



19th July 2005

Results for the quarter ended June 30, 2005

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Certain statements in this report concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price contracts, client concentration, restrictions on immigration, our ability to manage our international marketing & sales operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, liability for damages on our service contracts & product warranty, the success of the companies in which the Company has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. The Company may, from time to time, make additional written and oral forward-looking statements and our reports to shareholders. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.

From the MD's Desk

After 10 straight quarters of Q-on-Q growth we faced our first quarter of de-growth. In my last note, I had stated that the first quarter was likely to be slow, but frankly the decline in revenues was unexpected. Hence we wrote to the Stock Exchanges on 13th of June informing them of the situation we faced along with reasons therefore.

Consolidated operating revenues declined Q-on-Q by 2% in dollar terms to USD 11.15 Million and in Rupee terms by 3% to Rs 485.9 Million. Consolidated operating profit declined steeply from Rs 96 million to just over Rs 50 million when compared to the previous quarter. Compared to the previous year, consolidated operating revenues were up 44% in US dollar terms but consolidated operating profit was down 7% when compared Rs 54 million last year.

Clearly the single largest cause for the decline in margins stems from the drop in revenue when compared to budget, resulting in lower utilization, badly affecting margins. This was aggravated by some unforeseen increases in costs such as extensive use of diesel for power generation in Pune as well as some planned increases in costs such as training, manpower expenses due to salary increases and increases in software tool expenses.

While I won't dwell at length on the causes for decline in revenue as I have already covered it in my note to the Stock Exchanges. I must admit some of the delays in projects starting and the delay in the fixed price project could have been anticipated with better controls and processes. We have already identified improvement of processes as a key factor in achieving scalability. The events of the last quarter have caused us to review our approach and take several corrective steps. These include improving linkage between developments in sales and consequent adjustments in recruitment, training the delivery team to understand the need for greater discipline both in terms of reviewing projects and leveraging in-house resources, to name a few. Another area is collections where we have put in intensive efforts with a view to bring receivables down substantially in the next two quarters.

I'd like to take time to review our product strategy and results. We showed a 6% decline in US dollars in product revenue over the previous quarter. While the decline is an overall figure, there are variations. Our PDM-X and Cad-PDM products registered almost nil revenues, e-Drawings was more or less flat whereas Geometry Components and Technologies showed an increase as did TekSoft. In Cad-PDM while we continue to make progress from the technical point of view, the arrangements to build a product and distribute it are proving a challenge. We continue to expend significant efforts in tying up agreements to cover development, distribution and launch customers.

Meanwhile, we are planning to leverage our investment in TekSoft. In the first two quarters after the acquisition our emphasis was on turning around TekSoft. Now that we have made significant progress, we plan to identify and commence implementation of steps to integrate into TekSoft our e-Drawings and Geometry Component businesses by the end of the quarter. This will enable us to obtain synergies both in terms of channels and channel management. In turn we believe this will bring about more predictability and improved growth in revenues for the entire range of products.

Looking ahead to the coming quarter we will resume on our path of growth. I see good traction in engineering services and we expect continued growth in revenues from partners. Clearly we need to catch up on our deficit in our endeavor to reach the \$100 million target. We have seen significant enhancements in some of our relationships so re-inforcing our conviction in correctness of our strategic direction. We stand by our revised guidance and are making every effort to achieve our original targets.

The Company has scheduled an **Analyst Call on Wednesday, 20th July 2005 at 2.00pm.** Kindly contact Bindu on 5505 6970/0500 to ensure that you are included in the arrangements.

Regards,

A handwritten signature in black ink, appearing to read 'Manu Parpia', with a long horizontal stroke extending to the right.

Manu Parpia
Managing Director

Business Analysis for the Quarter ended 30th June 2005

Sales & Marketing:

Typically the sales cycle for an industrial customer is longer since it involves multiple layers of processing. The effect of the longer cycles has become more pronounced since Geometric started bidding for larger projects with our partners. Last quarter some projects that were expected to commence got delayed resulting in a drop in operating revenues. These projects will be initiated in the second quarter. In fact, we have already started working on one of the key projects. Last quarter, there was a major thrust on joint marketing efforts with partners, beginning with a successful seminar with a US partner's sales force. We have now started offering packaged services and solutions which increases the value we bring to a relationship.

