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12th August 2009

Indus Gas Limited
("Indus" or "the Company")

Maiden Full Year Results

Indus Gas Limited (AIM: INDI.L), an oil & gas exploration and development company based in India, is pleased to report its maiden full year results for the 12 months to 31 March 2009.

Highlights:

- Successful admission to AIM in June 2008 - raising £25m
- Signing of "take or pay" gas sales agreement with GAIL (India) Ltd, underpinning sales revenues for Indus from April 2010 onwards.
- Approval of SGL Field Development plan and reserves upgrade to P50 GIIP of 328 Bscf gas and recoverable reserves of 246 Bscf.
- SGL field development activities, including the distribution pipeline, on track for production from April 2010.
- Seismic and new drilling programme on track, with extensive increase in operations.
- New discovery/gas shows in three out of five wells drilled during the year
- Total exploration expenditure of US$28.54 mn during FY ending March 2009

Commenting, Marc Holtzman, Non-Executive Chairman, said:

"Indus remains on track to achieve first gas sales and production in April next year. The sales agreement in place with GAIL guarantees revenue to Indus and the building of all infrastructure needed ahead of production remains on schedule. The Company has also had good operational success in the past year, with a number of additional wells showing significant gas. In addition to the work involved in bringing first production and sales on stream, the Company has a strong forward operational programme in place with the potential to add further meaningful value to the business".

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Introduction:

Indus Gas Limited (Indus) is focused exclusively on oil and gas exploration, appraisal and development in Block RJ-ON/6, which is located in the Indus Basin, Rajasthan, India. The Company is also soon to move into gas production and sales. Indus owns a 90% participating interest in the Block, excluding the SGL gas field, in which it has a 63% interest. Focus Energy, the Operator, holds a 10% interest in the Block and 7% in SGL Field. ONGC retains a 30% interest in the SGL Field.

To date, Indus has drilled 15 exploration and appraisal wells on the Block, supported by an extensive set of 2D and 3D seismic data. The SGL field is set to move into production in April next year and a second well, SSF, has also been declared a discovery. Of the wells drilled, a number of further wells have had strong gas shows.

Significant progress has also been made in putting the necessary steps in place in order for production and sales to commence as planned in April 2010. The work completed to date by Indus and its co-ventures in the Block, as well as GAIL, which is responsible for the distribution from the Block, is on schedule and within budget.

Indus remains in a solid funding position and, in the year ahead, has a strong operational work programme in place with the potential to add further meaningful value. The potential of Block RJ-ON/6 continues to develop and given its size it will keep the participants busy for many years to come.

Operations Update:

SGL Field

The past year has seen a number of milestones crossed and all conditions under the term sheet with GAIL satisfied. These conditions included certification of gas reserves by the Director General Hydrocarbons, India (DGH), approval of the SGL Field Development Plan, confirmation from the DGH on recoverable gas reserves and production profile, approval by GAIL's management team for the laying of the pipeline and the signing of the gas sales agreement between the downstream customer and GAIL.

During the year, the Management Committee also approved an increase of P50 reserves to 328 Bscf and recoverable reserves to 246 Bscf. The Management Committee to the production sharing contract (PSC) includes the DGH, Government of India and ONGC. The reserves increase was based on analysis of new 3D seismic data, which provided a significantly better understanding of the discovery compared to the previous 2D seismic.

The term sheet has now been replaced with a fully binding Gas Sales & Purchase Agreement (GSPA). The new agreement is based on a take or pay arrangement, requiring GAIL to pay for at least 90% of the contracted gas, even if gas offered by Indus is not taken for any reason. Indus will initially supply 7 MMscfd of gas, increasing to 33.5 MMscfd in 2011. The GSPA remains in place for a minimum of 13 years and is extendable for a further period up to the validity of the PSC. The price of gas under the agreement is fixed for the first four years, leaving Indus largely immune to changes in the wider gas pricing market. The Field life is expected to be 18 years and with a peak production rate of 42 MMscfd. The total project cost to Indus is currently expected to be in the region of $150m over 12 years.

GAIL, in being responsible for distribution to the end user, is required to build a 90 km pipeline from the field to an existing electricity power plant at its own cost. The gas supplied will allow the plant to increase output from 110mw to 270mw, substantially increasing the availability of electricity in that region. GAIL has appointed Tractebel Engineers and constructors as their project management company and will close a tender in early September for the building of the pipeline and associated facilities.

In addition, and as part of the final agreement, the co-ventures under the PSC will install the infrastructure to enable production to commence from the field. These activities include setting up gas extraction, gathering & processing facilities. Focus, the operator of the block, has already secured key permits and approvals, including an extension of the petroleum exploration license and environment approval. MECON Limited has been appointed as consulting engineers on behalf of the participants to undertake detailed design and engineering of the project. MECON has been working closely with Focus on the engineering design of the facilities required. The allocation of the land by the State Government was a further significant milestone enabling detailed site specific engineering to be undertaken.

In June 2008, the ONGC exercised an option under the PSC to acquire a 30% interest in the SGL Field. This option was exercised based on a positive review of the Field and is a positive step for Indus and the other Field partners. ONGC will be responsible for 30% of the development costs, 100% of the applicable royalties and other taxes related to income from the Field, except income tax, and the license fee. As a result of not sharing in the exploration and appraisal costs, all revenues will first be shared between Indus and Focus according to the respective interests until these exploration and appraisal costs are recovered in full. Thereafter, revenues will be shared according to the respective interests of each party.

The assured revenues from the SGL gas field will transform Indus from an exploration company into a production company, which will be a turning point in its history.

Other Drilling & Appraisal Operations since April 2008

The Company's exploration and appraisal drilling campaign to date has largely been set by the leads and prospects identified in the Admission Document at the time of the IPO, with some modification, taking into account new seismic data and technical reviews. The campaign is also influenced by the terms of the PSC. As previously outlined, the appraisal period expires in June 2011 (current approval), meaning that infill wells seeking to clarify known discoveries or prospects can be delayed in order to first explore new areas of the Block so as to retain those areas post 2011. Under the PSC, an approved discovery is granted an additional 5 years in which to declare the discovery commercial. We are currently considering several possible drilling targets and are fast tracking our appraisal drilling.

During the period, Indus and its co-ventures drilled an additional 5 wells, bringing the total number of exploration and appraisal wells drilled under the PSC on Block RJ-ON/6 to 15. These additional wells include the SPF-1, the SSG-1, the OMM-1, the India Shaingli-1 and the SSM-1.

Four of these wells, the SPF-1, the SSG-1, The OMM-1 and the SSM-1 were centered on accessing the Pariwar formation, which is the same formation that will produce SGL gas.

As announced in July 2008, wireline logs indicate the SPF-1 well intersected three gas bearing reservoir intervals; a 6m gas charged interval between 3,267-3,273m, an 8m interval between 3,226-3,234m and a 12m interval between 3,208-3,220m. Initial testing of these zones produced, gas and water (formation

water) and gas was flared continuously for 48 hours. Further testing, requiring additional production logging tools, will enable the Company to obtain a better analysis of the gas/water behavior and obtain pressure and flow rates.

