

ASCENT RESOURCES PLC

INTERIM REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

CONTENTS	Page
Overview	1
Chairman's Statement	2
Consolidated Profit and Loss Account	3
Statement of Total Recognised Gains and Losses	4
Consolidated Balance Sheet	5
Consolidated Cash Flow Statement	6
Notes to the Financial Information	7
Group information	13

ASCENT RESOURCES PLC

OVERVIEW

FOR THE SIX MONTHS ENDED 30 JUNE 2006

Ascent Resources plc, the AIM-traded oil and gas exploration and production company with assets in six countries across Europe, announces its results for the period to 30 June 2006.

Overview:

- Asset base with interests in 20 oil and gas projects onshore in Italy, Spain, Switzerland, Hungary and Romania, with applications pending offshore in the Netherlands
- Commencing a drilling programme of six exploration wells in Hungary, Italy, and Spain in the next few weeks which will use two separate drilling rigs
- Planning a further six wells to be drilled in 2007, including in its gas exploration permits in Italy's Po Valley
- Farmed out an interest in the Nyírség Hungarian gas exploration project to Dual Exploration of Canada to drill two wells, with an option to drill two more
- Generating revenue from oil production in Spain and shortly also from gas production in Romania
- Further strengthened Board of Directors with two key appointments
- Assessing selected additional oil and gas opportunities across Europe

Managing Director Jeremy Eng said: "Having compiled a high quality portfolio of oil and gas projects across Europe, we are moving into the next stage of the Company's development, which will include drilling six wells in Hungary, Italy and Spain. We have concluded an advantageous farm-out in Hungary, and are looking at other similar possibilities within the Company's portfolio.

"Our emphasis is now on exploring and developing the Company's assets, but we are still considering some carefully selected acquisitions that would be complementary to the existing properties. I believe that the Company is now very well-positioned to create value for our shareholders and to define our reserves."

ASCENT RESOURCES PLC

CHAIRMAN'S STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

This has been an active period for Ascent Resources and I am pleased to report that we continue to make good progress. Your Company has expanded its interests across Europe and now has assets onshore in Spain, Italy, Hungary, Switzerland and Romania, as well as applications for offshore exploration acreage in the Netherlands. During this period, most of our efforts have been directed towards developing this portfolio by implementing an aggressive exploration programme in Hungary, Italy and Spain which will culminate in the commencement of drilling operations in the next few weeks.

Six-Well Drilling Programme

The six-well drilling programme, with two wells each in Italy, Spain and Hungary, is backed by geological and seismic exploration work conducted both by the Company and by previous holders of the leases. Despite the worldwide shortage of rigs and drilling resources, this programme is starting in a few weeks, with two rigs deployed. One rig will drill the first two Hungarian wells with an option to continue with a third and fourth; the other rig will commence working in Italy and will then transfer to Spain.

In Hungary, the seismic acquisition funded by Ascent in 2005 has generated valuable results. The drilling locations that have been selected based on these data are the subject of the farm-out to Canadian company, DualEx Energy International Inc. The farm-out agreement provides for the parties to jointly explore gas targets in the Nyírség Dél and Nyírség Szatmár exploration permits in Hungary. DualEx is to fund 75% of the first two wells with an option to extend the agreement for a second two wells.

Other Developments

In Spain, where we now control 88.5% of the producing Ayoluengo oil field in the Sedano Basin following the purchase of a further 25% interest, production currently averages a net 100 barrels of oil per day.

In Romania, through the purchase of Millennium International Resources Corporation Ltd, we have a 5% interest in three exploration blocks in the Carpathian Thrust Belt, one of Romania's principal oil and gas producing areas. The consortium, which is led by Aurelian Oil and Gas plc, expects to commence gas production imminently from the Bilca Development. An active exploration programme is underway in all three blocks, including new seismic work. Four exploration wells are to be drilled during the next twelve months.

In Switzerland, we have been awarded a third exploration permit. This permit in the Canton of Vaud, in addition to the two already held in the Canton of Bern, contains the Essertines oil discovery drilled by BEB in 1962.

