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Independent Resources plc

Annual report 2012

Independent Resources plc

Contents

Year ended 30 September 2012

Contents	Page

Independent Resources plc

Company information

Board of directors	G G Nash (executive chairman) R Bencini (technical director) T B James (financial director) A R H Thomas (non-executive director)
Company secretary	T B James
Registered office	Tower Bridge House St Katharine's Way London E1W 1DD
Registered number	05483127 (England and Wales)
Auditor	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
Solicitors	Ashurst LLP Broadwalk House 5 Appold Street London EC2A 2HA
Nominated adviser and joint broker	Seymour Pierce 20 Old Bailey London EC4M 7EN
Joint broker	Charles Stanley Securities 131 Finsbury Pavement London EC2A 1NT
Registrars	Share Registrars Limited Suite E First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
Financial PR	Tavistock Communications Limited 131 Finsbury Pavement London EC2A 1NT
Website	www ir-plc com

Independent Resources plc

Chairman's statement

Year ended 30 September 2012

Our effort this year was extraordinary but it was overwhelmed by events we ultimately could not control The team performed exceptional work on Rivara going into the late spring this year We had reported major permitting progress following the Italian Environmental Ministry's VIA decree Although we could not comment on the progress we were making to monetise a portion of Rivara in much the same way we had done in 2008, this effort was progressing well We were all very confident that we could finally commence building for shareholders the valuable foundations of a long-term asset that would not only immediately benefit the project's local economy but also generations of families living in proximity to the facility through their township royalty receipts The Emilia earthquake however raised fears that there might possibly be a connection between the planned storage facility and the much deeper seismic events and this led politicians and even industrial allies to withhold their support The Company decided that it would have to seek an unbiased forum to judge on the merits of the regional government's withholding its required support and this precipitated the project into administrative court This of course meant that the Company would need to focus its productive energy elsewhere, at least in the short to medium term

As we progressed Rivara's permitting process during the year and had engaged with new parties interested in participating in its development, we also began to address the Company's partner ERG's desire to continue a process of exiting from its traditional energy businesses As part of this process our Company reached an agreement with ERG which allowed them to withdraw from the Rivara project company and transfer their shares back to the Company The transaction included a 1 4 million euro payment from ERG into the project company and the elimination of ERG's shareholder loans to the project company which is now a wholly-owned subsidiary This agreement has been embraced by both parties as a sensible and beneficial solution

The Company's focus since early June has been almost exclusively on laying new foundations for growth opportunities High-quality transformational deals are very difficult to move from identification, to vetting, to negotiation, and eventually to completion Over the past few months we have had contacts with various entities and in two instances discussions reached an advanced stage without success

Discussions regarding the future of our Ribolla coal bed methane gas project near Grosseto nevertheless moved forward Although our stated aim of negotiating a farm-out during the period was not accomplished, we were still able to creatively plan an inexpensive way to de-risk the project to ultimately set up new operations on the basin The local economy would benefit from the sustainable exploitation of this major resource and we remain actively engaged in local politics and regional policy

In Tunisia we have been disappointed that the Operator's plans have not yet allowed us to appraise the potentially very significant oil shale resource present at relatively shallow depth throughout the block Given the size of our stake our aim is to help shape a future in which shareholders remain financially interested in the project's success, but are no longer exposed to the capital cost of its de-risking

Business development continued through the period and yielded some tangible success We now have two new projects that we are actively managing in Italy We identified a very large structure offshore Adriatic potentially suitable for low-cost carbon dioxide storage, and we applied for an exclusive CO_2 storage site exploration permit under the recent Italian law which adopts the 2009 CCS European Directive Additionally, a gas-to-power project onshore Italy, slated to have been awarded in July, should yield commercial results and begin generating cash within a relatively short timeframe should the remaining permitting hurdles be overcome Formal title to these projects has not yet been obtained We prefer to wait to illustrate these projects in detail until we have received approval from the relevant government institutions In all these activities, we continue to maintain a cost-conscious and value-focused approach, and are confident that we will be in a position to announce significant developments in the first half of 2013

Outlook

Our Company is seeking to become better balanced in terms of the risks-reward profiles and chronology of our project pipeline, whilst seeking to maintain its geographic and core competence focus Our liquidity position is good and we have a number of interesting opportunities to consider We are disappointed that we are as yet unable to announce the completion of such opportunities but we hope to have more to say about this in the nearer term

Grayson Nash
Executive Chairman

Independent Resources plc

The directors' report

Year ended 30 September 2012

The directors submit their report and accounts for the year from 1 October 2011 to 30 September 2012 The comparative year is from 1 October 2010 to 30 September 2011

Principal activities

Independent Resources plc is the holding company for a group of companies engaged in the appraisal and development of natural gas and oil projects The company's long-term focus is on natural gas infrastructure and associated services, while it is currently also developing its substantial exploration and production portfolio to the point at which monetisation or passive participation in these assets becomes commercially attractive

Results and dividends

Turnover for the period was £nil (2011 £nil), and the loss before tax was £1,819,235 (2011 £1,164,245)

The directors have not declared any dividend in respect of the year ended 30 September 2012 (2011 £nil)

Business review

A review of the current and future development of the group's business is given in the chairman's statement starting on page 2

The directors consider operating loss currently to be the key financial performance indicator of the group The directors measure performance against the key financial performance indicator by comparison to budget on a regular basis throughout the year For the financial year, the company performed within budget The nature of the group's current activities is such that with no operational revenue streams, detailed analysis of key financial performance indicators is not considered necessary

The key non-financial performance indicators are
- approval of full planning application for the Rivara project, and
- farm-out of Ribolla

The main business risks are whether
- the group's projects remain technically feasible,
- the necessary approvals from regulators will be obtained,
- the projects will be commercially viable, and
- the group will be able to obtain the necessary finance to complete them

The directors mitigate the business risks as far as practicable by employing or engaging high calibre, experienced individuals and organisations to assist with the analysis of technical data in relation to each of the projects, restricting projects to those in proven technologies and operations, updating financial models for changes in variables on a regular basis, keeping regular contact with regulators and interested parties in the individual projects, updating the market and key investors on the group's projects and financial developments, and seeking involvement in projects by significant businesses that can offer valuable input and finances to advance the projects as and when considered necessary and beneficial to the shareholders

Directors

The directors who served during the year were as follows

G G Nash
R Bencini
T B James
A R H Thomas

Independent Resources plc

The directors' report

Year ended 30 September 2012

The Articles of Association of the company state that at each Annual General Meeting one-third of the directors who are subject to retirement by rotation or, if their number is not three, nor a multiple of three, the number nearest to but not exceeding one-third, shall retire from office

Therefore G G Nash will retire by rotation at the seventh Annual General Meeting and, being eligible, offers himself for re-election

The chairman G G Nash devotes the majority of his time to the affairs of the group

Financial risk management

The group's operations expose it to financial risks that include liquidity risk, interest rate and foreign exchange risk The group does not have any debt and is not therefore required to use derivative financial instruments to manage interest rate costs nor is hedge accounting applied

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The group's finance department implements the policies set by the board of directors

Price risk

The directors do not consider there is a price risk to the business The group has no exposure to equity securities price risk as it holds no listed or other equity investment

Credit risk

At this early stage of the group's development, in the absence of any customers, it does not have a material credit risk other than in relation to the deferred subscription payments due from non-controlling interests and other receivables (primarily Value Added Tax and expenditure recharged to project partners) The group has limited the credit risk by continuing to monitor the credit worthiness of the counterparty

Liquidity risk

The group actively manages its working finance to ensure the group has sufficient funds for operations and planned expansion

Interest rate cash flow risk
The group does not have interest-bearing liabilities Interest-bearing assets are only cash balances that earn interest at a floating rate

The directors do not consider there to be a material cash flow risk given its current funding levels and anticipated expenditures