The SSG-1 well lies some 9.86 km south west of SGL-1 discovery well. As previously highlighted, during drilling operations several instances of clean gas charged sand horizons were encountered. A zone at 3,398-3,401 m was selected for testing using a TCP perforation system and gas was burned continuously for 6 hours before the well was shut in. At the same time, water was also produced from a separate interval above this test zone. The test zone produced gas only. The SSG-1 well contains a water column of 1,600 m, used as cushion water, which needs to be removed. The cushion water column is equivalent to 2,300 psi of back pressure. With the water column present, the stable tubing head pressure was 300 psi on half inch choke size.

The OMM-1 well is located approximately 1.4km south west of the SGL-2 gas discovery well. This well had to be abandoned at 2,913 m before reaching the revised target depth due to drilling difficulties. The SSM-1 well, which was spudded in February 2009, was drilled to assess the Pariwar formation to the south west of the SGL-1 discovery well. The well encountered a number of problems during drilling and no significant gas shows where recorded and, as such, the well was not tested.

The India Shingli-1 well is located approximately 29 km south west of the SGL-1 discovery well. The well was drilled to target the Baisaskhi - Bedesir (B&B) formation. In addition to the B&B formation, the well intersected the Jaisalmer and Pariwar formations and encountered numerous prospective zones within the target B&B and Jaisalmer formations. Further testing of this well is required in order to obtain a full understanding of the potential of the well.

As previously outlined, the B&B formation is likely to contain the most promising reservoir targets. The B&B deposition is characterized by wide spread marine shales of partly late Jurassic age, which are prolific oil source rocks. In the Saatchi-1 well, which was drilled by the operator prior to Indus listing, a sample of excellent quality light oil retrieved from a low permeability sandstone interval in the B&B sequence was typed back to a mainly marine source rock. Based on these results and the characteristics of the high productivity gas fields just across the border in Pakistan, Tracs has commented that there is good evidence of source, reservoir and seal. As many of these prospective zones appears to show characteristics of "tight gas", Indus will consider all options including fracturing simulation to optimize the hydrocarbon potential from these formations.

In addition to drilling activities, over the past year the Company has also acquired, processed and interpreted an additional 480 line kilometers of 2D seismic, bringing the total to 1,037 LKM. In total the Indus has also acquired 734km² of 3D seismic, processed 434km² and interpreted 290km², which represent the acquisition of an additional 340km² and the processing and interpretation of a further 39km² over the period.

Financials:

The Company remains well funded with a cash balance of GBP 14.29 million (in excess US$20m) as at the year end. Coupled with debt of US$ 46.34 million, from Focus Energy, and the planned bank financing being pursued by Indus from a consortium of Indian Banks, the Company expects to remain in a strong cash position for foreseeable future and for the current planned activities.

In the year to 31 March 2009, the exploration and appraisal expense was US$28.54 million. Part of these expenditures where funded through the US$46.34 million loan provided by the operator, Focus Energy Ltd. Out of this loan, US$16 million is repayable during FY 2009-10, which will be funded out of proposed bank financing. The balance of the loan from Focus of US$30.34 million is repayable only after proposed bank loan has been fully repaid.

Outlook

Indus has made significant progress since it successful listing on the AIM market in June 2008. A number of the wells drilled have strong gas shows and first production and sales remain on schedule to take place in

April next year. Looking ahead, the Company is well funded and has a strong operational programme in place over the next 12 months that has the potential to add meaningful value. Whilst it is too early to be in any way definitive, the potential within the tight gas B&B formations is clearly exciting and could add a further dimension to the Block.

Consolidated Balance Sheets

(All amounts in United States Dollars, unless otherwise stated)

		31 March 2009	31 March 2008
ASSETS			
Non-current assets			
Intangible assets - Exploration and Evaluation assets	7	32,464,788	3,926,210
Property, plant and equipment	8	47,719,923	47,306,867
Capital work-in-progress	8	1,222,420	55,188
Other assets		9,092	-
Total non-current assets		**81,416,223**	**51,288,265**
Current assets			
Inventories	9	3,090,900	2,286,252
Recoverable from related party		2,544	8,297,364
Other current assets		22,836	22,152
Cash and cash equivalents	10	20,308,583	5,720
Total current assets		**23,424,863**	**10,611,488**
Total assets		**104,841,086**	**61,899,753**
LIABILITIES AND EQUITY			
STOCKHOLDERS' EQUITY			
Share capital	11	3,618,472	3,320,856
Additional paid-in capital	11	48,511,505	-
Less: Cost of issue of equity		(2,009,839)	-
Currency translation reserve		(12,726,337)	1,081
Merger reserve		19,570,288	19,570,288
Accumulated earnings/ (losses)		601,803	(568,482)
Total Stockholders' Equity		**57,565,892**	**22,323,743**
LIABILITIES			
Non-Current liabilities			
Provisions for decommissioning	12	273,264	222,109
Finance lease obligations, excluding current portion	13	156,692	63,565
Total non-current liabilities		**429,956**	**285,674**
Current liabilities			
Payable to related parties	14	46,709,224	38,902,528
Finance lease obligations (current portion)		90,404	95,311

Accrued expenses and other liability	45,610	292,497
Total current liabilities	**46,845,238**	**39,290,336**
Total liabilities	**47,275,194**	**39,576,010**
Total equity and liabilities	**104,841,086**	**61,899,753**

(The accompanying notes are an integral part of these consolidated financial statements)

Consolidated Income Statements

(All amounts in United States Dollars, unless otherwise stated)

		Year ended 31 March 2009	Year ended 31 March 2008
Revenues		-	-
Cost and expenses			
Administrative expenses		847,474	359,151
Listing related costs		1,270,905	237,055
Loss from operations		**(2,118,379)**	**(596,205)**
Foreign exchange gain, net	**15**	2,424,705	27,724
Interest income		863,958	-
Profit/ (loss) before tax		**1,170,284**	**(568,482)**
Income tax expense	**17**	-	-
Profit/ (loss) after tax		**1,170,284**	**(568,482)**
Earnings/ (loss) per share			
Basic	**18**	*0.01*	*(0.00)**
Diluted		*0.01*	*(0.00)**
Par value of each share	GBP	*0.01*	*0.01*

* Rounded off to Nil

(The accompanying notes are an integral part of these consolidated financial statements)

Consolidated Statements of Stockholders' Equity

(All amounts in United States Dollars, unless otherwise stated)

	Common stock	Additional paid in	Currency translation	Merger reserve	Accumulated earnings/	Total stockholders' equity

	No. of shares	Amount	capital	reserve		(losses)	
Balance as at 1 April 2007 *(After incorporating merger adjustment - Refer Note 3)*	167,670,000	3,320,856	-	-	19,570,288	-	22,891,144
Currency translation adjustment	-	-	-	1,081	-	-	1,081
Net income recognised directly in equity	**-**	**-**	**-**	**1,081**	**-**	**-**	**1,081**
Loss for the year	-	-	-	-	-	(568,482)	(568,482)
Total recognised income and expense for the year	**-**	**-**	**-**	**1,081**	**-**	**(568,482)**	**(567,401)**
Share capital issued	2	-*	-	-	-	-	-*
Balance as at 31 March 2008	167,670,002	3,320,856		1,081	19,570,288	(568,482)	22,323,743
Currency translation adjustment	-	-	-	(12,727,418)	-	-	(12,727,418)
Net income recognised directly in equity	**-**	**-**	**-**	**(12,727,418)**	**-**	**-**	**(12,727,418)**
Profit for the year	-	-	-	-	-	1,170,284	1,170,284
Total recognised income and expense for the year	**-**	**-**	**-**	**(12,727,418)**	**-**	**-**	**(11,557,134)**
Share capital issued	15,243,922	297,617	48,511,505	-	-	-	48,809,122
Cost of Issue of New Shares	-	-	(2,009,839)	-	-	-	(2,009,839)
Balance as at 31 March 2009	182,913,924	3,618,473	46,501,666	(12,726,337)	19,570,288	601,802	57,565,892