Peter Earl and Nigel Moore have recently joined the Board as Non-Executive Directors, and between them bring considerable industry experience. These appointments complete our strategy of assembling a first-class board with the expertise to develop our oil and gas assets. We now have a Board in place capable of managing Ascent's development into a substantial producing entity. In line with the Boards' expectations, the Company is reporting a pre tax loss of £599,072 for the period ended 30 June 2006 (6 months to 31 December 2005: loss of £561,265) on a turnover of £232,130 (6 months to 31 December 2005: £nil).

To summarise, we have assembled an extensive array of oil and gas assets at various stages of development across Europe. We have a demanding drilling programme and importantly, our overheads are covered by production from the Ayoluengo field in Spain. We look forward to taking the Company to its next phase of development and crystallising what we believe to be the huge potential of our portfolio.

John Kenny
Chairman

27 September 2006

ASCENT RESOURCES PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

		Unaudited six months ended 30 June 2006	(Unaudited) six months ended 31 December 2005	(Audited) Year ended 30 June 2005 as restated (Note 7)
	Note	£	£	£
Group turnover		232,130	-	-
Cost of sales		(140,067)	-	-
Gross profit		92,063	-	-
Administrative expenses		(801,512)	(601,529)	(438,228)
Group operating loss		(709,449)	(601,529)	(438,228)
Interest receivable		51,332	47,026	15,594
Interest payable		-	(6,762)	-
Share of operating profit of associated undertaking (net of related goodwill)		59,045	-	-
Loss on ordinary activities before taxation		(599,072)	(561,265)	(422,634)
Taxation		(716)	(198)	-
Loss on ordinary activities after taxation		(599,788)	(561,463)	(422,634)
Minority interest		3,994	265	1,314
Loss for the period		(595,794)	(561,198)	(421,320)
Dividends		-	-	-
Retained loss for the period		(595,794)	(561,198)	(421,320)
Loss per share				
Basic	2	(0.23)p	(0.25)p	(0.33)p

ASCENT RESOURCES PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	(Unaudited) six months ended 30 June 2006 £	(Unaudited) six months ended 31 December 2005 £	(Audited) year ended 30 June 2005 (as restated) £
Retained loss for the period	(595,794)	(561,198)	(421,320)
Exchange differences	10,672	41,809	-
Total gains and losses relating to the period	(585,122)	(519,389)	(421,320)
Prior period adjustment as explained in note 7	(20,188)		
Total gains and losses recognised since the last annual report and the interim results for the six months ended 31 December 2005	(605,310)		

ASCENT RESOURCES PLC

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2006

	Note	(Unaudited) 30 June 2006 £	(Unaudited) 31 December 2005 £	(Audited) 30 June 2005 (as restated) £
Fixed assets				
Intangible assets	3	3,758,400	2,090,644	164,973
Tangible assets		65,467	16,303	-
Investment in an associated undertaking	4	338,448	-	-
		<u>4,162,315</u>	<u>2,106,947</u>	<u>164,973</u>
Current assets				
Current asset investments		44,675	192,794	987,629
Debtors	5	563,623	1,051,941	57,418
Cash at bank and in hand		2,327,653	3,306,401	3,673,353
		<u>2,935,951</u>	<u>4,551,136</u>	<u>4,718,400</u>
Creditors: amounts falling due within one year		<u>(699,592)</u>	<u>(55,544)</u>	<u>(54,984)</u>
Net current assets		<u>2,236,359</u>	<u>4,495,592</u>	<u>4,663,416</u>
Total assets less current liabilities		6,398,674	6,602,539	4,828,389
Provision for liabilities and charges		<u>(94,052)</u>	<u>-</u>	<u>-</u>
		6,304,622	6,602,539	4,828,389
Minority interest		<u>3,890</u>	<u>(104)</u>	<u>(369)</u>
Net assets		<u><u>6,308,512</u></u>	<u><u>6,602,435</u></u>	<u><u>4,828,020</u></u>
Capital and reserves				
Called up share capital	6	256,671	253,820	208,518
Share premium account	7	7,524,123	7,269,136	5,020,634
Share based payment reserve	7	53,549	20,188	20,188
Profit and loss account	7	<u>(1,525,831)</u>	<u>(940,709)</u>	<u>(421,320)</u>
Shareholders' funds	8	<u><u>6,308,512</u></u>	<u><u>6,602,435</u></u>	<u><u>4,828,020</u></u>

