30th April 2008 **Embargoed for 7.00am**

EGDON RESOURCES PLC

("Egdon" or "the Company")

Interim Results for the six months ended 31 January 2008

Egdon Resources plc, the UK-based exploration and production company primarily focused on the hydrocarbon-producing basins of the onshore UK, today announces its Interim Results for the six months ended 31 January 2008.

The Company is listed on AIM under the code EDR.

Overview and Highlights

Operational Highlights

- First sustained production from the Keddington oil field
- Extended well test completed on Avington-3z well with further test production and appraisal planned during 2008
- Acquisition of four licences from Stag Energy Limited including PEDL118 containing the Eakring-Dukes Wood abandoned oil field which is scheduled for rejuvenation
- Portfolio of 21 licences in UK and France
- New licence applications pending in UK onshore and France
- Wells drilled at Burton Agnes-1, Grenade-3 and Tees Prospect during the period

Financial and Corporate Highlights

- Successful admission of "new" Egdon Resources plc to AIM on 17 January 2008, following demerger of Gas Storage business, Portland Gas plc
- First revenues from oil production received in the period totalling £758,000 (2007 - nil)
- Loss for period from continuing operations (after demerger expenses of £420,000 and dry-well write-offs of £1,000,000) of £1,494,000 (2007: £247,000)
- Loss per share from continuing operations for period of 2.23p (2007: 0.40p)
- Completion of an institutional placing during September 2007 to raise £4.8 million net of expenses with £4.0 million for Portland Gas
- Net funds as at 31 January 2008 £3.3 million (31 January 2007: £11.8 million)

Commenting on the results, Philip Stephens, Chairman of Egdon said

"I am pleased to be able to report the successful completion of the demerger and most importantly our first significant revenue producing period. Egdon has the potential to build an exciting portfolio in the UK and mainland Europe, which in the medium term we expect to provide good shareholder returns. We look forward to the future with confidence."

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Chairman’s Statement

Overview

The period covered by these results saw the successful listing on 17 January 2008 of Egdon Resources plc as a new focused Exploration and Production business following the demerger of Portland Gas plc. This demerger provides clear focus on the two distinct business units which had developed within Egdon since listing on AIM in December 2004. During this time the Company’s strategy added significant shareholder value and we now look forward to developing further value as a stand-alone onshore European E&P business.

Although technically the Company was only incorporated on 25 October 2007 and only received a certificate allowing it to trade on 7 November 2007, it inherited every aspect of the former holding company of the Egdon group except the Gas Storage business, which in turn was inherited by Portland Gas plc. This interim statement has therefore been prepared on the basis that the two parts of the business were separate over the reporting period. However caution should be exercised in interpreting comparisons with the previous year.

Financial

The Company recorded a consolidated loss from continuing operations of £1,494,000 for the six months ended 31 January 2008 (2007: £247,000). This figure includes one-off demerger costs of £420,000 and a write-down of £1,000,000 associated with unsuccessful exploration drilling during the period. This equates to a loss per share for continuing operations for the period of 2.23p compared to 0.40p for the six months ended 31 January 2007.

During September 2007 the former holding company of the Egdon group (essentially the Company when it included Portland Gas plc) placed 2,325,582 shares at a price of 215p per share to raise £4.8 million net of expenses, £4.0 million of which was to fund Portland Gas. An additional 10,494 shares were issued as part of the acquisition of the onshore assets of Stag Energy Limited during October 2007. Upon the demerger of the former holding company of the Egdon group into the Company and Portland Gas plc, shareholders received one share in each of the Company and Portland Gas plc for every share they held in the former holding company. Accordingly at demerger 67,801,840 shares in the Company were issued and as at 31 January 2008 the same number of shares were in issue.

The six month period covered by these results also saw the Company’s first sustained oil production. Oil sales from the Keddington oil field during the period totalled 6,147 barrels. In addition oil sales over a six month well test of the Avington-3z well totalled 12,240 barrels net to Egdon. Total revenues from oil sales during the period were £758,000 (2007: nil).