* Round off to Nil

(The accompanying notes are an integral part of these consolidated financial statements)

Consolidated Cash Flow Statements

(All amounts in United States Dollars, unless otherwise stated)

	Year ended 31 March 2009	Year ended 31 March 2008
(A) Cash flow from operating activities		
Profit/ (Loss) before tax	1,170,284	(568,482)
Adjustments		
Unrealised exchange gain	(2,450,620)	-
Interest earned	(863,958)	-
Changes in operating assets and liabilities		
Inventories	(804,647)	(672,310)
Trade and other payables	983,128	933,011
Other current and non current assets	(22,220)	-
Other current and non current liabilities	41,148	10,275
Cash used in operations	(1,946,885)	(297,506)
Income taxes paid	-	-
Net cash used in operating activities	(1,946,885)	**(297,506)**

(B) Cash flow for investing activities

Expenditure incurred on Exploration and Evaluation assets (intangible assets as well as property, plant and equipment)	(22,097,471)	(518,906)
Purchase of property, plant and equipment	(1,492,068)	464,436
Interest received	863,958	-
Net cash used in investing activities	**(22,725,581)**	**(54,470)**
(C) Cash flow from financing activities		
Issue of share capital, net of cost of issue	47,070,086	-
Proceeds from short term borrowings	170,000	-
Proceeds from loans by related parties	8,364,107	1,354,596
Repayment of short term borrowings	-	(996,572)
Net cash provided by financing activities	**55,604,193**	**358,024**
Net increase in cash and cash equivalents	**30,931,727**	**6,048**
Cash and cash equivalents at the beginning of the year	5,720	1,424
Currency translation adjustment	(10,628,864)	(1,752)
Cash and cash equivalents at the end of the year	**20,308,583**	**5,720**
Cash and cash equivalents comprise		
Balances with banks	20,308,583	5,720

(The accompanying notes are an integral part of these consolidated financial statements)

Notes to Consolidated Financial Statements

(All amounts in United States Dollars, unless otherwise stated)

1. INTRODUCTION

Indus Gas Limited ("Indus Gas" or "the Company") was incorporated in the Island of Guernsey on 4 March 2008 pursuant to an Act of the Royal Court of the Island of Guernsey. The Company was set up to act as the holding company of iServices Investments Limited ("iServices") and Newbury Oil Company Limited ("Newbury"). iServices and Newbury are companies incorporated in Mauritius and Cyprus respectively. iServices was incorporated on 18 June 2003 and Newbury was incorporated on 17 February 2005. The Company was listed on the Alternative Investment Market (AIM) of the London Stock Exchange on 6 June 2008.

Indus Gas through its subsidiaries iServices and Newbury (hereinafter collectively referred to as "the Group") is engaged in the business of oil and gas exploration, development and production. The Group owns an aggregate of 90 per cent participating interest in a petroleum exploration and development concession in India known as RJ-ON/06 ("the Block"). The balance 10 per cent participating interest is owned by Focus Energy Limited ("Focus"). Focus entered into a Production Sharing Contract ("PSC") with the Government of India ("GOI") and Oil and Natural Gas Corporation Limited ("ONGC") on 30 June 1998 in respect of the Block. The participating interest explained above is subject to any option exercised by ONGC in respect of individual wells (already exercised for SGL field as further explained in Note 4).

2. GENERAL INFORMATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS') as developed and published by the International Accounting Standards Board ('IASB'). The consolidated financial statements have been prepared on a going concern basis, and are prepared and presented in United States Dollar (US$) which was the Company's functional currency up to its listing on the AIM as well as that of its subsidiaries. Upon listing the functional currency of the Company was re-assessed as Pound Sterling and that of its subsidiaries continues to be US$.

The Group's management believes that US$ is a better presentation currency than Pound Sterling considering that operations of the Group are primarily conducted in US$ and internationally the oil and gas industry largely operates and transacts in US$.

3. GROUP RESTRUCTURING

Prior to acquisition by the Company, iServices and Newbury were subsidiaries of Gainway Holdings Limited BVI ("Gainway") and Focus Oil Inc. BVI ("Focusoil") respectively and were ultimately controlled by Gynia Holdings Limited BVI ("Gynia").

On 14 April 2008, the Company entered into a share exchange agreement with Gainway, Focusoil and Gynia. As per the agreement Focusoil has transferred 50,000 ordinary shares of Cyprus Pound 1.0 each in Newbury to the Company in exchange for the issue by the Company of 46,570,000 ordinary shares to Gynia and Gainway has transferred 100,000 ordinary shares of US$1.00 each in iServices to the Company in exchange for the issue by the Company of 121,100,000 ordinary shares to Gynia. Transfer of shares by Focusoil and Gainway to the Company was completed on 12 May 2008 and 13 May 2008 respectively and the Company issued shares to Gynia on 27 May 2008. Consequent to this share exchange, iServices and Newbury became wholly owned subsidiaries of the Company and the Company became a wholly owned subsidiary of Gynia which was diluted to 91.67 per cent upon listing of the Company on the AIM. The subsidiaries which consolidate under Indus Gas comprise the following entities:

Name of the Entity	Country of Incorporation	Effective Group Shareholding (%)
iServices Investment Ltd.	Mauritius	100
Newbury Oil Co. Limited	Cyprus	100

In the absence of explicit guidance available under IFRS on accounting of acquisition of common control entities, the Group has chosen to account for this transaction using the "Pooling of interest method". As per the pooling of interest method, these Consolidated Financial Statements have been prepared as if the combined enterprises have been combined from the beginning of the earliest period presented i.e. 1 April 2007. As mentioned above the Company was incorporated on 4 March 2008 and the financial information prior to that date relates to that of its subsidiaries iServices and Newbury, although labelled as that of the Company.

The difference between the nominal value of shares issued by the Company to Gynia and the aggregated net value of assets and liabilities of iServices and Newbury as at 1 April 2007 is adjusted in equity under the heading 'merger reserve'. The adjustment taken to merger reserve has been computed as under:

Particulars	Amount
iServices	
Share capital	100,000
Additional paid in capital	23,691,148
Accumulated losses	(717,717)
Newbury	
Share capital	106,778
Accumulated losses	(289,065)
Combined equity of iServices and Newbury on 1 April 2007	**22,891,144**
Shares issued by Indus Gas to Gynia	3,320,856
Difference adjusted through Merger reserve	**19,570,288**

4. JOINTLY CONTROLLED ASSETS

The Group is jointly engaged in oil and gas exploration, development and production activities along with Focus. This venture is a jointly controlled asset as defined under IAS 31: Interest in Joint Ventures. All rights and obligations in respect of exploration, development and production of oil and gas resources under the Interest sharing agreement are shared between Focus, iServices and Newbury in the ratio of 10 per cent, 65 per cent and 25 per cent respectively.