Foreign exchange risk

The group principally operates in the euro area, with some exposure to the US dollar It does not currently consider the risk of exposure to these currencies to be material As such the directors do not currently consider it necessary to enter into forward exchange contracts This situation is monitored on a regular basis

Directors' insurance

The company has taken out an insurance policy to indemnify the directors and officers of the company against liability when acting for the company

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group and of the profit or loss for that period In doing so the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- there is no relevant audit information of which the company's auditor is unaware, and
- each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

Supplier payment policy

It is the group's policy to pay suppliers in accordance with the terms of business agreed with them The number of days' purchases outstanding for the group at the end of September 2012 was 10 days (2011 14 days)

Employees

The group places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the group Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged

Director's interests in shares

		1 October 2011 Ordinary shares of 1p each	30 September 2012 Ordinary shares of 1p each	Percentage of issued share capital
G G Nash	Note 1	6,726,538	6,726,538	14 67%
R Bencini	Note 2	6,076,188	6,076,188	13 26%
T B James	Note 3	166,491	501,424	1 09%
A R H Thomas	Note 4	100,000	100,000	0 22%

Note 1 6,256,188 shares held by Grayson Nash LLC, a company controlled by G G Nash and 470,350 shares held indirectly by A H Nash, wife of G G Nash

Note 2 6,076,188 shares held by GAIA srl, a company controlled by R Bencini

Note 3 263,433 shares held by Charles Stanley & Co Limited as a nominee company for the benefit of T B James as well as 231,050 shares for J James, wife of T B James, with a further 6,941 shares through the personal pension fund of T B James

Note 4 100,000 shares held by Giltspur Nominees Limited as a nominee company for the benefit of A R H Thomas

Substantial shareholdings

The following interests of 3% or more in the company's share capital have been reported at 6 November 2012

Name	Ordinary shares of 1p each	Percentage held
G G Nash	6,726,538	14 67%
R Bencini	6,076,188	13 26%
Goldman Sachs Securities (Nominees) Limited	4,966,667	10 84%
Rock Nominees Limited (Note 1)	4,155,208	9 07%
Nortrust Nominees Limited	3,832,050	8 36%
HSBC Global Custody Nominee (UK) Limited	3,538,700	7 72%
Pershing Nominees Limited	2,276,094	4 97%
JIM Nominees Limited	1,717,955	3 74%

Note 1 From Rock Nominees Limited holdings there has been deducted 263,433 shares held on behalf of T B James and 231,050 shares held on behalf of J James, wife of T B James

Share option scheme

The share option scheme was adopted by the company on 25 November 2005 It was established to reward and incentivise the executive management team for delivering share price growth Accordingly the executive share options were subject to demanding share price-related performance criteria The performance criteria were not achieved and the initial tranche of options lapsed during the previous year Also included in the table below are one-off options granted to A R H Thomas in recognition of his contribution at the time of the Company's AIM admission A second tranche of share options was granted in the previous year The share option scheme is administered by the Remuneration Committee

Directors' share options

Name of Director	Start of period	Granted in the period	Exercised/ lapsed in the period	Market price at date of exercise	End of period	Exercise price	Earliest date for exercise	Latest date for exercise
G G Nash – discretionary								
Tranche 2	945,000	-	-	-	945,000	43p	05/01/2014	05/01/2016
R Bencini - discretionary								
Tranche 2	945,000	-	-	-	945,000	43p	05/01/2014	05/01/2016
T B James - discretionary								
Tranche 2	285,000	-	-	-	285,000	43p	05/01/2014	05/01/2016
A R H Thomas - discretionary								
Tranche 1	16,667	-	-	-	16,667	60p	25/11/2008	25/11/2015

Corporate governance

Compliance with the Corporate Governance Code

The directors recognise the value of the UK Corporate Governance Code (the "Code"), effective 1 July 2010, and whilst under AIM rules full compliance is not required, the directors believe that the company applies the recommendations insofar as is practicable and appropriate for a public company of its size

Board of directors

The board of directors comprises three executive directors and one non-executive director who qualifies as an independent non-executive director as defined in the Code The directors are of the opinion that the board comprises a suitable balance and that the recommendations of the Code have been implemented to an appropriate level The board, through the chairman and executive directors in particular, maintains regular contact with its advisers and public relations consultants in order to ensure that the board develops an understanding of the views of major shareholders about the company

The board meets regularly throughout the year and met six times during the year to 30 September 2012 The board is responsible for formulating, reviewing and approving the company's strategy, financial activities and operating performance Day-to-day management is devolved to the executive directors who are charged with consulting the board on all significant financial and operational matters Consequently, decisions are made promptly and following consultation among the directors concerned where necessary and appropriate

All necessary information is supplied to the directors on a timely basis to enable them to discharge their duties effectively, and all directors have access to independent professional advice, at the company's expense, as and when required

The participation of both private and institutional investors at the Annual General Meeting is welcomed by the board

Internal controls

The directors acknowledge their responsibility for the company's and the group's systems of internal control, which are designed to safeguard the assets of the group and ensure the reliability of financial information for both internal use and external publication Overall control is ensured by a regular detailed reporting system covering both technical progress of a project and the state of the group's financial affairs The board has put in place procedures for identifying, evaluating and managing any significant risks that face the group

Any system of internal control can provide only reasonable, and not absolute, assurance that material financial irregularities will be detected or that the risk of failure to achieve business objectives is eliminated The directors, having reviewed the effectiveness of the system of internal financial, operational and compliance controls and risk management, consider that the system of internal control operated effectively throughout the financial year and up to the date the financial statements were signed

Committees

Each of the following committees has its own terms of reference

Audit Committee

The Audit Committee comprises A R H Thomas and G G Nash, the non-executive director and the executive chairman respectively Its terms of reference indicate at least two regular meetings per year and its formal meeting, to review the 2012 audit, took place on 14 November 2012 All directors received a copy of the audit report prior to the meeting and had an opportunity to comment The meeting was attended by the auditor

The finance director and a representative of the external auditor are normally invited to attend meetings Other directors or staff may be invited to attend, as considered beneficial by the committee

The Audit Committee's primary responsibilities are to review the effectiveness of the company's systems of internal control, to review with the external auditor the nature and scope of their audit and the results of the audit, and to evaluate and select an external auditor

Remuneration Committee

The Remuneration Committee met once during the year Its members are A R H Thomas (chairman) and T B James

The company's policy is to remunerate senior executives fairly in such a manner as to facilitate the recruitment, retention and motivation of staff The Remuneration Committee agrees with the board a framework for the remuneration of the chairman, the executive directors and the senior management of the company The principal objective of the committee is to ensure that members of the executive management of the company are provided incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company Non-executive fees are considered and agreed by the board as a whole

Going concern

After making enquiries, the directors have formed a judgment at the time of approving the financial statements that there is a reasonable expectation that the company and group as a whole have adequate resources to continue in operational existence for the foreseeable future For this reason the directors have adopted the going concern basis in preparing the financial statements

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the reappointment of Crowe Clark Whitehill LLP will be proposed at the next Annual General Meeting

Annual General Meeting

The seventh Annual General Meeting of the company is to be held at 11 am on 23 January 2013 at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA

Signed by order of the directors

T B James

Secretary

30 November 2012

Independent auditor's report to the members of Independent Resources plc

Year ended 30 September 2012

We have audited the financial statements of Independent Resources Plc for the year ended 30 September 2012 which comprise the Group and Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Company Cash Flow Statements, the Group Statement of Changes in Equity and the related notes

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Directors' Report and any other surround information to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2012 and of the group's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006, and,
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Independent Resources plc

Independent auditor's report to the members of Independent Resources plc

Year ended 30 September 2012

Emphasis of matter

In forming our opinion on the financial statements which is not qualified, we have considered the adequacy of the disclosures made in notes 1(m) and 14 to the financial statements concerning the process of the appeal before the Emilia Romagna Bologna Administrative Court in respect of the approval of the development of the Rivara project In the event that the Group is not successful in its appeal, the expenditure capitalised in respect of this project will be subject to impairment testing No adjustment has been made in relation to the carrying value of this capitalised expenditure

