For Immediate Release 17th December 2008

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

Maiden Interim Results

Indus Gas Limited (AIM: INDI.L), an oil & gas exploration and development company based in India, is pleased to report its maiden interim results for the six month period ending 30 September 2008. Indus listed on the AIM market in June this year under the symbol: INDI.L

Highlights:

- Successful admission to AIM in June 2008 – raising £25m
- New discovery in SSG-1 well
- Management Committee (including Government of India) approves SGL reserves upgrade from earlier 179 bcf to 246 bcf. Ongoing Competent Persons review for their independent assessment
- Field Development Plan for SGL submitted ahead of required date
- SPF-1 well flowed gas, awaits further testing
- Seismic programme on track
- Drilling of New well Indian Shingli-1 under way after moving the rig from OMM-1 well
- Approval for extension of Petroleum Exploration License

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

"Indus has had a successful first six months as a listed Company and remains well placed with solid funding, an additional discovery since listing and a strong work programme planned for 2009. Looking ahead, Indus is in a solid position with a fixed contract in place for the sale of its gas and, with the field development plan for SGL now submitted, all key obligations under this contract have been completed. We are looking forward to the year ahead with confidence".

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Chairman's Statement

Introduction:

In the period since being incorporated in March this year, Indus has successfully listed on AIM, bringing a range of well regarded new shareholders into the Company, and has continued to make significant operational progress. The listing on AIM raised £25m for the Company and as it currently stands Indus remains well positioned to move forward.

Operations Update:

As of 9 December 2008, the following work programme has been completed on Block RJ-ON/6 under the production sharing contract ("PSC"):

i) Acquisition, processing and interpretation of 1,037 line kilometre (LKM) of 2D Seismic, representing an increase of 153 LKM since the last update in September, & 290 km^2 of 3D Seismic;
ii) The acquisition of a further 112 km^2 of 3D seismic since September bringing the total additional 3D seismic acquired to 165 km^2;
iii) Reprocessing of 4,700 LKM of 2D Seismic;
iv) Drilling of 12 exploration/appraisal wells. Currently drilling 13th Well (Indian Shingli-1), which as of 16 December has been drilled to 3,300 m.

The work undertaken to date fulfils all of the minimum work obligations required as part of the PSC on the Block. Any additional work undertaken is with a view to maximize the exploration and appraisal potential in the Block.

<u>SGL Discovery</u>

SGL was declared commercial in January 2008, following an independent assessment of reserves by Industry leading consultants DeGolyer & MacNaughton of Dallas, Texas (“D&M”).

As announced on 6 June 2008, Oil and Natural Gas Corporation of India (“ONGC”) exercised its option under the PSC to acquire a 30% interest in respect of the SGL Field discovery. Following the exercise of this option, Indus’ participating interest in the SGL Discovery is now 63%.

The exercise of this option is a positive step for Indus and also underlines the potential of the SGL Discovery. Under the PSC, ONGC is responsible for its share of the development costs in respect of the SGL Field as well as 100% of the applicable royalty and any other tax calculated with reference to income from the field except income tax as outlined in the admission document. ONGC, being a licensee, is also obliged to pay the license fees in respect of the Block.

An area of 195 km^2 has been proposed as the “SGL Development Area”. A field development plan was submitted ahead of the required date on the 2 December 2008 to the PSC Management Committee (including DGH, ONGC and the Ministry). Upon approval of the plan (expected in Q1 of 2009) and the extent of the development, the area approved will be known as the SGL Field and the participants will be able to develop and produce hydrocarbons from this field until the termination of PSC.

In November 2008, following the analysis of new 3D seismic data, which provided a better understanding of the discovery compared to previous 2D data and also provided additional seismic coverage, the Management Committee approved an increase in gross (100%) original gas in place (OGIP) estimate of 328 BCF, with “Proven plus Probable” (2P) well head recoverable gas reserves of 246 BCF. The previous approved OGIP and reserves were 238 BCF and 179 BCF respectively.

On a comparable basis, TRACS International Ltd in their competent person’s report dated 29 May 2008 in support of the AIM admission, used the D&M Independent Reserve Report figures of GIIP 245 BCF and 2P reserves of 192 BCF. The new data used for the Management Committee upgrade has been provided to D&M for their review and consideration. D&M are expected to report their findings in January or early February 2009.

