutive.

Warrants

In August 2005 warrants over 3,000,000 ordinary shares were issued to the Group's lenders, with an exercise price of 34p. This is above the average market price of the shares in issue for the period and so the warrants are not dilutive.

Debt deferral agreement

Based on the number of shares required to settle the debt and the interest expense accrued in the year, the debt deferral agreement with Schlumberger is anti-dilutive.

6. Intangible Fixed Assets

	2006	2005
Cost and net book value for Group	£'000	£'000
At 1 January	6,278	5,906
Additions	426	372
Disposal	(763)	-
Costs written off	(4,092)	-
At 31 December	1,849	6,278

Oil and gas project expenditures, including geological, geophysical and seismic costs, are accumulated as intangible fixed assets prior to the determination of commercial reserves. At 31 December 2006, intangible fixed assets totalled £1.8 million (2005: £6.3 million), all of which relates to Ireland and central and eastern Europe.

On 9 September 2006 the Group sold its 20 per cent interest in the A-Lovech block, onshore Bulgaria, to its partner Direct Petroleum Bulgaria Limited for \$1.45 million plus a 0.1 per cent royalty over all future production from the acreage. The Group has retained a carrying value of £39,000 for the royalty interest.

Since last September JugoPetrol Kotor ("JPK"), a subsidiary of Hellenic Petroleum ("Hellenic"), and Ramco have agreed to reverse the restructuring arrangement entered into in 2005 which converted Ramco's participation into a 15 per cent back-in option and for Ramco to revert to a 40 per cent working interest in both the Ulcinj and Prevlaka (blocks 1 & 2) concessions.

JPK and Hellenic have informed the Group that their attempts to re-negotiate concession terms with the Government of Montenegro reached an impasse and that the Government has intimated its unilateral decision to terminate the concession over the Ulcinj block. The Group, together with JPK and Hellenic, continue to dispute the validity of this unilateral decision, but at this time no concrete progress has been made and there is no prospect of a short term resolution. In the absence of any probable reversal of the decision, the Group has written off £3,950,000 of exploration costs directly attributable to the Ulcinj concession. The concessions over the remaining two Prevlaka blocks are unaffected by the dispute and account for £803,000 of the remaining carrying value of intangible fixed assets. The Prevlaka concession expired on 31 March 2007 so the carrying value is dependent on the application for an extension being accepted by the Government of Montenegro.

7. Tangible Fixed Assets

	2006	2005
Cost and net book value for Group	£'000	£'000
At 1 January	11,567	16,706
Additions	181	216
Disposals	(11,299)	(9,074)
Depreciation	(247)	(1,132)
Impairment	-	4,851
At 31 December	202	11,567

8. Share Capital

	2006	2005
Group and Company	£'000	£'000
Authorised:		
40,000,000 (2005: 40,000,000) ordinary shares of 10p each	4,000	4,000
Allotted, called up and fully paid:		
35,017,815 (2005: 33,144,713) ordinary shares of 10p each	3,502	3,314

On 5 April 2006, 520,322 new ordinary shares of 10p each were issued for 28.5 per share. The issue raised £148,000. 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.

The principal trading market for the shares in the UK is the London Stock Exchange's Alternative Investment Market ("AIM") on which the shares have been traded since 14 November 1996.

The following table sets forth, for the calendar quarters indicated, the reported highest and lowest price for the shares on AIM, as reported by the London Stock Exchange.

	2006		2005	
	pence per share		pence per share	
	High	Low	High	Low
First quarter	33.0	24.0	56.5	23.5
Second quarter	35.0	13.0	42.5	23.5
Third quarter	31.0	21.5	37.0	27.5
Fourth quarter	25.0	16.5	32.5	25.5

9. Reserves

	Share premium account	Profit & loss account
	£'000	£'000
At 1 January 2006	69,294	(65,319)
Loss for the financial year	-	(5,702)
Issue of new shares	111	-
Share based payments charge	-	76
At 31 December 2006	69,405	(70,945)

The opening profit and loss account as at 1 January 2006 includes the effect of share based payment charges of £109,000 from prior periods, of which £68,000 relates to 2005.

