



Geometric Software Solutions Co. Ltd
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16th October 2006

Results for the quarter ended September 30, 2006

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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 Vice Chairman's Desk

This has been a truly momentous quarter. Several quarters of planning and action came to a head, co-incidentally and perhaps fortuitously at the same time. Once the acquisition is complete, Geometric will be one of the very few companies in the world with substantial competence in both PLM and engineering services, thus offering customers a unique opportunity to get benefits from an integrated approach to the challenges they face in solving digital engineering problems. In the next few paragraphs I will deal with the strategic changes this quarter before addressing progress in operations.

I am truly delighted that Dr. Ravi Gopinath has taken over as the MD & CEO of Geometric. In Ravi, we have an individual with the passion, drive and energy to grow Geometric into a world leader in engineering. His prior experience in successfully scaling a similar activity will be of immense use to Geometric, where we need to change processes to support the growth opportunities we see. We have already begun the process of meeting existing customers jointly to introduce Ravi and as of date the response has been extremely positive. In the next 90 days or so, Ravi will concentrate on getting to know the organization better, its strengths and weaknesses, its people and philosophy. During this period Ravi and I will also continue our program to visit with customers. Then in the next quarter we will jointly work on a three year plan, driven of course by Ravi, which I believe will set the stage to build Geometric into a world leader in the engineering space.

The acquisition of the Engineering services unit of Modern Engineering represents a key element in our plan to build an engineering powerhouse. Modern was founded in Detroit in the mid forties and has built an excellent reputation with its customers. Modern brings with it not only a strong established technical base, but also delivery capability in Romania, a nascent centre in China and a soon to be started centre in France. We are also fortunate to be assured of continuity as Mr. Ron Wood, CEO of Modern Engineering will continue to lead the integrated enterprise. The successful integration of Modern will be one of Ravi & Ron's key challenges. We see significant opportunity to cross sell competencies viz. engineering services and PLM into respective customer bases.

During this quarter we also launched our initiative to build a CAE practice. Dr. Suresh Nagesh joined us in Bangalore and his presence has resulted in us winning a number of pilots from prestigious names. Dr. Nagesh has extensive experience in handling CAE applications in both automotive and aerospace industries. The capability complements the strengths of Modern thus providing us a strong framework for building a vibrant engineering services business.

From an operational perspective the picture is mixed. Our operating revenues grew strongly with a Q on Q 10% in USD terms and 11% in rupees. The operating margins however declined almost 4% to 13%, resulting in a drop in absolute operating profit by Rs. 13 million. As compared to the previous year, operating profit was higher by 72% while operating revenues grew 48% in USD terms Y on Y.

Clearly we have had some challenges in terms of costs viz. telephone, recruitment, local travel, foreign travel and data communication. These coupled with certain one time / start up costs for onsite assignments have impacted the operating margins. These are all internal factors which we should have monitored so I can honestly say we are seized of the issues and are addressing the same.

Resource management and attrition have been two other negative factors. We have seen a good demand for our PLM services but due to recruitment constraints we have been unable to fill positions. We have also seen a number of young engineers leave us, primarily not to competition, but rather to join companies in other sectors. In order to address this situation we have taken

several steps including a small mid term correction in salary levels for younger staff and new entrants as well as being more careful in our selection process

We added 8 customers, several of them direct as our new approach of seeking more direct engagements begins to take traction. The engineering services unit has seen continued success but as on date has yet to attract an 'anchor' customer. The PLM services unit too has experienced substantial growth as we have gained confidence in our ability to solve more complex problems for our customers.

In products we have not enjoyed the success we sought. We have had difficulty in identifying the appropriate channel for our eDrawings offering. In addition a major customer order did not come through. CAMWorks too has not enjoyed the success we had hoped. To address these issues we have added both channel management and marketing capability. In Enterprise Products we see some slowdown in adoption of a major software company's product which has an adverse impact on the GateWay offering. We are therefore seeking to add to the market we address with the GateWay architecture but these efforts will take some time to bear fruit.

Looking ahead to the balance of the year we re-iterate our guidance for the pre-acquisition enterprise. I would also point out that we will be investing in integrating our acquisition which I believe is the highest priority so we do not see a major opportunity to achieve cost savings. Key steps in integration will involve identifying customer synergies, encouraging cross selling by the combined sales forces as well as defining new cost effective offerings. Over time we will strengthen the management team because I believe this to be essential if we are to seize the opportunity before us.

However I am confident that we now have the right leadership, the right strategy and now the critical mass to position the company as being among the very few in the world who can offer their customers a comprehensive suite of services and solutions to meet their digital engineering needs with a unique differentiator of being able create PLM technologies. Indeed because of my confidence in our future, I am adding to my holdings through my participation in equity warrants which will require me to freeze my entire holding for some period of time, after which I may resume my quarterly programmed sales in small quantities.

