



Investor Update

Northgate Technologies Ltd.

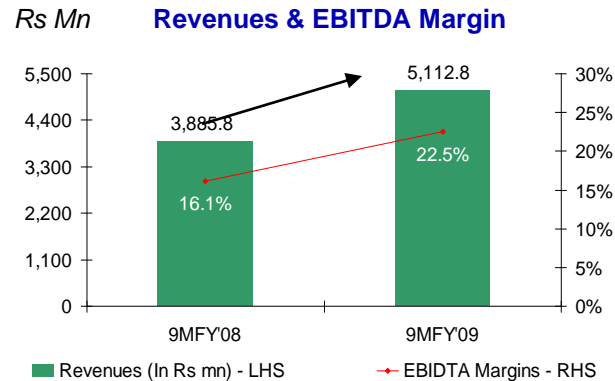
Q3 FY'09 (Oct 2008 to Dec 2008)



February 02, 2009

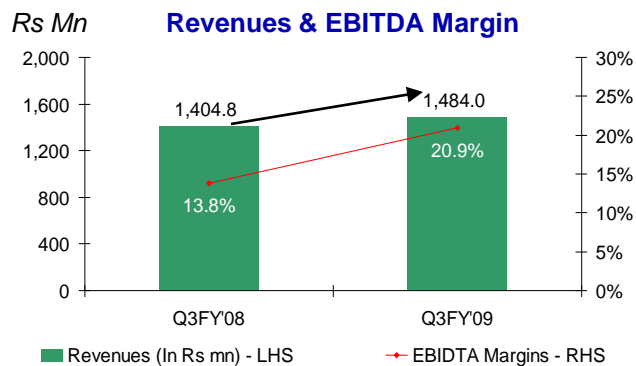


Performance Review 9M FY'09 Vs. 9M FY'08



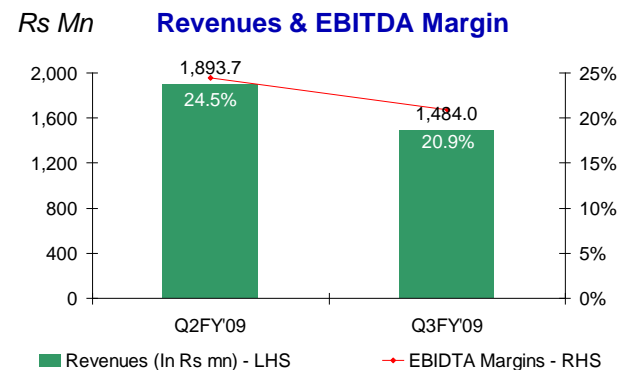
- **Revenues up 31.6% from Rs 3,885.8mn to Rs 5,112.8mn driven by:**
 - 123.1% increase in revenues from Online Media Properties (OMP) from Rs 625.3mn to Rs 1,394.9mn
 - 14.0% increase in revenues from Online Media Exchange (OMX) from Rs 3,260.5mn to Rs 3,717.9mn
 - Revenue split segment-wise (OMP:OMX) improved from 16:84 to 27:73 in the corresponding period
- **Gross Profit up 57.1% from Rs 1,257.1mn to Rs 1,975.3mn; Gross profit margin improved from 32.4% to 38.6%** due to increase in advertising revenues from our web properties resulting in decline in traffic acquisition cost. The traffic acquisition cost decreased from 63.8% of overall advertising revenues to 53.5% in the corresponding period
- **EBITDA up 83.7% from Rs 625.4mn to Rs 1,148.7mn; EBITDA margin improved from 16.1% to 22.5%**
- **Net Profits up 8.8% from Rs 526.6mn to Rs 572.7mn; Net Profit Margin down from 13.6% to 11.2%** due to increase in depreciation as a percentage of revenues from 2.3% to 10.2% with incremental capex for server farms in Hong Kong and U.K.

Performance Review Q3FY'09 Vs. Q3FY'08



- Revenues up 5.6% from Rs 1,404.8mn to Rs 1,484mn driven by:
 - 112.9% increase in revenues from Online Media Properties (OMP) from Rs 279.7mn to Rs 595.6mn
 - 21.0% decline in revenues from Online Media Exchange (OMX) from Rs 1,125.1mn to Rs 888.4mn
 - Revenue split segment-wise (OMP:OMX) improved from 20:80 to 40:60 in the corresponding period
- Gross Profit up 42.4% from Rs 490.2mn to Rs 697.8mn; Gross profit margin improved from 34.9% to 47.0% largely on account of increase in OMP segment and decline in traffic acquisition cost as a % of revenues from 60.6% to 43.4%
- EBITDA up 60.1% from Rs 194.2mn to Rs 310.8mn; EBITDA margin improved from 13.8% to 20.9% as a % of revenues due to similar reasons as for gross profit margin expansion
- Net Profits down 11.6% from Rs 140.7mn to Rs 124.3mn; Net Profit Margin down from 10.0% to 8.4% due to increase in depreciation as a percentage of revenues from 3.7% to 13.4% with incremental capex for server farms in Hong Kong and U.K.

