Venture Production plc

Interim Report & Accounts

for the six months ended 30 June 2006

19 September 2006

Venture Production plc
('Venture', 'the Company' or 'the Group')
Interim Results for the Six Months Ended 30 June 2006

Venture is a UK independent oil and gas company focused on the UK and Dutch sectors of the North Sea. Venture's strategy involves the acquisition and development of discovered but undeveloped reserves, collectively known as 'stranded' reserves and through operational excellence bringing these reserves into production.

Operational Highlights

- Strong operational performance from all production hubs - in line with expectations
- Record production levels - average production up 80% to 43,572 boepd (first half 2005 - 24,255 boepd)
- 2006/7 UKCS development programme on track - all new wells expected to contribute during 2006 now drilled

Financial Highlights

- Record financial performance driven by higher production levels and realised commodity prices
- Revenue up 230% to £185.4 million (2005 - £56.1 million)
- Pre-tax profit of £97.7 million (2005 - pre-tax loss of £5.9 million)
- Profit for the financial period of £55.9 million (2005 - loss of £2.8 million)
- Operating cashflow £155.5 million (2005 - £3.9 million)
- Total capital expenditure (including acquisitions) of £65.2 million (2005 - £82.3 million) - decrease due to investment timing

Corporate Development and Outlook

- Acquisition of CH4 Energy Limited for £153 million in August - adds a fourth gas focused production hub
- Four additional asset acquisitions to date in 2006 adding 6.8 MMboe of proven and probable reserves
- Formation of a strategic partnership to pursue southern North Sea gas opportunities, North Sea Gas Partners – initial assets acquired by partnership
- Average production guidance for 2006 raised to 41,500 – 43,500 boepd - including contribution from CH4 acquisition

Note: All comparatives are with the first half of 2005

Commenting on the results, Mike Wagstaff, Chief Executive of Venture said:

"During the first half of 2006, Venture delivered record operational and financial performance. All of our production hubs performed strongly and, in aggregate, delivered slightly ahead of expectations. Financially, we are reaping the rewards of our intense North Sea development programme over the last two years. Looking forward we are continuing to invest across our expanded base and our development programme remains on track to deliver continued growth through 2006 and beyond.

Venture is progressing through a repeated cycle of investment and production growth which will deliver cashflow and earnings generation irrespective of commodity price volatility. We have assembled a deep inventory for development over the next three years, combined with asset and corporate acquisitions such as the recent CH4 deal, will provide a platform for sustained growth for the foreseeable future."

Enquiries:

VENTURE PRODUCTION plc 01224 619 000
Mike Wagstaff, Chief Executive
Marie-Louise Clayton, Finance Director

BRUNSWICK GROUP 020 7404 5959
Patrick Handley
Chris Blundell

Chairman and Chief Executive's Statement

The first half of 2006 saw Venture deliver the full benefits of its North Sea development programme, which commenced in 2004, leading to record operational and financial performance. All three of our production hubs performed strongly and, in aggregate, delivered production slightly ahead of our expectations.

We have seen the continued benefits of the strong growth and diversification of our portfolio over recent years. Following the acquisition of CH4 Energy Limited ('CH4'), Venture now has interests in a total of 16 producing oil and gas fields, of which we operate 13. In the current market of scarce resources, we are seeing tangible benefits from our operatorship led strategy. Our early recognition of the tightening market conditions lead us to develop strategic partnerships with key contractors, which have not only ensured Venture's ability to deliver a substantial and complex development programme, but have also enabled us to respond quickly and effectively to the inevitable unplanned operational issues that arise in offshore operations. These partnerships, plus the strengthening and deepening of the senior management team, have also allowed us to create and seize new business development opportunities.

Average daily production for the first half of the year increased by 80% to 43,572 boepd (2005 - 24,255 boepd). Revenue increased by 230% to £185.4 million (2005 - £56.1 million) due to increased production volumes and higher realised commodity prices. Financial performance and costs were in line with expectations and resulted in a pre-tax profit of £97.7 million (2005 - a loss of £5.9 million) and profit after tax of £55.9 million (2005 - a loss of £2.8 million).

We have also seen a transformation in the cashflow generation of Venture's business during 2006. During the first half of the year, operating cashflow totalled £155.5 million, (2005 - £3.9 million). The operating cashflow generated in the first six months of 2006 is 79% greater than for the whole of 2005.

Operational Highlights

At 30 June 2006, Venture had interests in a total of 31 oil and gas fields. Of these, 11 were in production, four were under near term development and 16 were medium term development candidates. These fields are located in the three discrete production hubs, 'A' Fields, 'Trees' and the Greater Kittiwake Area ('GKA').

