



Geometric Software Solutions Co. Ltd.
Plant 6, Pirojshanagar,
Vikhroli, Mumbai - 400 079 INDIA
Tel.: + 91-22-6705 6500
Fax: + 91-22-6705 6891

15th January 2007

Results for the quarter ended December 31, 2006

- 1. From the Founder & Vice Chairman's Desk**
- 2. From the MD & CEO's Desk**
- 3. Analysis of the results**
- 4. Audited financial results**
- 5. P&L Statement (MIS)**

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 Founder & Vice Chairman's Desk

At Geometric, we are fortunate to be a leader in a market segment that is not only specialised, but is growing at a rate greater than that of the industry as a whole, thus providing a strong foundation for our future. Given that the market conditions are positive, the single most important challenge facing Geometric is to construct a business model which has 'built in' the right processes enabling the delivery of predictable, sustainable growth of both revenues and profits.

While we had previously initiated actions in earlier quarters to address the issue of scalability, during the quarter we took some major steps. We strengthened the executive team immensely when Ravi joined us as the CEO. During the last 90 days Ravi and I have worked closely to ensure that most of the functions transitioned to Ravi, in a smooth manner. In doing so, I believe we have laid the foundation for a strong working relationship right at the top level which will add to our ability to address the market opportunity. We also completed the acquisition of Modern Engineering which has given us a critical mass in the rapidly growing market for Engineering Services, while adding to our delivery capability in two continents viz. Europe and North America. We also worked on deepening some key relationships and initiating others so as to create unique offerings, all with a view to creating stronger 'barriers to entry' for competition through substantive differentiation.

Ravi in his note has outlined a number of concrete steps we have taken in this short period; some we have taken together and others he has taken in his capacity as CEO. As we had stated earlier, there will be continuing changes to the executive team. All of these initiatives are directed to the principal objective of ensuring we create a scalable business. While the impact of all our initiatives will take some time to take effect, I am confident that we have taken giant strides in our endeavor to build an enterprise which can take advantage of the market opportunity that presents itself.

Regards,



Manu Parpia
Founder & Vice Chairman

From the MD & CEO's Desk

This has been a quarter of very significant transitions for the Company. I joined Geometric as its new CEO in October, and Manu and I worked closely to execute a well structured 90 day transition, which completed on January 1. Along with this we completed Geometric's first major acquisition and the start of the business integration of Modern Engineering. Modern has very substantially enhanced our business portfolio and will positively influence our visibility and business opportunity with our industrial customers. While we handled these significant tasks, the leadership team of the Company also focused itself on revisiting our organizational model to put in place the foundation for scaling up. We also thought through our growth strategy for the next three years, and the initial plan for 2010 is in place. We have started the process of identifying an expanded leadership team, which will be empowered to conceive and implement various facets of our business strategy guided by the 2010 plan. As we did all this, we stayed focused on ensuring we delivered to our customers' expectations of us and worked the market to create new business opportunities. This was clearly not a period that can be classified "business as usual".

Over the past three months I reviewed the businesses of Geometric and interacted extensively with our customers and prospects, strategic partners, employees and investors to understand our opportunities and challenges. As a result of these interactions, it became clear that our major imperatives are:

1. To make our external environment aware of our enhanced and diversified business portfolio, and the unique value proposition we offer through this mix of offerings.
2. To strengthen our go-to-market effort and sales organization to support the above.
3. To put in place a strong set of competency development, business response and global delivery processes that would provide a robust framework for scalable growth
4. To create increased career opportunities for our people through rapid growth in each of our business segments

In the organizational changes that we have started to implement in Q3, these imperatives are being addressed. These actions will demonstrate results progressively over the next 2 to 3 quarters.

While a detailed analysis of our Q3 performance is provided, I would like to highlight the most significant developments in each of our businesses.

In PLM, the most significant outcome has been the continued success of our direct work with industrial customers. This will provide the plank for increased industrial customer business in the coming quarters as per plan. Following the acquisition, engineering services offshoring from Modern has steadily increased over this quarter, and our ability to deliver from India will provide Modern's comprehensive set of offerings the compelling differentiator of true global engineering. In products, our interoperability solutions, which in addition to delivering license revenues are clearly adding to our differentiation in the PLM space. All in all, the business has moved in the right direction but we need to accelerate further.

To start this process of acceleration we had to incur additional expense in terms of senior management travel for business development, and to support the integration of Modern. We also increased our delivery capacity in Bangalore to handle increased engineering work and also to expand our PLM and Software delivery base. This has resulted in some SG&A increase but is very much in line with what we had expected. Attrition has come down over the previous quarter due to short term corrective measures on compensation but we will be watching this closely. Creating career opportunities as a result of business growth is the sustainable solution to this problem and we will need to wait for the business impact of our changes to kick in to derive the long term beneficial effect on attrition.

