

**SIFY LIMITED and Subsidiaries**  
**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except share data and as otherwise stated)

	Quarter ended December 31,			Nine months ended December 31,		
	2004	2005		2004	2005	
Revenue						
Products	Rs.111,520	Rs. 82,337	\$ 1,832	Rs. 260,613	Rs. 229,985	\$ 5,116
Services	<u>822,914</u>	<u>1,113,351</u>	<u>24,768</u>	<u>2,283,855</u>	<u>3,090,610</u>	<u>68,757</u>
	934,434	1,195,688	26,600	2,544,468	3,320,595	73,873
Revenue from related parties						
Products	1,564	—	—	7,080	43,879	976
Services	<u>9,641</u>	<u>6,137</u>	<u>137</u>	<u>32,725</u>	<u>31,519</u>	<u>701</u>
	11,205	6,137	137	39,805	75,398	1,677
<b>Total Revenue</b>	<b>945,639</b>	<b>1,201,825</b>	<b>26,737</b>	<b>2,584,273</b>	<b>3,395,993</b>	<b>75,550</b>
Cost of revenue						
Products	102,477	63,784	1,419	234,784	229,162	5,098
Services	<u>426,730</u>	<u>559,544</u>	<u>12,448</u>	<u>1,182,915</u>	<u>1,635,883</u>	<u>36,394</u>
	529,207	623,328	13,867	1,417,699	1,865,045	41,492
Selling, general and administrative expenses	364,805	482,052	10,724	1,012,359	1,380,223	30,706
Provision for doubtful receivables and advances	13,745	13,718	305	39,489	46,763	1,040
Depreciation	130,097	102,778	2,286	374,366	317,151	7,056
Amortisation of intangible assets	12,938	8,306	185	39,471	30,502	678
Amortisation of deferred stock compensation expense	2,690	3,502	78	9,400	5,472	122
Foreign exchange (gain) / loss	<u>32,852</u>	<u>(3,976)</u>	<u>(88)</u>	<u>3,040</u>	<u>(6,609)</u>	<u>(147)</u>
<b>Total operating expenses</b>	<b>1,086,334</b>	<b>1,229,708</b>	<b>27,357</b>	<b>2,895,824</b>	<b>3,638,547</b>	<b>80,947</b>
Operating loss	(140,695)	(27,883)	(620)	(311,551)	(242,554)	(5,396)
Other income, net	<u>28,389</u>	<u>11,562</u>	<u>257</u>	<u>80,033</u>	<u>37,089</u>	<u>825</u>
Profit(Loss) before taxes, equity in profits of affiliates and minority interest	(112,306)	(16,321)	(363)	(231,518)	(205,465)	(4,571)
Equity in profit of affiliate	17,294	5,849	130	35,565	35,257	784
Minority interest	<u>—</u>	<u>51</u>	<u>1</u>	<u>—</u>	<u>51</u>	<u>1</u>
	<u>Rs.</u>					
<b>Loss before income tax</b>	<b>(95,012)</b>	<b>Rs. (10,421)</b>	<b>Rs. (232)</b>	<b>Rs. (195,953)</b>	<b>Rs. (170,157)</b>	<b>Rs. (3,786)</b>
Income tax						
Income tax expense	—	(41,162)	(916)	—	(41,162)	(916)
Deferred tax income	<u>—</u>	<u>41,162</u>	<u>916</u>	<u>—</u>	<u>41,162</u>	<u>916</u>
	<u>Rs.</u>					
<b>Net loss after tax</b>	<b>(95,012)</b>	<b>Rs. (10,421)</b>	<b>\$ (232)</b>	<b>Rs. (195,953)</b>	<b>Rs. (170,157)</b>	<b>\$ (3,786)</b>
	<u>Rs.</u>					
<b>Net loss per equity share</b>	(2.70)	Rs. (0.29)	Rs. (0.01)	Rs. (5.59)	Rs. (4.81)	Rs. (0.11)
<b>Weighted average equity shares used in computing net loss per equity share</b>	35,201,019	35,397,821	35,397,821	35,083,277	35,386,149	35,386,149

See accompanying condensed notes to unaudited consolidated financial statements