We were selected by a large European automotive company to provide PLM services. We have initiated a small pilot project in the last quarter and expect repeat business from the customer in the future through their traditional partners. We signed a partnership with a leading French company to provide PLM services last quarter. These steps will help us in increasing our business from European operations.

We believe our strategy of focusing on Industrial Customers through partners is showing good results. We continue to see an increase in demand for our services from the industrial customers.

ESD:

We have consolidated our partnership with a key US partner for providing tool design services to the automotive sector. Last quarter we had joint sessions to build capabilities to increase the quantum of work done offshore. This will help our partner to free up their capacity in the US, enabling us to jointly get additional business.

We also won a large contract from a leading US company to provide various modeling services. We are currently executing the first phase of the project, a significant portion of which will be executed in the next quarter. We have now created joint marketing activities with this Partner in the US to promote these services to similar companies in the US. We are also one of the vendors selected by a large automotive company to provide offshore based engineering services. This relationship will result in revenues in the subsequent quarters.

We have increased our marketing efforts in the ESD segment of business. This has resulted in more visits by our Partners/ Customers to our facilities in the last quarter. We expect business to grow from these relationships.

We have made significant progress with our Partners in Europe and we see this trend continuing in the future. In ESD we have taken a conscious decision to increase the level of work executed by us offshore and are in the process of recruiting senior experts to undertake higher value work.

Delivery:

One of the key highlights of the past quarter has been the introduction of Accounts & Practices Matrix, to address the need to build out a career path for employees. This

critical step will also allow us to scale-up operations and at the same time improve customer satisfaction. Practice Heads and Account Managers are identified and will work out the game plan for their respective areas in the coming quarter. In Q2, our objective, along with that of HR, is to make the career path model come alive, as this is vital to our success in retaining talent.

Business from OEM customers has been stable. We started a pilot fixed price project for one new OEM in the APAC region. On the Industrial front, we are continuing to cater to existing and new industrial customers through our OEMs as well as partners. Key projects for this quarter include eMatrix-CAD integration for an European customer, eMatrix customization project for an US customer, CAA customization project for an US customer, Windchill customization project for an European customer and Teamcenter Enterprise customization project for a Japanese customer. We also started a fixed price offshore CAA project for a new European industrial customer. On the negative side, one of our large industrial fixed price projects suffered a major setback in Q1 as we could not make the timely release of the complex solution. We have taken several steps to correct the situation and we expect the final release of this phase in Q2, followed by commencement of work on the next phase.

On processes, we are now upgrading the definition and implementation of the PPI (Project Performance Index), which is a consolidation of schedule variance, effort variance, process compliance and customer satisfaction. We have been tracking the PPI for our projects on a fortnightly basis for the past 18 months. Now we need to enhance the index by aligning management goals with our objectives. We will make it more stringent by incorporating specific customer escalations non-compliance issues as well as by converting reviews into comprehensive audits. The new PPI 2.0 will be implemented across all projects starting Q2.

Products

Last quarter we launched a new product, GeomCaliper for CATIA V5, an innovative tool that facilitates measurement and checking of thickness on CATIA V5 CAD models. We added 2 new customers for Nestlib and our maintenance revenues from Nestlib have been stable. We also signed up for a new FR based product with an OEM. 3DSerachIt saw good interest and at present we are actively pursuing business prospects in Japan. eDrawings sales have stabilized and particularly sales of CATIA V5 component have picked up well. Territory wise, we saw a good jump in the Europe region. We also received the first order of eDrawings for STL. Last quarter specific steps **were taken** to improve the reseller channel and **the** results have been encouraging. We are now working out a plan to increase traction in Japan and eDrawings for midrange CAD.

On PDM-X we made a GA release in Q1. We saw increased enquiries for existing integration as well as possible new integrations. We completed our first product support service project for a major electronics manufacturer. Regarding CAD-PDM, we got an excellent response to our demonstration in April. We also set up a Proof of Concept at a major auto manufacturer's facility for demonstration and increased awareness of the product.

