ASCENT RESOURCES PLC

Interim Report
for the six months ended

30 JUNE 2008

Company Number: 05239285

CONTENTS

Ascent Resources plc, the AIM-traded oil and gas exploration company with assets in five countries across Europe, announces its interim results for the six months to 30 June 2008.

HIGHLIGHTS TO 30 SEPTEMBER 2008

- Continued Portfolio development in Hungary, Slovenia and Italy
- Commencement of Hungarian gas production in July 2008
- Planning on-going for production from Slovenian assets
- Ten well potential for the period 2008-2009

CHAIRMAN'S STATEMENT

During the period to June 2008, Ascent has continued to advance its European exploration and production portfolio. The Company, with over 20 projects across five countries, maintains a high level of activity with its on-going programme. We continue to focus on improving the quality of our assets with activities aimed at reducing risk and calibrating the value of our portfolio. As our portfolio matures, the drilling and testing to prove hydrocarbon reserves will remain the primary objective as we look to maintain a balance of low risk and high potential projects.

Since the period end the highlight of our year to date is the commencement in July of gas production from the PEN-104 well in the Penészlek area of the Nyírség permits in Hungary. This project is a realisation of our development strategy and demonstrates the full cycle of the exploration and production business; from the acquisition of seismic, through the drilling of the discovery well, the construction of the production facility and finally, gas sales. Other important results to date include the positive outcome of the preliminary interpretation of the Anagni seismic and the start of operations of the new 200T Perazzoli drilling rig.

Preparations, including seeking to raise additional sources of finance to continue fund our busy work programme for the remainder of the year. In Italy we plan to spud the Gazzata-1 well in December. This well will test the Gazzata gas prospect on our Po Valley acreage. Towards the end of the year, we hope to initiate a major redevelopment programme on the Petisovci field development and the new exploration project both of whom are in Slovenia. The portfolio is continually reviewed both for the evaluation of new opportunities and for timely divestments to fund further activity and manage exposure.

CHAIRMAN'S STATEMENT *(continued)*

The Board is confident that this on-going activity will continue to mature the Company's asset base and to further enhance the value of the portfolio. We feel that the Company's portfolio of projects is well balanced with production, near term development projects, appraisal wells and exploration. Furthermore, we will remain alert to potential transactions, both corporate and asset-specific, and we will continue to be rigorous in our assessment of these opportunities in the context of adding shareholder value.

It is with regret that two directors have left the board, Patrick Heren and Alan Sinclair. I wish them both well and thank them for their contribution. We extend a welcome to Simon Cunningham as our new Finance Director.

Finally I would like to thank everyone involved with the Company for their hard work and dedication in moving Ascent forward. The Board looks forward to further growth in the coming months. The indications from work-in-progress are encouraging and I look forward to developments over the next period.

John Kenny
Chairman

29 September 2008

OPERATIONS REVIEW

During the six months ended 30 June 2008, the period under review, Ascent has made significant progress across its portfolio and a summary of key events by country is set out below.

Review by Country

HUNGARY

Ascent now has three projects in Hungary: The Penészlek gas exploration and development project in the south-east; the Bajcsa gas field redevelopment in the west and the Szolnok Exploration project in central Hungary.

Penészlek Development Project
45.2% interest
In August 2008 the Company announced the commencement of gas production at the PEN-104 well in the Penészlek area of the Nyírség permits in Hungary. The production rate of the well has stabilised at a rate of 117,000 cu.m per day (4.1 MMscfd; 688 boepd). The acquisition of 3-D seismic in the immediate area is planned later in the year and this will assist in evaluating other gas prospects which may be developed, including the partially depleted Penészlek field and the PEN-9 and PEN-12 wells.

Bajcsa Gas field Redevelopment Project
38.7% interest
Ascent holds a 38.73% net interest in this project as part of a joint venture between MOL and ZalaGasCo kft. Ascent owns 90% of ZalaGasCo with partners Leni Gas and Oil plc and Geomega kft owning the remainder.

Considerable time during the period has been spent on the preparation and approval of the legal documentation required for the development and on the technical design, implementation and engineering of well interventions which are planned to recover remaining gas reserves. The gas field work-over programme is due to commence later in the year.

Szolnok Exploration Project
12.5% interest
Drilling of the TIK-1 exploration wildcat well began in early April to intercept targets in the Pannonian formations. The TIK-1 well was drilled to a depth of 2,003m and penetrated 40m of reservoir quality gas saturated sands between 1,918m and 1,967m. Wireline logging and the analysis of gas samples confirmed the presence of a high percentage of CO_2 in the lower Pannonian formations. Consequently the asset has been impaired with all costs associated with the well fully written off.