The next two quarters will be a period of investment to create a strong foundation for the next three years, even as we do everything possible to win more business and deliver in the short term. I firmly believe these investments are critical to our future

1. We will strengthen our sales team in terms of numbers and competency, and increasingly focus on direct selling to customers. The sales teams of Modern and Geometric are already working together in the US to drive cross-selling in the automotive and industrial customer base. We will enhance this team, and make additions to our sales force in Europe and Japan. While this may increase sales cycle time and cost in the initial period, the long term advantages far outweigh any short term increase in costs.
2. We will incur some additional expense in enhancing our go to market effectiveness through competency building, offering creation and marketing. Creating a strong brand for Geometric and ensuring its recall associated with best-in-class PLM and engineering solutions is our goal. Our Practices will support the sales initiative by owning new business generation and the creation and articulation of our offerings.
3. Our Delivery Centers will remain focused on profitability through better capacity utilization and ensuring that our delivery processes deliver all projects on time, on budget and at target quality, irrespective of location. We will start the process of upgradation of our delivery facilities to ensure that all the necessary infrastructure to support the outsourcing of our customers' mission critical work is in place.
4. The senior management of the Company will need to continue extensive communication and personal contact with our expanded customer and employee base around the world. Having made a well thought out strategic investment in Modern, we will do all that is necessary to make the integration successful. The Geometric + Modern competency set and the global delivery proposition is truly compelling. One that very few companies in can offer. We must capitalize on this.

All this may have a short term impact on our operating margins, but they will help us create a sustainable future for the Company. The management team and I are committed to delivering this.

For the rest of this financial year, we stand by the guidance we provided at the beginning of the year, namely 35% growth in top line and bottom line on an organic basis.

Sincerely,



Ravi Gopinath
MD & CEO

Financial Analysis for the Quarter ended 31st December 2006 (Q3 FY07)
(Excluding MODERN Engineering Consolidation)

(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 7% in dollar terms and 3% in Rupee terms compared to previous quarter. As compared to Q3FY06, operating revenues increased by 40% in dollar terms and 37% in Rupee terms.
- Total revenue (including other income) increased by 5% compared to previous quarter. The foreign exchange gain was Rs 26.92 million; principally due to combined effect of realized gain of forward contracts maturing in this quarter and unrealized gain in the mark-to-market valuation of outstanding forward contracts.
- Analysis of revenue by business segments:

Particulars	Q3FY07		Q2FY07		Growth	Q3FY06		Growth
	USD Mil.	%	USD Mil.	%	%	USD Mil.	%	%
Software Services	14.19	77	13.38	78	6	10.09	76	41
Engineering Services	1.93	10	1.63	9	18	0.78	6	147
Products	2.32	13	2.29	13	1	2.34	18	-1
Total	18.44	100	17.29	100	7	13.21	100	40

- Analysis of revenue by geographical segments:

Particulars	Q3FY07	Q2FY07	Q3FY06
	%	%	%
USA	50	58	64
Europe	40*	34	26
Rest of the World	10	8	10
Total	100	100	100

* Partly due to peak load on a European contract

Analysis of revenue by contract types:

Particulars	Q3FY07	Q2FY07	Q3FY06
In USD terms	%	%	%
Fixed Price	4	4	5
Time and Material	83	83	77
Products	13	13	18
Total	100	100	100

- Analysis of revenue by customer type:

Particulars	Q3FY07	Q2FY07	Q3FY06
	%	%	%
Software OEMs	40	40	41
Industrial Customers (direct and partners)	47	47	41
Products	13	13	18
Total	100	100	100

- Revenue Distribution by Business Units (BU):

Business Unit	Q3FY07	% to Total Revenue	Q2FY07	% to Total Revenue
	Revenue (USD Mn.)		Revenue (USD Mn.)	
PLM Solutions	4.99	27	5.19	30
Product Development Services & 3DPLM *	9.15	50	8.19	47
Engineering Services	1.93	10	1.63	10
Desktop Tech. & Solutions	1.87	10	1.66	10
Enterprise Products	0.46	2	0.43	2
Miscellaneous Products	0.04	1	0.19	1
Total	18.44	100	17.29	100

* Includes Services for UGS

* Due to acquisition of Matrix-One by Dassault Systems, revenue from Matrix-One which was earlier part of PLMS business Unit is now classified under Product Development Services and 3D PLM

Foreign exchange gain/ loss:

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

Particular	Unit	December 31, 2006	September 30, 2006
Value of outstanding Forward Contracts	USD Million	39.90	37.59
Average Mark to Market Rate	Rs. Per USD	46.49	46.17
Average Forward Cover Rate	Rs. Per USD	45.79	45.64
Net Foreign Exchange Gain/ (Loss) for the quarter	Rs. Million	26.92	9.27

We take appropriate hedging decisions based on review of the target forex rates and the prevailing situation.

Analysis of Expenses

- Manpower numbers:

Particulars	December 31, 2006	September 30, 2006	Growth	December 31, 2005	Growth
Number of developers					
Offshore	1742	1565	11%	1,232	41%
Onsite	189	197	-4%	142	33%
Total	1931	1762	10%	1,374	41%

- Utilization and Attrition Ratios:

Particulars	Q3FY07	Q2FY07	Q3FY06
	%	%	%
Utilization			
Including Trainees	84	87	84
Excluding Trainees	91	92	90
Attrition (Annualized)	20.4	23.1	15.3

Reduction in utilization was desirable and planned, as it was affecting our ability to fulfill new business and our ability to scale.