Our TekSoft subsidiary saw a steady growth in revenues over the previous quarter. We are now working on both, adding to the product offering as well increasing its depth. We are also working on strengthening the distribution channel in all parts of the Far East including Korea, China and Japan. Furthermore we have begun an

exercise which will culminate in TekSoft taking responsibility of many of Geometric's product offerings enabling both companies to leverage each others strengths.

Corporate:

PLM Institute:

Geometric's ability to become the world's leading PLM solution provider largely depends upon our ability to provide PLM expertise to our partners. Clearly this is a challenge since there is a shortage of PLM trained people in the market.

Last quarter, we had announced the formation of the PLM Institute, to train our employees in various PLM domains. This quarter PLM Institute successfully completed 2 batches covering courses in Teamcenter Enterprise and CATIA CAA. Most of the employees passing out from the institute are immediately absorbed on customer projects.

Going forward PLM institute will have at least two courses running at any point of time to cater to the growing demand for PLM experts.

Financial Analysis for the Quarter ended 30th June 2005 (Q1 FY06) (Consolidated)

(NB: The mailer has been prepared using the MIS sheets as the basis. The MIS sheets have been enclosed in the attachment for your perusal)

Comparison with Q1 of 2004-05

Revenues

- **Operating Revenues improved by 39% in Rupee terms and 44% in US Dollar terms.**
- **Total Revenues (including other income) improved by 50%.**
- In January 2005, we had advised that effective from Q1FY06, we will be moving to mark-to-market valuation of outstanding forward contracts. The change in Accounting for valuation of Forward contracts has been implemented from Q1 FY06. Due to this, the Foreign Exchange gain increased by 383% over the same period last year. Henceforth, the changes in mark-to-market valuation of the outstanding forward contracts will be reflected in the Profit and Loss account every quarter.
- Offshore and Onsite revenue increased by 19% and 68% respectively. Products revenue increased by 121%, including revenues from TekSoft. Offshore contribution to Operating Revenue decreased from 69% in Q1 FY05 to about 59% in the present quarter, while Onsite contribution increased from 22% to 27%. The Products contribution to revenues increased from 9% to 14%.
- The company derived over 35% of its consolidated revenues from business partners and industrial customers.
- Geographical Mix of Revenues: The US share of revenues was 62% (64% last year) while Europe was 24% (23% last year) and 14% being contributed by rest of world.

Expenses

- The Software Development Expenses have increased by 50% over Q1 FY05.
 - The offshore and product development manpower cost has increased by 43%. The increase in the cost is mainly due to a 52% increase in

manpower, salary increase this year and effect of TekSoft manpower cost consolidation. However, the effect of larger numbers is counter-balanced by the broadening of manpower pyramid and expansion of engineering services (which has a lower average cost).

- Increase in onsite cost is in line with the increase in the number of onsite consultants. Onsite gross margins improved to 30% of onsite revenue in Q1 FY06 as compared to 27% in Q1 FY05 due to both increase in volumes and a reduction in new engagements. In new engagements, the ticket and other upfront costs are expensed in the quarter they are incurred.
 - Local travel and conveyance have increased due to more projects getting executed from multiple locations and the addition of travel to Bangalore location.
 - Software tools and packages cost increased due to higher royalty payable on licenses and tools usage and increased number of CAD software for Engineering Services.
- Selling & Marketing expenses were 19 % higher due to the following:
 - Substantially strengthening the Marketing team as compared to Q1 FY05
 - Increased focus on Marketing by participating in PLM focused conferences worldwide.
 - Increase in Travel Expenses for Sales personnel.
 - General & Administration Expenses have increased by 68% due to the following:
 - Rent expenses have increased due to shifting of rented premises to larger area in Mumbai and Bangalore.
 - Power & Fuel Expenses have increased due to increase in area occupied in Mumbai, Bangalore. Furthermore in Pune, there was extensive use of diesel for generation.
 - Recruitment costs have increased due to larger number of people recruited as compared to previous year, and a more challenging recruitment environment.