The Kunszentmarton 3-D seismic acquisition programme began in April and was completed later in the second quarter. This programme covered approximately 150 sq km and delineated prospects identified from old 2-D lines.

The exploration wildcat well, Nko-Ny-1 was plugged and abandoned in May. The well reached a total depth of 1,370m and despite drilling a number of potential reservoir sands in the lower Pannonian, logging results showed these to be water bearing with traces of gas. Consequently the asset has been impaired with all costs associated with the well fully written off.

The Endrőd 3-D seismic acquisition is just starting and there are plans to drill up to four wells in the next nine months.

In July Ascent has sold a 15% interest in this project to leave a 12.5% working interest.

OPERATIONS REVIEW *(continued)*

SLOVENIA

Ascent operates in Slovenia through its wholly owned subsidiary Nemmoco Slovenia Corporation, which is the operator of the Petisovsci and Dolina field redevelopment projects. It has a 45% interest in the shallow oil and gas reservoirs and a 15.75% interest in the deep tight gas reservoirs.

Petisovsci Dolina Re-Development Project (Shallow)
45% interest
The work being carried out by Ascent in 2008 involves a complete re-assessment of the geological, geophysical and engineering information from the fields. This work is resulting in development of a new field reservoir model and the Joint Venture now plans to acquire 3D seismic over the field area as well as considering proposals for re-entering a number of existing wells.

Petisovsci Dolina Re-Development Project (Deep)
15.75% interest
The partnership has been evaluating the deep E1 sands which were tested and flowed gas in the D-14 well in the fourth quarter 2007. Further well intervention work is planned for the D-14 well and the results of the 3-D seismic will assist in planned future operations.

East Slovenia Exploration Permit
80% interest
In July 2008, the company signed a Preliminary Agreement for an 80% participation in the exploration of the East Slovenia Exploration Permit to the north of the Petisovsci oil and gas field redevelopment project. The East Slovenian Project covers an area of 864 sq. km over three separate blocks within the Pomurje Regional Exploration Area. The current work programme envisages a regional exploration study followed by seismic and exploration or appraisal drilling in 2009.

ITALY

Ascent has interests in four projects in Italy:

Cento and Bastiglia Exploration Permits
50% interest
These permits in the Po Valley were farmed-out in 2007 to Otto Energy Limited of Australia which has taken a 50% interest in return for paying for the cost of one firm well and one contingent well. The Gazzata-1 well is targeting the Gazzata gas structure and the well is scheduled to spud in the fourth quarter 2008.

Fiume Arrone Exploration Permit
56% interest
Following the drilling of the Arrone-1 gas exploration well which found small quantities of gas in the secondary target, the well was subsequently abandoned. During the period a post mortem and geoscience study was undertaken the findings of which demonstrated that the reservoir would not be capable of commercial production. As a result the Company has fully impaired the asset with all costs associated with the project fully written off.

OPERATIONS REVIEW *(continued)*

ITALY *(continued)*

Frosinone Exploration Permit
80% interest
After drilling the Anagni-1 well which had good oil shows both in core samples and during testing, the Company acquired some 30km of 2-D seismic to better understand the configuration of the Anagni structure and to investigate possible locations for an updip appraisal well. The results from the new seismic are encouraging and planning for the drilling of an Anagni appraisal is now under consideration.

Strangolagalli Concession
50% interest
Ascent has a 50% interest in this concession as part of a joint venture with Pentex Italia srl. The area contains the Ripi oilfield which is operated by Pentex and Ascent has exploration rights below this field. The work that is being carried out in the Frosinone permit to the north-west will assist the exploration team in assessing the prospectivity of the adjoining Strangolagalli area. The possibility of a redevelopment of the Ripi field is also under consideration.

Perazzoli Drilling
22.5% interest
Ascent acquired a 22.5% interest in Perazzoli Drilling in the fourth quarter 2007. The recently delivered, latest generation, low environmental impact, 200 Tonne capacity hydraulic rig, will be used to drill the Gazzata prospect in the Ascent operated Cento and Bastiglia permit.

The purchase of the interest in Perazzoli Drilling gives the Company priority access to certain drilling rigs. The participation in Perazzoli Drilling is important for Ascent as it not only gives a competitive advantage in oil and gas activities but the strong order book should also contribute to financial stability.