While I intend to play an active role in the Company's future, I am clear the baton has been passed to Ravi, with whom I will work closely to help take us to the next level. My apologies for a rather long note but it has been a momentous quarter.

The Company has scheduled an Analyst Conference on Tuesday, 17th October at 4.00 pm.

Dial in Numbers: **+9122-67914400/99**

Pass Code : **PLPL**

Kindly contact Sheetal Mehta on 6705 6934 / 6500 to ensure that you are included in the arrangements.

Regards,



Manu Parpia
Vice Chairman & Executive Director

Business Analysis for the Quarter ended 30th September 2006

PLM Solutions BU

Significant Achievements

In Q2 we saw an excellent ramp in business from the direct industrial customers. Business from the partners also saw moderate growth. Our CAA and Matrix practices continued to grow, demand coming from both industrial customers as well as business partners. Asia Pacific region has started seeing growth, though on a smaller base. Particularly we witnessed a healthy increase in business from our partners with captive centers in India. We won 2 new large customers in Q2 and will start these engagements in early Q3.

Challenges/Setbacks in the past quarter

We have lost some business due to lack of resources and have planned aggressive recruitment and focused training programs, especially for Matrix and CAA skills, to reduce the impact in future. Also we saw increase in attrition as compared to last quarter and efforts to bring this back under control appear to be meeting with success.

Plan of action

Most critical action is to successfully kick-off projects for 2 new large customers we won in Q2. We are also working on some large proposals for new industrial prospects. In addition, we are working on a deployment proposal for one of our existing large industrial customers. Overall we see excellent growth coming from the industrial customers in the areas of customization, implementation, deployment, migration and support – and are actively gearing up for the same in terms of both resources as well as sales pitch. We are also institutionalizing the CCPM (Critical Chain Project Management) methodology across the business unit for productivity improvement.

-Ajit Joshi

Product Development Solutions BU

Significant Achievements

The PDS BU has seen steady growth over the last quarter. Relations with one of our large OEM customers continued to grow further as more product lines came offshore, and existing engagements grew as the customer saw value in our deliveries. We started off the development of a new product for this customer with an aggressive ramp up. Also our initiative on technical support for this customer has been successful. The Tech Support team has shown good results with a high level of customer satisfaction, which in turn has resulted in the growth of this business. Towards the latter part of the last quarter we had added a new sales person with specific focus on Europe. This has helped as this quarter we have added 3 new customers in the Europe region. Also some new leads have been generated in this region. Through our partnership with UGS, we started engagements with 2 new customers in the Hi Tec space. These are pre-sales engagements where some product enhancements are required, and we expect an increasing level of services engagements in the subsequent quarters. We started new engagements in UGS services for customers in Canada, UK, and the Nordic regions. We expect growth in the coming quarters, especially in the latter two. In Japan, we started a new engagement with a large Auto manufacturer. The Teamcenter practice continues to see growth.

Challenges/Setbacks in the past quarter

The major challenge continues to be the fulfillment of resources on new engagements as specialized and quick ramp-up requirements continue to come up. In addition, we have seen an upward trend in attrition. We have accelerated programs in our PLM institute, which will help us catch up with our future requirements. Various initiatives including that of building a product development specific culture for the business unit are underway to better engage the employees, and control attrition. This quarter we were expecting a significant rise in our business in the APAC and Japan region, which has not happened to our expectations due to slow movement at one of our customers, and our not winning one of the deals.

Plan of action

On the software OEM front, we have identified a list of key accounts, which have a potential of giving us a large volume business in the future. Our main goal will be to focus on these accounts to get an entry and start building the business. We see through our QA offering being an excellent entry point. We have also begun our marketing activity in the SCM market space. Generating new leads and initiating relations with some of the OEMs in the SCM area is a major focus area. We have consolidated the UGS product development and services business under one head now, and we expect to leverage the synergies further as we move ahead. Specifically on the UGS services front, we will continue emphasis on the UK and Nordic regions, as well as certain key accounts in USA and Japan where we believe there is a good potential for us.

-Sandeep Kulkarni

Enterprise Products

Significant Achievements

The most significant achievement past quarter was positive evaluation and tentative selection of xPDM Gateway by a Formula 1 major in Europe. We also licensed xPDM Gateway technology to a leading PLM vendor and to a Japanese automotive major and won Gateway based development contracts with them. We also completed major enhancements for supporting Gateway based integration for a German automotive major.

Challenges/Setbacks in the past quarter

Though the progress so far has been satisfactory, we are yet to see a momentum in channel sales and for which we plan to work closely with our partners.

