

**SUBEX AZURE LIMITED**  
(Formerly Subex Systems Ltd)  
Registered office: 721, 7th Main, Mahalaxmi Layout  
Bangalore - 560 086  
Corporate Office: No.372, Koramangala III Block, Sarjapur Road, Bangalore - 560 034  
**Financial Results for the Quarter ended 30th September, 2007**

(Rs. In Millions)

Particulars	CONSOLIDATED					STANDALONE				
	Quarter ended 30th September		Half Year ended 30th September		For the year Ended 31st March	Quarter ended 30th September		Half Year ended 30th September		For the year Ended 31st March
	2007	2006	2007	2006	2007	2007	2006	2007	2006	2007
	Unaudited		Unaudited		Audited	Unaudited		Unaudited		Audited
Sales - Product & Product related	715.96	741.15	1,720.16	951.53	2,287.67	174.09	317.60	294.87	527.97	1,002.47
- Services	313.91	288.62	626.30	513.92	1,121.34	308.46	288.18	615.30	512.27	1,116.15
<b>Net Sales / Income from Operations</b>	<b>1,029.87</b>	<b>1,029.77</b>	<b>2,346.46</b>	<b>1,465.45</b>	<b>3,409.01</b>	<b>482.55</b>	<b>605.78</b>	<b>910.17</b>	<b>1,040.24</b>	<b>2,118.62</b>
Other Income	144.83	78.47	506.29	131.45	301.92	151.41	6.43	532.24	44.65	243.23
<b>Total Income</b>	<b>1,174.70</b>	<b>1,108.24</b>	<b>2,852.75</b>	<b>1,596.90</b>	<b>3,710.93</b>	<b>633.96</b>	<b>612.21</b>	<b>1,442.41</b>	<b>1,084.89</b>	<b>2,361.85</b>
Expenditure										
- Cost of Hardware, Software & Services	16.99	51.08	31.38	69.12	112.24	10.21	35.30	32.67	53.34	110.86
- Personnel Cost	1,056.48	626.25	2,068.04	938.76	2,077.44	401.49	344.51	815.40	665.80	1,434.54
- Other Expenditure	296.98	192.61	612.84	258.00	731.75	115.25	82.77	244.28	128.59	368.60
- Interest	71.49	19.19	140.91	28.02	87.32	64.37	15.07	129.41	23.86	75.35
- Depreciation	42.29	37.92	83.42	66.26	125.56	28.77	26.68	57.70	54.92	113.39
<b>Total Expenditure</b>	<b>1,484.23</b>	<b>927.05</b>	<b>2,936.59</b>	<b>1,360.16</b>	<b>3,134.31</b>	<b>620.09</b>	<b>504.33</b>	<b>1,279.46</b>	<b>926.51</b>	<b>2,102.74</b>
Profit Before Tax	(309.53)	181.19	(83.84)	236.74	576.62	13.87	107.88	162.95	158.38	259.11
Taxes										
- Income Tax	4.65	19.46	27.13	30.88	70.23	2.98	18.41	24.36	29.27	66.20
- MAT Credit Carried forward	(1.53)		(17.97)		(11.19)	(1.53)		(17.97)		(11.13)
- Fringe Benefit Tax	1.90	0.74	3.73	1.30	5.11	1.90	0.74	3.73	1.30	4.89
- Deferred Tax	33.70	(2.73)	35.92	(3.91)	(163.26)	(4.77)	(2.72)	(2.50)	(3.91)	(9.01)
<b>Net Profit</b>	<b>(348.25)</b>	<b>163.72</b>	<b>(132.65)</b>	<b>208.47</b>	<b>675.67</b>	<b>15.29</b>	<b>91.45</b>	<b>155.33</b>	<b>131.72</b>	<b>208.16</b>
Paid up Share Capital	348.41	346.41	348.41	346.41	348.16	348.41	346.41	348.41	346.41	348.16
- Equity (Face value of Rs.10/-)										
Reserves excluding revaluation reserve					8,059.12					7,614.74
Earnings per share - Basic - Not Annualised (Rs. Per share)	(10.00)	5.58	(3.81)	7.11	21.10	0.44	2.64	4.46	4.49	6.50
Earnings per share - Diluted - Not Annualised (Rs. Per share)	(9.91)	5.56	(3.77)	7.07	21.02	0.44	2.63	4.42	4.47	6.48
Aggregate of Public shareholding.*										
Number of shares	21,472,155	18,984,480	21,472,155	18,984,480	18,424,301	21,472,155	18,984,480	21,472,155	18,984,480	18,424,301
Percentage of holding (to total shareholding)	61.63%	54.80%	61.63%	54.80%	52.92%	61.63%	54.80%	61.63%	54.80%	52.92%

