

Megasoft Ltd. returns to profitability in Q1FY10

Financial highlights for first quarter ended in March 2010:

- o The company which posted a loss of Rs. 4.57 crores for the quarter ended December 2009, has returned back to profitability in Q1 2010, posting a net profit of Rs.4.17 Crore.
- o EPS jumps to Rs 0.94r.
- o EBIDTA stands at Rs 12.84 crore.
- o Operational profit increases both Q on Q and Y on Y basis.
- o Improved cash collections results in debtor days reduced to 110 days from 240 days Y on Y basiso.
- o Strong cash flows enabled the company to retire Rs. 26 crore of Debt during the quarter alone.
- o Growth in US Pre-paid mobile market benefitting the company through increased revenues from this sector.

Hyderabad, May 13, 2010: - Megasoft Limited (BSE CODE NO:532408), a transnational Intellectual Property-driven, product-based telecommunications technology company, has reported a robust financial performance for the quarter ending 31 Mar 2010. While the company's revenues declined after the divestment of its IT Services (BlueAlly division) last year, it returned profitability on the back of cost of a good performance by the telecom division.

"The company is clearly seeing growth back in the telecom sector. With all the cost optimization measures put in place last year, we are operating on a 30% EBITDA levels currently. The company has been generating operating cash surplus months on month since November 2009, which is helping in debt reduction and thus reducing the interest cost burden." said GV Kumar, Managing Director, Megasoft Ltd.

"We are witnessing a good business momentum in the wireless markets. We are particularly encouraged by some of the recent wins and new product launches, that have the potential to give us significant growth this year" he added.