- Increased focus on in-house training Programs and formation of the PLM Institute for providing specialized training in PLM domain have led to higher training costs.
- Support Services cost has increased due to increase in personnel count as compared to Q1 FY05.
- Higher Technical Consultancy charges for projects, increased insurance cost and CMMI audit expenses have led to increase in Miscellaneous Expenses
- Depreciation has increased by 18% due to the following
 - Computer Depreciation increased in line with upgradation of hardware and addition to manpower
 - Non PC Depreciation decreased due to an increase in area of premises leased to third party. Depreciation on this additional space is directly deducted from Lease fees (part of other income). This depreciation is Rs. 3.79 Mn in the current Quarter as compared to Rs. 2.04 Mn in Q1 FY05. The new development centre at Pune which was slated to be completed in this quarter is now expected to be operational by early Q3FY06.

Performance Parameters

- The number of software developers increased from 801 personnel as on 30th June, 2004 to over 1,275 as on 30th June 2005, an increase of around 60%. From the next quarter, we will provide a breakup between offshore and onsite manpower in terms of number.
- Debtors Days were at 78 days compared to 59 days at the end of same quarter in the previous year. The Company has reviewed its current collection process and made changes to improve its efficiency in collecting the receivables. We expect to see significant improvements in the coming quarter.
- Operating Profit (PBIT (after depreciation) but excluding other income) for the quarter decreased by 7% from Rs. 54.35 Mn to Rs 50.40 Mn. Operating Profit Margins have declined by 6% points compared to Q1 of previous year. This is mainly due to drop in revenues over previous quarter, appreciation of the Rupee by 4%, reduction in utilization %, increase in salary cost, and increase in on-site revenue as a % of total revenue and TekSoft consolidation.

- The EBITDA margin (as a % of total revenue) remained steady at 27%
- The PBT margin (as a % of total revenue) increased from 20% to 21% primarily because of growth in other income
- The PAT margin (as a % of total revenue) remained steady at 14% primarily due to growth in other income.

Sequential Comparison with Q4 of 2004-05

Revenues

- **Operating revenues for the quarter decreased by 3% in Rupee terms and by 2% in dollar terms.** The main causes were: ramp-down of business with one of our key customers - Powerway, delay in completion of a major fixed price project, making it ineligible for revenue recognition and also the delay in commencing new projects.
- **Total revenue (including other income) improved by 6%.**
- In January 2005 we had advised that effective from Q1FY06, we will be moving to mark-to-market valuation of outstanding forward contracts. The change in Accounting for valuation of Forward contracts has been implemented from Q1 FY06. Due to this, the foreign exchange gain increased by 259% over the previous quarter. Henceforth, the changes in mark-to-market valuation of the outstanding forward contracts will be reflected in the Profit and Loss account every quarter.
- Offshore revenue decreased by 5% while Onsite revenues increased 6%. Product revenues decreased by 9%.
- Offshore contribution to Operating revenue declined from 60% to 59%, while onsite contribution has improved from 25% to 27%. Product revenues declined from 15% to 14%.
- The company has added 4 new clients in the quarter.
- Revenue from Business partners and Industrial customers continued to be over 35% of the Company's consolidated revenues.

Expenses

- The Software Development Expenses have increased by 11%. The main items contributing to this increase are
 - The offshore and product development manpower cost has gone up by 11%. This is due to an increase in manpower by 7% and a salary

- revision, which is partially offset by manpower restructuring in TekSoft and growth in engineering services with lower average salary costs.
- Onsite consultant costs have increased by 6% in line with the growth in Onsite revenue. Onsite margins have remained steady at 30%.
 - Software tools and packages cost increased due to higher royalty payable on licenses and CAD tools usage for engineering services.
 - Foreign travel expenses have increased due to higher visits to customers.
 - Adopting Cost control measures has leveraged local Travel.
- Selling & Marketing expenses were marginally higher by 1%.
 - General & Administration expenses have increased by 8% due to the following:
 - Power and Fuel expenses have increased due to increase area occupied at Bombay and Bangalore as well as extensive use of diesel in Pune.
 - Training costs have increased by 217% due to an increase in the number of programs and commencement of the PLM Institute.
 - Technical Consultancy charges for projects, Annual report printing charges and CMMI audit have led to an increase in Miscellaneous Expenses
 - Depreciation has reduced by 5 % due to following
 - Increase in area of premises leased a third party, depreciation on which is directly deducted from lease fees (part of other income) and non-PC depreciation. This depreciation is Rs. 3.79 Mn in the current Quarter as compared to Rs. 2.48 Mn in Q4 FY05. The new development centre at Pune which was slated to be completed in this quarter is now expected to be operational by early Q3FY06.

