



Megasoft Limited
Unaudited Financial Results for the First Quarter ended 31 March 2005

Rs lakhs

	Particulars	Standalone			Consolidated		
		Unaudited Quarter ended		Audited Year ended	Unaudited Quarter ended		Audited Year ended
		31/03/2005	31/03/2004	31/12/2004	31/03/2005	31/03/2004	31/12/2004
1	Revenues	1,118	638	2,883	2,626	1,750	8,492
2	Personnel costs	447	353	1,534	1,493	1,324	6,245
3	Operating Expenses	537	183	776	657	286	1,289
4	(Increase) / Decrease in Inventories	(51)	(33)	(300)	(51)	(33)	(300)
5	Total Expenditure (2+3+4)	933	503	2,010	2,099	1,577	7,234
6	Operating Profit before Interest, Depreciation and Amortisation (1-5)	185	135	873	527	173	1,258
7	Financial expenses	24	27	107	33	41	170
8	Depreciation and Amortisation	103	120	454	108	125	471
9	Operating Profit after Interest, Depreciation and Amortisation (6-7-8)	58	(12)	312	386	7	617
10	Other Income / (Expenses)	(13)	(57)	(46)	(13)	(37)	18
11	Inventories write-off	--	--	(679)	--	--	(679)
12	Provision / write-off of debtors	--	--	(309)	--	--	(601)
13	Profit / (Loss) before tax (9+10+11+12)	45	(69)	(722)	373	(30)	(645)
14	Provision for taxation						
	Current Tax	--	--	--	--	--	(26)
	Deferred Tax benefit / (expense)	--	--	30	--	--	30
15	Profit / (Loss) after Tax before prior period adjustments (13+14)	45	(69)	(692)	373	(30)	(641)
16	Less: Prior-period adjustments	--	--	(43)	--	--	(43)
17	Profit / (Loss) after Tax after prior period adjustments (15+16)	45	(69)	(735)	373	(30)	(684)
18	Paid-up Equity Share Capital (Rs 10 per share)	2,545	2,545	2,545	2,545	2,545	2,545
19	Reserves excluding revaluation reserves			571			604
20	Earnings per Share (Rs) (not annualised)						
	Basic	0.18	(0.27)	(2.72)	1.47	(0.12)	(2.52)
	Diluted	0.17	(0.27)	(2.62)	1.41	(0.12)	(2.43)
21	Aggregate of non-promoters' shareholding						
	Number of Shares	18,016,677	16,766,107	17,344,585	18,016,677	16,766,107	17,344,585
	Percentage of holding (to total holding)	70.8%	65.9%	68.2%	70.8%	65.9%	68.2%

Segment-wise revenue, results and capital employed

Segment Revenue						
Consulting	569	456	1,570	2,014	1,447	6,837
Life Sciences	--	--	--	21	68	179
Telecom	549	182	1,313	591	235	1,476
Total	1,118	638	2,883	2,626	1,750	8,492
Less: Inter-segment revenue	--	--	--	--	--	--
Net Sales Income from Operations	1,118	638	2,883	2,626	1,750	8,492
Segment Results						
Profit / (Loss) before Tax & Interest from each segment						
Consulting	(48)	102	245	280	127	673
Life Sciences	--	--	--	4	(7)	(34)
Telecom	149	(68)	236	185	(15)	398
Total	101	34	481	469	105	1,037
Less: Financial expenses	24	27	107	33	41	170
Less: Other unallocable expenditure net-off unallocable income	32	76	108	63	94	232
Less: Inventories / debtors write-off / provision	--	--	988	--	--	1,280
Total Profit before Tax	45	(69)	(722)	373	(30)	(645)
Capital Employed (Segment Assets - Segment Liabilities)						
Consulting	2,471	3,344	2,276	3,607	4,028	3,070
Life Sciences	--	--	--	2	114	58
Telecom	2,068	1,285	1,699	2,069	1,321	1,709
Total	4,539	4,629	3,975	5,678	5,463	4,837



Notes:

- 1) The consolidated financial results of the Company and its wholly owned subsidiaries at Singapore, Malaysia, Hong Kong and USA and its step-down subsidiaries at UK, Germany, Netherlands, Australia and New Zealand, are prepared in accordance with Accounting Standard (AS-21) on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
- 2) Other income / (expenses) include Net Exchange gain / (loss) during the period.
- 3) Provision for taxation for the assessment year 2005-06 is 'Nil' on account of losses as per the provisions of Income-tax Act. 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.
- 4) No investor complaints were pending either at the beginning or at the end of the quarter. None were received during the quarter.
- 5) The Company allotted securities on preferential basis on 28 February 2005 pursuant to the approval of the shareholders of the Company at the Extra-ordinary General Meeting held on 3 February 2005 and the in-principle listing approval from BSE:
 - (i) 9,00,000 10% Convertible Redeemable Preference Shares (CRPS) of Rs 100 each, where each CRPS is convertible into two Equity Shares of the face value of Rs 10 each at a price of Rs 50 per share (including premium of Rs 40 per share) within a period of twelve months to Non-Promoters
 - (ii) 7,00,000 Equity Warrants of Rs 50 each to Mr Ravindra Sannareddy, Promoter (amount received Rs 35 lakhs, being 10% of the face value of warrants), where each equity warrant is convertible into one Equity Share of the face value of Rs 10 each at a price of Rs 50 per share (including premium of Rs 40 per share) within a period of eighteen monthsThe Company raised an amount of Rs 935 lakhs out of the above mentioned issue of securities on a preferential basis and utilised the same in the manner following:

	Rs lakhs
Repayment of high cost debt	353
Business development / infrastructure / Working capital	302
Balance in Deposit / Current Accounts with Bank for future business development expenses / working capital	280
	<u>935</u>

- 6) Figures reported for the corresponding quarter ended 31 March 2004 and the year ended 31 December 2004 include the business performance of XIUS India Limited from 1 January 2004 being the date of amalgamation of XIUS India Limited with the Company.
- 7) Previous years' figures have been regrouped, reclassified / rearranged wherever necessary.
- 8) 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.
- 9) These results were taken on record by the Board of Directors at their Meeting held on 21 April 2005 after a review by the Audit Committee of the Company.

By Order of the Board
for MEGASOFT LIMITED

Ravindra Sannareddy
Chairman

Registered Office:

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