

**HINDUSTAN OIL EXPLORATION COMPANY LIMITED**  
**Regd. Office: Tandalja Road, Off Old Padra Road, Baroda 390 020.**  
**AUDITED FINANCIAL RESULTS FOR THE YEAR 2005-2006**

Rs. in Lacs

Sr. No.	Particulars	Unaudited for Nine Months ended on 31.12.2005	Unaudited for the Quarter Ended on		Audited for the year ended on 31.03.2006	Audited for the year ended on 31.03.2005	Consolidated	
			31.03.2006	31.03.2005			for the year ended on 31.03.2006	for the year ended on 31.03.2005
1	Net sales/Income from operations	6,417.63	3,006.79	2,709.34	9,424.42	8,553.48	10,051.28	8,974.21
2	Other Income	446.90	99.97	165.84	546.87	691.91	558.70	692.61
3	Increase/(Decrease) in stock	191.95	78.91	(696.54)	270.86	28.78	270.86	28.78
4	Total Income	7,056.48	3,185.67	2,178.64	10,242.15	9,274.17	10,880.84	9,695.60
5	Total Expenditure							
	a) Field Operating Expenses	1,304.78	401.46	547.74	1,706.24	1,681.03	1,706.24	1,681.03
	b) Cost of Goods for resale	-	-	-	-	-	204.82	136.81
	c) Marketing and Distribution Cost	-	-	-	-	-	153.26	108.81
	d) Corporate Expenses							
	- Staff Expenses	429.96	237.72	139.04	667.68	453.88	721.90	497.24
	- Legal and Professional Expenses	242.97	103.71	79.51	346.68	205.72	349.09	208.16
	- Other Expenses	390.47	110.45	94.02	500.92	352.83	521.22	369.43
	- Recovery of Expenses	(447.76)	(281.66)	(190.18)	(729.42)	(401.22)	(729.42)	(401.22)
	Total Expenditure	1,920.42	571.68	670.13	2,492.10	2,292.24	2,927.11	2,600.26
6	Interest and Financing Charges	136.95	44.92	55.41	181.87	162.97	185.49	163.24
7	Depreciation, Depletion and Amortization	276.32	503.20	311.40	779.52	880.57	782.46	882.16
8	Provisions and Write offs	-	4,183.47	(193.93)	4,183.47	(161.98)	4,189.16	(108.29)
9	<b>Profit before Taxation and Prior Period Adjustments ( 4-5-6-7-8)</b>	<b>4,722.79</b>	<b>(2,117.60)</b>	<b>1,335.63</b>	<b>2,605.19</b>	<b>6,100.37</b>	<b>2,796.62</b>	<b>6,158.23</b>
10	Prior period adjustments	-	-	-	-	-	(0.68)	-
11	<b>Profit before Taxation (9-10)</b>	<b>4,722.79</b>	<b>(2,117.60)</b>	<b>1,335.63</b>	<b>2,605.19</b>	<b>6,100.37</b>	<b>2,795.94</b>	<b>6,158.23</b>
12	Provision for Current Income Tax	1,674.00	6.00	249.00	1,680.00	1,950.00	1,744.00	1,974.32
13	Provision for Deferred Tax	(90.50)	(759.50)	313.73	(850.00)	302.00	(849.53)	317.07
14	Fringe Benefit Tax	13.00	13.00		26.00		30.60	
15	<b>Net Profit / (Loss) ( 11-12-13-14 )</b>	<b>3,126.29</b>	<b>(1,377.10)</b>	<b>772.90</b>	<b>1,749.19</b>	<b>3,848.37</b>	<b>1,870.87</b>	<b>3,866.84</b>
16	Paid up Equity Share Capital (Face Value of Rs.10/-each)	5,876.09	5,876.09	5,876.09	5,876.09	5,876.09	5,876.09	5,876.09
17	Reserves excluding Revaluation Reserve				18,240.68	17,161.33	18,375.62	17,174.87
18	Basic and Diluted EPS (Rs.)	5.32	(2.34)	1.32	2.98	6.55	3.18	6.58
19	EPS before Prior Period Adjustments	5.32	(2.34)	1.32	2.98	6.55	3.18	6.58
20	Aggregate of Non-Promoter Shareholding							
	Number of Shares	43,457,557	43,457,557	58,744,935	43,457,557	58,744,935	43,457,557	58,744,935
	Percentage of Shareholding	73.98%	73.98%	100%	73.98%	100%	73.98%	100%

