11 June 2015

Hardy Oil and Gas plc
("Hardy", the "Company" or the "Group")

Preliminary Results for the twelve months ended 31 March 2015

Hardy Oil and Gas plc (LSE: HDY), the oil and gas exploration and production company focused in India, reports its preliminary results for the twelve months ended 31 March 2015.

All financial amounts are stated in US dollars unless otherwise indicated.

Summary

- PY-3 – Achieved a consensus amongst partners on the PY-3 FFDP and subsequently submitted an OC recommendation to the regulator for its review.
- GS-01 – A draft farmout agreement is under review by both parties and the final outcome of these negotiations will be known in the near term. A field development plan for the Dhirubhai 33 natural gas discovery is with the GOI.
- CY-OS/2 – The GOI's appeal, against the Hon'ble tribunal award, in the High Court of Delhi (HC) has been listed eight times and adjourned, at the GOI's request, on five occasions. The matter is now scheduled to be heard again in July 2015.
- D3 – Having carefully considered the complex development scenarios for existing discoveries, low projected natural gas pricing and possible liability associated with UMWP the D3 Joint Arrangement (JA) elected to exercise a one-time option to exit the PSC with no further liability.
- An unsuccessful exploration cost of $22.6 million resulted in a total comprehensive loss of $24.5 million (FY2013/14 - $4.8 million).
- Cash and short term investments at 31 March 2015 amounted to $21.0 million; Hardy has no debt.

Outlook

- PY-3 - Secure the GOI's approval, via the Management Committee (MC), of the recommended FFDP and corresponding budgets so that the Company can commence work to target recommencement of production in 2016.
- GS-01 - Conclude discussions with the Company's joint venture partner to acquire their participating interest in the block.
- CY-OS/2 - Hardy will recommence work on the appraisal of the Ganesha-1 natural gas discovery once the block has been restored to the CY-OS/2 joint venture.

Alasdair Locke, Chairman of Hardy, commented: "We have clear deliverables for each asset and management are fully accountable for the implementation of the agreed plans. Should the status quo in India remain and tangible progress not be made in a reasonable time-frame we will re-evaluate our current India focus. The Board and management have the benefit of significant experience of other oil and gas provinces worldwide. The Group remains in a strong financial position from which to either fund its planned work activity for the Indian asset portfolio or to implement a change of geographical focus."

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CHAIRMAN'S STATEMENT

Introduction

The 2015 financial year (FY) presented several challenges and opportunities for Hardy and the upstream oil and gas industry generally. We started the year with great enthusiasm. A new government had been elected in India with a clear mandate for change and we have observed improvements in the overall working environment. Further, the Government of India (GOI) has issued several policies designed to resolve issues that had created decision paralysis within a bureaucracy concerned with potential audit consequence to the detriment of value creation activity. We are disappointed in the GOI's appeal, to the High Court Delhi, of the CY-OS/2 international arbitration award and successive requests for adjournments prolonging due process. In our opinion the GOI's appeal is in contravention of the Production Sharing Contract (PSC) which states the arbitration process is final and binding on all Parties, and inconsistent with the latest Supreme Court precedent that such international awards are not appealable under India laws.

The second half of the year witnessed the rapid and significant decline in global oil prices which has put pressure on the robustness of development projects everywhere, including ours. Management remained focused on building a consensus with stakeholders regarding resumption of production on our PY-3 asset and we are pleased to have established an equitable way forward that is now being considered by the GOI. Should we not make tangible progress within our portfolio in a reasonable time-frame we will consider alternative courses of action to secure value for our shareholders that complement our India based technical expertise and experience in other geographical locations.

Market Overview

Following successive years of stable high oil prices and correlated cost inflation, in 2014/15 the industry has endured a rapid decline in prices prompting a dramatic scaling back of the capital investment plans of global producers. The reduced activity has left industry service providers with the challenge of rationalising overcapacity. As a result we have observed a significant downward trend in overall costs.

India's economic recovery is projected to gain further traction in 2016 as improved investment and household consumption expenditure push GDP growth. However, India's oil and gas import dependence is 77 and 37 per cent respectively. Domestic supply will need to double to achieve the Prime Minister's publically stated target of reducing import dependence by 10 per cent by 2022. Without significant investment domestic supply will not keep pace with demand growth and a significant supply deficit will continue to grow.

Performance

We made considerable progress on our near-term production project at PY-3. Until the objective of recommencement of PY-3 production is achieved, management will maintain tight control of the Group's administrative expenditure. Having consideration for the resource constraints of the Group and the overall economic back-drop facing the Industry, salaries remained unchanged in FY2015. Key strategic objectives set for management in FY2015 were not achieved and as a result no bonus was awarded to the Executive in the twelve months ended 31 March 2015. The Group's net cash used in continuing operating activities was $3.5 million and as a result cash and short term investments at 31 March 2015 decreased to $21.0 million. The Group remains in a strong financial position with no debt.

Governance

Following the resignation of Mr Yogeshwar Sharma, Non-Executive Director, we reviewed the composition of the Board and concluded that the current membership is sufficient to guide the Company to achieve its strategic objectives. We will continue to assess the Group's leadership requirements and the overall effectiveness and composition of the Board.

The Board wishes to acknowledge Mr Sharma's immense contribution to Hardy, which he co-founded in 1997 and led in its early period of rapid growth. He helped build the Company's spread of exploration acreage in India that led to Hardy's successful listing, first on AIM and later on the Main Market of the London Stock Exchange.

Risk management

The Group maintains robust internal control and risk management systems appropriate for a Company of our size and resources. The Group’s near-term principal risks remain: the timing or execution of activities may not commence as forecast and delays may be experienced, the possible relinquishment of appraisal acreage; and other liabilities related to ongoing disputes.

Objectives and outlook

Our objectives remain to secure key stakeholders’ approvals and initiate activity that will take us closer to realising production from our portfolio of assets. We have clear deliverables for each asset and management are fully accountable for the implementation of the agreed plans. Should the status quo in India remain and tangible progress not be made in a reasonable time-frame we will re-evaluate our current India focus. The Board and management have the benefit of significant experience of other oil and gas provinces worldwide. The Group remains in a strong financial position from which to either fund its planned work activity for the Indian asset portfolio or to implement a change of geographical focus.

Alasdair Locke
10 June 20155

CHIEF EXECUTIVE OFFICER'S STRATEGIC REVIEW

Introduction

Through FY2015 we made progress on a number of initiatives set out for our India focused portfolio. As operator of the PY-3 oil field we successfully facilitated a consensus amongst partners outlining a mutually equitable way forward. The proposed comprehensive PY-3 full field development plan (FFDP) is now under review by the GOI. The D3 exploration asset was drawn to its conclusion with the parties' exit from the block without any residual liability. Other key objectives, including the enforcement of the CY-OS/2 arbitration award and farm-in to the GS-01 block, remained outstanding. Cost mitigation remained a focus and as a result, administrative expenses remained flat after adjustments for the duration of the reporting period and non-cash charges. The Group reported a significant increase in loss due to the D3 unsuccessful exploration charge.

Implementing our strategy

We believe Hardy's India focused asset portfolio provides a good platform from which to create shareholder value. The outcome of planned activity through 2015 and 2016 is expected to endorse this view on the longer-term prospects of our portfolio. We intend to undertake further direct recruitment or engagement of support personnel and resources, as we advance execution of our plans for the PY-3, GS-01 and CY-OS/2 assets.

For the FY 2016 we have set ourselves targets to accelerate progress within our portfolio of Indian assets. Should these targets not be achieved, we will consider shifting our strategic geographical focus to activities that continue to leverage the Group's India based technical expertise and complements management's experience and expertise in other geographical locations.

Health, safety and environment (HSE)

As an offshore operator, the Company is committed to excellent health and safety practices which are at the forefront in all of our activities. Although all offshore activities were suspended in March 2012 with our intention to initiate activities in the future we will continue our commitment to maintain high HSE standards throughout the organisation. Our HSE policy stresses leadership and accountability and our commitment to HSE, operational integrity and business ethics will be cornerstones of future personnel recruitment as well as the conduct of our business.

Operations

The Company's activities are firmly focused on the implementation of the PY-3 comprehensive FFDP which will enable us to meet our target to recommence production in 2016. In FY2015 we achieved key milestones by building a consensus amongst parties to the Operating Committee (OC) on the PY-3 FFDP and subsequently submitted an OC recommendation to the India upstream regulator (DGH) for its review. Key milestones remain including the Management Committee's (MC), approval of the FFDP and associated budgets, the completion of tendering for major contracts and long lead items and finally the execution of required field activity. The MC comprises the PY-3 participating interest holders and the GOI's representatives including DGH.

The OC proposal requires contractual concessions by the independent participants and the GOI to accommodate a minimum return for the GOI nominee ONGC whilst retaining robust economic and technical parameters. The projects viability is based on several key assumptions including oil prices remaining at or above current levels and various contractual events including the extension of the production sharing contract (PSC) term and levies being cost recoverable at original contracted rates. Providing for the excess capacity in the service sector we would expect to realise significantly lower costs than projected in the FFDP. The Group's share of the PY-3 FFDP capital expenditure will be funded from current resources plus a certain amount of financing which we are confident of achieving.

On 23 December 2014 the D3 joint arrangement (JA) elected to exit the PSC under the provisions of a GOI Notification O-22013/27/2012-ONG-D-V dated 10 November 2014. The GOI policy permitting a one-time option to exit the D3 PSC was a compromised solution to access restrictions having been imposed by the GOI post award of the contract. The parties to the D3 PSC had deliberated at length over the optimal course of action taking into account the complex development scenarios for existing discoveries, low projected natural gas pricing under current GOI policy and the regulator's aggressive approach to calculating liquidated damages payable toward unfinished minimum work programmes (UWMP).

The GOI's appeal, against the Hon'ble Tribunal award in respect of CY-OS/2 (the Award), in the High Court of Delhi has been listed eight times spanning a period of over 22 month and adjourned at the GOI's request five times. The next hearing is scheduled to be called in July 2015 and we anticipate the process of enforcing the Award to continue through 2015. The Company believes that the unanimous international tribunal award is well reasoned and, as per the India Arbitration & Conciliation Act 1996, may not be subject to appeal in Indian courts. We believe that this position is further supported by the recent Indian Supreme Court judgement in a similar matter where the award of a foreign seated arbitration tribunal has been upheld.

