

Helios & Matheson Q2 income up 80%

Cash position at Rs.142 crore

Chennai, October 25, 2006

Helios & Matheson Information Technology Ltd, leading Healthcare focused IT services company, today announced the financial results for its second fiscal quarter of 2006 ended September 30.

Business and Financial Highlights

Financial highlights for the quarter ended September 30, 2006

- Income was Rs. 95.20 crore for the second quarter ended September 30, 2006; an increase of 80% over comparable income for the corresponding quarter in the previous year.
- Operating profit stood at Rs. 20.22 crore, up from Rs.13.65 crore in Q2 FY 2006; reflecting a 48% increase.
- Net profit increased to Rs. 14.27 crore; 58% growth YoY.
- Earnings per share (annualized) for the quarter ended September 30, 2006 was Rs. 28.53.
- Cash and cash equivalents as on September 30, 2006 was Rs. 141.87 Crore.

"Cash flows continue to be strong. Margins have stabilized due to several proactive measures taken earlier." said G. K. Muralikrishna, Managing Director.

Business highlights

- Credit Suisse invests USD 5 million via the green-shoe option at a further premium of \$ 3841.50 per bond.
- Ranked 426 in the ET 500 survey (August 2006)
- Ranked 17th in the Dataquest Survey (DQ Top 20: The Big & the Best).
- Employee strength at the end of the quarter was 1,479.

Over the last two quarters, we have been witnessing a phenomenal growth in HIT (Healthcare IT) investment by our clients in the life sciences, healthcare insurance, and HMO (Health Maintenance Organizations) space.

Gartner too has identified HIT as one of the 6 key IT Trends that will have significant impact on the IT industry.

The Gartner research report states, "Healthcare has historically underinvested in IT, however, this is changing. Gartner analysts predict that by 2009, healthcare investments in IT will increase by more than 50 percent."

"Our value proposition to clients remains strongly differentiated. We have added several strategic clients, which have the potential to grow into multi-million dollar accounts. We are strengthening our client relationship management framework," said V. Ramachandiran, Chairman.

Growth plans and business outlook

Guidance for the year ending March 31, 2007

Income projected to be in the range of Rs. 394.16 crore and Rs. 394.72 crore.
Net profit after tax projected to be in the range of Rs. 55.57 crore and Rs. 55.65 crore.

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.