



**Megasoft Group**  
**Unaudited Consolidated Financial Results for the quarter and half year ended**  
**30th June 2004**

Rs lakhs

	Particulars	Unaudited for Quarter ended		Unaudited for Half year ended		Audited for 18 months period ended
		30-Jun-2004	30-Jun-2003	30-Jun-2004	30-Jun-2003	31-Dec-2003
1	<b>Revenues</b>	<b>1701</b>	<b>1649</b>	<b>3287</b>	<b>3215</b>	<b>7974</b>
2	Personnel Expenses	1421	977	2666	2050	5820
3	Operating & Administration Expenses	244	279	427	631	1278
4	(Increase) / Decrease in Inventories	1	87	(32)	(33)	(2)
5	<b>Total Expenditure (2 + 3 + 4)</b>	<b>1666</b>	<b>1343</b>	<b>3061</b>	<b>2648</b>	<b>7096</b>
6	<b>Operating Profit before Interest, Depreciation and Amortisation (1 - 5)</b>	<b>35</b>	<b>306</b>	<b>226</b>	<b>567</b>	<b>878</b>
7	Financial Expenses	34	55	71	123	286
8	Depreciation & Amortisation	69	74	138	145	391
9	<b>Operating Profit / (Loss) after Interest, Depreciation and Amortisation (6 - 7 - 8)</b>	<b>(68)</b>	<b>177</b>	<b>17</b>	<b>299</b>	<b>201</b>
10	Other Income / (Expenses)	50	(57)	9	(86)	(16)
11	Inventories write-off (Notes-1&2)	(679)	0	(679)	0	0
12	Provision / write-off of debtors (Notes-1&2)	(566)	0	(566)	0	0
13	<b>Profit / (Loss) before Tax (9 + 10 + 11 + 12)</b>	<b>(1263)</b>	<b>120</b>	<b>(1219)</b>	<b>213</b>	<b>185</b>
14	Provision for taxation					
	Current Tax	0	0	0	0	(8)
	Deferred tax benefit / (expense)	0	0	0	0	9
15	<b>Profit / (Loss) after Tax</b>	<b>(1263)</b>	<b>120</b>	<b>(1219)</b>	<b>213</b>	<b>186</b>
16	Paid-up Equity Share Capital (Rs.10 per share)	1512	1512	1512	1512	1512
17	Reserves excluding revaluation reserves					1058
18	Earnings per Share (Rs) (not annualised)					
	Basic	(8.35)	0.79	(8.07)	1.42	1.23
	Diluted	(8.34)	0.79	(8.06)	1.42	1.23



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Rs lakhs

	Particulars	Unaudited for Quarter ended		Unaudited for Half year ended		Audited for 18 months period ended
		30-Jun-2004	30-Jun-2003	30-Jun-2004	30-Jun-2003	31-Dec-2003
1	<b>Revenues</b>	<b>321</b>	<b>623</b>	<b>796</b>	<b>1386</b>	<b>4353</b>
2	Personnel Expenses	269	331	556	970	3006
3	Operating & Administration Expenses	76	68	143	180	623
4	(Increase) / Decrease in Inventories	1	87	(32)	(33)	(2)
5	<b>Total Expenditure (2 + 3 + 4)</b>	<b>346</b>	<b>486</b>	<b>667</b>	<b>1117</b>	<b>3627</b>
6	<b>Operating Profit / (Loss) before Interest, Depreciation and Amortisation (1 - 5)</b>	<b>(25)</b>	<b>137</b>	<b>129</b>	<b>269</b>	<b>726</b>
7	Financial Expenses	22	32	46	77	193
8	Depreciation & Amortisation	64	63	128	121	357
9	<b>Operating Profit / (Loss) after Interest, Depreciation and Amortisation (6 - 7 - 8)</b>	<b>(111)</b>	<b>42</b>	<b>(45)</b>	<b>71</b>	<b>176</b>
10	Other Income / (Expenses)	69	(34)	7	(53)	(102)
11	Inventories write-off (Notes-1&2)	(679)	0	(679)	0	0
12	Provision / write-off of debtors (Notes-1&2)	(311)	0	(311)	0	0
13	<b>Profit / (Loss) before Tax (9 + 10 + 11 + 12)</b>	<b>(1032)</b>	<b>8</b>	<b>(1028)</b>	<b>18</b>	<b>74</b>
14	Provision for taxation					
	Current Tax	0	0	0	0	0
	Deferred tax benefit / (expense)	0	0	0	0	9
15	<b>Profit / (Loss) after Tax</b>	<b>(1032)</b>	<b>8</b>	<b>(1028)</b>	<b>18</b>	<b>83</b>
16	Paid-up Equity Share Capital (Rs.10 per share)	1512	1512	1512	1512	1512
17	Reserves excluding revaluation reserves					1075
18	Earnings per Share (Rs) (not annualised)					
	Basic	(6.83)	0.05	(6.80)	0.12	0.55
	Diluted	(6.82)	0.05	(6.80)	0.12	0.55
19	Aggregate of non-promoters' shareholding					
	Number of Shares	7741376	7355677	7741376	7355677	7464611
	Percentage of holding (to total holding)	51.2%	48.7%	51.2%	48.7%	49.4%



**Notes:**

- 1 **The Company is making a rapid strategic transition from a mid-sized IT services company to a leading Intellectual Property led technology company and plans to become a world leader in its chosen domain areas. As a result, the Company has reviewed its current business portfolio and is in the process of aligning the same towards its new business strategy for better profitability. As part of this strategy, the merger of XIUS India Limited has added a strong and fast growing telecom technology practice for the Company.**
- 2 **With this new focus, the Company has critically reviewed - (a) the costs of non-core products / projects carried on as inventories and (b) overdue debtors including that of its subsidiaries, in the books of accounts as on 30th June 2004. On account of this the Company has written-off certain inventories and written-off / provided for certain debtors.**
- 3 **The Scheme of Amalgamation for merger of XIUS India Limited with the Company with effect from 1st January 2004 has been approved by both the Hon'ble High Court of Madras and the Hon'ble High Court of Andhra Pradesh during the current quarter. However, pending receipt of certified copies of the Order of the Hon'ble High Courts, the financials of XIUS India Limited have not been included in the above results.**
- 4 The consolidated financial results of the Company and its wholly owned subsidiaries ("Group") are prepared in accordance with Accounting Standard (AS-21) on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
- 5 The consolidated financial results of the Group for the previous financial period ended 31st December 2003 include results of its wholly-owned subsidiaries at Singapore, Malaysia and Hong Kong and with effect from 1st January 2003, Megasoft Consultants Inc, USA along with its subsidiaries at UK, Germany, The Netherlands, Australia and New Zealand.
- 6 Other income / (expenses) include Net Exchange gain / (loss) during the period.
- 7 Provision for taxation and deferred tax in compliance with AS22 (Accounting for Taxes on Income), if any, will be made at the end of the current Financial Year.
- 8 The segment-wise figures are not furnished as the Company's business is mainly in the "Information Technology Services" which constitute one single primary segment.
- 9 No investor complaints were pending either at the beginning or at the end of the quarter. None were received during the quarter.
- 10 Previous periods' figures have been regrouped / rearranged wherever necessary.
- 11 The Statutory Auditors have carried out a 'Limited Review' of the Company's results in terms of clause 41 of the Listing Agreement with the Stock Exchanges.
- 12 These results were taken on record by the Board of Directors at their Meeting held on 26th July 2004 after a review by the Audit Committee of the Company.

By Order of the Board  
for **MEGASOFT LIMITED**

**D Sudhakar Reddy**  
*Whole-time Director*

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