A term sheet has been signed with GAIL India Limited (“GAIL”), for the supply of 33.5 MMcf of natural gas per day for 12 years. The term sheet is currently being revised to include ONGC as a party to the arrangements. Under the term sheet, GAIL is required to install a pipeline for the supply of gas to a nearby power plant owned by Rajasthan Regional Vidhyut Utpadan Nigam Limited (RRVUNL). The RRVUNL plant is currently producing 110 MW of power, which is being expanded to 270 MW.

An initial supply of 7 MMcf of gas will commence in late 2009 or early 2010. This amount will increase to 33.5 MMcf per day, likely at the beginning 2011, by which time the Company will have installed a CO2 removal plant to strip out excessive carbon dioxide from the feed gas.

The price of gas and supply under the contract with GAIL is fixed until 2013 and as such any change in the wider economic conditions will have a limited impact on Indus. Gas prices (except prices of LNG) have also remained unchanged in India regardless of reductions in oil prices Worldwide.

Furthermore, despite significant falls in the prices of alternative fuel sources in recent months, the price at which gas will be supplied under the contract with GAIL continues to be considerably lower. There remains, as such, a strong incentive to switch to gas supplied by Indus on price, let alone guarantee of supply. The prices of alternative fuel sources would have to decline further by some considerable margin for this balance to change.

The Company, along with the other SGL field participants, will be required to install appropriate production facilities, including an estimated 14 production wells over the 12 year 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 Q2 2009 following approval of the field development plan.

The Company believes that the PSC participants will be able to access required financing to fund their respective share of development plan capital expenses without impacting the exploration activities elsewhere in the Block.

SSF-2 Well

The SSF-2 discovery well was drilled in February 2008. Wireline logs and petrophysical analysis provide strong evidence of clean, gas charged sand encountered in the Baisakhi and Bedesir sequence. The SSF structure was defined by several 2D seismic lines and carries contingent resources according to the Competent Persons report.

As previously announced, testing of the likely gas bearing zones has been delayed due to a stuck drill string in the bottom hole. A competitive tender process has been completed to procure a work over rig in order to re-enter the well; however, the Operator is currently reviewing its options and may abandon the SSF-2 well in favour of a new well to conduct flow tests on the SSF discovery.

SSG -1 Well

The SSG-1 well was drilled to a depth of 3,500 m, initially targeting the Pariwar formation of a Lower Cretaceous age. The SSG-1 well lies some 9.86 km south west of SGL-1 discovery well in the Shahgarh Subbasin of Jaisalmer Basin. The SSG-1 well was spudded on 22 August 2008 and was referred to as “SFT-7/L” in the Competent Persons Report and the AIM Admission Document.

In September it was announced that during the drilling operations, several instances of clean gas charged sand horizons were encountered and that testing was required. Subsequently, a zone at 3,398-3,401 m was selected for testing using a TCP perforation system. During the test, 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, which needs to be drained. The 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. Accordingly, the Operator has announced the SSG-1 well as a discovery under the PSC.

Detailed testing, requiring production logging tools, will be required to obtain a better analysis of the gas/water behaviour and to establish the pressure and flow rates from this well.

SPF-1 Well

The SPF-1 well, which was drilled to assess the Pariwar – P10 sequence, was successfully drilled and cased as planned to a total depth of 3,564 m in July 2008. Wireline logs indicate the well intersected three gas bearing reservoir intervals in the Early Cretaceous Pariwar formation. A 6m gas charged interval was intersected at a depth of between 3,267-3,273 m, a further 8 m interval was encountered between 3,226-3,234 m and the final 12 m interval at a depth of between 3,208-3,220 m.

During initial testing of these zones, gas and water (interpreted as formation water) were produced and gas was flared continuously for 48 hours.

Further testing, which will require production logging tools, will enable the Company to obtain a better analysis of the gas/water behaviour and obtain pressure and flow rates. Certain components, however, remain unavailable and as such testing has been delayed into 2009.

The SPF-1 well was referred to as “SFT-1/P” in the Competent Persons Report and the AIM Admission Document.

