



**Megasoft Group**  
**Unaudited Consolidated Financial Results for the quarter and nine months**  
**period ended 30th September 2004**

Rs lakhs

	Particulars	Unaudited for Quarter ended		Unaudited for 9 months period ended		Audited for 18 months period ended
		30-Sep-2004	30-Sep-2003	30-Sep-2004	30-Sep-2003	31-Dec-2003
1	<b>Revenues</b>	<b>2221</b>	<b>1738</b>	<b>5905</b>	<b>4953</b>	<b>7974</b>
2	Cost of hardware purchased	37	0	112	0	0
3	Personnel Expenses	1701	1268	4487	3318	5866
4	Operating & Administration Expenses	215	304	782	935	1232
5	(Increase) / Decrease in Inventories	(135)	(33)	(167)	(67)	(2)
6	<b>Total Expenditure</b>	<b>1818</b>	<b>1539</b>	<b>5214</b>	<b>4186</b>	<b>7096</b>
7	<b>Operating Profit before Interest, Depreciation and Amortisation (1 - 6)</b>	<b>403</b>	<b>199</b>	<b>691</b>	<b>767</b>	<b>878</b>
8	Financial Expenses	40	16	118	139	286
9	Depreciation & Amortisation	113	79	360	224	391
10	<b>Operating Profit after Interest, Depreciation and Amortisation (7 - 8 - 9)</b>	<b>250</b>	<b>104</b>	<b>213</b>	<b>404</b>	<b>201</b>
11	Other Income / (Expenses)	9	36	34	(50)	(16)
12	Inventories write-off	0	0	(679)	0	0
13	Provision / write-off of debtors	0	0	(566)	0	0
14	<b>Profit / (Loss) before Tax (10 + 11 + 12 + 13)</b>	<b>259</b>	<b>140</b>	<b>(998)</b>	<b>354</b>	<b>185</b>
15	Provision for taxation					
	Current Tax	0	0	0	0	(8)
	Deferred tax benefit / (expense)	0	0	0	0	9
16	<b>Profit / (Loss) after Tax</b>	<b>259</b>	<b>140</b>	<b>(998)</b>	<b>354</b>	<b>186</b>
17	Paid-up Equity Share Capital (Rs.10 per share)	2545	1512	2545	1512	1512
18	Reserves excluding revaluation reserves					1058
19	Earnings per Share (Rs) (not annualised)					
	Basic	1.02	0.93	(3.92)	2.35	1.23
	Diluted	1.02	0.93	(3.92)	2.35	1.23



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Rs lakhs

	Particulars	Unaudited for Quarter ended		Unaudited for 9 months period ended		Audited for 18 months period ended
		30-Sep-2004	30-Sep-2003	30-Sep-2004	30-Sep-2003	31-Dec-2003
1	<b>Revenues</b>	<b>670</b>	<b>701</b>	<b>1863</b>	<b>2088</b>	<b>4353</b>
2	Cost of hardware purchased	37	0	112	0	0
3	Personnel Expenses	406	482	1082	1452	3006
4	Operating & Administration Expenses	131	130	414	310	623
5	(Increase) / Decrease in Inventories	(135)	(35)	(167)	(69)	(2)
6	<b>Total Expenditure</b>	<b>439</b>	<b>577</b>	<b>1441</b>	<b>1693</b>	<b>3627</b>
7	<b>Operating Profit before Interest, Depreciation and Amortisation (1 - 6)</b>	<b>231</b>	<b>124</b>	<b>422</b>	<b>395</b>	<b>726</b>
8	Financial Expenses	29	32	81	109	193
9	Depreciation & Amortisation	108	66	345	188	357
10	<b>Operating Profit / (Loss) after Interest, Depreciation and Amortisation (7 - 8 - 9)</b>	<b>94</b>	<b>26</b>	<b>(4)</b>	<b>98</b>	<b>176</b>
11	Other Income / (Expenses)	8	(19)	32	(72)	(102)
12	Inventories write-off	0	0	(679)	0	0
13	Provision / write-off of debtors	0	0	(311)	0	0
14	<b>Profit / (Loss) before Tax (10 + 11 + 12 + 13)</b>	<b>102</b>	<b>7</b>	<b>(962)</b>	<b>26</b>	<b>74</b>
15	Provision for taxation					
	Current Tax	0	0	0	0	0
	Deferred tax benefit / (expense)	0	0	0	0	9
16	<b>Profit / (Loss) after Tax</b>	<b>102</b>	<b>7</b>	<b>(962)</b>	<b>26</b>	<b>83</b>
17	Paid-up Equity Share Capital (Rs.10 per share)	2545	1512	2545	1512	1512
18	Reserves excluding revaluation reserves					1075
19	Earnings per Share (Rs) (not annualised)					
	Basic	0.40	0.05	(3.79)	0.16	0.55
	Diluted	0.40	0.05	(3.79)	0.16	0.55
20	Aggregate of non-promoters' shareholding					
	Number of Shares	16,713,676	7,355,677	16,713,676	7,355,677	7,464,611
	Percentage of holding (to total holding)	65.7%	48.7%	65.7%	48.7%	49.4%



**Notes:**

- 1 Amalgamation of XIUS India Limited ("XIUS") with the Company:  
In terms of the Scheme of Amalgamation (Scheme) sanctioned by the Order dated 22nd June 2004 of the Hon'ble High Court of Madras and the Order dated 16th July 2004 of the Hon'ble High Court of Andhra Pradesh, XIUS (whose core business is providing technology solutions to the wireless telecom industry) has been amalgamated with the Company with effect from 1st January 2004. The amalgamation has been accounted for under the "pooling of interest method" as prescribed by Accounting Standard, AS-14, Accounting for Amalgamation issued by the ICAI.  
The assets, liabilities, rights and obligations of XIUS have been vested with the Company with effect from 1st January 2004. Consequent to the Court Orders, the Company issued and allotted 10,330,625 Equity Shares of Rs.10 each as fully paid-up in exchange of 4,132,250 equity shares of Rs.10 each to all the shareholders of XIUS, without payment being received in cash, in the ratio of 2:5 on 1st September 2004. These shares were listed and admitted for trading on BSE and MSE on 20 September 2004 and 21 September 2004, respectively.
- 2 The financial results of the Company and the Group for the quarter and nine months period ended 30 September 2004 include the financials of XIUS for this period. Hence, they are not comparable with the financials of the previous corresponding period.
- 3 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.
- 4 Other income / (expenses) include Net Exchange gain / (loss) during the period.
- 5 Provision for taxation and deferred tax in compliance with AS-22 (Accounting for Taxes on Income), if any, will be made at the end of the current Financial Year.
- 6 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.
- 7 No investor complaints were pending either at the beginning or at the end of the quarter. None were received during the quarter.
- 8 Pursuant to the approval of the shareholders of the Company at the Annual General Meeting held on 18 June 2004, the equity shares of the Company were delisted voluntarily from The Stock Exchange, Ahmedabad and The Hyderabad Stock Exchange Limited with effect from 25 August 2004 and 20 September 2004, respectively.
- 9 Previous periods' figures have been regrouped / rearranged wherever necessary.
- 10 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.
- 11 These results were taken on record by the Board of Directors at their Meeting held on 27 October 2004 after a review by the Audit Committee of the Company.

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

**GV Kumar**  
*Managing Director*

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