



Megasoft Group

Unaudited Consolidated Financial Results for the quarter and half year ended 30th June 2005

Rs lakhs

	Particulars	Unaudited Quarter ended		Unaudited Half year ended		Audited Year ended
		30-Jun-2005	30-Jun-2004	30-Jun-2005	30-Jun-2004	31-Dec-2004
1	Revenues	2,661	1,934	5,287	3,684	8,492
2	Personnel costs	1,715	1,497	3,208	2,821	6,245
3	Purchase of hardware for System Integration	11	28	356	75	195
4	Operating Expenses	371	294	683	533	1,094
5	(Increase) / Decrease in Inventories	(70)	1	(121)	(32)	(300)
6	Total Expenditure (2+3+4+5)	2,027	1,820	4,126	3,397	7,234
7	Operating Profit before Interest, Depreciation and Amortisation (1-6)	634	114	1,161	287	1,258
8	Financial expenses	37	37	70	77	170
9	Depreciation and Amortisation	84	122	192	247	471
10	Operating Profit after Interest, Depreciation and Amortisation (7-8-9)	513	(45)	899	(37)	617
11	Other Income / (Expenses)	(40)	62	(53)	25	18
12	Inventories write-off	--	(679)	--	(679)	(679)
13	Provision / write-off of debtors	--	(566)	--	(566)	(601)
14	Profit / (Loss) before tax (10+11+12+13)	473	(1,228)	846	(1,257)	(645)
15	Provision for taxation					
	Current Tax	--	--	--	--	(26)
	Fringe benefit Tax	(10)	--	(10)	--	--
	Deferred Tax benefit / (expense)	--	--	--	--	30
16	Profit / (Loss) after Tax before prior period adjustments (14+15)	463	(1,228)	836	(1,257)	(641)
17	Less: Prior-period adjustments	--	--	--	--	(43)
18	Profit / (Loss) after Tax after prior period adjustments (16+17)	463	(1,228)	836	(1,257)	(684)
19	Paid-up Equity Share Capital (Rs.10 per share)	2,545	2,545	2,545	2,545	2,545
20	Reserves excluding revaluation reserves					604
21	Earnings per Share (Rs) (not annualised)					
	Basic	1.82	(4.82)	3.29	(4.94)	(2.52)
	Diluted	1.75	(4.82)	3.16	(4.94)	(2.43)
22	Aggregate of non-promoters' shareholding					
	Number of Shares	18,265,485	16,711,716	18,265,485	16,711,716	17,344,585
	Percentage of holding (to total holding)	71.8%	65.7%	71.8%	65.7%	68.2%
Segment-wise revenue, results and capital employed						
	Segment Revenue					
	Consulting	1,751	1,621	3,780	3,068	6,837
	Life Sciences	132	23	153	91	179
	Telecom	778	290	1,354	525	1,476
	Total	2,661	1,934	5,287	3,684	8,492
	Less: Inter-segment revenue	--	--	--	--	--
	Net Sales Income from Operations	2,661	1,934	5,287	3,684	8,492
	Segment Results					
	Profit / (Loss) before Tax & Interest from each segment					
	Consulting	270	15	562	142	673
	Life Sciences	22	(10)	26	(17)	(34)
	Telecom	359	74	532	59	398
	Total	651	79	1,120	184	1,037
	Less: Financial expenses	37	37	70	77	170
	Less: Other unallocable expenditure net-off unallocable income	141	25	204	119	232
	Less: Inventories / debtors write-off / provision	--	1,245	--	1,245	1,280
	Total Profit before Tax	473	(1,228)	846	(1,257)	(645)
	Capital Employed					
	(Segment Assets - Segment Liabilities)					
	Consulting	3,520	2,901	3,520	2,901	3,070
	Life Sciences	152	46	152	46	58
	Telecom	2,346	1,327	2,346	1,327	1,709
	Total	6,018	4,274	6,018	4,274	4,837