Future strategy

For the coming quarter we are working towards a 3-point strategy:

To create success story with our current customer engagements

To increase product visibility by participating in various PLM conferences and through close engagement with our partners & distributors

To plan next level product offerings

- Chetan Chauhan

Desktop Products and Technologies

Significant Achievements

The following new products were released last quarter:

GeomCaliper for Pro/Engineer

eDrawings Publisher for Google SketchUp (Professional version)

3DSearchIT for SolidWorks was launched

CAMWorks 2007 was released in July.

CAMWorks Q1 and Q2 YoY sales have risen 20% per quarter versus the previous FY. Several new CAMWorks resellers have been signed in the US. These include large CAM competent resellers who will require a minimum amount of time to become productive. The conversion of competitive end users to the CAMWorks system has gained some traction this month with more than 30 conversions bundles sold.

We have received orders for 3DSearchIT customization from two well known companies, one in the USA (Automotive) and another in Japan (Engineering). Interest in GeomCaliper remains high, with a major existing customer placing orders for more seats. In technologies, Nestlib added two new OEM licensees.

New versions of Technology products, Feature Recognition and NestLib, were released as scheduled to existing, active customers.

Channel and Marketing Management

We have hired a channel manager as well as a marketing manager both of whom have prior experience in the industry. This will allow us to add new resellers at an accelerated pace, to optimize the output of our existing channel, and to improve our brand recognition in the marketplace. As they are both seasoned professionals we can expect results at an accelerated pace.

Challenges / setbacks in the last quarter

Sales of eDrawings continue to remain flat and well below plan.

Plan of action

Initiative 1: Add resellers and optimize current channel

Initiative 2: Improve annual subscription renewal percentage

Initiative 3: Continue to license technology as an Independent Software Vendor

-Mike Coleman

Engineering Services Division

Significant Achievements

Engineering Services Division has made significant progress towards winning larger projects. We have won a large design support project for a well known earth moving equipment manufacturer. This will give us predictability in revenue and future growth. In addition to this our migration activity for a large automotive OEM is paying good dividends in moving up the value chain. We will be providing design and CAE services besides the migration activity. In total we have added several new customers and this includes one large automotive OEM and one automotive Tier1 supplier. Our CAE services portfolio and customer base is expanding in a rapid phase.

We have increased our team size to over 180 and added additional workplace to accommodate new employees and projects. We have set up a dedicated design centre for one of our customers in Pune.

Our utilization has been at a satisfactory level of 85% and hence our realisation has improved.

Challenges / Setbacks in the past quarter

We anticipated very large offshore project from manufacturing industry which has not materialized. One of the new challenges we are facing is on the expectations from employees due to high market pull. Maintaining low attrition has become a challenge and this is being addressed in systematic manner.

Plan of action

To increase our manpower we have initiated new recruitment drive for laterals and initiated a 'Training' program for fresher's too. This will help us to keep desired resources at a given point of time.

To go up in the value chain we are working on new business models which will help our customers to reduce their design cycle time and thus saving time and cost. This will have combination of CAD/CAE and customizations approach.

-Munirathnam Javaji

Sales & Marketing**Significant Achievements**

We increased our business with existing customers /partners, both in terms of depth of offering as well as the spread. The business from our partners in Europe increased significantly and we see a good pipeline of projects in the future. The target marketing to industrial customers in US and Europe has resulted in generation of new customers and a healthy pipeline for the future. We have added 8 new customers). In overall terms our revenues and pipeline from Industrial Customers and Business Partners continued to show a healthy growth. Our focused approach to Product development is also showing results and has generated a consistent pipeline of opportunities.

Challenges/Setbacks in the past quarter

As we continue to close business aggressively, resource fulfillment is becoming the major challenge, which has resulted in loss of potential revenue.

Plan of Action

We will continue to strengthen our lead generation team, through means of streamlined processes and focused campaigns.

-Rajiv Salkar

Financial Analysis for the Quarter ended 30th September 2006 (Q2 FY07) (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)

Analysis of Revenue:

Operating revenues for the quarter increased by 10% in dollar terms and 11% in Rupee terms compared to previous quarter. As compared to Q2FY06, operating revenues increased by 48% in dollar terms and 57% in Rupee terms.

Total revenue (including other income) increased by 20% compared to previous quarter. The foreign exchange gain was Rs 9.27 millions; principally due to gain in the mark-to-market valuation of outstanding forward contracts.