○ **Analysis of expenses compared to Q3 FY06**

Particulars	Q3FY07	Q2FY07	Growth	Q3FY06	Growth
	INR Mil.	INR Mil.	%	INR Mil.	%
Software Dev Exp	485.30	478.01	2	330.90	47
S & M	45.03	45.94	-2	37.25	21
G & A	130.74	120.70	8	80.86	62

- The Software Development Expenses have increased by 47%
 - The offshore and product development manpower cost has increased by 51%. The increase in cost reflects manpower growth of 41% over the previous year and offshore salary hike this year.
 - Onsite cost has increased by 54%, reflecting a 33% growth in the number of onsite consultants, translating into 43% growth in terms of man-months and revision of Onsite salaries this year.
 - Software tools, packages and royalty cost increase by 23%. This includes software tools procured for Engineering Services business and implementation of ERP.
- Selling & Marketing expenses were 21% higher due to the following:
 - Strengthening the Sales & Marketing team as compared to Q3 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.
 - Participation in PLM conferences.
- General & Administration Expenses have increased by 62% due to the following:
 - Manpower Cost has increased by 56%. It includes combined cost of Vice-Chairman and CEO, increased travel by Senior Management including the Vice-Chairman & CEO for business development and relationship building. Another reason for increase in expenses is the implementation of SAP requiring addition in resources to the ERP team.
 - Rent expenses have increased by 10% due to additional facility rented for expansion of Bangalore and Mumbai
 - Recruitment expenses have increased by 75% due to increased focus on recruitment of the best talents available.

- Miscellaneous Expenses has increased due to increase in IT and Infrastructure Facility Management in line with growth, increase in Professional Services for hiring senior people, and increase in Stamp duty charges for setting up new facilities and repairs & maintenance of current development centers.
- Depreciation (Non-computer) expenses increased by 39% due to full capitalization of new building, auditorium and other recreational facilities at Hinjwadi, Pune in November 2005.
- **Analysis of expenses compared to Q2 FY07**
 - The Software Development Expenses have increased by 2% over Q2 FY07.
 - Offshore developers manpower cost increased by 10% over the last quarter due to combined effect of 11% increase in offshore developers, reduction of utilization, mid-term increase in salaries for certain categories of development people and reduction of some perquisite costs incurred in Q2.
 - Staff Welfare expenses have decreased by 31% as the Annual celebrations happened in Q2 FY07.
 - The increase in local travel expenses by 22% is attributed to execution of projects across locations and increase in the manpower growth.
 - Software Tools & packages / Royalties have gone up due to an increase in ERP expenses.
 - General & Administration expenses have increased by 8% compared to Q2 FY07
 - Increase in foreign travel by senior management for business development and Modern integration.
 - Training expenses increased by 33% which is aligned with manpower growth and increased number of courses in PLM Institute.
 - Miscellaneous expenses have gone up by 25% mainly due to increase in IT and Facility Management expenses, Stamp-duty for leasing new facility in Bangalore and increase in Professional & Legal expenses
 - Lease rental - computers has increased by 7% over Q2 FY07 due to additions to the computers procured on lease to take care of new developers and replacement of old machines.

○ **Analysis of tax provision:**

Particulars	Q3FY07	Q2FY07	Q3FY06	FY06
	% of PBT	% of PBT	% of PBT	% of PBT
Current Tax	14	10	13	15
Deferred Tax	0	(1)	4	1
Fringe Benefit Tax	1	2	3	2
Total	15	11	20	18

- Compared to last quarter the current tax % has gone up mainly due to higher tax provision in TekSoft, in line with increase in profits.

○ **Analysis of minority interest:**

Compared to Q2FY07, minority interest went up due to increase in profitability of 3DPLM and TekSoft.

○ **Profitability Ratios:**

Particulars	Q3FY07	Q2FY07	Q3FY06
	%	%	%
Operating Profit Margin	12	13	18
EBITDA / Total Revenue	23	22	19
PBT / Total Revenue	16	16	12
PAT / Total Revenue	12	12	7

○ **Operating Profit Margin:**

OPM as compared to Q3 FY06 is affected mainly due to

- Appreciation of rupee
- Increase in manpower cost
- Reduction in % of Product revenue to Total revenue from 18% to 13%
- Increase in % of Onsite business
- Increase in SG&A by 1.7%
- Interest paid on debt taken for acquisition

Decrease in OPM by 1% over Q2 FY07 is mainly due to

- Strengthening of rupee by 1.66.
- Reduction in utilization by 3%.
- Interest paid on debt taken for acquisition

Removing effect of INR appreciation & interest payment the OPM would have been at 16.5% showing an increase of 4.2%.

- EBIDTA increased by 4% and 1% in comparison to same quarter last year and previous quarter respectively.

Key operating parameters:

Particulars	Q3FY07	Q2FY07	Q3FY06
Days Sales Outstanding (DSO)	71	59	74
Number of Clients Added	14	13	6
Top 10 customers % to Revenue	70	74	72

Increase in DSO is mainly due to delay in remittances from some large clients due to year-end holidays and delay in invoicing in the early part of Quarter during rolling out of the new ERP system. The overall efficiency of collection process has shown continuous improvements over past few quarters.

Quarterly Performance for 3D PLM:

- At the end of this quarter 3DPLM has over 515 software developers as against over 500 software developers last quarter.

Quarterly Performance for TekSoft:

- Compared to the previous quarter, TekSoft Operating Revenue and PBT increased by 22% and 309% respectively.

Quarterly Performance of MODERN:

- Modern Engineering became a subsidiary of Geometric Inc. with effect from 1st November, 2006. For the two months ending December, 2006, Modern's Operating revenue was USD 5.6 Mil and Profit After Tax was USD 0.09 Mil. Typically, November and December are amongst the weakest months in any calendar year, due to holiday season.

GEOMETRIC SOFTWARE SOLUTIONS CO. LTD.

