

MEGASOFT LIMITED

No.85, Kutchery Road, Mylapore, Chennai 600004


Unaudited Financial Results for the First Quarter ended 31 March 2007
Rs lakhs

	Particulars	Consolidated			Standalone		
		Unaudited		Audited	Unaudited		Audited
		Quarter ended	Year ended	Year ended	Quarter ended	Year ended	Year ended
		31/03/2007	31/03/2006	31/12/2006	31/03/2007	31/03/2006	31/12/2006
1	Revenues	6,505	3,589	17,833	4,707	1,197	10,418
2	Personnel costs	3,669	1,998	9,751	2,138	601	3,702
3	Operating Expenses	833	626	3,114	566	376	1,914
4	(Increase) / Decrease in Inventories	--	109	344	--	109	320
5	Total Expenditure (2+3+4)	4,502	2,733	13,209	2,704	1,086	5,936
6	Operating Profit before Interest, Depreciation and Amortisation (1-5)	2,003	856	4,624	2,003	111	4,482
7	Financial expenses	69	41	203	52	23	118
8	Depreciation and Amortisation	465	102	838	454	80	749
9	Operating Profit after Interest, Depreciation and Amortisation (6-7-8)	1,469	713	3,583	1,497	8	3,615
10	Other Income / (Expenses)	(108)	33	(66)	(109)	32	(152)
11	Profit / (Loss) before tax (9+10)	1,361	746	3,517	1,388	40	3,463
12	Provision for taxation						
	Current Tax	50	--	107	50	--	50
	Fringe benefit Tax	5	--	23	5	--	23
	Deferred Tax benefit / (expense)	97	--	123	97	--	123
13	Profit / (Loss) after Tax before extra ordinary items (11-12)	1,209	746	3,264	1,236	40	3,267
14	Less: Minority Interest	--	(5)	(33)	--	--	--
15	Profit / (Loss) after Tax after extra ordinary items (13-14)	1,209	751	3,297	1,236	40	3,267
16	Paid-up Equity Share Capital (Rs.10 per share)	3,180	3,013	3,177	3,180	3,013	3,177
17	Equity shares to be issued on amalgamation	1,248	--	1,248	1,248	--	1,248
18	Reserves excluding revaluation reserves			24,409			24,198
19	Earnings per Share (Rs) (not annualised)						
	Basic	2.74	2.48	9.30	2.79	0.13	9.31
	Diluted	2.71	2.48	9.22	2.77	0.17	9.23
20	Aggregate of non-promoters' shareholding						
	Number of Shares				25,065,608	23,725,772	25,053,983
	Percentage of holding (to total holding)				78.9%	78.8%	78.9%

Segment-wise revenue, results and capital employed

Segment Revenue							
	Consulting	4,141	2,330	10,892	2,343	270	4,283
	Telecom	2,364	1,259	6,941	2,364	927	6,135
	Total	6,505	3,589	17,833	4,707	1,197	10,418
	Less: Inter-segment revenue	--	--	--	--	--	--
	Net Sales Income from Operations	6,505	3,589	17,833	4,707	1,197	10,418
Segment Results							
	Profit / (Loss) before Tax & Interest from each segment						
	Consulting	345	305	1,102	308	(11)	827
	Telecom	1,254	563	3,187	1,287	103	3,154
	Total	1,599	868	4,289	1,595	92	3,981
	Less: Financial expenses	69	41	203	52	23	118
	Less: Other unallocable expenditure net-off unallocable income	167	81	569	154	29	400
	Total Profit before Tax	1,363	746	3,517	1,389	40	3,463
Capital Employed (See Note 3)							
(Segment Assets - Segment Liabilities)							



Notes :

- 1 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.
- 2 The financial results of the Company and the Group for the quarter ended 31 March 2007 include the financials of erstwhile VisualSoft Technologies Limited ("VisualSoft") for this period.
- 3 Fixed assets used in the Company's business and liabilities contracted, have not been identified to any of the primary reportable segments, as they are used interchangeably between segments consequent to the amalgamation of VisualSoft and realignment of business divisions.
- 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 issued equity shares of Rs 10 each during the quarter as detailed below:

	Issued on	No of equity shares
On exercise of stock options under ESOP 2001	29/03/2007	10,925
Outstanding equity shares at the beginning of the year	01/01/2007	31,768,893
Total equity shares outstanding at the end of the quarter	31/03/2007	<u>31,779,818</u>

- 6 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 conversion price of Rs 115 per equity share. FCCB have been listed on Luxembourg Stock Exchange on 22 September 2005. FCCB aggregating to USD 6 million have been converted into equity shares during 2006 on exercise of the conversion option. The proceeds from the issue of FCCB have been utilised in the manner following:

	USD 000s
Strategic investment in subsidiary companies	3,307
Loan to subsidiary companies	1,239
Capital Expenditure	108
FCCB Interest	60
FCCB issue expenses	<u>346</u>
	5,060
Balance in short term deposit accounts with Banks overseas	<u>2,940</u>
	<u>8,000</u>

- 7 Consequent to the amalgamation, the company reconstituted the Board by inducting Prof S Sadagopan, Mr Anil K Sood and Mr J Srihari Raju (who were directors on the Board of erstwhile Visualsoft) as Additional Directors. Mr Ben Hu and Mr Jan Erik Boers resigned as Directors due to personal reasons.
- 8 Previous years' figures have been regrouped, reclassified / rearranged wherever necessary.
- 9 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.
- 10 These results were taken on record by the Board of Directors at their Meeting held on 28 April 2007 after a review by the Audit Committee of the Company.

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

Place: Chennai
Date: 28 April 2007

GV Kumar
Managing Director