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Stephen Bullock
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London

30 November 2012

Note The maintenance and integrity of the Independent Resources plc website is the responsibility of the directors The work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent Resources plc

Consolidated statement of comprehensive income

Year ended 30 September 2012

	Notes	2012 £	2011 £
Continuing operations			
Revenue	2	-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(1,387,942)	(1,174,737)
Operating loss	3	(1,387,942)	(1,174,737)
Financial income	6	5,784	35,310
Financial expense	7	(437,077)	(24,818)
Loss on ordinary activities before taxation		(1,819,235)	(1,164,245)
Taxation	8	-	-
Loss for the year		(1,819,235)	(1,164,245)
Other comprehensive income.			
Exchange difference on translating foreign operations		(1,074,067)	69,384
Income tax relating to other comprehensive income		-	-
Total comprehensive loss for the year		(2,893,302)	(1,094,861)
Loss attributable to			
Owners of the parent		(1,781,779)	(1,133,327)
Non-controlling interests	23	(37,456)	(30,918)
		(1,819,235)	(1,164,245)
Total comprehensive loss attributable to			
Owners of the parent		(2,752,613)	(1,067,632)
Non-controlling interests		(140,689)	(27,229)
		(2,893,302)	(1,094,861)
Loss per share (pence)	9		
From continuing operations			
Basic		(3.9)	(2.5)
Diluted		(3.9)	(2.5)

The notes on pages 19 to 44 form an integral part of these financial statements

Independent Resources plc

Consolidated statement of financial position

As at 30 September 2012

	Notes		2012 £		2011 £
Non-current assets					
Property, plant and equipment	11		21,133		51,232
Goodwill	13		450,766		450,766
Other intangible assets	14		9,466,113		9,315,485
			9,938,012		9,817,483
Current assets					
Other receivables	16	3,634,449		4,524,726	
Cash and cash equivalents	17	729,786		2,501,605	
		4,364,235		7,026,331	
Current liabilities					
Trade and other payables	19	(960,671)		(763,892)	
		(960,671)		(763,892)	
Net current assets			3,403,564		6,262,439
Net assets			13,341,576		16,079,922
Equity attributable to equity holders of the parent					
Share capital	20		458,369		458,369
Share premium	21		15,287,351		15,287,351
Share option reserve			264,717		109,761
Foreign currency translation reserve			(74,844)		895,990
Retained earnings			(3,766,319)		(1,984,540)
			12,169,274		14,766,931
Non-controlling interests	23		1,172,302		1,312,991
Total equity			13,341,576		16,079,922

These financial statements were authorised for issue and approved by the board of directors on 30 November 2012

T B James

G G Nash

Company registration number 05483127

The notes on pages 19 to 44 form an integral part of these financial statements

Independent Resources plc

Company statement of financial position

As at 30 September 2012

	Notes		2012 £		2011 £
Non-current assets					
Property, plant and equipment	12		-		-
Interest in subsidiary undertakings	15		3,773,252		2,736,086
Amounts receivable from group Undertakings	16		7,737,258		8,870,777
			11,510,510		11,606,863
Current assets					
Other receivables	16	206,834		63,871	
Cash and cash equivalents	17	622,511		1,487,744	
		829,345		1,551,615	
Current liabilities					
Trade and other payables	19	(151,438)		(59,572)	
		(151,438)		(59,572)	
Net current assets			677,907		1,492,043
Net assets			12,188,417		13,098,906
Equity					
Share capital	20		458,369		458,369
Share premium	21		15,287,351		15,287,351
Share option reserve			264,717		109,761
Retained earnings			(3,822,020)		(2,756,575)
Equity shareholders' funds			12,188,417		13,098,906

These financial statements were authorised for issue and approved by the board of directors on 30 November 2012

T B James **G G Nash**

Company registration number 05483127

The notes on pages 19 to 44 form an integral part of these financial statements

Independent Resources plc

Statement of changes in equity

Year ended 30 September 2012

	Retained Earnings	Share capital	Share premium reserve	Share option translation reserve	Foreign currency	Total	Non-controlling interests	Total equity
	£	£	£	£	£	£	£	£
Consolidated								
1 October 2010	(1 241,057)	458,369	15 287,351	389,844	830 295	15 724 802	1,340,220	17,065,022
Loss for the year	(1,133 327)	-	-	-	-	(1,133 327)	(30,918)	(1 164 245)
Exchange differences		-	-		65,695	65,695	3,689	69,384
Total comprehensive loss for the year	(1,133,327)		-	-	65,695	(1,067,632)	(27,229)	(1,094,861)
Share options lapsed	389,844	-	-	(389 844)	-	-	-	
Share-based payments		-	-	109,761	-	109,761		109,761
30 September 2011	(1,984,540)	458,369	15,287,351	109,761	895,990	14,766,931	1,312,991	16,079,922
1 October 2011	(1 984 540)	458,369	15 287,351	109,761	895 990	14 766,931	1,312,991	16,079,922
Loss for the year	(1 781 779)	-		-		(1,781,779)	(37,456)	(1,819,235)
Exchange differences		-	-		(970,834)	(970,834)	(103,233)	(1,074,067)
Total comprehensive loss for the Year	(1,781,779)	-		-	(970,834)	(2,752 613)	(140,689)	(2,893,302)
Share-based payments		-		154,956	-	154,956	-	154,956
30 September 2012	(3,766,319)	458,369	15,287,351	264,717	(74,844)	12,169,274	1,172,302	13,341,576
Company								
1 October 2010	(3,053,490)	458,369	15 287 351	389,844	-	13 082,074		
Loss for the year	(92,929)		-	-	-	(92 929)		
Share options lapsed	389 844		-	(389 844)	-	-		
Share-based payments		-	-	109,761	-	109,761		
30 September 2011	(2,756,575)	458,369	15,287,351	109,761	-	13,098,906		
1 October 2011	(2 756 575)	458 369	15,287,351	109 761	-	13,098,906		
Loss for the year	(1,065,445)		-	-	-	(1,065,445)		
Share-based payments		-	-	154,956	-	154,956		
30 September 2012	(3,822,020)	458,369	15,287,351	264,717	-	12,188,417		

Share premium reserve represents the amounts subscribed for share capital in excess of the nominal value of the shares issued, net of cost of issue

Share options reserve represents the cumulative fair value of share options granted

Foreign currency translation reserve represents gains and losses arising on the retranslation of net assets of overseas operations

Retained earnings represent the cumulative net gains and losses recognised in the consolidated income statement

The notes on pages 19 to 44 form an integral part of these financial statements

Independent Resources plc

Consolidated statement of cash flows

Year ended 30 September 2012

	2012 £	2011 £
Cash flows from operating activities		
Loss before taxation	(1,819,235)	(1,164,245)
Adjustments for		
Depreciation of property, plant and equipment	21,385	29,867
Provision for well shut down costs	-	(309,759)
Financial income	(5,784)	(35,310)
Financial expense	437,077	24,818
	(1,366,557)	(1,454,629)
Decrease in other receivables	470,277	918,055
Increase in trade and other payables	196,779	181,334
Share-based payments	154,956	109,761
Exchange rate difference on investments	(341,796)	48,729
Cash used in operations	(886,341)	(196,750)
Income taxes received	-	88,588
Net cash used in operating activities	(886,341)	(108,162)
Cash flows from investing activities		
Interest received	5,784	35,310
Interest paid	(17,077)	(9,818)
Proceeds on disposal of property, plant and equipment	5,042	-
Purchase of intangible assets	(879,227)	(1,304,848)
Purchases of property, plant and equipment	-	(5,187)
Net cash used in investing activities	(885,478)	(1,284,543)
Net decrease in cash and cash equivalents	(1,771,819)	(1,392,705)
Cash and cash equivalents at 1 October 2011	2,501,605	3,894,310
Cash and cash equivalents at 30 September 2012	729,786	2,501,605