The Company is continuing to pursue the acquisition of the operator's participating interest in the GS-01 block and subsequently progress the approval of the proposed field development plan. A draft agreement is under review by both parties. The timely resolution regarding liquidated damages associated with UMWP should facilitate timely completion of our farm-in efforts.

Financial

The Group is reporting a total comprehensive loss of $24.5 million for the twelve months ended 31 March 2015 compared to a loss of $4.8 million for the 15 months ended 31 March 2014. The significant increase is attributable to the relinquishment of the D3 exploration license which resulted in an Unsuccessful exploration cost of $22.1 million. Our administrative expenditure of $3.8 million was a modest reduction compared to our previous comparable twelve month period. Previously we had reported administrative expenditure of $6.2 million for the 15 months ended 31 March 2014. Adjusting for the reduced reporting duration the further reduction in expenditure can be attributed to foreign exchange income of $0.4 million compared to a $0.4 million expense in the previous 15 month period and the expected recovery of JA costs amounting to $0.4 million.

Cash used in operating activities amounted to $3.5 million for the twelve months ended 31 March 2015 compared to a cash outflow of $4.7 million for the 15 months ended 31 March 2014. The Group's capital expenditure and investment income were nominal at $0.2 million and $0.4 million respectively. With cash and short-term investments of $21.0 million as at 31 March 2015, and no debt, the Group is well funded to meet its future work commitments on the Indian asset portfolio.

Outlook

Our primary objectives remain to secure key stakeholders' approvals, initiate activity that will take us closer to realising production from our portfolio of assets including PY-3 in 2016. We have clear deliverables for each asset and management are fully accountable for the implementation of the agreed plans. Energy demand in India continues to grow at an exceptional rate and the GOI has set some ambitious domestic production targets. To achieve its targets, policy will need to continue to evolve to facilitate the timely exploitation and development of the country's natural resources.

We will continue to seek opportunities to build value for shareholders.

Ian MacKenzie
Chief Executive Officer
10 June 2015

MARKET OVERVIEW

Economic and Political overview

The overall global economy has continued to show improvement driven by US GDP growth. Europe, South American and Asian economic growth slowed or stagnated. Global geopolitical tensions continued in Middle East and Eastern European regions. Overall energy demand continues to grow.

Oil price - Global oil prices suffered a material downgrade in the latter part of 2014 with Brent crude falling from and average of over $100 bbl to as low as $45 per bbl. Oil prices continue to show high level of volatility but have settled to a narrower band between $55 and $70 per bbl. The dramatic fall is likely the result of sluggish demand growth, additional US unconventional oil production and OPEC unwillingness to cut production levels to balance the supply/demand environment. Currently the Brent ICE forward contract are trading around $65 to $75 per bbl over the next two years. Our current projects remain viable under the current oil price environment.

Industry Costs - The fall in oil price has resulted in a significant reduction in planned capital expenditures and other development projects being indefinitely postponed. The service sector has reacted with consolidation as evidenced by the Halliburton Baker Hughes merger and significant redundancies announced across the sector. In the long-term this consolidation may result in further cost inflation however Hardy expects near-term costs to fall as the service sector rationalises overcapacity issues.

Natural Gas - India's demand for natural gas is expected to grow by about 19 per cent per annum (from 194 mmscmd in 2013 to 466 mmscmd in 2017) to meet the ever increasing requirements of the power, fertiliser and other industries. The CNG and city gas sector are also projected to see a quantum growth in natural gas use. Furthermore, it is expected that by 2017, 300 cities will have the infrastructure for gas distribution. Domestic supply by 2017 is projected to be 231 mmscmd, falling well short of expected demand.

The GOI issued the New Domestic Natural Gas Guidelines, 2014 (the "Guidelines"). The Guidelines are based on a modification to the Rangarajan formula by:

a. Removal of both the Japanese and Indian LNG import components in the formula.
b. Consideration of Alberta Gas Reference price in place of Henry Hub Prices for Canadian consumption.
c. Consideration of Russian actual price in place of National Balancing Point price for the Russian consumption considered under Former Soviet Union (FSU) countries.
d. US$0.5 deductions on account of transportation and treatment charges to apply to all sectors of the economy, along with prevailing gas allocation policy.

This price equates to approximately US$5.0 per MMbtu based on the net calorific value ("NCV") of the sales gas. This is an increase of 30 per cent from the previous notified price. Providing for the projected shortfall in supply the gas pricing policy is below expectation and is inconsistent with PSC provisions which require gas value to be determined by a regional competitive arms-length price discovery process.

Equity markets – The Upstream Oil and Gas sector generally underperformed the market due in part to fall in commodity prices. It is our observation that in general institutional investors' appetite for mid to small cap exploration and production companies has diminished in the past 18 months due to a perception of better returns in other sectors and to a lesser extent poor exploration results. Hardy's share price underperformed the market which was primarily the result of the relinquishment of the D3 exploration asset and prolonged delays in securing sanction of development and appraisal programmes.

India Oversight – A new federal government was elected in 2014 with a clear majority government and an unprecedented mandate to see through its plans. Energy security is continuing to be an active topic on the national agenda. Industry is providing a more coordinated voice through the AOGO, an oil and gas operator association, of which Hardy is an active member. We have observed the beginnings of a positive trend in the level of urgency in decision making and an effort to foster a more collaborative and constructive regulatory environment. Notwithstanding the GOI’s business friendly narrative we have recently observed the GOI’s continued pursuit of retrospective taxation claims and an enthusiastic application of the judicial system which continues to frustrate the enforcement of many high profile international arbitration awards including our own.

OPERATIONAL SUMMARY

The Company's exploration and production assets are based in India and are held through its wholly owned subsidiary Hardy Exploration & Production (India) Inc. (HEPI).

Health Safety and Environment

The Company is committed to excellent health and safety practices which are at the forefront in all of our activities. Although all offshore activities are currently suspended, maintaining high HSE standards throughout the organisation remains core to all our undertakings. The Company's HSE policy document is regularly reviewed and amended. Recent amendment provided for an increase focus on leadership and accountability.

Block CY-OS 90/1 (PY-3): *Oil Field (Hardy 18 per cent interest – Operator)*

Operations – As operator of the PY-3 asset, Hardy convened multiple operating committee meetings with partners to build a consensus on a proposed field development plan for the resumption of production from the oil field. One of the primary constraints has been fiscal considerations being sought by the Government of India nominee ONGC which under the provisions of the PSC are subject to additional levies. The independent partners subsequently agreed to proportionally share fiscal obligations in the future. This concession is subject to confirmation of PSC extension and recognition of levies as a Contract Cost. The Operating Committee recommended FFDP has been under review by the GOI since February 2015 and further activity is subject to sanctioning of the recommended FFDP by the Management Committee.

Outlook - Secure timely approval of the FFDP from the GOI after which we intend to target the recommencement of production in 2016. This will be achieved by securing the appropriate offshore production and storage facilities while simultaneously initiating planning for a development drilling programme. The FFDP envisages a resumption of production from one well at the rate of around 3,000 bbld and subsequently drill two new producers and undertake the workover of a third well. Production is estimated to peak around 8,000 bbld.

Background - The PY-3 field is located off the east coast of India 80 km south of Pondicherry in water depths between 40m and 450m. The Cauvery Basin was developed in the late Jurassic / early Cretaceous period and straddles the present-day east coast of India. The licence, which covers 81km^2, produces high quality light crude oil (49° API).

Block GS-OSN-2000/1 (GS-01): *Appraisal (Hardy 10 per cent interest)*

Operations – Hardy continued discussions with the operator to acquire their 90 per cent interest and Operatorship. General commercial terms have been agreed and a draft farmout agreement is under review by both parties. Following which an agreement will be subject to the GOI approval of the transfer of interest and operatorship. A FDP, for the Dhirubhai 33 natural gas discovery was submitted to the GOI for review and approval in 2012. The development plan provides for several dry tree wells, an unmanned platform, multiphase pipeline to shore and onshore processing and export facilities.

Outlook – Conclude discussions with our joint venture partner to acquire their participating interest and the Operatorship of the block. The timely resolution of liquidated damages for UMWP could accelerate conclusion of the acquisition process. Following this, a priority will be to secure GOI approval of the FDP and initiate planning for development.

Background – In 2011, the GS-01 joint venture secured the GOI's approval for a DOC proposal for the Dhirubhai 33 discovery (GS01-B1, drilled in 2007) which flow-tested at a rate of 18.6 mmscfd gas with 415 bbld of condensate through a 56/64 inch choke at flowing tubing head pressure of 1,346 psi. The GS-01 licence is located in the Gujarat-Saurashtra offshore basin off the west coast of India, northwest of the prolific Bombay High oil field, with water depths varying between 80m and 150m. The retained discovery area covers 600km^2.

Block CY-OS/2: *Appraisal (Hardy 75 per cent interest – Operator)*

The GOI's appeal against the unanimous international arbitration award (further detail provided in note 16 to the accounts) to restore the block to the joint venture in the Delhi High Court of India continued. The GOI appeal is primarily challenging the jurisdiction of the tribunal. Hardy has also filed an execution petition with the Delhi High Court. To date the High Court has listed the case eight times and, at the request of the GOI, adjourned the hearing on five occasions. The next hearing is scheduled to be called in July 2015.

Outlook – We will continue our endeavours to facilitate the restoration of the block to the CY-OS/2 joint venture in a timely manner. The GOI appeal is being heard in the Delhi High Court and this is likely to continue through 2015. The Company believes that it has a strong position as the unanimous international award is well reasoned and, as per the India Arbitration & Conciliation Act 1996, may not be subject to appeal in Indian courts. Hardy will recommence work on the appraisal of the Ganesha-1 natural gas discovery once the block has been restored to the CY-OS/2 joint venture. Contingent Asset - As at 31 March 2015, Hardy's 75 per cent share of the interest awarded by the international tribunal amounted to approximately $45.6 million.