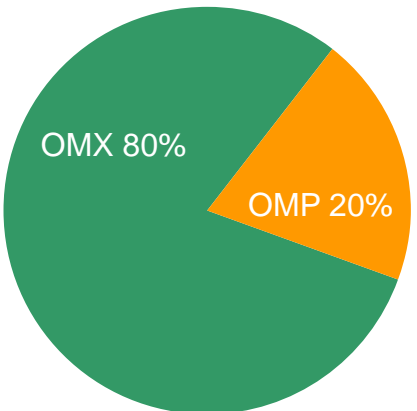
Performance Review Q3 FY'09 Vs. Q2 FY'09



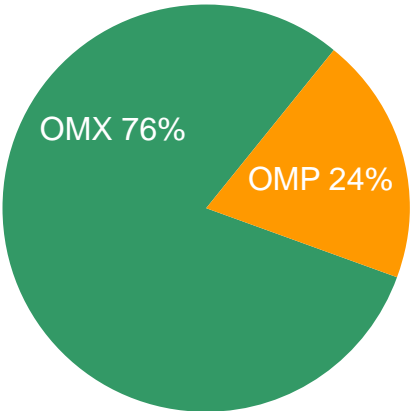
- Revenues down 21.6% from Rs 1,893.7mn to Rs 1,484.0mn:
 - 29.8% increase in revenues from OMP from Rs 458.7mn to Rs 595.6mn
 - 38.1% fall in revenues from OMX from Rs 1,435.0mn to Rs 888.4mn
- Gross profit increased by 2.4% from Rs 681.3mn to Rs 697.8mn; Gross profit margin increased from 36.0% to 47.0%
- EBITDA down 33.0% from Rs 463.6mn to Rs 310.8mn with EBITDA margin declining from 24.5% to 20.9% due to increase in sales & marketing expenses and general & administrative expenses as a % of revenues, from 8.4% to 20.9% and 3.1% to 5.1% respectively
- Net Profits down 44.5% from Rs224.1mn to Rs 124.3mn with Net margin declining from 11.8% to 8.4% due to increase in depreciation as a % of revenues from 9.4% to 13.4% with incremental capex for server farms in Hong Kong and U.K.

