Press Information

30th September 2005

Ramco Energy plc

(“Ramco or the Company”)

Interim Results for the six months ended 30 June 2005

Ramco, the Aberdeen based oil and gas exploration company, announces interim results for the six months ended 30 June 2005.

Financial Highlights

- Turnover was £7.3m (2004: £25.5m)
- After tax loss of £1.6m (2004: £1.0m)
- Both divisions profitable at the operating level
- On target to be debt free by the end of 2005
- Placing of 3 million shares at 34p each successfully completed in June

Operational Highlights

- Seven Heads production maintained at 4mmscfd
- 3D seismic survey in Bulgaria to commence in November, Ramco substantially carried
- One well anticipated in 2006 in the Donegal Basin, through which Ramco is carried
- Interested parties have tabled offers for Seven Heads and the Oil Services Business

Steve Remp, Chairman of Ramco, commented:

“Having stabilised the business we now have in place a clear turnaround strategy. With negotiations for the disposals of Seven Heads and the Oil Service Business in the final stages, the business is again focussed on exploration: a 3D seismic survey in Bulgaria is due to commence in November and an exploration well on our Irish acreage is targeted for 2006.

We are determined to make Ramco a success and re-capture value for shareholders.”

ENQUIRIES:

Ramco Energy – Aberdeen	01224 352 200
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Steven Bertram, Managing Director	
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Michael Parker	

Chairman's Statement

I am pleased to report that we have taken the first steps in our planned turnaround and we remain on target to achieve our stated goal of being debt free by the end of 2005.

We have been running in parallel the sales processes for our interest in the Seven Heads gas field and our oil service businesses, and a number of interested parties have tabled offers. We are currently in the final stages of our negotiations for their disposal.

Completion of this process will provide the platform from which we will launch a new strategy which the Board believes will allow us to re-capture value for all our stakeholders.

Financial Results

In the first half of 2005 the Group recorded an after tax loss of £1.6 million compared with a loss of £1.0 million in the first half of 2004.

Group turnover was £7.3 million compared with £25.5 million in the first half of 2004. The reduction in turnover is due almost entirely to the lower gas sales under the Seven Heads Gas Sales Agreement.

The Oil and Gas division reported a half year profit of £1.3 million up from £1.2 million in the first six months of 2004. Oil Services recorded a first half profit of £0.9 million the same as in the corresponding period last year.

Group administrative expenses in the first half were £1.0 million up from £0.7 million last year. However, after removing the impact of exceptional administrative expenses of £0.6 million relating to the cost of an aborted transaction announced earlier this year, the trend is strongly downwards £0.4 million compared to £0.7 million last year.

Net interest payable over the first six months was £2.6 million up from £2.2 million in the same period of last year.

The Group loss after tax was £1.6 million compared with £1.0 million in the first half of 2004.
Following the placing of 3 million new shares at 34p each in June 2005, Group cash balances at 30 June 2005 were £5.3 million, of which £2.4 million is ring fenced within the Seven Heads project finance arrangements.

Seven Heads

The gas field continues to perform in accordance with current year expectations and production has been maintained at 4 mmscfd throughout the summer months. Negotiations are in progress with the selected preferred bidder for the Group's 86.5% working interest in the field. It is expected that a sale can be completed before year-end.

Exploration Interests

Ireland

Lundin Exploration BV, the operator of the Donegal Basin acreage, is finalising the detailed planning for the well to be drilled to test the Triassic Inishbeg Prospect. The timing of an exploration well on this block is currently uncertain due to limited rig availability, but it is anticipated that the well will be drilled in 2006. Ramco has entered into a farm-out agreement and will be carried through the costs of the first well, whilst retaining a 19.25% interest.

In the Celtic Sea the extensions to the four Licensing Options in which we have an interest has enabled further technical studies to be undertaken. The results of these studies are scheduled to be available during the last quarter of the year.

Bulgaria

The 570 sq km 3D seismic survey, through which we are substantially carried, is scheduled to commence in November 2005. The field work is expected to be complete during quarter 3 of 2006 and on that basis we would expect interpreted results to be available before the end of 2006.

The interpreted results will form the basis for taking the decision on whether to retain the acreage beyond March 2007, through committing to drilling an exploration well.