SWITZERLAND

Ascent holds four exploration permits in Switzerland

Seeland-Freinisberg Exploration Permit
80% interest
This permit was awarded to SEAG on behalf of the Ascent Joint Venture in August 2005 and was extended to December 2011 in April this year. Seismic reprocessing and geological modelling has been completed on the Hermrigen structure and drilling of the Hermrigen-2 well to appraise the productive gas discovered by the Hermrigen-1 well is planned for mid 2009, subject to the issue of a construction permit. In February this year, the location of the Hermrigen-2 appraisal well was discussed with the local Town Council and a location was chosen close to the original well. Ascent is currently in discussions with a number of third parties for the farm-out of this opportunity.

OPERATIONS REVIEW *(continued)*

SWITZERLAND *(continued)*

Linden Exploration Permit
90% interest
This permit was awarded to SEAG on behalf of the Ascent Joint Venture in August 2005 and was extended to December 2011 in April this year. It contains the Linden-1 well which tested gas at a rate of 3 mmscfd.

Gros de Vaud Exploration Permit
90% interest
This permit was awarded to SEAG on behalf of the Joint Venture in May 2006 and was extended to June 2010 earlier this year. This exploration permit is north of the city of Lausanne and contains the 1962 Essertine-1 discovery which produced small amounts of oil on test.

Concordat Exploration Permit
35% interest
In July 2008, Ascent acquired a 35% beneficial interest in 97% of the 7,495 sq. km Concordat Exploration Permit. This interest will be assigned to PEOS AG, Ascent's wholly owned Swiss subsidiary. The work programme planned for this permit for the remainder of 2008 involves the reprocessing of existing seismic data.

SPAIN

In the fourth quarter 2007, Ascent sold its assets in Spain to Leni Gas and Oil plc but retained an interest in the pending Rocamundo exploration application. During 2008, the Rocamundo application was superseded by the Bigüenzo exploration application lodged by Gas Natural, a large Spanish energy and exploration company. Following a strategic review of core operations Ascent has decided to exit the country.

NETHERLANDS

27% interest
In November 2006 Ascent was awarded exploration licences for the M8, M10, M11 and P4 blocks offshore Netherlands. The preliminary geoscience work programme to establish the hydrocarbon potential of this exploration and appraisal project has been completed and a divestment of these assets is under consideration.

FINANCIAL REVIEW

Results for the period

The results for the period reflect continued development of the Group's exploration assets, principally in Hungary, Italy and Slovenia. As set out in the Operations Review there has been a wide range of testing, geological and geophysical activity in the period. However, as part of that process over £2 million has been written off following an on-going review of the portfolio and the carrying value of permits and well costs in Hungary and Italy. Given the capital spend in the period and the timing of revenue receipts post period end the loss for the period of £2,768,809 was expected.

Revenue from gas production in Hungary came on stream after the period end (see note 11 'Post Balance Sheet Events')

Liquidity and Capital Resources

The Company continues at this time to be an emerging business with limited cash flows, consequently, it has to manage its working capital and liquidity position by balancing the timing of critical expenditure with income from joint venture arrangements and, where appropriate, profits from strategic divestments.

Further information on future funding arrangements and the Director's assessment of the Group's going concern position is set out in note 1 of this Interim Report.

Principal Risks and Uncertainties

The principal risks and uncertainties affecting the business activities of the Group remain those detailed on page 28 of the December 2007 Annual report, a copy of which is available on the Company's website at www.acentresources.co.uk. The Chairman's Statement and Review of Operations in this interim report include comments on the outlook for the Group for the remaining six months of the financial year.

On behalf of the Board

Jeremy Eng
Managing Director

29 September 2008

INDEPENDENT REVIEW REPORT TO ASCENT RESOURCES PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2008 which comprises condensed consolidated income statement, condensed consolidated statement of recognised income and expenses, condensed consolidated balance sheet and the condensed consolidated cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT REVIEW REPORT TO ASCENT RESOURCES PLC
(continued)

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU and the AIM Rules.