The aggregate amounts relating to jointly controlled assets, liabilities and expenses related thereto that have been included in the Consolidated Financial Statements are as follows:

	Year ended 31 March 2009	Year ended 31 March 2008
Non current assets	81,407,131	51,288,265
Current assets	3,090,900	2,286,252
Non current liabilities	429,956	285,674
Current liabilities	46,432,610	38,969,125
Expenses (net of finance income)	155,897	260,701

Under the PSC, the GOI, through ONGC had an option to acquire a 30 per cent participating interest in any discovered field, upon successful discovery of oil or gas reserves. Subsequent to the declaration of commercial discovery in well SGL #1 and SGL #2 on 21 January 2008 (SGL being an area within the Block declared as a commercial discovery on 21 January 2008), the GOI through ONGC, has exercised the option to acquire a 30 per cent participating interest in the discovered fields on 6 June 2008. On exercise of this option, the GOI (through ONGC) shall contribute its share i.e. 30 per cent in development and production costs in respect of the relevant fields from the date of service of notice of the option i.e. 4 April 2008 and it shall be entitled to a 30 per cent share in the revenues. The GOI will also be responsible for 100 per cent of the applicable royalty and certain taxes with reference to the income from the field. Focus, iServices and Newbury continue to share costs and revenues after excluding GOI's share as explained above, in the existing ratio of 10 per cent, 65 per cent and 25 per cent respectively. Following the exercise of this option, Indus' participating interest in the SGL Field is reduced to 63 per cent.

5. STANDARDS AND INTERPRETATIONS ISSUED BY IASB BUT NOT YET APPLIED BY THE GROUP

The following standards, interpretations or amendments have been issued till the date of approval of these consolidated financial statements but are not yet effective. These have not been adopted early by the Group and accordingly have not been considered in the preparation of the consolidated financial statements of the Group.

IFRS 8, "Operating Segments"

In November 2006, the IASB published IFRS 8 (Operating Segments), which will replace IAS 14 (Segment Reporting), the existing standard in this field. The new standard was endorsed by the European Union in November 2007. Under IFRS 8, segment reporting must be based on the information used internally by management to identify operating segments and to evaluate their performance. IFRS 8 is to be applied for the first time for annual periods beginning on or after 1 January 2009. The Group presently considers single business and geographic segment and does not expect this standard to have a material impact on its disclosure requirements.

IAS 1, "Presentation of Financial Statements"

In September 2007, the IASB issued amendments to IAS 1 (Presentation of Financial Statements). These include proposals for renaming certain sections of the financial statements, the obligation to publish an opening balance sheet for the previous financial year in certain circumstances, separate presentation of changes in equity arising from transactions with owners and with non-owners, separate disclosure by component of amounts removed from stockholders' equity and recognized in income, and disclosure of the related income tax effect by component in the statement of recognized income and expense. The management intends to apply this standard for annual periods beginning on or after 1 January 2009.

IAS 23, "Borrowing Costs"

In March 2007, the IASB issued amendments to IAS 23 (Borrowing Costs) requiring the capitalization of interest on borrowings made to acquire, construct or produce a qualifying asset. The previous option of immediately recognizing such borrowing costs in income has been withdrawn. Since interest on borrowed capital directly attributable to qualifying assets

was already capitalized in the past, the amendments will have no impact on the consolidated financial statements of the Group.

IFRS 3, "Business Combinations"

In January 2008, the IASB published the revised standards IFRS 3 (Business Combinations) and IAS 27 (Consolidated and Separate Financial Statements). The changes affect, for example, the accounting treatment of any minority interest in goodwill and its recognition in stockholders' equity. IFRS 3 (revised 2008) is to be applied for the first time in annual periods beginning on or after 1 January 2009. Earlier application is permitted provided that the standard is applied with IAS 27 simultaneously. The standard will have a significant effect on accounting of business combinations for any acquisitions the Group makes in subsequent reporting periods.

6. SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying Consolidated Financial Statements are as follows:

6.1 OVERALL CONSIDERATIONS

The Consolidated Financial Statements have been prepared on the historical cost basis except for financial assets and liabilities, if any, that are required to be stated at fair values as explained in the following accounting policies.

6.2 BASIS OF CONSOLIDATION

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 31 March 2009. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. Indus Gas obtains and exercises control through more than half of the voting rights. All subsidiaries have a reporting date of 31 March.

Unrealised gains and losses on transactions between Group companies are eliminated. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

6.3 SIGNIFICANT ACCOUNTING ESTIMATES

In preparing Financial Statements, Group's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The management's estimates for the useful life and residual value of tangible assets, impairment of tangible and intangible assets and recognition of restoration cost represent certain particularly sensitive estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6.4 FOREIGN CURRENCIES

The Consolidated Financial Statements have been presented in US$.

Foreign currency transactions are translated into the functional currency of the respective Group entities, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are

recognised in the income statement.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated).

As explained above, the Group has used a presentation currency other than the functional currency of the Company and accordingly relevant assets and liabilities have been translated into US$ using the closing rate at the reporting date. Income and expenses have been translated into US$ at the average rate over the reporting period. Exchange differences are charged/ credited to the currency translation adjustment in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

6.5 REVENUE RECOGNITION

The Group's share in revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenues can be reliably measured. Currently, the Group is in a pre-revenue generating phase.

Interest income is recognised as interest accrues (using effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the asset.)

6.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprises of Development assets and other properties, plant and equipments used in the oil and gas fields and for administrative purposes. These assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Development assets are accumulated on a field by field basis and comprise of costs of developing the commercially feasible reserve, costs of bringing such reserves into production and the Exploration and Evaluation costs incurred in discovering the commercially feasible reserve, which have been transferred from the Exploration and Evaluation assets as per the aforementioned policy. As consistent with the full cost method, all Exploration and Evaluation expenditure incurred till the date of the first commercial discovery have been classified under development assets of that field.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised. However, where the asset is being consumed in developing Exploration and Evaluation intangible assets, such gain or loss is recognised as part of the cost of the intangible asset.

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each period end. No depreciation is charged on development assets until production commences.

Depreciation on property, plant and equipment is provided at rates estimated by the management. Depreciation is computed using the straight line method of depreciation, whereby each asset is written down to its estimated residual value evenly over its expected useful life. The useful lives estimated by the management are as follows:

Extended well test equipment	20 years
Buildings	10 years
Bunk houses	5 years
Vehicles	5 years
Other equipment	5 years
Furniture and fixture	5 years

Computer equipment	3 years

Land acquired is recognised at cost and no depreciation is charged as it has an unlimited useful life. Development assets will be depreciated on a field by field basis with reference to the unit of production method for the commercially probable and proven reserves in the particular field and also taking into account the future development costs to be incurred on these respectively for the probable and proven reserves, (taken at the current price). Changes in the prices and quantities are applied prospectively to future periods.

Advances paid for the acquisition/ construction of property, plant and equipment which are outstanding at the balance sheet date and the cost of property, plant and equipment under construction before such date are disclosed as 'Capital work-in-progress'.

6.7 EXPLORATION AND EVALUATION ASSETS

The Group adopts the full cost method of accounting for its oil and gas interests, having regard to the requirements of *IFRS 6: Exploration for and Evaluation of Mineral Resources*. Under the full cost method of accounting, all costs of exploring for and evaluating oil and gas properties, whether productive or not are accumulated and capitalised by reference to appropriate cost pools. Such cost pools are based on geographic areas and are not larger than a segment. The Group currently has one cost pool being an area of land located in Rajasthan, India.