Montenegro

After government approvals have been received, the restructuring of our interests announced earlier in the year will give Ramco an option to re-join the acreage offshore Montenegro once the first exploration well has been completed. At that point we will have the opportunity, with the benefit of well results, to reacquire an interest of up to 15% in the acreage.

Oil Services

The first half of the year has seen Oil Services produce results similar to those recorded for the same period last year. Our international operations are ahead of budget with our UK operations slightly below. This is as a result of a slower than expected upturn in activity at our Badentoy facility. The upturn started to materialise late in the second quarter and should continue and allow us to meet our target for the full year. Our Pipeline joint venture at Hartlepool has successfully completed a number of coating contracts and has a strong order book for the balance of the year.

Litigation

The appeal and related proceedings arising from the judgement awarded to Anglo Dutch in the Texas State Court continue. As reported in our preliminary results issued on 30 June 2005, the appeal and the plaintiff's cross-appeal, to the Fourteenth Texas Court of Appeals, were heard in Houston on 26 April 2005 and the court's decision is still awaited. This process may be followed by a further appeal by either party to the Texas Supreme Court.

Proceedings raised by Anglo Dutch in the Court of Session, Edinburgh, with a view to enforcing the Texas judgement in Scotland, were suspended pending the review by the Texas Court of Appeals of an order fixing the amount of a bond which, if lodged by Ramco in Houston, would suspend any enforcement in Texas and elsewhere. The court has now fixed that amount at $5.27 million which gives Ramco the right, without any obligation, to lodge such a bond. While Ramco awaits the Texas Court of Appeals' decision on the appeal and cross-appeal, it will continue to contest the parallel enforcement proceedings in Scotland.

Outlook

The Board feels that much has been achieved in the first half of 2005 in terms of stabilising the Company and setting the scene for the turnaround of Ramco. A clear plan of action was adopted and the results are now beginning to coming through. This is a team with a history of significant successes and a determination to succeed once again.

Ramco Energy plc
Consolidated Profit and Loss Account

	Note	6 months to 30/06/05 unaudited £'000	Restated 6 months to 30/06/04 unaudited £'000	Restated Year to 31/12/04 audited £'000
Turnover - Group and share of joint venture and associates		9,146	27,435	45,568
Less share of joint venture and associates		(1,850)	(1,940)	(3,641)
Group turnover	2	7,296	25,495	41,927
Cost of sales before exceptional items		(10,767)	(23,797)	(45,519)
Exceptional items	3	5,334	-	5,714
Cost of sales after exceptional items		(5,433)	(23,797)	(39,805)
Gross profit		1,863	1,698	2,122
Administrative expenses before exceptional items		(440)	(682)	(1,421)
Exceptional items	4	(605)	-	-
Administrative expenses after exceptional items		(1,045)	(682)	(1,421)
Loss on exchange		(33)	(58)	(103)
Group operating profit		785	958	598
Share of operating profit in joint venture and associates		335	390	681
Profit before interest and taxation		1,120	1,348	1,279
Net interest payable		(2,571)	(2,238)	(4,565)
Loss on ordinary activities before taxation		(1,451)	(890)	(3,286)
Tax on loss on ordinary activities		(100)	(83)	(91)
Retained loss for the financial period	9	(1,551)	(973)	(3,377)
Loss per ordinary share - basic and fully diluted				
On loss for the financial period	5	(5.1)p	(3.2)p	(11.2)p

The results relate to continuing operations.
There is no material difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

Consolidated Statement of Total Recognised Gains and Losses

	6 months to 30/06/05 unaudited £'000	6 months to 30/06/04 unaudited £'000	Year to 31/12/04 audited £'000
Loss for the financial period	(1,551)	(973)	(3,377)
Unrealised translation differences on foreign currency net investments	-	(25)	16
Total recognised losses relating to the period	(1,551)	(998)	(3,361)