Emphasis of matter
In forming our review conclusion on the condensed set of financial statements in the half-yearly financial report, which is not qualified, we have considered the adequacy of the disclosure made in Note 1 concerning the Group's ability to continue as a going concern. The Group incurred a net loss of £2.77 million during the period ended 30 June 2008. The group's ability to continue as a going concern is dependent on continuing to operate within its available facilities which is dependent on the Group generating cash inflows in line with projections. The Group raise finance for its exploration and appraisal activities in discrete tranches. These conditions along with other matters discussed in Note 1, indicate the existence of a material uncertainty which casts significant doubt on the Group's ability to continue as a going concern. The interim statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

KPMG Audit Plc
Chartered Accountants
20 Farringdon St
London
EC4A 4PP

29 September 2008

CONSOLIDATED INCOME STATEMENT
for the six months ended 30 JUNE 2008

	Notes	**Six months ended 30 June 2008**	Six months ended 30 June 2007	Year ended 31 December 2007
		Unaudited	Unaudited	Audited
Continuing operations		**£**	£	£
Revenue		-	152,652	252,652
Cost of sales		**(2,304,878)**	(1,406,165)	(2,224,517)
Gross loss		**(2,304,878)**	(1,253,513)	(1,971,865)
Other operating income		-	-	35,513
Administrative expenses	2	**(832,067)**	(779,295)	(2,939,276)
Operating loss		**(3,136,945)**	(2,032,808)	(4,875,628)
Finance income		**59,186**	19,724	755,511
Finance expense		**(335,372)**	(29,966)	(122,965)
Profit on sale of investments held for sale		-	695,550	-
Profit on sale of investments		**424,322**	-	2,113,100
Revaluation of trading investment		**220,000**	-	-
Loss before tax		**(2,768,809)**	(1,347,500)	(2,129,982)
Taxation		-	(7,529)	-
Loss for period		**(2,768,809)**	(1,355,029)	(2,129,982)
Attributable to:				
Equity holders of the Company		**(2,768,809)**	(1,355,029)	(2,129,982)
Minority interests		-	-	-
Loss per share				
From total operations				
Basic and fully diluted loss per share	3	**(0.91)p**	(0.50)p	(0.74)p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the six months ended 30 JUNE 2008

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
Attributable to the equity holders of Ascent Resources	**Unaudited**	Unaudited	Audited
	£	£	£
Loss for the period	**(2,768,809)**	(1,355,029)	(2,129,982)
Currency translation differences	**1,277,847**	(62,879)	153,537
Total recognised loss for the period	**(1,490.962)**	(1,417,908)	(1,976,445)

CONSOLIDATED BALANCE SHEET
for the six months ended 30 JUNE 2008

	Notes	30 June 2008	30 June 2007	31 December 2007
		Unaudited	Unaudited	Audited
		£	£	£
Non-current assets				
Property, Plant and Equipment		**288,085**	-	13,142
Exploration assets including decommissioning costs	4	**10,551,844**	7,089,333	9,590,541
Interests in associates		**990,027**	-	918,475
Total non-current assets		**11,829,956**	7,089,333	10,522,158
Current assets				
Assets held for sale		**-**	148,217	-
Inventories		**714,113**	603,856	646,861
Trading investments		**720,000**	58,524	500,000
Trade and other receivables		**5,953,333**	2,311,349	3,141,819
Cash and cash equivalents		**1,042,224**	2,676,976	1,323,773
Total current assets		**8,429,670**	5,798,922	5,612,453
Total assets		**20,259,626**	12,888,255	16,134,611
Equity				
Attributable to equity holders of the parent				
Share capital	5	**304,781**	292,946	304,781
Equity reserve	6	**84,356**	-	84,356
Share premium account	6	**13,067,078**	11,688,209	13,067,078
Share based payment reserve	6	**1,243,474**	769,710	1,191,177
Translation reserves	6	**1,426,912**	13,814	149,065
Retained earnings	6	**(7,725,320)**	(4,173,518)	(4,956,511)
		8,401,281	8,591,161	9,839,946
Minority interest		**369**	369	369
Total equity		**8,401,650**	8,591,530	9,840,315
Non-current liabilities				
Borrowings	7	**4,219,576**	1,168,921	3,468,110
Provisions		**324,317**	197,943	246,552
		4,543,893	1,366,864	3,714,662
Current liabilities				
Trade and other payables		**5,830,072**	2,929,861	2,131,663
Borrowings	7	**1,484,011**	-	447,971
		7,314,083	2,929,861	2,579,634
Total liabilities		**11,857,976**	4,296,725	6,294,296
Total equity and liabilities		**20,259,626**	12,888,255	16,134,611