Exploration and Evaluation costs may include costs of licence acquisition, directly attributable exploration costs such as technical services and studies, seismic data acquisition and processing, exploration drilling and testing, technical feasibility, commercial viability costs, finance costs to the extent they are directly attributable to financing these activities and an allocation of administrative and salary costs as determined by management. All costs incurred prior to the award of an exploration licence are written off to the income statement as incurred.

Exploration and Evaluation costs are classified as tangible or intangible according to the nature of the assets acquired and the classification is applied consistently. Tangible Exploration and Evaluation assets are recognized and measured in accordance with the accounting policy on property, plant and equipment. To the extent that such a tangible asset is consumed in developing an intangible Exploration and Evaluation asset, the amount reflecting that consumption is recorded as part of the cost of the intangible asset.

Exploration and Evaluation assets are not amortised prior to the conclusion of appraisal activities. At completion of appraisal activities, if technical feasibility is demonstrated and commercial reserves are discovered, then, following development sanction, the carrying value of the relevant Exploration and Evaluation asset is reclassified as a development and production asset.

6.8 IMPAIRMENT TESTING FOR EXPLORATION AND EVALUATION ASSETS AND PROPERTY, PLANT AND EQUIPMENT

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation.

Where there are indicators that an exploration asset may be impaired, the exploration and evaluation assets are grouped with all development/producing assets belonging to the same geographic segment to form the Cash Generating Unit (CGU) for impairment testing. Where there are indicators that an property, plant and equipment asset is impaired, assets are grouped at the lowest levels for which there are separately identifiable cash flows to form the CGU. The combined cost of the CGU is compared against the CGU's net present value and any resulting impairment loss is written off to the Income Statement. No impairment has been recognised during the year.

6.9 FINANCIAL ASSETS

Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group has become a party to the contractual provisions of the related instruments.

Financial assets of the Group, under the scope of IAS 39 'Financial Instruments: Recognition and Measurement' fall into

the category of loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs. The Group determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method, less provision for impairment. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

De-recognition of financial instruments occurs when the rights to receive cash flows from the instrument expires or are transferred and substantially all of the risks and rewards of ownership have been transferred.

6.10 FINANCIAL LIABILITIES

The Group's financial liabilities include bank overdrafts, trade and other payables and loans from related parties.

Financial liabilities are recognized when the Group becomes a party to the contractual agreements of the related instrument.

Financial liabilities are recognized at their fair value plus transaction costs and subsequently measured at amortised cost less settlement payments.

Trade and other payables and loans from related parties are interest free financial liabilities with maturity period of less than twelve months and are carried at nominal value which is not materially different from their fair value.

6.11 INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Inventories of drilling stores and spares are accounted at cost including taxes, duties and freight. The cost of all inventories other than drilling bits is computed on the basis of first in first out method. The cost for drilling bits is computed based on specific identification method.

6.12 ACCOUNTING FOR INCOME TAXES

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period that are unpaid / un-recovered at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statement with the tax base. Deferred tax is, however, neither provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

6.13 BORROWING COSTS

Any interest payable on funds borrowed for the purpose of obtaining a qualifying asset is capitalized as a cost of that asset. However, any associated interest charge from funds borrowed principally to address a short term cash flow shortfall during the suspension of development activities is expensed in the period.

6.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and at bank in demand and other short-term deposits, which are readily convertible to known amounts of cash. These assets are subject to an insignificant risk of changes in value. Cash and cash equivalents are classified as loans and receivables under the financial instruments category.

6.15 LEASING ACTIVITIES

Finance leases which transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, at the fair value of the leased property or the present value of the minimum lease payments, whichever is lower. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

All leases other than finance leases are treated as operating leases. Operating lease payments are recognised as an expense in the income statement on the straight line basis over the lease term.

6.16 OTHER PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision net of any reimbursement is presented in the income statement. To the extent such expense is incurred for construction or development of any asset, it is included in the cost of that asset. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as other finance expenses.

Provisions include decommissioning provision representing management's best estimate of the Group's liability for restoring the sites of drilled wells to their original status

Commitments and contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the balance sheet and no disclosure is made.

6.17 OPERATING EXPENSES

Operating expenses are recognised in income statement upon utilisation of the service or at the date of their origin.

6.18 SEGMENT REPORTING

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of components operating in other economic environments. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Company considers that it operates in a single geography being India and in a single business segment being the production and sale of gas.

7. INTANGIBLE ASSETS : EXPLORATION AND EVALUATION ASSETS

Intangible assets comprise of Exploration and Evaluation assets. Movement in Intangible assets was as under:

	Intangible assets - Exploration and Evaluation assets
Balance at 1 April 2007	**35,140,921**
Additions	15,006,615
Transfer to development assets	(46,221,326)
Balance as at 31 March 2008	**3,926,210**
Additions	28,538,578
Transfer to development assets	-
Balance as at 31 March 2009	**32,464,788**

In accordance with the Group's accounting policy, no amortisation has been charged on the Exploration and Evaluation assets as the exploration, evaluation and appraisal activities have not concluded in the Block during the reported period.

As further elaborated in Note 8 below, subsequent to commercial discovery of gas in well SGL #1 and SGL #2 on 21 January 2008, amounts accumulated in Exploration and Evaluation assets up to such date have been transferred to development assets, in consistency with the full cost accounting method that the Group follows for such assets.

The above also includes borrowing costs capitalised of US$ 2,592,682 (Previous year: Nil). Cost incurred on exploration and evaluation activities subsequent to 21 January 2008 are classified under Exploration and Evaluation assets.

The exploration period expired in December 2008. Indus has been successful in proving prospectivity of the block by declaring SGL # 1 and SGL # 2 as commercial discoveries and SSF as the other discovery in the Block and entire 4026 sq km area has been declared as a discovery area.

Under the PSC, a period of 2.5 years is allowed to appraise the discoveries already made prior to the expiry of the exploration period and a 5 year period is allowed to declare discovery as commercial. Accordingly, the PSC permits evaluation/ appraisal of the discoveries already made prior to 13 December 2008 (in the entire 4026 sq km area) until June 2011 and till December 2013 to declare such discoveries as commercial.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise of the following:

Cost	Land	Extended well test equipment	Development Assets - Oil and Gas	Bunk Houses	Vehicles*	Other assets	Capital work-in-progress	Total
Balance as at 1 April 2007	**34,204**	**297,548**	**-**	**701,348**	**216,718**	**319,990**	**490,890**	**2,060,698**
Additions	**-**	55,374	46,221,326	254,494	78,310	74,786	364,548	**47,048,838**
Disposals/Transfers	**-**	(97,247)	-	-	-	(29,952)	(800,250)	**(927,449)**
Balance as at 31 March 2008	**34,204**	**255,675**	**46,221,326**	**955,842**	**295,028**	**364,824**	**55,188**	**48,182,087**
Additions	-	117,569	-	326,495	239,432	97,166	1,167,232	**1,947,894**
Balance as at 31 March 2009	**34,204**	**373,244**	**46,221,326**	**1,282,337**	**534,460**	**461,990**	**1,222,420**	**50,129,981**

Accumulated Depreciation

Balance at 1 April 2007	**-**	25,332	-	311,906	44,017	142,177	**-**	**523,432**
Depreciation for the year	-	14,935	-	168,816	43,647	70,507	**-**	**297,905**
Disposals/ Transfers	-	(1,305)	-	-	-	-	**-**	**(1,305)**
Balance as at 31 March 2008	**-**	**38,962**	**-**	**480,722**	**87,664**	**212,684**	**-**	**820,032**
Depreciation for the year	-	24,832	-	209,304	54,140	79,330	-	367,606
Balance as at 31 March 2009	**-**	**63,794**	**-**	**690,026**	**141,804**	**292,014**	**-**	**1,187,638**
Carrying values								
At 31 March 2008	34,204	216,713	46,221,326	475,120	207,364	152,140	55,188	**47,362,055**
At 31 March 2009	34,204	309,450	46,221,326	592,311	392,656	169,976	1,222,420	**48,942,343**

*These vehicles have been secured against the finance leases as disclosed on the balance sheet.