In addition, as a result of the recently completed CH4 acquisition, Venture has acquired interests in a further three producing gas fields and one gas field under development. The CH4 acquisition has also added a fourth production hub to Venture's business, the Greater Markham Area ('GMA'), and makes Venture one of the largest UK independent gas producers.

Average net daily production for the first six months of 2006 was 43,572 boepd, an increase of 80% over the comparable period last year. This was a result of new field developments coming on stream, combined with good reservoir performance supported by high levels of production facilities uptime.

During the first half of 2006, Venture continued its development programme across the business. The Company drilled and completed five wells and Field Development Plan ('FDP') approval was received for two new fields, Goosander (which came on stream in August 2006) and Mimas (which is expected to be brought on stream before the year end).

'A' Fields

Strong production performance has continued from Venture's southern North Sea ('SNS') 'A' Fields gas production hub. During the first half of 2006 the 'A' Fields produced at an average rate of 27,556 boepd, or 63% of the Group total (2005 - 12,546 boepd and 52%). This increase in production was principally the result of contributions for a full period from Annabel (Venture - 100% owned) and the Saturn Unit (Venture - 22%), both of which came on stream during 2005.

In the first half of 2006 we successfully completed drilling an in-fill well on the Ann field (Venture - 100%), which was brought into production in April. In the ConocoPhillips operated Saturn Unit (Venture - 22%) the third production well was successfully drilled and brought on stream in June. Additionally, a well has been successfully drilled into the Rhea structure in the southern portion of the Saturn Unit area. The well has been completed and tested at a gross flow rate in excess of 100 MMcfpd and is expected to be brought on stream shortly. In May, FDP approval was received for development of the Mimas field (Venture - 15%) as a satellite to Saturn. Mimas is being developed utilising a single production well drilled from a minimum facilities platform, which was installed in early July. The Mimas field is expected to come on stream in late 2006.

Operated SNS drilling activities are expected to re-commence in late September with the arrival of the Noble Julie Robertson ('NJR') jack-up drilling rig on a two year contract to Venture. The first well to be drilled using the NJR is anticipated to be an appraisal well on the Ensign field (Venture - 100%), a large undeveloped gas discovery acquired during 2005.

Greater Kittiwake Area ('GKA')

The GKA production hub (Venture operated - 50%) contributed 5,387 boepd, or 12.5% of the Group total during the period (2005 - 3,612 boepd or 15%). This increase was driven by the contribution of Gadwall for a full period, the impact of the new Mallard water injection well drilled in the second half of 2005 and the subsequent start-up of the Mallard producer in April 2006. Strong production performance from GKA during the first half of 2006 was partially offset by an anchor dragging incident involving the Gadwall/Mallard pipeline in February, which led to both fields being shut-in for a period of six weeks. Calling upon our strategic partnerships with contractors enabled a rapid restoration of production and a permanent solution to the problem completed in early July. Both fields have now been restored to full production potential.

The first half of 2006 has also been a period of intense development activity on GKA. During February, the Gadwall water injection well was completed and, in July, drilling of a second water injection well on the Mallard field commenced. This latest

GKA well has been successfully drilled and is currently being completed. In January, FDP approval for the Goosander field was received. The Goosander production well was completed and tested in April, the sub-sea flowline bundle installed in June and the field brought on stream in early August. Successful completion of the Goosander project represents an important development milestone for Venture and was brought on stream, within budget and almost four weeks ahead of schedule.

During the period, we have seen operational benefits from the replacement of the Kittiwake loading buoy ('KLB') with a new single anchor loading ('SAL') system in 2005. During the first half of the year, work has continued in evaluating long term export options to replace the GKA storage and export tanker, which will reach the end of its life during 2007.

Trees

During the first half of 2006, the Trees production hub (Venture - 100%) produced at an average rate of 10,629 boepd or 24.5% of total Group production (6,914 boepd or 28% during 2005). Overall, this increase in production is primarily driven by a full period's contribution during 2006 and the contribution from the south Sycamore production well. The central Sycamore water injection well, SW-2, was completed in November 2005 and brought on stream in January. Production from the south Sycamore production well, which was drilled in late 2005, was steady during the period and reservoir data from the initial period will be used to determine whether water injection support is required. While water injection into SW-2 has been continuing since the start of the year, we have not yet sufficiently repressurised the reservoir around the production well (SP-2) to allow this well to be brought back on stream. Resumption of production is expected later in the year. A second central Sycamore water injection well, SW-1, was drilled early this year and encountered disappointing quality reservoir. This well has been suspended pending further evaluation.