The Company had net cash of £3.3 million as at 31 January 2008 (31 January 2007: £11.8 million).

Operations

Progress has been made in a number of areas of Egdon’s portfolio during the period.

Egdon operated Keddington oil field, which was acquired from Roc Oil during March 2007, and is located to the east of Louth in Lincolnshire, was restored to production in June 2007 following a workover and re-completion of the Keddington-1z well. This well has produced around 40 barrels of oil per day (“bopd”) with associated gas during the period. In January 2008 production was restarted from the Keddington-2y well. This well is flowed on a three to five day cycle and produces 40-45 barrels of oil during vent-down. This has increased daily field production at Keddington to around 50 bopd.

A full technical evaluation of the field is currently ongoing with the objective of identifying opportunities for additional drilling to increase the current production levels and total field recovery. Planning consent is already in place for additional wells and as such drilling could commence early in 2009.

A six month production test was undertaken during the period on the Avington-3z well, where Egdon holds a 20% interest. Avington-3z was completed as a horizontal production well in the Great Oolite reservoir, with drilling operations completed during July 2007. After an initial period of free-flow production, which produced 28 degree API oil at rates of up to 470 bopd, the well was completed with a jet-pump for a prolonged period of pumped test production. The Avington-3z well is currently shut-in. Approvals are being sought by the operator Star Energy Limited to put the Avington-3z and -2z wells back onto test production through enhanced facilities and also for the drilling of two further appraisal wells. It is anticipated that test production could re-commence during the summer of 2008.

During October 2007, the Company completed the acquisition from Stag Energy Limited of 100% interests in four licences in the East Midlands. The consideration for the acquisition was £100,000 in cash and 10,494 shares. In addition Egdon has granted a Gross Overriding Royalty of 5% of future production from the licences.

This acquisition adds significant acreage to a core area and has the potential to add material reserves. One of the licences contains the Eakring-Dukes Wood abandoned oil field which produced from 1940 until 1966. The Company believes there is potential to rejuvenate the field to take advantage of increased oil prices, improved technology and the recognition of undrilled and undrained parts of the field. The Eakring-Dukes Wood abandoned oil field was discovered in 1939 and extensively drilled and produced during the second world war, when production peaked at 1,600 bopd in 1941. Production was from a number of stacked shallow sandstone reservoirs of Carboniferous age.

Planning approval is in place for the drilling of the Eakring North prospect and planning is being sought at an additional site on the main Dukes Wood anticline. The Department for Business, Enterprise and Regulatory Reform ("DBERR") has granted an extension to the first term of the licence to enable a well to be drilled on the prospect during the last quarter of 2008.

Progress has been made during the period in negotiations for a gas sales agreement for production from the Kirkleatham gas discovery in the operated licence PEDL068 where the Company holds a 20% interest. It is hoped to conclude an agreement during the first half of 2008 to enable development to progress. As previously reported Kirkleatham has the potential for conversion into a gas storage facility.

The Westerdale-1 well has been plugged and abandoned and the site restored during the period. The Westerdale-1 well proved a separate northern closure to the Ralph Cross gas accumulation proven by the Ralph Cross-1 well drilled and tested by Home Oil in 1966. A site has been identified for a possible Westerdale-2 well to test the main part of the Ralph Cross gas accumulation and progress is being made with a view to submitting a planning application possibly later this year.

The Company has participated in the drilling of three wells during the period, two of which are in the UK and the other in South-West France.

The Burton Agnes-1 Exploration well in the Company's operated licence PEDL071, located in East Yorkshire, where Egdon holds a 25% interest, reached 2,290 metres measured depth on 17 December 2007. The primary reservoir target, the Leman Sandstone, was water wet and zones of gas shows observed within the Zechstein carbonates were not considered worth testing. The well confirmed the presence of thick, good quality Leman sandstone reservoir and a viable petroleum system but showed the area to be more complex than the pre-drill view. The Burton Agnes-1 well has been suspended to provide the option to sidetrack to a more elevated part of the structure once the ongoing post-well evaluation is completed and we remain encouraged by the potential for the area. Egdon's costs in the well were carried by other participants.

