



PRESS RELEASE

Helios & Matheson net profit jump 89% *Income up 73%, Operating Profit 62% YoY*

Chennai, January 19, 2006

Helios & Matheson Information Technology Ltd, leading Healthcare focused IT services organization, today announced financial results for its third quarter and nine months ended December 31, 2005.

Highlights for the quarter and nine months ended December 31, 2005

Results for the quarter ended December 31, 2005

- Income was Rs. 56.56 crore for the third quarter ended December 31, 2005, an increase of 73% over the corresponding quarter in the previous year.
- Operating profit was Rs. 14.64 crore vis-à-vis Rs 9.06 crore for Q3 FY 2005, representing a YoY growth of 61.6% and sequential growth of 7.25%.
- Net Profit grew YoY to Rs. 10.14 crore vis-à-vis Rs 5.35 crore, an increase of 89.44%.
- Earnings per share (annualized) was Rs. 20.26 (adjusted for the 1:1 bonus issue of shares distributed on November 7, 2005) compared to Rs. 21.39 (annualized) for the corresponding quarter in the previous year.

Results for the nine months ended December 31, 2005

- Income for nine months ended December 31, 2005 was Rs. 159.03 crore, an increase of 85.23% over the corresponding period in the previous year.
- Operating profit for nine months ended December 31, 2005 increased to Rs 40.38 crore from Rs 22.80 crore for the corresponding period in the previous year, an increase of 77.1%.
- Net profit after tax for nine months ended December 31, 2005 was Rs.26.85 crore vis-à-vis Rs 12.59 crore for nine months ended December 31, 2004
- Our cash and cash equivalents as on December 31, 2005 was Rs 32.35 crore.

“We are seeing strong traction in the IT spend of our top 10 clients, especially those in the healthcare space. Our value proposition to clients remains strongly differentiated despite the increasing presence of global competitors. We continue to focus on scalability and differentiation, which are key to rapid growth and delivery of higher value to customers” said V. Ramachandiran, Chairman.

Growth plans and business outlook

Guidance for the fiscal year ending March 31, 2006*

- Income is expected to be in the range of Rs. 220.02 crore and Rs. 220.82 crore.
- Net profit after tax is expected to be in the range of Rs. 36.4 crore and Rs 37.2 crore.

G.K. Muralikrishna, Managing Director, Helios & Matheson said, **“Cash flows continue to be strong. Margins have stabilized and we expect to close FY 2006 with net margin of 17%, an increase of 2% over FY 2005.”**

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.