OMM-1 Well

The Company announced the spudding of the OMM-1 well on 7 October 2008. This well, which is located approximately 1.4 km south west of the SGL-2 gas discovery well, initially targeted the Sanu formation (D2 sandstone).

The Sanu formation was encountered at an approximate depth of 2,200 m with no substantial gas bearing formation. While drilling continued to appraise the Pariwar formation the well had to be abandoned at 2,913 m before reaching the revised target depth due to drilling difficulties.

Financials:

The listing on AIM raised £23.4m for the Company net of IPO related expenses. Against this capital raise, the Company cash balance as at 30 September 2008 was approximately £19.3m. The Company is in ongoing discussion with a European bank for syndication of a reserve based lending, which the Company believes will be available for drawing in Q1 2009. While part of the debt financing will be utilized for repayment of past exploration costs incurred by the Operator on the Company's behalf and due for payment, the substantial portion of the debt financing will be used to fund the Company's share of the SGL development costs. Indus believes that its current cash position is sufficient to take it through to the end of 2009 and beyond, by which time, the Company expects sales of gas from the SGL field to commence.

Outlook

Significant progress has been made since Indus successfully listed on the AIM market of the London Stock Exchange earlier this year. During the next 12 months, there is also a strong work programme in place. This programme includes the development of the SGL field, testing and commencement of appraisal of the prospects and discoveries listed above, drilling of exploration/appraisal wells in additional prospects and leads that where identified in the Competent Person Report, results from processing and interpretation of the acquired seismic data and also the planned acquisition of an additional 300 km^2 of 3D seismic data.

The Company is well placed to make further and solid progress in the year ahead.

In accordance with AIM Guidelines, Paul Fink, Technical Consultant, a Geophysicist who hold an engineering degree from the Mining University of Leoben, Austria and has 18 years of industry experience is the qualified person that has reviewed the technical information contained in this release.

Indus Gas Limited and its subsidiaries
Unaudited Condensed Consolidated Interim Financial Statements prepared in accordance with IFRS
Six months ended 30 September 2008

Unaudited Condensed Consolidated Balance Sheet

	Notes	As at 30 September 2008 US$	As at 31 March 2008 US$
ASSETS			
Non-current			
Intangible assets - Exploration and Evaluation assets	**7**	14,401,302	3,926,209
Development Assets- Oil and Gas	**8**	46,221,326	46,221,326
Property, plant and equipment	**9**	1,136,166	1,140,729
Non-current assets		**61,758,794**	**51,288,264**
Current			
Inventories		2,137,996	2,286,252
Other current assets		123,084	8,319,515
Cash and cash equivalents		35,172,974	5,720
Current assets		**37,434,054**	**10,611,487**
Total assets		**99,192,848**	**61,899,751**

EQUITY AND LIABILITIES

	Notes	As at 30 September 2008	As at 31 March 2008
EQUITY			
Share capital		3,618,473	3,320,856
Additional paid-in capital		46,501,666	-
Merger reserve		19,570,288	19,570,288
Accumulated losses		(1,161,920)	(568,482)
Currency translation adjustment		(3,176,439)	1,080
Total Equity		**65,352,068**	**22,323,742**
LIABILITIES			
Non-Current			
Provisions for decommissioning		210,770	222,108
Finance lease obligations, excluding current portion		21,380	63,566
Non-current liabilities		**232,150**	**285,674**
Current			
Trade payables		33,463,412	39,178,479
Short term borrowings		65,580	-
Finance lease obligations (current portion)		73,956	95,310
Other current liabilities		5,682	16,546
Current liabilities		**33,608,630**	**39,290,335**
Total liabilities		**33,840,780**	**39,576,009**
Total equity and liabilities		**99,192,848**	**61,899,751**

(The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements)

Unaudited Condensed Consolidated Income statement

	Six months ended 30 September 2008	Six months ended 30 September 2007
	US$	US$
Revenue	-	-
Cost and expenses		
Administrative expenses	624,492	100,172
Listing expenses	1,080,299	-
Loss from operations	**(1,704,791)**	**100,172**
Foreign exchange gains	491,777	**-**
Interest income	619,576	**-**
Loss before tax	**(593,438)**	**(100,172)**
Income tax expense	-	-
Loss after tax	**(593,438)**	**(100,172)**

(The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements)

