

## i-flex Solutions Limited

### Reconciliation Statement of profit as per the Indian GAAP unconsolidated, Indian consolidated with US GAAP

	(All amounts in thousands of Indian Rupees)		
	Three month period ended		Year ended
	June 30, 2007	June 30, 2006	March 31, 2007
<b>Net income as per Indian GAAP unconsolidated profit and loss account</b>	<b>581,996</b>	<b>355,540</b>	<b>3,546,739</b>
Add :			
Revenue of subsidiaries, net			
:- i-flex solutions b.v.	202,385	158,870	846,648
:- i-flex solutions pte ltd - consolidated	187,561	76,209	635,994
:- i-flex America inc.- consolidated	757,250	616,841	3,164,578
:- ISP Internet Mauritius Company - consolidated	127,050	91,947	404,956
	<b>1,274,246</b>	<b>943,867</b>	<b>5,052,176</b>
Other income from subsidiaries, net	(82,203)	(24,473)	11,166
	<b>1,192,043</b>	<b>919,394</b>	<b>5,063,342</b>
Less :			
Expenses of subsidiaries, net			
:- i-flex solutions b.v.	(170,078)	(128,252)	(533,459)
:- i-flex solutions pte ltd - consolidated	(136,840)	(71,706)	(428,689)
:- i-flex America inc.- consolidated	(912,600)	(619,699)	(3,369,983)
:- ISP Internet Mauritius Company - consolidated	(184,693)	(104,946)	(564,315)
	<b>(212,168)</b>	<b>(5,209)</b>	<b>166,896</b>
<b>Profit after consolidating subsidiaries</b>	<b>369,828</b>	<b>350,329</b>	<b>3,713,635</b>
Add :			
:- Proportionate revenue of joint venture, net	12,719	4,799	33,763
:- Proportionate Other income from joint venture, net	70	36	97
	<u>12,789</u>	<u>4,835</u>	<u>33,860</u>
Less :			
:- Proportionate expenses of joint ventures, net	(14,113)	(8,180)	(32,321)
	<u>(14,113)</u>	<u>(8,180)</u>	<u>(32,321)</u>
(Loss)/Profit on equity investment	(1,359)	4,093	7,622
<b>Net income as per Indian GAAP consolidated profit and loss account</b>	<b>367,145</b>	<b>351,076</b>	<b>3,722,796</b>
Unrealized gain (loss) on mark to market of forward contract	63,815	20,794	(29,745)
Amortisation of intangible assets	(79,387)	(10,889)	(187,729)
Additional Gratuity (provision) reversal of provision as per SFAS 87	(7,002)	-	31,733
Deferred revenue for post-contract support, significant discounts and SOP 81-1,net	(13,836)	10,706	(520,184)
Charge of options and warrant to IBM and GE	(1,446)	(1,446)	(5,784)
(Loss) Profit on embedded derivatives	(42,694)	32,094	(4,374)
Effect of SAB 104 - Revenue recognition for refund clause	43,332	(7,692)	(74,194)
Effect of SOP 97.2 - Revenue deferral for warranty	50,049	(28,077)	2,906
Date based revenue recognition	(1,271)	-	(42,264)
Deferred compensation cost under SFAS 123(R)	(35,357)	(22,549)	(195,590)
Mark to market of available for sale securities	27	-	810
Acquisition cost of Mantas	(1,618)	-	45,865
Reversal of provision for doubtful debts	21,781	-	-
Translation effect of foreign currency financial statements	51,725	70,602	23,810
<b>Net income as per US GAAP consolidated profit and loss account</b>	<b>415,261</b>	<b>414,619</b>	<b>2,768,056</b>