Analysis of revenue by business segments:

Particulars	Q2FY07		Q1FY07		Growth	Q2FY06		Growth
	Rs Mil.	%	Rs Mil.	%		Rs Mil.	%	
Projects	694.15	87	619.14	86	12	435.26	86	59
Products	105.52	13	101.70	14	4	75.01	14	41
Total	799.67	100	720.84	100	11	510.27	100	57

Analysis of revenue by geographical segments:

Particulars	Q2FY07	Q1FY07	Q2FY06
	%	%	%
USA	58	60	62
Europe	34	33	28
Rest of the World	8	7	10
Total	100	100	100

Analysis of revenue by contract types:

Particulars	Q2FY07	Q1FY07	Q2FY06
	%	%	%
Fixed Price	4	4	5
Time and Material	83	82	81
Products	13	14	14
Total	100	100	100

Analysis of revenue by customer type:

Particulars	Q2FY07	Q1FY07	Q2FY06
	%	%	%
Software OEMs	40	41	51
Industrial customers/ Business Partners	47	45	35
Products	13	14	14
Total	100	100	100

Revenue Distribution by Business Units (BU):

Business Unit	Q2FY07	% to Total Revenue	Q1FY07	% to Total Revenue
	Revenue (USD Mn.)		Revenue (USD Mn.)	
PLM Solutions	5.19	30	4.51	29
Product Development Services & 3DPLM *	8.19	47	7.70	49
Engineering Services	1.63	10	1.33	8
Desktop Tech. & Solutions	1.66	10	1.60	10
Enterprise Products	0.43	2	0.24	2
Miscellaneous Products	0.19	1	0.39	2
Total	17.29	100	15.77	100

* Includes Services for UGS
Foreign exchange gain/ loss:

Following is the status of forward exchange contracts taken by the Company:

Particular	Unit	September 30, 2006	June 30, 2006
Value of outstanding Forward Contracts	USD Million	37.59	43.38
Average Mark to Market Rate	Rs. Per USD	46.17	46.44
Average Forward Cover Rate	Rs. Per USD	45.64	44.95
Net Foreign Exchange Gain/ (Loss) for the quarter	Rs. Million	9.27	(45.18)

We take appropriate hedging decisions based on review of the target forex rates and the prevailing situation. In view of the volatile foreign exchange situation, the company has consciously reduced the forward covers at the end of the quarter by USD 5.7 million over last quarter. We do not envisage further material reductions in the amounts covered.

Analysis of Expenses

Manpower numbers:

Particulars	September 30, 2006	June 30, 2006	Growth	September 30, 2005	Growth
Number of developers					
Offshore	1565	1343	16.53%	1197	30.74%
Onsite	196	181	8.29%	119	64.71%
Total	1761	1524	15.55%	1316	33.81%

Utilization and Attrition Ratios:

Particulars	Q2FY07	Q1FY07	Q2FY06
	%	%	%
Utilization			
Including Trainees	87	91	76
Excluding Trainees	92	92	85
Attrition (Annualized)	22.9	23.8	14.3

Reduction in utilization was desirable and planned, as it was affecting our ability to fulfill new business. We should see some further reduction in utilization over next two quarters.

We will be making some relatively small corrections to the salaries for entry level and employees in lower grades as we believe this to be an essential element of our retention and recruitment strategy. Align this communication with internal communication We have also taken other measures such as more intensive screening during recruitment and encouraging job rotation which will lead to lower attrition in the quarters to come.

Analysis of expenses compared to Q2 FY06

The Software Development Expenses have increased by 57%

The offshore and product development manpower cost has increased by 37%. The increase in cost reflects manpower growth of 31% over the previous year, salary increase this year and one time reimbursement claims by the employees in Q2 FY07.

Onsite cost has increased by 101%, reflecting a 65% growth in the number of onsite consultants. Some one time bonuses, increases in Visas and Visa renewals, and relocation expenses have also contributed to increase in onsite cost.

Increase in number of trips for pre-sales activity and increase in travel abroad for short term fixed price contracts have led to higher spending on Foreign Travel.

Data Communication costs have increased due to deployment of additional data links and also up gradation of link to higher capacity as compared to Q2FY06.

Software tools, packages and royalty cost increase by 23% is in line with the increase in sales.

Selling & Marketing expenses were 57% higher due to the following:

Strengthening the Sales & Marketing team as compared to Q2 FY06. We have added 3 people to the team for increased focus in the European, American and Indian markets. Teksoft has also strengthened its sales team for more effective handling of channels.

Increased travel expenses of the sales and marketing team.

Participation in PLM conferences, and international machine tool show for promoting CAMWorks product.

General & Administration Expenses have increased by 48% due to the following:

Rent expenses have increased by 31% due to additional facility rented for expansion of Bangalore and Mumbai

Recruitment expenses have increased due to increased focus on recruitment of the best talents available. Increase is also due to increase in efforts and cost required to recruit 2-4 yrs experience developers.

Increase in telephone, fax and courier expenses by 113%. We are reviewing and exploring technology options available to control these expenses.