Performance Parameters

- Manpower utilization for the quarter dropped down to 80 % (including trainees) from 85% in the previous quarter. While a part of this was a planned reduction with an objective to build resources pipeline for quick start-up and execution of upcoming projects, utilization also reduced due to delay

in commencement of certain projects, for which resources were already recruited. The utilization (excluding trainees) was 87% as compared to 90% in the previous quarter

- The company had over 1275 software developers at the end of the quarter, a net increase of 11% over the previous quarter
- Debtors' days increased to 78 compared to 73 days at the end of previous quarter. As mentioned earlier, the company has revamped the collection process to bring this under control.
- Operating Profit for the quarter is at Rs. 50.40 Mn as against Rs. 96.30 Mn in the previous quarter a decrease of 48%. Operating Profit Margins have declined by 9% points compared to previous quarter. The key reasons for this drop are: effect of salary increase compounded by drop in utilization %, reduction in operating revenues and increase in G & A expenses.
- EBITDA margin (as a % of total revenue) has decreased from 29% to 27%.
- The PBT margin (as a % of total revenue) declined from 23% to 21%.
- The PAT margin (as a % of total revenue) declined from 15% to 14%.

Quarterly Performance for 3D PLM:

- At the end of quarter 3D PLM has over 385 software developers. The growth is in line with our expectations.

Quarterly Performance for TekSoft:

- In line with our objectives, TekSoft has registered as steady growth in its operating revenues as well as improvement in its PBT. There was a significant turnaround from the previous year when the company was making losses.

GEOMETRIC SOFTWARE SOLUTIONS CO. LTD.

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**AUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 30TH JUNE, 2005 (UNCONSOLIDATED)**

(Rs. in Million)

Sr. No.	Particulars	Quarter Ended 30-6-2005	Quarter Ended 30-6-2004	Year Ended 31-3-2005
1.	Net Sales - Software and Services	248.90	194.28	954.45
2.	Other Income:			
	(a) Gain/ (Loss) on Exchange Fluctuations (Net)	35.46	8.67	8.63
	(b) Others	32.12	22.33	99.61
3.	Total Income	316.48	225.28	1,062.69
4.	Expenditure:			
	(a) Personnel Expenses	151.61	111.55	478.24
	(b) Travelling Expenses	14.16	14.56	63.39
	(c) Other Expenses	63.47	39.32	186.61
	(d) Total Expenditure	229.24	165.43	728.24
5.	Profit before Interest, Depreciation and Taxes	87.24	59.85	334.45
6.	Interest	-	-	0.03
7.	Depreciation	20.47	15.50	68.10
8.	Profit before Taxes	66.77	44.35	266.32
9.	Provision for Taxation:			
	(a) Current Taxes	15.24	10.45	52.70
	(b) Deferred Taxes	-	(0.72)	6.28
	(c) Prior Year's Tax Adjustments	-	-	0.65
	(d) Fringe Benefits Tax	0.81	-	-
10.	Net Profit after Taxes	50.72	34.62	206.69
11.	Paid-up Equity Share Capital	112.04	55.11	111.55
12.	Reserves (Excluding Revaluation Reserves)	1,008.84	869.74	951.39
13.	Basic Earnings per Share (Rs.)	4.54 *	3.15	18.70
14.	Diluted Earnings per Share (Rs.)	4.49 *	3.14	18.52
15.	Aggregate of non-promoter shareholding			
	- Number of Shares	7,732,664	* 7,527,070	7,677,374
	- Percentage of Shareholding	69.02	68.29	68.83

* Adjusted for the subsequent issue of Bonus Shares in the ratio of 1:1.

**AUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 30TH JUNE, 2005 (CONSOLIDATED)**

(Rs. in Million)

Sr. No.	Particulars	Quarter Ended 30-6-2005	Quarter Ended 30-6-2004	Year Ended 31-3-2005
1.	Net Sales - Software and Services	485.92	349.28	1,681.89
2.	Other Income			
	(a) Gain/ (Loss) on Exchange Fluctuations (Net)	60.29	12.49	12.98
	(b) Others	10.70	8.10	38.13
3.	Total Income	556.91	369.87	1,733.00
4.	Expenditure:			
	(a) Personnel Expenses	297.96	205.82	922.52
	(b) Travelling Expenses	20.52	20.33	80.40
	(c) Other Expenses	84.09	41.72	212.84
	(d) Total Expenditure	402.57	267.86	1,215.76
5.	Profit before Interest, Depreciation and Taxes	154.34	102.01	517.24
6.	Interest	0.16	0.00	0.03
7.	Depreciation	36.58	29.11	127.73
8.	Profit before Taxes	117.60	72.90	389.48
9.	Provision for Taxation:			
	(a) Current Taxes	19.39	13.24	63.02
	(b) Deferred Taxes	-	(0.72)	7.42
	(c) Prior Year's Tax Adjustments	-	-	0.68
	(d) Fringe Benefits Tax	1.09	-	-
10.	Net Profit after Taxes before Minority Interest	97.12	60.38	318.36
11.	Less: Minority Interest in Net Profit of the Subsidiary Companies	19.18	9.35	43.60
12.	Net Profit	77.94	51.03	274.76
13.	Paid-up Equity Share Capital	112.04	55.11	111.55
14.	Reserves (Excluding Revaluation Reserves)	1,172.47	962.35	1,090.42
15.	Basic Earnings per Share (Rs.)	6.97	4.65	24.86
16.	Diluted Earnings per Share (Rs.)	6.91	4.63	24.60

* Adjusted for the subsequent issue of Bonus Shares in the ratio of 1:1.

The above consolidated results include the results of the following subsidiary companies:

Sr.No.	Company	% Holding
1.	Geometric Software Solutions, Inc., USA	100.00%
2.	Geometric Software Solutions Pte. Ltd., Singapore	100.00%
3.	Teksoft, Inc., USA	80.09%
4.	3D PLM Software Solutions Ltd., India	70.00%

Audited Segment Financial Results (Consolidated)

(Rs. in Million)

	Particulars	Quarter Ended 30-6-2005	Quarter Ended 30-6-2004	Year Ended 31-3-2005
A	Segment Revenue			
	Products	69.48	31.39	175.64
	Projects	416.44	317.89	1,506.25
	Total	485.92	349.28	1,681.89
	Less : Inter Segment Revenue	-	-	-
	Net Sales/ Income from Operations	485.92	349.28	1,681.89
B	Segment Results			
	Profit before Interest and Taxes			
	Products	25.90	14.73	80.14
	Projects	152.32	132.13	674.68
	Total	178.22	146.86	754.82
	Less : (a) Interest	0.16	0.00	0.03
	(b) Other unallocable expenditure net of unallocable income	60.46	73.96	365.31
	Profit Before Taxes	117.60	72.90	389.48
C	Capital Employed (Segment Assets - Segment Liabilities) (See Note 2)			

Notes:

1. The above results have been approved and taken on record by the Board of Directors at its meeting held on 19th July , 2005
2. Fixed assets and other assets used in Company's operations or liabilities contracted have not been identified to any of the reportable segments, as the assets are used interchangeably between segments; hence, it is not practicable to provide segment disclosures relating to total assets and liabilities.
3. Pursuant to the exercise of vested stock options by employees and directors of the Company under various Stock Option Schemes, the Company allotted 49,290 Equity Shares of Rs.10 each during the quarter ended 30th June, 2005.

