

SIFY LIMITED AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, except share data and as otherwise stated)

	Quarter ended June 30,		
	2003	2004	2004
Net loss from continuing operations	Rs.(207,153)	Rs.(54,739)	\$(1,190)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation, amortization and impairment of goodwill	143,885	134,986	2,935
Equity in losses of affiliates	13,514	(12,035)	(262)
Gain on sale of investments	(3,725)	-	-
Loss on sale of plant and equipment	56	132	3
Provision for doubtful receivables and advances	38,076	13,052	284
Inventory write down / (write back)	3,115	(824)	(18)
Minority interest	462	-	-
Others	12,055	(32,457)	(706)
<i>Changes in assets and liabilities:</i>			
Accounts receivable	(37,618)	15,581	339
Due from officers and employees	(740)	2,413	52
Due from related parties	5,982	(2,084)	(45)
Inventories	12,833	5,357	116
Prepaid expenses	(14,649)	(29,420)	(640)
Other assets	(50,557)	13,107	285
Trade accounts payable and accrued liabilities	30,172	14,651	319
Deferred revenue	27,929	5,741	125
Advances from customers	9,165	(3,158)	(69)
Other liabilities	(11,075)	(789)	(17)
Net cash provided by / (used in) continuing operations	Rs.(28,273)	Rs. 69,514	\$1,511
Cash flows from investing activities:			
Expenditure on plant and equipment	(54,712)	(79,896)	(1,737)
Proceeds from sale of plant and equipment	3,055	1,200	26
Expenditure on license fee	-	-	-
Expenditure on investment in affiliates	(2,258)	-	-
Expenditure on acquisition of minority interest	-	-	-
Net movement in cash - restricted	13,266	(29,403)	(639)
Purchase consideration for acquisition, net of cash	(2,330)	-	-
Proceeds from sale of investments	5,694	-	-
Net cash used in investing activities	Rs.(37,285)	Rs.(108,099)	\$(2,350)
Cash flows from financing activities:			
Principal payments under capital lease obligations	(2,060)	(1,749)	(38)
Net proceeds from issuance of common stock	83,210	22,918	498
Net cash provided by / (used in) financing activities	Rs. 81,150	Rs. 21,169	\$460
Effect of exchange rate changes on cash	(12,763)	32,457	706
Net increase / (decrease) in cash and cash equivalents	2,829	15,041	327
Cash and cash equivalents at the beginning of the year	897,596	1,325,803	28,828
Cash and cash equivalents at the end of the year	Rs. 900,425	Rs. 1,340,844	\$29,155

See accompanying notes to unaudited condensed consolidated financial statements