Segment-wise Revenue Mix

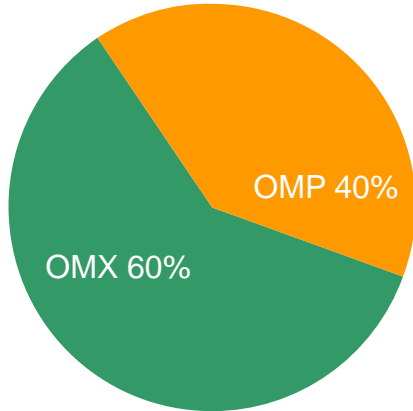
Q3FY'08



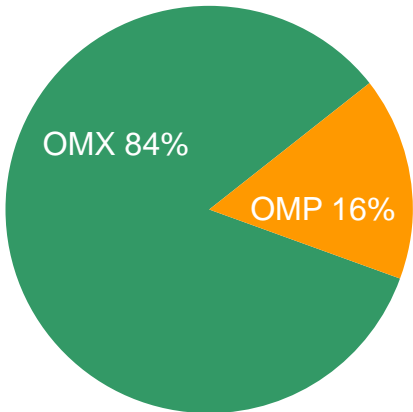
Q2 FY'09



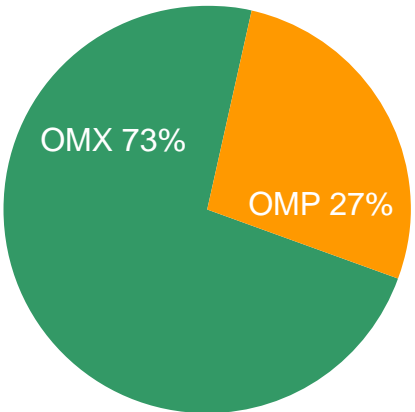
Q3 FY'09



9M FY'08



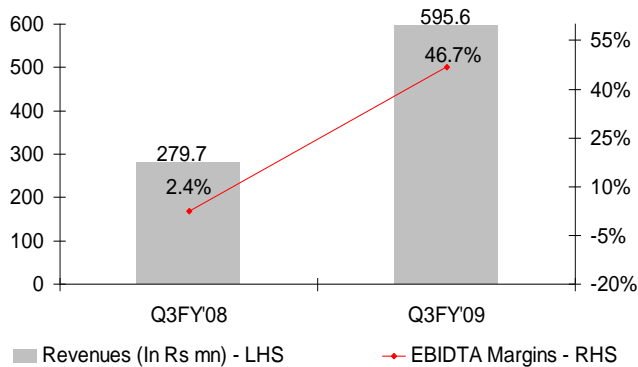
9M FY'09



Increased Contribution from OMP Segment

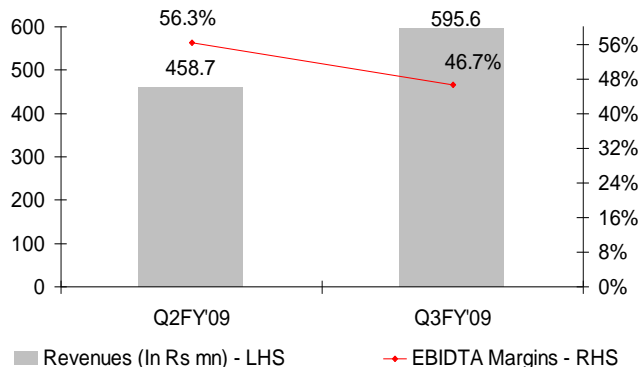
Performance Review Q3FY'09 Vs. Q3FY'08

Revenues & EBITDA Margin



Performance Review Q3FY'09 Vs. Q2FY'09

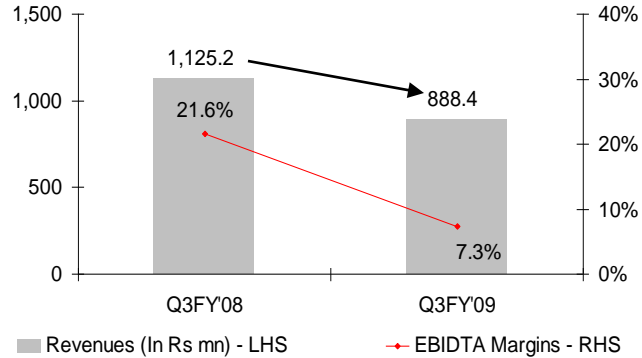
Revenues & EBITDA Margin



- Revenue up 112.9% YoY from Rs 279.7mn to Rs 595.6mn due to increase in advt. traffic and its monetisation
- EBITDA margin improved from 2.4% in Q3 FY'08 to 46.7% in Q3 FY'09 due to economies of scale. However, it declined compared to 56.3% in Q2 FY'09 due to rise in cost of revenue as a % of total revenue, from 11.0% to 14.6%
- As per ComScore, the company through its own websites has built a worldwide internet audience which has grown more than 8x the growth of the internet market for the period Jan-Dec 2008
- Key direct advertisers added during the quarter include: Microsoft, Citibank, Intel, P&G, Alibaba, KLM Airlines, Cathay Pacific Airlines and Apple Ipod amongst others.
- Three of its online web properties – **Globe 7**, **bharatstudent.com** and **Ziddu.com** continue to grow and are ranked amongst the Top 500 global websites as per Alexa.com (Jan 28, 2009):
 - ✓ www.bharatstudent.com: Ranked among top 451 websites globally and top 22 in India
 - ✓ www.globe7.com: Ranked among world's top 485 most visited websites
 - ✓ www.ziddu.com: Amongst world's top 233 websites. **Ziddu.com** was awarded as the **Most Popular Media Sharing Website** for the year 2008 of US by Matrix Lab-Innovator in Online Research (Source: www.websiteoftheyear.us)
- **Globe7 HK Ltd.** entered into partnership with SingTel, Asia's leading communications group, to deliver content hosting services to SingTel's **Wireless@SG** users:
 - ✓ Under the agreement, Globe 7 would provide a wide range of infotainment offerings including live television channels, news and business updates, movies, live radio stations, videos and games
 - ✓ The collaboration would help the company to gain a larger market share of the booming wireless Internet market

