



Investor Update

Northgate Technologies Ltd.

Q2 FY'09 (July 2008 to September 2008)

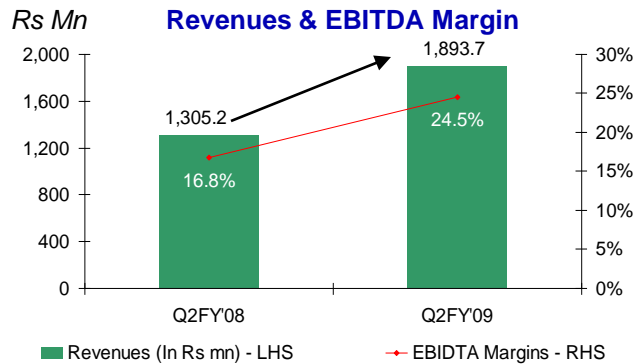


October 31, 2008



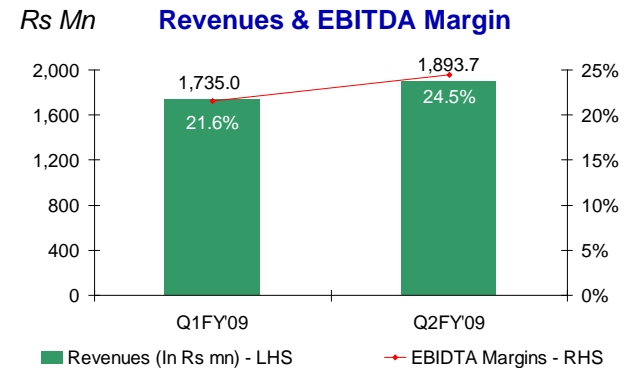
Growth Momentum Continues with Sharp Improvement in Profitability

Performance Review Q2FY'09 Vs. Q2FY'08



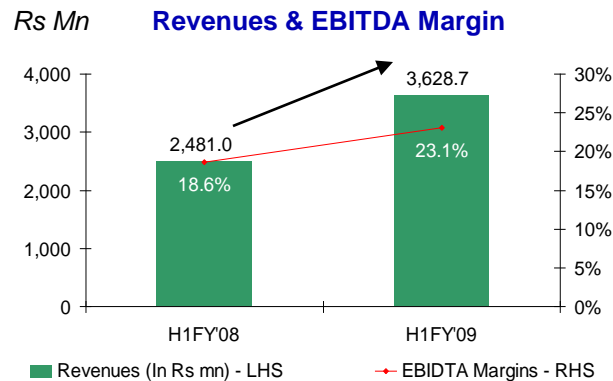
- Revenues up 45.1% from Rs 1,305.2mn to Rs 1,893.7mn driven by:
 - 30.0% increase in revenues from Online Media Exchange (OMX) from Rs 1,103.5mn to Rs 1,435.0mn
 - 127.3% increase in revenues from Online Media Properties (OMP) from Rs 201.8mn to Rs 458.7mn
- Gross Profit up 59.2% from Rs 427.8mn to Rs 681.3mn; Gross profit margin improved from 32.8% to 36.0% due to strong traction in the OMP business
- EBITDA up 111.6% from Rs 219.1mn to Rs 463.6mn; EBITDA margin improved from 16.8% to 24.5% with decline in Selling & Marketing Exp. and General & Administrative Exp. as a % of sales from 12.0% and 4.0% to 8.4% and 3.1% respectively
- Net Profits up 10.8% from Rs 202.2mn to Rs 224.1mn; Net Profit Margin down from 15.5% to 11.8% due to increase in depreciation as a percentage of revenues from 1.4% to 9.4% with incremental capex for server farms in Hong Kong and U.K.

Performance Review Q2 FY'09 Vs. Q1 FY'09



- Revenues up 9.1% from Rs 1,735.0mn to Rs 1,893.7mn driven by:
 - 2.9% increase in revenues from OMX from Rs 1,394.5mn to Rs 1,435.0mn
 - 35.0% increase in revenues from OMP from Rs 340.5mn to Rs 458.7mn
- Gross profit increased by 14.3% from Rs 596.2mn to Rs 681.3mn; Gross profit margin increased from 34.4% to 36.0%
- EBITDA up 23.8% from Rs 374.3mn to Rs 463.6mn with EBITDA margin improving from 21.6% to 24.5% due to decrease in sales and marketing expenses as a % of revenues from 10.8% to 8.4%
- Net Profits remained almost flat at Rs 224.1mn with Net margin declining from 12.9% to 11.8% due to increase in depreciation as a % of revenues from 8.3% to 9.4% with incremental capex of Rs 138mn for server farms in Hong Kong and U.K.

