

Sound Oil plc
("Sound Oil" or the "Company")

Unaudited interim results for the six months ended 30 June 2006

Sound Oil plc, the upstream oil and gas company with assets in Indonesia, announces its unaudited interim results for the six month period ended 30 June 2006.

Highlights

- Successful merger with Mitra Energia, a private Indonesian oil and gas company which has exploration and development acreage in Java and Kalimantan, Indonesia
- Kalimantan plan of development approved by Indonesian Government
- First exploration well due around year end
- Cash balance of £10.3 million as at 30 June 2006 and £10.7 million (net of expenses) of equity finance raised through a share placing approved by the EGM in July 2006, to assure financial resources required for program of exploration wells and the development of Kerendan gas field
- Portfolio consists of 34% working interest in the Bangkanai PSC which includes the Kerendan gas field in Kalimantan, Indonesia, and a 20% working interest in the Citarurm PSC in Java, Indonesia
- Loss of £441,000 for the period to 30 June 2006, reflecting the pre-merger and production phase of the Company

Commenting on the results, Gerry Orbell Chairman of Sound Oil said:

"The first six months of 2006 have been eventful and very successful for Sound Oil. We are now in the position where we have an excellent portfolio of interests and the funds to exploit it. We are pushing ahead with the development of the Kerendan gas field and with the exploration opportunities available to the enlarged group in Java and Kalimantan. We expect to drill our first well in Java, Pasundan 1, in December of this year."

Further information can be found at www.soundoil.co.uk

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CHAIRMAN'S STATEMENT

The first six months of 2006 have been eventful and very successful for Sound Oil. Early in the year, we reached agreement in principle to merge, in an all share deal, with Mitra Energia, a private Indonesian oil and gas company which has exploration and development acreage in Java and Kalimantan, Indonesia. In March we requested AIM to suspend dealings in the Company's shares pending a period of due diligence. We were re-admitted to trading in June. As part of this process, we placed 161,500,000 new shares in the market at 7.25p to raise approximately £11.7 million. The merger and share placement were approved at an

Extraordinary General Meeting of the Company on 12 July.

After all of this legal and commercial activity we are now pushing ahead with the development of the Kerendan gasfield and with the exploration opportunities available to the enlarged group in Java and Kalimantan. We expect to drill our first well in Java, Pasundan 1, around the turn of this year.

Four exploration wells are now planned for late 2006 and 2007. Ranhill, our operator in the Citarum license, has been evaluating rigs and ordering long lead items. This process is also getting underway in Kalimantan, where Elnusa, a subsidiary of the state oil company Pertamina, is our operator. All four are onshore wells and, if successful, will each have a major impact on our hydrocarbon reserves.

The Kerendan gas accumulation in Kalimantan, where we own 34% equity, has been granted Indonesian Government approval for development. This is an important step towards monetizing this asset. During 2007 we shall be drilling two new production wells and re-entering two existing wells to complete them as gas producers. On the basis of our current schedule, revenues are expected to start to flow from Kerendan in 2008.

In all areas we are endeavoring to ensure that the construction of access roads and wellsites has minimal impact on the environment. I have recently visited the location of our first wells and could see for myself that our operator is working with the full cooperation of the local people and the authorities.

The next 18 months will therefore be very busy and we are fortunate to have sufficient cash reserves to cover all of our current obligations and activities during that period.

In the coming period we expect to continue to examine expansion opportunities in SE Asia and Africa.

In the first six months of 2006 the Company, prior to the merger, incurred a net loss of £441,000. Expenditure on investment opportunities and administration was £607,000 and there was an unrealized currency loss of £122,000. These were partly offset by £222,000 of income from bank deposit interest and £66,000 reversal of the 2005 tax provision. Cash balances at 30 June were £10.3 million and shareholders funds £10.2 million.

I would like to welcome all the Mitra staff to Sound Oil and wish them a successful future with the company. I would also like to extend a warm welcome to our three new Board members who are based in Jakarta. Jossy Rachmantio heads up the Indonesia operation, and Ilham Habibie and Patrick Alexander are business development specialists in the region. Finally I would like to thank the original members of Sound's Board, Michael Nobbs, Simon Davies and Tony Heath for all their hard work and support.

Gerry Orbell
Chairman

28 September 2006

PROFIT AND LOSS ACCOUNT

Note	Six months	27
	to 30 June	January
	2006	to

		31 December 2005
	£'000's	£'000's
Exploration expenditure	(305)	(151)
	-----	-----
Gross loss	(305)	(151)
Administrative costs	(302)	(210)
	-----	-----
Operating loss	(607)	(361)
Interest receivable	222	234
Foreign exchange loss	(122)	-
Loss on ordinary activities before tax	----- (507)	----- (127)
Tax	66	(66)
	-----	-----
Loss after tax	(441)	(193)
	-----	-----
Loss per share (pence): basic	3 (0.27)	(0.12)
Loss per share (pence): diluted	3 (0.27)	(0.12)

Results for the period reflect ongoing operations which were based in the UK at 30 June 2006.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Six months to 30 June 2006 £'000's	27 January to 31 December 2005 £'000's
Net loss for the period attributable to members of the company	(441)	(193)
	-----	-----
Total recognised losses	(441)	(193)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	Six months to 30 June 2006 £'000's	27 January to 31 December 2005 £'000's
Total recognised losses relating to the period	(441)	(193)
New shares issued	-	11,115
Costs associated with raising capital	-	(174)

