

i-flex Solutions Limited

NON-GAAP Condensed Consolidated Statement of Operations  
(Amounts in thousands, except per share data)

	Three month period ended June 30,								
	2007		2007		2006		2006		Increase (Decrease)
	US GAAP	Adj.	Non-GAAP	US GAAP	Adj.	Non-GAAP	US GAAP	Non-GAAP	
	\$	\$	\$	\$	\$	\$	%	%	
<b>Revenue</b>	131,113	—	131,113	88,848	—	88,848	48%	48%	
<b>Total operating expenses</b>	(119,120)	3,219	(115,901)	(82,353)	730	(81,623)	45%	42%	
Stock based Compensation	(872)	872	—	(491)	491	—	—	—	
Amortization of intangible assets	(1,956)	1,956	—	(239)	239	—	—	—	
Acquisition related expenses	(391)	391	—	—	—	—	—	—	
<b>Operating income</b>	11,993	3,219	15,212	6,495	730	7,225	85%	111%	
Interest and Other income	(254)	—	(254)	4,368	—	4,368	—	—	
Provision for income taxes	(1,440)	(395)	(1,835)	(1,862)	(125)	(1,987)	—	—	
Equity in net income of equity investees	(66)	—	(66)	38	—	38	—	—	
<b>Net income</b>	10,233	2,824	13,057	9,039	605	9,644	13%	35%	
Earnings per share									
Basic	0.12	0.03	0.16	0.12	0.01	0.13	—	—	
Diluted	0.12	0.03	0.16	0.12	0.01	0.12	—	—	

This presentation includes non-GAAP measures. Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures, and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP.

To supplement our financial results presented on a GAAP basis, we prepared the non-GAAP measures indicated in the table above, which exclude certain business combination accounting entries and expenses related to acquisitions as well as other significant expenses including stock-based compensation that we believe are helpful in understanding our financial performance.

Our non-GAAP financial measures reflect adjustments based on the following items, as well as the related income tax effect:

- Stock-based compensation expenses: We adopted FASB Statement No. 123R, Share-Based Payments, on April 1, 2006 under the modified prospective method. Statement 123R requires us to record non-cash operating expenses associated with stock option awards at their estimated fair values.
- Amortization of intangible assets expenses: We have excluded the effect of amortization of intangibles from our non-GAAP operating expenses and net income. Amortization of intangible assets expense is inconsistent in amount and frequency and is significantly affected by the timing and size of our acquisitions.
- Acquisition related charges and restructuring expenses: We incurred expenses in connection with acquisitions, which we would not have otherwise incurred in the periods presented. Acquisition related charges primarily consist of personnel related expenses for transitional employees.