Miscellaneous expenses have increased due to higher facility maintenance costs and one time professional and consultancy charges. Over last few quarters we have fully occupied new development center in Pune.

Depreciation (Non-computer) expenses increased by 128% due to capitalization of new building at Hinjwadi, Pune in November 2005.

Analysis of expenses compared to Q1 FY07

The Software Development Expenses have increased by 15% over Q1 FY07.

Offshore developers manpower cost increased by 12% over the last quarter due to 17% increase in offshore developers and the once a year reimbursement of perquisites claimed by the employees in Q2 FY07

Outline increase of onsite costs separately

Increase in Data Communication costs by 41% due to up gradation of data link to higher capacities.

Staff Welfare expenses have increased by 89% mainly due to Annual Bash celebrations in Q2 FY07.

Foreign travel expenses have increased by 45% due to increase in number of trips for pre-sales activity and software development assignments abroad.

The increase in local travel expenses is attributed to increased recruitment activity, execution of projects across locations and increase in organizational development programs.

The increase in onsite consultants' cost is due to increase in onsite business, relocation expenses and increase in visa expenses.

Selling & Marketing expenses have increased by 13%. This is due addition of sales people by Teksoft, participation in PLM conferences and professional fees paid towards hiring charges of one of the sales person..

General & Administration expenses have increased by 22% compared to Q1 FY07

Corporate expenses have gone up by 26% which include

Increased local travel for recruitment activities and management meetings.

Increased ERP implementation expenses in preparation for going live for phase I

once a year reimbursement of perquisites claimed by the corporate employees,

Recruitment expenses have increased due to increased focus on recruitment of the best talents available

As against write back of provision for doubtful debts in Q1 FY07, there is provision for doubtful in Q2 FY07. This has resulted higher total General & Administration costs of Q2 FY07.

Lease rental - computers has increased by 38% over Q1 FY07 due to additions to the computers in line with the number of developers and the need to procure servers for SAP deployment. However there was a reduction in depreciation of computers.

Analysis of tax provision:

Particulars	Q2FY07	Q1FY07	Q2FY06	FY06
	% of PBT	% of PBT	% of PBT	% of PBT
Current Tax	10	10	10	15
Deferred Tax	(1)	0	0	1
Fringe Benefit Tax	2	1	4	2
Total	11	11	14	18

Compared to the previous year, the current tax expense for the quarter has declined due growth in revenue from the tax-exempt units.

Deferred tax expense for the quarter has declined due to reversal of deferred tax liability on account of increase in expenses which are tax deductible in future.

Fringe Benefit tax (FBT) expense has increased due to tax on Annual Bash expenses and other staff welfare expenses

Analysis of minority interest:

Compared to Q1FY07, minority interest went up due to higher PAT in 3DPLM and TekSoft.

Profitability Ratios:

Particulars	Q2FY07	Q1FY07	Q2FY06
	%	%	%
Operating Profit Margin	13	17	12
EBITDA / Total Revenue	22	19	17
PBT / Total Revenue	16	12	11
PAT / Total Revenue	12	9	7

Operating Profit Margins have increased by 1% in comparison with Q2 FY06. This is due to several factors including increase in manpower utilization from 76% to 87% over Q2 FY06

Compared to Q1FY07, operating margin has declined by 4% mainly due higher onsite consultants' cost and foreign travel expenses. EBITDA margins have increased by 3% mainly on account of gain in foreign exchange fluctuation of Rs 9.27 millions this quarter compared to a loss of Rs 45.18 millions last quarter.

Key operating parameters:

Particulars	Q2FY07	Q1FY07	Q2FY06
Days Sales Outstanding (DSO)	59	59	70
Number of Clients Added	13	8	5
Top 10 customers % to Revenue	74	73	74

Focused efforts on collection by newly created Accounts Receivable cell have helped us maintain the Days Sales Outstanding at Q1 FY07 levels.

Quarterly Performance for 3D PLM:

At the end of this quarter 3DPLM has over 500 software developers as against over 475 software developers last quarter.

Quarterly Performance for TekSoft:

Compared to the previous quarter, TekSoft revenue declined by 4%. Due to higher spending on sales promotion, selling and marketing expenses have increased by 18% reducing thereby Profit before tax by 17%.

Update on inorganic growth:

Pursuant to our signing the term sheet to acquire Engineering Services Company, Geometric Software Solutions Inc, USA, a wholly owned subsidiary of Geometric Software Solutions Co. Ltd. has signed a definitive agreement to acquire Engineering Services Division of Modern Engineering, Inc. USA.

Update on SAP Go-Live:

The Company went live with Phase I of its SAP implementation on October 9, 2006.