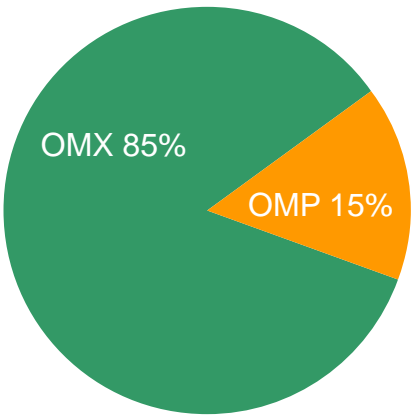
Performance Review H1 FY'09 Vs. H1 FY'08



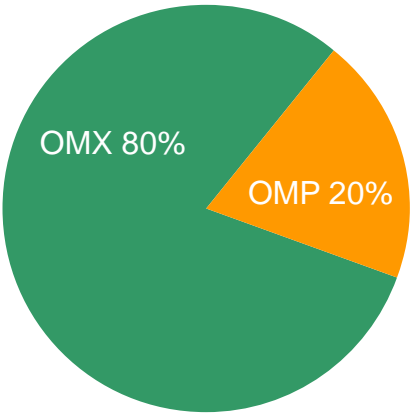
- **Revenues up 46.3% from Rs 2,481.0mn to Rs 3,628.7mn driven by:**
 - 32.5% increase in revenues from Online Media Exchange (OMX) from Rs 2,135.4mn to Rs 2,829.5mn
 - 131.3% increase in revenues from Online Media Properties (OMP) from Rs 345.6mn to Rs 799.3mn
- **Gross Profit up 66.6% from Rs 766.9mn to Rs 1,277.5mn; Gross profit margin improved from 30.9% to 35.2% due to strong traction in the OMP business**
- **EBITDA up 81.5% from Rs 461.7mn to Rs 837.9mn; EBITDA margin improved from 18.6% to 23.1%**
- **Net Profits up 16.2% from Rs 386.0mn to Rs 448.3mn; Net Profit Margin down from 15.6% to 12.4% due to increase in depreciation as a percentage of revenues from 1.5% to 8.9% with incremental capex for server farms in Hong Kong and U.K.**