The balances above represent the Group's share in property, plant and equipment (i.e. 90 per cent of such assets).

The depreciation in all reported years has been included in the cost of Intangible assets - Exploration and Evaluation assets.

As mentioned in Note 7 above, tangible assets comprising of Development Assets - Oil and Gas represent the amount of Exploration and Evaluation expenditure incurred and accumulated up to the date of the first commercial discovery declared by the Group on 21 January 2008 respect of well SGL # 1 and SGL # 2.

The amount of cost transferred was tested for impairment on the date of reclassification and no impairment was noted. Net present value calculations for impairment testing were carried out using a discount factor of 10 per cent based on the Reserve Report dated 29 May 2008 prepared by Tracs International and the Reserves were reassessed subsequently by the Director General of Hydrocarbons of India ("DGH") which confirmed slightly higher gas reserve than gas reserve as estimated in the report of Tracs International.

The Group has obtained approval of the field development plan for a 176 km^2 SGL field area and the participants will be able to develop and produce hydrocarbons from this field until the termination of PSC. The Group has obtained approval of the Management Committee comprising of representatives from the Group, ONGC and the DGH on 9 March 2009 for the field development plan. As part of the aforementioned plan, the Group, along with the other SGL field participants, will be required to install appropriate production facilities, including an estimated 14 production wells over the life of the sales contract, a gas gathering station and gas treatment facilities to meet the contractual requirements. Installation of the production facilities is expected to commence from mid of 2009.

No depreciation has been charged on the development assets in accordance with the Group's accounting policy as production is yet to commence on the field.

9. INVENTORIES

Inventories comprise of the following:

	31 March 2009	31 March 2008
Drilling and production stores and spares	3,029,606	2,250,712
Fuel	22,673	12,943

Goods in transit	38,621	22,597
Total	**3,090,900**	**2,286,252**

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	31 March 2009	31 March 2008
Balances with banks in current and short term deposits accounts	20,308,583	5,720
Total	**20,308,583**	**5,720**

11. EQUITY

Authorised share capital

The total authorised share capital of the Company is GBP 5,000,000 divided into 500,000,000 shares of GBP 0.01 each.

For all matters submitted to vote in the shareholders meeting of each Company, every holder of ordinary shares, as reflected in the records of each of the Companies on the date of the shareholders' meeting has one vote in respect of each share held.

All shareholders are equally eligible to receive dividends and the repayment of capital in the event of liquidation of the individual entities of the Group.

Additional paid in capital

Additional paid-in capital (APIC) represents excess over the par value of share capital paid in by shareholders in return for the shares issued to them. The Company issued shares at a premium of US$ 3.18 on each share and accordingly has recognized a gross APIC of US$ 48,511,505 in the current year.

Currency translation reserve

Assets and liabilities of entities having functional currency other than US$ are translated into US$ at the rate of exchange prevailing as at the Balance Sheet date. Revenue and expenses are translated into US$ by averaging the exchange rates prevailing during the period. The exchange difference arising out of the year-end translation is being debited or credited to Foreign Currency Translation Adjustment Account.

Merger reserve

The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in an acquisition made by the issue of shares.

Cost of new shares issued

Incremental direct costs incurred in relation to issue of shares classified as equity, such as underwriting, accounting and legal fees, printing costs, and taxes, are treated as a reduction of the proceeds. Costs associated with listing of the Company's shares are expensed off as Listing Expenses. Common cost relating to issue of new equity and listing of Company's shares are allocated on rational basis.

12. PROVISION FOR DECOMMISSIONING

	Amount
Balance at 1 April 2007	**136,647**
Additions	74,034
Exchange fluctuation (gain) / loss	11,428
Balance as at 31 March 2008	**222,109**
Additions	97,648
Exchange fluctuation (gain) / loss	(46,493)
Balance as at 31 March 2009	**273,264**

As per the PSC, the Group is required to carry out certain decommissioning activities on oil wells. Provision for decommissioning relates to the estimation of future disbursements related to the abandonment and decommissioning of oil wells. The provision has been estimated by the Company's engineers, based on individual well filling and coverage. This provision will be utilised when the related wells are fully depleted.

13. FINANCE LEASE OBLIGATIONS

Finance lease obligations represent leases entered into for vehicles which are used and operated by the Group for the exploration and evaluation activities.

The table below summarises the total liability (short term and long term) on account of these finance lease payments:

	31 March 2009	31 March 2008
Secured		
Finance lease	247,096	158,876
Less: current portion	90,404	95,311
Non current portion	**156,692**	**63,565**

The management considers the fair value of these leases to be not materially different from their carrying amounts recognised in the balance sheet as the interest rates have not significantly changed during the reported period.

The finance lease obligations that are payable within the next 5 years from each reported period are as follows:

Amount due as at 31 March 2009	Minimum lease payments	Interest	Principal
Within 1 year	121,040	30,636	90,404
1- 5 years	187,961	31,269	156,692
5 years or thereafter	-	-	-
Total	**309,001**	**61,905**	**247,096**

Amount due as at 31 March 2008	Minimum lease payments	Interest	Principal
Within 1 year	109,512	14,202	95,311
1- 5 years	67,563	3,997	63,565
5 years or thereafter	-	-	-
Total	**177,075**	**18,199**	**158,876**

14. PAYABLE TO RELATED PARTIES

Related parties payable comprise of the following:

	31 March 2009	31 March 2008
Liability payable to Focus	46,342,206	38,873,814
Short term borrowings from iEnergiser Holding Limited	170,000	-
Other payables	197,018	28,714
	46,709,224	**38,902,528**

Short term borrowings from iEnergiser Holding Limited are interest free and repayable on demand. Other payables to related parties comprise of outstanding balances to associate entities and directors, all the amounts are short term. The carrying value of the short term borrowings and other payables are considered to be a reasonable approximation of fair value.

Liability payable to Focus

The Group considers the entire balance as repayable on demand on the balance sheet date and accordingly has classified the same under current liabilities. As per the Amendment to Agreement for assignment of participating interest agreement signed with Focus on 27 May 2008 (hereinafter referred to as the Amendment No. 1), Focus obtained a loan of Indian Rupees 820 million from Punjab National Bank, India to finance the exploration and evaluation expenditure amount payable by the Group to Focus. The Group provided a guarantee of Indian Rupees 820 million (equivalent to US$ 16.16 million) and created a charge on certain of its future receivables in favour of Punjab National Bank. Amendment No. 1 also provided that amount payable by the Group to Focus shall be subject to similar terms and condition as exists between Focus and Punjab National Bank for the above mentioned loan.

