

SUBEX AZURE LIMITED

(Formerly Subex Systems Limited)

Registered Office : No. 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 June, 2007

(Rs. in Million)

Particulars	CONSOLIDATED			STANDALONE		
	Quarter ended 30th June		For the year Ended 31st March	Quarter ended 30th June		For the year Ended 31st March
	2007	2006	2007	2007	2006	2007
	Unaudited		Audited	Unaudited		Audited
Sales - Product & Product related	1,004.20	210.38	2,287.67	120.78	210.38	1,002.47
- Services	312.39	225.30	1,121.34	306.84	224.09	1,116.15
Net Sales / Income from Operations	1,316.59	435.68	3,409.01	427.62	434.47	2,118.62
Other Income	361.46	52.98	301.92	380.83	49.41	243.23
Total Income	1,678.05	488.66	3,710.93	808.45	483.88	2,361.85
Expenditure						
- Cost of Hardware, Software & Services	14.39	18.04	112.24	22.46	18.04	110.86
- Personnel Cost	1,011.56	312.51	2,077.44	413.91	321.29	1,434.54
- Other Expenditure	315.86	65.39	731.75	129.03	57.01	368.60
- Interest	69.42	8.83	87.32	65.04	8.79	75.35
Total Expenditure	1,411.23	404.77	3,008.75	630.44	405.13	1,989.35
Profit after interest but before depreciation and taxation	266.82	83.89	702.18	178.01	78.75	372.50
Depreciation	41.13	28.34	125.56	28.93	28.24	113.39
Taxes						
- Income Tax	22.48	11.42	70.23	21.38	10.86	66.20
- MAT Credit Carried forward	(16.44)	-	(11.13)	(16.44)	-	(11.13)
- Fringe Benefit Tax	1.83	0.56	5.11	1.83	0.56	4.89
- Deferred Tax	2.22	(1.18)	(163.26)	2.27	(1.18)	(9.01)
Net Profit	215.60	44.75	675.67	140.04	40.27	208.16
Paid up Share Capital						
- Equity (Face value of Rs.10/-)	348.16	346.23	348.16	348.16	346.23	348.16
Reserves excluding revaluation reserve	-	-	8,059.12	-	-	7,614.74
Earnings per share - Basic - Not Annualised (Rs. Per share)	6.19	1.87	21.10	4.02	1.68	6.50
Earnings per share - Diluted - Not Annualised (Rs. Per share)	5.46	1.86	21.02	3.85	1.67	6.48
Aggregate of Public shareholding:*						
Number of shares	21,091,314	17,874,983	18,424,301	21,091,314	17,874,983	18,424,301
Percentage of holding (to total shareholding)	60.58%	51.63%	52.92%	60.58%	51.63%	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 Million)

Particulars	CONSOLIDATED			STANDALONE		
	Quarter ended 30th June		For the year Ended 31st March	Quarter ended 30th June		For the year Ended 31st March
	2007	2006	2007	2007	2006	2007
	Unaudited		Audited	Unaudited		Audited
1. Segmental Revenue:						
a. Products & Product related	1,004.20	210.38	2,287.67	120.78	210.38	1,002.47
b. Services	312.39	225.30	1,121.34	306.84	224.09	1,116.15
	1,316.59	435.68	3,409.01	427.62	434.47	2,118.62
2. Segmental Profit/(Loss) before tax, depreciation and Interest						
a. Products & Product related	(127.53)	72.24	430.62	(214.88)	72.24	111.11
b. Services	20.97	17.20	123.98	15.13	15.31	101.84
	(106.56)	89.44	554.60	(199.75)	87.55	212.95
Less: Interest	69.42	8.83	87.32	65.04	8.79	75.35
Add : Other Un-allocable Income net of un-allocable Expenditure	442.80	3.28	234.90	442.80	-	234.90
Less : Depreciation	41.13	28.34	125.56	28.93	28.24	113.39
Profit Before Taxation	225.69	55.55	576.62	149.08	50.52	259.11

Notes to standalone results:

- The above results were taken on record and approved by the Board of Directors in their meeting held on 26th July 2007
- The previous year/period figures have been re-grouped and/or re-arranged to conform with the current quarter.
- During the quarter, the company has concluded the acquisition of the entire share holding of Syndesis Limited, Toronto, Canada. The acquisition takes effect from 1st April 2007.
- During the quarter, the focus of the company has been on the integration of Syndesis Limited, consequent to its acquisition. This has resulted in resources being deployed on integration activities, leading to deferment in execution of some projects to subsequent quarters. However, the overall guidance on revenues and profits remains unchanged.
- The company has granted 315,200 options under its ESOP 2005 scheme (scheme ESOP III) during the quarter ended 30th June 2007
- During the quarter, the company has not allotted any shares pursuant to exercise of options by eligible employees.
- During the quarter, the company has allotted 2,230,000 warrants to the promoters/promoter group, entitling each holder to obtain allotment of one equity share against each such warrant on a preferential basis at a price of Rs. 630.31. Under the terms of issue, the company has received 10% of the total consideration amounting to Rs.140.55 million. To obtain the underlying equity shares, the balance 90% shall be paid within 18 months from the date of allotment of the warrants in one or more tranches. The money received by the Company has been applied towards long term working capital requirements.
- During the quarter, the company has recorded exchange fluctuation gains (net) of Rs. 369.77 million. This has arisen mainly on account of restatement of liability towards the Foreign Currency Convertible Bonds of 180 million US dollars as at the end of the quarter.
- The proceeds of the Foreign Currency Convertible Bonds have been used for defraying the cost of acquisition of Syndesis Limited and expenses connected there to.
- Information on Investor complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended 30th June 2007 is : Opening Balance - Nil, Received - One, Attended - One, Closing Balance - Nil
- Since fixed assets are used in the Company's business interchangeably, segment wise disclosure on capital employed has not been furnished.

Notes to consolidated results:

- The consolidated results have not been subjected to limited review by statutory auditors.
- The results were taken on record and approved by the Board of Directors in its meeting held on 26th July 2007.
- During the quarter, the focus of the company has been on the integration of Syndesis Limited, consequent to its acquisition. This has resulted in resources being deployed on integration activities, leading to deferment in execution of some projects to subsequent quarters. However, the overall guidance on revenues and profits remains unchanged.
- During the quarter, the company has recorded exchange fluctuation gains (net) of Rs. 349.41 million. This has arisen mainly on account of restatement of liability towards the Foreign Currency Convertible Bonds of 180 million US dollars as at the end of the quarter.
- 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 results of operation of the company's subsidiaries belonging to the erstwhile Azure Group and Syndesis Group also, vis-à-vis the corresponding period that includes the results of Subex Technologies Ltd and Subex Technologies Inc only.

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
26th July 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