For Immediate Release 29th December 2011

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

Indus Gas Limited (AIM:INDI.L), an oil & gas exploration and development company with assets in India, is pleased to report its interim results for the six month period ending 30 September 2011.

Highlights:

- SGL Field Development;
  - Gas production, sales and contract performance of Phase I of SGL continues satisfactorily.
  - Phase II production ramp up expected to be completed by Q1 2012
  - Discussions with GAIL for additional gas supplies.
- Ongoing appraisal drilling and testing continues as detailed earlier announcements.
- Sufficient funding for ongoing operations – in principle sanction from existing lenders for enhancement of $110mn debt facility by additional $40mn on terms better than earlier $110mn debt facility. Expected to commence negotiation for facility documentation with the Lenders shortly.

Production - SGL Field

SGL field is currently producing around 7 mmscf/d as part of Phase I development. Ongoing production, sales and realization of revenues remained satisfactory.

As part of our long term development plan for SGL, we have drilled 4 additional wells to enable us to expand gas sales to around 34 mmscf/d as part of Phase II development. Over the field life, during next 12 years, we shall expand the well count to at least 14 in order to meet contract sales volume and to optimize the depletion of the SGL reserves.

Phase II field development is progressing smoothly. Many of the critical equipment ordered for Phase II development have been received at site, while remaining equipment are in the process of completion and testing at US/India based manufacturing facility of the Suppliers. We expect Phase II development to be completed by end of Q1, 2012. Once completed, part of the processing facilities will have capacity for production ramp up beyond currently contracted 34 mmcf/d.

Our flexible approach to the build of the Company's processing facilities and the ability to expand in a modular way should enable us to offer a timely enhanced gas supply arrangement (subject to commercial terms) to the approved expansion of the Ramgarh power plant by 160MW as part of its Phase III development.

It remains however an objective of the Company to diversify the offtakers of gas from the Block. Consideration of alternative commercial solutions is ongoing and closely follows exploration and appraisal success on the Block.

Drilling, Seismic and Completion Operations

Drilling activities over the last year or so has followed multiple objectives being a) the drilling and completion of additional production wells for SGL as planned, b) further appraisal drilling in the Pariwar and B&B formations covering as large area as possible and c) establishing tight gas recovery potential in addition to conventional gas discovered in the Pariwar and B&B formations. In order to establish a larger area as a development area, the focus has been largely on drilling new wells across the Block at the expense of testing to accommodate rig and other resources availability. We shall continue to improve our well coverage across the Block till the end of the appraisal period in 2013 but we shall be increasing the amount of rig time dedicated to testing ahead of a planned CPR in 2012.

Current Drilling

1) Eastern Promise-1 4355m Gas Reserves (Pariwar) The well successfully flowed 8 MMSCFD of gas from sands in the upper parts of the Pariwar Formation during open hole testing. These sands were located stratigraphically higher than the main Pariwar reservoir zones that are currently producing in the SGL Field area. Significant gas shows were also encountered within the main (P10) Pariwar reservoir zones as well, which achieved gas to surface but with only a weak flow rate during open hole testing. The main (P10) Pariwar reservoir zones are currently undergoing conventional production and fracture stimulation testing. Conventional production testing is also pending in the overlying sands that flowed 8 MMSCFD in this well during open hole testing, which have yet to be perforated at the time of writing.

2) SGL-D2 3211m Undergoing production testing (Pariwar)
Well SGL-D2 is the western-most development well currently drilled within the SGL Field area as presently defined. The well targeted a discrete structural compartment to the west of a key fault which separates it from the rest of the SGL Field area. This well encountered the main Pariwar (P10) Reservoir zone at 3157m MD RKB. The well was subsequently drilled to TD, wireline logging operations were undertaken and the well was cased and completed. Key gas shows within the upper parts of the Pariwar P10 reservoir zone were observed on the basis of drilling shows and wireline log analysis, at the same stratigraphic level as the productive zones of wells SGL-1 and SGL-2. Production testing and detailed assessment of this zone is underway at the time of writing.