The notes on pages 19 to 44 form an integral part of these financial statements

Independent Resources plc

Company statement of cash flows

Year ended 30 September 2012

	2012 £	2011 £
Cash flows from operating activities		
Loss before taxation	(1,065,445)	(92,929)
Adjustments for		
Financial income	(140,285)	(285,134)
	(1,205,730)	(378,063)
Increase in other receivables	(142,963)	(30,527)
Increase/(decrease) in trade and other payables	91,866	(1,111)
Share-based payments	154,956	109,761
Cash used in operations	(1,101,871)	(299,940)
Income taxes received	-	88,588
Net cash used in operating activities	(1,101,871)	(211,352)
Cash flows from investing activities		
Interest received	140,285	285,134
Decrease/(increase) in amounts owing by subsidiary undertakings	96,353	(1,819,924)
Net cash from/(used in) investing activities	236,638	(1,534,790)
Net decrease in cash and cash equivalents	(865,233)	(1,746,142)
Cash and cash equivalents at 1 October 2011	1,487,744	3,233,886
Cash and cash equivalents at 30 September 2012	622,511	1,487,744

The notes on pages 19 to 44 form an integral part of these financial statements

Independent Resources plc

Notes to the financial statements

Year ended 30 September 2012

1. Accounting policies

These financial statements are for Independent Resources plc ("the company") and subsidiary undertakings The company is registered, and domiciled, in England and Wales and incorporated under the Companies Act 2006

The nature of the company's operations and its principal activities are set out in the directors' report on page 5

The company's functional currency is the Euro, and presentational currency is Great British Pounds Sterling

The principal accounting policies are summarised below

(a) Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union These financial statements are for the year 1 October 2011 to 30 September 2012

New standards and interpretations not applied
At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective

New/revised International Financial Reporting Standards		Issued/revised	Effective date
IFRS 7	Financial instruments disclosures - amendments related to the offsetting of assets and liabilities	Dec 2011	Annual periods beginning on or after 1 January 2013
IFRS 9	Financial instruments - classification and measurement	Nov 2009	Annual periods beginning on or after 1 January 2015 (original effective date deferred from 1 January 2013)
IFRS 10	Consolidated financial	May 2011	Annual periods beginning on or statements after 1 January 2013
IFRS 11	Joint arrangements	May 2011	Annual periods beginning on or after 1 January 2013
IFRS 12	Disclosure of interests in other entities	May 2011	Annual periods beginning on or after 1 January 2013
IFRS 13	Fair value measurement	May 2011	Annual periods beginning on or after 1 January 2013
IAS 1	Presentation of financial statements - amendments to revise the way other comprehensive income is presented	June 2011	Annual periods beginning on or after 1 July 2012
IAS 12	Income taxes - limited scope amendment (recovery underlying assets)	Dec 2010	Annual periods beginning on or of after 1 January 2012
IAS 19	Employee benefits - amended standard resulting from the post-employment benefits and termination benefits project	June 2011	Annual periods beginning on or after 1 January 2013

Independent Resources plc

Notes to the financial statements

Year ended 30 September 2012

1 Accounting policies

New/revised International Financial Reporting Standards		Issued/revised	Effective date
IAS 27	Consolidated and separate financial statements – reissued as IAS 27 Separate financial statements (as amended in 2011)	May 2011	Annual periods beginning on or after 1 January 2013
IAS 28	Investments in associates - reissued as IAS 28 Investments in associates and joint ventures (as amended in 2011)	May 2011	Annual periods beginning on or after 1 January 2013
IAS 32	Financial instruments presentation - amendments relating to the offsetting of assets and liabilities	Dec-11	Annual periods beginning on or after 1 January 2014

Interpretations		Effective date
IFRIC 20	Stripping costs in the production phase of a surface mine - issued 19 October 2011	Annual periods beginning on or after 1 January 2013

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the financial statements in the year of initial application The directors do not consider application of any of the amendments made to existing standards as a result of the 2011 annual improvements project will have a material effect on the financial statements of the group

(b) Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiaries under the acquisition method The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities Acquisitions are accounted for under the acquisition method

(c) Going concern

The financial information has been prepared assuming the group will continue as a going concern Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations In assessing whether the going concern assumption is appropriate, management has considered the group's existing working capital position and, if required, its ability to raise potential financing Management are of the opinion that the group has adequate resources to undertake its planned program of activities for the 12 months from the date of approval of the financial statements

1. Accounting policies

(d) Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of its subsidiaries and jointly controlled entities at the dates of acquisition The cost of acquisition will include any contingent liabilities in relation to the purchase cost Any such contingent liability will have been measured at fair value

Goodwill is recognised as an asset and reviewed for impairment at least annually

(e) Property, plant and equipment
Property, plant and equipment is stated at cost, or deemed cost less accumulated depreciation, and any recognised impairment loss Land is stated at cost and is not depreciated

Depreciation is charged so as to write off the cost or valuation of assets less any residual value over their estimated useful lives, using the straight line method, on the following bases

Fixtures & fittings	12% to 33 3% straight line
Motor vehicles	25% straight line

(f) Other intangible assets - exploration licence costs
Exploration and evaluation expenditure comprises costs which are directly attributable to researching and analysing exploration data It also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects When it has been established that a mineral deposit has development potential, all costs (direct and applicable overhead) incurred in connection with the exploration and development of the mineral deposits are capitalised until either production commences or the project is not considered economically viable In the event of production commencing, the capitalised costs are amortised, through administrative expenses, over the expected life of the mineral reserves on a unit of production basis Other pre-trading expenses are written off as incurred Where a project is abandoned or is considered to be of no further interest, the related costs are written off

(g) Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs

The recoverable amount is the higher of fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

1. **Accounting policies**

(h) Taxation

Current taxation
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities The tax rates and the tax laws used to compute the amount are those that are enacted, or substantively enacted, by the balance sheet date

Deferred taxation
Deferred tax is provided in full using the balance sheet liability method for all taxable temporary timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes Deferred tax is measured using currently enacted or substantially enacted tax rates

Deferred tax assets are recognised to the extent the temporary difference will reverse in the foreseeable future and it is probable that future taxable profit will be available against which the asset can be utilised

Deferred tax is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent it is probable that the temporary difference will reverse

(i) Conversion of foreign currency
In consolidating subsidiary undertakings foreign currency transactions are translated at the average exchange rates over the year Liabilities are translated at the rates prevailing at the balance sheet date Assets are translated at the rates ruling at the balance sheet date

The group has significant transactions and balances denominated in euros The year end exchange rate to sterling was 1 257 (2011 1 157) and the average exchange rate during the year was 1 216 (2011 1 149)

In the company financial statements the income and expenses of foreign operations are translated at the exchange rates ruling at the dates of the transactions Exchange differences arising on translation are recognised directly in equity until the disposal of the investments in the foreign operation The assets and liabilities of foreign operations, both monetary and non-monetary, are translated at exchange rates ruling at the balance sheet date. The reporting currency of the company and group is sterling

1. **Accounting policies**

(j) Share-based payments
The fair value of equity instruments granted to employees is charged to the income statement, with a corresponding increase in equity The fair value of share options is measured at grant date, using the binomial option pricing model, and spread over the period during which the employee becomes unconditionally entitled to the award The charge is adjusted to reflect the number of shares or options that vest, except where forfeiture is due to market-based criteria

(k) Financial instruments
Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument

Trade and other receivables
Trade and other receivables are initially measured at fair value and are subsequently reassessed at the end of each accounting period

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

Financial liabilities and equity
Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities The accounting policies adopted for specific financial liabilities and equity instruments are set out below

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

Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs Shares issued are held at their fair value

