

HINDUSTAN OIL EXPLORATION COMPANY LIMITED

Registered Office : "HOEC HOUSE" Tandalja Road, Off Old Padra Road, Vadodara 390 020.

UNAUDITED FINANCIAL RESULTS (PROVISIONAL) FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2008

Rs. in Lacs

Sr. No.	Particulars	Unaudited for the Quarter		Unaudited for Nine months		Audited for the Previous Year
		Ended on 31.12.2008	Ended on 31.12.2007	Ended on 31.12.2008	Ended on 31.12.2007	Ended on 31.03.2008
1	a) Net Sales / Income from Operations (See Notes 3 and 4)	1,174.10	334.88	5,999.61	4,713.62	8,334.69
	b) Other Operating Income	-	-	-	-	-
	c) Increase in Stock of Crude Oil (See Note 2)	368.87	1,680.29	324.44	1,489.49	13.07
2	Total Income	1,542.97	2,015.17	6,324.05	6,203.11	8,347.76
3	Expenditure and Charges					
	a) Field Operating Expenses (See Note 6)	1,251.07	962.28	3,477.65	2,208.82	3,108.35
	b) Corporate Expenses					
	- Staff Expenses	206.06	135.89	662.50	508.52	651.10
	- Net Loss on Foreign Exchange (See Note 7)	(341.78)	-	1,023.50	-	-
	- Legal and Professional Expenses	135.20	64.48	300.18	228.62	320.79
	- Other Expenses	102.96	123.22	359.32	355.61	486.57
	- Recovery of Expenses	(405.99)	(309.67)	(1,089.24)	(795.02)	(1,059.95)
	c) Depreciation, Depletion and Amortisation	384.69	109.51	648.91	417.18	526.14
	d) Provisions and Write offs (See Notes 8 and 9)	139.57	1,484.19	139.57	1,484.19	1,663.94
4	Profit / (Loss) from Operations before Other Income, Interest and Exceptional Items (2-3)	1,471.78	2,569.90	5,522.39	4,407.92	5,696.94
5	Other Income	71.19	(554.73)	801.66	1,795.19	2,650.82
6	Profit / (Loss) from Operations before Interest and Exceptional Items (4+5)	1,104.64	294.04	3,702.35	1,146.14	2,015.34
7	Interest and Financing Charges	1,175.83	(260.69)	4,504.01	2,941.33	4,666.16
8	Profit / (Loss) from Operations after Interest but before Exceptional Items (6-7)	153.97	186.94	425.57	614.95	756.12
9	Exceptional Items	1,021.86	(447.63)	4,078.44	2,326.38	3,910.04
10	Profit / (Loss) from Ordinary Activities before tax (8-9)	-	-	-	-	-
11	Tax Expenses	1,021.86	(447.63)	4,078.44	2,326.38	3,910.04
	a) Provision for Current Income Tax	-	320.00	120.00	1,140.00	350.00
	b) Provision for Deferred Tax	10.00	(523.00)	290.00	(492.00)	1,130.00
	c) Provision for Wealth Tax	0.50	0.50	1.50	1.50	2.00
	d) Provision for Fringe Benefit Tax	5.00	3.00	15.00	12.00	18.00
12	Extraordinary Item (net of tax expenses)	-	-	-	-	-
13	Net Profit / (Loss) for the Period	1,006.36	(248.13)	3,651.94	1,664.88	2,410.04
14	Paid up Equity Share Capital (Face Value of Rs. 10/- each)	13,050.93	7,832.87	13,050.93	7,832.87	13,050.93
15	Reserves excluding Revaluation Reserve					87,764.10
16	Basic and Diluted EPS (Rs.) - Not Annualised - before and after Extraordinary Items (See Note 10)	0.77	(0.28)	2.80	1.90	2.47
17	Public Shareholding					
	Number of Shares	68,924,155	57,040,460	68,924,155	57,040,460	95,039,610
	Percentage of Shareholding	52.82%	72.84%	52.82%	72.84%	72.83%

Notes :