3) SGL-5 3335m Undergoing production testing (Pariwar)
SGL-5 is the northern-most development well currently designated within the main SGL Field area as presently defined. The well encountered gas shows within the main Pariwar (P10) reservoir zone, after which drilling was terminated and the well was completed for production testing. The top of the main P10 Pariwar reservoir zone was encountered at 3169m MD RKB at this location. At the time of writing production testing and assessment of this interval is ongoing.

4) SGL-6 3230m Undergoing production testing (Pariwar)
SGL Field Development Well SGL-6 encountered the main Pariwar (P10) reservoir zone at 3138 metres (MD RKB) with significant gas shows whilst drilling. The well was subsequently drilled to 3230m, wireline logging operations were carried out and the well was then cased and completed for production testing. Both wireline log analysis and drilling shows highlight the presence of gas in this well within the Key P10 Pariwar reservoir zone that is currently under production in wells SGL-1 and SGL-2. Production testing and assessment of this zone is currently underway at the time of writing.

5) SGL-7 3226m Undergoing production testing (Pariwar)
SGL Field Development Well SGL7 encountered the main Pariwar (P10) reservoir zone at 3151m MD RKB. The well was drilled to 3226 metres, wireline logging operations were carried out and the well was cased and completed for production testing. Based on drilling shows and wireline log analysis the well encountered 9 metres of good quality reservoir sands within the upperparts of the P10 Pariwar reservoir zone, directly correlative to the productive sands of wells SGL-1 and SGL-2. Production testing and assessment of this zone is currently ongoing at the time of writing.

Financials

Revenue in the six months period grew to US $ 3,583,851 from US $ 215,407 during six months period last year, reflecting gas sales under the Take or Pay sales contract with Gail throughout the period. Revenue will increase again in FY2012-2013 with the ramp up of contracted gas sales from approximately 7 mmscf/d to approximately 34 mmscf/d.

We shall be repaying debt on the original US $110m facility through FY 2011-2012 & FY 2012-13 while drawing additional debt so we expect to see further increases in interest expenses.

As of the 30th September 2011, we had outstanding long term bank debt of US $85.1 million which had primarily increased due to further expenditure on the SGL assets. Since September 2011, we have repaid a further US $3.93m in line with the amortisation schedule. Current year repayments has been financed by Gynia Holdings Ltd., a substantial shareholder of the Company.

Based on expected gas sales during FY2012-2013 and financial support commitment from Gynia Holdings Limited, the Company is expected to meet all its financials obligations for next 12 months.

Outlook

We are on the edge of increasing our gas sales substantially to around 34 mmscf/d in 2012 and the decision by RRVUNL, the State Electricity Company in Rajasthan, to sanction another 160MW expansion, beyond 270 MW already commissioned/under construction, shows ongoing strength of the gas sales market in India. Conceptual work is also ongoing regarding alternative gas monetisation routes which would be adaptive to the evolving gas production potential within the Block.

As outlined in September we have an aggressive drilling and testing programme in place, complemented by growing production and revenues which provide a solid basis for the development of the Company in 2012.

In accordance with AIM rules, Paul Fink, Technical Consultant, a Geophysicist who holds an engineering degree from the Mining University of Leoben, Austria, and has 20 years of industry experience is the qualified person that has reviewed the technical information contained in this release.

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Unaudited Condensed Consolidated Statement of Financial Position

(All amounts in US $, unless otherwise stated)

