

Helios & Matheson Net Profit up 105%

Revenue growth 81%; operating margin up by 71%

Chennai, April 24, 2006

Business and financial highlights

Financial highlights for the quarter ended March 31, 2006

- Income was Rs. 62.33 crore for the fourth quarter, an increase of 72% over the corresponding quarter in the previous year.
- Operating profit was Rs. 16.31 crore reflecting an increase of 59%.
- Net profit increased to Rs. 11.29 crore vis-à-vis Rs. 5.98 crore for Q4 FY05, an increase of 89%.
- Earnings per share (annualized) for the quarter ended March 31, 2006 was Rs. 22.57 (post the 1:1 bonus issue of shares distributed on November 7, 2005).

Financial highlights for the year ended March 31, 2006

- Income for the year was Rs. 221.36 crore, as compared to Rs. 122.31 crore for FY05, an increase of 81% YoY.
- Operating profit for FY06 was Rs. 56.69 crore, a jump of 71% in comparison to the previous year.
- Net profit after tax was Rs. 38.14 crore reflecting a 105% growth compared to FY05.
- Cash and cash equivalents as on March 31, 2006 stands at Rs. 28.06 crore.
- Earnings per share was Rs. 19.06. On an expanded capital base post 1:1 bonus, the company has in fact increased the EPS to Rs. 19.06 from Rs. 18.58 in FY05 and this is testimony to our relentless focus on bottomline.

V. Ramachandiran, Chairman, said, “**This is a landmark year for us with 3 important milestones:**

- Helios & Matheson has completed 15 years of consistent profitable growth
- TACT Inc. (Nasdaq Capital Market: TACX) has become a subsidiary of Helios & Matheson
- Revenues are expected to touch a record USD 88 mn this fiscal.”

PRESS RELEASE

Business highlights

- Acquired 43% stake in TACT Inc., NY, USA (Nasdaq Capital Market: TACX), a healthcare focused company.
- Business Today ranked Helios & Matheson among India's most valuable companies (2005).
- Business Standard listed Helios & Matheson among "BS 1000: India's Corporate Giants" by sales and market capitalization.
- We featured in the '30 Fastest growing IT Services companies' in the NASSCOM 2005 survey.
- Issued 1:1 bonus in November 2005.

Growth plans and business outlook

Guidance for the year ending March 31, 2007

- Income is projected to be in the range of Rs. 394.16 crore and Rs. 394.72 crore.
- Net profit after tax is projected to be in the range of Rs. 55.57 crore and Rs. 55.65 crore.

G.K. Muralikrishna, Managing Director said, "**Helios & Matheson recorded yet another year of strong momentum. We strongly believe that disciplined execution of our strategy and excellence in operations have led to 105% growth in profit.**"

About Helios & Matheson Information Technology Limited

Helios & Matheson Information Technology Ltd is a 15-year old IT services organization with its corporate headquarters in Chennai, India and subsidiaries and offices in USA, Singapore and Bangalore. The range of service offerings is one of the most comprehensive in the industry and spans the entire software services lifecycle, from application development and integration to application life cycle management. Helios & Matheson has a strong client focus backed by internationally certified quality processes and a global delivery model. The company's ability to manage large client relationships, extensive industry specific knowledge and experience, and delivery excellence are some of its important differentiators. For more information visit us at www.heliosmatheson.com.

This release includes statements that are not historical in nature and that may be characterized as "forward-looking statements," including those related to future financial and operating results, benefits and synergies of the company's brands and strategies, future opportunities and the growth of the healthcare insurance market. You should be aware that Helios & Matheson's actual results could differ materially from those contained in the forward-looking statements, which are based on current expectations of the Helios & Matheson management and are subject to a number of risks and uncertainties, including, but not limited to, Helios & Matheson's ability to integrate acquired operations and employees. These and other factors are described in Helios & Matheson's Annual Report for the fiscal year 2005. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.