



**ENCORE SOFTWARE LIMITED**

Regd. Office: VI Floor, Leo Complex, 44 & 45 Residency Cross Road, Bangalore 560 025

<b>Unaudited Financial Results for the Third quarter ended December 31, 2004</b>					
(Rs. in Millions)					
	Quarter Ended 31.12.2004 <b>1</b>	Quarter Ended 31.12.2003 <b>2</b>	Period ended 31.12.2004 <b>3</b>	Period ended 31.12.2003 <b>4</b>	Year Ended 31.03.2004 (Audited) <b>5</b>
1. Income from Operations	7.14	16.97	15.54	46.24	67.23
2. Other Income	0.00	0.78	1.10	2.18	5.82
<b>Total Income</b>	<b>7.14</b>	<b>17.75</b>	<b>16.64</b>	<b>48.42</b>	<b>73.05</b>
3. Total Expenditure:					
a) Increase/decrease in stock in trade	0.00	0.00	0.00	0.00	(3.03)
b) Consumption of raw materials	3.73	5.72	8.24	12.92	22.50
c) Staff Cost	7.99	6.07	24.88	18.74	24.95
d) Other Expenditure	4.01	7.16	16.34	23.79	39.40
4. Interest	0.31	0.30	0.96	0.79	1.16
5. Depreciation	0.95	0.91	2.84	3.09	4.08
6. Profit/(Loss) before tax	(9.85)	(2.41)	(36.62)	(10.91)	(16.01)
7. Provision for taxation	-	-	-	-	(0.33)
8. Net Profit/(Loss)	(9.85)	(2.41)	(36.62)	(10.91)	(15.68)
9. Paid up Equity share capital (of Rs. 10/- each)	64.72	64.72	64.72	64.72	64.72
10. Reserves excluding revaluation reserves	-	-	-	-	29.42
11. EPS (Rs.)	(1.52)	(0.37)	(5.66)	(1.69)	(2.42)
12. Aggregate of Non-Promoter share holding					
- Number of shares	-	-	5,492,167	4,127,167	4,724,217
- % of share holding	-	-	84.87	63.77	73.00
<b>Primary Segment</b>					
1. Segment Revenue					
a. Software Sales (including IP rights & Royalty)	3.81	12.49	10.25	30.00	35.23
b. Products and Designs	0.27	3.13	1.27	4.02	11.53
c. Development & Consultancy services	3.06	1.35	4.02	12.22	20.47
<b>Income from Operations</b>	<b>7.14</b>	<b>16.97</b>	<b>15.54</b>	<b>46.24</b>	<b>67.23</b>
2. Segment Result					
a. Software Sales (including IP rights & Royalty)	(2.19)	5.82	(6.78)	7.52	8.17
b. Products and Designs	(5.45)	(2.05)	(15.15)	(8.82)	(5.60)
c. Development & Consultancy services	(0.79)	(5.04)	(9.37)	(0.41)	(8.71)
Less: i) Interest	-	0.29	-	0.78	1.16
ii) Other un-allocable expenditure, net of un-allocable income	1.42	0.85	5.32	8.42	8.71
<b>Total Profit/(Loss) Before Tax</b>	<b>(9.85)</b>	<b>(2.41)</b>	<b>(36.62)</b>	<b>(10.91)</b>	<b>(16.01)</b>
<b>3. Secondary Segment-wise Revenue (Location of Customer)</b>					
a. USA	2.25	9.43	8.15	20.19	23.60
b. Asia, Far East & Middle East	1.57	5.55	3.24	11.64	12.78
c. Europe	0.04	0.75	0.08	0.86	0.89
d. Domestic	3.28	1.24	4.07	13.55	29.96
<b>Total</b>	<b>7.14</b>	<b>16.97</b>	<b>15.54</b>	<b>46.24</b>	<b>67.23</b>

**NOTES:**

- The above unaudited results have been taken on record by the Board of Directors at their meeting held on January 28, 2005.
- Segmental capital employed: Fixed assets used in the Company's business or liabilities contracted have not been indentified to any of the reportable segments, as the Fixed assets and services are used interchangeably between segments. Segmental information for earlier periods have been furnished.
- No provision has been made in respect of impairment of assets as required under Accounting Standard No. 29 prescribed by the Institute of Chartered Accountants of India, as the Management is of the opinion that no provision is required to be made for impairment.
- Regarding audit qualifications with respect to non provision of prior period remuneration, receivables, diminution in investments, the Management:
  - proposes to make this good, commensurate with the performance in the future years
  - is hopeful of realization of the receivables and
  - in the long term expects significant returns relating to the investments
- "Limited Review" of the above results has been carried out by the Auditors.
- There was no complaint pending in respect of any investor in this quarter.

By Order of the Board

January 28, 2005  
Bangalore

Vinay L Deshpande  
Chairman & CEO