	Notes	As at 30 September 2011 US$ Unaudited	As at 31 March 2011 US$ Audited
ASSETS			
Non-current assets			
Intangible assets: exploration and evaluation assets	**7**	27,033,454	14,110,885
Property, plant and equipment	**8**	183,164,227	173,356,791
Deferred tax assets (net)		155,572	618
Other assets		637	11,149
Total non-current assets		**210,353,890**	**187,479,443**
Current assets			
Inventories		5,758,839	6,439,619
Trade receivables		550,544	1,172,052
Current tax assets		81,687	35,639
Other current assets		293,755	746,501
Cash and cash equivalents		269,105	2,252,815
Total current assets		**6,953,930**	**10,646,626**
Total assets		**217,307,820**	**198,126,069**
EQUITY AND LIABILITIES			
STOCKHOLDERS' EQUITY			
Share capital		3,618,472	3,618,472
Additional paid-in capital		46,501,666	46,501,666
Currency translation reserve		(9,313,781)	(9,313,781)
Merger reserve		19,570,288	19,570,288
Share option reserve		398,569	386,381
Accumulated losses		(4,201,302)	(3,541,234)
Total equity		**56,573,912**	**57,221,792**

Unaudited Condensed Consolidated Statement of Financial Position (Contd.)

	Notes	As at 30 September 2011 US$ Unaudited	As at 31 March 2011 US$ Audited
LIABILITIES			
Non-current liabilities			
Long term debt from banks, excluding current portion	**9**	69,700,701	45,089,825
Provisions for decommissioning		625,337	501,392
Finance lease obligations, excluding current portion		12,793	31,222
Payable to related parties, excluding current portion	**10**	46,843,493	45,369,000
Total non-current liabilities		**117,182,324**	**90,991,439**
Current liabilities			
Current portion of long term debt from banks	**9**	15,374,146	11,835,959
Current portion of finance lease obligations		44,641	68,126
Current portion of payable to related parties	**10**	25,903,971	35,801,031
Other liabilities		114,154	93,050
Deferred revenue		2,114,672	2,114,672
Total current liabilities		**43,551,584**	**49,912,838**
Total liabilities		**160,733,908**	**140,904,277**
Total equity and liabilities		**217,307,820**	**198,126,069**

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

Unaudited Condensed Consolidated Statement of Comprehensive Income

(All amounts in US $, unless otherwise stated)

	Notes	Six months ended 30 September 2011 US$ Unaudited	Six months ended 30 September 2010 US$ Unaudited
Revenue		3,583,851	215,407
Cost of sales		(590,750)	(117,202)
Gross profit		2,993,101	98,205
Cost and expenses			
Administrative expenses		(742,047)	(782,472)
Profit / (loss) from operations		**2,251,054**	**(684,267)**
Foreign exchange loss, net		(3,425)	(1,739,839)
Interest expense		(3,062,814)	(550,862)
Interest income		163	21,151
Loss before tax		**(815,022)**	**(2,953,817)**
Income tax credit		154,954	-
Loss for the period		**(660,068)**	**(2,953,817)**
Other comprehensive income			
Currency translation adjustment		**-**	1,695,620
Total comprehensive loss for the period		**(660,068)**	**(1,258,197)**
Loss per share	**11**		
Basic		*(0.00)**	*(0.02)**
Diluted		*(0.00)**	*(0.02)**
Par value of each share	GBP	*0.01*	*0.01*

**Rounded off to the nearest two decimal places.*

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

Unaudited Condensed Consolidated Statements of Changes in Equity

(All amounts in US $, unless otherwise stated)

	Share capital		Additional paid-in capital	Currency translation reserve	Merger reserve	Share option reserve	Accumulated losses	Total stockholders' equity
	Number	Amount US$	US$	US$	US$	US$	US$	US$
Balance as at 1 April 2011	**182,913,924**	**3,618,472**	**46,501,666**	**(9,313,781)**	**19,570,288**	**386,381**	**(3,541,234)**	**57,221,792**
Share based payment transactions	-	-	-	-	-	12,188	-	12,188
Transactions with owners	-	-	-	-	-	*12,188*	-	***12,188***
Loss for the period	-	-	-	-	-	-	(660,068)	**(660,068)**
Other comprehensive income:								
Currency translation adjustment	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	*(660,068)*	***(660,068)***
Balance as at 30 September 2011	**182,913,924**	**3,618,472**	**46,501,666**	**(9,313,781)**	**19,570,288**	**398,569**	**(4,201,302)**	**56,573,912**
Balance as at 1 April 2010	**182,913,924**	**3,618,472**	**46,501,666**	**(10,554,972)**	**19,570,288**	**341,303**	**(1,124,725)**	**58,352,032**
Share based payment transactions	-	-	-	-	-	24,926	-	24,926
Transactions with owners						*24,926*		***24,926***
Loss for the year	-	-	-	-	-	-	(2,953,817)	**(2,953,817)**
Other comprehensive income:								
Currency translation adjustment	-	-	-	1,695,620	-	-	-	**1,695,620**
Total comprehensive income/(loss) for the year				**1,695,620**			**(2,953,817)**	**(1,258,197)**
Balance as at 30 September 2010	**182,913,924**	**3,618,472**	**46,501,666**	**(8,859,352)**	**19,570,288**	**366,229**	**(4,078,542)**	**57,118,761**

