



PRESS RELEASE

Helios & Matheson acquires 2 more companies

Forays into Healthcare and Insurance sectors; deal size \$ 7.5 million

Chennai - August 31, 2004 - Helios & Matheson Information Technology Ltd, the Chennai based IT company, today announced it has acquired 2 more companies - Maruthi Info Tech Inc, USA (Maruthi) and Jayamaruthi Software Systems Private Limited, Chennai (Jayamaruthi).

Maruthi is a US based entity that was established in 1999 and has grown over the last 5 years into a USD 5 mn company with a track record of high profitability. Maruthi has a strong presence in the healthcare and insurance space with close to 80% of its billings coming from these 2 sectors. Further, Maruthi has done end-to-end solution planning and implementation for its clients thereby garnering unparalleled domain expertise in the healthcare and insurance space. The company has US and offshore development centers that help it provide quick and cost effective solutions to clients.

Jayamaruthi, an ISO 9001:2000 certified company, was established in 1999. It specializes in the design, build and integration of business solutions and products. Its clients include medium and large enterprises in the healthcare and insurance space. It also serves as the offshore development arm of Maruthi.

The deal size is USD 7.5 million and comprises payment in cash as well as earn-out on achieving targeted financial milestones over a two-year period ending August 2006.

'We are very excited about this transaction,' said V Ramachandiran, Chairman, Helios & Matheson. 'Healthcare is a very important vertical for us and Maruthi's clients are market leaders in this space.'

'H&M has a history of growing through acquisitions. We acquired The Laxmi Group, Inc and SystemLogic Solutions Limited in 2001 and have integrated both companies seamlessly, positively, and profitably into our fold,' said GK Muralikrishna, Managing Director, Helios & Matheson.

'The merger with Helios & Matheson is a perfect fit with our business strategy and our competencies,' said Pat Krishnan, co-founder and CTO, Maruthi, who was on a visit to India from the US for signing the deal.

Skanda K Ganesan, CEO, Jayamaruthi, said 'the strong overseas marketing infrastructure of Helios & Matheson will enable us expand our client base in the healthcare insurance vertical.'

Helios & Matheson, which has an uninterrupted record of profits and dividend distribution since inception, plans for an aggressive growth to USD 100 mn revenue through strong organic growth complimented by a judicious and focused acquisition strategy. The company is also planning to attain a critical mass of 2000 employees by 2006.

Helios & Matheson had recently announced a bonus issue of shares in the ratio of 1:1 (one share for every one share held). The bonus issue was 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.



PRESS RELEASE

About Helios & Matheson Information Technology Limited

Helios & Matheson Information Technology Ltd is a 13-year-old Information Technology services organization with its corporate headquarters in Chennai, India and offices and subsidiaries at 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, including application development and integration, application life cycle management, enterprise application systems, and enterprise systems management. Currently with a team of over 500 people, Helios & Matheson has a strong client focus backed by a powerful suite of services, quality processes that follow ISO 9001:2000 norms, solutions that cover a wide range of business areas and a global delivery model. The company believes that there is more to IT than technology and 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 visit us at www.heliosmatheson.com.

For Further Information Please Contact: Beerendra Jha/ Jhon, Tel: (44) 5214 5229,
Mobile: 98411 31104/ 98403 98856.