Background – Hardy is the operator of the CY-OS/2 exploration block and holds a 75 per cent participating interest, through its wholly owned subsidiary Hardy Exploration & Production (India) Inc and GAIL holds the remaining 25 per cent participating interest. The block is located in the northern part of the Cauvery Basin immediately offshore from Pondicherry, India and covers approximately 859km^2. The licence comprises of two retained areas with the Ganesha-1 natural gas discovery located in the northern area, which comprises an area of approximately 300km^2.

Ganesha-1 - The natural gas discovery Ganesha-1, announced in January 2007, was drilled to a depth of 4,089 metres and, encountered sandstone reservoir within the Cretaceous section. The well flow tested at a peak rate of 10.7 mmscfd. The Company published a competent person report, prepared by Gaffney, Cline & Associates and dated March 2011, which estimates gross 2C Contingent Resources of approximately 130 BCF.

Block KG-DWN-2003/1 (D3): (relinquished)

Exploration (HEPI 10 per cent interest)

Operations — On 23 December 2014, the D3 Management Committee considered a proposal from Reliance Industries Limited, the operator of the D3 block, in which the Company holds a 10 per cent interest, for the relinquishment of the block. The proposal set out that, as per the GOI notification O-22013/27/2012-ONG-D-V dated 10 November 2014 (Policy), access restrictions have been imposed by the GOI and the Operator recommended the relinquishment of the block with immediate effect under clause 3.1 (a), and (e) and 3.2, of the referenced GOI Policy.

The Operator conveyed that the previously announced access restrictions imposed by the Ministry of Defence (MOD) rule out any further exploration/development activities in the impact zone area and inhibited the Contractor from undertaking any further work and investment in the unrestricted area of the Block due to the anticipated increase in cost and risk. This untenable position was further compounded by the uncertainty of long-term natural gas pricing in India following the GOI policy announced earlier in the year which imposed pricing at a significant discount to our expectation of regional market pricing.

The relinquishment of the block will release Hardy from any further liabilities including possible liquidated damages related to unfinished Minimum Work Programme. However, $22,097,640 of the

Company's Intangible Assets, which are attributable to the D3 block, has been written down in the reporting financial year.

Background - Situated in the Krishna Godavari Basin on the East coast of India, the D3 exploration licence encompasses an area of 3,288km^2, in water depths of 400m to 2,200m, and is located approximately 45km offshore. The D3 block is operated by Reliance who holds a 60 per cent participating interest with BP and Hardy hold participating interests of 30 per cent and 10 per cent respectively. Four gas discoveries have been made via the Dhirubhai 39, 41, 44 and 52 (KGV-D3-A1, B1, R1 and W1) exploration wells. The joint venture has acquired approximately 3,250km^2 of 3D seismic data over the block.

GROUP OUTLOOK

Our primary objectives remain to secure key stakeholders approvals and initiate activity that will take us closer to realising production from our portfolio of assets. Importantly, energy demand in India is growing at an exceptional rate and the country's structural supply shortfall should promote a geopolitical environment to complement our efforts. The Company remains in a strong working capital position from which to fund its planned work activity and we look forward to updating the market further in due course.

FINANCIAL REVIEW

Overview

In the twelve months ended 31 March 2015, the Group recorded total comprehensive loss of $24.5 million and at year end had total cash and short-term investments of $21.0 million with no debt.

Summary Statement of Comprehensive Income	FY 31 March 2015 (audited) $ million	15 mth ended 31 March 2014 (audited) $ million
Unsuccessful exploration write-down		
Following the relinquishment of D3 the Group has expensed $22.1 million of exploration costs incurred in associated with the drilling of gas discoveries on the D3 block. These expenses had previously been capitalise and recorded under Intangible asset – exploration.	**(22.6)**	-
Administrative expense		
Administrative expense fell by $2.3 million. Approximately $1.1 million is attributed to the previous reporting period representing 15 months (due to adjustment in accounting reference date). A share based payment credit of $0.4 million was a result of a foreign exchange adjustment for prior year awards compared to a $0.4 million charge in 2014. The India operations administration expense was reduced by $0.4 million as a result of the recovery of expenditures incurred on behalf of joint arrangements to which Hardy is the designated Operator.	**(3.8)**	(6.2)
Finance cost		
Finance cost is primarily a decommissioning provision charge incurred due to the unwinding of future value discounting.	**(0.2)**	(0.4)
Taxation		
No current tax is payable for the 12 months ended 31 March 2015. The Group has recorded a deferred tax credit of $1.7 million. The deferred tax asset is expected to be realised with the recommencement of production from the PY-3 oil field.	**1.7**	0.6
Total Comprehensive loss		
The Group's significant increase in total comprehensive loss is attributable to the unsuccessful exploration expense resulting from the relinquishment of D3.	**(24.5)**	(4.8)

Summary statement of financial position	**31 March 2015 (audited) $ million**	31 March 2014 (audited) $ million
Non-current assets		
Non-current assets primarily represents successful or work-in-progress exploration expenditure. The $20.0 million decrease is the largely the result of the D3 asset being relinquished and capitalised expenditure attributable to exploration activity, including the drilling of four gas discoveries, was written-off and expensed ($22.0 million) and an increase in deferred tax asset of $1.7 million.	**76.0**	96.0
Current assets		
The Group's cash and short-term investments reduced by $3.6 million. This is essentially due to the payment of general and administrative expenses. The Group incurred an inventory write-down of $0.5 million following a third party inspection of drilling tubing and other equipment. Trade and other receivables of $0.8 million represent amounts due to be recovered from joint arrangements operated by Hardy.	**23.0**	27.3
Non-current liabilities		
The Group's non-current liabilities is exclusively attributed to a decommissioning provision for the PY-3 asset. The provision was increased by $0.1 million due to the unwinding of future value discounting. The provision has been estimated based on observed long term industry cost trends. Recent volatility in global commodity prices has resulted in a reduction in costs. Management will look for evidence of a sustained reduction in industry costs prior to reviewing its underlying assumptions.	**5.6**	5.5
Current liabilities		
Trade and other accounts payable comprises of amounts due to vendors and other provisions associated with various joint arrangements.	**5.0**	5.0

Summary Statement of Cash flows	**FY 31 March 2015 (audited) $ million**	15 mth ended 31 March 2014 (audited) $ million
Cash Flow (used in) operating activities		
Cash used in operating activities comprised of $(3.5) million of administrative costs. Debtors and Creditors movement of $(0.5) million was offset by a decrease in inventory of an equivalent amount. As a result there was a minor change in working capital.	**(3.5)**	(4.7)
Capital Expenditure		
The Company incurred $0.2 million in capital expenditures in the year which was primarily associated with the non-operated joint arrangement expenditure.	**(0.2)**	(0.2)
Financing activity		
Interest and investment income realised predominantly from its Indian rupee deposits amounted to $0.4 million	**0.4**	0.6
Cash and Short-term Investments		
Sufficient resources are available to meet ongoing capital, operating and administrative expenditure. The Group has no debt.	**21.0**	24.7

Liquidity risk management and going concern

The Company closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios including changes in timing of developments and cost overruns of our activity. At 31 March 2015, the Company had liquid resources of approximately $21.0 million, in the form of cash and short-term investments, which is available to meet ongoing capital, operating and administrative expenditure. The Company's forecasts, taking into account possible changes as described above, show that the Company will have sufficient financial resources for the 12 months from the date of approval of the Preliminary Results Statement and Accounts for the 12 months ended 31 March 2015. At the present time, the Group does not have any debt.

PRINCIPAL RISKS AND UNCERTAINTIES

As an oil and gas exploration and production company with operations focused in India, Hardy is subject to a variety of risks and uncertainties. Managing risk effectively is a critical element of our corporate responsibility and underpins the safe delivery of our business plans and strategic objectives. The Group has a systematic approach to risk identification and management which combines the Board's assessment of risk with risk factors originating from and identified by the Group's senior management team. Risks are identified, assessed for materiality, documented, and monitored through a risk register with senior management involved in the process. Risks that are identified as high and/or trending upwards are noted and assigned to the Executive Director to monitor and, if possible, pro-actively mitigate. The risk register is a part of a dynamic database in which new risks may be added when identified or removed as they are eliminated or become immaterial. The Board has formed a sub-committee on risk which reports periodically to the Audit Committee. The Board is provided with regular updates of the identified principal risks at scheduled Board meetings.

Principal risks and uncertainties

The underlying risks and uncertainties inherent with Hardy's current business model have been grouped into four categories; strategic, financial, operational and compliance. The Board has identified principal risks and uncertainties for FY2016 and establishing clear policies and responsibilities to mitigate their possible negative impact on the business, a summary of which is provided below:

RISK OR UNCERTAINTY	MITIGATING ACTION
Strategic - The Group's strategy is predominantly driven by the appraisal, development and production of its existing assets in India. There are risks inherent in the exploration, appraisal, development and production of oil and gas reserves and resources.	
1. Asset portfolio over-weighted to long-cycle appraisal and development licences	Preferential allocation of resources to advance current discoveries to the development stage. Continually assessing acquisition opportunities, consistent with stated objectives, offering near term production increases.
2. Asset portfolio exclusively in one geopolitical region	Convey business constraints to accomplishing our objective via direct and open dialog with government officials, active participation in industry lobby groups including the Association of Oil and Gas Operators. The Group has experienced a persistently challenging business environment which has frustrated the achievement of key strategic objectives. In the absence of tangible progress the Company may consider further opportunities outside of India.
Financial - Any volatility and further decreases in international crude oil prices or India natural gas prices could materially and adversely affect the Group's business, prospects, financial condition and results of operations. Other major financial risks facing the Company could be financing constraint for further exploration and development; cost inflation and overruns.	
1. Absence of PY-3 stakeholder approval for proposed development and appraisal programmes	Regular and proactive communication with stakeholders to identify and maintain an understanding of key agendas and constraints. Maintain sufficient working capital to allow for extended delays and maintain tight controls on overhead costs.
2. GS-01 – Failure to secure the operator's interest in the block may result in deemed relinquishment of the block	Hardy has advised the operator and the GOI of its intent to continue with the asset. Hardy has issued a request for assignment by Reliance and is in regular communication with senior GOI officials. The Group's intangible assets include an amount of $5.0 million with respect to exploration expenditure for the GS-01 block.

