

SIFY LIMITED AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data and as otherwise stated)

| | As at March 31, 2004 | As at December 31, 2004 | |
|--|-------------------------|-------------------------|------------------|
| | | (Unaudited) | |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | Rs. 1,325,803 | Rs. 1,561,852 | \$ 36,095 |
| Cash restricted | 101,587 | 16,883 | 390 |
| Accounts receivable | 493,980 | 460,278 | 10,637 |
| Due from employees | - | 2,886 | 67 |
| Due from related parties | 13,030 | 24,660 | 570 |
| Inventories | 20,759 | 32,955 | 762 |
| Prepaid expenses | 106,957 | 92,589 | 2,140 |
| Net investment in leases | - | 9,285 | 215 |
| Other current assets | 123,571 | 153,476 | 3,547 |
| Total current assets | 2,185,687 | 2,354,864 | 54,423 |
| Cash restricted | 10,146 | 7,472 | 173 |
| Net investment in leases | - | 22,147 | 512 |
| Property, plant and equipment-net | 1,249,798 | 1,208,193 | 27,922 |
| Goodwill and other intangible assets | 125,622 | 86,151 | 1,991 |
| Investments in affiliated companies | 140,508 | 176,073 | 4,069 |
| Other assets | 87,312 | 91,891 | 2,123 |
| Total assets | Rs. 3,799,073 | Rs. 3,946,791 | \$ 91,213 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Current liabilities: | | | |
| Current installments of capital lease obligations | 5,851 | 6,743 | 155 |
| Trade accounts payable | 220,322 | 281,279 | 6,501 |
| Accrued liabilities | 317,228 | 402,418 | 9,300 |
| Deferred revenue | 341,953 | 417,569 | 9,650 |
| Due to employees | 326 | 1,626 | 38 |
| Advances from customers | 83,670 | 72,431 | 1,674 |
| Other current liabilities | 56,182 | 92,496 | 2,138 |
| Total current liabilities | 1,025,532 | 1,274,562 | 29,456 |
| Capital lease obligations, excluding current installments | 5,151 | 5,325 | 123 |
| Other liabilities | 51,127 | 57,909 | 1,338 |
| Total liabilities | 1,081,810 | 1,337,796 | 30,917 |
| Minority interest | 1,595 | 1,595 | 37 |
| Stockholders' equity | | | |
| Equity shares, Rs 10 par value; 37,500,000 shares authorized; Issued and outstanding: 34,900,993 shares as of March 31,2004 and 35,377,361 shares as of December 31, 2004. | 349,010 | 353,774 | 8,176 |
| Additional paid-in capital | 14,490,037 | 14,563,578 | 336,574 |
| Deferred compensation - employee stock offer plan | (14,326) | (4,946) | (114) |
| Accumulated deficit | (12,109,053) | (12,305,006) | (284,377) |
| Total stockholders' equity | 2,715,668 | 2,607,400 | 60,259 |
| Total liabilities and stockholders' equity | Rs. 3,799,073 | Rs. 3,946,791 | \$ 91,213 |

See accompanying notes to unaudited condensed consolidated financial statements