Regd. Office: Plant 6, Pirojshanagar, Vikhroli (West), Mumbai - 400 079.
Phone : (022) 67056500 Fax : (022) 67056891 e-mail: investor-relations@geometricsoftware.com
Website: www.geometricsoftware.com

**AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2006 (CONSOLIDATED)**

(Rs. in Million)

Sr. No.	Particulars	Quarter ended	Quarter ended	Nine Months ended	Nine Months ended	Year ended
		31-12-2006	31-12-2005	31-12-2006	31-12-2005	31-3-2006
1.	Net Sales - Software and Services	1,067.46	599.03	2,587.96	1,595.23	2,234.31
2.	Other Income:					
	(a) Gain/ (Loss) on Exchange Fluctuations (Net)	26.73	(52.77)	(9.19)	(6.28)	18.17
	(b) Others	22.26	12.46	57.75	35.23	50.12
3.	Total Income	1,116.45	558.72	2,636.52	1,624.18	2,302.60
4.	Expenditure:					
	(a) Personnel Expenses	693.39	314.12	1,563.98	911.11	1,251.00
	(b) Travelling Expenses	44.19	35.03	116.82	83.41	119.08
	(c) Other Expenses	159.77	98.82	423.27	268.75	370.84
	(d) Total Expenditure	897.35	447.97	2,104.07	1,263.27	1,740.92
5.	Profit before Interest, Depreciation and Taxes	219.10	110.75	532.45	360.91	561.68
6.	Interest	16.21	0.10	16.21	0.40	0.40
7.	Depreciation	56.74	45.50	155.68	122.93	171.73
8.	Profit before Taxes	146.15	65.15	360.56	237.58	389.55
9.	Provision for Taxation:					
	(a) Current Taxes	20.19	7.90	41.98	32.98	56.83
	(b) Deferred Taxes	0.51	2.62	(0.39)	2.62	4.17
	(c) Fringe Benefit Tax	1.20	1.93	4.11	5.15	7.05
10.	Net Profit after Taxes before Minority Interest	124.25	52.70	314.86	196.83	321.50
11.	Less: Minority Interest in Net Profit of the Subsidiary Companies	18.84	13.35	45.13	45.68	63.64
12.	Net Profit	105.41	39.35	269.73	151.15	257.86
12.A	Operating Profit ^	102.26	110.56	327.34	222.76	340.89
13.	Paid-up Equity Share Capital (par value Rs. 2 each)	122.55	112.90	122.55	112.90	113.32
14.	Reserves and Surplus	2,034.84	1,251.03	2,034.84	1,251.03	1,311.12
15.	Basic Earnings per Share (Rs.)	1.76	0.70	4.50	2.69	4.59
16.	Diluted Earnings per Share (Rs.)	1.72	0.69	4.41	2.66	4.53

^ Operating Profit is computed as Profit Before Taxes 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 (including Modern Engineering Inc and its subsidiaries)	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 FINANCIAL RESULTS
FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2006 (UNCONSOLIDATED)

(Rs. in Million)

Sr. No.	Particulars	Quarter ended 31-12-2006	Quarter ended 31-12-2005	Nine Months ended 31-12-2006	Nine Months ended 31-12-2005	Year ended 31-3-2006
1.	Net Sales - Software and Services	453.80	317.54	1,291.99	828.49	1,181.03
2.	Other Income:					
	(a) Gain/ (Loss) on Exchange Fluctuations (Net)	27.02	(38.14)	(2.63)	(13.84)	1.69
	(b) Others	49.04	39.06	154.80	107.66	147.89
3.	Total Income	529.86	318.46	1,444.16	922.31	1,330.61
4.	Expenditure:					
	(a) Personnel Expenses	291.46	160.46	763.44	468.05	631.86
	(b) Travelling Expenses	32.61	28.37	89.61	64.48	92.14
	(c) Other Expenses	75.92	71.86	241.76	198.62	283.65
	(d) Total Expenditure	399.99	260.69	1,094.81	731.15	1,007.65
5.	Profit before Interest, Depreciation and Taxes	129.87	57.77	349.35	191.16	322.96
6.	Interest	3.34	-	3.34	-	-
7.	Depreciation	31.95	27.22	89.71	70.18	98.17
8.	Profit before Taxes	94.58	30.55	256.30	120.98	224.79
9.	Provision for Taxation:					
	(a) Current Taxes	10.40	3.02	25.00	20.94	38.80
	(b) Deferred Taxes	0.26	2.62	(0.64)	2.62	4.04
	(c) Fringe Benefit Tax	0.93	1.46	3.25	3.88	5.32
10.	Net Profit after Taxes	82.99	23.45	228.69	93.54	176.63
11.	Paid-up Equity Share Capital (par value Rs.2 each)	122.55	112.90	122.55	112.90	113.32
12.	Reserves and Surplus	1,801.53	1,063.10	1,801.53	1,063.10	1,102.87
13.	Basic Earnings per Share (Rs.)	1.38	0.42	3.81	1.67	3.14
14.	Diluted Earnings per Share (Rs.)	1.36	0.41	3.74	1.64	3.10
15.	Aggregate of non-promoter shareholding					
	- Number of Shares	43,990,610	39,122,850	43,990,610	39,122,850	39,331,295
	- Percentage of shareholding	71.79	69.31	71.79	69.31	69.42

Audited Segment Financial Results (Consolidated)

(Rs. in Million)

