

For immediate release

PRESS RELEASE

Cranes Software's FY2006 consolidated operating revenues up by 31 % and PAT higher by 36% to Rs 625 million

FY2006 Diluted EPS at Rs 5.77; Announces a dividend of 60%

Board approves the acquisition of Capella

Note to the announcement:

This press release discusses the financial performance of Cranes Software International Limited on a consolidated basis. This includes the performance of its fully owned subsidiaries Systat Software Inc., USA; Systat Software GmbH, Germany; Cranes Software International Pte. Ltd, Singapore; EMRC Engineering Mechanics Research (India) Pvt. Ltd., Systat Software Asia Pacific Ltd; NISA Software Inc, USA; and Systat Software Inc.'s subsidiary Systat Software UK Limited.

Bangalore, June 15, 2006: Cranes Software International Ltd. (Cranes), a global scientific and engineering software solutions provider, today announced its audited financial results for the year ended March 31, 2006.

Cranes Software Group performance review:

Yearly review:

FY2006 (April – March 2006) v/s FY 2005 (April – March 2005)

- Operating revenues higher by 31% to Rs. 2,138.2 million compared to Rs. 1,632.6 million.
- Operating profit increased by 27% at Rs. 1,179.8 million from Rs. 928.2 million.
- Net profit after tax up 36% to Rs. 624.9 million from Rs. 460.3 million.
- EPS on higher share capital, up at Rs. 5.77 compared to Rs. 4.52, restated for previous year.

Other Highlights

- Board recommends regular dividend of 20% per share and a special dividend of 40% per share.
- Board approves acquisition of Capella™ for a consideration of about GBP 1 million.
- Reorganization by merger of Analytix business also approved.

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

“We remain focussed on the development of software IPs which serve as tools to the global scientific and engineering community. During the year, we introduced new versions of our proprietary software

product range; by acquiring the NISA range of software we made our foray into the domain of Finite Element Analysis; expanded operations into new geographies; strengthened our financial position and added talent in key R&D and front-end sales functions, besides launching initiatives in the enterprise solutions space.

Overall, our business initiatives delivered financial upsides and received encouraging endorsement from leading agencies/ organizations worldwide. For the third time in succession, Cranes was adjudged as one of the fastest growing technology companies in India by Deloitte Touche Tohmatsu. We also bagged the Distinguished Application Product Company Award at the NASSCOM Product Summit. Our key software products – SYSTAT and Sigma Plot – were adjudged top software products by the Scientific Computing & Instrumentation journal and the Microsoft Emerging Business team also featured Cranes Software’s business model as ‘The value multiplier business model’ in the ‘Innovative Business Model’ section at their ‘India is innovation’ summit.

We remain upbeat about our business and continue to make significant progress through a combination of organic initiatives and strategic acquisitions. Our ‘Acquire-Enhance-Expand’ business model has allowed us to create a strong presence in our focus areas of data visualization, analytics and engineering. We expect to move forward in this direction to develop a leading global enterprise focused on the software requirements of innovators.”

Acquisition of Capella

Cranes announced the acquisition of the intellectual property rights of Capella a business and enterprise reporting product, for a total cash consideration of approximately USD 1.6 million and shall make investments to the tune of USD 4 to 5 million in due course towards product upgradation and enhancement and for market expansion. Cranes will also retain the services of the original developers of these products over a period of up to three years.

Details of the acquisition

Capella is an automated report writing, scheduling and distribution tool that offers organisations an interactive and easy to use dashboard for managing business information effectively. The product competes in the £5 billion marketplace and is currently marketed as an integrated offering with other third-party products. Alerts, an automated distribution and scheduling tool bundled with Capella, enhances information delivery capabilities.

Rationale for acquisition

The product is widely recognized in the marketplace and is expected to add an important edge in terms of offering and pricing of the offerings. It will support the Company’s initiatives in the business analytics space – post the acquisition of Analytix Systems and its related businesses, and in the Banking and Financial market space post acquisition of the businesses of Karna Softek India Private Limited. The Company can leverage its marketing strengths in verticals such as banking, financial services, insurance, retail, petrochemicals, manufacturing, pharma, life sciences, education and travel.

Takeover of Analytix Systems

Cranes announced the merger of Analytix Systems business with itself. According to the agreement, the business of Analytix Systems will now be reorganised within the Company enabling the business

to take advantage of cranes brand equity to attract fresh talent and build relationships with customers. The business will also benefit from the Company's relationships with investors, financiers and bankers.

Key operating/ financial highlights:

- During FY2006, Cranes increased its headcount to 517 people from 356 people. Additions were made to the research, and sales & marketing teams.
- Cranes directed efforts towards maintaining a healthy working capital position. Debtors' outstanding position reduced to Rs 1,055 million at the close of FY2006 from Rs 1,163 million at the close of FY2005. DSO was down substantially to about 180 days from 260 days at the end of FY2005.
- Cranes' debt / equity ratio maintained at about 1:1; interest coverage was at 9 times during the year.
- Cash and cash equivalents position improved to Rs. 2905 million at the close of FY 2006, compared to Rs. 418 million at the close of FY2005. The Company's operating cash flow was Rs. 1168 million during FY2006.