Subsequent changes in terms of the Liability payable to Focus

On 17 July 2009 the Group entered into another amendment to the Agreement for assignment of participating interest agreement (hereinafter referred to as the Amendment No. 2) with Focus. As per Amendment No. 2, the Group agreed to pay US$ 16 million to Focus not later than 31 March 2010. This amount will be used to repay loan taken by Focus from Punjab National Bank. The Group agrees to reimburse interest cost incurred by Focus on loans taken from third parties to finance amounts payable to Focus by the Group

In accordance with Amendment No.2, the amount payable to Focus would be categorized as current and non current as under, however the effect of the same has not been considered in consolidated financial statement of the current reporting period:

	31 March 2009	31 March 2008
Non Current Liability Payable to Focus	30,342,206	-
Current Liability Payable to Focus	16,000,000	38,873,814
Total amount payable to Focus	**46,342,206**	**38,873,814**

15. FOREIGN EXCHANGE GAIN, NET

The Group has recognised the following in the Income Statement on account of foreign currency fluctuations:

	31 March 2009	31 March 2008
Gain on restatement of foreign currency receivables in Indus	2,450,620	-
(Loss)/ Gain arising on settlement of foreign currency transactions and restatement of foreign currency balances arising out of Oil block operations	(25,915)	27,724
	2,424,705	**27,724**

16. OPERATING LEASES

Lease payments capitalised under Exploration and evaluation asset during the year ended 31 March 2009 amount to US$ 16,275,456 (Previous year: US$ 8,749,829). No sublease payments or contingent rent payments were made or received. No sublease income is expected as all assets held under lease agreements are used exclusively by the Group. All the operating leases of the Group are cancellable at a very short notice and there are no future minimum payments for the existing operating leases.

The terms and conditions of these operating leases do not impose any significant financial restrictions on the Group. Most of the leases allow for renewals at the Group's option. These operating lease agreements do not contain any contingent rent clauses.

17. TAXATION

Indus Gas profits are taxable as per the tax laws applicable in Guernsey where nil percent tax rate has been prescribed for corporate assesses. Accordingly, there is no tax liability for the Group in Guernsey. Newbury and iServices being participants in the PSC are covered under the Indian Income tax laws as well as tax laws for their respective countries. However, considering the existence of double tax avoidance arrangement between Cyprus and India and Mauritius and India, profits in Newbury and iServices are not likely to attract any additional tax in their local jurisdiction. Under Indian tax laws, Newbury and iServices are allowed to claim the entire expenditure in respect of the Oil Block incurred till the start of commercial production (whether included in the Exploration and Evaluation assets or expensed in their respective financial statements) as deductible expense in the first year of commercial production. This expense to the extent not adjusted in the profit of the year of commercial production is allowed to be carried forward and adjusted against the profits of subsequent 8 years. Considering the uncertainties involved around ultimate utilisation of losses in Newbury and iServices, the management does not currently consider their utilization probable and therefore has decided not to create any deferred tax assets.

18. EARNINGS PER SHARE

The basic and diluted earnings per share for years ending 31 March 2009 and 31 March 2008 have been calculated using the net results attributable to shareholders of the Group as the numerator.

Calculation of basic and diluted earnings / (loss) per share are as follows:

	31 March 2009	31 March 2008
Profit/(Loss) attributable to shareholders of Indus Gas Limited, for basic and dilutive	1,170,284	(568,482)
Weighted average numbers shares outstanding during the period for basic and dilutive	180,157,489	167,670,000
Basic and Diluted profit / (loss) per share (in US$)	**0.01**	**(0.00)***

* Rounded off to Nil

19. RELATED PARTY TRANSACTIONS

The related parties for each of the entities in the Group have been summarised in the table below:

Nature of the relationship	Related Party's Name

I. Ultimate controlling party	Mr. Ajay Kalsi*
II. Entities directly or indirectly through one or more intermediaries, control, are controlled by, or are under common control with, the reported enterprises	Gynia Holdings Ltd. (Parent for *Indus Gas Limited*), Multi Asset Holdings Ltd. *(Ultimate Parent, Indus Gas Limited)* Gainway Holdings Ltd. *(100% subsidiary of Gynia Holdings Ltd.)* Focusoil Inc. *(Holds 26% shares in Indus Gas Limited and 100% subsidiary of Gynia Holdings Ltd.)* iEnergiser Holdings Limited *(100% subsidiary of Gynia Holdings Ltd.)*
III. Key management personnel ("KMP") and significant shareholders :	Mr. Ajay Kalsi - *(Ultimate Shareholder, Multi Asset Holdings Ltd.)* Directors: *(Indus Gas Limited)* Ajay Kalsi John Scott John Behar Marc Holtzman
IV. Other Enterprises over which KMP's are able to exercise significant influence	Each of entities listed in II, Reporting Entity and following group entities: Focus (*Joint operator of 10 per cent participating interest in the oil and gas operations)* Alliot Partellas Kiliaris Ltd - *Director Interest*

* Mr. Ajay Kalsi is the ultimate controlling party of the Group as he is the beneficial owner and a significant shareholder in each of the entities listed above.

Disclosure of transactions between the Group and related parties and the outstanding balances as on 31 March 2009 and 31 March 2008 is as under:

Transactions with parent and subsidiary companies

Particulars	31 March 2009	31 March 2008
Transactions during the year		
Loan to Gynia Holdings Limited	2,544	8,297,364
Expenses paid by Gynia Holdings Limited on behalf of the Company	-	28,714
Shares issued to Gynia Holdings Limited for 100% shares of iServices Investment Limited from Gainway Holdings Ltd. BVI and 100% shares of Newbury Oil Co. Limited from Focus Oil Inc. BVI (Subsidiaries of Gynia Holdings Limited)	3,320,856	-
Balances at the end of the year		
Total receivables	**2,544**	**8,297,364**
Total payables	**-**	**28,714**

Above receivables and payables from related parties do not bear any interest and are repayable on demand. Hence, the management is of the view that fair values of such receivables and payable closely approximates their carrying values.

Transactions with KMP and entities over which KMP exercise significant control

Particulars	31 March 2009	31 March 2008
Transactions during the year		
Remuneration to KMP	211,163	-
Remittances to Focus for share of interest in the oil and gas operations of the Block	25,538,385	294,000
Total balance of net assets transferred during the year from Focus for the interest in the Block	30,940,035	54,410,156
Loan from iEnergiser Holding Limited	170,000	-
Amounts payable to Focus for expenses incurred on their behalf	5,130	7,204
Amounts due to Alliot Partellas Kiliaris Ltd for expenses paid on their behalf	4,809	18,209
Balances at the end of the year		
Total receivables	**-**	**-**
Total payables	**46,709,224**	**38,902,528**

20. COMMITMENTS AND CONTINGENCIES

A summary of the contingencies and commitments existing as at 31 March 2009 and 31 March 2008 are as follows:

	Nature of the contingency/ commitments	31 March 2009	31 March 2008
(i)	Group's share in the contingent liability arising from bank guarantees issued by Focus in favour of GOI and ONGC in respect of oil and gas operations	-	997,133
(ii)	Group's share in the commitment for Engineering Studies and Design for surface facility, pipeline and Control System including utilities for SGL Gas Field in Block RJ-ON/6 on February 16, 2009	145,442	-
(iii)	Guarantee provided by iServices and Newbury in respect of the loans taken by Focus. In case the Group is made to pay this amount due to default by Focus, the Group will have a right to either recover this money from Focus or adjust the same against amount it owes to Focus (Indian Rupees 820 million)	16,162,413	-
	Total	**16,307,855**	**997,133**

The Group has not accrued a provision for the above mentioned contingencies.