**Notes :**

- 1 The Company is engaged in a single business segment of Hydrocarbons and, therefore, Segment Reporting as defined in Accounting Standard 17 is considered not applicable.
- 2 Based on the performance of PY-3 field, estimate of the proved developed reserves have been increased as certified by an independent international petroleum certification agency and as approved by the Management.
- 3 During the period the Company has commenced commercial production of oil from Pramoda Oil field in Block CB-ON/7 and gas from North Balol Gas field.
- 4 With respect to Block AAP-ON-94/1, subsequent to the withdrawal of one of the consortium partners, Premier Oil North East India BV, from the consortium, the Company has become the Operator of the said Block w.e.f. January 01, 2006 and has enhanced its Participating Interest ( PI ) from the existing 25% to 40.323%(without compensation), subject to customary Government approval.
- 5 a PRS-4 Exploratory well in CB-ON-7 Block had encountered tight oil bearing sands. In the absence of any additional data being acquired in the area of interest and no definite plan by the Joint Venture at this stage to re-enter the said well within the current commitment phase, the Company has, for the purpose of financial reporting, consistent with its accounting policies decided to write off exploration cost of INR 396.57 lacs in relation to the said well.
- 5 b Lakhi-1 Exploratory well in AAP-ON-94/1 had encountered several potential hydrocarbon bearing zones, which flowed gas and condensate at low rates. Though the area continues to be of interest, the Joint Venture has not firmed up a plan to carry out re-test of Lakhi-1 well on a standalone basis within the current commitment phase. In the absense of a firm plan to re-test Lakhi-1 well as of date, the Compnay has for the purposes of financial reporting, consistent with its accounting policies, decided to write off exploration cost of INR 3140.01 lacs in relation to the said well.
- 5 c In CB-OS-1 Block, the Company has decided at this stage to write off exploration cost of INR 646.89 lacs carried for more than 2 years in accordance with the Company's accounting policies.
- 6 With reference to the observation made in Auditors' Report regarding three unaudited joint ventures' account, we have to state that some of the operators of the joint ventures have not submitted audited accounts till the Company's accounts are audited, as the time allowed to them is up to 30th September as per Production Sharing Contracts signed with the Government of India. The said unaudited joint ventures' have not entered the production phase and hence, no impact on profit for the year is envisaged. The Company is making efforts to persuade such joint venture operators to submit the audited accounts in requisite time.  
  
Such unaudited Accounts for two out of three Joint Ventures for the previous year have been received during the year and incorporated in the Company's Accounts.
- 7 Figures for the corresponding period of last year and of previous year are recast / regrouped to make them comparable with current year, wherever necessary.
- 8 Details of Investors' Complaints for the quarter ended on 31st March, 2006

Unresolved at the beginning of the quarter	Nil
Received during the quarter	58
Resolved during the quarter	58*
Unresolved at the end of the quarter	Nil

\* 49 complaints fully resolved. 9 complaints replied back seeking additional/relevant information necessary.
- 9 The Board has recommended a dividend of Rs.1.00 (10%) per equity Share of Rs. 10/- each for the financial year ended on 31st March, 2006.
- 10 The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 23, 2006.

For Hindustan Oil Exploration Company Limited

Place : London, England  
Date : May 23, 2006.

Rakesh Jain  
Managing Director