Driven by Increased Focus on Higher Margin Segment

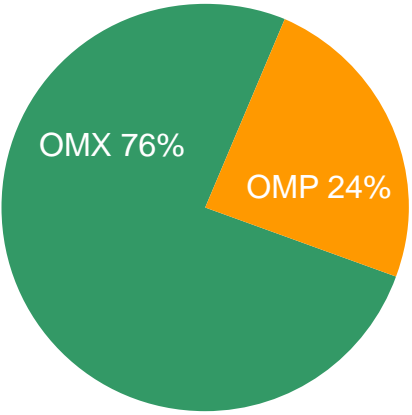
Q2FY'08



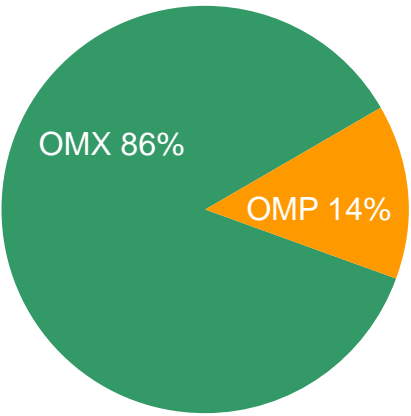
Q1FY'09



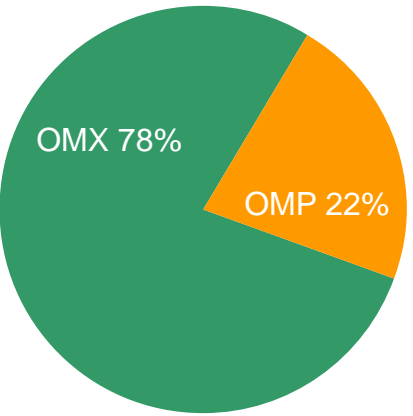
Q2FY'09



H1FY'08



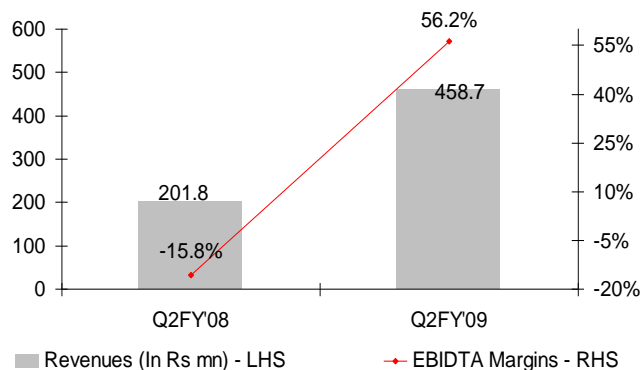
H1FY'09



Increased Contribution from OMP Segment

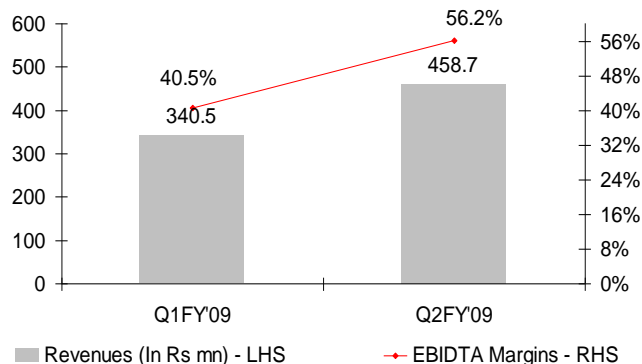
Performance Review Q2FY'09 Vs. Q2FY'08

Revenues & EBITDA Margin



Performance Review Q2FY'09 Vs. Q1FY'09

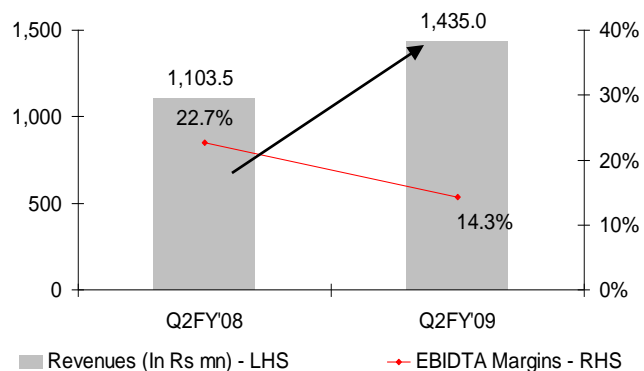
Revenues & EBITDA Margin



- Revenue up 127% YoY from Rs 201.8mn to Rs 458.7mn due to increase in page views from 2,726 mn to 3,430 mn
- Segment turned into profits of Rs 258.3mn at EBITDA level from a loss of Rs 31.8mn due to economies of scale
- **Globe7 HK and New Straits Times Press (NSTP) have entered into a strategic partnership to offer casual gaming on the company's popular Malay language Web site.** As part of the pact, Globe7 will host casual gaming, offering more than 100 free online games and adding to the site's lifestyle and entertainment content in an effort to attract more young people. NSTP is the oldest English-language newspaper in Malaysia running five editions.
- **Most of the online web properties continue to grow and are ranked amongst the top global websites as per Alexa.com (Oct. 28, 2008)**
 - ✓ www.bharatstudent.com: Ranked among top 18 websites in India and top 412 globally.
 - ✓ www.globe7.com: Ranked among world's top 497 most visited websites
 - ✓ www.ziddu.com: Amongst world's top 202 websites
- **Northgate's web properties are accessed by over 22 million unique visitors per month which is more than 2% of the total global internet unique visitors.** (Source: ComScore, Sept-2008). The company has built a worldwide internet audience through its own websites which has grown more than 6x the growth of the internet market for the period Jan -Sept 2008.