3.	CY-OS/2 – significant delay in enforcement of Tribunal award	Contracted local legal expertise to effectively apply India Law to ensure the enforcement of the International Tribunal's award. The Group's intangible assets include an amount of $51.0 million with respect to CY-OS/2. The Tribunal award provides for interest on investment amounting to $45.6 million as at 31 March 2015. Due to the uncertainty of the timing of enforcement this amount is treated as a Contingent Asset
4.	Liquidated damages for incomplete minimum work programmes	The Group has minimum work commitments on its exploration assets. The GS-01 and D9 blocks reached the end of their exploration phase with outstanding MWP commitment. The Group makes provisions for estimated liquidated damages based on management's best estimate. The process of agreeing damages between the operator and GOI can take several years.

Operational – Offshore exploration and production activities by their nature involve significant risks. Risks such as delays in executing work programmes, construction and commissioning of production facilities or other technical difficulties, lack of access to key infrastructure, adverse weather conditions, environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, unusual or unexpected geological formations, explosions and other acts of God are inherent to the business.

1.	Securing timely final approval for the PY-3 full field development plan	Proactive communication with partners to address individual interests and agendas. Clearly formulate and articulate mutual beneficial proposals. Mitigate expenditures prior to budget approvals.
2.	Loss of key staff and succession planning	The Company's ability to compete in the upstream oil and gas exploration and production industry is dependent on being able to retain and attract experienced technical personnel. Structured performance based remuneration practices and the promotion of a positive and rewarding work environment.

Compliance - The Group's current business is dependent on the continuing enforceability of the PSCs, farm-in agreements and exploration and development licences. The Group's core operational activities are dependent on securing various governmental approvals. Developments in politics, laws, regulations and/or general adverse public sentiment could compromise securing such approvals in the future.

1.	Regulatory and political environment in India	Develop sustainable relationships with governments and communities. Indian PSC includes fiscal stability clauses. Actively collaborate with industry groups to formulate and communicate interests to government authorities.
2.	Taxation and third party claims	Secured the services of leading professional and legal service providers. Proactive communication with taxation authorities to ensure queries are addressed and assessments are agreed or challenged as required.

HARDY OIL AND GAS plc

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2015

	Notes	Year ending 31 March 2015 US$	Fifteen months ending 31 March 2014 US$
Continuing Operations			
Revenue	3	**-**	-
Cost of Sales			
Production costs	4	**-**	486,095
Unsuccessful exploration costs	5	**(22,560,297)**	-
Gross profit/ (loss)		**(22,560,297)**	486,095
Administrative expenses		**(3,831,445)**	(6,160,451)
Operating loss	6	**(26,391,742)**	(5,674,356)
Interest and investment income	11	**393,131**	689,803
Finance costs	12	**(171,230)**	(420,709)
Loss before taxation		**(26,169,841)**	(5,405,262)
Taxation	13	**1,675,456**	611,624
Loss after taxation		**(24,494,385)**	(4,793,638)
Total other comprehensive income		**-**	-
Total comprehensive loss for the period attributable to owners of the parent		**(24,494,385)**	(4,793,638)
Loss per share			
Basic & diluted	14	**(0.33)**	(0.07)

HARDY OIL AND GAS plc

Consolidated Statement of Changes in Equity
For the year ended 31 March 2015

	Share capital US$	Share Premium US$	Shares option reserve US$	Retained earnings / (loss) US$	Total US$
At 1 January 2013	**730,327**	**120,611,951**	**4,598,745**	**(9,517,575)**	**116,423,448**
Total Comprehensive loss for the period	-	-	-	(4,793,638)	(4,793,638)
Share based payment	-	-	939,120	-	939,120
Adjustment of lapsed vested options	-	-	(1,835,262)	1,835,262	-
Restricted shares issued	1,157	166,180	-	-	167,337
At 31 March 2014	**731,484**	**120,778,131**	**3,702,603**	**(12,475,951)**	**112,736,267**
Total Comprehensive loss for the period	**-**	**-**	**-**	**(24,494,385)**	**(24,494,385)**
Share based payment	**-**	**-**	**355,904**	**-**	**355,904**
Share based payment – Forex adjustment	**-**	**-**	**(389,441)**	**-**	**(389,441)**
Restricted shares issued	**1,830**	**82,500**	**-**	**-**	**84,330**
At 31 March 2015	**733,314**	**120,860,631**	**3,669,066**	**(36,970,336)**	**88,292,675**

HARDY OIL AND GAS plc

Consolidated Statement of Financial Position
As at 31 March 2015

	Notes	31 March 2015 US$	31 March 2014 US$
Assets			
Non-Current assets			
Property, plant and equipment	15	**5,820,048**	5,840,028
Intangible assets – exploration	16	**56,175,450**	78,049,506
Site restoration deposits	24	**4,285,515**	4,083,776
Deferred tax asset	13	**9,672,992**	7,997,536
Total non-current assets		**75,954,005**	95,970,846
Current assets			
Inventories	17	**1,164,988**	1,689,947
Trade and other receivables	18	**829,600**	915,269
Short-term investments	19	**17,763,245**	20,652,380
Cash and cash equivalents	24	**3,267,097**	4,004,674
Total current assets		**23,024,930**	27,262,270
Total assets		**98,978,935**	123,233,116
Equity and Liabilities			
Equity attributable to owners of the parent			
Share capital	20	**733,314**	731,484
Share premium	**21**	**120,860,631**	120,778,131
Shares option reserve	**21**	**3,669,066**	3,702,603
Retained loss		**(36,970,336)**	(12,475,951)
Total equity		**88,292,675**	112,736,267
Non-current liabilities			
Provision for decommissioning	22	**5,644,478**	5,512,694
Current liabilities			
Trade and other payables	23	**5,041,782**	4,984,155
Total current liabilities		**5,041,782**	4,984,155
Total liabilities		**10,686,260**	10,496,849
Total equity and liabilities		**98,978,935**	123,233,116

Approved and authorised for issue by the Board of Directors on 10 June 2015

HARDY OIL AND GAS plc

Consolidated Statement of Cash Flows
For the year ended 31 March 2015

	Notes	Year ending 31 March 2015 US$	Fifteen months ending 31 March 2014 US$
Operating activities			
Cash flow (used in) operating activities	7	**(3,537,113)**	(5,013,695)
Taxation refund		**1,635**	297,373
Net Cash (used in) operating activities		**(3,535,478)**	(4,716,322)
Investing activities			
Expenditure on intangible assets – exploration		**(223,584)**	(230,710)
Expenditure on other fixed assets		**(20,820)**	(1,737)
Site restoration deposit		**(201,739)**	(113,148)
Realised from short term investments		**2,889,135**	5,380,427
Net cash from investing activities		**2,442,992**	5,034,832
Financing activities			
Interest and investment income		**394,355**	694,079
Bank guarantee charges		**(39,446)**	(60,065)
Net cash from financing activities		**354,909**	634,014
Net increase / (decrease) in cash and cash equivalents		**(737,577)**	952,524
Cash and cash equivalents at the beginning of the period		**4,004,674**	3,052,150
Cash and cash equivalents at the end of the period	24	**3,267,097**	4,004,674

Notes to the Consolidated Financial statements
For the year ended 31 March 2015

1. Accounting Policies

The following accounting policies have been applied in preparation of consolidated financial statements of Hardy Oil and Gas plc ("Hardy" or the "Group"). The domicile, country of incorporation, address of the registered office and a description of the Group's principal activities can be found in the Director's Report. These financial statements are the year ending 31 March 2015. The prior period was for fifteen months ending 31 March 2014 and hence is not entirely comparable. Last year a change in accounting reference date was done to synchronise the period end date with other reporting requirements and to introduce budgetary and reporting efficiencies.

a) Basis of measurement

Hardy prepares its financial statements on a historical cost basis except as otherwise stated.

b) Going Concern

The Group has in the past generated working capital from its production activities and successfully raised finance to provide additional funding for its ongoing exploration and development programmes. The Directors have considered the guidance given in the document "Going concern and liquidity risk; Guidance for Directors" issued in October 2009 by the Financial Reporting Council. The Directors have also reviewed the Group's ongoing activities including its future intentions in respect of the drilling of exploration wells and having regard to the Group's existing working capital position and its ability to potentially raise finance, if required, the Directors are of the opinion that the Group has adequate resources to enable it to undertake its planned work programme of exploration, appraisal and development activities over the next 12 months from the date of these financial statements (in coming to this opinion the Directors have not included the receipt of any funds from the CY-OS/2 arbitration award).

c) Basis of Preparation

Hardy prepares its financial statements in accordance with applicable International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board as adopted by the European Union.

As at the date of approval of these financial statements, there are a number of standards and interpretations that are in issue but not yet effective. The Directors do not anticipate that the adoption of these standards and interpretations in future reporting periods will have a material impact on the Group's results.

d) Functional and presentation currency

These financial statements are presented in US dollars which is the Group's functional currency. All financial information presented is rounded to the nearest US dollar.

e) Basis of consolidation

The consolidated financial statements include the results of Hardy Oil and Gas plc and its subsidiary undertaking. The Group comprises of the parent company, Hardy Oil and Gas plc, and the wholly owned subsidiary Hardy Exploration & Production (India) Inc. which is incorporated under the Laws of State of Delaware, United States of America. The members of the Group are engaged in the business of exploration and production of oil and gas and all are included in the consolidated financial statements.

The Group participates in several unincorporated joint arrangements which involve the joint control of assets used in the Group's oil and gas exploration and production activities. The Group accounts for all its joint arrangements as joint operations by recognising its share of assets, liabilities, income and expenditure of joint arrangement in the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income as appropriate.

f) Revenue

Revenue represents the sale value of the Group's share of oil (which excludes the profit oil sold and paid to the Government of India as a part of profit sharing). Revenues are recognized when crude oil has been lifted and title has been passed to the buyer.

g) Oil and gas assets

i) Exploration and evaluation assets

Hardy has adopted the successful efforts based accounting policy for its oil and gas assets.