	Particulars	Quarter ended 31-12-2006	Quarter ended 31-12-2005	Nine months ended 31-12-2006	Nine months ended 31-12-2005	Year ended 31-3-2006
A	Segment Revenue					
	Products	104.00	106.10	311.22	250.59	345.26
	Projects	963.46	492.93	2,276.74	1,344.64	1,889.05
	Total	1,067.46	599.03	2,587.96	1,595.23	2,234.31
	Less : Inter Segment Revenue	-	-	-	-	-
	Net Revenue from Operations	1,067.46	599.03	2,587.96	1,595.23	2,234.31
B	Segment Results					
	Profit before Interest and Taxes					
	Products	64.15	62.82	170.88	122.09	170.38
	Projects	296.22	185.77	787.62	493.13	703.90
	Total	360.37	248.59	958.50	615.23	874.28
	Less : (a) Interest	16.21	0.10	16.21	0.40	0.40
	(b) Other unallocable expenditure net of unallocable income	198.01	183.34	581.73	377.25	484.33
	Profit before Taxes	146.15	65.15	360.56	237.58	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 15th January , 2007
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. During the quarter, Geometric Software Solutions, Inc. (GSS Inc.), a wholly-owned subsidiary of the Company bought 95% shares of Modern Engineering, Inc. (Modern) for US\$ 23.75 million. Accordingly Modern and its subsidiaries have become subsidiaries of the Company.
4. The Consolidated financial results include the financial results of Modern Engineering Inc and its subsidiary for the period from 1st November 2006 to 31st December 2006
5. The proceeds of the preferential allotment of 3,867,075 Equity Shares made to The Western India Trustee and Executor Company Limited (India Advantage Fund –V) on 31st May 2006 have been utilized to subscribe to additional equity capital of GSS Inc. GSS Inc. has used the additional equity to acquire 95% capital of Modern.
6. Pursuant to the approval of shareholders at the Extraordinary General Meeting of the Company held on 21st November, 2006, the Company has made a preferential allotment of 350,000 warrants convertible into equal number of Equity Shares of Rs.2 each to Mr. Manu Parpia, Founder and Vice Chairman and one of the promoters of the company in accordance with The SEBI Preferential Issue Guidelines.
7. Pursuant to the exercise of vested stock options by employees and directors of the Company under various Stock Option Schemes, the Company allotted 286,360 Equity Shares of Rs. 2 each during the quarter ended 31st December, 2006, and 749,740 Equity Shares of Rs. 2 each during the nine-month period ended on that date.
8. Information on investor complaints for the quarter ended 31st December, 2006:

	Opening Balance	Additions	Disposals	Closing Balance
Number of Complaints	Nil	12	12	Nil

For Geometric Software Solutions Co. Ltd.

Mumbai
15th January, 2007

Dr. Ravi Gopinath
Managing Director & CEO

Geometric Consolidated (Including MODERN)

Consolidated Income Statement in Recasted MIS format for the Quarter ended 31st December, 2006

PARTICULARS	Quarter II 2006-07	% to Total Quarter II Revenue	Quarter III 2006- 07	% to Total Quarter III Revenue	Sequential Growth over previous Quarter	Quarter III 2005-06	% to Quarter III Revenue 2005-06	Q-O-Q Growth compared to Last Year
A	D	C	D	E	F=(D-B)/B	G		I = (D- G)/G
Projects- Offshore (US\$ Millions)	10.09	58%	11.05	46%	9%	7.58	57%	46%
Projects- On site (US\$ Millions)	4.92	28%	10.42	44%	112%	3.29	25%	217%
Products (US\$ Millions)	2.28	13%	2.36	10%	3%	2.34	18%	1%
Total Revenue (US\$ Millions)	17.29	100%	23.82	100%	38%	13.20	100%	80%
Sales - Software Packages & Services								
Offshore Projects	468.78	59%	492.27	46%	5%	338.00	56%	46%
Onsite Projects	225.36	28%	470.41	44%	109%	154.93	26%	204%
Products (Components & Technologies)	105.52	13%	104.78	10%	-1%	106.10	14%	-1%
Total Operating Revenue	799.67	100%	1,067.46	100%	33%	599.03	100%	78%
Foreign Exchange gain / (loss)	9.27		26.73		188%	(52.77)		-151%
Other Revenue	14.48		17.16		19%	7.36		133%
TOTAL REVENUE	823.41	100%	1,111.35	100%	35%	553.63	100%	101%
EXPENSES								
SOFTWARE DEVELOPMENT EXPENSES								
Manpower Expenses	231.49	28%	253.66	23%	10%	168.21	30%	51%
Staff Welfare	9.23	1%	6.39	1%	-31%	6.02	1%	6%
Foreign Travel exps	20.48	2%	14.52	1%	-29%	15.55	3%	-7%
Local travel & conveyance	5.97	1%	7.30	1%	22%	5.51	1%	32%
Data Communication costs	2.67	0%	3.18	0%	19%	1.39	0%	129%
Software Tools & Packages/ Royalties	20.92	3%	26.59	2%	27%	21.66	4%	23%
Modern Inc SDE			177.82					
(b) On-site consultants cost	187.25	23%	167.89	15%	-10%	112.55	20%	49%
% to on site consultant's revenue	83%		36%			73%		
Total Software Development Expenses	478.01	58%	657.35	59%	38%	330.90	60%	99%
% to Operating Revenue	60%		62%			55%		
Contribution	321.65	39%	410.11	37%	27%	268.14	48%	53%
% to Operating Revenue	40%		38%			45%		
SELLING & MARKETING EXPENSES	45.94	6%	51.60	5%	12%	37.25	7%	39%
% to Operating Revenue	6%		5%			6%		
GENERAL & ADMINISTRATION EXPENSES								
Central Services, Corporate & VPs offices	46.70	6%	53.20	5%	14%	34.70	6%	53%
Tel, Fax & Courier	7.42	1%	4.89	0%	-34%	3.74	1%	31%
Rent	13.32	2%	12.69	1%	-5%	11.51	2%	10%
Power, Fuel & Electricity	10.64	1%	9.24	1%	-13%	5.93	1%	56%
Recruitment costs	5.77	1%	3.56	0%	-38%	2.03	0%	75%
Training	2.91	0%	3.87	0%	33%	3.51	1%	10%
Miscellaneous Expenses	33.07	4%	40.46	4%	22%	22.12	4%	83%
Provision for doubtful debts	0.87	0%	2.03	0%	134%	(2.68)	0%	-176%
MODERN G&A			56.43	5%				
Total General & Administration Expenses	120.70	15%	186.35	17%	54%	80.86	15%	130%
% to Operating Revenue	15%		17%			13%		
Total Expenses	644.66	78%	895.30	81%	39%	449.01	81%	99%
% to Operating Revenue	81%		84%			75%		
PBIDT	178.75	22%	216.05	19%	21%	104.62	19%	107%
% to Total Revenue	22%		19%			19%		
Interest			16.21					
Depreciation (Non Computer)	11.08	1%	10.43	1%	-6%	7.50	1%	39%
Depreciation (Computers)	31.18	4%	33.22	3%	7%	30.27	5%	10%
Lease Rentals Computers	6.53		7.00		7%	1.71		