10. Movement in Shareholders' Funds

	2006	2005
	£'000	restated £'000
(Loss)/profit for the financial year	(5,702)	1,738
Issue of ordinary share capital	299	1,018
Share based payments charge	76	68
Amortisation of deferred gain on asset sold to joint venture	-	(18)
Net change in shareholders' funds	(5,327)	2,806
Shareholders' funds at 1 January	7,289	4,483
Shareholders' funds at 31 December	1,962	7,289

11. Minority Interests

	2006
	£'000
At 31 January 2006	-
Created on listing of Lansdowne	393
Share of Lansdowne's results since listing	(51)
Share of Lansdowne's share based payment reserve (included within profit and loss account)	2
At 31 December 2006	344

On 21 April 2006 the Group completed an Initial Public Offering of Lansdowne. At Group level, this created a minority interest of 13.75 per cent in the net assets and results of Lansdowne. The minority interest carried in the Group balance sheet is classified as equity.

12. Notes to Consolidated Cash Flow Statement

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

	Continuing £'000	Discontinued £'000	2006 £'000	2005 restated £'000
Operating (loss)/profit	(6,726)	616	(6,110)	5,265
Amortisation of goodwill	-	-	-	30
Amortisation of deferred gain on asset sold to joint venture	-	-	-	(18)
Depreciation of tangible fixed assets	220	27	247	1,133
Equity settled share based payment transactions	78	-	78	68
Gain on sale of tangible fixed assets	(133)	-	(133)	(9)
Gain on sale of investments	-	-	-	(142)
Decrease in stocks	-	-	-	2,109
Decrease/(increase) in debtors	62	(218)	(156)	(248)
(Decrease)/increase in creditors	(1,263)	575	(688)	357
(Decrease)/increase in other provisions	(162)	30	(132)	(178)
Write off of intangible fixed assets	4,092	-	4,092	-
Impairment provision	-	-	-	(4,851)
Unpaid gas price hedges added to loan	-	-	-	10,856
Impairment borne by finance provider	-	-	-	(10,830)
Net cash inflow from continuing operating activities	(3,832)	1,030	(2,802)	3,542

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

	2006	2005
	£'000	£'000
(Decrease)/increase in cash in the year	(2,772)	1,534
Cash outflow from reduction in debt	8,201	13,727
Impairment borne by finance provider	-	10,830
Unpaid gas price hedges and interest on loan	-	(13,083)
Change in debt resulting from cash flows	5,429	13,008
New finance lease	(38)	-
Movement in net funds/(debt) in period	5,391	13,008
Net debt at start of the year		
Cash at bank and in hand	4,799	3,265
Debts due within one year	(8,201)	(19,675)
	(3,402)	(16,410)
Net funds/(debt) at end of the year	1,989	(3,402)
Represented by:		
Cash at bank and in hand	2,027	4,799
Debts due within one year	-	(8,201)
Finance lease creditor	(38)	-
	1,989	(3,402)

The reduction of debt in the year of £8.2 million comprises the £5.3 million from the sale of RCSL that flowed directly to the finance providers and the cash outflow of £2.9 million, as shown on the Consolidated Cash Flow Statement.

(c) Analysis of net funds/(debt)	At 1 January 2006 £'000	Repaid £'000	Cash £'000	Finance lease £'000	At 31 December 2006 £'000
Cash at bank and in hand	4,799	-	(2,772)	-	2,027
Debt due within one year	(8,201)	8,201	-	-	-
Finance lease creditor	-	-	-	(38)	(38)
	(3,402)	8,201	(2,772)	(38)	1,989

(d) Disposal of RCSL

The Group disposed of Ramco Celtic Sea Limited on 2 February 2006.