21. ACCOUNTING OF ESTIMATES AND JUDGEMENTS

In preparing Consolidated Financial Statements, Group's management is required to make judgments and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. The judgments and estimates are based on management's best knowledge of current events and actions and actual results from those estimates may ultimately differ.

Significant judgments applied in the preparation of the Consolidated Financial Statements are as under:

Accounting policy selection for accounting of acquisition

In the absence of explicit guidance available under IFRS on accounting of acquisition of common control entities, the Group has followed guidance available under IAS 22 which has now been superseded by IFRS 3. Based upon the same the Group has accounted for this transaction using the "Pooling of interest method". The treatment has been elaborated adequately in Note 3 above.

Determination of functional currency of individual entities

Following the guidance under IAS 21 *"The effects of changes in foreign exchange rates"* the functional currency of each individual entity is determined to be the currency of the primary economic environment in which the entity operates. The management reckons that the each individual entity's functional currency reflects the transactions, events and conditions under which the entity conducts its business.

Splitting of share issue related costs: Cost of issuing equity vs. cost of obtaining listing

In absence of direct guidance under IFRS on treatment of cost to be separated for issuing equity and obtaining listing the Group has adopted the precedents set by other Companies who have undergone the same procedure and has accordingly bifurcated the cost on a reasonable estimate based cost attributable to each activity. The basis of bifurcation has been further explained in Note 11.

Full cost accounting for Exploration and Evaluation expenditure

The Group has followed 'full cost' approach for accounting Exploration and Evaluation expenditure against the 'successful efforts' method. As further explained in Note 6.7 and 7 above, Exploration and evaluation assets recorded using 'full cost' approach is tested for impairment prior to reclassification into Development assets on successful discovery of gas reserves.

Estimates used in the preparation of the Consolidated Financial Statements

The management's estimates for the useful life and residual value of tangible assets, impairment of tangible and intangible assets and recognition of restoration cost represent certain particularly sensitive estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

22. CAPITAL MANAGEMENT POLICIES

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non current borrowings' as shown in the consolidated balance sheet). Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

	31 March 2009	31 March 2008
Net debt	47,275,194	39,576,010
Total equity	57,565,892	22,323,743
Total capital employed	104,841,086	97,141,902
Gearing ratio	45%	41%

The Group is not subject to any externally imposed capital requirements. The Group does not have any covenant obligations linked to their borrowings.

23. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group finances its operations through a mixture of retained earnings, loans from related parties and equity. Finance requirements such as equity, debt and project finance are reviewed by the board when funds are required for acquisition, exploration and development of projects.

The Group treasury functions are responsible for managing fund requirements and investments which includes banking and cash flow management. Interest and foreign exchange exposure are key functions of treasury management to ensure adequate liquidity at all times to meet cash requirements.

The Group's principal financial instruments are cash held with banks and financial liabilities to related parties and these instruments are for the purpose of meeting its requirements for operations. The Group's main risks arising from financial instruments are foreign currency risk, liquidity risk, commodity price risk and credit risks. Set out below are policies that are used to manage such risks:

Foreign currency risk

The group reports in US$ and the majority of its business is conducted in US$. All revenues from oil sales is intended to be received in US$ and substantial costs are incurred in US$. No forward exchange contracts were entered into during the year.

Currency exposures

Other than Finance Lease Obligation balance which is maintained in Indian Rupees all other monetary assets and liabilities are denominated in functional currencies of the respective entities. The currency exposure on account of Finance Lease Obligations which is denominated in Indian Rupees (other than the functional currency of the respective entity) as at 31 March 2009 and 31 March 2008 is as follows:

	31 March 2009	31 March 2008
Liability denominated in Indian Rupees	247,096	158,876

The Group's currency exposure risk is negligible due to the insignificant currency balance exposed to such risk.

Liquidity risk

The group currently has surplus cash, which has been placed in deposits and short term investments which can be converted into cash at short notice ensuring sufficient liquidity to meet the group's expenditure requirements. Out of the total trade and other payables US$ 46,342,206 is payable to Focus which is a related party and US$ 170,000 of short term borrowings is due to iEnergiser Holding Limited which is another related party of the Group. Since majority of the payables of the Group are to parties under common control or on which significant influence can be exercised, the liquidity risk on these outstanding balances is negligible. The table set out in Note 13 analyses the Group's financial liabilities on account of finance lease obligations into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Interest rate risk

Surplus funds are placed in deposits and short term investments at floating rates. The Group's policy is to deposit with well established banks or financial institutions that offer the competitive interest rates at the time of issue. The Group's interest rate risk arises from long-term borrowings from Focus at interest rate varying at 6.5 percent to 10 percent. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. However since the interest on this borrowing is capped with an upper and lower limit, the cash flow risk associated is lower than exposure carried on any third party borrowings. Further, the loan taken is for a specifically for the purpose of exploration and evaluation activities and according to the Group's policy is capitalized to the cost of the asset and hence doesn't have any adverse impact on the profit and loss account.

Commodity price risks

The group's share of production of crude oil from the Block is intended to be sold to the Government of India nominee GAIL. The price has been agreed for the current agreement and the same would be reviewed periodically and reassessed mutually by the parties. No commodity price hedging contracts have been entered into.

Credit risk

Currently the Group is in the pre-revenue generative stage and hence is not exposed to any risk on account of credit sales. The Group has other receivables on account of prepayments; security deposits and balance placed as advance with related parties. The cumulative balance of the aforesaid is trivial and does not expose the Group to a significant credit risk.

A summary of the Group's financial assets and liabilities by category are mentioned in the table below:

The carrying amounts of the Group's financial assets and liabilities as recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

	31 March 2009	31 March 2008
Non-current assets		
Loans and receivables		
- Security deposits	9,092	-
- Restricted cash	-	-
Current assets		
Loans and receivables		
- Related party receivables	2,544	8,297,364
- Other current assets	22,836	22,152
Cash and cash equivalents	20,308,583	5,720
Non current liabilities		
Financial liabilities measured at amortised cost:		
- Provisions for decommissioning	273,264	222,109
- Finance lease obligations- non current	156,692	63,565
Current liabilities		
Financial liabilities measured at amortised cost:		
- Payable to related parties	46,709,224	38,902,528
- Finance lease obligations (current portion)	90,404	95,311
- Accrued expenses and other liability	45,610	292,497

24. EVENTS AFTER THE BALANCE SHEET DATE

On 17 July 2009 the Group entered into Amendment No. 2 with Focus wherein the group agreed to repay the US$ 16 million by 31 March 2010 and the remaining liability of US$ 30,342,206 in periods subsequent to 31 March 2010. Since this is a non adjusting event subsequent to the balance sheet date no alteration has been made in the consolidated financial statements on account of the same. The revised arrangement has been discussed in Note 14 above.

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