

Registered Office : No. 721, 7th Main, Mahalakshmi Layout, Bangalore - 560 086
 Corporate Office : No.372, Koramangala III Block, Sarjapur Road, Bangalore - 560 034

Unaudited financial results for the period ended 30th June 2006

(Rs. in lacs)

Sl. No.	Particulars	Quarter ended 30th June		For the year ended 31st March
		2006	2005	2006
		Unaudited		Audited
1	Sales - Product & Product related	2,103.75	2,691.69	11,668.19
	- Services	2,240.92	1,429.81	6,453.43
	- Total	4,344.67	4,121.50	18,121.62
2	Other Income	494.13	37.68	290.28
3	Expenditure			
	- Cost of Hardware, Software & Services	172.81	358.74	769.95
	- Commission on Sales	7.55	28.83	558.55
	- Personnel Cost	3,212.92	2,020.11	9,461.32
	- Other Expenditure	570.08	590.03	2,227.73
	- Interest	87.91	61.84	264.19
	- Total	4,051.27	3,059.55	13,281.74
4	Profit after interest but before depreciation and taxation	787.53	1,099.63	5,130.16
5	Depreciation	282.37	225.44	907.89
6	Taxes			
	- Income Tax	63.31	46.36	327.75
	- Fringe Benefit Tax	5.60	4.26	18.92
	- Deferred Tax	(11.83)	(32.00)	(39.36)
	- Prior period taxes	45.30	-	-
7	Net Profit	402.78	855.57	3,914.97
8	Paid up Share Capital			
	- Equity (Face value of Rs.10/-)	3,462.31	1,033.38	2,175.76
9	Reserves excluding revaluation reserves			15,977.51
10	Earnings per share - Basic - Not Annualised (Rs. per share)	1.68	8.48	18.23
11	Earnings per share - Diluted - Not Annualised (Rs. per share)	1.67	8.08	18.13
12	Aggregate of non-promoter shareholding			
	- Number of Shares	30,582,156	7,613,288	17,716,608
	- Percentage of holding (to total shareholding)	88.33%	73.67%	81.42%

Notes:

1. The above results were taken on record and approved by the Board of Directors in their meeting held on 27th July 2006.
2. The previous year/period figures have been re-grouped and/or re-arranged to conform with the current quarter.
3. During the quarter, the Company has issued and allotted 1,109,878 GDRs representing one share of Rs.10/- each at premium of Rs.390/- for cash. The GDRs are listed on the Luxembourg Stock Exchange and were issued to fund the acquisitions of the company.
4. The company has granted 12,800 options under its ESOP 2000 scheme during the quarter ended 30th June 2006.
5. During the quarter, the company has allotted 26,942 shares pursuant to the exercise of 13,471 options by eligible employees.
6. On 23rd June 2006, the company acquired the entire issued capital of Azure Solutions Limited, UK with the objective of integrating its core business with that of Subex. The consideration for the same has been discharged by issue and allotment of 11,728,728 GDRs representing one equity share each of Rs. 10 at a premium of Rs 522.24 per share. The GDRs are listed on the Luxembourg Stock Exchange.
7. Pursuant to the above acquisition, the Company has changed its name to Subex Azure Ltd.
8. The acquisition of Azure Solutions has positioned the Company as a premier global provider of revenue maximization solutions to the telcos worldwide with long term, multi-elements contracts. This has resulted in the Company having to evolve common policies and practices across all its group companies worldwide. Consequently, some of the accounting policies have been realigned and adopted for all companies and divisions across the group. The Revenues from contracts for sale of software licences in various entities, which were recognized at different periods, are being recognised, w.e.f 1st April 2006, over the contract period across the group. Without such changes in policies, the revenue from Products for the quarter would have been Rs. 2,887.80 Lakhs and the Profit After Tax would have been Rs. 1,183.13 Lakhs.
9. The realignment of the accounting policies, during the current quarter, is transitional and the differences are expected to even out over the following quarters. Consequently, the annual guidance remains unchanged.
10. The current quarter results have been restated in note number 8 above, with a view to make them comparable to the earlier quarters, pursuant to realignment in accounting policy as explained above. Restating the earlier year/periods' results is not practicable given that such restatement would require the company to recompute revenues of prior periods, the supporting data for which is not available at present.
11. Information on Investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended 30th June 2006 is : Opening Balance - Nil, Received - 3, Attended - 3, Closing Balance - Nil
12. The segment-wise revenue and results for the quarter ended 30th June 2006 as required under clause 41 of the listing agreement are as follows: (Rs. in lacs)

	For the period ended 30th June		For the year ended 31st March
	2006	2005	2006
	Unaudited		Audited
1. Segmental Revenue			
a) Product & Product related	2,103.75	2,691.69	11,668.19
b) Services	2,240.92	1,429.81	6,453.43
Total	4,344.67	4,121.50	18,121.62
2. Segmental Profit / (Loss) before tax, depreciation & interest			
a) Product & Product related	722.37	1,089.78	4,977.33
b) Services	153.07	71.69	298.54
Total	875.44	1,161.47	5,275.87
Less : Interest	87.91	61.84	264.19
Other un-allocable income net of un-allocable expenditure	-	-	118.48
Depreciation	282.37	225.44	907.89
Profit before taxation	505.16	874.19	4,222.27

13. Since fixed assets are used in the company's business interchangeably, segment-wise disclosure on capital employed has not been furnished.

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.

By Order of the Board

Bangalore
27th July 2006

For further details on the results, please visit our website at www.subexazure.com

Subash Menon
Founder Chairman, Managing Director & CEO