ASCENT RESOURCES PLC

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Notes	(Unaudited) six months ended 30 June 2006 £	(Unaudited) six months ended 31 December 2005 £	(Audited) year ended 30 June 2005 £
Net cash inflow/(outflow) from operating activities	9	121,697	(976,610)	(410,447)
Returns on investments and servicing of finance				
Investment income		51,332	47,026	15,594
Interest paid		-	(6,762)	-
		<u>173,029</u>	<u>(936,346)</u>	<u>(394,853)</u>
Taxation		-	(198)	-
Acquisitions and disposals				
Cash acquired with subsidiary undertakings		24,922	77,533	-
Acquisition of subsidiary undertakings	11	(422,990)	(1,508,509)	-
Acquisition of an associated undertaking	4	(100,995)	-	-
Loan to an associated undertaking	4	(131,902)	-	-
Payments to acquire tangible assets		(5,832)	(18,068)	-
Net funds for investing in exploration	3	(732,029)	(955,652)	(70,000)
Receipt from sale of current asset investments		206,549	1,392,811	-
Acquisition of current asset investments		-	(585,144)	(387,629)
Net cash received from a minority shareholder of subsidiary undertaking		-	-	<u>1,683</u>
Net cash outflow from acquisitions		<u>(1,162,277)</u>	<u>(1,597,029)</u>	<u>(455,946)</u>
Net cash outflow before financing		<u>(989,248)</u>	<u>(2,533,573)</u>	<u>(850,799)</u>
Financing				
Proceeds from issue of shares		10,500	2,166,621	4,838,410
Issue costs		-	-	<u>(314,258)</u>
Cash inflow from financing		<u>10,500</u>	<u>2,166,621</u>	<u>4,524,152</u>
(Decrease)/increase in cash	10	<u><u>(978,748)</u></u>	<u><u>(366,952)</u></u>	<u><u>3,673,353</u></u>

ASCENT RESOURCES PLC

NOTES TO THE FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2006

1. **Basis of preparation**

The financial information is prepared in accordance with the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice "Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities".

The financial information has been prepared on the basis of a going concern.

The results for the six months ended 30 June 2006 are unaudited and do not constitute statutory accounts as defined in section 240 of the Companies Act 1985. They have been prepared using accounting bases and policies consistent with those used in the preparation of the financial statements of Ascent Resources Plc for the year ended 30 June 2005 except that FRS 20 "Share-based payment" have been adopted for the first time and comparative figures restated accordingly. The effect of FRS 20 was to increase administrative expenses by £33,361 (six months to 31 December 2005: £nil, year ended 30 June 2005: £20,188).

The comparative figures for the year ended 30 June 2005 are extracted from the statutory financial statements which have been filed with the Registrar of Companies and which contain an unqualified audit report.

The Company changed its accounting reference date from 30 June to 31 December. The financial information has, therefore, been prepared for the period from 1 January 2006 to 30 June 2006 and the statutory accounts for the next period will cover eighteen months ending 31 December 2006.

2. **Loss per ordinary share**

The basic loss per ordinary share has been calculated using the loss for the financial period of £595,794 (six months to 31 December 2005 – loss of £561,198; year ended 30 June 2005 – loss of £421,320) and the weighted average number of ordinary shares in issue of 254,577,960 (six months to 31 December 2005 – 222,144,713; year ended 30 June 2005 – 127,879,476).

No diluted loss per ordinary share has been disclosed because the conversion of share warrants would decrease the net loss per share.

ASCENT RESOURCES PLC

NOTES TO THE FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2006

3. **Intangible assets**

The movements during the period were as follows:

	Exploration and appraisal expenditure £	Positive Goodwill £	Negative Goodwill £	Total £
Cost				
As at 1 January 2006	2,755,484	164,754	(853,478)	2,066,760
Additions	732,029	719,760	-	1,451,789
Acquired with a subsidiary undertaking (note 11)	234,922	-	-	234,922
At 30 June 2006	<u>3,722,435</u>	<u>884,514</u>	<u>(853,478)</u>	<u>3,753,471</u>
Amortisation				
As at 1 January 2006	-	(18,790)	42,674	23,884
(Charge)/credit for the period	-	(61,629)	42,674	(18,955)
At 30 June 2006	<u>-</u>	<u>(80,419)</u>	<u>85,348</u>	<u>4,929</u>
Net book value				
At 30 June 2006	<u>3,722,435</u>	<u>804,095</u>	<u>(768,130)</u>	<u>3,758,400</u>
At 31 December 2005	<u>2,755,484</u>	<u>145,964</u>	<u>(810,804)</u>	<u>2,090,644</u>