Unaudited Condensed Consolidated Statement of Changes in Equity

	Share capital		Additional paid in capital	Currency translation adjustment	Merger reserve	Accumulated loss	Total equity
	Number	Amount					
		US$	US$	US$		US$	US$
Balance as at April 1, 2008	**167,670,002**	**3,320,856**	**-**	**1,080**	**19,570,288**	**(568,482)**	**22,323,742**
Share capital issued	15,243,924	297,617	48,511,505				48,809,122
Costs of issue of new shares			(2,009,839)				(2,009,839)
Currency Translation Adjustment			-	(3,177,519)			(3,177,519)
Loss for the period			-			(593,438)	(593,438)
Balance as at 30 September 2008	**182,913,926**	**3,618,473**	**46,501,666**	**(3,176,439)**	**19,570,288**	**(1,161,920)**	**65,352,068**
Balance as at 1 April 2007	**167,670,000**	**3,320,856**			**19,570,288**	**-**	**22,891,144**

	Share capital		Additional paid in	Currency translation	Merger reserve	Accumulated loss	Total equity
(after incorporating merger adjustment – Refer note 3)							
Loss for the period						(100,172)	**(100,172)**
Balance as at 30 September 2007	**167,670,000**	**3,320,856**	**-**	**-**	**19,570,288**	**(100,172)**	**22,790,972**

(The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements)

Unaudited Condensed Consolidated Statement of Cash Flows

	Six months ended 30 September 2008	Six months ended 30 September 2007
	US$	**US$**
(A) Cash flow from operating activities		
Loss before tax	**(593,438)**	**(100,172)**
Changes in operating assets and liabilities		
Inventories	148,256	(519,579)
Trade and other payables	(3,587)	613,123
Other current assets	(109,373)	3,623
Other current liabilities	(10,864)	3,894
Cash provided by / (used in) operations	**(569,006)**	**889**
Income taxes paid	-	-
Net cash provided by / (used in) operating activities	**(569,006)**	**889**
(B) Cash flow for investing activities		
Expenditure incurred on Exploration and Evaluation assets (intangible assets as well as property, plant and equipment)	(16,552,770)	(139,000)
Sale/ transfer (to other blocks) of property, plant and equipment	331,127	-
Short term loans given to related parties	8,297,364	138,297
Net cash used in investing activities	**(7,924,279)**	**(703)**

	Six months ended 30 September 2008 US$	Six months ended 30 September 2007 US$
(C) Cash flow from financing activities		
Net proceeds from issue of new equity shares	46,904,055	-
Proceeds from short term borrowings	65,580	-
Net cash provided by financing activities	**46,969,635**	**-**
Net increase in cash and cash equivalents	**38,476,350**	**186**
Cash and cash equivalents at the beginning of the year	5,720	1,424
Effect of exchange rate change on cash and cash equivalents	(3,309,096)	
Cash and cash equivalents at the end of the year	**35,172,974**	**1,610**
Cash and cash equivalents comprise		
Balances with banks in demand deposits	35,172,974	1,610

(The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements)

Notes to Unaudited Condensed Consolidated Interim Financial Statements

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 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 in the year 2003 and Newbury was incorporated in the year 2005. Subsequently, 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. Subsequently, on 13 January 2006, iServices and Newbury entered into an interest sharing agreement (referred to as "original interest sharing agreement") with Focus and obtained a 65 per cent and 25 per cent share respectively in the Block. Further ONGC in its capacity as the licensee of the block is obliged to pay the license fees in respect of the Block.

2. GENERAL INFORMATION

The Unaudited Condensed Consolidated Interim Financial Statements of the Group for the six months ended 30 September 2008 and the relevant comparatives have been prepared in accordance with *IAS 34 – Interim Financial Reporting* . The Unaudited Condensed Consolidated Interim Financial Statements have been prepared on a going concern basis, and are prepared and presented in United States Dollar (US$) which was the Company's functional currency upto its listing on the AIM as well as that of its subsidiaries. Upon listing the functional currency of the Company was re-assessed as Pound Sterling and that of its subsidiaries continues to be US$.

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 operate and transact 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 AIM.

