



**Megasoft Group**

**Unaudited Consolidated Financial Results for the quarter and nine months ended 30th September 2005**

Rs lakhs

	Particulars	Consolidated				
		Unaudited Quarter ended		Unaudited 9 months ended		Audited Year ended
		30-Sep-2005	30-Sep-2004	30-Sep-2005	30-Sep-2004	31-Dec-2004
1	<b>Revenues</b>	<b>2,976</b>	<b>2,221</b>	<b>8,263</b>	<b>5,905</b>	<b>8,492</b>
2	Personnel costs	1,777	1,666	4,985	4,487	6,245
3	Purchase of hardware for System Integration	249	37	605	112	195
4	Operating Expenses	265	250	948	783	1,094
5	(Increase) / Decrease in Inventories	(63)	(135)	(183)	(167)	(300)
6	<b>Total Expenditure (2+3+4+5)</b>	<b>2,228</b>	<b>1,818</b>	<b>6,355</b>	<b>5,215</b>	<b>7,234</b>
7	<b>Operating Profit before Interest, Depreciation and Amortisation (1-6)</b>	<b>748</b>	<b>403</b>	<b>1,908</b>	<b>690</b>	<b>1,258</b>
8	Financial expenses	60	40	130	118	170
9	Depreciation and Amortisation	93	113	284	360	471
10	<b>Operating Profit after Interest, Depreciation and Amortisation (7-8-9)</b>	<b>595</b>	<b>250</b>	<b>1,494</b>	<b>212</b>	<b>617</b>
11	Other Income / (Expenses)	18	9	(35)	34	18
12	Inventories write-off	--	--	--	(679)	(679)
13	Provision / write-off of debtors	--	--	--	(566)	(601)
14	<b>Profit / (Loss) before tax (10+11+12+13)</b>	<b>613</b>	<b>259</b>	<b>1,459</b>	<b>(999)</b>	<b>(645)</b>
15	Provision for taxation					
	Current Tax	--	--	--	--	(26)
	Fringe benefit Tax	--	--	(10)	--	--
	Deferred Tax benefit / (expense)	--	--	--	--	30
16	Profit / (Loss) after Tax before prior period adjustments (14+15)	613	259	1,449	(999)	(641)
17	Less: Prior-period adjustments	--	--	--	--	(43)
18	Profit / (Loss) after Tax after prior period adjustments (16+17)	613	259	1,449	(999)	(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	2.41	1.02	5.70	(3.92)	(2.52)
	Diluted	2.32	1.02	5.48	(3.92)	(2.43)
22	Aggregate of non-promoters' shareholding					
	Number of Shares	18,465,472	16,713,676	18,465,472	16,713,676	17,344,585
	Percentage of holding (to total holding)	72.6%	65.7%	72.6%	65.7%	68.2%

**Segment-wise revenue, results and capital employed**

<b>Segment Revenue</b>						
Consulting	1,878	1,835	5,657	4,902	6,837	
Life Sciences	36	16	189	107	179	
Telecom	1,062	370	2,417	896	1,476	
<b>Total</b>	<b>2,976</b>	<b>2,221</b>	<b>8,263</b>	<b>5,905</b>	<b>8,492</b>	
Less: Inter-segment revenue	--	--	--	--	--	
<b>Net Sales Income from Operations</b>	<b>2,976</b>	<b>2,221</b>	<b>8,263</b>	<b>5,905</b>	<b>8,492</b>	
<b>Segment Results</b>						
Profit / (Loss) before Tax & Interest from each segment						
Consulting	278	203	840	345	673	
Life Sciences	8	(10)	34	(27)	(34)	
Telecom	443	143	975	202	398	
<b>Total</b>	<b>729</b>	<b>336</b>	<b>1,849</b>	<b>520</b>	<b>1,037</b>	
Less: Financial expenses	60	40	130	118	170	
Less: Other unallocable expenditure net-off unallocable income	56	37	260	156	232	
Less: Inventories / debtors write-off / provision	--	--	--	1,245	1,280	
<b>Total Profit before Tax</b>	<b>613</b>	<b>259</b>	<b>1,459</b>	<b>(999)</b>	<b>(645)</b>	
<b>Capital Employed</b> (Segment Assets - Segment Liabilities)						
Consulting	4,978	2,990	4,978	2,990	3,070	
Life Sciences	557	46	557	46	58	
Telecom	1,693	1,424	1,693	1,424	1,709	
Others - Unallocable	3,080	--	3,080	--	--	
<b>Total</b>	<b>10,308</b>	<b>4,460</b>	<b>10,308</b>	<b>4,460</b>	<b>4,837</b>	