The Tees Prospect exploration well where the Company holds a 10% interest reached a depth of 3,238m on 31 December 2007. The well, operated by RWE Dea UK Limited, and located approximately 20 kilometres south-east of Flamborough Head, was targeting the Tees Prospect, a Lower Permian Leman Sandstone structural closure mapped on proprietary 3D seismic data. The primary Leman Sandstone target was penetrated close to prognosis with minor gas shows but the sands encountered were water bearing. There were also good indications of gas within a 25m sandstone in the Carboniferous interval but following log evaluation these were not considered worth testing. As such the well has been plugged and abandoned and a write-down of £1,000,000 has been made in respect of this licence. Post-well analysis is currently ongoing and a decision on these licences is expected later in the year.

The Grenade-3 well in the St Laurent Permit of SW France where the Company holds a 33.423% operated interest reached a total depth of 2,310 metres on 10 February 2008. The target "Vraconian" limestone interval was penetrated 21m up-dip of the Grenade-1 oil discovery well. However, coring and logging indicated that the target interval had no effective porosity and was therefore not hydrocarbon bearing. The well has defined the eastern limit of reservoir development within the structure with potential still existing to the west and south around the Grenade-1 well and also northwards towards the Maurrin-1 well. The well has been suspended to retain the option to target other areas of the Grenade prospect via a sidetrack, pending the outcome of detailed post-well technical and commercial evaluation.

Further technical work during the period has enabled the definition of the Audignon Prospect, a multi-TCF Triassic sub-salt gas prospect within the St Laurent Permit.

As part of the normal exploration cycle a number of licences have come to the end of their term and been relinquished during the period. Promote licence P1296 covering block 15/7 in the outer Moray Firth was surrendered during the period. In the Weald Basin all of PEDL110 and most of PEDL069 have also been relinquished. That part of PEDL069 which contains the potential extension of the Avington oil accumulation has been retained.

Your Board recognises the need to replenish and widen its opportunity base as non-prospective licences and areas within its existing portfolio are relinquished. As such I can report that Egdon has been active in the long awaited UK 13th Landward Licensing Round having made a number of applications in and around our areas of focus. It is anticipated that awards will be announced by DBERR in the summer and we will provide an update at that time should any of our applications be successful.

Egdon has identified France as an area for potential growth. The Company has been evaluating a number of opportunities and currently has two applications pending. It is expected that further applications will be made during 2008.

Outlook

The strategy for the future is to remain focused on oil and gas exploration and production in the onshore UK and mainland Europe.

The Company currently has operated production and revenues from the Keddington oil field where it looks to progress plans for infill drilling. Egdon also await further test-production from the Avington oil discovery. In addition there is a programme of field appraisal and developments planned for 2008 at the Kirkleatham gas discovery, the Eakring- Dukes Wood oil field and the Waddock Cross oil discovery and during the year decisions will be taken on further drilling at both Burton Agnes and Grenade.

Conditional upon planning, exploration wells are planned for the fourth quarter of 2008 at Holmwood and Winfrith. Egdon also awaits the outcome of licence applications in the onshore UK and onshore France.

Your Board recognises the challenges of developing and growing the oil and gas business to a more material size as an independent entity following the successful demerger of the Gas Storage business, and continues to review various options to achieve this.

We look forward to a further year of progress and thank our shareholders for their continued support.