4. Information on investor complaints for the quarter ended 30th June, 2005:

	Opening Balance	Additions	Disposals	Closing Balance
Number of Complaints	Nil	22	22	Nil

5. Pursuant to the approval of shareholders of the Company at the Eleventh Annual General Meeting held on 24th June, 2005, for the sub-division of the Company's Equity Share of Rs. 10 each into 5 Equity Shares of Rs. 2 each, the Company has fixed 9th August, 2005 as the Record Date.
6. Foreign Exchange Transactions:

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities relating to foreign currency transactions, remaining unsettled at the year-end, are stated at the contracted rates, when covered under forward exchange contracts and at the year-end rates in other cases.

The Company enters into forward exchange contracts based on firm commitments or highly probable forecast revenues. Till 31st March, 2005, the Company used to amortize the premium on such forward exchange contracts over the period of the contract. With effect from 1st April, 2005, the Company ascertains the fair value of the outstanding forward exchange contracts at the end of the period, and resultant gain or loss is recognized in the Profit and Loss Account. As a result of this change in accounting policy, the Profit Before Taxes for the quarter is higher by Rs. 22.95 million and the Consolidated Profit Before Taxes is higher by Rs. 40.09 million.

For Geometric Software Solutions Co. Ltd.

Mumbai
19th July, 2005

Manu Parpia
Managing Director

Geometric Software Solutions Co. Ltd (Including Teksoft)
Consolidated Income Statement in Recasted MIS format for the Quarter ended 30th June, 2005

PARTICULARS	Quarter IV 2004-05	% to Total Quarter Revenue	Quarter I 2005-06	% to Total Quarter Revenue	Sequential Growth over previous Quarter	Quarter I (2004-05)	% to Total Quarter Revenue	Q-O-Q Growth compared to Last Year
A	B	C	D	E	F=(D-B)/B	G	H	I = (D-G)/G
Projects- Offshore (US\$ Millions)	6.83	60%	6.61	59%	-3%	5.25	68%	26%
Projects- On site (US\$ Millions)	2.89	25%	2.94	26%	1%	1.78	23%	65%
Products (US\$ Millions)	1.71	15%	1.60	14%	-6%	0.70	9%	129%
Total Revenue (US\$ Millions)	11.43	100%	11.15	100%	-2%	7.73	100%	44%
Sales - Software Packages & Services								
Offshore Projects	300.14	60%	286.55	59%	-5%	240.37	69%	19%
Onsite Projects	123.04	25%	130.12	27%	6%	77.52	22%	68%
Products (Components & Technologies)	75.85	15%	69.25	14%	-9%	31.39	9%	121%
Total Operating Revenue	499.02	100%	485.92	100%	-3%	349.28	100%	39%
Foreign Exchange gain	16.79		60.29		259%	12.49		383%
Other Revenue	6.88		6.91		0%	6.06		14%
TOTAL REVENUE	522.70	100%	553.12	100%	6%	367.83	100%	50%
EXPENSES								
SOFTWARE DEVELOPMENT EXPENSES								
Manpower Expenses	149.16	29%	165.68	30%	11%	116.07	32%	43%
Staff Welfare	4.17	1%	4.87	1%	17%	2.79	1%	74%
Foreign Travel exps	6.27	1%	7.50	1%	20%	9.07	2%	-17%
Local travel & conveyance	4.72	1%	4.50	1%	-5%	1.02	0%	342%
Data Communication costs	0.97	0%	1.00	0%	4%	1.22	0%	-18%
Software Tools & Packages	11.20	2%	15.43	3%	38%	6.32	2%	144%
(b) On-site consultants cost	86.19	16%	91.62	17%	6%	56.73	15%	62%
% to on site consultant's revenue	70%		70%			73%		
Total Software Development Expenses	262.67	50%	290.62	53%	11%	193.22	53%	50%
% to Operating Revenue	53%		60%			55%		
Contribution	236.34	45%	195.30	35%	-17%	156.06	42%	25%
% to Operating Revenue	47%		40%			45%		
SELLING & MARKETING EXPENSES	30.69	6%	31.15	6%	1%	26.09	7%	19%
% to Operating Revenue	6%		6%			7%		
GENERAL & ADMINISTRATION EXPENSES								
Central Services, Non Factory Corporate, VP's office	34.12	7%	30.36	5%	-11%	24.43	7%	24%
Tel, Fax & Courier	2.57	0%	3.14	1%	22%	2.08	1%	51%
Rent	11.62	2%	11.39	2%	-2%	3.01	1%	278%
Power, Fuel & Electricity	4.28	1%	8.74	2%	104%	3.32	1%	163%
Recruitment costs	4.30	1%	4.06	1%	-6%	1.36	0%	197%
Training	0.76	0%	2.40	0%	217%	1.77	0%	36%
Miscellaneous Expenses	18.14	3%	22.40	4%	24%	13.76	4%	63%
Provision for doubtful debts	1.39	0%	0.62	0%	-56%	(0.19)	0%	-426%
Total General & Administration Expenses	77.16	15%	83.10	15%	8%	49.55	13%	68%
% to Operating Revenue	15%		17%			14%		
Total Expenses	370.52	71%	404.87	73%	9%	268.86	73%	51%
% to Operating Revenue	74%		83%			77%		
PBIDT	152.17	29%	148.25	27%	-3%	98.97	27%	50%
% to Total Revenue	29%		27%			27%		
Depreciation (Non Computer)	7.92	2%	5.96	1%	-25%	6.13	2%	-3%
Depreciation (Computers)	24.28	5%	24.69	4%	2%	19.95	5%	24%
Depreciation	32.20	6%	30.65	6%	-5%	26.08	7%	18%
Profit Before Tax	119.97	23%	117.60	21%	-2%	72.90	20%	61%
% to Total Revenue	23%		21%			20%		
Operating Profit (PBT Less Other Income)	96.30	18%	50.40	9%	-48%	54.35	15%	-7%
% to Operating Revenue	19%		10%			16%		
Tax	25.4	5%	19.39	4%	-24%	12.52	3%	55%
Fringe Benefit Tax	-		1.09			-		
Minority Interest	13.66	3%	19.18	3%	40%	9.35	3%	105%
Profit After Tax & Minority Interest	80.91	15%	77.94	14%	-4%	51.03	14%	53%
% to Total Revenue	15%		14%			14%		

