

## Investor Note

**Cranes Software's Q3 FY10 Consolidated Revenues at Rs. 848.5 million**

**Operating Profit of Rs. 319.5 million**

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Note to the announcement:

This note discusses the unaudited financial performance of Cranes Software International Limited on a consolidated basis. This includes the performance of its subsidiaries Systat Software Asia Pacific Ltd., Systat Software Inc., USA, Systat Software GmbH., Germany, Cranes Software Inc., USA, Cranes Software UK Ltd., Cranes Software International Pte. Ltd., Analytics Systems Pvt. Ltd., Tilak Autotech Pvt. Ltd., Dunn Solutions Group Inc., Caravel Info Systems Pvt. Ltd., Proland Software Pvt. Ltd., Engineering Technology Associates Inc., USA (ETA Inc., USA) and Engineering Technology Associates (Shanghai) Inc., China (Subsidiary of ETA Inc., USA), Esqube Communication Solutions Pvt. Ltd. and Cubeware GmbH.

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Cranes Software International Ltd. (Cranes), a Company that provides Enterprise Statistical Analytics and Engineering Simulation Software Products and Solutions across the globe, announced its unaudited financial results for the third quarter ended December 31, 2009.

The consolidated revenue figures stood at Rs. 848.5 million which includes domestic revenue of Rs. 49.6 million and international revenues of Rs. 798.9 million. The company reported an operational profit of Rs. 319.5 million and net loss of Rs. 14.3 million. This is primarily attributed to accrued interest for this aforesaid period.

Commenting on the financial results, **Asif Khader, Managing Director, Cranes Software International Limited**, said:

*“The last few quarters have been the most challenging for Cranes from an operational perspective. In particular, high debtor days as result of the global recession had squeezed cash flows and affected business from exports. To overcome these difficulties, the management has initiated direct sales from its subsidiaries, thus considerably increasing our subsidiary revenues and reducing the going forward collection period. On the domestic front, the company has lost significant revenue in the third party business, the reason for this loss was because The MathWorks Inc., which is the parent Company of MATLAB, decided to set up own operations in India.*

*Additionally, the Company has initiated deliberations with domestic and overseas lenders to mitigate the high debt servicing obligations thereby easing cash flows and also exploring avenues of raising capital. There is also considerable interest being displayed by potential industry players towards the intellectual property owned by the Company. The revenue generated from these sales would help fuel the growth of its core businesses and products. In the context to the high debtor days referred to above we have initiated a high level study, lead by a whole-time Director, to work out ways and means to conclude matters which could include possible provisioning towards such book debts that may be regarded as doubtful. On the positive side, the demand environment for Cranes products' remains robust and the management's short term goal is to create a stable platform that can support sustainable future growth.”*

Corporate Developments

- Cranes' US subsidiary, Engineering Technology Associates, Inc. (ETA) entered into a distribution agreement with Denton ATD to sell Denton Virtual Dummy products and support them through its VPG finite element modelling product. Given that Denton ATD is a global leader in the development and manufacture of advanced crash dummies and safety measurement devices, this alliance will enhance ETA's product offerings and expand its customer reach.
- During the quarter ETA was selected from amongst five finalists as the winner of the 2nd Annual SAE (Society of Automotive Engineers) Detroit Section/MITEF Vehicle Innovation Competition. ETA's winning entry was a seamlessly integrated design development process, entitled the Accelerated Concept to Product (ACP) Process.
- Cranes launched the latest version of its leading Finite Element Analysis software, NISA Version 17. This significantly improved version offers an enhanced DISPLAY IV, NISA's powerful interactive graphics Pre and Post-processor. In addition, the software now allows users the ability to create more complex and detailed models by extending node and element numbers to eight digits allowing much larger problems to be solved.
- Cranes launched SYSTAT 13, the latest version of its flagship statistical software package. This latest release features new statistical methods, faster data computation and a new optional module which adds Cytel's "Exact Tests" functionality. SYSTAT 13 also adds new statistical methods to its broad portfolio, including ARCH and GARCH models for Time Series analyses along with many other improved features.

***Attached: Results table***

*Certain statements in this release concerning our growth prospects are forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties, including government actions; local political or economic developments; technological risks; risks inherent in the Company's growth strategy; dependence on certain clients; dependence on availability of technical consultants and other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. The Company undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.*

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