Geometric Software Solutions Co. Ltd.
Consolidated Income Statement in MIS format for the Half Year ended 30th September, 2006

PARTICULARS	Half Year Ended 30-09-2006	% to Total Revenue	Half Year Ended 30-09-2005	% to Total Revenue	Growth compared to previous half year
A	B	C	D	E	F = (B-D)/D
Projects- Offshore (US\$ Millions)	19.28	58%	13.56	60%	42%
Projects- On site (US\$ Millions)	9.28	28%	5.96	26%	56%
Products (US\$ Millions)	4.50	14%	3.28	14%	37%
Total Revenue (US\$ Millions)	33.07	100%	22.80	100%	45%
Sales - Software Packages & Services					
Offshore Projects	887.55	58%	590.99	60%	50%
Onsite Projects	425.73	28%	260.94	26%	63%
Products (Components & Technologies)	207.22	14%	144.26	14%	44%
Total Operating Revenue	1,520.50	100%	996.19	100%	53%
Foreign Exchange gain / (loss)	(35.91)		46.48		-177%
Other Revenue	25.29		13.74		84%
TOTAL REVENUE	1,509.88	100%	1,056.41	100%	43%
EXPENSES					
SOFTWARE DEVELOPMENT EXPENSES					
Manpower Expenses	437.84	29%	334.75	32%	31%
Staff Welfare	14.11	1%	12.52	1%	13%
Foreign Travel exps	34.58	2%	18.25	2%	89%
Local travel & conveyance	10.55	1%	10.63	1%	-1%
Data Communication costs	4.57	0%	1.90	0%	140%
Software Tools & Packages	45.69	3%	32.49	3%	41%
(b) On-site consultants cost	346.22	23%	184.61	17%	88%
% to on site consultant's revenue	81%		71%		
Total Software Development Expenses	893.55	59%	595.16	56%	50%
% to Operating Revenue	59%		60%		
Contribution	626.95	42%	401.03	38%	56%
% to Operating Revenue	41%		40%		
SELLING & MARKETING EXPENSES	86.70	6%	60.34	6%	44%
% to Operating Revenue	6%		6%		
GENERAL & ADMINISTRATION EXPENSES					
Central Services, Corporate and VPs offices	83.92	6%	61.11	6%	37%
Tel, Fax & Courier	12.09	1%	6.61	1%	83%
Rent	26.61	2%	21.53	2%	24%
Power, Fuel & Electricity	19.35	1%	18.98	2%	2%
Recruitment costs	9.23	1%	4.88	0%	89%
Training	7.40	0%	5.60	1%	32%
Miscellaneous Expenses	61.67	4%	37.71	4%	64%
Provision for doubtful debts	(0.72)	0%	8.28	1%	-109%
Total General & Administration Expenses	219.54	15%	164.71	16%	33%
% to Operating Revenue	14%		17%		
Total Expenses	1,199.79	79%	820.22	78%	46%
% to Operating Revenue	79%		82%		
PBIDT	310.09	21%	236.19	22%	31%
% to Total Revenue	21%		22%		
Interest					
Depreciation (Non Computer)	21.53	1%	10.83	1%	99%
Depreciation (Computers)	62.58	4%	52.94	5%	18%
Lease Rentals Computers	11.27				
Depreciation	95.38	6%	63.76	6%	50%
Profit Before Tax	214.70	14%	172.43	16%	25%
% to Total Revenue	14%		16%		
Operating Profit (PBT Less Other Income)	225.32	15%	112.20	11%	101%
% to Operating Revenue	15%		11%		
Tax	20.89	1%	25.08	2%	-17%
Fringe Benefit Tax	2.91		3.23		
Minority Interest	26.29	2%	32.32	3%	-19%
Tax Sharing Expenses	0.28				
Profit After Tax & Minority Interest	164.33	11%	111.80	11%	47%
% to Total Revenue	11%		11%		

Note: Impact of premises leased to a customer is excluded from Other Income and Depreciation (Non Computer) amounting to Rs. 10.20 Million for Half year ended 30.09.2005 (Rs.8.89 Million for Half year ended 30.09.2005) for calculation of Operating Profit. PBT remains unaffected. To this extent other income and depreciation in the quarterly advertisement will be higher.

AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2006 (UNCONSOLIDATED)

(Rs. in Million)

Sr. No.	Particulars	Quarter Ended 30-9-2006	Quarter Ended 30-9-2005	Half-year Ended 30-9-2006	Half-year Ended 30-9-2005	Year Ended 31-3-2006
1.	Net Sales - Software and Services	447.61	262.04	838.19	510.94	1,181.03
2.	Other Income:					
	(a) Gain/ (Loss) on Exchange Fluctuations (Net)	4.34	(11.15)	(29.65)	24.30	1.69
	(b) Others	49.49	36.48	105.75	68.60	147.89
3.	Total Income	501.44	287.37	914.29	603.84	1,330.61
4.	Expenditure:					
	(a) Personnel Expenses	254.13	155.98	471.98	307.59	631.86
	(b) Travelling Expenses	34.60	21.95	57.00	36.11	92.14
	(c) Other Expenses	91.14	63.28	165.83	126.76	283.65
	(d) Total Expenditure	379.87	241.21	694.81	470.46	1,007.65
5.	Profit before Interest, Depreciation and Taxes	121.57	46.16	219.48	133.38	322.96
6.	Interest	-	-	-	-	-
7.	Depreciation	29.42	22.48	57.76	42.96	98.17
8.	Profit before Taxes	92.15	23.68	161.72	90.42	224.79
9.	Provision for Taxation:					
	(a) Current Taxes	9.02	2.68	14.60	17.92	38.80
	(b) Deferred Taxes	(0.90)	-	(0.90)	-	4.04
	(c) Fringe Benefit Tax	1.38	1.61	2.31	2.42	5.32
10.	Net Profit after Taxes	82.65	19.39	145.71	70.08	176.63
11.	Paid-up Equity Share Capital (par value Rs.2 each)	121.98	112.55	121.98	112.55	113.32
12.	Reserves and Surplus	1,705.90	1,034.56	1,705.90	1,034.56	1,102.87
13.	Basic Earnings per Share (Rs.)	1.39	0.35	2.45	1.25	3.14
14.	Diluted Earnings per Share (Rs.)	1.36	0.34	2.41	1.24	3.10
15.	Aggregate of non-promoter shareholding					
	- Number of Shares	43,704,250	38,949,435	43,704,250	38,949,435	39,331,295
	- Percentage of shareholding	71.66	69.21	71.66	69.21	69.42

**AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2006 (CONSOLIDATED)**

(Rs. in Million)

Sr. No.	Particulars	Quarter Ended 30-9-2006	Quarter Ended 30-9-2005	Half-year Ended 30-9-2006	Half-year Ended 30-9-2005	Year Ended 31-3-2006
1.	Net Sales - Software and Services	799.67	510.27	1,520.50	996.19	2,234.31
2.	Other Income:					
	(a) Gain/ (Loss) on Exchange Fluctuations (Net)	9.27	(13.81)	(35.91)	46.48	18.17
	(b) Others	19.58	12.06	35.49	22.77	50.12
3.	Total Income	828.52	508.52	1,520.08	1,065.44	2,302.60
4.	Expenditure:					
	(a) Personnel Expenses	463.00	299.01	870.59	596.98	1,251.00
	(b) Travelling Expenses	40.62	27.86	72.63	48.38	119.08
	(c) Other Expenses	145.45	85.83	263.50	169.92	370.84
	(d) Total Expenditure	649.07	412.70	1,206.72	815.27	1,740.92
5.	Profit before Interest, Depreciation and Taxes	179.45	95.82	313.36	250.17	561.68
6.	Interest	-	0.15	-	0.31	0.40
7.	Depreciation	49.76	40.85	98.94	77.43	171.73
8.	Profit before Taxes	129.69	54.82	214.42	172.43	389.55
9.	Provision for Taxation:					
	(a) Current Taxes	12.94	5.69	21.78	25.08	56.83
	(b) Deferred Taxes	(0.90)	-	(0.90)	-	4.17
	(c) Fringe Benefit Tax	1.76	2.14	2.91	3.23	7.05
10.	Net Profit after Taxes before Minority Interest	115.89	46.99	190.63	144.12	321.50
11.	Less: Minority Interest in Net Profit of the Subsidiary Companies	15.01	13.14	26.29	32.33	63.64
12.	Net Profit	100.88	33.85	164.34	111.79	257.86
12.A	Operating Profit ^	106.22	61.80	225.32	112.20	340.89
13.	Paid-up Equity Share Capital (par value Rs. 2 each)	121.98	112.55	121.98	112.55	113.32
14.	Reserves and Surplus	1,924.25	1,209.61	1,924.25	1,209.61	1,311.12
15.	Basic Earnings per Share (Rs.)	1.70	0.60	2.77	2.00	4.59
16.	Diluted Earnings per Share (Rs.)	1.67	0.60	2.71	1.97	4.53

^ Operating Profit is computed as Profit Before Tax less Other Income (Net of Depreciation on leased property)

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

Sr.No.	Company	Type of Results	% Holding
1.	Geometric Software Solutions, Inc., USA	Unaudited	100.00%
2.	Geometric Software Solutions Pte. Ltd., Singapore	Unaudited	100.00%
3.	TekSoft, Inc., USA	Audited	82.26%
4.	3D PLM Software Solutions Ltd., India	Audited	70.00%