Costs incurred prior to acquiring the legal rights to explore an area are expensed immediately in the income statement.

Expenditure incurred in connection with and directly attributable to the acquisition, exploration and appraisal of oil and gas assets are capitalised for each licence granted under the production sharing contracts and are undepleted within intangible exploration assets until the licence to explore the contract area has ended or commercial reserves have been declared.

Exploration expenditure incurred for geological and geophysical activities before the commencement of exploratory drilling is initially capitalised within intangible exploration assets. Exploration drilling costs are initially capitalised on a well-by-well basis until the success or otherwise of the well has been established. The success or failure is assessed on a well-by-well basis. Exploration well costs are written off on completion of the well unless the results indicate the presence of hydrocarbons which have reasonable commercial potential.

Following appraisal of such wells, if commercial reserves are established and technical feasibility for extraction is demonstrated, the related capital intangible exploration and appraisal costs are transferred into a cost centre within the Property Plant and Equipment – development assets after testing for impairment, if any. Where exploration well results indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs will be written-off to the income statement.

ii) Oil and gas development and producing assets

Development and production assets are accumulated on a field-by-field basis. These comprise the cost of developing commercial reserves discovered to put them into production and the exploration and evaluation costs transferred from intangible exploration and evaluation assets, as stated in the policy above. In addition, interest payable and exchange differences incurred on borrowings directly attributable to development projects, if any, and assets acquired for the production phase, as well as cost of recognising provision for future restoration and decommissioning, are capitalised.

iii) Decommissioning

At the end of the producing life of a field, costs are incurred in removing and decommissioning facilities, plugging and abandoning wells. The full discounted cost of decommissioning is estimated and considered as an asset and liability. The decommissioning cost is included within the cost of property, plant and equipment development assets. Any revision in the estimated cost of decommissioning which alters the provisions required also adjusted in the cost of asset. The amortisation of the asset, calculated on a unit of production basis based on proved reserves, is shown as 'Decommissioning charge' in the Statement of Comprehensive Income and unwinding of the discount on the provision is included in the finance costs.

iv) Disposal of assets

Proceeds from any disposal of assets are credited against the specific capitalised costs included in the relevant cost pool and any loss or gain on disposal is recognised in the Statement of Comprehensive Income.

h) Depletion and impairment

i) Depletion

The net book values of the producing assets are depreciated on a field by field basis using the unit of production method, based on proved and probable reserves. Hardy periodically obtains an independent third party assessment of reserves which is used as a basis for computing depletion.

ii) Impairment

Exploration assets are reviewed regularly for indications of impairment following the guidance in IFRS 6 Exploration and Evaluation of Mineral Resources, where circumstances indicate that the carrying value might not be recoverable. In such circumstances, if the exploration asset has a corresponding development / producing cost pool, then the exploration costs are transferred to the cost pool and depleted on unit of production. In cases where no such development/producing cost pool exists, the impairment of exploration costs is recognized in the Statement of Comprehensive Income. Impairment reviews on development / producing oil and gas assets for each field is carried out on each year by comparing the net book value of the cost pool with the associated discounted future cash flows. If there is any impairment in a field representing a material component of the cost pool, an impairment test is carried out for the cost pool as a whole. If the net book value of the cost pool is higher than the associated discounted future cash flows, the excess amount is recognized in the Statement of Comprehensive Income as impairment and deducted from the pool value.

i) Property, plant and equipment

Property, plant and equipment, other than oil and gas assets, are measured at cost and depreciated over their expected useful economic lives as follows:

	Annual Rate (%)	Depreciation Method
Leasehold improvements	over lease period	Straight line
Furniture and fixtures	20	Straight line
Information technology and computers	33	Straight line
Other equipment	20	Straight line

j) Intangible assets

Intangible assets, other than oil and gas assets, are measured at cost and depreciated over their expected useful economic lives as follows:

	Annual Rate (%)	Depreciation Method
Computer software	33	Straight line

Amortisation charges are included within administrative expenses.

k) Investments

Investments by the parent company in its subsidiaries are stated at cost.

l) Short term investments

Short term investments are regarded as “financial assets at fair value through profit or loss” and are carried at fair value. In practice, the nature of these investments is such that all income is remitted and recognised as interest and investment income and the fair value equates to the value of initial outlay and therefore, in normal circumstances, no fair value gain or loss is recognised in the Statement of Comprehensive Income.

m) Inventory

Inventory of crude oil is valued at the lower of average cost or net realisable value. Average cost is determined based on actual production cost for the year. Inventories of drilling stores are recorded at cost including taxes, duties and freight. Provision is made for obsolete or defective items where appropriate, based on technical evaluation.

n) Financial instruments

Financial assets and financial liabilities are recognized at fair value in the Group's Statement of Financial Position based on the contractual provisions of the instrument.

Trade receivables are not interest bearing and their fair value is deemed to be their nominal value as reduced by necessary provisions for estimated irrecoverable amounts.

Trade payables are not interest bearing and their fair value is deemed to be their nominal value.

o) Equity

Equity instruments issued by Hardy are recorded at net proceeds after direct issue costs.

p) Taxation

The tax expense represents the sum of current tax and deferred tax.

Current tax is based on the taxable profit of the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income as it excludes certain item of income or expenses that are taxable or deductible in years other than the current year and it further excludes items that are never taxable or deductible. The current tax liability is calculated using the tax rates that have been enacted or substantially enacted by the year end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method.

Deferred income tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available in the future against which deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted at the year end date.

q) Foreign currencies

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. At the year end date, all foreign currency monetary assets and monetary liabilities are restated at the closing rate. Exchange difference arising out of actual payments / realisations and from the year end restatement are reflected in the Statement of Comprehensive Income.

Rate of exchanges were as follows:

	31 March 2015	31 March 2014
£ to US$	1.49	1.66
US$ to Indian Rupees	62.12	59.93

r) Leasing commitments

Rental charges payable under operating leases are charged to the Statement of Comprehensive Income as part of production cost over the lease term.

s) Share based payments

Hardy issues share options to Directors and employees, which are measured at fair value at the date of grant. The fair value of the equity settled options determined at the grant date is expensed on a straight line basis over the vesting period. In performing the valuation of these options, only market conditions are taken into account. Fair value is derived by use of the binomial model. The expected life used in the model is based on management estimates and considers non-transferability, exercise restrictions and behavioural considerations. In case of lapsed vested options, the amount recognised in the shares option reserve is adjusted to retained earnings as a reserve movement.

t) Contingent assets

Contingent assets are disclosed but not recognised where the receipt of income is probable but not virtually certain. The asset and related income is only recognised in the period when the receipt becomes virtually certain.

2. Critical accounting estimates and judgments

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Intangible assets- exploration

Hardy has been awarded costs and interest after the conclusion of the arbitration on the CY-OS/2 block, in which it holds a 75 per cent participating interest. Hardy's share of these awards totals approximately $45.6 million and has been disclosed as a contingent asset. This is regarded as a significant area of judgment and full details are disclosed in note 16 to these financial statements.

ii) Decommissioning

The liability for decommissioning is reviewed based on cost estimates which are predominated by the charter hire charges of drill ships and supply boats. Accordingly, the provision made in the books will reflect the risk free discounted estimated future cost for decommissioning. Further details are contained in note 22.

iii) Deferred Tax Asset

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profits will be available against which the losses can be utilised. Judgement is required to determine the value of the deferred tax asset, based upon timing and level of future taxable profits. Should production not recommence from the PY-3 field or should production from the field be less profitable that expected due to further declines in the global oil price or technical issues with the field an assessment of the carrying value of the deferred tax asset would be made which could result in a derecognition of all or part of the asset. Further details are contained in note 13.

iv) Carrying value of property, plant and equipment

Management has performed an impairment tests on the Group's oil and gas assets due to the substantial falling due the year. The calculation of the recoverable amount requires estimation of future cash flows. Key assumptions and estimates in the impairment models relate to: commodity prices that are based on forward commodity price estimates, fiscal structuring specific to individual assets, commercial reserves and the related cost profiles. Further deterioration of market prices will require further assessment and may result in an impairment.

3. Segment analysis

The Group is organised into two business units as at end of the year: India and United Kingdom. The Indian business unit is operated by the wholly owned subsidiary, Hardy Exploration & Production (India) Inc. and Hardy Oil and Gas plc operates in the United Kingdom.

The India business unit focuses on exploration and production of oil and gas assets in India. The United Kingdom business unit is the holding company. Management monitors these business units separately for resource allocation, decision making and performance assessment.

