

**SUBEX LTD**

Registered office: Adarsh Tech Park, Outer Ring Road, Devarabisanahalli, Bangalore - 560 037

**Unaudited Financial Results for the Nine Months ended December 31, 2008 - CONSOLIDATED**

*(Rs. In Millions)*

	CONSOLIDATED				
	Quarter Ended 31st December		Nine Months Ended 31st December		For the year Ended 31st March
	2008	2007	2008	2007	2008
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Sales - Product & Product related[Refer Note 3]	1,279.03	1,112.48	3,459.69	2,832.64	3,618.48
- Services	327.73	309.68	927.29	935.98	1,237.43
<b>Net Sales</b>	<b>1,606.76</b>	<b>1,422.16</b>	<b>4,386.98</b>	<b>3,768.62</b>	<b>4,855.91</b>
Other Income	14.48	3.16	66.68	23.11	24.33
<b>Income from Operations</b>	<b>1,621.24</b>	<b>1,425.32</b>	<b>4,453.66</b>	<b>3,791.73</b>	<b>4,880.24</b>
Expenditure					
- Cost of Hardware, Software & Services	47.20	3.71	79.08	35.09	84.47
- Personnel Cost	951.59	1,054.35	2,988.22	3,122.39	4,022.37
- Other Expenditure	219.70	278.08	657.98	922.88	1,192.59
- Provision for Bad & Doubtful Debts	50.34	50.00	50.34	150.00	290.35
<b>- Total</b>	<b>1,268.83</b>	<b>1,386.14</b>	<b>3,775.62</b>	<b>4,230.36</b>	<b>5,589.78</b>
<b>Profit / (Loss) before Interest, Taxes, Depreciation &amp; amortisation and Exceptional items</b>	<b>352.40</b>	<b>39.18</b>	<b>678.04</b>	<b>(438.63)</b>	<b>(709.54)</b>
- Depreciation and amortisation	58.46	38.98	176.64	122.40	184.04
<b>Profit / (Loss) before Interest, Taxes and Exceptional items</b>	<b>293.95</b>	<b>0.20</b>	<b>501.40</b>	<b>(561.03)</b>	<b>(893.58)</b>
- Interest	113.34	94.16	319.26	235.07	325.47
<b>Profit / (Loss) Before Exceptional items &amp; Tax</b>	<b>180.61</b>	<b>(93.96)</b>	<b>182.14</b>	<b>(796.10)</b>	<b>(1,219.05)</b>
Exceptional Items					
- Exchange Gain/(Loss) on restatement of FCCBs	(304.20)	70.20	(1,564.20)	688.50	607.50
- Exchange Gain/(Loss) - Mark to Market Losses on Option contracts	(8.29)	-	(95.80)	-	(5.50)
<b>Profit / (Loss) Before Tax</b>	<b>(131.88)</b>	<b>(23.76)</b>	<b>(1,477.86)</b>	<b>(107.60)</b>	<b>(617.05)</b>
Taxes					
Income Tax	24.41	10.45	49.24	37.58	24.44
MAT Credit Carried forward	-	(7.77)	-	(25.74)	(10.04)
Fringe Benefit Tax	1.17	4.19	3.66	7.92	11.93
Deferred Tax	-	12.10	-	48.02	37.33
<b>Net Profit / (Loss) for the period</b>	<b>(157.47)</b>	<b>(42.73)</b>	<b>(1,530.76)</b>	<b>(175.38)</b>	<b>(680.71)</b>
Paid up Share Capital	348.47	348.45	348.47	348.45	348.47
- Equity (Face value of Rs.10/-)					
Reserves excluding revaluation reserves					7,050.66
Earnings per share - Basic - Not Annualised (Rs. Per share)	(0.45)	(1.23)	(4.39)	(5.04)	(19.49)
Earnings per share - Diluted - Not Annualised (Rs. Per share)	(0.45)	(1.23)	(4.39)	(5.04)	(19.49)
Aggregate of Public shareholding:*					
Number of shares	21,735,218	22,200,389	21,735,218	22,200,389	22,162,022
Percentage of holding (to total shareholding)	62.37%	63.71%	62.37%	63.71%	63.60%
* Total public shareholding as defined under clause 40.A of the listing agreement (excludes shares held by founders and GDR holders)					