1. **Accounting policies**

(l) Accounting estimates and judgements
The preparation of financial statements in conforming with adopted IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses The estimates and assumptions are based on historical experience and other factors considered reasonable at the time, but actual results may differ from those estimates Revisions to these estimates are made in the period in which they are recognised

(m) Use of estimates
The assumptions concerning the future, and other key sources of estimation at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

Impairment of intangibles and goodwill
Determining whether the group's projects remain technically feasible, the necessary approvals from regulators will be obtained, that they will be commercially viable and that the group will be able to obtain the necessary finance to complete them

At the balance sheet date the Group held an 85% interest in ERG Rivara Storage Srl Intangible assets include an amount of £5,236,000 with respect to project expenditure The regional council, Regione Emilia Romagna, where the project is located is currently denying authorisation for project development However authorisation has been granted by the national government As a result ERG Rivara Storage Srl has appealed against this decision to the Emilia Romagna Bologna Administrative Court

The directors have obtained third party legal opinions regarding the appeal and believe the group will be successful in its appeal and develop this storage facility for commercial use As such, the intangible assets capitalised in respect of this asset continue to be recognised in full and the directors do not believe that any impairment of these costs has arisen

Deferred consideration
The recoverability and fair value of the deferred consideration is determined by the group Management monitors the circumstances relating to the draw down of deferred subscription payments due from the minority interest, together with the recoverability of the amounts due and their fair value Any indication of non-recoverability and change in fair value is adjusted for accordingly

1 Accounting policies

(n) Provisions
Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event and 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, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain The expense relating to any provision is presented in the income statement net of any reimbursement If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, 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 a finance expense

(o) Commitments and contingencies
Commitments and contingent liabilities are disclosed 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

(p) Events after the balance sheet date
Post year-end events that provide additional information about a company's position at the balance sheet date and are adjusting events are reflected in the financial statements Post year-end events that are not adjusting events are disclosed in the notes when material

2 Business segments

The group has adopted IFRS 8 Operating segments Per IFRS 8, operating segments are based on internal reports about components of the group, which are regularly reviewed and used by the Board of Directors being the Chief Operating Decision Maker ("CODM") for strategic decision making and resource allocation, in order to allocate resources to the segment and to assess its performance The group's reportable operating segments are as follows

a Parent company
b Rivara
c Ribolla Basin CBM & Shale Gas Assets
d Ksar Hadada

The CODM monitors the operating results of each segment for the purpose of performance assessments and making decisions on resource allocation Performance is based on assessing progress made on projects and the management of resources used Segment assets and liabilities are presented inclusive of inter-segment balances

The group did not generate any revenue during the year to 30 September 2012 nor in the year to 30 September 2011

Information regarding each of the operations of each reportable segments is included in the following table

Independent Resources plc

Notes to the financial statements

Year ended 30 September 2012

2 Business segments

	Parent Company	Rivara	Ribolla Basin CBM & Shale Gas Assets	Ksar Hadada	Consolidation	Total
	£	£	£	£	£	£
2012						
Interest revenue	140,285	2,147	6	-	(136,654)	5,784
Interest expense	-	(510,055)	(63,676)	-	136,654	(437,077)
Depreciation	-	1,344	20,041	-	-	21,385
Impairment of intangible assets	-	-	-	-	-	-
Income tax	-	-	-	-	-	-
Loss for the year before taxation	(1,065,445)	(758,419)	(567,201)	(20,084)	591,914	(1,819,235)
Assets	12,339,855	11,375,970	4,128,810	217,340	(13,759,728)	14,302,247
Liabilities	(151,438)	(5,594,817)	(4,001,708)	(542,451)	9,329,743	(960,671)
2011						
Interest revenue	285,134	46,450	11	-	(296,285)	35,310
Interest expense	-	(173,905)	(147,198)	-	296,285	(24,818)
Depreciation	-	4,120	25,747	-	-	29,867
Impairment of intangible assets	-	-	-	-	-	-
Income tax	-	-	-	-	-	-
Loss for the year before taxation	(92,929)	(325,835)	(612,519)	(93,594)	(39,368)	(1,164,245)
Assets	13,158,478	12,620,924	4,741,670	156,989	(13,834,247)	16,843,814
Liabilities	(59,572)	(5,543,389)	(5,044,622)	(462,016)	10,345,707	(763,892)

The geographical split of non-current assets arises as follows

	United Kingdom	Overseas	Total
	£	£	£
2012			
Intangible assets	-	9,466,113	9,466,113
Goodwill	-	450,766	450,766
Property, plant and equipment	-	21,133	21,133
2011			
Intangible assets	-	9,315,485	9,315,485
Goodwill	-	450,766	450,766
Property, plant and equipment	-	51,232	51,232

3. Expenses and auditor's remuneration

	2012 £	2011 £
The operating loss is stated after charging the following amounts		
Depreciation of property, plant and equipment		
- owned	21,385	29,867
Parent company's auditor's remuneration		
- audit of parent company and group accounts	34,467	35,408
Non-associated auditor's remuneration of subsidiaries		
- audit of subsidiaries	56,658	38,722
Rent of land and buildings	98,648	141,931
Share options	154,956	109,761
Net foreign exchange losses	40,445	34,682

4. Aggregated directors' remuneration

The total amounts for directors' remuneration were as follows

	2012 £	2011 £
Emoluments detailed below paid under service agreements	29,346	104,526
Payments made to third parties in respect of services provided by directors	382,199	457,209
Total	411,545	561,735

Directors' emoluments

Directors' remuneration for the year was

	Short-term Employee benefits £	Post-employment benefits £	Total £
2012			
G G Nash	165,505	-	165,505
R Bencini	176,141	-	176,141
T B James	42,676	2,223	44,899
A R H Thomas	25,000	-	25,000
Aggregate emoluments	409,322	2,223	411,545
2011			
G G Nash	208,832	-	208,832
R Bencini	208,697	-	208,697
T B James	91,243	27,963	119,206
A R H Thomas	25,000	-	25,000
Aggregate emoluments	533,772	27,963	561,735

4 Aggregated directors' remuneration

	2012 £	2011 £
The directors' remuneration detailed above include amounts paid in respect of the highest paid director		
Emoluments and payments made to third parties in respect of services provided by director	176,141	208,832
Contributions to money purchase pension scheme	-	-

The group reimburses the directors for expenses incurred by them or their service companies in the performance of their duties for the group

Two executive directors are based in Italy and their consultancy agreements were paid in euros and converted to sterling at the average exchange rate of 1 216 (2011 1 149)

Pension arrangements

The company has made contributions of £2,223 (2011 £27,963) to the personal pension scheme of T B James

Consultancy agreements

The following consultancy agreements have been entered into

Individual providing service	Parties to consultancy agreement
G G Nash	Independent Gas Management srl and Independent Energy Solutions srl (jointly) and Seaspray 2 srl - 1 October 2010 to 30 June 2011 at €18,750 per month, ongoing from 1 July 2011 at €20,833 per month
R Bencini	Independent Gas Management srl, Independent Energy Solutions srl and Independent Resources (Ksar Hadada) Ltd (jointly) and GAIA srl - 1 October 2010 to 30 June 2011 at €18,208 per month, ongoing from 1 July 2011 at €19,167 per month
T B James	Independent Resources plc and Trinacria Energy Services - ongoing from 1 December 11 on an ad hoc basis

5. Staff costs and numbers

The average number of persons employed by the group during the year including executive directors is analysed below

	2012	2011
Administration	8	10

Group employment costs - all employees including executive directors

	2012 £	2011 £
Wages and salaries	247,919	450,773
Severence pay	105,177	-
Social security costs	89,733	113,579
Pension contributions	2,223	27,963
Share-based payments - equity settled	154,956	109,761
	600,008	702,076

6. Financial income

	2012 £	2011 £
Interest receivable	5,784	35,310
	5,784	35,310

7. Financial expense

	2012 £	2011 £
Financial expense on unwinding of ERG Rivara Storage srl shareholder consideration	420,000	15,000
Interest payable	17,077	9,818
	437,077	24,818