	£'000
Tangible fixed assets	9,866
Debtors	1,170
Creditors	(11,364)
	(328)
Loss on disposal	(923)
Cash outflow from disposal	(1,251)

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

13. Tenge Litigation

Following a jury verdict in October 2003, the Texas State Court issued a final judgement on 1 April 2004 against the Company, 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 the Group was considering investment in an oilfield development project in Kazakhstan, which the Group subsequently decided not to pursue.

The Group'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 judgement 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 plaintiffs filed a motion for rehearing the appeal, which was denied by the Fourteenth Texas Court of Appeals in October 2006. In early 2007, the plaintiffs twice petitioned the Texas Supreme Court to review the decision of the Court of Appeals. However, on 20 April 2007 the Texas Supreme Court denied the plaintiffs' petition because it determined that the plaintiffs' petition did not present any error which required reversal. The Directors now consider the case closed.

The provision of £161,000 for legal fees as at 31 December 2005 was fully utilised in the year. The Directors do not consider that a provision is required at the balance sheet date.

14. Post Balance Sheet Events

(a) Group restructuring

On 15 March 2007, the shareholding of Lansdowne was transferred between Ramco subsidiaries in order to better align the Group's structure with its ongoing commercial activities. Prior to this restructuring Ramco Eastern Europe Limited ("REEL") owned 27.45 per cent of Lansdowne and Ramco Oil and Gas Limited ("ROGL") owned 58.80 per cent of Lansdowne. Since 1999, REEL has operated predominantly as an investment company providing services to its subsidiaries.

However, in recent years the structure of this sub-group has changed with all of its subsidiaries either being liquidated or being transferred outwith the REEL sub-group. Consequently, REEL no longer has any meaningful function within the Group, and it is the Directors intention is to place it into liquidation. ROGL will continue with its role but for non-Irish assets only. The desire, therefore, was to move the Lansdowne assets out of the REEL and ROGL sub-groups. These companies transferred their shareholdings in Lansdowne to Ramco Hibernia Limited ("RHL") at a fair value consideration of 59.5p per share. RHL is a wholly owned subsidiary of Ramco Energy plc and became the holder of 17,953,308 ordinary shares, representing 86.25 per cent of the issued share capital of Lansdowne. The ultimate ownership of Lansdowne remained unchanged by these share transactions.

(b) Lansdowne divestment and appointment of Non-Executive Directors

On 26 June 2007 Ramco Hibernia Limited 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. LC Capital Master Fund is currently the holder 4.86 per cent of the share capital of Ramco Energy plc.

Linked to this sale and purchase agreement are the following contractual agreements:

- The Group has granted LC Capital Master Fund an option to purchase their remaining 12,728,308 Lansdowne shares (61.15 per cent) at an exercise price equivalent to the average of the closing price of a share in Lansdowne for the 20 dealing days prior to the date of exercise. The option can be exercised in whole or part and has a three year life from the date of the sale.
- The Group has granted warrants over 5,000,000 ordinary shares in Ramco Energy plc at an exercise price of 14p per share. The warrants have a five year life from the date of the sale.
- LC Capital Master Fund has the right to nominate two Non-Executive Directors to the Board of Ramco Energy plc.
- The Company will use its reasonable endeavours to procure that, subject to approval by the Directors of Lansdowne, a nominee of LC Capital Master Fund will be elected as a Non-Executive Director of Lansdowne.

(c) Sale of Baku office lease

The Group sold the lease over its office in Baku in January 2007 for a gross settlement of \$200,000. The gain on sale was £81,000. The rental income from the office and directly attributable office overheads during 2006 have been included in discontinued operations in the profit and loss account.

15. Comparative information

The comparative financial information is based on statutory accounts for the year ended 31 December 2005. Those accounts, upon which the auditors have issued an unqualified opinion, have been delivered to the Registrar of Companies.

16. Annual Report and Financial Statements

The Annual Report and Financial Statements will be mailed to shareholders shortly and is available from the company's website, www.ramco-plc.com and from Britannia House, Endeavour Drive, Arnhall Business Park, Westhill, Aberdeenshire AB32 6UF.