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

Unaudited Condensed Consolidated Statements of Cash Flows

(All amounts in US $, unless otherwise stated)

	Six months ended 30 September 2011 Unaudited	Six months ended 30 September 2010 Unaudited
	US$	**US$**
(A) Cash flow from operating activities		
Loss before tax	**(815,022)**	**(2,953,817)**
Adjustments		
Unrealized exchange loss/ (gain)	5,358	(1,657,637)
Interest income	(163)	(21,125)
Interest expense	3,062,814	-
Share based payments	12,188	24,926
Depreciation	248,125	-
Changes in operating assets and liabilities		
Inventories	(4,554)	402,570
Trade receivables	621,508	(1,083,872)
Trade and other payables	(110,366)	(120,384)
Other current and non current assets	61,588	258,342
Deferred revenue	-	857,693
Other liabilities	21,104	271,204
Cash generated from/(used in) operations	**3,102,580**	**(4,022,100)**
Income taxes paid	(46,048)	-
Net cash generated from / (used in) operating activities	**3,056,532**	**(4,022,100)**
(B) Cash flow from investing activities		
Expenditure on exploration and evaluation assets	(10,736,756)	(20,528,462)
Purchase of property, plant and equipment	(24,908,363)	(3,093,682)
Movement in short term investments	-	8,610,023
Interest received	163	21,125
Net cash used in investing activities	**(35,644,956)**	**(14,990,996)**
(C) Cash flow from financing activities		
Proceeds from long term debt from banks	32,568,698	18,502,235
Repayment of long term debt from banks	(3,930,000)	-
Proceeds from loans by related parties	3,930,000	-
Repayment of loans to related parties	-	(3,330,877)
Payment of interest	(1,958,626)	-
Net cash generated from financing activities	**30,610,072**	**15,171,358**
Net decrease in cash and cash equivalents	**(1,978,352)**	**(3,841,738)**
Cash and cash equivalents at the beginning of the period	2,252,815	220,724
Effect of exchange rate change on cash and cash equivalents	(5,358)	6,340,585

	Six months ended 30 September 2011 Unaudited	Six months ended 30 September 2010 Unaudited
	US$	**US$**
Cash and cash equivalents at the end of the period	**269,105**	**2,719,571**
Cash and cash equivalents comprise		
Balances with banks	269,105	2,719,571

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

Notes to Unaudited Condensed Consolidated Interim Financial Statements

(All amounts in US $, 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 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 owned 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 was 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 was subject to any option exercised by ONGC in respect of individual discoveries (already exercised for the SGL Field as further explained in Note 3).

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements are for the six months ended 30 September 2011 and are presented in United States Dollar (US$), which is the functional currency of the parent company and other entities in the Group. They have been prepared in accordance with *IAS 34 Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2011.

The condensed consolidated interim financial statements have been prepared on a going concern basis.

The condensed consolidated interim financial statements are for the six months ended 30 September 2011 have been approved for issue by the Board of Directors on 28 December 2011.

3. 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.

Under the PSC, the GOI, through ONGC had an option to acquire a 30 per cent participating interest in any discovered field, upon such successful discovery of oil or gas reserves, which has been declared as commercially feasible to develop.