Net financial expense includes £420,000 relating to the decrease in the net present value of receivables which are measured at amortised cost due to the unwinding of the effective interest implicit in the discounting calculations The charge for the period, rather than the more normal credit, arises from the expected deferral of the Rivara appraisal programme

8 Taxation

	2012 £	2011 £
Tax on profit on ordinary activities		
Taxation charged based on profits for the year		
UK corporation tax based on the results for the year	-	-
Total tax expense in income statement	-	-

8. Taxation

Reconciliation of the tax expense
The tax assessed for the year is different from the standard rate of corporation tax in the UK (25%) The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before taxation	(1,819,235)	(1,164,245)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2011 27%)	(454,808)	(314,346)
Effects of		
Expenses disallowed for tax purposes	38,739	29,679
Untaxed expense/(income) on deemed disposal of interest in subsidiary	-	4,050
Deferred tax not provided - tax losses carried forward	416,069	280,617
Total current tax	-	-

The group has tax losses available to be carried forward in certain subsidiaries and the parent With anticipated substantial lead times for the group's projects, and the possibility that these may therefore expire before their use, it is not considered appropriate to anticipate an asset value for them

9 Loss per share

The calculation of basic and diluted loss per share at 30 September 2012 was based on the loss attributable to ordinary shareholders of £1,781,779 The weighted average number of ordinary shares outstanding during the year ending 30 September 2012 and the effect of the potentially dilutive ordinary shares to be issued are shown below

Contingently issuable shares such as included within the share option scheme have not been treated as dilutive as the market conditions have not been met at 30 September 2012

	2012 £	2011 £
Net loss for the year	(1,781,779)	(1,133,327)
Basic weighted average ordinary shares in issue during the year	45,836,867	45,836,867
Diluted weighted average ordinary shares in issue during the year	45,836,867	45,836,867

10 Loss of the parent company

A loss of £1,065,445 has been dealt with in the financial statements of the parent company The parent company is not required to produce its own profit and loss account (or IFRS equivalent) because of the exemption provision in Section 408 of the Companies Act 2006

11. Property, plant and equipment (group)

	Fixtures & fittings £	Motor vehicles £	Total £
2012			
Cost			
1 October 2011	175,653	8,067	183,720
Exchange differences	(11,443)	-	(11,443)
Additions	-	-	-
Disposals	-	(8,067)	(8,067)
30 September 2012	164,210	-	164,210
Depreciation			
1 October 2011	129,463	3,025	132,488
Exchange differences	(7,771)	-	(7,771)
Charge for the year	21,385	-	21,385
Disposals	-	(3,025)	(3,025)
30 September 2012	143,077	-	143,077
Carrying amount			
30 September 2012	21,133	-	21,133
30 September 2011	46,190	5,042	51,232
2011			
Cost			
1 October 2010	170,107	8,046	178,153
Exchange differences	359	21	380
Additions	5,187		5,187
Disposals	-	-	-
30 September 2011	175,653	8,067	183,720
Depreciation			
1 October 2010	101,431	1,006	102,437
Exchange differences	181	3	184
Charge for the year	27,851	2,016	29,867
Depreciation on disposals	-	-	-
30 September 2011	129,463	3,025	132,488
Carrying amount			
30 September 2011	46,190	5,042	51,232
30 September 2010	68,676	7,040	75,716

12 Property, plant and equipment (parent company)

	Fixtures & fittings £
2012	
Cost	
1 October 2011 and 30 September 2012	31,842
Depreciation	
1 October 2011 and 30 September 2012	31,842
Carrying amount	
30 September 2012	-
30 September 2011	-
2011	
Cost	
1 October 2010 and 30 September 2011	31,842
Depreciation	
1 October 2010 and 30 September 2011	31,842
Carrying amount	
30 September 2011	-
30 September 2010	-

13. Goodwill (group)

	Goodwill £
2012	
Cost	
1 October 2011 and 30 September 2012	450,766
Carrying amount	
30 September 2012	450,766
30 September 2011	450,766
2011	
Cost	
1 October 2010 and 30 September 2011	450,766
Carrying amount	
30 September 2011	450,766
30 September 2010	450,766

The goodwill arises as a result of the acquisition of Independent Energy Solutions srl which contains the Ribolla project

A review of the latest management information and projections shows a net present value significantly in excess of assets and liabilities relating to this project The main assumptions indicate that no significant change has arisen on these calculations which would materially impact on the group

The continuing analysis and testing of technical data continues to indicate that the project is feasible

The group continues to work towards obtaining all the necessary approvals from regulatory authorities

For the purpose of goodwill impairment testing, recoverable amounts have been determined based upon the value in use of the Ribolla project

13. Goodwill (group)

Value in use

Cash flows are projected for the periods up to the date that the project is expected to become commercially operational and from then until operations are expected to cease, based upon management's expectations These dates depend on a number of variables, including the project's technical feasibility, regulatory approval, forecast revenue prices and the associate development and operational costs

The project is expected to generate revenue after five to nine years and to continue doing so for a further 35 years The directors consider that projections calculated for a period greater than five years are justified as the project is still in a development stage The directors have used a constant rate of growth of 2 5% (2011 2 5%) to extrapolate the cash flow projections beyond the period in which the projects will commence to generate revenue This growth rate is considered to cover increases resulting from inflation and regulatory changes The discount rate used is 10 0% (2011 10 0%)

Key assumptions used in value in use calculations

The key assumptions used in the value in use calculations for the goodwill asset are the anticipated quantity of resource available for extraction, costs of plant and infrastructure, expected revenue prices, expected operational costs, appropriate discount rates and foreign exchange rates For further details please see note 14

Management's assessment of the technical viability of the project is supported by the evaluation work undertaken by appropriately qualified persons

Management have assessed the project's individual net present value and thereby impairment on a variety of bases and assumptions using, where appropriate, a number of discount rates The impairment tests are particularly sensitive to changes in the key assumptions and changes to these assumptions could result in impairment, however, all of the varying bases indicate a net present value significantly in excess of the value of goodwill

Foreign exchange rates have been based on external market forecasts, after considering long-term market expectations and the countries in which the group operates

14 Other intangible assets (group)

Development and exploration

	Rivara gas storage facility £	Ribolla Basin CBM & Shale Gas assets £	Ksar Hadada exploration acreage £	Total £
2012				
Cost				
1 October 2011	4,892,610	4,265,886	1,237,818	10,396,314
Exchange differences	(389,229)	(339,370)	-	(728,599)
Additions	732,619	86,717	59,891	879,227
30 September 2012	5,236,000	4,013,233	1,297,709	10,546,942
Amortisation				
1 October 2011 and 30 September 2012	-	-	1,080,829	1,080,829
Carrying amount				
30 September 2012	5,236,000	4,013,233	216,880	9,466,113
30 September 2011	4,892,610	4,265,886	156,989	9,315,485
2011				
Cost				
1 October 2010	4,025,204	3,864,974	1,180,829	9,071,007
Exchange differences	10,437	10,022	-	20,459
Additions	856,969	390,890	56,989	1,304,848
30 September 2011	4,892,610	4,265,886	1,237,818	10,396,314
Amortisation				
1 October 2010 and 30 September 2011	-	-	1,080,829	1,080,829
Carrying amount				
30 September 2011	4,892,610	4,265,886	156,989	9,315,485
30 September 2010	4,025,204	3,864,974	100,000	7,990,178

The primary intangible assets are all internally generated

For the purpose of impairment testing of intangible assets, recoverable amounts have been determined based upon the value in use of the group's three projects

Ksar Hadada exploration acreage - impairment charge

The results for the 2010 drilling campaign, which was completed shortly after the start of the comparative year, were unsuccessful, although a significant amount of new and valuable data was produced and analysed The vast majority of the company's expenditures to 30 September 2010 was therefore written off as an impairment charge in the statements of that year