An exploration well to test the Ash prospect (Venture - 100%) in the south of the Trees block 16/12a is to be drilled as an extended reach well from the Tiffany platform. This well is expected to commence around the end of the third quarter, with results anticipated around year end.

Other Central North Sea

Development activity continued on the Chestnut field (Venture operated - 69.875%) during the first half of the year. The Chestnut water injection well was successfully drilled and completed in May and construction has commenced on the Sevan Marine SSP 300 floating production unit at the shipyard in China. The project is on track for first oil production during the second half of 2007.

On the Pilot heavy oil field (Venture operated - 70.37%), subject to regulatory approval, Venture is planning to drill an appraisal well utilising a geotechnical survey drillship rather than a conventional mobile drilling unit. Delays in availability of this drillship from other users mean that it will not be possible to drill this well during the 2006 weather window and it is now anticipated that it will be drilled in Spring 2007. During the period Venture increased its interest with the acquisition of an additional

stake in the field from one of its partners. In addition, dependant on the results of the Pilot appraisal well, a second well will be drilled to appraise the 28/2-1 discovery in the adjoining block 28/2 (Venture - 100%), acreage that was awarded to Venture in the 23rd UKCS Licensing Round in 2005.

On block 28/5a (Venture - 13.04%), BG has farmed-in to drill an exploration well later in the year. The well will target a medium risk prospect with potential gross reserves of up to 25 MMboe. During the first half of 2006, Venture agreed to farm-in to 'Moonraker' exploration prospects located in block 14/28b by paying a higher share of well costs to earn a 20% interest in the prospect. The well was drilled in August at a net cost of £2.0 million, but the reservoir encountered was water bearing and the well has subsequently been abandoned.

Corporate and Business Development

During 2006, we have taken significant steps to build Venture's long term sustainable growth prospects. Against a background of buoyant commodity prices, the competitive market for acquisitions continued during the first six months of 2006, with acquisitions of producing North Sea assets commanding record prices. Venture's proven ability to bring undeveloped 'stranded' discoveries into production gives it the flexibility to acquire assets across a wide range of development maturities.

During the first half of 2006 Venture continued to develop the project inventory that was acquired in 2004 and 2005. In addition, we worked on several transactions designed to increase working interests in and around ongoing developments. To date in 2006 four such asset acquisitions have been made.

In early April, Venture announced the acquisition of an additional interest in blocks 21/27a (including the Pilot heavy oil discovery) and 21/27b for a nominal cash consideration. Following exercise of pre-emption rights by existing field partners, this acquisition took Venture's stake in the Pilot field from 47.5% to 70.4% ahead of the planned drilling of a further appraisal well to confirm the recoverable reserves of this Venture operated field.

In August 2006, Venture reached agreement for the acquisition of further interests in blocks 21/20a (excluding the Cook field area), containing the undeveloped Bligh gas condensate discovery, and 21/20b, containing the undeveloped Christian oil discovery. These undeveloped discoveries are located immediately to the east of GKA and are both candidates for tie back to the Kittiwake platform, with Christian likely to be prioritised for development into production by 2010. Under the terms of an 'area of mutual interest' agreement put in place at the time of the original GKA acquisition, Venture has subsequently sold down 50% of its total acquired Christian and Bligh interests to its GKA partner, Dana Petroleum, and upon legal completion, anticipated early in the fourth quarter, Venture will have working interests of 20.67% in block 21/20a (Bligh) and 50% and operatorship of block 21/20b (Christian). The net cash inflow to Venture arising from these transactions will amount to approximately £0.5 million.

Also in August 2006, Venture agreed to farm in to block 22/22c to operate the drilling of an appraisal well into the Millburn oil discovery adjacent to the Selkirk discovery (Venture - 31.5%). The well will be designed for completion as a future producer and Venture will fund 100% of the well cost to earn a 70% interest in the Millburn block.

In addition, at a more strategic level, Venture has created an innovative new partnership targeting southern North Sea gas assets. In mid-April, we announced the formation of North Sea Gas Partners Limited ('NSGP'), a joint venture company between Venture and three financial institutions to pursue jointly large scale southern North Sea acquisition and development opportunities. Venture will provide 33.3% of the total $300 million commitments to the company and will typically also have a direct interest of between 25% and 45% in any assets in which the partnership invests. This will result in an effective economic interest in NSGP assets of between 50% and 65% net to Venture. Venture has recently announced the acquisition by NSGP of interests in two gas discoveries (Ensign and Amanda) and the Agatha exploration prospect from Venture. These transactions will reduce our net interests in Ensign to 50.0% and in Amanda and Agatha to 66.67% ahead of drilling on all three during late 2006 and 2007.