Ramco Energy plc
Consolidated Group Balance Sheet

	Note	As at 30/06/05 unaudited £'000	As at 30/06/04 unaudited £'000	As at 31/12/04 audited £'000
Fixed assets				
Intangible assets	6	6,139	5,193	5,906
Producing assets	7	5,254	46,721	5,622
Other fixed assets		10,899	11,385	11,084
Investments				
Share of joint venture's gross assets		1,844	2,242	2,575
Share of joint venture's gross liabilities		(479)	(798)	(1,503)
Share of joint venture's net assets		1,365	1,444	1,072
In associated undertakings		106	58	80
Other fixed asset investments		2	102	2
Total investments		1,473	1,604	1,154
		23,765	64,903	23,766
Current Assets				
Stocks		936	2,337	2,331
Debtors : amounts falling due within one year		3,899	6,361	5,203
Cash at bank and in hand		5,275	5,337	3,265
		10,110	14,035	10,799
Creditors : amounts falling due within one year	8	(24,599)	(25,764)	(24,808)
Net current liabilities		(14,489)	(11,729)	(14,009)
Total assets less current liabilities		9,276	53,174	9,757
Creditors : due after more than one year	8	-	(40,710)	-
Provisions for liabilities and charges		(5,335)	(5,569)	(5,274)
Net assets		3,941	6,895	4,483
Capital and reserves				
Called up share capital		3,314	3,014	3,014
Share premium account		69,294	68,576	68,576
Revaluation reserve		743	801	752
Other reserves		(21)	(62)	(21)
Profit and loss account	9	(69,389)	(65,434)	(67,838)
Equity shareholders' funds	10	3,941	6,895	4,483

Ramco Energy plc
Consolidated Cash Flow Statement

	Note	6 months to 30/06/05 unaudited £'000	6 months to 30/06/04 unaudited £'000	Year to 31/12/04 audited £'000
Net cash inflow from continuing operating activities	11(a)	2,354	5,720	6,728
Returns on investments and servicing of finance				
Interest received		68	187	376
Interest paid		(451)	(1,818)	(3,994)
Net cash outflow from returns on investments and servicing of finance		(383)	(1,631)	(3,618)
Taxation				
Overseas tax paid		(159)	(163)	(170)
Taxation paid		(159)	(163)	(170)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(96)	(39)	(86)
Sale of tangible fixed assets		9	32	54
Oil & gas expenditure - intangible assets		(233)	(657)	(1,370)
Oil & gas expenditure - producing assets		-	(9,812)	(10,202)
Sale of investment		-	-	42
Net cash outflow for capital expenditure and financial investment		(320)	(10,476)	(11,562)
Net cash inflow / (outflow) before financing		1,492	(6,550)	(8,622)
Financing				
(Decrease) / increase in debt		(500)	8,600	8,600
Issue of share capital (net of issue cost of £1,800)		1,018	-	-
Net cash inflow from financing		518	8,600	8,600
Increase / (decrease) in cash	11(b)	2,010	2,050	(22)

Ramco Energy plc
Notes to the Financial Statements

1. Basis of presentation

The interim financial information for the six months ended 30 June 2004 and 30 June 2005 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 2005. The accounting policies are consistent with those set out in the audited accounts for the year ended 31 December 2004. 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 2004 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 Group's current borrowing facilities and ongoing negotiations with its bankers and certain third parties and outstanding litigation proceedings in the United States.

This report relates to the six month period ending 30 June 2005 and was approved by a duly appointed and authorised committee of the Board of Directors on 29 September 2005. It should be read in conjunction with the financial statements for the year ended 31 December 2004. 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

Due to the fall in production of the Seven Heads Gas Field the Directors consider that it is more appropriate to show the hedge costs in cost of sales rather than turnover. The prior periods have been restated to reflect this with no effect on the gross profit or net loss.

