

STOCK EXCHANGES – UPDATE



Chennai, February 13, 2006

We wish to inform you that Helios & Matheson has initiated arbitration proceedings and has appointed its arbitrator viz Hon. Justice Shri N.V. Balasubramanian, Retd Judge, High Court, Madras on Friday, February 10, 2006. This is in response to certain information received from the Escrow Agents, PricewaterhouseCoopers Private Ltd and Khaitan & Co., to the Share Purchase Agreement, which we had entered into with the Sellers, vMoksha Mauritius, on May 11, 2005 for 100% acquisition of the 3 vMoksha entities in India, Singapore and USA. We believe that the current proceedings will in no way impact our investment, or revenue and profit guidance for Financial Year 2005-2006.

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.