Venture has also continued to take steps to ensure its ability to deliver future business in a very tight market for oilfield and equipment services. In June, we announced we had entered into two long term drilling contracts with Noble Corporation (‘Noble’). Firstly, Venture extended its existing contract on the Noble Ton van Langeveld (‘NTvL’) semi-submersible drilling unit for a further 12 months, jointly with BG, from the second quarter of 2008. Venture also entered into an agreement with Noble for the delivery of a new-build heavy-duty harsh environment ('HDHE') jack-up drilling rig which will be designed to operate across the vast majority of Venture's asset portfolio, in both the southern and central North Sea. The new rig is expected to come into service during the first half of 2009 for an initial two year commitment. These contracts will give Venture access to high quality drilling capacity to support its development programme into 2011.

In August, Venture announced the acquisition of CH4, a privately owned UK E&P company focusing on gas in the SNS, for a total of €224 million (£153 million). This represents the largest acquisition in Venture’s history and will add a second SNS gas production hub to our business. CH4’s operations are focused around the median line between the Dutch and UK sectors of the North Sea and its principal assets consist of a 37.5% operated unitised interest in the Markham gas field and a 95% operated interest in the Chiswick gas field, which is due on stream during the first quarter of 2007. The acquisition of CH4 will add 30.7 MMboe of proven and probable reserves, an increase of 19% on year end 2005 reserves, and CH4 is anticipated to add a similar percentage production increment to 2007 annual production once Chiswick is on stream. Since acquisition, progress on the two principal projects in CH4’s portfolio, the Markham compression tower (“CT”) and Chiswick field development, has progressed according to plan. Both platforms have been successfully installed and the jack-up rig to drill the first Chiswick production well is scheduled to arrive later in the year. The acquisition of CH4 represents an excellent fit with Venture’s business and will establish Venture as one of the largest independent UK natural gas production companies.

The consideration for the acquisition, which included €16.5 million of working capital, was satisfied by €123.5 million in cash and the issue of 9.05 million new ordinary shares (representing 7% of the total enlarged share capital of Venture). We welcome CH4's former shareholders, consisting of 3i Group plc, Trust Company of the West and management, as significant new investors in Venture.

Board Development

In 2006, we have been delighted to welcome two new non-executive directors to Venture's Board, Tom Ehret and Tom Blades. Tom Ehret is Chief Executive Officer of Acergy, a leading offshore contractor to the oil and gas industry. Tom Blades is Chief Executive Officer of Choren Industries, a German technology company which is a world leader in the conversion of biomass to synthetic liquid fuels. Messrs Blades and Ehret will both bring invaluable experience from their hands-on management of rapid growth in differing corporate situations.

David Morrison, who was a Board member since 1999, decided not to stand for re-election and stepped down from the Board in April. The Board would like to express its thanks to David for his important contribution to the growth of the Company during the time he has been a member of the Board.

Financial Highlights

Revenue for the period was £185.4 million (2005 - £56.1 million), an increase of 230% over the comparable period in 2005. This was a result of the increase in sales volumes of 17,010 boepd and substantially higher effective realised prices. Natural gas accounted for 67% of total sales volume with an effective realised price of £24.96/boe. The effective realised price of oil was £29.47/bbl. Across all sales, this resulted in an average effective realised price of £26.33/boe - an increase of 87% over 2005. This increase has been driven by higher global commodity prices and a substantially higher proportion of oil production that is sold at market prices. For the first half of the year, 30% of oil production was hedged, the majority of which was attributable to the below market value hedges put in place in the 2003/4 period, resulting in an average hedged price of $25.46/bbl. In the second half of the year the impact of these below market value hedges reduces considerably to affect less than 10% of production and, price wise, is offset by higher value hedges giving an average second half hedged price of $39.23/bbl.

Key Statistics	**First Half 2006 £/boe**	**First Half 2005 £/boe**
Effective realised price	26.33	14.09
Lifting costs	4.20	6.10
Depreciation, depletion and amortisation	5.36	3.67
Administrative expenses	1.00	1.02

Operating profit for the period was £101.2 million, a nine fold increase over 2005, (2005 - £10.7 million). This reflects the increase in production leading to economies of scale on an operational basis. On a unit basis, the lifting costs for the first half have reduced by 31%, however these remain subject to continuing cost pressure.