2. Segmental Reporting

	Oil & Gas			Oil Services			Total		
		Restated	Restated					Restated	Restated
	6 months to 30/06/05	6 months to 30/06/04	Year to 31/12/04	6 months to 30/06/05	6 months to 30/06/04	Year to 31/12/04	6 months to 30/06/05	6 months to 30/06/04	Year to 31/12/04
	unaudited	unaudited	audited	unaudited	unaudited	audited	unaudited	unaudited	audited
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	3,183	21,062	32,861	5,963	6,373	12,707	9,146	27,435	45,568
Less joint venture and associates	-	-	-	(1,850)	(1,940)	(3,641)	(1,850)	(1,940)	(3,641)
Group turnover	3,183	21,062	32,861	4,113	4,433	9,066	7,296	25,495	41,927
Profit before amounts not allocated to segments :									
Group	1,319	1,155	729	544	543	1,393	1,863	1,698	2,122
Joint venture and associates	-	-	-	335	390	681	335	390	681
	1,319	1,155	729	879	933	2,074	2,198	2,088	2,803
Administrative expenses							(440)	(682)	(1,421)
Administrative expenses - exceptional items - Note 4							(605)	-	-
Loss on exchange							(33)	(58)	(103)
Profit before interest and taxation							1,120	1,348	1,279
Net interest							(2,571)	(2,238)	(4,565)
Loss on ordinary activities before taxation							(1,451)	(890)	(3,286)

Hedge costs associated with the gas price have ben transferred from turnover to cost of sales in the current and comparative periods. There is no net effect on the gross profit or net loss.

3. Exceptional items - Cost of Sales

		6 months to 30/06/05	6 months to 30/06/04	Year to 31/12/04
		unaudited	unaudited	audited
		£'000	£'000	£'000
Impairment provision - Seven Heads		-	9,832	47,698
Impairment borne by finance provider	- capital	-	(9,832)	(48,740)
	- unpaid gas price hedge	(4,744)	-	(2,343)
	- unpaid interest on loan	(1,963)	-	(2,329)
Inventory written down to net realisable value		1,373	-	-
		(5,334)	-	(5,714)

4. Exceptional items - Administrative Expenses

	6 months to 30/06/05 unaudited £'000	6 months to 30/06/04 unaudited £'000	Year to 31/12/04 audited £'000
Professional fees	605	-	-

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

5. Loss Per Share

Basic and fully diluted loss per share
The calculation of basic loss per share is based on the loss for the financial period of £1,551,000 (6 months to 30/06/04 loss £973,000, year to 31/12/04 loss £3,377,000) and 30,260,735 ordinary shares (30/06/04 - 30,144,713 and 31/12/04 - 30,144,713), being the weighted average number of ordinary shares in issue during the period.

6. Intangible Fixed Assets

	6 months 30/06/05 unaudited £'000	6 months 30/06/04 unaudited £'000	Year 31/12/04 audited £'000
Cost :			
Opening balance	5,906	4,536	4,536
Additions	233	657	1,370
Closing balance	6,139	5,193	5,906

7. Producing Assets

Cost	6 months 30/06/05 unaudited £'000	6 months 30/06/04 unaudited £'000	Year 31/12/04 audited £'000
Opening balance	155,809	154,548	154,548
Decommissioning asset	-	-	1,261
Additions	-	741	-
	155,809	155,289	155,809
Depreciation			
Opening balance	150,187	93,478	93,478
Provided during the period	368	5,258	9,011
Impairment	-	9,832	47,698
	150,555	108,568	150,187
Net book value	5,254	46,721	5,622

8. Creditors

Amounts falling due within one year :	6 months to 30/06/05 unaudited £'000	6 months to 30/06/04 unaudited £'000	Year to 31/12/04 audited £'000
Bank loan	19,175	18,000	19,675
Other amounts	5,424	7,764	5,133
	24,599	25,764	24,808
Amounts falling due after one year :			
Bank loan			
Main & mezzanine	67,915	68,542	68,415
Unpaid gas price hedge	7,087	-	2,343
Unpaid interest on loan	4,292	-	2,329
	79,294	68,542	73,087
Less: Impairment borne by non-recourse finance provider	(60,119)	(9,832)	(53,412)
	19,175	58,710	19,675
Amounts falling due within one year	(19,175)	(18,000)	(19,675)
	-	40,710	-

9. Profit and Loss account

	6 months to 30/06/05 unaudited £'000	6 months to 30/06/04 unaudited £'000	Year to 31/12/04 audited £'000
Opening balance	(67,838)	(64,461)	(64,461)
Loss for the period	(1,551)	(973)	(3,377)
Closing balance	(69,389)	(65,434)	(67,838)