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 JUNE 2008

	Notes	**Six months ended 30 June 2008**	Six months ended 30 June 2007	Year ended 31 December 2007
		Unaudited	Unaudited	Audited
		£	£	£
Net cash generated/(used) in operating activities	8	**179,378**	(909,036)	(4,171,198)
Investing activities				
Financial income		**59,186**	19,724	106,834
Payments for investing in exploration		**(2,147,771)**	(3,387,792)	(5,915,174)
Acquisition of property, plant and equipment		**(281,576)**	(4,268)	(13,549)
Proceeds from disposal of subsidiaries		**-**	-	943,694
Proceeds from disposal of current asset investment		**-**	1,352,637	1,399,341
Proceeds from sale of plant and equipment		**-**	-	159,072
Proceeds from sale of exploration asset		**424,322**	-	-
Acquisition of associated undertaking		**-**	-	(918,474)
Cash acquired with subsidiaries		**-**	-	(25,056)
Net cash used in investing activities		**(1,945,839)**	(2,019,699)	(4,263,312)
Financing activities				
Financial expense		**(155,883)**	(29,966)	(122,965)
Loans received		**1,937,000**	251,199	3,387,950
Loans repaid		**(296,205)**	-	(305,234)
Cash proceeds from issue of shares		-	3,618,434	5,047,238
Share issue costs		-	(175,000)	(189,750)
Net cash generated from financing activities		**1,484,912**	3,664,667	7,817,239
Net decrease in cash and cash equivalents		**(281,549)**	735,932	(617,271)
Cash and cash equivalents at beginning of period		**1,323,773**	1,941,044	1,941,044
Cash and cash equivalents at end of period		**1,042,224**	2,676,976	1,323,773

NOTES TO THE INTERIM REPORT
for the six months ended 30 JUNE 2008

1. Presentation of financial information

Reporting entity
Ascent Resources plc ("the Company") is a company domiciled in England. The address of the Company's registered office is One America Square, Crosswall, London EC3N 2SG. The consolidated interim financial statements of the Company as at 30 June 2008 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

Basis of preparation
The Group financial statements as at and for the year ended 31 December 2007 were prepared in accordance with IFRS as adopted by the EU ("adopted IFRS") and with those parts of the Companies Act 1985 applicable to companies reporting under adopted IFRS, are available upon request form the Company's registered office or from the website at www.acentresources.co.uk

The prior year comparatives are derived from audited financial information for Ascent Resources plc as set in the annual report for the year ended 31 December 2007 and the unaudited information in the interim financial statements for the period ended 30 June 2007. The comparative figures for the year ended 31 December 2007 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the registrar of Companies. The auditors' report on these accounts was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985. The auditors' report included a reference in respect of the existence of a material uncertainty which may cast significant doubt on the Company's and Group's ability to continue as a going concern. The auditors drew attention to this matter by way of emphasis without qualifying their report.

The condensed set of interim financial statements for the period ended 30 June 2008 is unaudited but has been reviewed by the auditors. The Independent Review Report is set out on page 10.

Going concern
The financial information in this interim report has been prepared on a going concern basis. The Directors are of the opinion that the Group will have sufficient cash to fund its activities based on projected cash flow information for a period in excess of twelve months from the date of this Interim Report. Management continues to monitor all working capital commitments and balances on a weekly basis and believe that they have identified appropriate levels of financing for the Group to continue to meet its liabilities as they fall due for at least the next twelve months.

In preparing the cashflow forecasts the Directors have identified a number of cash receipts and cash payments where they have had to use significant judgement to make estimates on the timing and amount of cashflows. The most significant of these judgements and estimates are described below.

1. Going concern *(continued)*

The forecasts include three significant cash inflows which are expected to fund ongoing operating expenses:

i) The Group has submitted returns to the Italian tax authorities in respect of a substantial VAT recoverable amount relating to 2007 transactions. However, the recovery of VAT can be protracted and until verified by the authorities the final amount and its timing of receipt cannot be agreed with certainty.

ii) The Group is well advanced in negotiations for the sale of its interest in the Netherlands. The cash flow forecasts are based on a current estimate of sale price and payment schedule. However at the date of this report the sale contract is yet to be signed and the funding required by the possible purchaser is still to be confirmed.

iii) Revenue from the recently commissioned Penészlek field in Hungary is forecast, based on the best estimates of production levels and current contracted gas prices.

In common with many similar companies, the Group raises finance for its exploration and appraisal activities in discrete tranches. On a number of projects certain assumptions have also been made with regard to working capital management matching cash inflows from cash calls, to cash outflows. If the timing of these inflows and outflows were to change the Group may be required to seek additional bridging finance to meet any shortfall.

In addition the Group needs additional financing to fund its planned developments.

Management are in advanced discussions with a number of potential investors with a view to securing finance to ensure that the Group has sufficient funds to meet its ongoing project development needs. In the event that this occurs the group will have sufficient funds to finance its planned activities. There can be no guarantee that the financing will be forthcoming.