As anticipated, on a unit basis, the charge for depreciation, depletion and amortisation ('DD&A') has increased by 46% from the first half of 2005 to £5.36/boe. This increase reflects the transfer of development costs to the depreciable pool as a number of major development projects were brought on stream. Additionally, as a result of the review of our DD&A calculations and decommissioning provision estimates completed in the first half of the year, the DD&A rates applied to high producing fields have increased. This has added to the overall increase in the DD&A charge for the first half of 2006. Following the review of estimates, the decommissioning provision has been increased by £0.7 million. DD&A calculations are now based on budgeted capital expenditure and proven and probable reserves, which is more consistent with industry practice.

Administrative expenses have increased on a gross basis as a result of IFRS 2 charges (share based payments) relating to new schemes, an associated increase in National Insurance contribution ('NIC') accrual due to share price movements and underlying business growth. On a unit basis they have declined by 2%, despite the higher staff costs. A non-cash loss on foreign exchange is recorded as a result of the movement in GBP/USD exchange rates on opening and closing dollar debtors and overlift balances.

Interest charges were in line with expectations at £4.7 million (2005 - £4.7 million).

Profit before taxation for the first half of the year was £97.7 million with a taxation charge of 43%. The increase in Supplementary Charge rate of 10% has not been applied to the half year numbers as the legislation was not fully enacted. However, the full year results will be taxed at a Corporation Tax rate of 30% and Supplementary Charge rate of 20%. It should be noted that the tax charge for the period is entirely deferred and Venture does not anticipate paying Corporation Tax until 2007.

Profit after taxation for the first six months of 2006 was £55.9 million (2005 – loss £2.8 million), £58.7 million higher than that for the same period last year. This resulted in fully diluted earnings per share of 41.8p compared with a loss of 2.3p/share in 2005. No account has been taken of the acquisition of CH4 in the first half of 2006, as the transaction occurred after the end of the reporting period.

The net cash generated from operating activities was £149.4 million (2005 £1.6 million). This was utilised by acquisition and capital expenditure of £65.2 million (2005 £82.3 million). In addition, during the first half of 2006 the Company purchased its own shares to be held in treasury at a cost of £11.2 million, paid £5.1 million to the employee benefit trust ('EBT') and repaid bank debt of £30.5 million, leaving a net increase in cash balances of £37.6 million. The Company's share acquisition programme has been implemented to meet obligations under the staff incentive schemes.

The Group had fixed tangible assets of £469.5 million (2005 - £335.9 million) reflecting continuing field development activity over this period.

The deferred tax liability has increased from £47.0 million at 31 December 2005 to £94.8 million in 2006 mainly due to the profits made in the period.

The balance sheet now reflects a net current asset position of £48.4 million (31 December 2005 £5.7 million net current liabilities). This is due to the Company's cash position and the unwinding of the IAS 39 fair value of derivative financial instruments from £42.9 million at 31 December 2005 to £10.5 million at 30 June 2006. The provision reduces as the volumes hedged and the proportion of production hedged at below market prices diminish.

Outlook and Summary

Current production levels after the summer shutdowns and new field tie-ins have been restored to approximately 50,000 boepd and remain in line with expectations. As a result, our average production guidance for the full year has been raised to 41,500 - 43,500 boepd, including the contribution from the newly acquired CH4 assets, representing a 39 to 46% increase over 2005.

Overall, the first half of 2006 represents a period of record operating and financial performance. Due to the rolling off of Venture's below current market oil price hedges, we anticipate further increases in average realised commodity prices at current market levels during the remainder of 2006 and for 2007. 2006 has also seen substantial growth for Venture, which is expected to continue through the remainder of the year and beyond. With a broad and diversified asset base, an exciting development programme and favourable commodity price environment, we remain confident of the outlook for Venture's business.

John Morgan	**Mike Wagstaff**
Chairman	**Chief Executive**

19 September 2006

Independent review report to Venture Production plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2006 which comprises the consolidated interim balance sheet as at 30 June 2006 and the related consolidated interim statements of income, cash flows and recognised income and expense for the six months then ended and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This interim report has been prepared in accordance with the International Accounting Standard 34, 'Interim financial reporting'.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006.