The Directors have assessed the value of the oil and gas exploration expenditure and in their opinion, no impairment provision is considered necessary. Details of additions to positive goodwill, arose on the acquisition of the Company's subsidiary undertakings, Teredo Oils Limited and Millennium International Resources Corporation Limited are set out in note 11. Goodwill is being amortised over the directors' estimate of its useful economic life of 10 years until the production commences. On commencement of production, it will be amortised on a unit of production basis based on proven and probable reserves.

4. **Investment in an associated undertaking**

Group	Associated undertaking £
Shares	
Additions (note below)	<u>148,217</u>
At 30 June 2006	<u>148,217</u>
Loans	
Granted in period (net)	<u>131,902</u>
At 30 June 2006	<u>131,902</u>
Share of retained profits	
Profit for the period (net of tax and related goodwill)	<u>58,329</u>
At 30 June 2006	<u>58,329</u>
Net book value	
At 30 June 2006	<u>338,448</u>
At 31 December 2005	<u>-</u>

ASCENT RESOURCES PLC

NOTES TO THE FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2006

4. Investment in an associated undertaking (continued)

The group's share of net assets of the associated company at 30 June 2006 is £160,729 and the related unamortised goodwill as at date is £177,719 representing the total investment in that company of £338,448.

The Company acquired 50% of ordinary shares of Northern Petroleum Exploration Limited, a company incorporated and registered in England and Wales for £148,217.

The goodwill on acquisition has been calculated as follows:

Fair value of net liabilities acquired	£ <u>(77,713)</u>
50% thereof	(38,857)
Consideration paid (settled by issue of 370,370 ordinary shares at 12.75p and cash of £100,995)	<u>(148,217)</u>
Goodwill on acquisition	<u>187,074</u>

Northern Petroleum Exploration Limited is the Operator and 22.5% equity interest holder in the La Lora concession in Northern Spain. The La Lora concession contains the Ayoluengo field.

5. Debtors

	30 June 2006	31 December 2005
	£	£
Deposits (includes the value of the shares issued on acquisition of Northern Petroleum Exploration Limited)	-	181,870
Other debtors	563,623	870,071
	<u>563,623</u>	<u>1,051,941</u>

6. Share capital

	30 June 2006	31 December 2005
	£	£
Authorised		
10,000,000,000 ordinary shares of 0.1p each	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid		
As at 1 January 2006	253,820	208,518
Shares issued	2,851	45,302
As at 30 June 2006	<u>256,671</u>	<u>253,820</u>

The movements in the share capital are summarised below:

	Number of Shares
As at 1 January 2006	253,820,167
Shares issued in lieu of services provided	572,705
Shares issued on acquisition of Teredo Oils Limited	1,500,000
Shares issued on acquisition of Millennium International Resources Corporation Limited	678,906
Shares issued for cash	<u>100,000</u>
As at 30 June 2006	<u>256,671,778</u>

ASCENT RESOURCES PLC

NOTES TO THE FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2006

7. Reserves

Movements in the share premium and profit and loss account during the period were as follows:

	Share based payment reserve £	Share Premium £	Profit and loss £
At 1 January 2006			
- As previously stated	-	7,269,136	(920,521)
- Prior period adjustment	20,188	-	(20,188)
- As restated	20,188	7,269,136	(940,709)
Issue of shares	-	254,987	-
Cost of share options in issue	33,361	-	-
Retained losses	-	-	(595,794)
Exchange differences	-	-	10,672
At 30 June 2006	<u>53,549</u>	<u>7,524,123</u>	<u>(1,525,831)</u>

The prior period adjustment arises from adoption of FRS 20 as an accounting policy on share based payments.