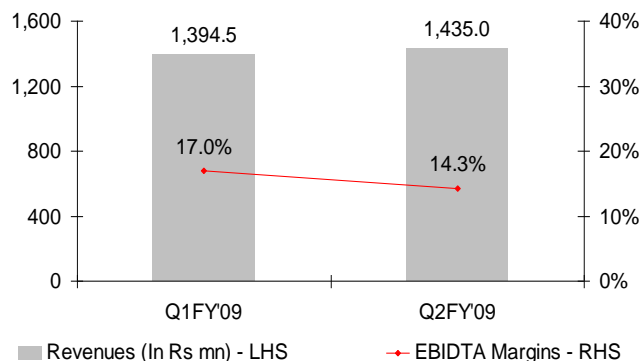
Performance Review Q2FY'09 Vs. Q2FY'08

Revenues & EBITDA Margin



Performance Review Q2FY'09 Vs. Q1FY'09

Revenues & EBITDA Margin



- Revenue up 30.0% YoY from Rs 1,103.5mn to Rs 1,435.0mn due to increase in impressions from 11.78mn to 12.29mn. OMX also includes additional revenue stream of Rs 200 mn from SMX constituting OOH and TV
- EBITDA margin declined from 22.7% to 14.3%
- Strong network of advertisers and publishers with total advertisers of 14,030 and publishers of 7,800 as on September 30, 2008
- Axill Europe Ltd, a wholly owned subsidiary of Northgate Technologies Ltd acquired Reuters' London (UK) based high end data centre infrastructure with over 8000 sq. ft. area in August 2008. The data centre is located at a close proximity to existing server farms in London which is the Global hub for all internet based services including online financial services due to the availability of world class Internet infrastructure

Financial Statements – Consolidated Income Statement

In Rs mn

Figures in Rs mn	Q2'08	Q1'09	Q2'09	QoQ %	YoY%	H1'08	H1'09	YoY%
Total Revenues	1,305.2	1,735.0	1,893.7	9.1%	45.1%	2,481.0	3,628.7	46.3%
Traffic Acquisition costs	(830.4)	(1,070.5)	(1,021.4)	-4.6%	23.0%	(1,625.6)	(2,091.9)	28.7%
Other Direct Costs	(47.0)	(68.0)	(191.0)	180.9%	306.4%	(89.0)	(259.0)	191.0%
Cost of Revenues	(877.4)	(1,138.8)	(1,212.4)	6.5%	38.2%	(1,714.1)	(2,351.2)	37.2%
Gross Profit	427.8	596.2	681.3	14.3%	59.2%	766.9	1,277.5	66.6%
S & M Expenses	(156.5)	(187.8)	(159.4)	-15.1%	1.9%	(229.9)	(347.2)	51.0%
G & A Expenses	(52.3)	(34.1)	(58.4)	71.2%	11.6%	(75.4)	(92.5)	22.7%
EBITDA	219.1	374.3	463.6	23.8%	111.6%	461.7	837.9	81.5%
D&A	(18.1)	(144.8)	(177.2)	22.4%	879.3%	(36.1)	(322.0)	792.1%
EBIT	201.0	229.5	286.3	24.8%	42.5%	425.6	515.8	21.2%
Financial Expenses		(4.6)	(2.4)	-48.8%	NA		(7.0)	NA
Other Income	1.8	45.5	1.6	-96.5%	-9.2%	(35.0)	47.1	NA
Net profit before taxes	202.7	270.4	285.6	5.6%	40.9%	390.5	556.0	42.4%
Taxes	(1.0)	(48.0)	(60.1)	25.2%	6076.4%	(5.0)	(108.1)	2073.7%
Net Income	201.8	222.4	225.5	1.4%	11.7%	385.6	447.9	16.2%
Share of loss of Minorities Interest	0.4	1.8	(1.4)	NA	NA	0.4	0.4	-3.0%
Net profit for equity holders	202.2	224.2	224.1	-0.1%	10.8%	386.0	448.3	16.1%
Basic Weighted Avg shares	33.0	35.0	34.9			33.0	35.0	
Diluted Weighted Avg Shares	34.1	35.6	35.6			34.1	35.6	
Basic EPS	6.1	6.4	6.4			11.7	12.8	
Diluted EPS	5.9	6.3	6.3			11.3	12.6	

