

Helios & Matheson net profit up 100% ***Posts Rs 9.06 crore net profit this quarter***

Chennai, October 20, 2005

Helios & Matheson Information Technology Ltd, leading Healthcare focused IT services organization, today announced financial results for its second quarter ended September 30, 2005.

Business and financial highlights for the quarter ended September 30, 2005

Financial highlights

- Net profit after tax was Rs. 9.06 crore vis-à-vis Rs 4.52 crore for Q2 FY 2005, representing a YoY growth of 100.4% and a sequential growth of 18.3%.
- Income grew by 85.5%, over the corresponding quarter of the previous year, from Rs 28.46 crore to Rs 52.8 crore.
- Operating profit for the quarter up by 73%, from Rs 7.89 crore to Rs 13.65 crore over the corresponding period in the previous year.
- Earnings per share (annualized) was Rs. 36.22 compared to Rs. 36.14 (annualized) for the corresponding quarter in the previous year.
- Income for the half-year ended September 30, 2005 was Rs. 102.47 crore, an increase of 92.7% over the corresponding period in the previous year.
- Operating profit for H1 increased to Rs 25.74 crore from Rs 13.74 crore for the corresponding period in the previous year, an increase of 87.3%.
- Net profit after tax for the half-year ended September 30, 2005 was Rs.16.72 crore vis-à-vis Rs 7.24 crore for H1 2005.
- Our cash and cash equivalents as on September 30, 2005 was Rs 31 crore.

“Helios & Matheson continues to enjoy the confidence of large marquée clients. We have seen significant ramp-up in the IT spend of our healthcare clients. Healthcare contributes 37% of our revenue. Europe too is showing strong traction particularly in the healthcare segment” said V Ramachandiran, Chairman.

Business highlights

- Helios & Matheson announced its decision to invest Rs 75 crore in additional facilities in line with the company’s growth plans. The company plans to invest approximately Rs 25 crore this year in phase one of the project, which has the potential to grow to 400 people. Helios & Matheson will invest another Rs 50 crore in the following 2 years in phase two expansion in Tier II cities like Coimbatore.

PRESS RELEASE



- 1:1 bonus issue approved at the AGM on September 28, 2005. Record date for bonus issue set as October 29, 2005.
- The company maintained its dividend record and returned Rs 15 million to shareholders through a 15% dividend.

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, **“Our performance was the result of disciplined execution. Our relentless focus on the bottomline has resulted in robust growth in profits this quarter. Our expansion into Tier II cities will drive down costs further, leading to margin expansion.”**

About Helios & Matheson Information Technology Limited

Helios & Matheson Information Technology Ltd is a 14-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.



PRESS RELEASE

Financial Results of Helios & Matheson

in Rs lakhs except per share data

	Quarter ended Sept 30,		Half year ended Sept 30,	
	2005	2004	2005	2004
INCOME	5,279.69	2,846	10,247.41	5,317
Software services and administrative expenses	3,914.35	2,057	7,672.88	3,943
PROFIT BEFORE INTEREST, DEPRECIATION AND TAXATION	1,365.34	789	2,574.53	1,374
Interest	102.24	86	199.46	164
Depreciation	298.05	202	597.13	392
PROFIT BEFORE TAX	965.05	501	1,777.94	818
Provision for taxation	24.00	26	45.00	51
PROFIT AFTER TAX	941.05	475	1,732.94	767
Provision for deferred tax	35.00	23	61.00	43
PROFIT AFTER DEFERRED TAX	906.05	452	1,671.94	724
Paid-up equity share capital	1,000.50	500	1,000.50	500
Reserves (excluding revaluation reserves)	6,443.65	4,243	6,443.65	4,243
Earning per share (annualized)	36.22*	36.14	33.42*	28.95
Cash Earnings per share (annualized)	48.14*	52.29	45.36*	44.62
Book value per share (annualized)	74.4*	94.80	74.4*	94.80
Number of shares (lakhs)	100.05	50.03	100.05	50.03

* adjusted for the 1:1 bonus issue of shares distributed on October 30, 2004