	2015 US$			
	India	**UK**	**Inter-segment eliminations**	**Total**
Revenue				
Other income	**-**	**-**	**-**	**-**
Operating loss	**(23,936,596)**	**(2,455,146)**	**-**	**(26,391,742)**
Interest income	**382,265**	**10,866**	**-**	**393,131**
Interest income on inter-corporate loan	**-**	**1,117,150**	**(1,117,150)**	**-**
Finance costs	**(171,230)**	**-**	**-**	**(171,230)**
Interest expense on inter-corporate loan	**(1,117,150)**	**-**	**1,117,150**	**-**
Loss before taxation	**(24,842,711)**	**(1,327,130)**	**-**	**(26,169,841)**
Taxation	**1,380,070**	**295,386**	**-**	**1,675,456**
Loss for the period	**(23,462,641)**	**(1,031,744)**	**-**	**(24,494,385)**
Segment assets	**81,870,624**	**17,108,311**	**-**	**98,978,935**
Inter-corporate loan	**-**	**106,682,121**	**(106,682,121)**	**-**
Segment liabilities	**(10,514,696)**	**(171,564)**	**-**	**(10,686,260)**
Inter-corporate borrowings	**(106,682,121)**	**-**	**106,682,121**	**-**
Capital expenditure	**227,087**	**17,317**	**-**	**244,404**
Unsuccessful exploration costs	**(22,560,297)**	**-**	**-**	**(22,560,297)**
Depreciation, depletion and amortisation	**(2,262)**	**(38,538)**	**-**	**(40,800)**

	2014 US$			
	India	**UK**	**Inter-segment eliminations**	**Total**
Revenue				
Other income	-	-	-	-
	-	-	-	-
Operating loss	(1,763,244)	(3,911,112)	-	(5,674,356)
Interest income	665,711	24,092	-	689,803
Interest income on inter-corporate loan	-	1,400,810	(1,400,810)	-
Finance costs	(420,709)	-	-	(420,709)
Interest expense on inter-corporate loan	(1,400,810)	-	1,400,810	-
Loss before taxation	(2,919,052)	(2,486,210)	-	(5,405,262)
Taxation	73,823	537,801	-	611,624
Loss for the period	(2,845,229)	(1,948,409)	-	(4,793,638)
Segment assets	103,042,734	20,190,382	-	123,233,116
Inter-corporate loan	-	104,606,209	(104,606,209)	-
Segment liabilities	(10,323,356)	(173,493)	-	(10,496,849)
Inter-corporate borrowings	(104,606,209)	-	104,606,209	-
Capital expenditure	231,432	1,015	-	232,447
Unsuccessful exploration costs	-	-	-	-
Depreciation, depletion and amortisation	(13,242)	(41,089)	-	(54,331)

The Group is engaged in one business activity, the exploration, development and production of oil and gas. Other income relates to technical services to third parties, overhead recovery from joint arrangement operations and miscellaneous receipts, if any. Revenue arises from the sale of oil produced from the contract area PY-3 India and the revenue by destination is not materially different from the revenue by origin.

4. Cost of Sales

Production costs, related to PY-3, included in the cost of sales consists of:

	2015 US$	2014 US$
Production costs	**-**	(58,925)
Reversal of over accrual in prior years	**-**	545,020
Production cost net credit (expense)	**-**	486,095

5. Unsuccessful exploration costs

Unsuccessful exploration costs consist of:

	2015 US$	2014 US$
Impairment of Block D3	**22,097,640**	-
Other liquidated damages accrual	**462,657**	-
	22,560,297	-

6. Operating loss

Operating loss is stated after charging:

	2015	2014
	US$	US$
Unsuccessful exploration costs	**22,560,297**	-
Depreciation and amortisation	**40,800**	54,331
Operating lease costs - Land and buildings	**159,663**	195,645
External auditors' remuneration		
- Fees payable to the company's auditors for the audit of the Company's annual accounts	**82,456**	81,820
- Audit related assurance services	**13,287**	26,560
Exchange (gain)/ loss	**(189,331)**	605,045

The Group has a policy in place which requires approval of the Audit Committee for the award of non-audit services to be provided by the auditors. No non-audit services were provided during the year.

7. Reconciliation of operating loss of continuing operations to operating cash flows

	2015	2014
	US$	US$
Operating loss	**(26,391,742)**	(5,674,356)
Unsuccessful exploration costs	**22,560,297**	-
Depletion, amortisation, and depreciation	**40,800**	54,331
Share based payment expense	**211,247**	1,328,323
Other non-cash movements	**-**	59,117
	(3,579,398)	(4,232,585)
Decrease in inventory	**524,959**	334,555
(Increase) in trade and other receivables	**(77,651)**	(27,809)
(Decrease) in trade and other payables	**(405,023)**	(1,087,856)
Cash (used in) operating activities	**(3,537,113)**	(5,013,695)

8. Staff costs

	2015	2014
	US$	US$
Wages and salaries	**1,231,738**	1,819,890
Social security costs	**222,473**	178,451
Share based payments charge	**139,803**	479,643
	1,594,014	2,477,984

Staffs costs, including executive Directors' salaries, fees, benefits and share based payments, are shown gross before amounts recharged to joint arrangements.

The average monthly number of employees, including executive Directors and individuals employed by the Group working on joint arrangement operations are as follows:

	2015	2014
Management and administration	**10**	12
Operations	**11**	11
	21	23

9. Share based payments

Share options have been granted to subscribe for Ordinary Shares of US$0.01 each in the capital of the Company, which are exercisable between 2015 and 2025 at prices of £0.66 to £7.69 per Ordinary Share.

Hardy has an unapproved share option scheme for the Directors and employees of the Group. Options are exercisable at the quoted market prices of the Company's shares on the date of grant. The vesting period is three years with a stipulation that the options are granted in proportion to the period of employment after the grant subject to a minimum of one year, or, with respect to options from 2010 onwards, the period is three years. The options are exercisable for a period of 10 years from the date of grant. Details of the share options outstanding during the years are as follows:

	2015		2014	
	Number of options	**Weighted average price**	Number of options	Weighted average price
Outstanding at beginning of the year	**3,169,933**	**£1.98**	3,626,933	£2.94
Granted during the year	**250,000**	**£0.66**	275,000	£0.66
Lapsed during the year	**-**	**-**	(732,000)	£3.45
Outstanding at the end of the year	**3,419,933**	**£1.98**	3,169,933	£1.98
Exercisable at the end of the year	**2,094,933**	**£2.48**	1,675,933	£2.57

The inputs into the binomial model for computation of value of options granted during the period are as follows:

	2015	2014
Share price at grant date	**£0.65**	£0.66
Option exercise price at grant date	**£0.65**	£0.66
Expected life	**5**	5
Expected volatility	**40%**	40%
Expected dividend	**-**	-
Risk free rate	**2.2%**	1.9%
Cost per option	**£0.28**	£0.28

Expected volatility was determined by calculating Hardy's historical volatility. The expected life used has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Details of outstanding options at the end of the year with the weighted average exercise (WAEP) price as follows:

	2015		2014	
	Number	**WAEP**	Number	WAEP
2005-2015	**1,130,933**	**£1.51**	1,130,933	£1.51
2006-2016	**30,000**	**£ 3.02**	30,000	£ 3.02
2007-2017	**395,000**	**£ 4.01**	395,000	£ 4.01
2008-2018	**120,000**	**£ 7.69**	120,000	£ 7.69
2010-2020	**419,000**	**£ 2.12**	419,000	£ 2.12
2012-2022	**800,000**	**£ 1.52**	800,000	£ 1.52
2014-2024	**275,000**	**£ 0.66**	275,000	£ 0.66
2015-2025	**250,000**	**£ 0.66**	-	-

The weighted average contractual life of options outstanding is 4.6 years (2014: 4.9 years).

Restricted Ordinary Shares are issued to Non-Executive Directors in consideration for services rendered in 2014 at a price of 30.75 pence per Ordinary Share, being the closing price on the day prior to issue. The cost of issuing such shares is charged to the Statement of Comprehensive Income for the year ending March 31, 2015.

On 11 March 2015, the Company issued 182,926 restricted Ordinary Shares having an aggregate market value of US$84,330 (£ 56,250) to its Non-Executive Directors and Chairman in the following manner;

Name	**Number of Ordinary Shares Issued**
Alasdair Locke (Chairman)	**93,496**
Peter Milne	**48,780**
Pradip Shah	**40,650**
Total	**182,926**

The Group has expensed a net amount of US$211,247 in the current period (2014: US$1,328,323) towards equity settled share based payments. Equity shares option reserve is re-valued at the exchange rate as at 31 March 2015. The revaluation gain for the year ended 31 March 2015 is US$389,441 (2014: Revaluation loss US$390,836). The value of shares option reserve as at 31 March 2015 is US$3,669,066 (2014: US$3,702,603).

10. Directors' emoluments

Details of each Director's remuneration and share options are set out in the Directors' Remuneration Report that forms part of the Company's Annual report. Director's emoluments are included within the remuneration of the key management personnel in note 28.

11. Interest and investment income

	2015	2014
	US$	US$
Bank interest	**382,265**	589,118
Other interest income	**-**	84,980
Dividend	**10,866**	15,705
	393,131	689,803

12. Finance costs

	2015	2014
	US$	US$
Bank guarantee charges	**39,446**	60,065
Other finance costs	**131,784**	360,644
	171,230	420,709

Other finance cost is a charge incurred as a result of the unwinding of the discount to the decommissioning provision.

13. Taxation

a) Analysis of taxation (credit) for the year

	2015	2014
	US$	US$
Current tax charge		
UK corporation Tax	**-**	-
Foreign Tax – India	**-**	-
Minimum alternate tax	**-**	-
Foreign tax – USA	**-**	-
Total current tax (credit)	**-**	-
Deferred tax (credit)	**(1,675,456)**	(611,624)
Taxation (Credit)	**(1,675,456)**	(611,624)

	2015	2014
	US$	US$
Charge in respect of change in tax rates	**2,251,461**	761,670
Losses incurred during the year	**(6,958,713)**	-
Origination and reversal of temporary differences	**3,031,796**	(1,373,294)
Deferred tax credit	**(1,675,456)**	(611,624)

Deferred tax analysis:

	2015	2014
	US$	US$
Difference between accumulated depletion, depreciation and amortization and capital allowances	**(1,562,789)**	3,577,657
Carried forward losses	**11,235,781**	4,419,879
Deferred tax asset	**9,672,992**	7,997,536

b) Factors affecting tax charge for the year

	2015	2014
	US$	US$
Loss before taxation from continuing operations	**(24,494,385)**	(5,405,262)
Profit before taxation multiplied by the rate of tax in India of 42.23% (2014: 23%)	**(10,343,979)**	(1,243,210)
Adjustment for expired carried forward losses	**6,484,019**	-
Disallowable expenditure	**-**	208,171
Other	**(66,958)**	(338,257)
Effect of change in tax rates	**2,251,462**	761,670
Foreign tax on overseas income – current year	**-**	-
Total tax credit	**(1,675,456)**	(611,624)

Indian operations of the Group are subject to a tax rate of 43.26 per cent which is higher than UK and US corporations tax rates. To the extent that the Indian profits are taxable in the US and/or the UK, those territories should provide relief for Indian taxes paid, principally under the provisions of double taxation agreements. When considering deferred tax assets the Group considers the highest and best use of the losses available, this is considered to be in India (2014: UK). Based on the current expenditure plans, the Group anticipates that the tax allowances will continue to exceed the depletion charge of each year, though the timing of related tax relief is uncertain.