Key corporate developments during FY 2006:

- Acquisitions:

During the course of the year, Cranes Software expanded its presence through the acquisition of -

- Engineering Mechanics Research Corporation's (EMRC) U.S. operations:

Cranes acquired the US operations of EMRC late in the year which formed part of the US\$ 1.5 million deal struck in May last year along with the acquisition of EMRC India. Through this acquisition Cranes has gained access to EMRC's NISA range of IP's with their extensive expertise in the domain of Finite Elements Analysis and related engineering services and EMRC's worldwide sales and service organization network.

- InventX ePM

Towards the end of the year Cranes completed the acquisition of InventX's ePM which is an Enterprise Project Portfolio Management solution for globally dispersed project teams along with InventX's global operations. Cranes has agreed to make an investment of \$3 million to \$4 million spread over a year. Cranes would offer customized solutions and services around the focus product domains by leveraging on our existing product development capabilities, marketing and distribution infrastructure and dedicated domain expertise.

- New product launches – NISA Version 14.0 & SigmaPlot 10.0:

In line with its 'Acquire-Enhance-Expand' strategy, Cranes released advanced versions of NISA and SigmaPlot, offering its customers superior usage experience. Development work on the products was based on the feedback received from end users, and in keeping with the technology direction provided by the R&D team..

Cranes also launched the Japanese language version of SYSTAT 11. This is the second localized software launch by Cranes in Japan facilitating a local language specific graphic user interface, online helpdesk support and technical manuals. During the year, SYSTAT 11 was recognized as a "Top Statistical Data Analysis Product" globally for the second consecutive year on the basis of readers' response and on feedback from the Editorial Board of Scientific Computation and Instrumentation.

- Raised €42 million through FCCBs:

Cranes Software completed issue of five-year tenured unsecured foreign currency convertible bonds (FCCBs) carrying a coupon rate of 2.5% (payable semi-annually), convertible into ordinary equity shares or GDRs of the Company at a premium of 35% over the weighted average price of the Company's stock at the BSE on the launch date February 13, 2006. Funds generated from this offering will be utilized towards further strengthening Cranes' financial structure, acquisition of IPs, businesses, products and companies, retirement of foreign currency term loans and capital expenditure towards optimization of growth prospects.

- Strategic Alliances:

Cranes Software announced a strategic alliance between its wholly owned subsidiary Systat Software, Inc. and Equibits LLC, the leading provider of SVM (Support Vector Machines) based predictive modeling software with the objective of leveraging Equibits SVM modeling capabilities, including model building and tuning to enhance enterprise level integration between the Company's products.

Embedded software is another area where Cranes intends to explore the prospects. To this end Cranes and Mapusoft Technologies (U.S.), a leading provider of embedded software re-usability solutions and services, would offer solutions focused on the Indian embedded software industry.

- Awards :

During the year, Cranes received several accolades for its strong performance. The Company was recognized as one of the fastest growing technology companies in the Asia Pacific region by Deloitte Technology Fast 500 Asia Pacific 2005 program for the third year in succession. Cranes' revenues have grown 165% during the two-year assessment period (FY 2002/03 to FY 2004/05).

Cranes was awarded the "Distinguished Application Product Company Award" by the NSRCEL, Indian Institute of Management, Bangalore (IIMB) under the aegis of NASSCOM Product Forum. The Company was judged on the basis of its product range, financial performance, senior management team, alliance partnerships and market share.

Microsoft acknowledged Cranes as a concern that has displayed innovation in its business practices and gave a glowing mention to Carnes's unique Acquire-Enhance-Expand business model.

The Company also bagged the CII Innovation award for its unique business model concept 'Acquire-Enhance-Expand' at the completion CII India Innovation Summit 2006

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Attached: Results table

About Cranes Software International Limited

Cranes Software is a global scientific & engineering products and solutions provider. The Company's business interests straddle products, services, RD in future technologies, training and high-end consultancy for engineers and scientists worldwide. Focused on the scientific and engineering community, Cranes Software has addressed the needs of a variety of customer groups ranging from large multinational companies to government, defence, educational and research institutions for over a decade.

Today, Cranes Software has its presence in 33 countries across the world and has a user base of more than 360,000. Cranes Software also offers world-renowned solutions from reputed principals such as Mathworks, Texas Instruments, IBM through product alliances.

With a mission statement 'To provide customers the best in scientific technology and empower them to define new limits', Cranes Software is setting new standards in the scientific and engineering field. For further information on the company, please visit www.cranessoftware.com

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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