Subsequent to the declaration of commercial discovery in SGL field on 21 January 2008, ONGC on 6 June 2008 had exercised the option to acquire a 30 per cent participating interest in the discovered fields.

On exercise of this option, ONGC is liable to pay its share of 30 per cent of the SGL field development costs and production costs incurred after 21 January 2008 and are entitled to a 30 per cent share in the production of gas subject to recovery of Contract Costs as explained below.

The allocation of the production from the field to each participant in any year is determined on the basis of the respective proportion of each such participant's cumulative unrecovered Contract Costs as at the end of the previous year or where there are no unrecovered contract cost at the end of previous year on the basis of participating interest of each such participant in the field.

Basis above, gas production of the period ended 30 September 2011 is shared between Focus, iServices and Newbury in the ratio of 10 percent, 65 percent and 25 percent, respectively.

The aggregate amounts relating to jointly controlled assets, liabilities, expenses and commitments related thereto that have been included in the consolidated financial statements are as follows:

	Period ended 30 September 2011	**Period ended 30 September 2010**	**Year ended 31 March 2011**
Non-current assets	199,505,186	142,941,966	177,981,955
Current assets	5,758,839	4,934,959	6,439,619
Non current liabilities	638,130	498,641	532,614
Current liabilities	44,641	73,765	68,126
Expenses (net of finance income)	830,332	399,363	947,899
Commitments	15,792,836	425,683	20,923,564

The GOI, through ONGC, has option to acquire similar participating interest in any such future successful discovery of oil or gas reserves in the Block that has been declared as commercially feasible to develop.

4. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 31 March 2011, except for the adoption of *Improvements to IFRSs 2010* (2010 Improvements) as of 1 April 2011. The 2010 Improvements made several minor amendments to IFRSs. The relevant amendments and their effects on the current period or prior periods are described below:

Amendments to IAS 34 Interim Financial Reporting

The amendments clarified certain disclosures relating to events and transactions that are significant to an understanding of changes in the Group's circumstances since the last annual financial statements.

The Group's interim financial statements as of 30 September 2011 reflect these amended disclosure requirements, where applicable.

5. ESTIMATES

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2011.

6. SEGMENT REPORTING

The Chief Operating Decision Maker reviews the business as one operating segment being the extraction and production of oil and gas. Hence, no separate segment information has been furnished herewith.

During the six month period to 30 September 2011, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

All of the non–current assets other than financial instruments and deferred tax assets (there are no employment benefit assets, and rights arising under insurance contracts) are located in India and amounted US$ 210,197,681 (31 March 2011: US$ 187,468,633).

The Group has a single product, i.e. the sale of natural gas, which is supplied to a single customer, GAIL (India) Limited in a single geographical segment, being India.

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 1 April 2010	**68,534,029**
Additions	39,770,041
Transfer to development assets	(94,193,185)
Balance as at 31 March 2011	**14,110,885**
Additions	12,922,569
Balance as at 30 September 2011	**27,033,454**
Balance at 1 April 2010	**68,534,029**
Additions	21,167,501
Balance as at 30 September 2010	**89,701,530**

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

The above also includes borrowing costs capitalised of US$ 604,709 (30 September 2010: US$ 1,572,921; 31 March 2011: US$ 1,474,526). Cost incurred on exploration and evaluation activities subsequent to 30 November 2010 (i.e. the date of the study by an independent expert basis which the Group believes that gas reserves discovered in the Eastern Promise field in the Block are technically feasible and commercially viable) are classified under exploration and evaluation assets.

The depreciation in respect of assets used for exploration and evaluation activities has been included in the cost of Intangible assets: exploration and evaluation assets amounting to US$ 662,836 (30 September 2010: US $ 575,055; 31 March 2011: US $ 1,127,605).