- 1 The Company is primarily engaged in a single business segment of Hydrocarbons. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segment other than India. Hence, there are no reportable segments as per AS-17 "Segmental Reporting".
- 2 Closing stock of crude oil in saleable condition is valued at the estimated Net Realisable Value and the increase / (decrease) in stock of crude oil is grouped under Total Income in line with the annual audited accounts of the Company.
- 3 Net Sales for the quarter ended December 31, 2008, includes reversal of Government Share of Profit Petroleum amounting to Rs. 988.51 Lacs accounted for during the period April 2008 to September 2008. The reversal is due to higher Cost Petroleum determined on cumulative basis as of December 31, 2008 for the period April 2008 to December 2008, as per the terms of the Production Sharing Contract.
- 4 Decrease in production for the quarter / nine months ended December 31, 2008 is primarily on account of :
 - a Lower production in PY-3 Block since the Operator has temporarily shut-in PY-3-3RL Well, due to excessive water entering the Well. The Operator has commenced the sidetrack of PD-4 well located in PY-3 Block, which is expected to be completed by January 2009.
 - b Production shut down in the PY-3 Block due to bad weather and cyclonic conditions in the field area
- 5 The Company has commenced commercial production from the SPD-1 well located in SPD Development area in Block CB-ON-7 on December 3, 2008.
- 6 As explained in the Annual Report for year ended March 31, 2008, the Field Operating Expenses has increased on account of increased charter hire charges of the offshore production facilities in PY-3 Block on renewal of charter hire contract by the Operator with effect from July 28, 2007.
- 7 Net Loss on Foreign Exchange Difference for the nine months ended December 31, 2008 includes loss of Rs.1,425.21 Lacs accounted due to unrealised exchange loss on restatement of foreign currency borrowings as per AS - 11. As a policy, the Company does not enter into any forex derivatives.
- 8 During the quarter ended December 31, 2008, the Company has settled its ongoing dispute with DIOG Limited which was a subject matter of arbitration initiated by DIOG Limited before London Court of International Arbitration (LCIA). Consequently, a net amount of Rs. 139.57 Lacs has been written off during the quarter ended December 31, 2008.
- 9 Provisions and write-offs for the year ended March 31, 2008 includes write off of exploration cost of Rs. 83.60 Lacs for CY-OSN-97/1 Block as the Contract Area was relinquished in the absence of any discovery during the Exploration Period as per terms of the Production Sharing Contract and Rs. 1,580.34 Lacs for North Ledo -1 Exploratory Well drilled in Block AAP-ON-94/1.
- 10 The Company's Rights Issue of 52,217,720 fully paid equity shares of Rs.10/- each at a premium of Rs.107/- per share aggregating to Rs.61,094.73 Lacs closed on January 07, 2008. The Company has allotted 52,180,621 equity shares. EPS for the quarter / nine months ended December 31, 2007 has been restated as per Accounting Standard 20 " Earnings Per Share" to reflect the effect of the above Rights Issue.
- 11 The Company had sought extension for conducting additional exploration in Block CB-ON-7 and the programme for the same has been decided by the Directorate General of Hydrocarbons. The exploration expenses amounting to Rs. 552.44 Lacs as at December 31, 2008 will be dealt in accordance with Company's Accounting Policies based on final regulatory consents.
- 12 The Operator has declared Commercial Discovery in CB-OS-1 Block and is pursuing with the authorities for necessary approvals. Exploration Expenses amounting to Rs. 1,733.19 Lacs as at December 31, 2008 will be dealt with in accordance with Company's Accounting Policies based on final regulatory consents.
- 13 With reference to the observations made in the Auditors' Report for Financial Year 2007-08 regarding one unaudited Unincorporated Joint Ventures' accounts, we have to state that the Company has not received the Audited Accounts of Block GN-ON-90/3 (Pranhita-Godavari) being under arbitration. As the above joint venture has not entered the production phase there is no effect on the profit for the quarter / nine months ended December 31, 2008.
- 14 With reference to the observations made in the Auditors' Report for Financial Year 2007-08 regarding the accounting for foreign exchange differences in respect of the Company's share of the assets and liabilities in the Unincorporated Joint Ventures based on unaudited information relating to such foreign exchange differences, we have to state that since the audited financial statements of the Unincorporated Joint Ventures, which are prepared in accordance with the requirements of the Production Sharing Contract, do not separately reflect the details of the foreign exchange differences, the same have been obtained from the Operator of the respective Unincorporated Joint Ventures.
- 15 Figures for the previous periods have been recast / regrouped to make them comparable with the current period, wherever necessary.
- 16 Details of Investors' Complaints for the quarter ended on December 31, 2008.

Unresolved at the beginning of the quarter	Nil
Received during the quarter	34*
Resolved during the quarter	34*
Unresolved at the end of the quarter	Nil

* Excludes 7 complaints which were replied back seeking additional / relevant information necessary.
- 17 The above results were reviewed by the Audit Committee and approved by the Board at its meeting held on January 15, 2009 and the same have been subjected to a limited review by the Auditors.

BY ORDER OF THE BOARD
For Hindustan Oil Exploration Company Limited