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

**SEGMENTAL REPORTING:**

(Rs. In Millions)

Particulars	CONSOLIDATED					STANDALONE				
	Quarter ended 30th September		Half Year ended 30th September		For the year Ended 31st March	Quarter ended 30th September		Half Year ended 30th September		For the year Ended 31st March
	2007	2006	2007	2006	2007	2007	2006	2007	2006	2007
	Unaudited		Unaudited		Audited	Unaudited		Unaudited		Audited
1. Segmental Revenue:										
a. Products & Product related	715.96	741.15	1,720.16	951.53	2,287.67	174.09	317.60	294.87	527.97	1,002.47
b. Services	313.91	288.62	626.30	513.92	1,121.34	308.46	288.18	615.30	512.27	1,116.15
	<b>1,029.87</b>	<b>1,029.77</b>	<b>2,346.46</b>	<b>1,465.45</b>	<b>3,409.01</b>	<b>482.55</b>	<b>605.78</b>	<b>910.17</b>	<b>1,040.24</b>	<b>2,118.62</b>
2. Segmental Profit/(Loss) before tax, depreciation and Interest										
a. Products & Product related	(412.51)	221.10	(540.04)	313.82	430.89	(98.99)	127.79	(313.87)	200.02	111.38
b. Services	41.26	17.20	62.23	17.20	123.98	30.50	21.84	45.63	37.14	101.84
	(371.25)	238.30	(477.81)	331.02	554.87	(68.49)	149.63	(268.24)	237.16	213.22
Less: Interest	71.49	19.19	140.91	28.02	87.32	64.37	15.07	129.41	23.86	75.35
Add: Other Un-allocable Income net of un-allocable Expenditure	175.50		618.30		234.90	175.50		618.30		234.90
Less: Depreciation	42.29	37.92	83.42	66.26	125.83	28.77	26.68	57.70	54.92	113.66
Profit Before Taxation	<b>(309.53)</b>	<b>181.19</b>	<b>(83.84)</b>	<b>236.74</b>	<b>576.62</b>	<b>13.87</b>	<b>107.88</b>	<b>162.95</b>	<b>158.38</b>	<b>259.11</b>

**Notes :**

- The above results were taken on record and approved by the Board of Directors in their meeting held on 23rd October 2007
- The standalone and consolidated quarterly results for the quarter ended 30th Sept 2007 have been subjected to limited review by Statutory Auditors
- The previous year/period figures have been re-grouped and/or re-arranged to conform with the current quarter.
- The company has granted 1,141,000 options under its ESOP 2005 scheme (scheme ESOP III) during the quarter ended 30th Sept 2007
- During the quarter, the company has allotted 25,336 shares pursuant to exercise of options by eligible employees.
- During the quarter, the company has recorded exchange fluctuation gains (net) of Rs.144.83 million (consolidated). This has arisen on mainly account of restatement of liability towards the Foreign Currency Convertible Bonds of 180 million US dollars as at the end of the quarter.
- Information on investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended 30th Sept 2007 is :  
Opening Balance - Nil, Received - Nil, Attended - Nil, Closing Balance - Nil
- Since fixed assets are used in the Company's business interchangeably, segment wise disclosure on capital employed has not been furnished.
- The integration of Syndesis Ltd is progressing as scheduled and continues to be a focus area for the company during the quarter. Engineering and implementation personnel deployed on integration activities have been redeployed on completion of their work towards the end of this quarter. Consequently projects which were deferred on account of such activities will be taken up in the subsequent quarters and the annual guidance on revenues and profits remain unchanged.
- Pursuant to acquisition of Azure Solutions Ltd on 22nd June 2006 and Syndesis Limited on 1st April 2007, the consolidated results for the periods thereafter include the consolidated results of operation of these subsidiaries. The corresponding prior periods do not include the results of these subsidiaries and consequently are not comparable.
- As part of the Company's restructuring programme, the service business is proposed to be transferred to Subex Technologies Ltd, wholly owned subsidiary. The contribution of the service business to the Standalone results is available in the segmental report above. While the proposed transfer has been notified to the Stock exchanges, a petition before the High Court of Karnataka is yet to be made as on date.

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  
23rd October 2007

By Order of the Board

Subash Menon, Founder Chairman, Managing Director & CEO

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