14 Other intangible assets (group)

Rivara gas storage facility and Ribolla Basin CBM & Shale Gas assets
Despite the expected delay, a review of the latest management information and projections shows a net present value significantly in excess of assets and liabilities relating to the projects The main assumptions indicate that no significant change has arisen on these calculations which would materially impact on the group

The continuing analysis and testing of technical data continues to indicate that the projects are feasible

The group continues to work towards obtaining all the necessary approvals from regulatory authorities The group anticipates being able to raise the necessary finance to continue to develop the projects

Potential impairment of the Rivara project
At the balance sheet date the Group held an 85% interest in ERG Rivara Storage Srl Intangible assets include an amount of £5,236,000 with respect to project expenditure The regional council, Regione Emilia Romagna, where the project is located, is currently denying authorisation for project development However authorisation has been granted by the national government As a result ERG Rivara Storage Srl has appealed against this decision to the Emilia Romagna Bologna Administrative Court

In the event that ERG Rivara Storage's appeal was to be unsuccessful, the capitalised expenditure will be subject to impairment testing

Value in use
Value in use has been calculated separately for the group's Rivara gas storage facility and Ribolla Basin CBM & Shale Gas assets Cash flows are projected for the periods up to the date that the projects are expected to become commercially operational and from then until operations are expected to cease, based upon management's expectations These dates depend on a number of variables, including the project's technical feasibility, regulatory approval, forecast revenue prices and the associated development and operational costs

The projects are expected to generate revenue after five to nine years and to continue doing so for a further 35 years The directors consider that projections calculated for a period greater than five years are justified as the projects are still in a development stage

Key assumptions used in value in use calculations
The key assumptions used in the value in use calculations for the intangible assets are the expected storage and useable capacity of the Rivara project, the anticipated quantity of resource available for extraction for the Ribolla Basin project, costs of plant and infrastructure, expected revenue prices (specifically gas prices), expected operational costs, appropriate discount rates and foreign exchange rates

Management's assessment of the technical viability of the projects is supported by the evaluation work undertaken by appropriately qualified persons

Management has assessed the projects' individual net present values and thereby impairment on a variety of bases and assumptions using, where appropriate, a number of discount rates The impairment tests are particularly sensitive to changes in the key assumptions and changes to these assumptions could result in impairment, however, all of the varying bases indicate a net present value significantly in excess of the value of the intangible assets

Foreign exchange rates have been based on external market forecasts, after considering long-term market expectations and the countries in which the group operates

14 Other intangible assets (group)

The key assumptions used in the value in use calculations are as follows

	Assumption	Sensitivity factor *
Rivara gas storage facility		
Growth rate	2 0%	+55%
Discount rate	6 3%	+35%
Capital expenditure	-	-
Ribolla Basin CBM & Shale Gas assets		
Growth rate	2 5%	+115%
Discount rate	10 0%	-25%
Gas price	€0 26 per cubic metre	+36%
Capital expenditure	-	-

The growth rates are considered to cover increases resulting from inflation and regulatory changes

The discount rate for the Rivara project reflects expected return levels and has been agreed with the project partner

* The sensitivity factor is the percentage change in each specific assumption which would, on its own, result in the net present value equal to the carrying value of the intangible asset in the accounts

15. Shares in subsidiary undertakings

	2012 £
Cost	
1 October 2011	2,736,086
Additions in year	1,037,166
30 September 2012	3,773,252

At 31 March 2012 the parent company capitalised, as required by Italian law, £1,037,165 of its intercompany loans to its subsidiaries The parent company also formed a new 100% subsidiary during the year with 1 ordinary share £1 share issued during the year

15 Shares in subsidiary undertakings (continued)

Details of the subsidiaries, all of which have a 30 September year end, are as follows

Subsidiary	Class of share	% owned	Country of registration	Nature of business
Independent Energy Solutions srl	Ordinary	100%	Italy	Appraisal of coal bed methane opportunities
Independent Gas Management srl	Ordinary	100%	Italy	Management of appraisal of underground gas storage facilities
Independent Resources (Ksar Hadada) Limited	Ordinary	100%	England& Wales	Appraisal of oil and gas exploration permit
ERG Rivara Storage srl (see below)	Ordinary	85%	Italy	Appraisal of underground gas storage facilities
Independent Resources (Romania) Limited	Ordinary	100%	England & Wales	Dormant

The group's interest in ERG Rivara Storage srl is entirely through the shareholding of Independent Gas Management srl

16. Other receivables

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
Non-current				
Amounts owing by subsidiary undertakings	-	8,923,961	-	10,057,480
Amounts provided against	-	(1,186,703)	-	(1,186,703)
	-	7,737,258	-	8,870,777
Current				
Deferred subscription payments due from non-controlling interest	2,781,677	-	3,715,513	-
Other receivables	804,979	204,025	729,517	61,196
Prepayments	47,793	2,809	79,696	2,675
	3,634,449	206,834	4,524,726	63,871

Other receivables in the group and the company principally comprise recoverable Value Added Tax and expenditure recharged to project partners

The directors consider that the carrying amount of trade and other receivables approximated their fair value

Deferred subscription payments due from non-controlling interest has been classified as current as the amounts receivable were anticipated to be realised within the asset's normal operating cycle Please see note 26 with regards to the renegotiation and settlement of this amount after the year end

17 Cash and cash equivalents

	2012		2011	
	£	£	£	£
	Group	Company	Group	Company
Bank balances	279,786	172,511	1,052,003	38,142
Call deposits	450,000	450,000	1,449,602	1,449,602
	729,786	622,511	2,501,605	1,487,744

A charge over bank balances has been registered, for securing all monies due or becoming due from the company to its bankers

18. Financial instruments and treasury risk management

Treasury risk management
The group manages a variety of market risks, including the effects of changes in foreign exchange rates, liquidity and counterparty risks

Credit risk
The group's principal financial assets are bank balances and cash and other receivables

The credit risk on liquid funds is limited because the counterparties are UK and Italian banks with high credit ratings assigned by international credit rating agencies

The group currently operates with positive cash and cash equivalents as a result of issuing share capital in anticipation of future funding requirements The group's policy is therefore one of achieving high returns with minimal risks In order to provide a degree of certainty, the group primarily invests in short-term fixed-interest treasury deposits As part of this policy, a proportion of the funds have fixed interest rates though these are over short periods of no more than three months For the purpose of sensitivity analysis, these are treated as floating rates The consolidated statement of comprehensive income would be affected by £4,500 (2011 £14,000) by a reasonably possible 1 percentage point change in floating interest rates on a full year basis The statement of comprehensive income of the parent company would be similarly affected by approximately £4,500 (2011 14,000) by a reasonably possible 1 percentage point change in floating interest rates on a full year basis

The maximum exposure due to credit risk on the deferred subscription payments due from the non-controlling interest during the year was €5,258,001 (£4,544,513) (2011 €5,995,001 (£5,181,504))

The maximum exposure due to credit risk for the group on other receivables during the year was £804,979 (2011 £1,001,013) No collateral is held in respect of these amounts which are expected to be received in full and no impairment has been made

The maximum exposure due to credit risk for the company on inter company receivables and other receivables during the year was £8,923,961 (2011 £10,057,480) No collateral is held in respect of these amounts An amount due of £1,186,703 (2011 £1,186,703) is considered to be impaired and has been provided against in full All other amounts are expected to be received in full

Currency risks
The group's operations are primarily located in the United Kingdom, Italy and Tunisia, with the main exchange risk being between sterling and the euro Each group company operates primarily within its local currency with little exposure to currency fluctuations other than on inter-group financing, with gains or losses thereon being eliminated through reserves on consolidation which do not affect earnings

Due to the limited risks to the group, forward exchange contracts are not considered necessary and are not used