Total movements during the period	----- (441)	----- 10,748
Shareholders' funds at 1 January	10,748	-
Shareholders' funds at 31 December 2005	-----	----- 10,748
Shareholders' funds at 30 June 2006	10,307	-----

BALANCE SHEET

	30 June 2006 £'000's	31 December 2005 £'000's
Current assets		
Deferred expenditure	198	-
Debtors	10	24
Cash and short-term deposits	10,304	10,839
Total current assets	----- 10,512	----- 10,863
Creditors: amounts falling due within one year	(205)	(115)
Net current assets	----- 10,307	----- 10,748
Total assets less current liabilities	10,307	10,748
Creditors: amounts falling due after one year	-	-
Provisions for liabilities and charges	-	-
Net assets	----- 10,307	----- 10,748
Capital and reserves		
Share capital	300	300
Share premium account	10,641	10,641
Profit and loss account	(634)	(193)
Total equity shareholders' funds	----- 10,307	----- 10,748

CASH FLOW STATEMENT

	Note	Six months to 30 June 2006 £'000's	27 January to 31 December 2005 £'000's
Net cash outflow from operating activities	4(a)	(757)	(336)

Returns on investment and servicing of finance

Interest received	222	234
	-----	-----
Taxation	-	-
Cash outflow before management of liquid resources and financing	(535)	(102)
	-----	-----
Financing		
Issue of Ordinary Shares	-	11,115
Costs associated with raising capital	-	(174)
	-----	-----
Net cash from financing	-	10,941
	-----	-----
Increase/(decrease) in cash	(535)	10,839

NOTES TO THE ACCOUNTS

1. Basis of preparation

The interim statement does not represent statutory accounts within the meaning of section 240 of the Companies Act 1985.

The comparative financial information is based upon the statutory accounts for the year ended 31 December 2005. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies. Interim accounts were not prepared for the period from 27 January to 30 June 2005.

The interim financial information has been prepared on the basis of the accounting policies set out in the 2005 statutory accounts.

2. Dividends

No interim dividend is proposed (30 June 2005: £nil)

3. Loss per share

The calculation of basic loss per Ordinary Share is based on the loss after tax and on the weighted average number of Ordinary Shares in issue during the period. Diluted earnings per Ordinary Share reflect the notional exercise of the weighted average number of dilutive Ordinary Share options outstanding during the period. Basic and diluted loss per share are calculated as follows:

	Loss after tax		Weighted average number of shares		Loss per share	
	Six months to	27 January to	Six months to	27 January to	Six months to	27 January to
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	20 June 2006	31 December 2005
	£'000's	£'000's	Million	Million	Pence	Pence
Basic	(441)	(193)	165	165	(0.27)	(0.12)
Diluted	(441)	(193)	166	166	(0.27)	(0.12)

4. Cash flow statement analysis

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

	Six months to 30 June 2006 £'000's	31 December 2005 £'000's
Operating loss	(607)	(361)
Foreign exchange loss	(122)	-
Increase/(Decrease) in debtors	14	(24)
Increase in creditors	156	49
Increase in deferred expenditure	(198)	-
Net cash outflow from operating activities	----- (757) -----	----- (336) -----

b) Reconciliation of net cash flow to movement in net debt

	£'000's	£'000's
Opening net cash	10,839	-
(Decrease)/Increase in cash in the period	(535)	10,839
Closing net cash	----- 10,304 -----	----- 10,839 -----

c) Analysis of Net Cash

	At 1 January 2006 £'000's	Cash Flow £'000's	At 30 June 2006 £'000's
Cash in hand and at bank	144	225	369
Short term deposits	10,695	(760)	9,935
Total net cash	----- 10,839 -----	----- (535) -----	----- 10,304 -----

5. Post Balance Sheet Events

Acquisition and Share Placing

On 12 July 2006, following approval at an Extraordinary General Meeting of shareholders on that date, the company acquired the entire issued share capital of Mitra Energia Limited, an unquoted gas exploration and development company with interests in Indonesia comprising a 34% interest in the Bangkanai Block onshore central Kalimantan and a 20% interest in the Citarum Block onshore central Java.

On the same date the company raised approximately £10.7 million net of expenses through the placing of 161,500,000 new ordinary shares at 7.25p per share.

The consideration for the acquisition of Mitra was the issue of 223,376,623

ordinary shares credited as fully paid which, at the placing price, valued Mitra at £16.2 million.

In connection with the acquisition and share placing, the executive directors of the company were awarded bonuses of 1,635,172 ordinary shares to Gerry Orbell and 827,586 ordinary shares to Tony Heath. Furthermore certain advisers to the company were issued a total of 4,795,658 ordinary shares as part of their fees.

As a result of these transactions, the issued share capital of the company was increased to 692,427,348 ordinary shares. The former shareholders of Mitra hold approximately 32% of the enlarged share capital of the company.

In connection with the acquisition and share placing, Gerry Orbell and Tony Heath were awarded options on 13 July 2006 over 1,400,000 and 700,000 ordinary shares respectively at an exercise price of 7.25p exercisable from six months after award until six years after award.

Further details of the acquisition and share placing may be seen in the Admission document on the company's website www.soundoil.co.uk

6. Interim report

Copies of the interim report will be sent to shareholders in due course. Further copies will be available from the Company's nominated adviser, Smith & Williamson Corporate Finance Limited, 25 Moorgate, London EC2R 6AY, free of charge and on the Company's website www.soundoil.co.uk