Philip Stephens
Chairman

EGDON RESOURCES PLC
CONSOLIDATED INCOME STATEMENT
For the six months ended 31 January 2008

	Notes	*Unaudited Six months ended 31-Jan-08 £'000*	*Unaudited Six months ended 31-Jan-07 £'000*	*Unaudited Year ended 31-Jul-07 £'000*
Continuing operations				
Revenue		758	0	41
Cost of sales : Write-down of exploration costs		(1,000)	0	0
Cost of sales: other		(736)	0	(53)
Total cost of sales		(1,736)	0	(53)
Gross (loss)		(978)	0	(12)
Administrative expenses		(780)	(345)	(635)
Other operating income		146	26	59
Operating loss		**(1,612)**	**(319)**	**(588)**
Financial income		118	72	260
Loss before taxation		**(1,494)**	**(247)**	**(328)**
Taxation		0	0	0
Loss on ordinary activities after taxation		**(1,494)**	**(247)**	**(328)**
Loss from discontinued operations	5	**(798)**	**(109)**	**(209)**
Loss for the period retained		**(2,292)**	**(356)**	**(537)**

EGDON RESOURCES PLC
CONSOLIDATED BALANCE SHEET
As at 31 January 2008

	Notes	Unaudited 31-Jan-08 £'000	Unaudited 31-Jan-07 £'000	Unaudited 31-Jul-07 £'000
Non-current assets				
Intangible assets		5,553	9,973	14,735
Plant and equipment		526	8	147
Total non-current assets		**6,079**	**9,981**	**14,882**
Current assets				
Inventory		26	0	24
Trade and other receivables		2,069	253	640
Available for sale financial assets		50	0	0
Cash and cash equivalents	6	3,341	11,774	7,900
Total current assets		**5,486**	**12,027**	**8,564**
Current liabilities				
Trade and other payables		(2,180)	(641)	(2,015)
Net current assets		**3,306**	**11,386**	**6,549**
Total assets less current liabilities		**9,385**	**21,367**	**21,431**
Non-current liabilities				
Decommissioning provision		(247)	0	(246)
		9,138	**21,367**	**21,185**
Shareholders' funds				
Share capital	3, 7	6,780	655	655
Merger reserve	7	0	20,387	20,387
Retained earnings	7	2,358	325	143
		9,138	**21,367**	**21,185**

EGDON RESOURCES PLC
CONSOLIDATED CASHFLOW STATEMENT
for the half year ended 31 January 2008

	Note	*Unaudited Six months ended 31-Jan-08 £'000*	*Unaudited Six months ended 31-Jan-07 £'000*	*Unaudited Year ended 31-Jul-07 £'000*
Loss from Operations		**(2,292)**	**(356)**	**(537)**
Adjustments for:				
Depreciation and impairment of property plant and equipment		1,108	1	17
(Increase)/decrease in trade and other receivables		(1,859)	785	397
Increase in inventory		(2)	0	(24)
Increase in trade payables		1,376	(286)	(446)
Increase in provisions		1	(412)	(167)
Interest Income		(247)	(74)	(403)
Net cash flow from Operating Activities		**(1,915)**	**(342)**	**(1,163)**
Investing Activities				
Interest received	*5*	247	74	403
Payments for intangible fixed assets	*5*	(3,882)	(1,690)	(4,917)
Purchase of plant and equipment	*5*	(59)	(6)	(161)
Purchase of financial assets	*5*	(100)	0	0
Demerger of subsidiary	*4*	(3,650)	0	0
Net cash flow from investing activities		**(7,444)**	**(1,622)**	**(4,675)**
Financing Activities				
Issue of shares		5,000	12,325	12,325
Costs associated with issue of shares		(200)	(480)	(480)
Net cash flow from financing		**4,800**	**11,845**	**11,845**
Net (increase)/decrease in cash and cash equivalents		(4,559)	9,881	6,007
Cash and cash equivalents as at 1 August 2007		7,900	1,893	1,893
Cash and cash equivalents as at 31 January 2008		**3,341**	**11,774**	**7,900**

NOTES TO THE INTERIM RESULTS for the six months ended 31 January 2008

1. **General information**

Egdon Resources plc ('the Company' and ultimate parent of the Group) is a public limited company listed on the AIM market of the London Stock Exchange plc (AIM) and incorporated in England. The registered office is Suite 2 90-96 High Street, Odiham, Hampshire, RG29 1LP.

This interim report was authorised for issue by the directors on the 30 April 2008.

Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the period covered by this interim report.