**Megasoft Limited**

**Unaudited Financial Results for the quarter and nine months ended 30th September 2005**

Rs lakhs

	Particulars	Standalone				
		Unaudited Quarter ended		Unaudited 9 months ended		Audited Year ended
		30-Sep-2005	30-Sep-2004	30-Sep-2005	30-Sep-2004	31-Dec-2004
1	<b>Revenues</b>	<b>1,351</b>	<b>670</b>	<b>3,459</b>	<b>1,863</b>	<b>2,883</b>
2	Personnel costs	425	396	1,301	1,082	1,534
3	Purchase of hardware for System Integration	249	37	605	112	195
4	Operating Expenses	163	141	583	415	581
5	(Increase) / Decrease in Inventories	(63)	(135)	(183)	(167)	(300)
6	<b>Total Expenditure (2+3+4+5)</b>	<b>774</b>	<b>439</b>	<b>2,306</b>	<b>1,442</b>	<b>2,010</b>
7	<b>Operating Profit before Interest, Depreciation and Amortisation (1-6)</b>	<b>577</b>	<b>231</b>	<b>1,153</b>	<b>421</b>	<b>873</b>
8	Financial expenses	27	29	69	81	107
9	Depreciation and Amortisation	89	108	272	345	454
10	<b>Operating Profit after Interest, Depreciation and Amortisation (7-8-9)</b>	<b>461</b>	<b>94</b>	<b>812</b>	<b>(5)</b>	<b>312</b>
11	Other Income / (Expenses)	22	8	(31)	32	(46)
12	Inventories write-off	--	--	--	(679)	(679)
13	Provision / write-off of debtors	--	--	--	(311)	(309)
14	<b>Profit / (Loss) before tax (10+11+12+13)</b>	<b>483</b>	<b>102</b>	<b>781</b>	<b>(963)</b>	<b>(722)</b>
15	Provision for taxation					
	Current Tax	--	--	--	--	--
	Fringe benefit Tax	--	--	(10)	--	--
	Deferred Tax benefit / (expense)	--	--	--	--	30
16	Profit / (Loss) after Tax before prior period adjustments (14+15)	483	102	771	(963)	(692)
17	Less: Prior-period adjustments	--	--	--	--	(43)
18	Profit / (Loss) after Tax after prior period adjustments (16+17)	483	102	771	(963)	(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	1.90	0.40	3.03	(3.79)	(2.72)
	Diluted	1.83	0.40	2.92	(3.79)	(2.62)
22	Aggregate of non-promoters' shareholding					
	Number of Shares	18,465,472	16,713,676	18,465,472	16,713,676	17,344,585
	Percentage of holding (to total holding)	72.6%	65.7%	72.6%	65.7%	68.2%

**Segment-wise revenue, results and capital employed**

<b>Segment Revenue</b>						
	Consulting	276	335	1,067	1,099	1,570
	Life Sciences	13	--	13	--	--
	Telecom	1,062	335	2,379	764	1,313
	Total	1,351	670	3,459	1,863	2,883
	Less: Inter-segment revenue	--	--	--	--	--
	Net Sales Income from Operations	1,351	670	3,459	1,863	2,883
<b>Segment Results</b>						
	Profit / (Loss) before Tax & Interest from each segment					
	Consulting	83	19	12	46	245
	Life Sciences	4	--	4	--	--
	Telecom	447	108	970	70	236
	Total	534	127	986	116	481
	Less: Financial expenses	27	29	69	81	107
	Less: Other unallocable expenditure net-off unallocable income	24	(4)	136	8	108
	Less: Inventories / debtors write-off / provision	--	--	--	990	988
	Total Profit before Tax	483	102	781	(963)	(722)
<b>Capital Employed</b>						
	(Segment Assets - Segment Liabilities)					
	Consulting	2,770	2,249	2,770	2,249	2,276
	Life Sciences	--	--	--	--	--
	Telecom	2,967	1,405	2,967	1,405	1,699
	Others - Unallocable	3,080	--	3,080	--	--
	Total	8,817	3,654	8,817	3,654	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 debt	475
Business development / infrastructure / Working capital	460
	935

- 6 The Company issued / allotted 8,000 1.5% Foreign Currency Convertible Bonds ("FCCB") of USD 1,000 each on preferential basis on 16 September 2005 pursuant to the approval of the shareholders of the Company at the Extra-ordinary General Meeting held on 26 August 2005 and the in-principle listing approval from BSE, aggregating to USD 8 million. The FCCBs are convertible within three years i.e. 15 September 2008 at an initial conversion price of Rs 115 per equity share. The FCCBs have been listed on Luxembourg Stock Exchange on 22 September 2005. The proceeds from the issue of FCCBs have been utilised in the manner following:

	USD 000s
Strategic Investments in Subsidiaries	2,307
Capital Expenditure	108
FCCB issue expenses	337
	2,752
Balance funds in deposit accounts	5,248
	8,000

- 7 The Company has invested € 252,992 for 64% stake in Beam AG, Germany ("Beam"), as part of its strategic investment program by which Beam has become a subsidiary w.e.f. 1 October 2005. Beam is in existence for the past 5 years and will help the Company's entry into the German and European markets, which are dominated by telecommunication, engineering and automotive companies.
- 8 Figures reported for the corresponding quarter and nine months ended 30 September 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.
- 9 Previous years' figures have been regrouped, reclassified / 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 31 October 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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