

MEGASOFT LIMITED

No.85, Kutchery Road, Mylapore, Chennai 600004

Unaudited Consolidated Financial Results for the 2nd Quarter and Half year ended 30 June 2008

Rs lakhs

	Particulars	Unaudited				Audited
		Quarter ended		Half year ended		Year ended
		30/06/2008	30/06/2007	30/06/2008	30/06/2007	31/12/2007
1	Revenues	8,498	6,011	17,527	12,516	29,717
2	Personnel costs	4,534	3,320	8,979	6,989	14,779
3	Operating Expenses	2,029	797	4,181	1,630	5,140
4	Total Expenditure (2+3)	6,563	4,117	13,160	8,619	19,919
5	Operating Profit before Interest, Depreciation and Amortisation (1-4)	1,935	1,894	4,367	3,897	9,798
6	Financial expenses	379	81	806	150	667
7	Depreciation and Amortisation	651	484	1,289	949	2,240
8	Operating Profit after Interest, Depreciation and Amortisation (5-6-7)	905	1,329	2,272	2,798	6,891
9	Other Income / (Expenses)	358	(349)	668	(457)	(1,213)
10	Profit before tax (8+9)	1,263	980	2,940	2,341	5,678
11	Provision for taxation					
	Current Tax	20	30	40	80	260
	Fringe benefit Tax	15	5	30	10	32
	Deferred Tax benefit / (expense)	15	--	150	97	(215)
12	Profit after Tax before extra ordinary items (10-11)	1,213	945	2,720	2,154	5,601
13	Less: Minority Interest	--	--	--	--	--
14	Profit after Tax after extra ordinary items (12-13)	1,213	945	2,720	2,154	5,601
15	Paid-up Equity Share Capital (Rs.10 per share)	4,427	4,427	4,427	4,427	4,427
16	Reserves excluding revaluation reserves					29,269
17	Earnings per Share (Rs) (not annualised)					
	Basic	2.74	2.13	6.14	4.87	12.65
	Diluted	2.69	2.11	6.03	4.84	12.52
18	Aggregate of public shareholding					
	Number of Shares	37,254,025	36,935,030	37,254,025	36,935,030	37,233,925
	Percentage of holding (to total holding)	84.16%	83.44%	84.16%	83.44%	84.11%

Segment-wise revenue, results and capital employed

Segment Revenue					
IT Services	3,321	3,562	6,799	7,703	15,233
Telecom	5,177	2,449	10,728	4,813	14,484
Total	8,498	6,011	17,527	12,516	29,717
Less: Inter-segment revenue	--	--	--	--	--
Net Sales Income from Operations	8,498	6,011	17,527	12,516	29,717
Segment Results					
Profit / (Loss) before Tax & Interest from each segment					
IT Services	540	192	1,092	537	2,859
Telecom	1,628	1,329	3,681	2,583	8,347
Total	2,168	1,521	4,773	3,120	11,206
Less: Financial expenses	379	81	806	150	667
Less: Other unallocable expenditure net-off unallocable income	526	460	1,027	629	4,861
Total Profit before Tax	1,263	980	2,940	2,341	5,678

