

POLARIS SOFTWARE LAB - GROUP
UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE PERIOD ENDED
JUNE 30, 2006 PREPARED AS PER INDIAN GAAP

PARTICULARS	Rs. Lakhs		
	Quarter Ended June 30, 2006 (Unaudited)	Quarter Ended June 30, 2005 (Unaudited)	Year ended March 31, 2006 (Audited)
Income from software services and products	23,204.82	20,938.25	82,507.62
Software development expenses	14,996.15	13,844.32	56,207.71
Gross Profit	8,208.67	7,093.93	26,299.91
Selling and marketing expenses	2,200.52	2,051.32	8,168.66
General and Administrative expenses	2,410.11	2,380.65	10,424.30
Operating Profit before interest, depreciation & amortization	3,598.04	2,661.96	7,706.95
Interest	18.41	20.93	79.18
Depreciation / Amortization	1,171.13	1,225.04	4,944.66
Operating profit after interest, depreciation & amortization	2,408.50	1,415.99	2,683.11
Provision for diminution in value of Investments	-	-	(6.31)
Share of Profit / (Loss) of Associate Companies	53.57	(89.19)	(76.93)
Profit	2,462.07	1,326.80	2,612.49
Other income	34.63	211.11	832.95
Profit before tax	2,496.70	1,537.91	3,445.44
Provision for taxation	469.21	375.37	1,314.80
Profit after tax	2,027.49	1,162.54	2,130.64
Earnings per share of Rs.5 each (Rs.)			
Basic	2.06	1.19	2.17
Diluted	2.05	1.18	2.17

POLARIS SOFTWARE LAB LIMITED
UNAUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED JUNE 30, 2006

PARTICULARS	Rs. Lakhs		
	Quarter Ended June 30, 2006 (Unaudited)	Quarter Ended June 30, 2005 (Unaudited)	Year ended March 31, 2006 (Audited)
Income from Software services and products	18,704.65	17,464.26	68,394.06
Software development expenses	12,786.73	12,027.04	47,879.57
Gross Profit	5,917.92	5,437.22	20,514.49
Selling and marketing expenses	1,334.08	1,525.89	6,777.68
General and Administrative expenses	1,734.44	1,936.62	7,382.43
Operating Profit before interest, depreciation & amortization	2,849.40	1,974.71	6,354.38
Interest	11.17	11.02	54.92
Depreciation / Amortization	1,064.20	1,160.57	4,643.97
Operating profit after interest, depreciation & amortization	1,774.03	803.12	1,655.49
Provision for diminution in value of Investments	3.38	-	216.66
Profit	1,770.65	803.12	1,438.83
Other Income	256.28	218.81	600.63
Profit before tax	2,026.93	1,021.93	2,039.46
Provision for taxation	277.98	226.87	709.91
Profit after tax	1,748.95	795.06	1,329.55
Paid-up equity share capital	4,912.05	4,901.07	4,911.50
Reserves excluding revaluation reserves			48,214.95
Earnings per share of Rs 5 each (Rs)			
Basic	1.78	0.81	1.36
Diluted	1.77	0.81	1.35
Aggregate of Non-promoter shareholding			
Number of shares	72,921,608	74,395,063	74,603,683
Percentage of shareholding	74.23	75.90	75.95
Face value per share (Rs)	5.00	5.00	5.00

Segment Information	Rs. Lakhs		
	Quarter Ended June 30, 2006 (Unaudited)	Quarter Ended June 30, 2005 (Unaudited)	Year ended March 31, 2006 (Audited)
A) Segment revenue:			
Banking & Financial services	16,687.84	15,653.56	61,453.53
Emerging verticals	2,016.81	1,810.70	6,940.53
Total Revenues	18,704.65	17,464.26	68,394.06
B) Segment results:			
Profit before interest and tax			
Banking & Financial services	5,486.46	4,187.76	16,541.82
Emerging verticals	511.37	267.55	716.82
Total	5,997.83	4,455.31	17,258.64
a) Interest	(11.17)	(11.02)	(54.92)
b) Other unallocable expenditure net of unallocable income	(3,959.74)	(3,422.36)	(15,164.26)
Profit before tax	2,026.93	1,021.93	2,039.46
C) Capital employed:**	53,280.30	53,719.29	53,126.45

** The assets & liabilities of the Company cannot be classified under any specific segment as they are used / contracted interchangeably, hence segment wise capital employed is not disclosed.

NOTES :

- The above unaudited results were approved by the Board at its meeting held on July 21, 2006.
- Staff Costs for the Quarter ended June 30, 2006 was Rs.12,447.08 Lakhs (Quarter ended June 30, 2005 was Rs.12,480.49 Lakhs).
- Provision for taxation includes current tax, deferred tax and fringe benefit tax.
- The Company has made an additional investment of Rs.50 lakhs in the form of preference share capital (yet to be allotted) during the quarter in Adrenalin eSystems Limited, an Associate Company.
- No. of Complaints pending at the beginning of the quarter Nil
No. of Complaints received during the quarter 15
No. of Complaints disposed off during the quarter 15
No. of Complaints lying unresolved at the end of the quarter Nil
- The company has allotted 10,925 equity shares of Rs.5 each on exercise of options by the employees under ASOP 2000 & 2001 Schemes during the Quarter ended June 30, 2006.
- Figures of the earlier periods, wherever necessary, have been regrouped and rearranged to conform with those of the current quarter and the year.

For Polaris Software Lab Limited

R. Srikanth
Executive Vice President & Chief Financial Officer

Arun Jain
Chairman & Managing Director

Registered Office : Polaris House, 244, Anna Salai, Chennai - 600 006. Place : Chennai Date : July 21,2006