



Megasoft Limited
Unaudited Financial Results for the First Quarter ended 31 March 2006

Rs lakhs

	Particulars	Consolidated			Standalone		
		Unaudited Quarter ended		Audited Year ended	Unaudited Quarter ended		Audited Year ended
		31/03/2006	31/03/2005	31/12/2005	31/03/2006	31/03/2005	31/12/2005
1	Revenues	3,589	2,626	11,543	1,197	1,118	5,531
2	Personnel costs	1,998	1,493	6,689	601	447	1,699
3	Operating Expenses	626	657	2,153	376	537	1,553
4	(Increase) / Decrease in Inventories	109	(51)	(10)	109	(51)	(11)
5	Total Expenditure (2+3+4)	2,733	2,099	8,832	1,086	933	3,241
6	Operating Profit before Interest, Depreciation and Amortisation (1-5)	856	527	2,711	111	185	2,290
7	Financial expenses	41	33	199	23	24	104
8	Depreciation and Amortisation	102	108	448	80	103	354
9	Operating Profit after Interest, Depreciation and Amortisation (6-7-8)	713	386	2,064	8	58	1,832
10	Other Income / (Expenses)	33	(13)	24	32	(13)	(6)
11	Profit / (Loss) before tax (9+10)	746	373	2,088	40	45	1,826
12	Provision for taxation						
	Current Tax	--	--	93	--	--	57
	Fringe benefit Tax	--	--	16	--	--	16
	Deferred Tax benefit / (expense)	--	--	(33)	--	--	(33)
13	Profit / (Loss) after Tax before extra ordinary items (11-12)	746	373	2,012	40	45	1,786
14	Less: Provision for diminution in value of Investments	--	--	--	--	--	1
15	Less: Minority Interest	(5)	--	1	--	--	--
16	Profit / (Loss) after Tax after extra ordinary items (13-14-15)	751	373	2,011	40	45	1,785
17	Paid-up Equity Share Capital (Rs.10 per share)	3,013	2,545	2,545	3,013	2,545	2,545
18	Paid-up Preference Share Capital (Rs 100 per share)	--	900	900	--	900	900
19	Reserves excluding revaluation reserves			2,203			1,979
20	Earnings per Share (Rs) (not annualised)						
	Basic	2.48	1.47	7.57	0.13	0.18	6.68
	Diluted	2.48	1.41	6.94	0.17	0.17	6.17
21	Aggregate of non-promoters' shareholding						
	Number of Shares	23,725,772	18,016,677	18,791,326	23,725,772	18,016,677	18,791,326
	Percentage of holding (to total holding)	78.8%	70.8%	73.8%	78.8%	70.8%	73.8%
Segment-wise revenue, results and capital employed							
	Segment Revenue						
	Consulting	2,029	2,014	7,585	239	569	2,166
	Life Sciences	301	21	431	31	--	18
	Telecom	1,259	591	3,527	927	549	3,347
	Total	3,589	2,626	11,543	1,197	1,118	5,531
	Less: Inter-segment revenue	--	--	--	--	--	--
	Net Sales Income from Operations	3,589	2,626	11,543	1,197	1,118	5,531
	Segment Results						
	Profit / (Loss) before Tax & Interest from each segment						
	Consulting	270	280	1,047	(23)	(48)	656
	Life Sciences	35	4	73	12	--	6
	Telecom	563	185	1,528	103	149	1,504
	Total	868	469	2,648	92	101	2,166
	Less: Financial expenses	41	33	199	23	24	104
	Less: Other unallocable expenditure net-off unallocable income	81	63	361	29	32	236
	Total Profit before Tax	746	373	2,088	40	45	1,826
	Capital Employed (Segment Assets - Segment Liabilities)						
	Consulting	4,472	3,607	4,377	2,680	2,471	2,717
	Life Sciences	350	2	161	31	--	5
	Telecom	4,086	2,069	3,177	3,700	2,068	3,177
	Others-Unallocable	1,537	--	1,672	1,537	--	1,672
	Total	10,445	5,678	9,387	7,948	4,539	7,571



Notes:

- 1) The Company secured a large multi-year contract from a US based Telecom Service Provider for supply and commissioning of XIUS "VOISE" platform.
- 2) In accordance with Accounting Standard 21 "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India, the consolidated financial statements of Megasoft Limited include the financial statements of all subsidiaries which are more than 50% owned and controlled. All material inter-company transactions and accounts are eliminated on consolidation.
- 3) Other income / (expenses) include Net Exchange gain / (loss) during the period.
- 4) Deferred tax in accordance with AS-22 (Accounting for Taxes on Income), if any, shall be made at the end of the current financial year.
- 5) No investor complaints were pending either at the beginning or at the end of the quarter. None were received during the quarter.
- 6) The Company issued equity shares of Rs 10 each during the quarter on various dates as detailed below:

	Issued on	No of equity shares
On conversion of FCCB aggregating to USD 2 million	23/01/2006	776,869
On conversion of 900,000 10% Convertible Redeemable Preference Shares of Rs 100 each	27/02/2006	1,800,000
On exercise of stock options under ESOP (XIUS) 2004	08/03/2006	1,328,125
On conversion of FCCB aggregating to USD 2 million	30/03/2006	773,391
		<u>4,678,385</u>
Outstanding equity shares at the beginning of the year	01/01/2006	25,448,400
Total equity shares outstanding at the end of the quarter	31/03/2006	<u><u>30,126,785</u></u>

- 7) The Company issued / allotted 7,00,000 Equity Warrants of Rs 50 each to a Promoter Director (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, on preferential basis on 28 February 2005.
- 8) The Company issued / allotted 8,000 1.5% Foreign Currency Convertible Bonds ("FCCB") of USD 1,000 each on 16 September 2005 aggregating to USD 8 million and are convertible into equity shares on or before 17 September 2008 at an initial conversion price of Rs 115 per equity share. The FCCB have been listed on Luxembourg Stock Exchange on 22 September 2005. The proceeds from the issue of FCCB have been utilised in the manner following:

	USD 000s
Strategic Investments in Subsidiary companies (Megasoft Consultants, Inc., US ("MCI") & Beam)	3,307
Loan to subsidiary companies (MCI & Beam)	739
Capital Expenditure	108
FCCB Interest	45
FCCB issue expenses	338
	<u>4,537</u>
Balance in short term deposit accounts with Banks overseas	<u>3,463</u>
	<u><u>8,000</u></u>

- 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 26 April 2006 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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