Given the current economic climate and with a possible shortfall between funds expected to be available and on-going expenditure requirements uncertainty remains over the receipt and timing of the inflow of finance and this casts significant doubt on the Group's ability to continue as a going concern. If this were the case the Group would be unable to continue realising their assets and discharging their liabilities in the normal course of business. However, at the date of approving these financial statements the Group's and Company's cash position is positive and it is trading as a going concern.

The interim financial statements do not include any adjustments that would result from the going concern basis not being appropriate.

1 Estimates and judgements

The preparation of the condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed consolidates interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2007

Segmental reporting
The Group has one business segment: oil and gas exploration and production. All exploration and production activities are conducted in Europe. There is only one geographic segment.

2. Administration expenses

Administrative expenses for the period includes a credit of £198,000 in respect of national insurance commitments on share based payments for directors.

3. Loss per share

	Six months ended 30 June 2008	Six months ended 30 June 2007	12 months ended 31 December 2007
Losses	**Unaudited £**	Unaudited £	Audited £
Losses for the purposes of basic and diluted earnings per share being net loss attributable to equity shareholders	**2,768,809**	1,355,029	2,129,982
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**304,782,042**	272,431,166	289,478,538
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	**304,782,042**	272,431,166	289,478,538

The calculation of diluted earnings per share assumes conversion of all potentially dilutive ordinary shares, all of which arise from share options. A calculation is done to determine the number of shares that could have been acquired at fair value, based upon the monetary value of the subscription rights attached to outstanding share options.

4. Exploration costs

Group	Decommissioning costs £	Italy £	Hungary £	Other locations £	Total £
Cost					
At 1 July 2007	121,075	4,408,177	1,572,842	2,070,047	8,172,141
Additions	246,552	2,321,649	-	410,077	2,978,278
Disposals	(121,075)	-	(231,792)	-	(352,867)
Transfers between areas	-	804,561	-	(804,561)	-
Net exchange differences	-	306,425	80,672	-	387,097
At 1 January 2008	246,552	7,840,812	1,421,722	1,675,563	11,184,649
Additions	103,175	615,151	1,488,897	43,724	2,250,947
Net exchange differences	19,207	610,828	87,692	50,476	768,203
At 30 June 2008	**368,934**	**9,066,791**	**2,998,311**	**1,769,763**	**14,203,799**
Impairment and amortisation					
At 1 July 2007	14,558	-	386,852	840,242	1,241,652
Charge for the period	-	-	163,909	-	163,909
Disposals	(14,558)	-	-	-	(14,558)
Impairment	-	-	-	187,397	187,397
Net exchange differences	-	-	15,708	-	15,708
At 1 January 2008	-	-	566,469	1,027,639	1,594,108
Charge for the period	53,000	-	-	-	53,000
Impairment	-	1,326,706	678,141	-	2,004,847
At 30 June 2008	**53,000**	**1,326,706**	**1,244,610**	**1,027,639**	**3,651,955**
Net book value					
At 30 June 2008	**315,934**	**7,740,085**	**1,753,701**	**742,124**	**10,551,844**
At 31 December 2007	246,552	7,840,812	855,253	647,924	9,590,541
At 1 July 2007	106,517	4,408,177	1,185,990	1,229,805	6,930,489

'Other locations' include: the Netherlands, Slovenia, Spain and Switzerland.

Impairment provisions have been made in the period in respect of two sites in Hungary and one in Italy. All associated costs were written off at this time.

NOTES TO THE INTERIM REPORT
for the six months ended 30 JUNE 2008 *(continued)*

5. Called up share capital

	30 June 2008	30 June 2007	31 December 2007
	Unaudited	Unaudited	Audited
	£	£	£
Authorised			
10,000,000,000 ordinary shares of 0.10p each	**10,000,000**	10,000,000	10,000,000
Allotted, called up and fully paid			
Ordinary shares of 0.10p each			
304,782,042 at 30 June 2008	**304,781**	-	-
292,945,750 at 30 June 2007	-	264,825	-
304,782,042 at 31 December 2007	-	-	304,781

Movements in called up share capital	Number of shares
As at 1 July 2007	292,945,750
Exercise of options for cash	10,444,884
Shares issued on acquisition of additional 10% of Frosinone Licences	1,391,408
At 31 December 2007	304,782,042
Movement in period	-
At 30 June 2008	**304,782,042**