Performance Review Q3FY'09 Vs. Q3FY'08

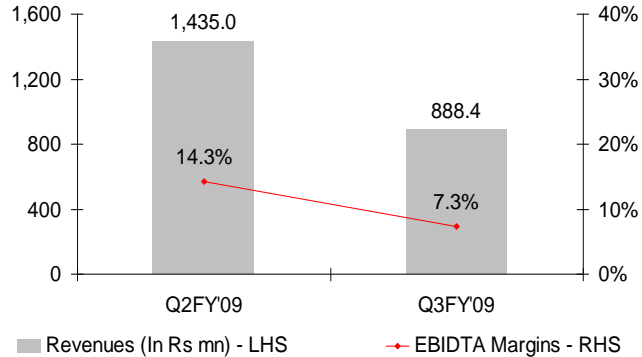
Revenues & EBITDA Margin



- Revenue down 21.0% YoY from Rs 1,125.2mn to Rs 888.4mn due to decrease in aggregation of advt. impressions on account of fall in margins
- EBITDA margin declined from 21.6% to 7.3% for the above reason

Performance Review Q3FY'09 Vs. Q2FY'09

Revenues & EBITDA Margin



Financial Statements – Consolidated Income Statement

In Rs mn

Figures in Rs mn	Q3'09	Q3'08	YoY%	Q2'09	QoQ %	9M'09	9M'08	YoY%
Total Revenues	1,484.0	1,404.8	5.6%	1,893.7	-21.6%	5,112.8	3,885.8	31.6%
Traffic Acquisition costs	(644.3)	(852.0)	-24.4%	(1,021.4)	-36.9%	(2,736.3)	(2,477.6)	10.4%
Other Direct Costs	(141.9)	(62.6)	126.5%	(191.0)	-25.7%	(401.2)	(151.2)	165.3%
Cost of Revenues	(786.2)	(914.7)	-14.0%	(1,212.4)	-35.2%	(3,137.4)	(2,628.8)	19.3%
Gross Profit	697.8	490.2	42.4%	681.3	2.4%	1,975.3	1,257.1	57.1%
S & M Expenses	(310.9)	(203.5)	52.8%	(159.4)	95.1%	(658.0)	(433.3)	51.9%
G & A Expenses	(76.1)	(92.5)	-17.7%	(58.4)	30.4%	(168.6)	(198.4)	-15.0%
EBITDA	310.8	194.2	60.1%	463.6	-33.0%	1,148.7	625.4	83.7%
D&A	(199.5)	(52.2)	282.0%	(177.2)	12.5%	(521.5)	(88.3)	490.6%
EBIT	111.4	142.0	-21.6%	286.3	-61.1%	627.2	537.1	16.8%
Financial Expenses	(1.2)	-	NA	(2.4)	-50.0%	(8.1)	-	NA
Other Income	99.7	9.3	972.9%	1.6	6161.0%	146.8	4.7	NA
Net profit before taxes	209.9	151.3	38.7%	285.6	-26.5%	766.0	541.8	41.4%
Taxes	(85.5)	(11.2)	661.1%	(60.1)	42.3%	(193.6)	(16.2)	1096.0%
Net Income	124.3	140.0	-11.2%	225.5	-44.8%	572.3	525.6	8.9%
Share of loss of Minorities Interest	-	0.6	NA	(1.4)	NA	0.4	1.0	-61.9%
Net profit for equity holders	124.3	140.7	-11.6%	224.1	-44.5%	572.7	526.6	8.8%
Basic Weighted Avg shares	35.0	34.4		34.9		34.9	33.5	
Diluted Weighted Avg Shares	36.1	35.4		35.6		35.5	34.5	
Basic EPS	3.6	4.1	-13.2%	6.4	-44.7%	16.4	15.7	4.3%
Diluted EPS	3.4	4.0	-13.4%	6.3	-45.3%	16.1	15.3	5.6%

In Rs mn

Revenue Break up	Q3'09	Q3'08	Q2'09	9M'09	9M'08
Online Media Exchange	888.4	1,125.1	1,435.0	3,717.9	3,260.5
Online Media Properties	595.6	279.7	458.7	1,394.9	625.3
Total Revenues	1,484.0	1,404.8	1,893.7	5,112.8	3,885.8
EBITDA Break up	Q3'09	Q3'08	Q2'09	9M'09	9M'08
Online Media Exchange	64.5	243.4	205.3	506.4	688.2
Online Media Properties	278.4	6.8	258.3	674.4	23.7
Re-organizational expenses	-	(27.0)	-	-	(27.0)
Unallocable expenses	(2.9)	-	-	(2.9)	-
Fixed Assets w/off	(27.9)	-	-	(27.9)	-
EBITDA	312.2	223.2	463.6	1,150.0	684.8
EBITDA Margin	Q3'09	Q3'08	Q2'09	9M'09	9M'08
Online Media Exchange	7.3%	21.6%	14.3%	13.6%	21.1%
Online Media Properties	46.7%	2.4%	56.3%	48.3%	3.8%
Total	20.9%	13.8%	24.5%	22.5%	16.1%