Megasoft Limited

Unaudited Financial Results for the quarter and half year ended 30th June 2005

Rs lakhs

	Particulars	Unaudited Quarter ended		Unaudited Half year ended		Audited Year ended
		30-Jun-2005	30-Jun-2004	30-Jun-2005	30-Jun-2004	31-Dec-2004
1	Revenues	990	554	2,108	1,193	2,883
2	Personnel costs	429	333	876	686	1,534
3	Purchase of hardware for System Integration	11	28	356	75	195
4	Operating Expenses	228	138	420	274	581
5	(Increase) / Decrease in Inventories	(70)	1	(121)	(32)	(300)
6	Total Expenditure (2+3+4+5)	598	500	1,531	1,003	2,010
7	Operating Profit before Interest, Depreciation and Amortisation (1-6)	392	54	577	190	873
8	Financial expenses	18	26	42	52	107
9	Depreciation and Amortisation	80	117	183	237	454
10	Operating Profit after Interest, Depreciation and Amortisation (7-8-9)	294	(89)	352	(99)	312
11	Other Income / (Expenses)	(40)	81	(52)	24	(46)
12	Inventories write-off	--	(679)	--	(679)	(679)
13	Provision / write-off of debtors	--	(311)	--	(311)	(309)
14	Profit / (Loss) before tax (10+11+12+13)	254	(998)	300	(1,065)	(722)
15	Provision for taxation					
	Current Tax	--	--	--	--	--
	Fringe benefit Tax	(10)	--	(10)	--	--
	Deferred Tax benefit / (expense)	--	--	--	--	30
16	Profit / (Loss) after Tax before prior period adjustments (14+15)	244	(998)	290	(1,065)	(692)
17	Less: Prior-period adjustments	--	--	--	--	(43)
18	Profit / (Loss) after Tax after prior period adjustments (16+17)	244	(998)	290	(1,065)	(735)
19	Paid-up Equity Share Capital (Rs.10 per share)	2,545	2,545	2,545	2,545	2,545
20	Reserves excluding revaluation reserves					571
21	Earnings per Share (Rs) (not annualised)					
	Basic	0.96	(3.92)	1.13	(4.19)	(2.72)
	Diluted	0.92	(3.91)	1.09	(4.19)	(2.62)
22	Aggregate of non-promoters' shareholding					
	Number of Shares	18,265,485	16,711,716	18,265,485	16,711,716	17,344,585
	Percentage of holding (to total holding)	71.8%	65.7%	71.8%	65.7%	68.2%
Segment-wise revenue, results and capital employed						
	Segment Revenue					
	Consulting	223	308	791	765	1,570
	Life Sciences	--	--	--	--	--
	Telecom	767	246	1,317	428	1,313
	Total	990	554	2,108	1,193	2,883
	Less: Inter-segment revenue	--	--	--	--	--
	Net Sales Income from Operations	990	554	2,108	1,193	2,883
	Segment Results					
	Profit / (Loss) before Tax & Interest from each segment					
	Consulting	(24)	(75)	(72)	27	245
	Life Sciences	--	--	--	--	--
	Telecom	374	30	523	(38)	236
	Total	350	(45)	451	(11)	481
	Less: Financial expenses	18	26	42	52	107
	Less: Other unallocable expenditure net-off unallocable income	78	(63)	109	12	108
	Less: Inventories / debtors write-off / provision	--	990	--	990	988
	Total Profit before Tax	254	(998)	300	(1,065)	(722)
	Capital Employed					
	(Segment Assets - Segment Liabilities)					
	Consulting	2,339	2,335	2,339	2,335	2,276
	Life Sciences	--	--	--	--	--
	Telecom	2,346	1,291	2,346	1,291	1,699
	Total	4,685	3,626	4,685	3,626	3,975



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 months

The 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	475
Business development / infrastructure / Working capital	460
	<u>935</u>

- 6 Figures reported for the corresponding quarter and half year ended 30 June 2004 and the year ended 31 December 2004 include the business performance of XIUS India Limited w.e.f. 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 27 July 2005 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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