

MEGASOFT LIMITED

No.85, Kutchery Road, Mylapore, Chennai 600004


Unaudited Consolidated Financial Results for the 3rd Quarter and 9-month period ended 30 September 2008
Rs lakhs

	Particulars	3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for current period ended	Year to date figures for the previous year ended	Previous accounting year ended
		30-09-2008	30-09-2007	30-09-2008	30-09-2007	31-12-2007
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income					
a	Net Sales / Income from Operations	7,064	7,681	24,591	20,197	29,717
b	Other Operating income / (expense)	1,222	(401)	1,885	(906)	(1,314)
	Total Income	8,286	7,280	26,476	19,291	28,403
2	Expenditure					
a	Personnel costs	4,856	3,939	13,835	10,928	14,779
b	Operating Expenses	2,031	1,098	6,212	2,728	5,140
	Total Expenditure	6,887	5,037	20,047	13,656	19,919
3	Operating Profit before Interest and Depreciation (1-2)	1,399	2,243	6,429	5,635	8,484
4	Depreciation and Amortisation	665	585	1,954	1,534	2,240
5	Operating Profit before Interest (3-4)	734	1,658	4,475	4,101	6,244
6	Finance cost	484	122	1,290	272	667
7	Operating Profit after Interest and Depreciation (5-6)	250	1,536	3,185	3,829	5,577
8	Other Income / (Expense)	17	16	22	64	101
9	Exceptional items	--	--	--	--	--
10	Profit before tax (7+8-9)	267	1,552	3,207	3,893	5,678
11	Provision for taxation	50	(77)	270	110	77
12	Profit after tax (10-11)	217	1,629	2,937	3,783	5,601
13	Less: Minority Interest	--	--	--	--	--
14	Profit for the period (12-13)	217	1,629	2,937	3,783	5,601
15	Paid-up Equity Share Capital (Rs.10 per share)	4,427	4,427	4,427	4,427	4,427
16	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year					29,269
17	Earnings per Share before extraordinary items for the period, for the year to date and for the previous year (Rs) (not annualised)					
	Basic	0.49	3.68	6.63	8.55	12.65
	Diluted	0.49	3.64	6.48	8.46	12.52
18	Public Shareholding					
	Number of Shares	37,255,117	37,233,925	37,255,117	37,233,925	37,233,925
	Percentage of shareholding	84.16%	84.11%	84.16%	84.11%	84.11%

Segment-wise revenue, results and capital employed

Segment Revenue					
IT Services	3,227	3,706	10,026	11,409	15,233
Telecom	3,837	3,975	14,565	8,788	14,484
Total	7,064	7,681	24,591	20,197	29,717
Less: Inter-segment revenue	--	--	--	--	--
Net Sales Income from Operations	7,064	7,681	24,591	20,197	29,717
Segment Results					
Profit before Tax & Interest from each segment					
Consulting	662	855	1,754	2,230	2,859
Telecom	1,688	1,950	5,369	4,644	8,347
Total	2,350	2,805	7,123	6,874	11,206
Less: Finance cost	484	122	1,290	272	667
Less: Other unallocable expenditure net-off unallocable income	1,599	1,131	2,626	2,709	4,861
Total Profit before Tax	267	1,552	3,207	3,893	5,678

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		30-09-2008	30-09-2007	30-09-2008	30-09-2007	31-12-2007
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income					
a	Net Sales / Income from Operations	2,257	2,122	8,227	10,924	15,303
b	Other Operating income / (expense)	968	(400)	1,925	(908)	(1,336)
	Total Income	3,225	1,722	10,152	10,016	13,967
2	Expenditure					
a	Personnel costs	1,758	795	4,787	4,619	7,151
b	Operating Expenses	208	259	783	1,305	2,133
	Total Expenditure	1,966	1,054	5,570	5,924	9,284
3	Operating Profit before Interest and Depreciation (1-2)	1,259	668	4,582	4,092	4,683
4	Depreciation and Amortisation	418	486	1,248	1,414	1,911
5	Operating Profit before Interest (3-4)	841	182	3,334	2,678	2,772
6	Finance cost	245	117	545	230	333
7	Operating Profit after Interest and Depreciation (5-6)	596	65	2,789	2,448	2,439
8	Other Income / (Expenses)	13	--	5	47	64
9	Exceptional items	--	--	--	--	--
10	Profit before tax (7+8-9)	609	65	2,794	2,495	2,503
10	Provision for taxation	50	(77)	270	110	67
12	Profit after tax (10-11)	559	142	2,524	2,385	2,436
13	Less: Provision for diminution in value of Investments	--	--	--	--	--
14	Profit for the period (12-13)	559	142	2,524	2,385	2,436
15	Paid-up Equity Share Capital (Rs.10 per share)	4,427	4,427	4,427	4,427	4,427
16	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year					25,738
17	Earnings per Share before extraordinary items for the period, for the year to date and for the previous year (Rs) (not annualised)					
	Basic	1.26	0.33	5.70	5.39	5.51
	Diluted	1.24	0.34	5.58	5.35	5.48
18	Aggregate of public shareholding					
	Number of Shares	37,255,117	37,233,925	37,255,117	37,233,925	37,233,925
	Percentage of holding (to total holding)	84.16%	84.11%	84.16%	84.11%	84.11%

Segment-wise revenue, results and capital employed

Segment Revenue					
IT Services	258	1,579	969	5,568	7,379
Telecom	1,999	543	7,258	5,356	7,924
Total	2,257	2,122	8,227	10,924	15,303
Less: Inter-segment revenue	--	--	--	--	--
Net Sales Income from Operations	2,257	2,122	8,227	10,924	15,303
Segment Results					
Profit before Tax & Interest from each segment					
Consulting	35	840	151	2,118	2,765
Telecom	2,225	264	4,564	3,014	3,747
Total	2,260	1,104	4,715	5,132	6,512
Less: Finance cost	245	117	545	230	333
Less: Other unallocable expenditure net-off unallocable income	1,401	921	1,371	2,406	3,676
Total Profit before Tax	614	66	2,799	2,496	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 September 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 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.
- 4 Provision for taxation include current tax, deferred tax and fringe benefit tax.
- 5 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
	<hr/>
	8,000

FCCB aggregating to USD 2 million due for redemption on 17 September 2008 have been negotiated for extension of time by two months with the consent of the lender.

- 6 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.
- 7 No investor complaints were pending either at the beginning or at the end of the quarter. None were received during the quarter.
- 8 Previous years' figures have been regrouped, reclassified / rearranged wherever necessary to conform to current period's presentation.
- 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 30 October 2008 after a review by the Audit Committee of the Company.
- 11 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.

By Order of the Board
for MEGASOFT LIMITED

Place: Hyderabad
Date: 30 October 2008

GV Kumar
Managing Director