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 "Pooling of interest method". As per the pooling of interest method, these unaudited condensed consolidated interim financial statements have been prepared assuming that transfer of shares was completed on the first day of the first period presented i.e. 1 April 2007 and assets and liabilities of iServices and Newbury have been recorded at their carrying value on that date. 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 iServics 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** **US$**
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 unaudited condensed consolidated interim financial statements are as follows:

	Six months ended 30 September 2008 US$	**Year ended 31 March 2008 US$**
Non current assets	61,758,794	51,288,265
Current assets	2,137,996	2,286,252
Non current liabilities	232,150	285,674
Current liabilities	33,055,805	38,969,124
Expenses (net of finance income)	6,483	260,701

Under the PSC, the GOI, through ONGC had an option to acquire a 30 per cent participating interest in a 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 field 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 field from the date of service of notice of the option 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 as outlined in the admission document. Focus, iServices and Newbury shall continue to share costs and revenues after excluding GOI's share, 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. CHANGES IN ACCOUNTING POLICIES

5.1 Amendment of IAS 1 Presentation of Financial Statements

In accordance with the amendment of *IAS 1 Presentation of Financial Statements*, the Group now reports on its capital management objectives, policies and procedures in each annual financial report. The new disclosures that become necessary due to this change in IAS 1 will be disclosed in the annual financial statements for 31 March 2009.

5.2 Adoption of IFRS 7 Financial Instruments: Disclosures

IFRS 7 Financial Instruments: Disclosures is mandatory for annual reporting periods beginning on 1 January 2007 or later. The new Standard replaces and amends the disclosure requirements previously set out in *IAS 32 Financial Instruments: Presentation and Disclosures*. The Company has adopted this standard for the accounting year beginning 1 April 2008 and accordingly all disclosures relating to financial instruments including all comparative information will be updated to reflect the new requirements. IFRS 7 doesn't require any change in recognition and measurement principles. The detailed disclosures for IFRS 7 will set out in the annual financial statements for 31 March 2009.

5.3 Standards and Interpretations Issued by IASB but not yet applied by the Group

The following standards or interpretations have been issued by IASB till the date of approval of these unaudited condensed consolidated interim 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 unaudited condensed consolidated interim financial statements of the Group.

Standard or Interpretation	Effective dates
IAS 1: Presentation of Financial Statements: A Revised Presentation (Issued September 2007)	Annual periods beginning on or after 1 January 2009
IAS 23: Borrowing costs (Revised)	Annual periods beginning on or after 1 January 2009
IAS 27: Consolidated and Separate Financial Statements (Amendment January 2008)	Annual periods beginning on or after 1 July 2009
IAS 32 Financial Instruments: Presentation- and IAS 1 Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation	Annual periods beginning on or after 1 January 2009

Standard or Interpretation	Effective dates
Amendment (Issued 14 February 2008)	
IFRS 1 First Time Adoption of IFRS Revised (Issued 27 November 2008)	Periods beginning on or after 1 January 2009.
IFRS 2: Share- based Payment (Amendment- January 2008)	Annual periods beginning on or after 1 January 2009
IFRS 3: Business Combinations (January 2008)	For acquisition dated on or after the beginning of the first annual reporting period beginning on or after 1 July 2009
IFRS 8: Operating Segments	Annual periods beginning on or after 1 January 2009
IFRIC 13: Customer Loyalty Programmes	Annual periods beginning on or after 1 July 2008
IFRIC 14: IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Annual periods beginning on or after 1 January 2008
IFRIC 15: Agreements for the Construction of Real Estate	Annual periods commencing on or after 1 January 2009.
IFRIC 16: Hedges of a Net Investment in a Foreign Operation issued	Annual periods commencing on or after 1 October 2008.
IFRIC 17: Distributions of Non-cash Assets to Owners	Annual periods beginning on or after 1 July 2009
Improvements to IFRS (Issued 22 May 2008)	Annual periods beginning on or after 1 January 2009
Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures (Issued October 2008)	An entity shall apply those amendments from 1 July 2008.
Amendments to IFRS 1 and IAS 27 Cost of an Investment in a subsidiary, jointly-controlled entity or associate (Issued May 2008)	Annual periods beginning on or after 1 January 2009
Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items (Issued July 2008)	Annual periods beginning on or after 1 July 2009

Management anticipates that all of the above pronouncements will be adopted by the Group in the first accounting period beginning after the effective date of each of the pronouncements. Based on the Group's current business model and accounting policies, management does not expect material changes to the recognition and measurement principles on Group's financial statements when these Standards/ Interpretations become effective. However, the directors are aware that the application of the above standards and interpretations will require certain additional disclosures to be included in the Group's subsequent financial statements.