NOTES TO THE INERIM REPORT
for the six months ended 30 JUNE 2008 *(continued)*

6. Reconciliation of movements in Group equity

	Share capital	Equity reserve	Share premium	Share based payment reserve	Translation reserve	Retained earnings	Total parent equity	Minority interest	Total equity
	£	£	£	£	£	£	£	£	£
Balance at 1 July 2007	292,946	-	11,688,209	769,710	13,814	(4,173,518)	8,591,161	369	8,591,530
Loss for the period	-	-	-	-	-	(782,993)	(782,993)	-	(782,993)
Assets available for sale	-	-	-	-	-			-	
Issue of shares during the period	11,835	-	1,203,869	-	-	-	1,215,704	-	1,215,704
Share issue costs	-	-	175,000	-	-	-	175,000	-	175,000
Issue of convertible loan notes	-	84,356	-	-	-	-	84,356	-	84,356
Exchange differences on translation of foreign operations	-	-	-	-	135,251	-	135,251	-	135,251
Share based payment	-		-	421,467	-	-	421,467	-	421,467
Balance at 1 January 2008	**304,781**	**84,356**	**13,067,078**	**1,191,177**	**149,065**	**(4,956,511)**	**9,839,946**	**369**	**9,840,315**
Loss for the period	-	-	-	-	-	(2,768,809)	(2,768,809)	-	(2,768,809)
Exchange differences on translation of foreign operations	-	-	-	-	1,277,847	-	1,277,847	-	1,277,847
Share based payment	-	-	-	52,297	-	-	52,297	-	52,297
Balance at 30 June 2008	**304,781**	**84,356**	**13,067,078**	**1,243,474**	**1,426,912**	**(7,725,320)**	**8,401,281**	**369**	**8,401,650**

7. Borrowings and bank loans

On 6 May 2008 the Company, through its Italian subsidiary undertaking Ascent Resources Italia srl, negotiated a new debt facility of €2.5m (£1.98m) for the further development of the Italian assets. As security for the loan a cash deposit has been invested in a bank bond with a value of €1m (£791,000). The weighted average interest rate of the debt facility is 6.3% and for the bond there is a fixed interest rate of 4.65%.

8. Cash generated/(used) in operations

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	Unaudited	Unaudited	Audited
	£	£	£
Loss for the period	**(2,768,809)**	(1,347,500)	(2,129,982)
Depreciation charge	**6,633**	15,937	570
Increase in receivables	**(2,811,514)**	(194,086)	(687,753)
Increase/(decrease) in payables	**3,698,408**	464,937	(350,069)
Increase in inventories	**-**	(153,083)	(196,087)
Profit on sale of property, plant and equipment	**-**	-	(3,447)
Profit on sale of exploration asset	**(424,322)**	-	-
Profit on sale of asset held for sale	**-**	(695,550)	-
Profit on sale of subsidiaries	**-**	-	(2,113,100)
Revaluation of quoted securities	**(220,000)**	(8,042)	60,000
Impairment of asset held for sale	**-**	-	148,217
Impairment of exploration expenditure	**2,004,847**	979,299	1,330,605
Amortisation of decommissioning Costs	**53,000**	2,948	4,277
Share-based payment charge	**52,297**	-	398,117
Exchange differences	**312,552**	15,862	(648,677)
Cash used in operations	**(96,808)**	(919,278)	(4,187,329)
Tax paid	**-**	-	-
Financial income	**(59,186)**	(19,724)	(106,834)
Financial expense	**335,372**	29,966	122,965
Net cash generated/(used) in operating activities	**179,378**	(909,036)	(4,171,198)

9. Acquisition of subsidiary undertaking

On 13 May 2008 the Company acquired a 100 % interest in, Petro Swiss Limited, a company incorporated in Jersey, for a cash payment of £20,000. The payment represented the fair value of the Company's share of the net assets of the business.

10. Related party transactions

(a) *Group companies*

Transactions and inter-company balances between the Company and its subsidiaries have been eliminated on consolidation.

(b) *Directors*

There have been no material related party transactions in respect of Directors during the period under review.

(c) *Other related party transactions*

During the period to 30 June 2008 Ascent Resources Italia srl made a payment in advance of €360,000 (£285,000) to its subsidiary undertaking Perazzoli Drilling srl. The payment was in respect of the investment in a new drilling rig to be used on the Gazzata-1 well for the Cento and Bastiglia permits of northern Italy.

11. Post balance sheet events

(a) *16 July 2008*: The Company announced three key developments:

(i) The Company signed a Preliminary Agreement for an 80% participation in the exploration of the East Slovenia Exploration Permit to the north of the Petisovci oil and gas field redevelopment project.