PricewaterhouseCoopers LLP
Chartered Accountants
Aberdeen
18 September 2006

Condensed Group Income Statement
For the six months ended 30 June 2006

		Six months ended		Year ended
	Note	30 June 2006 Unaudited £000	30 June 2005 Unaudited £000	31 December 2005 Audited £000
Revenue	2	**185,376**	**56,097**	164,103
Cost of sales		**(75,602)**	**(45,029)**	(85,723)
Gross profit	3	**109,774**	**11,068**	78,380
Administrative expenses		**(7,932)**	**(4,459)**	(10,561)
Loss on foreign exchange		**(941)**	**(5,967)**	(1,552)
Gain on disposal of foreign subsidiaries		**-**	**-**	438
Other operating income		**253**	**10,079**	6,801
Operating profit	2	**101,154**	**10,721**	73,506
Finance income		**783**	**652**	1,424
Finance expense		**(4,668)**	**(4,688)**	(12,594)
Change in fair value of derivative financial instruments	4	**-**	**(12,588)**	(6,487)
Share of profit of associate	7	**403**	**-**	-
Profit/(loss) before taxation		**97,672**	**(5,903)**	55,849
Taxation	5	**(41,777)**	**3,096**	(24,751)
Profit/(loss) for the financial period		**55,895**	**(2,807)**	31,098
Earnings per ordinary share				
Basic Earnings per Share	6	**45.7p**	**(2.3)p**	25.3p
Diluted Earnings per Share	6	**41.8p**	**(2.3)p**	23.9p

All items dealt with in arriving at the profit for the period relate to continuing activities.

Condensed Group Statement of Recognised Income and Expense
For the six months ended 30 June 2006

	Six months ended		Year ended
	30 June 2006 Unaudited £000	30 June 2005 Unaudited £000	31 December 2005 Audited £000
Profit/(loss) for the financial period	**55,895**	**(2,807)**	31,098
Cash flow hedges:			
- fair value losses net of tax	**(3,328)**	**19,368**	(22,383)
- reclassified and reported in net profit	**(12,741)**	**(7,042)**	38,669
Total recognised income for the period	**39,826**	**9,519**	47,384

Condensed Group Balance Sheet
As at 30 June 2006

		Six months ended		Year ended
		30 June 2006	30 June 2005	31 December 2005
		Unaudited	Unaudited	Audited
	Note	£000	£000	£000
Assets				
Non-current assets				
Property, plant and equipment	8	469,534	335,909	441,403
Investments accounted for using the equity method		5,919	-	5,516
Convertible loan notes receivable		5,805	-	5,805
Derivative financial instruments		398	-	-
		481,656	335,909	452,724
Current assets				
Inventories		5,018	2,923	2,120
Trade and other receivables		52,078	62,357	83,818
Assets held for sale		-	21,908	-
Derivative financial instruments		5,789	-	-
Cash and cash equivalents		50,785	6,106	13,153
		113,670	93,294	99,091
Liabilities				
Current liabilities				
Trade and other payables		49,023	49,902	61,770
Assets held for sale		-	5,028	-
Derivative financial instruments		16,254	58,693	42,953
Income taxes payable		-	-	44
		65,277	113,623	104,767
Net current assets/(liabilities)		48,393	(20,329)	(5,676)
Non-current liabilities				
Financial liabilities - borrowings		172,120	150,566	201,825
Deferred tax liabilities		94,812	12,643	46,953
Derivative financial instruments		-	12,833	-
Other non-current liabilities		11,933	5,700	11,933
Provisions		55,215	52,144	52,505
		334,080	233,886	313,216
Net assets		195,969	81,694	133,832
Shareholders' equity				
Called up share capital	9	498	490	497
Share premium	9	105,083	103,279	104,906
Other reserves	9	2,514	(31,340)	(14,741)
Retained earnings	9	87,874	9,265	43,170
Total shareholders' equity		195,969	81,694	133,832

Condensed Group Cashflow Statement
For the six months ended 30 June 2006

	Notes	Six months ended 30 June 2006 Unaudited £000	Six months ended 30 June 2005 Unaudited £000	Year ended 31 December 2005 Audited £000
Cashflows from operating activities				
Operating cashflow	10	**155,476**	**3,891**	86,848
Interest received		**783**	**652**	1,400
Interest paid		**(6,894)**	**(2,843)**	(11,159)
Tax received/(paid)		**51**	**(75)**	615
Net cash generated from operating activities		**149,416**	**1,625**	77,704
Cashflow from investing activities				
Purchase of property, plant and equipment		**(65,169)**	**(82,258)**	(207,886)
Proceeds from disposal of foreign subsidiaries (net of cash disposed)		**-**	**-**	2,727
Additional investment in associate		**-**	**-**	(892)
Net cash used in investing activities		**(65,169)**	**(82,258)**	(206,051)
Cashflow from financing activities				
Shares acquired by Employee Benefit Trust		**(5,065)**	**-**	(1,100)
Purchase of treasury shares		**(11,191)**	**-**	-
(Repayments)/Proceeds from borrowings		**(30,537)**	**86,067**	108,740
Proceeds from convertible bond issue		**-**	**-**	28,346
Proceeds from exercise of share options		**178**	**95**	1,759
Net cash (used in)/from financing activities		**(46,615)**	**86,162**	137,745
Net increase in cash and cash equivalents		**37,632**	**5,529**	9,398
Opening cash and cash equivalents		**13,153**	**3,755**	3,755
Translation difference		-	(121)	-
Closing cash and cash equivalents		**50,785**	**9,163**	13,153

Closing cash and cash equivalents at 30 June 2005 include £3,057,000 classified under Assets Held for Sale on the Balance Sheet.