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	Particulars	Unaudited				Audited
		Quarter ended		Half year ended		Year ended
		30/06/2008	30/06/2007	30/06/2008	30/06/2007	31/12/2007
1	Revenues	3,004	4,095	5,970	8,802	15,303
2	Personnel costs	1,415	1,686	3,029	3,824	7,151
3	Operating Expenses	241	480	575	1,046	2,133
4	Total Expenditure (2+3)	1,656	2,166	3,604	4,870	9,284
5	Operating Profit before Interest, Depreciation and Amortisation (1-4)	1,348	1,929	2,366	3,932	6,019
6	Financial expenses	187	61	300	113	333
7	Depreciation and Amortisation	416	474	830	928	1,911
8	Operating Profit after Interest, Depreciation and Amortisation (5-6-7)	745	1,394	1,236	2,891	3,775
9	Other Income / (Expenses)	669	(352)	949	(461)	(1,272)
10	Profit before tax (8+9)	1,414	1,042	2,185	2,430	2,503
11	Provision for taxation					
	Current Tax	20	30	40	80	250
	Fringe benefit Tax	15	5	30	10	32
	Deferred Tax benefit / (expense)	15	--	150	97	(215)
12	Profit after Tax (10-11)	1,364	1,007	1,965	2,243	2,436
13	Less: Provision for diminution in value of Investments	--	--	--	--	294
14	Profit / (Loss) after Tax after extra ordinary items (12-13)	1,364	1,007	1,965	2,243	2,142
15	Paid-up Equity Share Capital (Rs.10 per share)	4,427	4,427	4,427	4,427	4,427
16	Reserves excluding revaluation reserves					25,738
17	Earnings per Share (Rs) (not annualised)					
	Basic	3.08	2.27	4.44	5.07	5.51
	Diluted	3.02	2.25	4.36	5.03	5.48
18	Aggregate of public shareholding					
	Number of Shares	37,254,025	36,935,030	37,254,025	36,935,030	37,233,925
	Percentage of holding (to total holding)	84.16%	83.44%	84.16%	83.44%	84.11%

Segment-wise revenue, results and capital employed

Segment Revenue					
IT Services	334	1,646	711	3,989	7,379
Telecom	2,670	2,449	5,259	4,813	7,924
Total	3,004	4,095	5,970	8,802	15,303
Less: Inter-segment revenue	--	--	--	--	--
Net Sales Income from Operations	3,004	4,095	5,970	8,802	15,303
Segment Results					
Profit / (Loss) before Tax & Interest from each segment					
IT Services	60	153	116	461	2,765
Telecom	1,335	1,352	2,339	2,639	3,747
Total	1,395	1,505	2,455	3,100	6,512
Less: Financial expenses	187	61	300	113	333
Less: Other unallocable expenditure net-off unallocable income	(206)	402	(30)	557	3,676
Total Profit before Tax	1,414	1,042	2,185	2,430	2,503

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Notes:

- 1 The financial results of the Group for the previous year ended 31 December 2007, include the financials of *bcgi* and its subsidiaries w.e.f. 30 August 2007, subsequent to the acquisition. Hence, the results for the quarter ended 30 June 2008 are not strictly comparable with the previous period.
- 2 The financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as set out in the Accounting Standard on Consolidated Financial Statements of the Companies (Accounting Standards) Rules, 2006, of the provisions of the Companies Act, 1956. All material inter-company accounts are eliminated on consolidation.
- 3 The standalone financial results are available with the Stock Exchanges where the company's securities are listed and are also posted on the company's website www.megasoft.com.
- 4 Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the primary reportable segments, as they are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities have been made.
- 5 Provision for taxation has been made in accordance with Section 115JB of the Income Tax Act, 1961.
- 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 / other companies	6,247
Loan to subsidiary companies	1,239
Capital Expenditure	108
FCCB Interest	60
FCCB issue expenses	346
	<u>8,000</u>

- 7 The Company issued 2,250,000 warrants of Rs 128 each (including premium of Rs 118) to a promoter on preferential basis on 22 June 2007. The warrants are convertible into equivalent number of equity shares of the face value of Rs 10 each within a period of eighteen months. The amount of Rs 288 lakhs, being 10% of the face value of warrants, received in terms of the issue is used as margin money for long term working capital requirements of the company.
- 8 No investor complaints were pending either at the beginning or at the end of the quarter. None were received during the quarter.
- 9 Previous years' figures have been regrouped, reclassified / rearranged wherever necessary to conform to current year's presentation.
- 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 29 July 2008 after a review by the Audit Committee of the Company.

By Order of the Board
for MEGASOFT LIMITED

Place: Hyderabad
Date: 29 July 2008

GV Kumar
Managing Director