10. Reconciliation of Movement in Shareholders' Funds

	6 months to 30/06/05 unaudited £'000	6 months to 30/06/04 unaudited £'000	Year to 31/12/04 audited £'000
Loss for the period	(1,551)	(973)	(3,377)
Other recognised gains and losses relating to the year	-	(25)	16
Issue of ordinary share capital	1,018	-	-
Movement in revaluation	-	-	(41)
Amortisation of deferred gain on asset sold to joint venture	(9)	(9)	(17)
Net change in shareholders' funds	(542)	(1,007)	(3,419)
Opening shareholders' funds	4,483	7,902	7,902
Closing shareholders' funds	3,941	6,895	4,483

11. Notes to Consolidated Cash Flow Statement

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

	6 months to 30/06/05 unaudited £'000	6 months to 30/06/04 unaudited £'000	Year to 31/12/04 audited £'000
Operating profit	785	958	598
Amortisation of goodwill	15	15	30
Depreciation on producing assets	368	5,258	9,011
Impairment provision	-	-	47,698
Unpaid gas price hedges added to loan	4,744	-	2,343
Depreciation on tangible fixed assets	281	319	626
(Gain) / loss on sale of tangible fixed assets	(9)	10	37
Impairment borne by finance provider	(6,707)	-	(53,412)
Amortisation of deferred gain on asset sold to joint venture	(9)	(9)	(17)
Decrease / (increase) in stocks	1,395	(72)	(66)
Decrease in debtors	1,232	1,032	2,448
Increase / (decrease) in creditors	339	(1,761)	(2,446)
(Decrease) / increase in provisions	(80)	103	100
Exchange difference on retranslation	-	(133)	(222)
Net cash inflow from continuing operating activities	2,354	5,720	6,728

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

	6 months to 30/06/05 unaudited £'000	6 months to 30/06/04 unaudited £'000	Year to 31/12/04 audited £'000
Increase / (decrease) in cash	2,010	2,050	(22)
Cash outflow / (inflow) from decrease / (increase) in debt	500	(8,600)	(8,600)
Revaluation of bank loan - exchange difference	-	113	240
Bank loan - impairment borne by non-recourse finance provider	6,707	9,832	53,412
Unpaid gas price hedge and interest on loan	(6,707)	-	(4,672)
Change in net debt resulting from cash flows	2,510	3,395	40,358
Net debt at start of period	(16,410)	(56,768)	(56,768)
Net debt at end of period	(13,900)	(53,373)	(16,410)
Represented by:			
Cash at bank and in hand	5,275	5,337	3,265
Debt due within one year	(19,175)	(18,000)	(19,675)
Debt due after one year	-	(40,710)	-
	(13,900)	(53,373)	(16,410)

The cash balances of £5.3 million above include £2.4 million which is ring fenced within the Seven Heads project finance arrangements.

(c) Analysis of changes in net debt

	At start £'000	Cash flow £'000	At end £'000
Cash at bank	3,265	2,010	5,275
Bank loan	(19,675)	500	(19,175)
	(16,410)	2,510	(13,900)

12. Litigation

The appeal and related proceedings arising from the judgement awarded to Anglo Dutch in the Texas State Court continue. As reported in our preliminary results for 2004 issued on 30 June 2005, the appeal and the plaintiff's cross-appeal, to the Fourteenth Texas Court of Appeals were heard in Houston on 26 April 2005 and the court's decision is still awaited. This process may be followed by a further appeal by either party to the Texas Supreme Court. Proceedings raised by Anglo Dutch in the Court of Session, Edinburgh, with a view to enforcing the Texas judgement in Scotland, were suspended pending the review by the Texas Court of Appeals of an order fixing the amount of a bond which, if lodged by Ramco in Houston, would suspend any enforcement in Texas and elsewhere. The court has now fixed that amount at $5.27 million which gives Ramco the right, without any obligation, to lodge such a bond. While Ramco awaits the Texas Court of Appeals' decision on the appeal and cross-appeal, it will continue to contest the parallel enforcement proceedings in Scotland.

Because of the uncertainty surrounding the range of possible outcomes, the Directors consider it is 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 million (£559,000) was made in 2003. £109,000 was utilised during the first half of 2005 (year to 31/12/04 - £217,000) leaving a remaining provision of £233,000.