



REALIZE YOUR IDEAS

California Software Co. Ltd.

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November 16, 2005

Dear Shareholder,

I have great pleasure in presenting to you the Reviewed Financial Results of your Company and the Reviewed Financial Results of the Group (Calsoft and its subsidiaries) for the half-year ended September 30, 2005. Your company achieved total revenue of Rs. 1,412.84 lakhs and net profit of Rs. 163.57 lakhs while the Group achieved revenues of Rs. 4,489.86 lakhs with net profit of Rs. 112.41 lakhs. The details of the results are enclosed in the Annexure.

You would recall that during the last year we initiated strategic set of activities such as synergistic acquisitions and expanding the geographical reach, besides improving our delivery capabilities. All these efforts have launched Calsoft on to the growth path. I am happy to report that as a group during the first half of the current fiscal year itself we have crossed 90% of the revenue earnings of the last fiscal year.

Some of the significant achievements (till date) during the current financial year are:

- Acquisition of majority interest in Informed Decisions Corp, USA (IDC) through our wholly owned subsidiary CSWL, Inc.
 - Incorporated in 1984, IDC focuses on education products for universities and centers of higher learning in North America. The company's flagship product suite, CASHNet, provides cashiering, bill presentment and collection solutions to leading colleges and universities. For the year ended June 30, 2005, IDC posted revenues of US \$ 6.8 Million (approx Rs. 31 crores). Our acquisition is effective from October 01, 2005 and with this we will be strengthening the Higher Education Division of the Enterprise Solutions SBU.
- Establishing strategic partnerships with Phoenix Technologies Ltd.(NASDAQ listed: PTEC) and Macromedia, Inc. (NASDAQ listed: MACE)
 - With the alliance with Phoenix Technologies, our subsidiary CSWL became a Phoenix Trusted Network Partner Member and thereby authorizes us to deliver BIOS and firmware services across a range of segments. The relationship with Macromedia enables Calsoft to license, distribute, and integrate the Macromedia Flash Player SDK and Macromedia Flash Lite software into embedded and handheld devices in India, South Asia, and U.S. Markets. These two partnerships would significantly boost the scope and range of activities of the Technology Solutions SBU.
- Opening up of our office in Boston, Massachusetts, USA
 - Aimed at accelerating the growth of our US operations in the East Coast of USA, the office is expected to make rapid strides in the areas of engineering and technology services.
- Shifting to new office space at Chennai
 - We enhanced and upgraded our offshore delivery capabilities at Chennai by occupying new facility of 30,000 sq ft with state of the art infrastructure at Elnet software city, Chennai.

We do hope to have the benefit of your continued patronage and support. Please do visit our company web site www.calsoft.co.in for regular updates and news on Calsoft's activities.

Yours Sincerely,

S (Sam) Santhosh
Managing Director

Unaudited Financial Results for the Quarter and Half-year ended September 30, 2005(Reviewed)

(All figures - Rs in lakhs except per share data - in Rs and Shareholding - nos)

Sl. No	Particulars	CONSOLIDATED			STANDALONE				
		Current Year Quarter ended 30 Sept 2005 Unaudited	Current Half year ended 30 Sept 2005 Unaudited	Previous Year ended 31 March 2005 Audited	Current Year Quarter ended 30 Sept 2005 Unaudited	Previous year Quarter ended 30 Sept 2004 Audited	Current Half year ended 30 Sept 2005 Unaudited	Previous year Half year ended 30 Sept 2004 Audited	Previous Year ended 31 March 2005 Audited
1	Net Sales / Income from Operations	2293.62	4464.38	4828.00	748.77	630.43	1403.73	1113.19	2481.81
2	Other Income	18.19	25.48	58.21	2.89	45.30	8.91	97.24	26.65
3	Total Income	2311.81	4489.86	4886.21	751.66	675.73	1412.64	1210.43	2508.47
4	Expenditure								
	a) Purchase	310.12	502.91	945.61	16.69	0.00	26.92	21.73	66.18
	b) Employee Cost	1373.84	2424.01	2066.41	479.21	380.09	883.12	641.41	1199.55
	c) Other Expenditure	547.54	1226.88	1242.70	182.09	102.80	300.76	266.21	828.24
	d) Deferred Expenses written off	34.41	121.69	125.10	0.41	3.11	0.81	6.21	12.56
	Total Expenditure	2265.91	4275.49	4379.82	678.40	486.00	1211.61	935.56	2106.53
5	Interest	54.22	104.35	36.67	3.86	2.90	6.92	5.27	10.57
6	Depreciation	46.93	90.49	135.00	26.65	25.12	51.7	48.90	98.48
7	Profit / Loss before Taxation & Extraordinary Items & Minority Interest	(55.25)	19.53	334.72	42.75	161.71	142.41	220.70	292.88
8	Extraordinary items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Minority Interest adjustments for share of subsidiary Profits/(Losses)	(85.63)	(72.72)	(3.65)	NA	NA	NA	NA	NA
10	Profit before tax	30.38	92.25	338.37	42.75	161.71	142.41	220.70	292.88
11	Provision for Taxation								
	Current Tax	6.79	10.47	3.91	6.20	16.15	9.48	35.45	7.27
	Deferred Tax	(30.64)	(30.64)	(0.98)	(30.64)	0.00	(30.64)	0.00	(0.73)
12	Net Profit / Loss	54.23	112.41	335.44	67.19	145.56	163.57	185.25	286.34
13	Paid-up Equity Share Capital (Face Value of the Share - Rs. 10)	492.11	492.11	476.11	492.11	476.11	492.11	476.11	476.11
14	Reserves excluding revaluation reserves	-	-	2017.48	-	-	-	-	2352.32
15	Earning Per Share for the period (Rs.)								
	i) Basic	1.10	2.28	7.05	1.37	3.08	3.32	3.89	6.01
	ii) Diluted	NA	NA	6.99	NA	NA	NA	NA	5.96
16	Aggregate of non-Promoter Shareholding : (as at period end)								
	Number of Shares	4588120	4588120	4425320	4588120	4431320	4588120	4431320	4425320
	Percentage of Shareholding	93.23%	93.23%	92.95%	93.23%	93.07%	93.23%	93.07%	92.95%