Audited Segment Financial Results (Consolidated)

(Rs. in Million)

	Particulars	Quarter Ended 30-9-2006	Quarter Ended 30-9-2005	Half-year Ended 30-9-2006	Half-year Ended 30-9-2005	Year Ended 31-3-2006
A	Segment Revenue					
	Products	105.52	75.01	207.22	144.49	345.26
	Projects	694.15	435.26	1,313.28	851.70	1,889.05
	Total	799.67	510.27	1,520.50	996.19	2,234.31
	Less : Inter Segment Revenue	-	-	-	-	-
	Net Revenue from Operations	799.67	510.27	1,520.50	996.19	2,234.31
B	Segment Results					
	Profit before Interest and Taxes					
	Products	54.13	33.36	106.73	59.27	170.38
	Projects	253.32	154.97	491.40	307.36	703.90
	Total	307.45	188.33	598.13	366.63	874.28
	Less : (a) Interest	-	0.15	-	0.31	0.40
	(b) Other unallocable expenditure net of unallocable income	177.76	133.36	383.72	193.89	484.33
	Profit before Taxes	129.69	54.82	214.41	172.43	389.55
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 16th October , 2006
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 approval of shareholders at the Extraordinary General Meeting of the Company held on 17th May, 2006, the Company has made a preferential allotment of 3,867,075 Equity Shares of Rs 2 each at a premium of Rs. 115.66 per share to The Western India Trustee and Executor Company Limited (India Advantage Fund - V) on 31st May, 2006.

Pending deployment of the proceeds of the preferential issue for the stated objects of the issue, the funds have been invested in the liquid schemes of debt mutual funds.

4. Pursuant to the exercise of vested stock options by employees and directors of the Company under various Stock Option Schemes, the Company allotted 277,965 Equity Shares of Rs. 2 each during the quarter ended 30th September, 2006, and 463,380 Equity Shares of Rs. 2 each during the half-year ended on that date.
5. The Board of Directors of the Company at its meeting held on 21st September, 2006 appointed Dr. Ravi Gopinath as the Managing Director and Chief Executive Officer of the Company for a period of three years with effect from 4th October, 2006. The Board had also appointed Mr. Manu Parpia as the Vice Chairman and Executive Director for the period from 4th October, 2006 to 30th September, 2007, which has since been extended upto 31st March, 2008. Mr Parpia was the Managing Director and Chief Executive Officer of the Company before his current appointment. The aforesaid appointments are subject to approval of shareholders of the Company.
6. Geometric Software Solutions, Inc. USA, a wholly-owned subsidiary of the Company, has since signed a definitive Agreement to acquire Engineering Services Division of Modern Engineering, Inc. USA.
7. The Board of Directors of the Company at its meeting held on 16th October, 2006 decided to offer and issue 350,000 warrants convertible into equity shares to Mr. Manu Parpia, Vice Chairman and Executive Director of the Company, on a preferential issue basis in accordance with SEBI Preferential Issue Guidelines, subject to approval of shareholders of the Company.
8. Information on investor complaints for the quarter ended 30th September, 2006:

	Opening Balance	Additions	Disposals	Closing Balance
Number of Complaints	Nil	19	19	Nil

For Geometric Software Solutions Co. Ltd.

Mumbai
16th October, 2006

Dr. Ravi Gopinath
Managing Director & CEO

GEOMETRIC SOFTWARE SOLUTIONS CO. LTD. (Consolidated)

Growth in Sales over Last Year

Figures in US\$ Million

	FY 2006					FY 2007		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Total
Projects - Offshore	5.35	5.89	6.28	7.07	24.58	8.15	8.89	17.04
Fixed Price Projects	0.47	0.54	0.65	0.69	2.35	0.57	0.75	1.32
Projects - Onsite	2.94	3.03	3.29	3.83	13.08	4.36	4.91	9.27
Software (Products)	1.60	1.68	2.34	2.14	7.76	2.22	2.29	4.51
Domestic	0.80	0.52	0.65	0.61	2.57	0.47	0.46	0.93
Total	11.15	11.66	13.20	14.34	50.34	15.77	17.30	33.07

Product R & D Expenses (Consolidated)

(Rs. In Million)

	Particulars	Quarter Ended 30-09-2006	Quarter Ended 30-06-2006	Year Ended 31-3-2006
A	Product Revenue	105.52	101.69	345.26
B	Product Costs	51.39	49.09	174.88
C	Product Contribution	54.13	52.60	170.38
D	Total Revenue (Product + Project)	799.62	720.84	2,234.31
E	Product Costs as % of Total Revenue (B / D)	6.4%	6.8%	7.8%

Product Contribution as % of Product Revenue 51.3% 51.7% 49.3%