8. Reconciliation of movements in shareholders' funds - equity only

	Six months to 30 June 2006 £	Six months to 31 December 2005 £	Year ended 30 June 2005 (as restated) £
Loss for the period	(595,794)	(561,198)	(421,320)
Dividends	-	-	-
	(595,794)	(561,198)	(421,320)
Cost of share options in issue	33,361	-	20,188
Shares issues less costs	257,838	2,293,804	5,229,152
Exchange differences	10,672	41,809	-
Opening shareholders funds	6,602,435	4,828,020	-
Closing shareholders' funds	<u>6,308,512</u>	<u>6,602,435</u>	<u>4,828,020</u>

ASCENT RESOURCES PLC

NOTES TO THE FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2006

9. **Reconciliation of operating loss to net cash outflow from operating activities**

	Six months to 30 June 2006	Six months to 31 December 2005	Year ended 30 June 2005 (as restated)
	£	£	£
Group operating loss	(709,449)	(601,529)	(438,228)
Decrease/(increase) in debtors	628,633	(325,499)	(57,418)
Increase/(decrease) in creditors	183,852	(45,887)	54,458
Goodwill charged/(credited)	18,955	(34,437)	10,553
(Profit)/loss on disposal of current asset investments	(56,357)	38,439	-
Increase in value of current asset investments	(2,073)	(51,271)	-
Share based payment charge	33,361	-	20,188
Depreciation	14,103	1,765	-
Exchange differences	10,672	41,809	-
	<u>121,697</u>	<u>(976,610)</u>	<u>(410,447)</u>

10. **Analysis of changes in net funds**

	1 January 2006	Cash flow	30 June 2006
	£	£	£
Cash at bank and in hand	<u>3,306,401</u>	<u>(978,748)</u>	<u>2,327,653</u>

ASCENT RESOURCES PLC

NOTES TO THE FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2006

11. Acquisition of subsidiary undertakings

During the period, the Company acquired the following subsidiary undertakings:

Subsidiary undertakings	Principal activity	Percentage of ordinary share capital held
Teredo Oils Limited	Oil and gas exploration	100%
Millennium International Resources Corporation Limited	Oil and gas exploration	100%

These purchases have been accounted for using acquisition accounting.

		Cash	Shares
		£	£
Teredo Oils Limited			
Effective date of acquisition:	30 September 2005		
Completion date:	30 June 2006		
The fair values of the assets and liabilities acquired at the effective date of acquisition were:			
Fixed assets	57,436		
Net current liabilities	(62,716)		
	<hr/>		
Net liabilities acquired	(5,280)		
Total consideration paid	342,791	192,791	150,000
	<hr/>		
Positive goodwill	348,071		
	<hr/> <hr/>		

Teredo Oils Limited holds a 52.5% interest in the producing Ayoluengo oil field in Northern Spain.

		Cash	Shares
		£	£
Millennium International Resources Corporation Limited			
Effective date of acquisition:	24 March 2006		
Completion date:	24 March 2006		
The fair values of the assets and liabilities acquired at the effective date of acquisition were:			
Exploration and appraisal expenditure	234,922		
Current liabilities	(318,705)		
	<hr/>		
Net liabilities acquired	(83,783)		
Total consideration paid	287,906	230,199	57,707
	<hr/>		
Positive goodwill	371,689		
	<hr/> <hr/>		

Millennium International Resources Corporation Limited, a British Virgin Island registered company, holds a 5% interest in Brodina, Cuejdiu and Bacau exploration blocks, covering 3,800 square kilometres of the Carpathian Thrust Belt in the north eastern part of Romania.

12. Subsequent Events

The major events subsequent to 30 June 2006 are set out in the Chairman's statement.

ASCENT RESOURCES PLC

GROUP INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2006

Directors: John Patrick Kenny, *Chairman*
Jeremy Eng, *Managing Director*
Malcolm David John Groom, *Legal Director*
Jonathan Victor Lewis Legg, *Commercial Director*
Patrick Anthony Francis Heren, *Non-executive Director*
Peter Richard Stephen Earl, *Non-executive Director*
Nigel Sandford Johnson Moore, *Non-executive Director*

Company Secretary: John Michael Bottomley

Registered Office: 30 Farringdon Street
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Company number: 05239285

Nominated Adviser: Nabarro Wells & Co. Limited
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Broker WH Ireland
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Group Auditors: UHY Hacker Young
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