



PRESS RELEASE

Helios & Matheson announces bonus issue of shares in the ratio of 1:1

Chennai, India – August 16, 2004 - The Board of Directors of Helios & Matheson Information Technology Limited today proposed a bonus issue of shares in the ratio of 1:1 (one share for every one share held). The bonus shares will be issued after obtaining shareholder approval at the Annual General Meeting of the Company on September 28, 2004.

Mr Ramachandiran, Chairman, said, 'Capital restructuring is a continuous process at Helios & Matheson and the bonus issue is proposed to align the equity capital in line with the capital employed in the business.'

The bonus issue is intended to reward shareholders for their loyalty and continuing support for the Company. The bonus issue will also improve the trading liquidity of the Company's shares and consequently encourage a wider spread of shareholders.

The bonus issue will be made by capitalizing a part of the Company's reserves. The paid-up share capital of the Company would increase from Rs 5 crore to Rs 10 crore consequent to the bonus issue.

Mr Muralikrishna, Managing Director, said, 'Helios & Matheson has a strong track record of uninterrupted profitability and dividend distribution. We believe that we can continue to meet our commitment to our shareholders on an expanded capital base.'

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About Helios & Matheson Information Technology Limited

Founded in 1991, Helios & Matheson provides high quality and cost effective technology services to clients globally. The range of service offerings is one of the most comprehensive in the industry and spans the entire software services lifecycle, including application development and integration, application life cycle management, enterprise application systems, and enterprise systems management. Our ability to manage large client relationships, our extensive industry specific knowledge and experience, and delivery excellence are some of our important differentiators. For more information, contact Mr Narasimha Nayak at +91 44 2820 0480 or visit us at www.heliosmatheson.com.