The East Slovenian Project covers an area of 864 sq. km over three separate blocks within the 2,473 sq. km Pomurje Regional Exploration Area. A number of wells were drilled in this area in the 1950s by INA-Naftaplin of which at least six demonstrated good shows of oil or gas. The current work programme envisages a regional exploration study followed by seismic and exploration or appraisal drilling in 2009. Under the terms of the Agreement, Ascent will hold an 80% interest in the Project through its wholly owned subsidiary Nemmoco Slovenia Corporation, which also operates the adjoining Petisovci Redevelopment Project.

(ii) In addition, the Company also acquired a 35% beneficial interest in the Concordat Exploration Project in North Eastern Switzerland. This interest was assigned to PEOS AG, Ascent's wholly owned Swiss subsidiary. The work programme planned for permit for the remainder of 2008 involves the reprocessing of existing seismic data.

11. Post balance sheet events *(continued)*

(iii) In Spain, the Rocamundo Exploration Application was superseded by the Bigüenzo Exploration Application lodged by a Spanish Exploration Company. Rather than participating in this project and following the disposal of its other Spanish assets in 2007, the Company elected to exit Spain.

(b) *17 July 2008:* The Company completed the divestment of an interest in two of its Hungarian gas development projects to Leni Gas and Oil plc ('Leni Gas'). Leni Gas purchased a 7.27% interest in PetroHungaria kft and a 14.54% interest in ZalaGasCo kft for a cash consideration of €2 million. The disposal generated the Company a profit of £1.6 million that will be reflected in the full year financial statements.

(c) 12 August 2008: The Company commenced gas production of the PEN-104 well in the Penészlek area of the Nyírség permits in Hungary. The production rate of the well has stabilised at a rate of 117,000 cu.m per day (4.1 MMscfd; 688 boepd).

The PEN-104 discovery well was originally drilled in 2006 by PetroHungaria kft. Gas production, following metering at the newly constructed PEN-104 facility, is transported by pipeline to the MOL gas processing facility at Hajdúszoboszló 50 km from the well.

Ascent holds a 45.23% interest in the Penészlek Project through its equity interest in PetroHungaria kft. Other partners are DualEx (37.5%), Geomega (8%), Leni Gas & Oil (7.27%) and Swede Resources (2%).

Future plans for the Nyírség exploration permits include the acquisition of a 3-D seismic survey with the objective of delineating other gas reservoirs within the vicinity. Two wells in the survey area have previously tested gas but to date, have not been put into production. Additionally, the Penészlek field, which produced gas between 1983 and 1991, is a candidate for redevelopment.

(d) 26 August 2008: The Company appointed Simon Cunningham to the Board as Executive Finance Director.

Simon (33), a certified accountant, has extensive energy and resources experience having held senior corporate roles with diversified engineering services group Ausenco Limited (ASX:AAX), international renewable energy provider Energy Developments Limited (ASX:ENE) and independent power producer NRG Energy Inc. Most recently he served as the Chief Financial Officer of Reverse Corp Limited (ASX:REF), a telecommunications provider with operations in the United Kingdom and Australia where he was responsible for all aspects of the finance, treasury, investor relations, investment analysis and company secretarial functions. Simon replaces Alan Sinclair who stepped down from the Board on the same date in order to pursue other opportunities.

The Board has granted Simon Cunningham 1,000,000 options to subscribe for new ordinary shares in the Company at 4.75p per share, exercisable from 21st September 2009 until 21st September 2013.

DIRECTORS AND ADVISERS

Directors	John Patrick Kenny Jeremy Eng Malcolm David John Groom Alan Sinclair *(resigned 26 August 2008)* Simon Cunningham *(appointed 26 August 2008)* Jonathan Victor Lewis Legg Patrick Anthony Francis Heren (*resigned 20 September 2008)* Nigel Sandford Johnson Moore
Secretary	John Michael Bottomley
Registered office	One America Square Crosswall London EC3N 2SG
Nominated Adviser and Broker	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Auditors	KPMG Audit plc 20 Farringdon Street London EC4A 4PP
Solicitors	Sprecher Grier Halberstam LLP One America Square Crosswall London EC3N 2SG
Bankers	Barclays Bank Plc London Business Banking United Kingdom House 180 Oxford Street London W1D 1EA
Financial PR	St Brides Media and Finance Ltd Chaucer House 38 Bow Lane London EC4M 9AY
Share Registry	Computershare Investors Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE
Company's registered number	05239285