The deferred tax asset will be realised upon production from the PY-3 field which Management expect to recommence during 2016.

14. Loss per share

Loss per share is calculated on a loss of US$24,494,385 for the year ended 31 March 2015 (2014; US$4,793,638) on a weighted average of 73,158,941Ordinary Shares for the year ended 31 March 2015 (2014: 73,066,870). No diluted loss per share is calculated.

Diluted loss per share on loss attributable to parent company for the year ended 31 March 2015 and 31 March 2014 have not been calculated.

15. Property, plant and equipment

Oil and gas assets represent interest in producing oil and gas assets falling under the India cost pool. Other fixed assets consist of office furniture, computers, workstations and office equipment.

	Oil and gas assets US$	Other fixed assets US$	Total US$
Cost			
At 1 January 2013	**35,524,396**	**1,783,890**	**37,308,286**
Additions	(59,117)	1,737	(57,380)
Disposals	-	(5,372)	(5,732)
At 1 April 2014	**35,465,279**	**1,780,255**	**37,245,534**
Additions	-	20,820	20,820
Disposals	-	(714)	(714)
At 31 March 2015	**35,465,279**	**1,800,361**	**37,265,640**
Depletion, depreciation and amortization			
At 1 January 2013	**29,684,318**	**1,676,765**	**31,361,083**
Charge for the period	-	49,795	49,795
Disposals	-	(5,372)	(5,372)
At 1 April 2014	**29,684,318**	**1,721,188**	**31,405,506**
Change for the year	**-**	40,800	**40,800**
Disposals	**-**	(714)	**(714)**
At 31 March 2015	**29,684,318**	**1,761,274**	**31,445,592**
Net book value at 31 March 2015	**5,780,961**	**39,087**	**5,820,048**
Net book value at 31 March 2014	5,780,961	59,067	5,840,028

Oil and gas assets relate to the PY-3 field which has not produced since July 2011 and therefore no depletion has been charged.

The (negative) additions figure of $59,117 in the fifteen months period ended 31 March 2014 represents the reversal of an over accrual in previous periods of a capitalised cost.

16. Intangible assets – exploration

	India US$
Costs and net book value	
At 1 January 2013	**77,818,796**
Additions	230,710
Unsuccessful exploration cost	-
At 1 April 2014	**78,049,506**
Additions	**223,584**
Unsuccessful exploration cost	**(22,097,640)**
At 31 March 2015	**56,175,450**

The details of the intangible assets stated above are as follows:

	US$
Exploration expenditure – block CY-OS/2	51,128,272
Exploration expenditure – block GS-01	5,047,178
Total	**56,175,450**

Legal proceedings concerning block CY-OS/2

In March 2009, Hardy were informed by the Government of India that the block CY-OS/2, in which Hardy holds a 75 per cent participating interest, was relinquished as Hardy had failed to declare commerciality within the two years from the date of discovery which is applicable to an oil discovery. Hardy disputed this ruling believing that the discovery was a gas discovery and consequently that it was entitled to a period of five years from the date of discovery to declare commerciality. As no agreement was reached the dispute was referred to arbitration under the terms of the PSC.

The arbitrators ruled on 2 February 2013 that the discovery was a gas discovery and consequently that the order for the relinquishment of the block was illegal. The arbitrators have ordered the Government of India to restore the block to Hardy and its partners and to allow them a period of three years from the date of restoration to complete the appraisal programme. In addition, the arbitrators awarded costs of $0.2 million and interest on the exploration expenditure incurred to date. As at 31 March 2014, Hardy's 75 per cent share of the interest awarded is approximately $35.96 million. On 2 August 2013 the Government of India filed an appeal, against the arbitration award, with the High Court Delhi, and the Company subsequently filed an execution petition before the High Court Delhi. Five hearings have been scheduled and adjourned and the next hearing is scheduled in July 2015.

The Company believes that the unanimous international tribunal award is well reasoned and, based upon external legal advice, that the award may not be subject to appeal in the Indian courts as per the India Arbitration and Conciliation Act 1996.

Impairment of block D3

On 23 December 2014, Management Committee of Block D3 approved a proposal from the operator of the D3 block, in which the Group holds 10 per cent interest, for the relinquishment of the block. The proposal set out that as per the Government of India (GOI) Notification O-22013/27/2012-ONG-D-V dated 10 November 2014, access restrictions have been imposed by the GOI and the Operator recommended the relinquishment of the block with immediate effect under clause 3.1 (a), and (e) and 3.2, of the referenced Government Policy.

The relinquishment of the block has released Hardy from any further work programme liability including any further financial liability related to unfinished Minimum Work Programme penalties. $22,097,640 of the Company's Intangible Assets, which are attributable to the D3 block, have been written off in the current financial year.

17. Inventories

	2015 US$	2014 US$
Drilling and production stores and spares	**1,164,988**	1,689,947
	1,164,988	1,689,947

An amount of $ 524,959 (2014: $ 334,555) has been recognised as an expense in the period relating to an impairment in the carrying value of inventory.

18. Trade and other receivables

	2015	2014
	US$	US$
Other receivables	**822,309**	746,811
Prepayments	**7,291**	168,458
	829,600	915,269

19. Short term investments

	2015	2014
	US$	US$
HSBC US$ Liquidity Fund Class-A	**17,763,242**	20,652,379
HSBC £ Liquidity Fund Class-A	**3**	1
	17,763,245	20,652,380

The above investments are in liquid funds which can be converted into cash at short notice. The book value of these investments approximates to their fair values. The fair value is determined based on quoted market prices and is considered to be a level 1 valuation under IFRS 13.

Interest income will increase or decrease by US$177,632 (2014: US$206,524) for every one percent change in interest rates.

20. Share Capital

	Number $0.01 Ordinary Shares	US$
Authorised Ordinary Shares		
At 1 April 2014	200,000,000	2,000,000
At 31 March 2015	**200,000,000**	**2,000,000**
Allotted, issued and fully paid Ordinary Shares		
At 1 January 2013	73,032,706	730,327
Restricted shares issued during the period	115,710	1,157
At 1 April 2014	**73,148,416**	**731,484**
Restricted shares issued during the period	**182,926**	**1,830**
At 31 March 2015	**73,331,342**	**733,314**

Ordinary Shares issued have equal voting and other rights with no guarantee to dividend or other payments.

Included within ordinary share are 510,978 restricted shares in issue (2014: 328,052 restricted shares) with a value of $779,153 (2014: $694,824). The shares have been issued to certain directors and will unconditionally vest three years from the date of issue provided the individual is still a director of Hardy. During the period of restriction, while Directors are eligible for voting rights and dividend, they are not allowed to dispose these shares.

21. Reserves

Hardy holds the following reserves, in addition to share capital and retained earnings:

Share premium account

The share premium account is the additional amount over and above the nominal share capital that is received for shares issued less any share issue costs.

Share option reserve

The share option reserve represents the fair value of share options issued to Directors and employees.

22. Provision for decommissioning

	US$
At 1 January 2013	5,152,050
Change in decommissioning estimate	360,644
At 1 April 2014	**5,512,694**
Change in decommissioning estimate	**131,784**
At 31 March 2015	**5,644,478**

The provision has been made by estimating the decommissioning cost at the current prices using existing technology. Decommissioning of PY-3 is expected to be incurred between 2020 and 2025.

An amount of Rs.266,216,197 (US$4,285,515) has been deposited with State Bank of India for site restoration obligations. This amount has been treated as a non-current asset as this deposit has end use restriction for site restoration.

23. Trade and other payables

	2015	2014
	US$	US$
Trade payables	**3,892,977**	4,115,631
Other payables	**-**	123,162
Accruals	**1,148,805**	745,362
	5,041,782	4,984,155

Trade and other payables are unsecured and payable on demand.

24. Financial risk management

Hardy finances its operations through a mixture of equity and retained earnings. Finance requirements are reviewed by the Board when funds are required for acquisition, exploration and development of projects.

Hardy's policy is to maintain a strong financial position to sustain future development of the business. There were no changes to the Group's capital management approach during the year.

Hardy's treasury functions are responsible for managing fund requirements and investments which include banking, cash flow management, interest and foreign exchange exposure to ensure adequate liquidity at all times to meet cash requirements.

Hardy's principal financial instruments are cash, deposits and short term investments and these instruments are only for the purpose of meeting its requirement for operations.

Hardy's main financial risks are foreign currency risk, liquidity risk, interest rate risk, commodity price risk and credit risks. Set out below are policies that are used to manage such risks:

Foreign currency risk

The Group reports in US dollars and the majority of its business is conducted in US dollars. All revenues from oil sales are received in US dollars and the majority of costs except a portion of expenses for overhead are incurred in US dollars. For currency exposure other than US dollars, a portion of the cash is kept on deposit in other currencies to meet its payments as required. No forward exchange contracts were entered into during the period.

Liquidity risk

The Group currently has surplus cash which has been placed in deposits and short term investments which can be converted into cash at short notice, ensuring sufficient liquidity to meet the Group's expenditure requirements. Hardy has no outstanding loan obligations at period end dates.

Interest rate risk
Surplus funds are placed in deposits and short term investments at fixed or floating rates. Hardy's policy is to place deposits only with well established banks or financial institutions that offer competitive interest rates.

Commodity price risks
The Group's share of production of crude oil from PY-3 field is sold to the Government of India's nominee Chennai Petroleum Corporation Limited. The sale price is arrived at based on an average price of Brent crude for the 30 days period commencing 15 days before and ending 15 days after the delivery of crude oil. No commodity price hedging contracts have been entered into by the Group.

Credit risk
All Hardy's sales are to Chennai Petroleum Corporation Limited, a state oil company in India. As it is the Government of India nominee for the purchase of crude oil, the credit risk is considered negligible.

