

NEWS RELEASE

Mphasis BFL Achieves 122% Profit and 40% Revenue Increase over Previous Year -2nd Quarter Results on Track -

Bangalore, October 19, 2000: The Board of Directors of Mphasis BFL Limited (formerly BFL Software Ltd.), today announced that its financial results for the second quarter ended September 30, 2000 are on track with a 122% increase in Profit before tax, and a 40% increase in Revenues as compared to the previous year same quarter.

For the quarter ended 30th September 2000, Mphasis BFL achieved Revenues of Rs. 413 million. Profit before Tax stood at Rs 43.4 million which represented a 72% increase over the previous quarter ended 30th June 2000. Revenues for the half year ended 30th September 2000 were Rs. 819 million and Profit before tax was Rs. 68.6 million.

Commenting on the financial results, Mphasis BFL Chairman, Jaithirth (Jerry) Rao said that the Revenues and Profitability of Mphasis BFL and Mphasis are on track, and attributed performance to a significant improvement in the effective utilisation of resources. "Our strategy of architecting value across the entire business space by leveraging our global talent pool of resources, domain expertise and certified quality processes are key contributors to this performance", said Rao.

The Board also announced an 86% Revenue increase to US \$29.2 million for the six months ended 30th September 2000 as compared to previous year revenues for the same period in the Proforma Unaudited Consolidated US GAAP Results. The EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) is US \$0.5 million as per unaudited US GAAP for the quarter ended 30th September 2000.

More on Page 2



**Mphasis BFL Achieves 122% Profit and 40% Revenue Increase over Previous Year
- 2nd Quarter Results on Track – (Page 2)**

The consolidated numbers include a cash charge of US \$0.25 million by Mphasis for the quarter ended 30th September 2000 on account of Legal expenses related to the merger. Interest expenses were US \$0.04 million and Taxes were US \$0.10 million for the quarter. Non Cash charges include Depreciation (US \$0.8 million) and Amortisation (US \$8.3 million) for the quarter.

Work for 7 new customers which includes a large international airline, and one of the largest online brokerage firms in the world started during the quarter. Mphasis BFL also architected and implemented India's first fully integrated retail offering, icimoneymanager.com – a best-in-class third generation site within just 90 days – to provide a unique personalised finance experience.

About Mphasis BFL

Mphasis BFL, an Interactive Integrator with Quality Capacity, was formed by the Santa Monica, California-based Mphasis Corporation and Bangalore-based BFL Software. Mphasis is a global software architecture, integration and implementation company. Headquartered in Bangalore, India and Santa Monica, California, Mphasis BFL has over 1,450 software developers and architects across 17 offices and 11 development centers worldwide.

For further information, visit us at www.mphasis.com.

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