Basis of preparation

Egdon Resources plc, an AIM listed entity, adopted International Financial Reporting Standards (IFRS) and IFRIC Interpretations expected to be effective in July 2008 as the basis for preparation of its financial statements from the 1 August 2007, with a date of transition of 1 August 2006. The financial information has been prepared under the historical cost convention as modified by the revaluation of certain financial assets, in accordance with applicable Accounting Standards and the Statement of Recommended Practice: Accounting for Oil and Gas Development production and Decommissioning Activities published by the Institute of Petroleum on behalf of the U. K. Oil Industry Accounting Committee ("the SORP"). The Group has not presented reconciliations of UK GAAP to IFRS as required by IFRS1, 'First time adoption of International Financial Reporting Standards' as there are no material reconciling items.

Non-statutory accounts

The unaudited results contained in this document do not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. Copies of the statutory accounts of the relevant Group companies, which were prepared under UK GAAP, for the year ended 31 July 2007 have been delivered to the Registrar of Companies. The audit reports on those accounts were unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain a statement under Sections 237(2)-237(3) of the Companies Act 1985. The first statutory accounts for Egdon Resources plc will be in respect of the period ended 31 July 2008.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Basis of consolidation

The financial information incorporates the financial information of the Company and entities controlled by the Company. Control is achieved where the Company has power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Business combinations and goodwill

On acquisition, the assets and liabilities and contingent liabilities of subsidiaries are measured at their fair values at the date of acquisition. Any excess of cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. Goodwill arising on consolidation is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

With effect from 16 January 2008 a new parent company was introduced to the Group via a share for share exchange between the new parent company Egdon Resources plc and the former parent company Egdon Resources U.K. Limited.

The introduction of a new holding company does not result in the addition of any new businesses to the group, and as such it falls outside of the scope of IFRS 3. Therefore, it has been accounted for using merger accounting principles. As a result, although the group reconstruction did not become effective until January 2008, the consolidated financial statements of Egdon Resources plc are presented as if Egdon Resources plc and its subsidiaries had always been part of the same group. Accordingly, the financial information for the current period has been presented, and that for the prior periods restated, as if the subsidiaries had been owned by Egdon Resources plc throughout the current and comparative accounting periods.

The results for the period ended 31 January 2007 and the year ended 31 July 2007 incorporate the results of Egdon Resources U.K. Limited and its subsidiaries for the relevant periods. The results for the period ended 31 January 2008 incorporate the results of Egdon Resources U.K. Limited for the six months ended 31 January 2008, or the period to the date of disposal as appropriate and the results of Egdon Resources plc from the 25 October 2007 to 31 January 2008.

Revenue

Revenue represents amounts receivable for oil sales net of VAT and trade discounts and is recognised as the goods are provided.

Income charged to other companies by the Group, net of VAT, in respect of fees for acting as Operator is disclosed within Other operating income.

Consortium accounting

The Group's exploration and development activities are generally conducted as co-licensee in joint operation with other companies. The financial statements reflect the relevant proportions of capital expenditure and operating costs applicable to the Group's interest.

Oil and gas interests

The Group financial statements for oil and gas exploration have been prepared on the full cost basis as set out in the SORP.

Licence acquisition costs, geological and geophysical costs, costs of drilling exploration, appraisal and development wells, and an appropriate share of overheads (including appropriate Director's costs) are capitalized and accumulated in full cost pools within property, plant and equipment on a geographical basis.

Costs relating to the exploration and appraisal of oil and gas interests which the Directors consider to be unevaluated are initially held outside the cost pool as intangible assets. These costs are reassessed at each year end and when there are indications of impairment or at the conclusion of an appraisal programme the related costs are transferred to the full cost pool within property, plant and equipment. The Group's oil and gas assets, currently shown in intangible assets, would be held in two cost pools, the UK and France.

An impairment test is carried out at each balance sheet date to assess whether the net book value of the capitalized costs in each pool is covered by the associated recoverable amount. Impairment losses are recognized in the income statement.

