



DECCAN AVIATION LIMITED
 Regd. Office: 35/2, Cunningham Road, Bangalore – 560 052



UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31st DECEMBER, 2006

(Rs in lakhs)

Sl No	Particulars	Quarter ended 31st December 2006 (Unaudited)	Half year ended 31st December 2006 & year to date (Unaudited)	Fifteen Months period ended 30th June 2006 (Audited)
1	Net Income from Operations	47489	83358	123639
2	Other Income	16193	33725	11541
3	Total Expenditure			
	a) Employees Remuneration & Benefits	5963	11378	17062
	b) Aircraft Fuel Expenses	24836	48847	62545
	c) Aircraft / Engine Lease Rentals	10157	18801	21623
	d) Aircraft / Engine Repairs & Maintenance	5324	9603	17756
	e) Airport Related Charges	7032	13712	19262
	f) Other Direct Operating Expenses	3471	6803	13277
	g) Selling, General & Administrative Expenses	3585	6889	10912
4	Interest and Finance Charges	1243	2186	3195
5	Depreciation and Amortisation	1041	2053	3228
6	Profit/(Loss) before Tax (1+2-3-4-5)	1030	(3189)	(33680)
7	Provision for Taxation			
	Current Tax incl Wealth Tax			
	Deferred Tax			
	Fringe Benefit Tax	66	146	375
8	Net Profit/(Loss) (6-7)	964	(3335)	(34055)
9	Paid up Equity Share Capital [Face value of Rs 10/- each]	10015	10015	9818
10	Reserves excluding Revaluation Reserves			12595
11	Basic EPS (in Rupees)	0.98	-3.39	-68.24
	Diluted EPS (in Rupees)	0.95	-3.39	-68.24
	<u>Non promoter shareholding</u>			
	No of Shares		77983147	76019507
	% of holding		77.87%	77.43%

- The above financial results have been reviewed by the Audit Committee and taken on record by the Board of Directors at the meeting held on 25th January 2007 and are subject to limited review by the statutory auditors.
- The Equity Shares of the company were listed and admitted for trading on Bombay Stock Exchange and National Stock Exchange of India w.e.f. 12th June 2006 and as such there are no comparative figures for prior periods.
- The Company Operates in a single business segment i.e., of providing scheduled & unscheduled air transport services & operates only in India. Accordingly, no separate segment disclosures for primary business segment & geographical disclosures are required.
- Clause 41 of the Listing Agreement - 13 Complaints were received and disposed off during the Quarter ended 31st December, 2006. There were no complaints outstanding at the beginning or at the end of the Quarter.
- The details of the Net IPO proceeds are as stated below:-

Particulars	Utilisation as projected in the Prospectus (Rs in lakhs)	Actuals as on 31st December 2006 (Rs in lakhs)
Setting up a training centre	6567	0
Setting up a hangar facility for basic and medium level maintenance checks at Chennai	4002	264
Setting up infrastructure at airports	1708	101
Market Development Initiatives	4522	2307
Debt Repayment	13275	4724
General Corporate Purposes	4195	9297
Issue Expenses	2059	2078
Total	36328	18770

In view of certain identified and realised savings in certain items of planned uses of the IPO proceeds, the resultant savings have been transferred to General Corporate Purposes. Pending utilisation as at 31st December 2006, balance funds have been placed in term deposits with banks.

- 6 Other Income includes a sum of Rs. 13269 lakhs arising out of assignment of aircraft purchase contract for a consideration receivable by the company in four tranches over a period of 15 months. The second tranche of the consideration has been accrued and recognised as income during the quarter.
- 7 During the previous financial year, the Company's treatment of certain deferred expenses were subject to qualifications by the statutory auditors and such qualification continues for the current quarter also. As a result, the profit for the current quarter is understated by Rs. 231 lakhs.
- 8 During the financial year ended 31st March 2005, the Company had raised a claim for reimbursement of certain maintenance expenses amounting to Rs. 215 lakhs. The statutory auditors had commented that confirmation of such claims were not received by the Company and, therefore, were unable to comment on the adjustments, if any, that may be required to be made had such confirmations been made available. The Company is of the view that no adjustment would be required to be made to the financial statements as at 31st March 2005, 30th June 2006 and 31st December 2006 on subsequent receipt of the aforesaid confirmation.
- 9 As at 31st March 2005, the company was in the process of reconciling its stock ledger of rotables, stores, spares and components with its financial records. Subsequently, during 15 months period ended 30th June 2006, the company has reconciled stock ledger of rotables, stores and spares with its financial records and has valued the inventories based on the physical stock on hand and in case of rotables, the inventories fitted to the aircrafts and has carried out necessary adjustments to the financial statements as at 30th June 2006. However, the exact impact, if any, of such adjustments on the results for 30th June 2006 is not ascertainable.
- 10 Pursuant to the Accounting Standard 15 (Revised) on Employee benefits issued by the Institute of Chartered Accountants of India, being mandatory with effect from 1st April 2006, the necessary adjustment on account of employee benefits up to 30th June 2006 has been dealt with opening reserves as per transitional provisions at the year end and current period provisions are made on estimated basis.
- 11 During the period, the Company has allotted 1963640 Equity shares of Rs. 10/- each at a premium of Rs 140/- per Equity share on preferential allotment basis to Investec Bank (UK) Limited. The paid up capital of the Company stands increased to Rs.100,14,56,470/-

for DECCAN AVIATION LIMITED

Place: Bangalore
Date: 25th January 2007

Capt G.R.Gopinath
Managing Director