Note: The difference in segmental EBITDA as against those reported in P&L is owing to financial expenses and regrouping

Key Ratios & Balance Sheet Items

Key Ratios	Q3'09	Q3'08	Q2'09	9M'09	9M'08
Gross Profit Margin	47.0%	34.9%	36.0%	38.6%	32.4%
EBITDA Margin Ratio	20.9%	13.8%	24.5%	22.5%	16.1%
EBIT Margin Ratio	7.5%	10.1%	15.1%	12.3%	13.8%
Net Profit Margin Ratio	8.4%	10.0%	11.8%	11.2%	13.6%

Balance Sheet

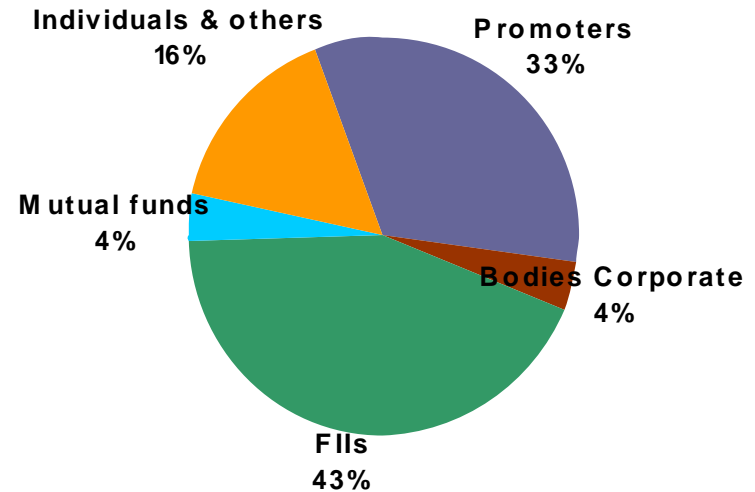
Particulars (Rs mn)	As at Dec31, 2008
Shareholders' fund	5,108.3
Capital	351.5
Reserves & Surplus	4,756.8
Secured Loans	5.4
Deferred Tax Liability	193.5
Current Liabilities	854
TOTAL LIABILITIES	6,161.6
Net Fixed Assets	2,808.9
Sundry Debtors	2,728.2
Cash and Bank	164.9
Other Current Assets	459.6
TOTAL ASSETS	6,161.6

Shareholding Pattern

Category of Shareholders	Total No. of Shares
FIs	15,089,550
Promoters and Promoters Group	11,470,601
Individuals & Others	5,662,473
Mutual Funds/Banks/FIs	1,437,527
Bodies Corporate	1,358,439
Total	35,018,590

Key Institutional Investors	% Shareholding
Deutsche Securities Mauritius Ltd	7.44
Swiss Finance Corporation Mauritius Ltd	6.43
Merrill Lynch Capital Markets Espana SA S.V.	6.03
Citigroup Global Markets Mauritius Pvt Ltd	4.96
Macquarie Bank Ltd	4.65
India Capital Fund Ltd	3.63
Reliance Capital Trustee Company Ltd A/c	3.56
Marshal India Select Fund Ltd.	2.43
Citibank N A New York Nyadr Department	2.04
Copthall Mauritius Investment Ltd	1.88
Marshal Asia Capital Ltd	1.81
Total	44.86

Percentage Shareholding



As on December 31, 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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Four-S Services provides customized business and financial research to organizations across the globe. The company also provides Investor Relations consulting to corporates based on in-depth sectoral and company research. The company has an impressive client profile and a team of experienced analysts covering the key sectors including Finance & Banking, IT & Telecom, Retail, Media & Entertainment, Pharmaceuticals, Infrastructure and Manufacturing amongst others. For further information on the company please visit www.four-s.com

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.

For any Investor Relations queries please contact:

Anil Singh

Northgate Technologies Ltd
Email: cfo@northgatetech.com
Tel No. + 91- 40 -66534444

Seema Shukla

Four-S Services Pvt. Ltd
Email: seema@four-s.com
Tel. No. +91-124- 4251441
Cell: +91 98104 08474

Subra Ramanathan

Four-S Services Pvt. Ltd
Email: subra.ramanathan@four-s.com
Tel. No. +91-22-26482878
Cell: +91 98339 44209

Four-S Services Locations

Mumbai: 202, Vinayak Chambers, 4th Road, Khar (West), Mumbai - 400 052. Tel: +91-22-26482878

Gurgaon: 214, Udyog Vihar Phase I, Gurgaon – 122016. Tel: +91-124-4251443