Note: Other Revenue includes lease fee received from third parties less associated depreciation.

This depreciation amounts to Rs. 3.79 million in the current quarter, Rs. 2.48 million in the previous quarter and Rs. 2.04 million in corresponding quarter last year.

GEOMETRIC SOFTWARE SOLUTIONS CO. LTD. (Consolidated)

Growth in Sales over Last Year
Figures in US\$ Million

	FY 2005					FY 2006
	Q1	Q2	Q3	Q4	Total	Q1
Projects - Offshore	4.61	4.70	5.42	5.52	20.25	5.35
Fixed Price Projects	0.38	0.89	0.43	0.73	2.43	0.47
Projects - Onsite	1.78	2.34	2.22	2.89	9.23	2.94
Software (Products)	0.70	0.62	0.90	1.72	3.94	1.60
Domestic	0.26	0.24	0.71	0.57	1.78	0.80
Total	7.73	8.79	9.68	11.43	37.62	11.15

Quarterly Trend in Revenues and Profitability

	F2004				F2005				F2006
Growth Trends	F'04 Q1	F'04 Q2	F'04 Q3	F'04 Q4	F'05 Q1	F'05 Q2	F'05 Q3	F'05 Q4	F'06 Q1
QoQ Growth in Operating Revenue	2%	10%	9%	13%	13%	14%	9%	15%	-3%
QoQ Growth in Operating Profit	-18%	22%	9%	10%	-14%	54%	38%	-16%	-48%
QoQ Growth in PBT	-11%	23%	17%	-8%	1%	24%	18%	13%	-2%
QoQ Growth in PAT	-14%	29%	15%	-12%	-4%	24%	26%	2%	-4%

Margin Trends	F'04 Q1	F'04 Q2	F'04 Q3	F'04 Q4	F'05 Q1	F'05 Q2	F'05 Q3	F'05 Q4	F'06 Q1
Operating Profit Margin	18%	20%	20%	20%	15%	20%	26%	19%	10%
PBT Margin	23%	25%	26%	22%	20%	22%	25%	23%	21%
PAT Margin	17%	20%	21%	17%	14%	15%	19%	15%	14%