Modern Depreciation			3.02					
Depreciation	48.79	6%	53.67	5%	10%	39.48	7%	36%
Profit Before Tax	129.97	16%	146.15	13%	12%	65.14	12%	124%
% to Total Revenue	16%		13%			12%		
Operating Profit (PBT Less Other Income)	106.22	13%	102.28	9%	-4%	110.55	20%	-7%
% to Operating Revenue	13%		10%			18%		
Tax	12.04	1%	20.70	2%	72%	10.52	2%	97%
Fringe Benefit Tax	1.76		1.20		-32%	1.93		
Minority Interest	15.01	2%	18.84	2%	26%	13.35	2%	41%
Tax Sharing Expenses	0.28							
Profit After Tax & Minority Interest	100.88	12%	105.41	9%	5%	39.34	7%	168%
% to Total Revenue	12%		9%			7%		

Note: Impact of premises leased to a customer is excluded from Other Income and Depreciation (Non Computer) amounting to Rs. 5.1 Million for Qtr 3 FY07 (Rs. 5.10 Million for Qtr 3 FY06, Rs. 5.10 Million for Qtr 2 FY07) for calculation of Operating Profit. PBT remains unaffected . To this extent other income and depreciation in the quarterly advertisement will be higher.

Geometric Consolidated (Excluding MODERN)

Consolidated Income Statement in Recasted MIS format for the Quarter ended 31st December, 2006

PARTICULARS	Quarter II 2006-07	% to Total Quarter II Revenue	Quarter III 2006- 07	% to Total Quarter III Revenue	Sequential Growth over previous Quarter	Quarter III 2005-06	% to Quarter III Revenue 2005-06	Q-O-Q Growth compared to Last Year
A	D	C	D	E	F=(D-B)/B	G		I = (D- G)/G
Projects- Offshore (US\$ Millions)	10.09	58%	11.05	60%	9%	7.58	57%	46%
Projects- On site (US\$ Millions)	4.92	28%	5.04	27%	2%	3.29	25%	53%
Products (US\$ Millions)	2.28	13%	2.36	13%	3%	2.34	18%	1%
Total Revenue (US\$ Millions)	17.29	100%	18.44	100%	7%	13.20	100%	40%
Sales - Software Packages & Services								
Offshore Projects	468.78	59%	492.27	60%	5%	338.00	56%	46%
Onsite Projects	225.36	28%	225.08	27%	0%	154.93	26%	45%
Products (Components & Technologies)	105.52	13%	104.78	13%	-1%	106.10	14%	-1%
Total Operating Revenue	799.67	100%	822.13	100%	3%	599.03	100%	37%
Foreign Exchange gain / (loss)	9.27		26.92		190%	(52.77)		-151%
Other Revenue	14.48		13.32		-8%	7.36		81%
TOTAL REVENUE	823.41	100%	862.37	100%	5%	553.63	100%	56%
EXPENSES								
SOFTWARE DEVELOPMENT EXPENSES								
Manpower Expenses	231.49	28%	253.66	29%	10%	168.21	30%	51%
Staff Welfare	9.23	1%	6.39	1%	-31%	6.02	1%	6%
Foreign Travel exps	20.48	2%	14.52	2%	-29%	15.55	3%	-7%
Local travel & conveyance	5.97	1%	7.30	1%	22%	5.51	1%	32%
Data Communication costs	2.67	0%	3.18	0%	19%	1.39	0%	129%
Software Tools & Packages/ Royalties	20.92	3%	26.59	3%	27%	21.66	4%	23%
(b) On-site consultants cost	187.25	23%	173.66	20%	-7%	112.55	20%	54%
% to on site consultant's revenue	83%		77%			73%		
Total Software Development Expenses	478.01	58%	485.30	56%	2%	330.90	60%	47%
% to Operating Revenue	60%		59%			55%		
Contribution	321.65	39%	336.83	39%	5%	268.14	48%	26%
% to Operating Revenue	40%		41%			45%		
SELLING & MARKETING EXPENSES	45.94	6%	45.03	5%	-2%	37.25	7%	21%
% to Operating Revenue	6%		5%			6%		
GENERAL & ADMINISTRATION EXPENSES								
Central Services, Corporate & VPs offices	46.70	6%	53.20	6%	14%	34.70	6%	53%
Tel, Fax & Courier	7.42	1%	4.89	1%	-34%	3.74	1%	31%
Rent	13.32	2%	12.69	1%	-5%	11.51	2%	10%
Power, Fuel & Electricity	10.64	1%	9.24	1%	-13%	5.93	1%	56%
Recruitment costs	5.77	1%	3.56	0%	-38%	2.03	0%	75%
Training	2.91	0%	3.87	0%	33%	3.51	1%	10%
Miscellaneous Expenses	33.07	4%	41.24	5%	25%	22.12	4%	87%
Provision for doubtful debts	0.87	0%	2.03	0%	134%	(2.68)	0%	-176%
Total General & Administration Expenses	120.70	15%	130.76	15%	8%	80.86	15%	62%
% to Operating Revenue	15%		16%			13%		
Total Expenses	644.66	78%	661.07	77%	3%	449.01	81%	47%
% to Operating Revenue	81%		80%			75%		
PBIDT	178.75	22%	201.29	23%	13%	104.62	19%	92%
% to Total Revenue	22%		23%			19%		
Interest			9.18					
Depreciation (Non Computer)	11.08	1%	10.40	1%	-6%	7.50	1%	39%
Depreciation (Computers)	31.18	4%	33.22	4%	7%	30.27	5%	10%
Lease Rentals Computers	6.53		7.00		7%	1.71		

