

Megasoft Q2 Net profits grows by 74%  
Telecom Revenues grows by 78%to Rs. 13.83 crores; 43% of revenues now from products sales

**Chennai, July 25, 2006**

### **Highlights**

Consolidated results for the quarter ended June 30, 2006  
Revenues was Rs. 37.72 crore for the second quarter ended June 30, 2006; YoY growth of 42%

Net profit was Rs. 8.07 crore for the quarter ended June 30, 2006; YoY growth of 74%

Earnings per share increased to Rs. 2.57 from Rs. 1.75 for the corresponding quarter in the previous year; YoY growth of 47%  
Consolidated results for the half year ended June 30, 2006  
Revenues was Rs. 73.61 crore for the half ended June 30, 2006; YoY growth of 39%

Net profit was Rs. 15.53 crore for the half year ended June 30, 2006; YoY growth of 85%  
Megasoft Limited (BSE CODE NO:532408), a transnational Intellectual Property-driven, product-based technology company, has reported PAT of Rs. 8.07 crore for the quarter ended June 30, 2006 as compared to Rs. 4.63 crore in the corresponding quarter last year. The revenues grew by 42% to touch a new high of Rs.37.72 crore for the quarter ended June 30, 2006 (Rs.26.61 crore in Q2FY05).

Product revenues for the quarter have grown by 79% to Rs.16.29 crores from Rs. 9.10 crores.

Share of products revenues was 43.2% of Q2FY06 revenue, higher than 34.2% of revenues in Q2FY05.

Customer acquisition led growth  
Megasoft acquired four new telecom clients during the quarter, giving impetus to new customer acquisition led growth strategy of the company

Commenting on the results, Mr. GV Kumar, Managing Director & CEO, Megasoft Ltd., said, "Our focus for growth in the US and Europe markets continue to be strong. Growth during the quarter is driven mainly by the telecom segment. Also our composition of the telecom revenues is changing from pure product license revenues to more ASP based and end to end solution revenues. As on date we are on course to meeting our yearly targeted revenues and bottomline"

R&D team is continuously working on new and innovative products and solutions for the telecom markets and Megasoft continues to invest in creating a strong training and recruitment engine to meet its R&D and growth objectives.