18. Financial instruments and treasury risk management (continued)

The translation risk on the group's foreign exchange payables and receivables is considered to be immaterial due to their short-term nature As the group does not use foreign exchange hedges, the consolidated statement of comprehensive income would be affected by approximately £69,000 (2011 £61,000) by a reasonably possible 10 percentage point fluctuation in the exchange rate between sterling and the euro on the translation of foreign subsidiary results The statement of comprehensive income of the parent company would be similarly affected by approximately £738,000 (2011 £902,000) by a reasonably possible 10 percentage point fluctuation in the exchange rate between sterling and the euro on the conversion of loans to foreign subsidiaries and foreign currency bank balances

The deferred subscription payments due from the non-controlling interest are denominated in euros and will be called upon to finance expenditures to be incurred in euros on the further development of the Rivara gas storage project

Liquidity risk
The group currently has no operational revenue streams Operational cash flow represents the ongoing appraisal and testing of the group's projects and administration costs The group manages its liquidity requirements by the use of both short-term and long-term cash flow forecasts The group's policy to ensure facilities are available as required is to issue equity share capital and form strategic alliances in accordance with long-term cash flow forecasts The group currently has no undrawn committed facilities as at 30 September 2012

The financial market turbulence and associated illiquidity in credit markets during the year has had no impact on the group's ability to meet its financing requirements

The group actively manages its working finance to ensure the group has sufficient funds for operations and planned expansion

The group's financial liabilities are primarily trade payables and operational costs All amounts are due for payment in accordance with agreed settlement terms with suppliers or statutory deadlines and all within one year

Derivative financial instruments
The group does not currently use derivative financial instruments as hedging is not considered necessary Should the group identify a requirement for the future use of such financial instruments, a comprehensive set of policies and systems as approved by the directors will be implemented

In accordance with IAS 39, "Financial instruments recognition and measurement", the group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet specific requirements set out in the standard No material embedded derivatives have been identified

Commodity contracts
The group does not use commodity forward contracts and futures to hedge against price risk in commodities as these are not considered necessary

Capital management
The group's activities are of a type and stage of development where the most suitable capital structure is that of one entirely financed by equities The directors will reassess the future capital structure when projects under development are sufficiently advanced The group considers its capital to consist of share capital only

18 Financial instruments and treasury risk management (continued)

The group's financial strategy is to utilise its resources to further appraise and test the group's projects, forming strategic alliances for specific projects where appropriate The group keeps investors and the market informed of its progress with its projects through regular announcements and raises additional equity finance at appropriate times

Deferred subscription payments due from minority interest
The weighted average effective interest rate used in the discounting calculations of the fair value of the recoverable amount was 12% (2011 12%)

Categories of financial instruments
All of the group's financial assets are classified as loans and receivables, and all of the group's financial liabilities are classified as other financial liabilities

19 Trade and other payables

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
Trade payables	43,312	9,133	63,136	6,357
Taxation and social security costs	11,878	792	25,821	-
Non-trade payables	353,124	1	291,180	-
Accruals	552,357	141,512	383,755	53,215
	960,671	151,438	763,892	59,572

Trade payables and accruals principally comprise amounts outstanding for ongoing costs

The directors consider that the carrying amount of trade and other payables approximated their fair value

Trade payables are paid between 30 to 60 days of receipt of the invoice

20 Share capital

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
Authorised				
80,000,000 ordinary shares of 1p	800,000	800,000	800,000	800,000
Issued, called up and fully paid				
45,836,867 (2011 45,836,867) ordinary shares of 1p	458,369	458,369	458,369	458,369

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the company

21 Share premium account

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
1 October and 30 September	15,287,351	15,287,351	15,287,351	15,287,351

22. Share-based payments

The share option scheme, which was adopted by the company on 25 November 2005, was established to reward and incentivise the executive management team for delivering share price growth The share option scheme is administered by the Remuneration Committee

One-off options of 16,667 granted to A R H Thomas in recognition of his contribution at the time of the Company's AIM admission remain exercisable

A tranche of share options was issued in January 2011

Details of this tranche of share options outstanding at the year end are as follows

Date of grant	01/10/2011 Number of options	Issued in the year	30/09/2012 Number of options	Date from which options may be first exercised	Lapse date	Exercise Price per option
18/01/2011	2,175,000	-	2,175,00	05/01/2014	5/01/2016	43p

The options outstanding at the end of the year have a weighted average remaining contractual life of 3 3 years

These fair values were calculated using the binomial option pricing model The inputs into the model were as follows

Stock price	43p
Exercise price	43p
Interest rate	3 51%
Volatility	65%
Time to maturity	5 years
Number of steps	60
Exercise factor	66 289

The expected volatility was determined with reference to the company's share price since it was admitted for trading on AIM in December 2005 The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

The group recognised total expenses of £154,956 (2011 £109,761) related to equity-settled, share-based payment transactions during the year

23 Non-controlling interests

	2012 £	2011 £
1 October	1,312,991	1,340,220
Loss for the year	(37,456)	(30,918)
Exchange differences	(103,233)	3,689
30 September	1,172,302	1,312,991

24. Financial commitments

The group leases all of its properties The terms of property leases vary from country to country, although they all tend to be tenant-repairing with rent reviews annually and many have break clauses

The total future minimum lease payments are due as follows

	2012	2011
	£	£
Not later than one year	46,096	57,038

The minimum lease payment recognised as an expense in the year was £98,648 (2011 £141,931)

25. Related party transactions

Inter-group balances

In order for individual subsidiary companies to carry out the objectives of the group, amounts are loaned to them on an unsecured basis At the year end the following amounts were outstanding

	2012	2011
	£	£
Amounts owed to Independent Resources plc from		
Independent Energy Solutions srl	3,793,531	4,850,529
Independent Gas Management srl	3,555,091	3,607,957
Independent Resources (Ksar Hadada) Limited	386,249	405,269
ERG Rivara Storage srl	2,387	7,022
	7,737,258	8,870,777

Independent Resources plc charges interest on the inter group borrowings at 3 5% which totalled £136,654 (2011 £251,132) for the year which has been included in the company's own income statement but eliminated upon consolidation

Independent Resources plc has provided against an amount due from Independent Resources (Ksar Hadada) Limited as at 30 September 2012 amounting to £1,186,703 (2011 £1,186,703) as management has assessed this amount to be irrecoverable

The directors are the only key management personnel, for their remuneration please see note 4

26 Non-adjusting event after the reporting period

On 22 November 2012 the company completed negotiations with the third party which held a non-controlling interest in ERG Rivara Storage srl in order to bring back into full control of the group the valuable Rivara gas storage project The following reorganisation took place

- The non-controlling interest paid €1,400,000 (£1,113,763) for further share capital issued by ERG Rivara Storage srl,
- The non-controlling interest waived amounts owed by ERG Rivara Storage srl totalling €357,027 (£284,031),
- The non-controlling interest transferred its entire shareholding in ERG Rivara Storage srl to Independent Gas Management srl for €1 (£1), and
- ERG Rivara Storage srl cancelled the amount due to it by the non-controlling interest of €4,931,001 (£3,922,932)

This amount had been discounted by £1,210,000 as at 30 September 2012 and is included within current receivables

27 Contingencies

Upon acquiring certain participating interests in the Ksar Hadada permit by Independent Resources (Ksar Hadada) Limited from Derwent Resources (Ksar Hadada) Limited and GAIA srl, a company controlled by R Bencini, it was agreed that payments that could amount to $1 million (£620,335) to each company were to be dependent upon drilling and development milestones The project continues to move forward, despite two dry wells having been drilled in 2010 It is still possible therefore that some milestones will be reached and payments would fall due to paid

The milestones and consideration, for each company, are as follows

- Drilling consideration due upon spudding the first well of $50,000 (£32,900) (paid previously),
- Discovery consideration due upon first flowing hydrocarbons to the surface of $100,000 (£61,835), and
- Commerciality consideration due upon granting of an operating concession of $850,000 (£525,600)