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise of the following:

Cost	Land	Extended well test equipment	Development /Production assets	Bunk Houses	Vehicles*	Other assets	Capital work-in-progress	Total
Balance as at 1 April 2011	36,437	1,920,338	166,072,377	3,860,383	1,862,208	1,061,793	1,673,006	**176,486,542**
Additions	-	447,350	9,318,264	-	-	15,990	941,015	**10,722,619**
Balance as at 30 September 2011	**36,437**	**2,367,688**	**175,390,641**	**3,860,383**	**1,862,208**	**1,077,783**	**2,614,021**	**187,209,161**
Accumulated depreciation								
Balance as at 1 April 2011	-	262,442	156,168	1,522,192	610,882	578,067	-	**3,129,751**
Depreciation for the period	-	90,869	248,125	320,394	172,079	83,716	-	**915,183**
Balance as at 30 September 2011	**-**	**353,311**	**404,293**	**1,842,586**	**782,961**	**661,783**	**-**	**4,044,934**
Carrying value								
As at 30 September 2011	36,437	2,014,377	174,986,348	2,017,797	1,079,247	416,000	2,614,021	**183,164,227**

	Land	Extended well test equipment	Development /Production assets	Bunk Houses	Vehicles*	Other assets	Capital work-in-progress	Total
Cost								
Balance as at 1 April 2010	34,204	1,426,788	51,326,085	3,074,036	1,060,501	800,564	1,332,454	**59,054,632**
Additions	-	513,520	2,323,953	283,726	235,743	91,900	974,794	**4,423,636**
Disposals/Transfers	-	-	-	-	-	-	802,555	**802,555**
Balance as at 30 September 2010	**34,204**	**1,940,308**	**53,650,038**	**3,357,762**	**1,296,244**	**892,464**	**1,504,693**	62,675,713
Accumulated								

depreciation								
Balance as at 1 April 2010	-	131,023	-	981,584	340,582	399,423	-	**1,852,612**
Depreciation for the period	-	67,323	45,978	259,658	116,230	76,325	-	**565,514**
Balance as at 30 September 2010	**-**	**198,346**	**45,978**	**1,241,242**	**456,812**	**475,748**	**-**	**2,418,126**
Carrying value								
As at 30 September 2010	34,204	1,741,962	53,604,060	2,116,520	839,432	416,716	1,504,693	**60,257,587**
Cost								
Balance as at 1 April 2010	34,204	1,426,788	51,326,085	3,074,036	1,060,501	800,564	1,332,454	**59,054,632**
Additions	2,233	493,550	114,746,292	1,023,520	801,707	287,227	2,241,540	**119,596,069**
Disposals/Transfers	-	-	-	237,173	-	25,998	1,900,988	**2,164,159**
Balance as at 31 March 2011	**36,437**	**1,920,338**	**166,072,377**	**3,860,383**	**1,862,208**	**1,061,793**	**1,673,006**	**176,486,542**
Accumulated depreciation								
Balance at 1 April 2010	-	131,023	-	981,584	340,582	399,423	-	**1,852,612**
Depreciation for the year	-	131,419	156,168	546,771	270,300	179,857	-	**1,284,515**
Disposals/ transfers	-	-	-	6,163	-	1,213	-	**7,376**
Balance as at 31 March 2011	**-**	**262,442**	**156,168**	**1,522,192**	**610,882**	**578,067**	**-**	**3,129,751**
Carrying value								
As at 31 March 2011	36,437	1,657,896	165,916,209	2,338,191	1,251,326	483,726	1,673,006	**173,356,791**

*These vehicles have been secured against the finance leases as disclosed in the statements of financial position.

The above also includes borrowing costs capitalised of US$ 602,064 (30 September 2010: 523,375; 31 March 2011: US$ 3,635,743).

Depreciation of development and production assets has been charged in accordance with the Group's accounting policy upon commencement of production.