Depreciation	48.79	6%	50.62	6%	4%	39.48	7%	28%
Profit Before Tax	129.97	16%	141.48	16%	9%	65.14	12%	117%
% to Total Revenue	16%		16%			12%		
Operating Profit (PBT Less Other Income)	106.22	13%	101.26	12%	-5%	110.55	20%	-8%
% to Operating Revenue	13%		12%			18%		
Tax	12.04	1%	20.06	2%	67%	10.52	2%	91%
Fringe Benefit Tax	1.76		1.20		-32%	1.93		
Minority Interest	15.01	2%	18.78	2%	25%	13.35	2%	41%
Tax Sharing Expenses	0.28							
Profit After Tax & Minority Interest	100.88	12%	101.44	12%	1%	39.34	7%	158%
% to Total Revenue	12%		12%			7%		

Note: Impact of premises leased to a customer is excluded from Other Income and Depreciation (Non Computer) amounting to Rs. 5.1 Million for Qtr 3 FY07 (Rs. 5.10 Million for

Qtr 3 FY06, Rs. 5.10 Million for Qtr 2 FY07) for calculation of Operating Profit.

Geometric Consolidated (Including MODERN)
Consolidated Income Statement in MIS format for the Nine months ended 31st December, 2006

PARTICULARS	Nine months Ended 31-12-2006	% to Total Revenue	Nine months Ended 31-12-2005	% to Total Revenue	Growth compared to previous year 9 months
A	B	C	D	E	F = (B-D)/D
Projects- Offshore (US\$ Millions)	30.33	53%	21.14	59%	43%
Projects- On site (US\$ Millions)	19.70	35%	9.25	26%	113%
Products (US\$ Millions)	6.86	12%	5.62	16%	22%
Total Revenue (US\$ Millions)	56.89	100%	36.01	100%	58%
Sales - Software Packages & Services					
Offshore Projects	1,379.82	53%	928.99	58%	49%
Onsite Projects	896.14	35%	415.87	26%	115%
Products (Components & Technologies)	312.00	12%	250.36	16%	25%
Total Operating Revenue	2,587.96	100%	1,595.22	100%	62%
Foreign Exchange gain / (loss)	(9.18)		(6.28)		46%
Other Revenue	42.45		21.10		101%
TOTAL REVENUE	2,621.23	100%	1,610.04	100%	63%
EXPENSES					
SOFTWARE DEVELOPMENT EXPENSES					
Manpower Expenses	691.50	26%	502.97	31%	37%
Staff Welfare	20.50	1%	18.54	1%	11%
Foreign Travel exps	49.10	2%	33.80	2%	45%
Local travel & conveyance	17.85	1%	16.15	1%	11%
Data Communication costs	7.75	0%	3.29	0%	136%
Software Tools & Packages	72.28	3%	54.15	3%	33%
Modern Inc SDE	177.82				
(b) On-site consultants cost	514.11	20%	297.16	18%	73%
% to on site consultant's revenue	57%		71%		
Total Software Development Expenses	1,550.91	59%	926.05	58%	67%
% to Operating Revenue	60%		58%		
Contribution	1,037.05	40%	669.17	42%	55%
% to Operating Revenue	40%		42%		
SELLING & MARKETING EXPENSES	138.31	5%	97.60	6%	42%
% to Operating Revenue	5%		6%		
GENERAL & ADMINISTRATION EXPENSES					
Central Services, Corporate and VPs offices	137.12	5%	95.81	6%	43%
Tel, Fax & Courier	16.98	1%	10.36	1%	64%
Rent	39.30	1%	33.05	2%	19%
Power, Fuel & Electricity	28.59	1%	24.90	2%	15%
Recruitment costs	12.78	0%	6.92	0%	85%
Training	11.26	0%	9.11	1%	24%
Miscellaneous Expenses	102.42	4%	59.83	4%	71%
Provision for doubtful debts	1.31	0%	5.60	0%	-77%
MODERN G&A	56.43				
Total General & Administration Expenses	406.19	15%	245.57	15%	65%
% to Operating Revenue	16%		15%		
Total Expenses	2,095.40	80%	1,269.22	79%	65%
% to Operating Revenue	81%		80%		
PBIDT	525.83	20%	340.82	21%	54%
% to Total Revenue	20%		21%		
Interest	16.21				
Depreciation (Non Computer)	31.96	1%	18.32	1%	74%
Depreciation (Computers)	95.80	4%	83.21	5%	15%
Lease Rentals Computers	18.27		1.71		
MODERN - Depreciation	3.02				
Depreciation	149.06	6%	103.24	6%	44%
Profit Before Tax	360.56	14%	237.58	15%	52%
% to Total Revenue	14%		15%		
Operating Profit (PBT Less Other Income)	327.29	12%	222.76	14%	47%
% to Operating Revenue	13%		14%		
Tax	41.31	2%	35.60	2%	16%
Fringe Benefit Tax	4.11		5.16		
Minority Interest	45.14	2%	45.67	3%	-1%
Tax Sharing Expenses	0.28				
Profit After Tax & Minority Interest	269.73	10%	151.15	9%	78%
% to Total Revenue	10%		9%		