**SEGMENTAL REPORTING:**

*(Rs. In Millions)*

	Consolidated				
	Quarter Ended 31st December		Nine Months Ended 31st December		For the year Ended 31st March
	2008	2007	2008	2007	2008
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Segmental Revenue:					
a. Products & Product related	1,279.03	1,112.48	3,459.69	2,832.64	3,618.48
b. Services	327.73	309.68	927.29	935.98	1,237.43
	<b>1,606.76</b>	<b>1,422.16</b>	<b>4,386.98</b>	<b>3,768.62</b>	<b>4,855.91</b>
2. Segmental Profit/(Loss) before tax, interest & exceptional Items					
a. Products & Product related	246.48	32.39	389.70	(481.92)	(781.99)
b. Services	47.47	6.79	111.71	43.29	72.45
	293.95	39.18	501.40	(438.63)	(709.54)
Less: Interest	113.34	94.16	319.26	235.07	325.47
Add / (Less) : Other Unallocable Income/(Expenditure)&Exceptional items [Net]	(312.49)	31.22	(1,660.00)	566.10	417.96
<b>Profit Before Taxation</b>	<b>(131.88)</b>	<b>(23.76)</b>	<b>(1,477.86)</b>	<b>(107.60)</b>	<b>(617.05)</b>

**Notes :**

- The above results were taken on record and approved by the Board of Directors in their meeting held on 29th January 2009. These results have been subjected to limited review by the auditors.
- The previous year/period figures have been re-grouped and/or re-arranged to conform with the current period.
- Sales Product & Product related for the quarter and nine months ended December 31, 2008, include Rs.112.50 mio, being other operating income.
- FCCBs if not converted earlier are due for redemption in 2012. The actual exchange loss/gain, if any, on redemption would be determined only based on the exchange rates prevailing on the date of redemption and the number of FCCBs redeemed. Hence, losses on restatement of FCCBs which is a non-cash item for the quarter/period, is treated as an exceptional item.
- Mark to Market losses on Option contracts is a non-cash item for the quarter/period.
- During the quarter, the company has granted 38,900 options under its ESOP 2005 and 2,500 options under its ESOP 2000 schemes.
- During the quarter ended September 30, 2008, the shareholders of the Company approved an amendment to the Employee Stock Options Schemes providing for Voluntary surrender of Options. The Personnel Cost for the Nine months period ended December 31, 2008, is net of Rs.48 Mn, being the reversal of previously recognised stock compensation costs on these options.
- Information on Investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended 31st December 2008 is :  
Opening Balance - Nil, Received - 2, Attended - 2, Closing Balance - Nil
- Details of Capital employed as at 31st December 2008 -  
(a) Segment Assets - Product & Product related - Rs.16952.44 Mn; Service - Rs.382.83 Mn  
(b) Segment Liabilities - Product & Product related - Rs.11,402.37 Mn; Service - Rs.50.20 Mn.  
Information for the corresponding previous period/year, have not been provided, since some of the assets were used interchangeably between the segments.
- Pursuant to clause 41 of the Listing Agreement, the Company has opted to publish the consolidated financial results. The standalone financial results, however, are being made available to the Stock Exchanges where the securities of the Company are listed and are also being posted on the the Company's website [www.subexworld.com](http://www.subexworld.com).

*Certain statements in this release concerning our performance may be forward looking statements which involve risks and uncertainties that could cause actual results to vary materially from those in such statements. These risks and uncertainties include, and are not limited to, fluctuations in earnings, intense competition, success of investments and our ability to successfully integrate our acquisitions.*

Bangalore  
29th January 2009

By Order of the Board

Subash Menon  
Founder Chairman, Managing Director & CEO

For further details on the results, please visit our website: [www.subexworld.com](http://www.subexworld.com)

# SUBEX LTD

Registered office: Adarsh Tech Park, Outer Ring Road, Devarabisanahalli  
Bangalore - 560 037

## Unaudited Financial Results for the Nine Months ended December 31, 2008 - STANDALONE

(Rs. In Millions)