Financial Statements – Segmental Analysis

In Rs mn

Revenue Break up	Q2'08	Q1'09	Q2'09	H1'08	H1'09
Online Media Exchange	1,103.5	1,394.5	1,435.0	2,135.4	2,829.5
Online Media Properties	201.8	340.5	458.7	345.6	799.3
Total Revenues	1,305.2	1,735.0	1,893.7	2,481.0	3,628.8

EBITDA Break up	Q2'08	Q1'09	Q2'09	H1'08	H1'09
Online Media Exchange	250.9	236.6	205.3	444.7	441.9
Online Media Properties	(31.8)	137.8	258.3	16.9	396.0
EBITDA	219.1	374.3	463.6	461.7	837.9

EBITDA Margin	Q2'08	Q1'09	Q2'09	H1'08	H1'09
Online Media Exchange	22.7%	17.0%	14.3%	20.8%	15.6%
Online Media Properties	-15.8%	40.5%	56.3%	4.9%	49.5%
Total	16.8%	21.6%	24.5%	18.6%	23.1%

Key Ratios

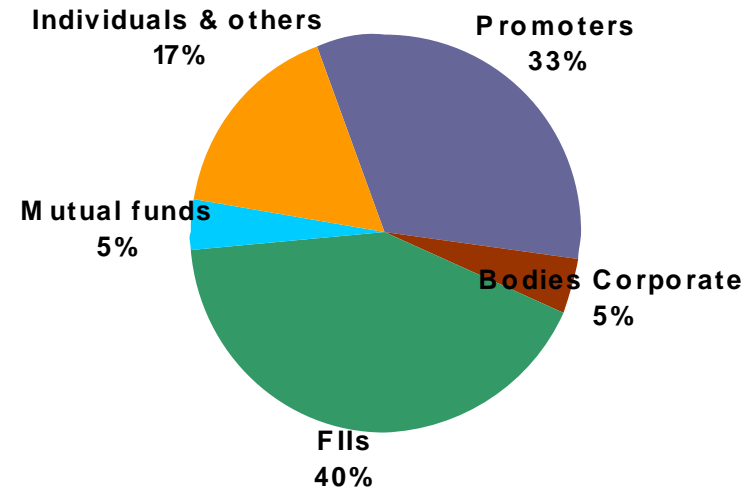
Key Ratios	Q2'08	Q1'09	Q2'09	H1'08	H1'09
Gross Profit Margin	32.8%	34.4%	36.0%	30.9%	35.2%
EBIT Margin Ratio	15.4%	13.2%	15.1%	17.2%	14.2%
EBITDA Margin Ratio	16.8%	21.6%	24.5%	18.6%	23.1%
Net Profit Margin Ratio (after Minority Interest)	15.5%	12.9%	11.8%	15.6%	12.4%

Shareholding Pattern

Category of Shareholders	Total No. of Shares
FII's	14,532,077
Promoters and Promoters Group	11,464,601
Individuals & Others	5,794,308
Mutual Funds/Banks/FIs	1,625,632
Bodies Corporate	1,601,972
Total	35,018,590

Key Institutional Investors	% Shareholding
Macquarie Bank Ltd	7.92
Deutsche Securities Mauritius Ltd	7.31
Merrill Lynch Capital Markets Espana SA S.V.	6.03
Swiss Finance Corporation Mauritius Ltd	4.45
India Capital Fund Ltd	3.63
Reliance Capital Trustee Company Ltd A/c	3.52
Citigroup Global Markets Mauritius Pvt Ltd	3.28
Goldman Sachs Investments Mauritius I Ltd	2.57
Citibank N A New York Nyadr Department	2.04
Marshal Asia Capital Ltd	2.02
Copthall Mauritius Investment Ltd	1.88
Total	44.65

Percentage Shareholding



As on September 30, 2008

About Northgate Technologies Ltd

Northgate Technologies is a leading provider of Internet marketing and ad technology services, combined number of unique products (VoIP, social networking) and high-capacity, highly scalable data centers. It is a beneficiary of the strong secular growth in online advertising due to its online ad agency business, online ad serving technology, and multi-pronged aggregation strategy. For more information please visit www.northgatetech.com

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Forward Looking Statement

Certain statements in this document with words or phrases such as “will”, “should”, etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The company may, from time to time, make additional written and oral forward looking statements, including statements contained in the company’s filings with the stock exchanges and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.

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