

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

Year ended March 31,

	2005	2006	2007	2007 Convenience translation into US\$ Unaudited (Note 2)
	Rs.	Rs.	Rs.	\$
Revenue				
Products	Rs. 402,391	Rs. 343,712	Rs. 536,165	\$ 12,440
Services	3,151,846	4,262,697	4,911,182	113,949
	<u>Rs. 3,554,237</u>	<u>Rs. 4,606,409</u>	<u>Rs. 5,447,347</u>	<u>\$ 126,389</u>
Revenue from related parties				
Products	8,532	43,879	-	-
Services	50,688	31,519	-	-
	<u>59,220</u>	<u>75,398</u>	<u>-</u>	<u>-</u>
<b>Total Revenue</b>	<b>3,613,457</b>	<b>4,681,807</b>	<b>5,447,347</b>	<b>126,389</b>
Cost of revenue				
Products	357,753	324,411	461,284	10,703
Services	1,666,189	2,210,312	2,446,972	56,774
	<u>2,023,942</u>	<u>2,534,723</u>	<u>2,908,256</u>	<u>67,477</u>
Selling, general and administrative expenses	1,418,757	1,852,296	1,921,771	44,589
Provision for doubtful receivables and advances	57,579	90,670	153,638	3,564
Depreciation	472,400	395,018	410,321	9,520
Amortisation of intangible assets	84,387	68,759	50,486	1,171
Employee stock compensation expense	10,639	12,749	60,933	1,414
Foreign exchange (gain) / loss, net	(2,595)	(23,221)	(8,332)	(193)
<b>Total operating expenses</b>	<b>4,065,109</b>	<b>4,930,994</b>	<b>5,497,073</b>	<b>127,542</b>
Operating loss	(451,652)	(249,187)	(49,726)	(1,153)
Other income, net	77,614	59,239	128,642	2,985
Equity in net profit of affiliate	50,752	40,703	70,221	1,629
Gain on sale of investments	15,710	-	226	5
Net Profit / (Loss) before income taxes and minority interest	<u>(307,576)</u>	<u>(149,245)</u>	<u>149,363</u>	<u>3,466</u>
Income tax benefit	-	-	68,928	1,599
<b>Net Profit / (Loss) before minority interest</b>	<b>(307,576)</b>	<b>(149,245)</b>	<b>218,291</b>	<b>5,065</b>
Minority interest	-	-	(30,531)	(708)
<b>Net Profit / (loss)</b>	<b>Rs.(307,576)</b>	<b>Rs.(149,245)</b>	<b>Rs. 187,760</b>	<b>\$ 4,357</b>
<b>Net Profit/(loss) per share (basic)</b>	(8.75 )	(4.05 )	4.40	0.10
<b>Net Profit/(loss) per share ( diluted)</b>	(8.75 )	(4.05 )	4.39	0.10
<b>Weighted average number of equity shares used in computing earnings per equity share</b>				
<b>Basic</b>	35,156,120	36,811,476	42,704,619	42,704,619
<b>Diluted</b>	35,156,120	36,811,476	42,792,514	42,792,514

See accompanying notes to consolidated financial statements