	STANDALONE				
	Quarter Ended		Nine Months Ended		For the year Ended
	31st December		31st December		31st March
	2008	2007	2008	2007	2008
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Sales - Product & Product related	388.64	363.16	1,263.09	658.03	914.73
- Services (refer Note 3)	-	296.58	-	911.88	523.96
<b>Net Sales</b>	<b>388.64</b>	<b>659.74</b>	<b>1,263.09</b>	<b>1,569.91</b>	<b>1,438.69</b>
Other Income	0.21	0.18	30.74	18.18	18.90
<b>Income from Operations</b>	<b>388.85</b>	<b>659.92</b>	<b>1,293.83</b>	<b>1,588.09</b>	<b>1,457.59</b>
Expenditure					
- Cost of Hardware, Software & Services	47.80	25.25	91.22	57.92	90.69
- Personnel Cost	143.95	412.02	448.37	1,227.42	944.48
- Other Expenditure	91.28	66.22	255.35	314.56	366.65
- Provision for Bad & Doubtful Debts	-	50.00	-	150.00	288.69
<b>- Total</b>	<b>283.03</b>	<b>553.49</b>	<b>794.94</b>	<b>1,749.90</b>	<b>1,690.51</b>
<b>Profit / (Loss) before Interest, Taxes, Depreciation &amp; amortisation and Exceptional items</b>	<b>105.82</b>	<b>106.43</b>	<b>498.90</b>	<b>(161.81)</b>	<b>(232.92)</b>
- Depreciation and amortisation	28.66	28.32	108.84	86.02	123.10
<b>Profit / (Loss) before Interest, Taxes and Exceptional items</b>	<b>77.16</b>	<b>78.11</b>	<b>390.06</b>	<b>(247.83)</b>	<b>(356.02)</b>
- Interest	103.43	82.90	292.44	212.31	296.10
<b>Profit / (Loss) Before Exceptional items &amp; Tax</b>	<b>(26.27)</b>	<b>(4.79)</b>	<b>97.62</b>	<b>(460.14)</b>	<b>(652.12)</b>
Exceptional Items					
- Exchange Gain/(Loss) on restatement of FCCBs	(304.20)	70.20	(1,564.20)	688.50	607.50
- Exchange Gain/(Loss) - Mark to Market Losses on Option contracts	(8.29)	-	(95.80)	-	(5.50)
<b>Profit / (Loss) Before Tax</b>	<b>(338.76)</b>	<b>65.41</b>	<b>(1,562.39)</b>	<b>228.36</b>	<b>(50.12)</b>
Taxes					
Income Tax	1.82	8.38	3.75	32.74	17.13
MAT Credit Carried forward	-	(7.77)	-	(25.74)	(10.04)
Fringe Benefit Tax	1.17	4.19	3.66	7.92	11.93
Deferred Tax	-	5.64	-	3.14	(7.26)
<b>Net Profit / (Loss) for the period</b>	<b>(341.76)</b>	<b>54.97</b>	<b>(1,569.79)</b>	<b>210.30</b>	<b>(61.88)</b>
Paid up Share Capital	348.47	348.45	348.47	348.45	348.47
- Equity (Face value of Rs.10/-)					
Reserves excluding revaluation reserves					7,241.00
Earnings per share - Basic - Not Annualised (Rs. Per share)	(0.98)	1.58	(4.50)	6.04	(1.77)
Earnings per share - Diluted - Not Annualised (Rs. Per share)	(0.98)	1.56	(4.50)	5.98	(1.77)
Aggregate of Public shareholding:*					
Number of shares	21,735,218	22,200,389	21,735,218	22,200,389	22,162,022
Percentage of holding (to total shareholding)	62.37%	63.71%	62.37%	63.71%	63.60%

\* Total public shareholding as defined under clause 40.A of the listing agreement (excludes shares held by founders and GDR holders)

### Notes :

- The above results were taken on record and approved by the Board of Directors in their meeting held on 29th January 2009. These results have been subjected to limited review by the auditors..
- The previous year / period figures have been re-grouped and/or re-arranged to conform with the current period.
- In terms of a Scheme of Arrangement, the Services business of the Company was transferred to a wholly owned subsidiary with effect from September 1, 2007, in terms of the approval received from the Hon'ble High court of Karnataka on March 27, 2008. Since the said order of the court was received only in March 2008, the reported results for the quarter and nine months ended December 31, 2007, included the operations of the Services Business also. Consequently the results for the periods presented are not comparable. The Services business segment had a profit of Rs. 6.79 mio, Rs. 43.29 mio and Rs. 26.52 mio for the quarter, Nine Months ended December 31,2007 and year ended March 31, 2008 respectively.
- In the current period, Segment results have not been disclosed in the Standalone results since the Company operates in only one Segment viz Products and Products related business.
- FCCBs if not converted earlier are due for redemption in 2012. The actual exchange loss/gain, if any, on redemption would be determined only based on the exchange rates prevailing on the date of redemption and the number of FCCBs redeemed. Hence, losses on restatement of FCCBs which is a non-cash item for the quarter/period, is treated as an exceptional item.
- Mark to Market losses on Option contracts is a non- cash item for the quarter/period.
- During the quarter, the company has granted 38,900 options under its ESOP 2005 and 2,500 options under its ESOP 2000 schemes.
- During the quarter ended September 30, 2008, the shareholders of the Company approved an amendment to the Employee Stock Options Schemes providing for Voluntary surrender of Options. The Personnel Cost for the Nine months period ended December 31, 2008, is net of Rs.16.32 Mn, being the reversal of previously recognised stock compensation costs on these options.
- Information on Investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended 31st December 2008 is :  
Opening Balance - Nil, Received - 2, Attended - 2, Closing Balance - Nil

Certain statements in this release concerning our performance may be forward looking statements which involve risks and uncertainties that could cause actual results to vary materially from those in such statements. These risks and uncertainties include, and are not limited to, fluctuations in earnings, intense competition and success of investments.

Bangalore  
29th January 2009

By Order of the Board

Subash Menon  
Founder Chairman, Managing Director & CEO

For further details on the results, please visit our website: [www.subexworld.com](http://www.subexworld.com)