Where the Group is the operator of, or is the largest owner in, a field it recovers a percentage of the costs incurred from its joint arrangement partners in accordance with the levels of participating interests. Partners may either be Indian state owned companies or private enterprises. Cash calls on partners are usually made in advance of incurring field expenditure which, along with the assessed credit standing of the partners, is considered to reduce any credit risk to a negligible level.

Deposits and other money market instruments, as a general rule, are placed with banks and financial institutions that have ratings of not less than AA or equivalent, which are verified before placing the deposits. Cash surpluses are also invested in short-term investments in certain liquid funds. These funds are primarily invested in terms deposits and graded commercial papers of not less than AA or equivalent.

The Board will continue to assess the strategies for managing credit risk and is satisfied with the existing policies for sale of crude oil to Chennai Petroleum Corporation Limited. At the period end, the Group did not have any bad debt risk. The maximum financial risk exposure relating to the financial assets is the carrying value of such financial assets as on the period end date.

Capital Management
The objective of the Group's capital management is to ensure that there is sufficient liquidity within the Group to carry out the committed work programme requirements of all its production sharing contracts. The Group monitors the long-term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility. The Group considers its capital to consist of share capital only.

The Board manages the structure of its capital and makes necessary adjustments to accommodate the changes in the economic conditions. To maintain or adjust the capital structure, the Board may issue new shares for cash. No significant changes were made in the objectives, policies or processes during the year ended 31 March 2015.

Maturity of non current financial liabilities

The maturity of non-current financial liabilities, which consist of the decommissioning provision as at 31 March 2015 and 31 March 2014 are as follows:

	2015 **US$**	2014 US$
In more than two years but not more than five years	**-**	-
In more than five years	**5,644,478**	5,512,694

The Group does not have any fixed maturity or interest bearing financial liabilities as at 31 March 2015 or 31 March 2014.

Interest rate risk profile of financial assets

The interest rate risk profile of the financial assets of the Group as at 31 March 2015 is as follows:

2015	Fixed rate Financial assets US$	Floating rate Financial assets US$	Financial assets - no interest is earned US$	Total US$
US Dollars	**1,855,500**	**948,909**	**176,903**	**2,981,312**
Pound Sterling	**-**	**157**	**112,425**	**112,582**
Indian Rupees	**-**	**-**	**173,203**	**173,203**
Cash and cash equivalents	**1,855,500**	**949,066**	**462,531**	**3,267,097**

2014	Fixed rate Financial assets US$	Floating rate Financial assets US$	Financial assets - no interest is earned US$	Total US$
US Dollars	**1,855,500**	**749,085**	**96,777**	**2,701,362**
Pound Sterling	**-**	**195**	**438,000**	**438,195**
Indian Rupees	**746,941**	**-**	**118,176**	**865,117**
Cash and cash equivalents	**2,602,441**	**749,280**	**652,953**	**4,004,674**

An amount of Rs.266,216,197 (US$4,285,515) (2014: Rs. 244,740,699 (US$4,083,776)) deposited with State Bank of India for site restoration obligation is treated as a non-current asset. The interest rate of this deposit is based on the highest rate of interest as applicable for the period paid by the State Bank of India.

Interest income will increase or decrease by US$28,046 (2014: US$33,517) for every one percent change in interest rates.

Currency exposures

The currency exposures of the monetary assets denominated in currencies other than US dollars of the Group as at 31 March 2015 are as follows:

2015	Indian Rupees US$	Pound Sterling US$	Total US$
US$	**4,458,718**	**112,582**	**4,571,300**

2014	Indian Rupees US$	Pound Sterling US$	Total US$
US$	**4,948,893**	**438,196**	**5,387,089**

An amount of US$158,583 (2014: US$455,960) was recognized as foreign exchange loss on account of exchange rate fluctuations on bank balances and investments made in currencies other than US dollars.

Exchange gains will increase by US$46,170 (2014: US$54,410) for every one percent appreciation of Indian rupee and sterling and loss of US$45,256 (2014: US$53,332) for one percent depreciation of Indian rupee and sterling.

25. Financial instruments

Book values and fair values of Hardy's financial assets and liabilities are as follows:

Financial assets

Financial assets at fair value through profit or loss	**Book value 2015 US$**	**Fair value 2015 US$**	Book value 2014 US$	Fair value 2014 US$
Short term investments	**17,763,245**	**17,763,245**	20,652,380	20,652,380
Financial assets – loans and receivables				
Cash and short term deposits	**3,267,097**	**3,267,097**	4,004,674	4,004,674
Trade and other receivables	**829,600**	**829,600**	915,269	915,269
Site restoration deposit	**4,285,515**	**4,285,515**	4,083,776	4,083,776
	26,145,457	**26,145,457**	29,656,099	29,656,099

Financial liabilities

Financial liabilities measured at amortised cost	**Book value 2015 US$**	**Fair value 2015 US$**	Book value 2014 US$	Fair value 2014 US$
Accounts payable	**(5,041,782)**	**(5,041,782)**	(4,984,155)	(4,984,155)

All of the above financial assets and liabilities are current at the period end dates.

26. Other financial commitments under operating leases

The Group entities have entered into commercial leases for land and building and office equipment. These leases have an average life of one to five years and there are no restrictions placed on the lessee by entering into these leases. The minimum future lease payments for the non-cancellable operating leases are as follows:

	2015	2014
	US$	US$
Land and buildings:		
One year	**28,989**	118,188
Two to five years	**-**	30,048
After five years	**-**	-
Other:		
One year	**4,117**	10,242
Two to five years	**-**	4,580
After five years	**-**	-

27. Contingent liabilities

Liquidated Damages

The Group has minimum work commitments in associated with various exploration licences granted by sovereign authorities through joint arrangements. A number of these commitments have not been fulfilled and as a consequence the Group is liable to pay liquidated damages. When a liquidated damage payment is probable a provision is created based on management's best judgement. In some instances there may be a high degree of uncertainty. In such instances an additional contingent liability is recognised. Currently a contingent liability estimated at $1.7 million associated with unfinished minimum work programme liquidated damages. Management do not expect this to be resolved in the next twelve months.

Litigation

In the normal course of business the Group may be involved in legal disputes which may give rise to claims. Provision is made in the financial statements for all claims where a cash outflow is considered probable. No separate disclosure is made of the detail of claims as to do so could seriously prejudice the position of the Group.

Others

In addition, the parent company guarantees the Group's obligation under various PSC's to the Government of India. The Guarantees are deemed to have negligible fair value and are therefore accounted for as contingent liabilities.

28. Related party transactions

The aggregate remuneration of Directors and the key management personnel, including its subsidiary undertaking, of the Group is as follows:

	2015	2014
	US$	US$
Short term employee benefits	**915,810**	1,121,541
Share based payments	**333,244**	425,634
	1,249,054	1,547,175

Key management personnel include the Directors and the chief executive officer of the Group as set out in the overview of the Board of Directors in the business review. Further information about the remuneration of individual Directors is provided in the Director's Remuneration Report which forms part of the Group's 2015 Annual Report.

NOTES TO THE EDITORS

Hardy Oil and Gas plc is an upstream oil and gas company focused in India. Its portfolio includes a blend of exploration, appraisal, and production assets. Hardy's goal is to evaluate and exploit its asset base with a view to creating significant value for its shareholders.

Hardy Oil and Gas plc is the operator of the PY-3 oil field (shut-in July 2011) located offshore India's east coast in the Cauvery basin. Hardy also has interests in two offshore exploration blocks in India's Saurashtra and Cauvery basins.

Hardy is incorporated under the laws of the Isle of Man and headquartered in Aberdeen, UK. Ordinary shares of Hardy were admitted to the Official List and the London Stock Exchange's market for listed securities effective 20 February 2008 under the symbol HDY.

The Company's Indian assets are held through the wholly owned subsidiary Hardy Exploration & Production (India) Inc, located in Chennai, India.

For further information please refer to our website at www.hardyoil.com

GLOSSARY OF TERMS

2C Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies
2D/3D	two dimensional/three dimensional
$	United States Dollar
API°	American Petroleum Institute gravity
Bbld	stock tank barrel per day
BCF	Billion cubic feet
BP	BP plc
CNG	Compressed natural gas
CY-OS/2	Offshore exploration licence CY-OS/2 located on the east coast of India
D3	Exploration licence KG-DWN-2003/1
DGH	Directorate General of Hydrocarbons
Dhirubhai 33	gas discovery on GS-01-B1 announced on 15 May 2007
Dhirubhai 39	gas discovery on KGV-D3-A1 announced on 13 February 2008
Dhirubhai 41	gas discovery on KGV-D3-B1 announced on 1 April 2008
Dhirubhai 44	gas discovery on KGV-D3-R1 announced on 22 December 2009
Dhirubhai 52	gas discovery on KGV-D3-W1 announced on 31 August 2010
DOC	Declaration of Commerciality
DRDO	Defence Research & Development Organisation of India
FFDP	comprehensive full field development plan
GAIL	Gas Authority of India Limited
Ganesha-1	Non-associated natural gas discovery on Fan-A1 well located in CY-OS/2
GOI	Government of India
GS-01	Exploration licence GS-OSN-2000/1
Hardy	Hardy Oil and Gas plc
HEPI	Hardy Exploration & Production (India) Inc
HSE	Health Safety and Environment
IPO	Initial public offering
JA	Joint Arrangement
KPI	Key performance indicator
Km	Kilometre
km^2	square kilometre
LSE	London Stock Exchange
M	Metre
mmscfd	million standard cubic feet per day
mmscmd	million standard cubic metres per day
MOD	Ministry of Defence Government of India
MOPNG	the Ministry of Petroleum and Natural Gas of the Government of India
MWP	minimum work programme
NANG	non associated natural gas
ONGC	Oil & Natural Gas Corporation
Prospective Resources	those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations
PSC	production sharing contract
PSDM	pre-stacked depth migration
Psi	pounds per square inch
PY-3	licence CY-OS-90/1
Reliance	Reliance Industries Limited
Rs.	Indian rupee
the Company	Hardy Oil and Gas plc
the Group	Hardy Oil and Gas plc and Hardy Exploration & Production (India) Inc.
TRI	Total recordable injuries

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