

PRIME SECURITIES LIMITED

Regd. Office : Phoenix House, A Wing, 4th Floor, 462, Senapati Bapat Marg, Lower Parel, Mumbai 400013.

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED DECEMBER 31, 2003

Amt. in Rs. Lacs

	Quarter ended 31.12.2003	Quarter ended 31.12.2002	Nine Months ended 31.12.2003	Nine Months ended 31.12.2002	Year ended 31.03.2003
A. Income from Operations	84	8	181	28	36
B. Other Income	3	3	48	10	17
Total Income	87	11	229	38	53
C. Total Expenditure					
Staff Cost	19	16	53	48	68
Rent	2	3	8	12	14
Telephone, Postage and Courier	2	2	7	7	9
Share Issue Expenses	3	3	9	9	11
Other Expenditure	9	10	24	27	35
	35	34	101	103	137
D. Gross Profit / (Loss)	52	(23)	128	(65)	(84)
E. Interest	1	7	2	23	4
F. Depreciation	3	3	10	11	13
G. Diminution in Portfolio	*	*	*	*	3
H. Provision for Non-Performing Assets and Contingencies	*	*	*	*	3
I. Other Provisions / Write-offs / (Write-backs)	(2)	-	(3)	-	-
J. Profit/(Loss) before Tax	50	(33)	119	(99)	(107)
K. Deferred Tax Savings	1	1	3	3	6
L. Profit/(Loss) after Tax	51	(32)	122	(96)	(101)
M. Prior Period Adjustments	-	(3)	-	-	(1)
N. Profit/(Loss) after Adjustments	51	(35)	122	(96)	(102)
O. Paid-up Capital					
- Equity	2,341	2,341	2,341	2,341	2,341
- Preference	200	200	200	200	200
P. Reserves (excluding Revaluation Reserves)					7,577
Q. Debit Balance in P & L Account					(8,593)
R. Earnings per Share (in Rs. not annualised)					
- Basic	0.22	(0.14)	0.52	(0.41)	(0.43)
- Diluted	0.21	(0.13)	0.50	(0.39)	(0.42)
S. Aggregate of Non-Promoter Shareholding					
- Number of Shares	2,28,86,196	2,28,46,996	2,28,86,196	2,28,46,996	2,28,46,996
- Percentage of Shareholding	94.80	94.64	94.80	94.64	94.64

* Provision / Diminution, if any, will be made at the year end.

Notes :

- The above Results were taken on record by the Board of Directors of the Company at its Meeting held on January 29, 2004.
- The Company is pursuing the matter regarding sales tax demand of Rs 12 lacs. The Company has decided to retain the said amount as part of Contingent Liability till the final outcome of the matter.
- The Company has entered into a settlement with the Preference Shareholder. In terms of the said settlement, the Company is entitled to concessions/waivers in respect of its liability subject to the Company adhering to a fixed repayment schedule.
- The Unaudited Financial Results are subject to a Limited Review by the Statutory Auditors of the Company.
- The Company does not have any identifiable segments as required by Accounting Standard 17 issued by ICAI.
- Previous period figures have been re-grouped / re-classified wherever necessary.
- The Company received 9 investor complaints during the Quarter ended December 31, 2003 and all have been resolved and there were no investor complaints pending at the beginning of the Quarter.

Observations made by Auditors in Report for the year ended March 31, 2003 and Management Perception thereof :

- Auditors' Observation :** Going Concern assumption has been used in drawing the financial statements despite the accumulated losses. The Company's ongoing operations are largely dependent upon successful restructuring of debts / generation of cash from operations. **Management Perception :** The management, in its continued endeavour to reduce the Company's debts, has been successful in arriving at further settlements during the year with its bankers / lenders and is of the opinion that sufficient funds will be available from operations.
- Auditors' Observation :** Concessions / Waivers amounting to Rs 825.76 lacs have been considered in the financial statements. As the negotiations for reschedulement of the outstanding settled amounts are not concluded and / or waivers are conditional upon compliance with the terms of the settlement, an opinion regarding the liability cannot be formed. **Management Perception :** In view of the financial constraints, the Company has from time to time been renegotiating with the lenders and has generally been successful. The availability of concessions is dependent upon payments on time.
- Auditors' Observation :** The Company has not provided for interest of Rs 28.58 lacs on unsecured loan. Had this provision been made, the loss for the year and the accumulated loss till date would have increased by Rs 28.58 lacs. **Management Perception :** The management is negotiating for settlement of its dues and is confident of getting concessions / waivers. In view of the above, no provision is made for interest amounting to Rs 28.58 lacs during the year on the said borrowing.
- Auditors' Observation :** An investment of Rs 1,113.65 lacs is in unquoted equity shares for which adequate information relating to the investee company is not available. Therefore, the diminution in value, other than temporary, cannot be ascertained. **Management Perception :** These investments continue to be included at cost as the management believes that there is no diminution, other than temporary, in their value, requiring provision in the accounts.
- Auditors' Observation :** Preference Shares amounting to Rs 200 lacs have not been redeemed which fell due for redemption on August 10, 1997. **Management Perception :** The Company has entered into a settlement with the Preference Shareholder. In terms of the said settlement, the Company is entitled to concessions/waivers in respect of its liability subject to the Company adhering to a fixed repayment schedule.
- Auditors' Observation :** The auditors are unable to form an opinion on the value of investments amounting to Rs 1,752.72 lacs made in subsidiaries. **Management Perception :** In view of the long term nature of the Company's investment in subsidiaries, no provisions are presently considered necessary.

For Prime Securities Limited

Mumbai
January 29, 2004

Nikhil Shah
Whole-Time Director