NA=not applicable

Segment-wise Results and Capital Employed: STANDALONE ONLY

Sl. No	Particulars	Current Year Quarter ended 30 Sept 2005 Unaudited	Previous year Quarter ended 30 Sept 2004 Audited	Current Half year ended 30 Sept 2005 Unaudited	Previous year Half year ended 30 Sept 2004 Audited	Previous Year ended 31 March 2005 Audited
1	Segment Revenue :					
	a) Commodities Solutions	100.19	224.07	345.92	492.74	1021.23
	b) Enterprise Solutions	419.23	195.59	619.80	200.38	653.43
	c) Technology Solutions	229.35	210.77	438.01	420.07	807.15
	Total	748.77	630.43	1403.73	1113.19	2481.81
	Less : Inter segment revenue	0.00	0.00	0.00	0.00	0.00
	Net sales/Income from operations	748.77	630.43	1403.73	1113.19	2481.81
2	Segment Results :					
	{Profit (+)/(Loss) before tax and interest from each segment}					
	a) Commodities Solutions	-37.09	20.31	66.47	23.57	147.71
	b) Enterprise Solutions	64.71	84.61	30.16	62.46	79.13
	c) Technology Solutions	16.10	15.74	43.78	44.05	49.96
	Total	43.72	120.66	140.41	130.08	276.80
	Less : (i) Interest	3.86	2.90	0.80	5.27	10.57
	(ii) Other un-allocable expenditure, net of un-allocable income	-2.89	-43.95	-8.92	-95.89	-26.65
	Total Profit Before Tax	42.75	161.71	142.41	220.70	292.88
3	Capital Employed :					
	a) Commodities Solutions	415.55	485.64	415.55	485.64	596.75
	b) Enterprise Solutions	831.10	372.90	831.10	372.90	890.67
	c) Technology Solutions	565.42	823.87	565.42	823.87	614.56
	Unallocated	1424.38	1230.35	1424.38	1230.35	832.54
	Total Capital Employed	3236.45	2912.76	3236.45	2912.76	2934.52

Notes :

- The above results were approved by the Board of Directors at their meeting held on October 29, 2005, and have been subject to a limited review by Statutory Auditors before approval by Board.
- Consolidated results of the quarter include unaudited results of the company and its subsidiaries. Comparative figures are not shown in consolidated results for the previous year as this is the first year that the company is compiling and reporting consolidated unaudited results on quarterly basis.
- Current year - Tax Provision for 2nd quarter & Half-year includes Fringe Benefit Tax Provision (Standalone Q2 - Rs. 1.50 lakhs and Half-year - Rs. 2.75 lakhs; Consolidated Q2 - Rs. 2.09 lakhs and Half-Year - Rs. 3.74 lakhs).
- The segment reporting figures are only for the company on standalone basis.
- During the quarter, the Company did not receive any complaint from the investors, and the opening balance of investors complaints was NIL.
- Previous year's figures have been re-grouped or re-arranged wherever necessary to conform to current year's classification.