Depletion is provided on balances held in each pool, plus the expected future costs to extract all commercial oil and gas reserves, using the unit of production method. (Commercial oil and gas reserves are proven and probable oil and gas reserves as defined in the SORP). Depletion is not provided on interests held outside the cost pool. For material interests, reserve data supplied by operators is used.

Depreciation of plant and equipment

Plant and equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual values of each asset over its expected useful life, as follows:-

Plant and equipment	20% straight line
Fixtures and fittings	25% straight line
Computer equipment	33% straight line

Decommissioning provision and asset

Licensees have an obligation to restore producing fields to a condition acceptable to the relevant authorities at the end of their commercial lives. Such provisions represent the Group's share of the estimated liability for costs which will be incurred in removing production facilities at the end of commercial production from the field. Where the time value of money is material, the provision made in the financial statements is for the present value of the estimated future costs. A corresponding asset is also created for the amount equal to the provision when it is first made in the financial statements. This asset is subsequently depleted as part of oil and gas assets in accordance with the depreciation and depletion policy applied to such assets. The increase in the net present value of the future cost is included within finance costs.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the end of the financial year. All exchange differences are dealt with in the income statement.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the income statement. Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans are recorded at the proceeds received, net of direct issue costs. Finance costs are accounted for on an accruals basis in the income statement using the effective interest method.

Available for sale assets are those non-derivative financial assets that are designated as available for sale or are not classified as financial assets at fair value through profit and loss, held to maturity investments or loans and receivables. After initial recognition available for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using appropriate valuation techniques.

Taxation

Tax expense represents the sum of the tax currently payable and any deferred tax. No tax is currently payable being based upon the taxable result for the year. The taxable result differs from the net result as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis.

Inventory

Inventory is stated at the lower of cost and net realisable value.

2. **Loss per share**

	Six months ended 31 January 2008	**Six months ended 31 January 2007**	**Year ended 31 July 2007**
	p	p	p
Basic (total)	(3.41)	(0.58)	(0.85)
Continuing operations	(2.23)	(0.40)	(0.52)

The calculation of basic loss per share is based upon a loss of £2.29 million (January 2007: £0.356million, July 2007: £0.537 million) divided by the weighted average number of ordinary shares in issue of 67,089,549 (January 2007: 61,262,674, July 2007: 63,392,512).

The calculation of loss per share for continuing operations is based upon a loss of £1.49 million (January 2007: £0.247million, July 2007: £0.328 million) divided by the weighted average number of ordinary shares in issue of 67,089,549 (January 2007: 61,262,674, July 2007: 63,392,512).

In accordance with IAS 33, diluted earnings per share calculations are not presented as no share options were outstanding during the period.

3. **Called up share capital**

	31 January 2008	**31 January 2007**	**31 July 2007**
	£	**£**	**£**
Authorised			
100,000,000 ordinary shares of £0.01 each	-	1,000,000	1,000,000
100,000,000 ordinary shares of 10p each	10,000,000	-	-
50,000 redeemable preference shares of £1 each (classified as liabilities)	50,000	-	-
Allotted, called up and fully paid			
65,465,764 ordinary shares of £0.01 each	-	654,657	654,657
67,801,840 ordinary shares of 10p each	6,780,184	-	-
50,000, redeemable preference shares of £1 each (classified as liabilities)	50,000	-	-

On 28 September 2007 the former holding company of the Egdon group placed 2,325,582 new 1p ordinary shares with a nominal value of £23,256 for aggregate cash consideration of £5,000,000. Following the Placing, 67,791,346 ordinary shares were in issue.

On 23 October 2007 10,494 1p ordinary shares with a nominal value of £105 and an aggregate market value of £25,000 were issued to Stag Energy Limited in part consideration for the acquisition of their entire interest in licences PEDL094, PEDL118, PEDL130 and PEDL132. Following the Placing, 67,801,840 ordinary shares were in issue.