The Group does not intend to apply any of these pronouncements early.

6. SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying unaudited condensed consolidated interim financial statements are as follows:

(a) OVERALL CONSIDERATIONS

The Unaudited Condensed Consolidated Interim Financial Statements have been prepared on the historical cost basis except that certain financial assets and liabilities are stated at fair value as explained in the following accounting policies.

(b) 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.

(c) FOREIGN CURRENCIES

The Condensed Consolidated Interim 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.

(d) 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.)

(e) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The carrying values of 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.

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.

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'.

(f) 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 will be reclassified as a development and production asset.

(g) DEVELOPMENT ASSETS- OIL AND GAS

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 policy above. 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 Group currently has one proven commercial reserve, and development and production expenditure is yet to be incurred by the Group on the discovered field.

Development assets are classified under tangible assets and such assets are depleted 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 quantise are applied prospectively to future periods. No amortisation is charged until production commences.

(h) IMPAIRMENT OF EXPLORATION AND EVALUATION ASSETS

Exploration and Evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Such indicators include the point at which a determination is made as to whether or not commercial reserves exist. Where the Exploration and Evaluation assets concerned fall within the scope of an established full cost pool, the Exploration and Evaluation assets are tested for impairment together with all development and production assets associated with that cost pool, as a single cash generating unit. The aggregate carrying value is compared against the expected recoverable amount of the pool, generally by reference to the present value of the future net cash flows expected to be derived from production of commercial reserves. Any impairment loss is recognised in the income statement and separately disclosed.

(i) IMPAIRMENT OF OTHER ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

(j) 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. 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.

(k) 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 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.

(l) INVENTORIES

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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

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 US$
Balance at April 1, 2007	**35,140,921**
Additions	15,006,614
Transfer to development assets	(46,221,326)
Balance as at 31 March 2008	**3,926,209**
Additions	10,475,093
Transfer to development assets	**-**
Balance as at 30 September 2008	**14,401,302**

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 discussed 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.

Cost incurred on exploration and evaluation activities subsequent to 21 January 2008 are classified under Exploration and Evaluation assets.

8. TANGIBLE ASSETS- DEVELOPMENT ASSETS- OIL AND GAS

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. These reserves have been independently assessed by technical consultants and have been reclassified as development assets under properties, plant and equipment. The amount of cost transferred was tested for impairment on the date of reclassification and no impairment was noted.

Further to the above discovery an area of 195 km² has been proposed as the "SGL Development Area". The Group is required to submit a field development plan for the area by 21 January 2009 and upon approval of such plan the extent of the development and the area approved will be known as the SGL Field and the participants will be able to develop and produce hydrocarbons from this field until the termination of PSC. As at 30 September 2008, no expenditure has been incurred on development and production activities, in respect of the commercially feasible reserves.

As part of the development and production activity, the Group, along with the other SGL field participants, will be required to install appropriate production facilities, including an estimated 16 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 early 2009 following approval of the field development plan.

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

The table below summarises the movement in Development assets during the period ended 30 September 2008 and year ended 31 March 2008.

	Tangible assets – Development Assets- Oil and Gas **US$**
Balance at 1 April 2007	**-**
Additions (being transfer from Exploration and Evaluation Assets)	46,221,326
Balance as at 31 March 2008	**46,221,326**
Additions (being transfer from Exploration and Evaluation Assets)	-
Balance as at 30 September 2008	**46,221,326**

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise of the following:

