

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)		
	Six month Period ended September 30, 2007	September 30, 2006	Year Ended March 31, 2007
Net income as per Indian GAAP unconsolidated profit and loss account	1,347,743	1,364,922	3,546,739
Add :			
Revenue of subsidiaries, net			
:- i-flex solutions b.v.	414,110	330,983	846,648
:- i-flex solutions pte ltd - consolidated	473,802	205,966	635,994
:- i-flex America inc.-consolidated	1,519,478	1,236,674	3,164,578
:- ISP Internet Mauritius Company - consolidated	253,914	196,062	404,956
:- i-flex Processing Services Ltd.	-	-	-
	2,661,304	1,969,685	5,052,176
Other income from subsidiaries, net	(23,908)	(12,988)	11,166
	2,637,396	1,956,697	5,063,342
Less :			
Expenses of subsidiaries, net			
:- i-flex solutions b.v.	(296,854)	(272,176)	(533,459)
:- i-flex solutions pte ltd - consolidated	(354,142)	(181,849)	(428,689)
:- i-flex America inc.-consolidated	(1,866,857)	(1,361,781)	(3,369,983)
:- ISP Internet Mauritius Company - consolidated	(348,630)	(223,199)	(564,315)
:- i-flex Processing Services Ltd.	(2,096)	-	-
	(231,183)	(82,308)	166,896
Provision for diminution in value of investment	120,000	-	-
Profit after consolidating subsidiaries	1,236,560	1,282,614	3,713,635
Add :			
:- Proportionate Revenue of joint venture, net	32,009	2,919	33,763
:- Proportionate Other income from joint venture, net	253	(25)	97
	32,262	2,894	33,860
Less :			
:- Proportionate Expenses of joint ventures, net	(28,744)	(5,013)	(32,321)
	(28,744)	(5,013)	(32,321)
Profit/(Loss) on equity investment	745	5,758	7,622
Net income as per Indian GAAP consolidated profit and loss account	1,240,823	1,286,253	3,722,796
Unrealized loss on mark to market of forward contract	61,767	15,610	(29,745)
Amortization of intangible assets	(178,248)	(19,824)	(187,729)
Additional Gratuity reversal of provision as per SFAS 87	12,858	15,420	31,733
Deferred revenue for post-contract support, significant discounts, and SOP 81-1,net	(210,804)	(40,730)	(520,184)
Charge of options and warrant to IBM and GE	(2,892)	(2,892)	(5,784)
(Loss) Profit on Embedded derivatives	(59,438)	26,183	(4,374)
Effect of SAB 104 - Revenue recognition for refund clause	63,986	(30,763)	(74,194)
Effect of SOP 97.2 - Revenue deferral for warranty	107,190	(38,666)	2,906
Date based revenue recognition	39,251	-	(42,264)
Fringe benefit tax on Deferred compensation cost under SFAS 123(R)	(16,710)	-	-
Deferred compensation cost under SFAS 123(R)	(65,465)	(53,945)	(195,831)
Mark to market of available for sale securities	(103)	-	810
Acquisition cost of Mantas	(1,600)	-	45,865
Reversal of provision for doubtful debts	21,267	-	-
Effect of FIN-48 under USGAAP	(5,468)	-	-
Translation effect of foreign currency financial statements	49,006	-	24,051
Net income as per US GAAP consolidated profit and loss account	1,055,420	1,156,646	2,768,056