Notes to the Interim Accounts
For the six months ended 30 June 2006

1. Accounting policies for the six months ended 30 June 2006

Basis of preparation

The interim financial statements for the six months ended 30 June 2006 have been prepared in accordance with IAS 34. The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2005.

New standards, amendments to standards and interpretations, which are applicable for the financial year ending 31 December 2006, have had no impact on the accounting policies.

The comparative figures for the year ended 31 December 2005 do not constitute statutory financial statements for the purpose of Section 240 of the Companies Act 1985. They have been extracted from the Company's published accounts, a copy of which has been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain a statement under either Section 237(2) or (3) of the Companies Act 1985. These financial statements should be read in conjunction with the 2005 financial statements.

Property, Plant and Equipment

During the period the Group carried out a review of its depreciation, depletion and amortisation ('DD&A') policy and decommissioning estimates. As a result of these reviews the following changes have been made:

The basis of calculation of DD&A has been changed to bring the Group into line with other companies of similar maturity in the sector. The calculation is now based on budgeted capital expenditure and proven and probable reserves, as opposed to actual capital expenditure and proven reserves, previously applied. This has resulted in an increase in the charge for the period of £7.2 million.

Decommissioning estimates have been reviewed and revised in the period, as a result of which the decommissioning provision has been increased by £0.7m.

2. Segmental reporting

Following the disposal of the Trinidadian operations in December 2005, the following changes to business segment boundaries have been made. Geographic segments are no longer appropriate as the Group is organised for management reporting purposes into two principal divisions, crude oil and natural gas, and its reportable segments are now based on this structure.

Oil business segment

The oil segment comprises of all activities connected with the Group's oil assets, which consist of the Trees and GKA hubs.

Gas business segment

The gas segment consists of all activities connected with the Group's gas assets, currently the 'A' Fields.

	Six months ended		Year ended
	30 June 2006 Unaudited £000	**30 June 2005 Unaudited £000**	**31 December 2005 Audited £000**
Revenue			
Oil	60,583	35,997	46,589
Gas	123,991	16,435	107,643
Total	184,574	52,432	154,232
Operating Profit			
Oil	27,152	9,797	65,538
Gas	80,567	11,240	27,201
Total	107,719	21,037	92,739

Reconciliation of total segment result to operating profit:

	Six months ended		Year ended
	30 June 2006 Unaudited	**30 June 2005 Unaudited**	**31 December 2005 Audited**
Segment result	**107,719**	**21,037**	**92,739**
Trinidadian operations	-	-	5,731
Unallocated corporate activities	(6,565)	(10,316)	(24,964)
Operating Profit	**101,154**	**10,721**	**73,506**

3. Gross profit

The following items have been included in arriving at gross profit:

	Six months ended		Year ended
	30 June 2006 Unaudited £000	**30 June 2005 Unaudited £000**	**31 December 2005 Audited £000**
Over/(under)lift	**153**	**45**	(7,966)
Operating expenses	**31,911**	**21,097**	45,742
Well workover expenses	**1,217**	**3,915**	1,228
Depreciation, depletion and amortisation	**42,282**	**16,098**	44,314

4. Change in fair value of derivative financial instruments

In 2006 all derivative financial instruments qualified for hedge accounting under IAS 39. In 2005 the change in fair value of derivative financial instruments is the effect of the movement of the market values of hedge contracts that do not qualify for hedge accounting under IAS 39.

5. Taxation

In respect of the Group's UK operations, tax has been calculated based on a rate of 30% plus the Supplementary Tax of 10% (2005: 30% plus 10% Supplementary). The effective tax rate for 2006 is 43% compared with 42% for the year to 31 December 2005. It should be noted that this tax charge is all deferred as a result of the Group's tax position in the UK.

On 19 July 2006, a further Supplementary Tax of 10% was enacted, which has not been adopted at 30 June 2006. Were this rate to be adopted, the current year tax charge would be increased by £11.0 million and the opening deferred tax balance would be increased by £14.0 million.

6. Earnings per ordinary share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, excluding shares held in treasury and those held in the employee benefit trust. For diluted earnings per share, the weighted average number of ordinary shares in issue during the year is adjusted to assume conversion of all dilutive potential ordinary shares.