Cost	Land	Extended well test equipment	Bunk Houses	Vehicles*	Other assets	Total
	US$	US$	US$	US$	US$	US$
Balance as at 1 April 2007	**34,204**	**297,548**	**701,348**	**216,718**	**319,990**	**1,569,808**
Additions	**-**	55,374	254,494	78,310	74,786	**462,964**
Disposals/Transfers	**-**	(97,247)	-	-	(29,952)	**(127,199)**
Balance as at 31 March 2008	**34,204**	**255,675**	**955,842**	**295,028**	**364,824**	**1,905,573**
Additions	-	2,957	181,956	-	25,679	210,592
Disposals/Transfers			-	(76,578)		(76,578)
Balance as at 30 September 2008	**34,204**	**258,632**	**1,137,798**	**218,450**	**390,503**	**2,039,587**
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	-	11,605	93,398	21,902	36,292	163,197

Cost	Land	Extended well test equipment	Bunk Houses	Vehicles*	Other assets	Total
	US$	US$	US$	US$	US$	US$
Balance as at 30 September 2008	**-**	**50,567**	**574,120**	**109,566**	**248,976**	**983,229**

Carrying Value	Land	Extended well test equipment	Bunk Houses	Vehicles*	Other assets	Capital work in progress
	US$	US$	US$	US$	US$	US$
At 31 March 2008	34,204	216,713	475,120	207,364	152,140	55,188
At 30 September 2008	34,204	208,065	563,678	108,884	141,527	79,808

*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.

10. EQUITY

Authorised share capital

The total authorised share capital of the Company is GBP 5,000,000 divided into 500,000,000 shares of pound sterling 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 Companies.

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.

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 to be treated as a reduction of the proceeds. However, if consummation of the equity offering is not probable, or the offering is aborted, such costs will be expensed in the period during which such offering is aborted or considered as not probable.

11. 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 *iServices, Newbury* and *Indus Gas Limited*), Multi Asset Holdings Ltd. *(Ultimate Parent, Indus Gas Limited)*
	Gainway Holdings Ltd. *(Parent, iServices)*
	Focusoil Inc. *(Parent, Newbury, Also holds 26% shares)*
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 Energy Ltd. (*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 30 September 2008 and 31 March 31 2008 is as under:

Transactions with parent and subsidiary companies

Particulars	30 September 2008 US$	31 March 2008 US$
Transactions during the year		
Loan to Gynia Holdings Limited	-	8,297,364
Loan from Gynia Holdings Limited	65,580	-
Expenses paid by Gynia Holdings Limited on behalf of the Company	145,200	28,800
Shares issued to Gynia Holdings Limited	3,320,856	-
Balances at the end of the year		
Total receivables	**-**	**8,297,364**
Total payables	**3,531,636**	**28,800**

Transactions with KMP and entities over which KMP exercise significant control

Particulars	30 September 2008 US$	31 March 2008 US$

Particulars	30 September 2008 US$	31 March 2008 US$
Transactions during the year		
Directors' remuneration	234,954	16,667
Remittances to Focus Energy Limited for share of interest in the oil and gas operations of Block RJ-ON/06	16,288,385	294,000
Total balance of net assets transferred from Focus Energy Limited for the interest in Block RJ-ON/06	64,813,790	54,410,156
Amounts payable to Focus Energy Limited for expenses incurred on their behalf	6,565	7,204
Amounts due to Alliot Partellas Kiliaris Ltd for expenses paid on their behalf	-	18,209
Balances at the end of the year		
Total receivables	**-**	**-**
Total payables	**33,210,211**	**39,011,204**

12. COMMITMENTS AND CONTINGENCIES

A summary of the contingencies and commitments existing as at 30 September 2008 and 31 March 2008 are as follows:

S. No	Nature of the contingency/ commitments	30 September 2008 US$	31 March 2008 US$
(i)	Group's share in the contingent liability	902,256	760,334

S. No.	Nature of the contingency/ commitments	30 September 2008 US$	31 March 2008 US$
	arising from bank guarantees raised in favour of GOI and ONGC in respect of oil and gas operations		
	[Indian Rupees 40 million]		
(ii)	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 adjustment the same against amount it owes to Focus		
	[Indian Rupees 820 million]	17,318,724	
	Total	**18,220,980**	**760,334**

13. POST BALANCE SHEET EVENTS

On 3 December 2008, Focus (acting as the principal operator in respect of the oil and gas operations) on behalf of the Group has received a notification from the Ministry of Petroleum and Natural Gas, Government of India, in respect of the Petroleum Exploration License granted to ONGC and Focus up to 20 August 2009. The previous exploration license had expired on 20 February 2008.