9. LONG TERM DEBT FROM BANKS

	Maturity	30 September 2011	31 March 2011
US$ 86,128,870 (30 September 2010 US$ 33,500,000 and 31 March 2011 US$ 57,490,173)			
Bank loan, secured			
Non-current portion of long term debt	2018	69,700,701	45,089,825
Current portion of long term debt from		15,374,146	11,835,959

banks		
Total	**85,074,847**	**56,925,784**

In March 2010, Indus signed an agreement with a consortium of banks for a term loan of US$ 110,000,000 repayable in quarterly instalments commencing on 31 August 2011. It bears interest of LIBOR plus 500 basis points. Indus Gas has further drawn US$ 32,568,697 (31 March 2011: US$ 42,490,173) against this loan during the six months period ended 30 September 2011.

The bank loan is secured over all the assets of subsidiaries of Indus i.e. iServices and Newbury in addition to the Group's participating interest in the Block RJ-ON/6 to the extent of SGL Field and certain future receivables from gas sales.

Interest capitalised on loans have been disclosed in note 7 and 8 above.

10. PAYABLE TO RELATED PARTIES

Related parties payable comprise of the following:

	30 September 2011	31 March 2011
Liability payable to Focus		
- *Current*	5,564,224	20,020,988
- *Other than Current*	46,843,493	45,369,000
Payable to Gynia Holdings (current)	19,526,938	15,085,376
Other payables	812,809	694,667
	72,747,464	**81,170,031**

Liability payable to Focus

Liability payable to Focus represents unpaid amount of the cost share of the Group in respect of its participating interest in Block RJ-ON/6 pursuant to the terms of Agreement for Assignment dated 13 January 2006 and its subsequent amendments from time to time.

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 borrowings and other payables are considered to be a reasonable approximation of fair value.

11. LOSS PER SHARE

The calculation of the loss per share is based on the losses attributable to ordinary shareholders divided by the weighted average number of shares issued during the period.

Calculation of basic and diluted loss per share for period ended 30 September 2011 and 30 September 2010 are as follows:

	30 September 2011	30 September 2010
Loss attributable to shareholders of Indus Gas Limited, for basic and dilutive	(660,068)	(2,953,817)

Weighted average number of shares (used for basic loss per share)	182,913,924	182,913,924
Diluted weighted average number of shares (used for diluted loss per share	182,913,924	182,913,924
Basic loss per share (US$)	(0.00)*	(0.02)*
Diluted loss per share (US$)	(0.00)*	(0.02)*

**Rounded off to the nearest two decimal places.*

The Group has outstanding share options, however, for the periods ended 30 September 2011 and 30 September 2010, those are considered anti-dilutive as the Group has incurred loss during these reporting periods.

12. INCOME TAXES

Indus Gas profits are taxable as per the tax laws applicable in Guernsey where nil percent tax rate has been prescribed for corporates. Accordingly, there is no tax liability for the Group in Guernsey. iServices and Newbury 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. The Indian Income Tax Act provides tax holiday period of 7 years to oil producing companies beginning from the year of commercial production. However, there are uncertainties whether similar holiday period is available for Newbury and iServices, being natural gas producing companies. While the management is in process of evaluating availability of the tax holiday period, current and deferred tax assets and liabilities have been computed assuming that the tax holiday is not available.

13. BASIS OF GOING CONCERN ASSUMPTION

The Group has a sanctioned loan facility not used till balance sheet date of $ 19,941,130 and has obtained additional sanction of $40,000,000 subsequent to the balance sheet to meet its obligation to Focus for existing dues and its share of future exploration and development cost. In respect of repayment of principle and interest due on existing bank loans, Gynia Holdings Limited, the holding company of Indus Gas, has assured continued financial support to provide short term borrowings to the Group to enable it to meet its obligations till it starts generating sufficient cash flows from operations. Based on this, the condensed consolidated interim financial statements have been prepared on going concern basis.

14. COMMITMENTS AND CONTINGENCIES

At 30 September 2011, the Group had capital commitments of US$ 15,792,836 (31 March 2011: US$ 20,923,564) in relation property, plant & equipment – development/producing assets, in the Block.

The Group has no contingencies as at 30 September 2011 (30 September 2010: Nil; 31 March 2011: Nil).

15. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 March 2011.