The calculation of earnings per ordinary share shown is based upon the following:

	Six months ended		**Year ended**
	30 June 2006 Unaudited	**30 June 2005 Unaudited**	**31 December 2005 Audited**
	£000	**£000**	**£000**
Profit/(Loss) for the period	**55,895**	**(2,807)**	31,098
Weighted average number of ordinary shares for the period			
- Basic (thousand)	**122,362**	**122,283**	123,004
- Diluted (thousand)	**134,602**	**122,283**	131,232
Earnings per share			
- Basic	**45.7p**	**(2.3)p**	25.3p
- Diluted	**41.8p**	**(2.3)p**	23.9p

7. Share of profit of associate

The income from interest in the associated undertakings of £402,520 is the Group's share of the results of Ten Degrees North Energy Limited after tax.

8. Capital expenditure

Capital expenditure during the period amounted to £68.5 million and mainly related to the Goosander, Sycamore and Chestnut developments.

9. Reserves

During the period the Company transferred £5.1 million to the employee benefit trust, which was used to purchase ordinary shares in the market. In addition, the Company purchased 1,785,780 ordinary shares at a cost of £11.2 million to be held in treasury.

The Company issued 111,105 ordinary shares at a nominal value of 0.4p each in settlement of share options being exercised, generating proceeds of £0.1 million.

10. Cashflow from operating activities

	Six months ended		Year ended
	30 June 2006 Unaudited	**30 June 2005 Unaudited**	**31 December 2005 Audited**
Cashflow from operating activities	**£000**	**£000**	**£000**
Operating profit	**101,154**	**10,721**	73,506
Depreciation charge	**42,282**	**16,098**	44,314
Gain from sale of Trinidad	**-**	**-**	(438)
Share-based transactions	**4,049**	**1,887**	6,722
Other non cash movements	**-**	**221**	-
Changes in working capital:			
- Inventories	**(2,898)**	**(2,002)**	(1,249)
- Trade and other receivables	**32,911**	**(33,840)**	(78,496)
- Trade and other payables	**(22,022)**	**10,806**	42,489
Operating cashflow	**155,476**	**3,891**	**86,848**

11. Contingent liabilities and assets

The Company has provided credit guarantees totalling £7.3 million for decommissioning security for assets in the North Sea.

Outstanding insurance claims at 30 June 2006 amounted to £7.5 million, of which £4.3 million relates to repair costs which have been recognised in the period.

Included in Other operating income at 30 June 2005 is £10.0 million for an agreed insurance claim relating to the Brae Riser.

12. Subsequent events

On 2 August 2006, Venture Production plc acquired the entire share capital of CH4 Energy Limited. The acquisition includes assets in the southern North Sea gas basin, a manned platform in the Dutch North Sea sector and an onshore

operating base near Amsterdam. Total consideration for the acquisition was €224 million (approximately £153.2 million), which was satisfied in cash and shares.

On 18 April 2006, the Group announced the formation of a strategic partnership with a group of investors known as North Sea Gas Partners Limited ('NSGP'). Venture Production (North Sea Developments) Limited ('VPNSD') will provide 33.3% of the total commitments to the partnership, being $100 million. At 30 June 2006 there were minimal costs incurred. Subsequent to 30 June 2006, VPNSD sold 75% of its 100% share in the Ensign field to NSGP at a net book value of £7.3 million resulting in no gain or loss.

13. Related party transactions

Intra-group related party transactions, which are eliminated on consolidation, are not required to be disclosed in accordance with IAS 24.

No transactions occurred with TDNEL during the period.

14. Capital commitments

At 30 June 2006 the Group had capital commitments of £52.0 million relating to capital equipment expenditure.

Glossary

bbl	barrel
Bcf	billions of cubic feet
boe	barrels of oil equivalent
boepd	barrels of oil equivalent per day
bopd	barrels of oil per day
MMcfpd	millions of cubic feet per day
MMboe	millions of barrels of oil equivalent
CNS	Central North Sea
GKA	Greater Kittiwake Area
SNS	Southern North Sea

Lifting costs are defined as: Royalty costs, Production Expense, Workover and Projects, Transport and Process costs and General Lease expenses.

Effective Realised Price is defined as: Revenue divided by Sales Volume

Note: 6 Mcf = 1 boe

Venture Production plc	Kings Close 62 Huntly Street Aberdeen AB10 1RS
Telephone	+(44) 1224 619 000
Fax	+(44) 1224 658 151
Website	www.vpc.co.uk
Email	enquiries@vpc.co.uk
Registered Office	34 Albyn Place Aberdeen AB10 1FW
Registered Number	169182 (Scotland)