At demerger on 16 January 2008, 67,801,840 Ordinary 10p shares in Egdon Resources plc were issued to each shareholder who held one share in the former holding company of the Egdon group

4. **Demerger**

The demerger of Portland Gas and the Gas Storage business in essence resulted in each shareholder who held one share in the former holding company of the Egdon group receiving one share in Portland Gas plc, (holding the gas storage assets and business), and one share in the Company, (holding the balance of the oil and gas exploration and production assets).

As a precursor to the demerger, Portland Gas plc was incorporated as New Portland PLC on the 25 October 2007 with an authorised share capital of 500,000 ordinary shares of 10p each. On the 6 November 2007 the authorised share capital was increased by the creation of 99,500,000 additional ordinary shares of 10p each and 50,000 redeemable preference shares of £1 each, the latter being held by the Company. For the purposes of the demerger, it was necessary for the Egdon Group to be held by a new holding company, the Company (formerly New Egdon PLC) which was also incorporated on 25 October 2007. The Company became the ultimate holding company of the Egdon group pursuant to a Scheme of Arrangement under Section 425 of the Companies Act 1985. Under the Scheme of Arrangement shareholders on the register of the former holding company of the Egdon group exchanged shares for one share in the Company. The transfer of the Gas Storage business was effected by means of a reduction in capital of the Company, following which the Company transferred Portland Gas A Limited (one holding company of the Gas Storage business) to Portland Gas plc by way of consideration for such transfer, Egdon shareholders received shares in Portland Gas plc in proportions that mirrored their holdings in Egdon.

Portland Gas A Limited was distributed by means of a dividend in specie. The book value of the assets and liabilities distributed was £14,579,402. The assets and liabilities were made up as follows:

	£
Intangible assets	11,605,687
Equipment	54,617
Trade and other receivables	430,250
Cash and cash equivalents	3,650,735
Available for sale assets	50,000
Trade and other payables	(1,211,887)
Net assets on disposal	14,579,402

5. **Discontinued Operations**

Included within the cash flow are the following amounts in relation to discontinued operations:

Investing Activities	**31 January 2008 £'000**	**31January 2007 £'000**	**31 July 2007 £'000**
Interest received	129	2	143
Payments to acquire intangible assets	(2,176)	(1,357)	(3,749)
Purchase of equipment	(59)	0	(5)
Purchase of financial assets	(50)	0	0
	(2,156)	(1,355)	(3,611)

The results of discontinued operations can be analysed as follows:

	31 January 2008 £'000	**31January 2007 £'000**	**31 July 2007 £'000**
Administrative expenses	(927)	(111)	(352)
Investment revenues	129	2	143
	(798)	(109)	(209)

6. **Cash and Cash Equivalents**

	31 January 2008 £'000	31January 2007 £'000	31 July 2007 £'000
Cash at Bank and in hand	572	962	159
Short term bank deposits	2,769	10,812	7,741
	3,341	11,774	7,900

7. **Reconciliation of movement in capital and reserves**

	Share capital £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 July 2006	571	8,626	681	9,878
Issue of ordinary shares	84	11,761		11,845
Loss for the period			(356)	(356)
Balance at 31 January 2007	655	20,387	325	21,367
Loss for the period			(182)	(182)
Balance at 31 July 2007	655	20,387	143	21,185
Issue of ordinary shares	23	4,802		4,825
Effect of share cancellation	(678)	678		
Issue of shares following scheme of arrangement	6,780	(6,780)		
Cancellation of share premium		(19,087)	19,087	
Distribution of Portland group by means of dividend in specie			(14,580)	(14,580)
Loss for the period			(2,292)	(2,292)
Balance at 31 January 2008	**6,780**	**-**	**2,358**	**9,138**

8. **Post balance sheet events**

The Grenade-3 well reached total depth on 10 February. The well was not hydrocarbon bearing due to a lack of reservoir and has defined the eastern limit of the Grenade oil accumulation. The well has been suspended to retain the option to target other areas of the Grenade prospect via a sidetrack, pending the outcome of detailed post-well technical and commercial evaluation.

9. **Publication of the interim report**

This interim report is available on the Company's website www.egdon-resources.com.