Note: Impact of premises leased to a customer is excluded from Other Income and Depreciation (Non Computer) amounting to Rs. 15.30 Million for nine months ended 31.12.2006 (Rs.15.30 Million for nine months ended 31.12.2005) for calculation of Operating Profit. PBT remains unaffected. To this extent other income and depreciation in the quarterly advertisement will be higher.

Geometric Consolidated (Excluding MODERN)
Consolidated Income Statement in MIS format for the Nine months ended 31st December, 2006

PARTICULARS	Nine months Ended 31-12-2006	% to Total Revenue	Nine months Ended 31-12-2005	% to Total Revenue	Growth compared to previous year 9 months
A	B	C	D	E	F = (B-D)/D
Projects- Offshore (US\$ Millions)	30.33	59%	21.14	59%	43%
Projects- On site (US\$ Millions)	14.32	28%	9.25	26%	55%
Products (US\$ Millions)	6.86	13%	5.62	16%	22%
Total Revenue (US\$ Millions)	51.51	100%	36.01	100%	43%
Sales - Software Packages & Services					
Offshore Projects	1,379.82	59%	928.99	58%	49%
Onsite Projects	650.81	28%	415.87	26%	56%
Products (Components & Technologies)	312.00	13%	250.36	16%	25%
Total Operating Revenue	2,342.63	100%	1,595.22	100%	47%
Foreign Exchange gain / (loss)	(8.99)		(6.28)		43%
Other Revenue	38.61		21.10		83%
TOTAL REVENUE	2,372.25	100%	1,610.04	100%	47%
EXPENSES					
SOFTWARE DEVELOPMENT EXPENSES					
Manpower Expenses	691.50	29%	502.97	31%	37%
Staff Welfare	20.50	1%	18.54	1%	11%
Foreign Travel exps	49.10	2%	33.80	2%	45%
Local travel & conveyance	17.85	1%	16.15	1%	11%
Data Communication costs	7.75	0%	3.29	0%	136%
Software Tools & Packages	72.28	3%	54.15	3%	33%
(b) On-site consultants cost	519.88	22%	297.16	18%	75%
% to on site consultant's revenue	80%		71%		
Total Software Development Expenses	1,378.86	58%	926.05	58%	49%
% to Operating Revenue	59%		58%		
Contribution	963.77	41%	669.17	42%	44%
% to Operating Revenue	41%		42%		
SELLING & MARKETING EXPENSES	131.74	6%	97.60	6%	35%
% to Operating Revenue	6%		6%		
GENERAL & ADMINISTRATION EXPENSES					
Central Services, Corporate and VPs offices	137.12	6%	95.81	6%	43%
Tel, Fax & Courier	16.98	1%	10.36	1%	64%
Rent	39.30	2%	33.05	2%	19%
Power, Fuel & Electricity	28.59	1%	24.90	2%	15%
Recruitment costs	12.79	1%	6.92	0%	85%
Training	11.26	0%	9.11	1%	24%
Miscellaneous Expenses	102.93	4%	59.83	4%	72%
Provision for doubtful debts	1.31	0%	5.60	0%	-77%
Total General & Administration Expenses	350.27	15%	245.57	15%	43%
% to Operating Revenue	15%		15%		
Total Expenses	1,860.87	78%	1,269.22	79%	47%
% to Operating Revenue	79%		80%		
PBIDT	511.38	22%	340.82	21%	50%
% to Total Revenue	22%		21%		
Interest	9.18				
Depreciation (Non Computer)	31.93	1%	18.32	1%	74%
Depreciation (Computers)	95.80	4%	83.21	5%	15%
Lease Rentals Computers	18.27		1.71		
Depreciation	146.01	6%	103.24	6%	41%
Profit Before Tax	356.20	15%	237.58	15%	50%
% to Total Revenue	15%		15%		
Operating Profit (PBT Less Other Income)	326.58	14%	222.76	14%	47%
% to Operating Revenue	14%		14%		
Tax	40.95	2%	35.60	2%	15%
Fringe Benefit Tax	4.11		5.16		
Minority Interest	45.07	2%	45.67	3%	-1%
Tax Sharing Expenses	0.28				
Profit After Tax & Minority Interest	265.79	11%	151.15	9%	76%
% to Total Revenue	11%		9%		

Note: Impact of premises leased to a customer is excluded from Other Income and Depreciation (Non Computer) amounting to Rs. 15.30 Million for nine months ended 31.12.2006 (Rs.15.30 Million for nine months ended 31.12.2005) for calculation of Operating Pr