



## Media/ Investors/Analysts Pack

July 25, 2008

### 1. Key Financial Performance

- Revenues Grew at 23 % YOY to Rs. 632 crore
- Net Income up at 188 % YOY to Rs. 106 crore

### 2. Corporate Highlights

**Board approved the change of name to “Oracle Financial Services Software Limited”; Shareholder approval for the new name to be sought at an EGM on August 11.**

The proposed new name reflects the company's close strategic and operational alignment with its parent, Oracle Corporation, which owns 81 percent of the company. Oracle is the #1 enterprise software provider and counts 10 of the top 10 banks, insurance companies and securities firms among its more than 8,500 financial services customers across 145 countries.

The new brand represents:

- The industry's most comprehensive range of packaged software and services solutions for financial services across banking, capital markets, and insurance-all from Oracle
- Deep domain expertise in the financial services industry coupled with world-class software development and support experience
- A unique combination of integrated and best-of-breed business solutions for the industry
- A business process-oriented approach that aligns IT initiatives with business requirements and enables an evolutionary transformation of IT infrastructure
- A strong commitment to open systems and industry standards, helping to ensure interoperability
- A partner-oriented approach that enables partners to deliver increased value around the solutions offered by the company

The new branding strategy demonstrates the synergies of scale, resources, expertise and efficiency across the two organizations.

## Business Performance

- Signed two Tier 1 banks in the quarter – one for risk/compliance solutions and the other for core banking
- Signed new license fee of USD 17 million in the quarter
- Significant success across a range of product lines and geographies:
  - **Credit Agricole S.A Selects Oracle's FLEXCUBE for Industrialization and Growth of its International Banking Operations. [June 30, 2008]**
    - A leading French bank and one of the world's largest banks by asset size, Credit Agricole S.A., has chosen FLEXCUBE® to support the bank's targeted international consolidation and growth. FLEXCUBE would enable the bank's retail and corporate banking businesses.
    - Implementing FLEXCUBE would help the Credit Agricole team leverage its core expertise in retail banking across the countries in which it operates. FLEXCUBE would enable the bank to standardize business processes for its global operations and deliver products and services to end-customers efficiently, while giving the flexibility to offer products with a local flavor. This move to "industrialize operations" of its international business highlights the bank's drive to capitalize on the opportunities it sees globally.
    - The FLEXCUBE implementation at Credit Agricole's international banking operations in the first five countries is expected to be complete in a phased manner, with other countries following suit progressively.
    - This announcement comes at a time when international branches of global banks are increasingly standardizing their core systems on FLEXCUBE since it offers a proven migration path for banks that have invested in applications bought from vendors as well as developed in-house. Credit Agricole selected FLEXCUBE after a detailed six-month evaluation commencing early 2007. The bank considered solutions from prominent international vendors before choosing FLEXCUBE.
  - **Kotak Mahindra Bank Selects FLEXCUBE Private Banking. [May 15, 2008]**
    - Kotak Mahindra Bank, a leader in the area of wealth management, has selected "FLEXCUBE® Private Banking" - i-flex's holistic wealth management solution. "FLEXCUBE Private Banking" will help Kotak Mahindra Bank, manage relationships with high net worth individuals comprehensively.
    - The Kotak Group has a net worth of over Rs. 5,824 crores and services around 4.4 million customers. The Group has branches in major cities in India apart from offices in New York, London, Dubai, Mauritius and Singapore.

- **Korea Exchange Bank Completes Implementation of Oracle Mantas. [April 25, 2008]**
  - Korea Exchange Bank, Korea's largest foreign exchange bank, has become the first Korean Bank to successfully complete the implementation of an automated anti-money laundering surveillance solution - Mantas AML.
  - Mantas AML mitigates risk with comprehensive, enterprise-wide surveillance of customer accounts and transaction information to alert supervisors to suspicious behavior. The system's unique ability to analyze every transaction and generate risk-based alerts of suspected money laundering activities allows anti-money laundering and compliance officers to distinguish fraudulent from legitimate transactions.
  - KEB selected Mantas AML in May 2007 to meet anti-money laundering regulations that were being introduced in Korea. Mantas AML was localized to meet Korean requirements and the implementation is designed to help the bank comply with the Suspicious Transactions Reporting requirements of the Korean Regulator, the Korea Financial Intelligence Unit. The bank also wanted to expand its business in Asia, Europe, and the U.S and needed to increase its credibility with correspondent banks globally
  
- **TAIB Bank Selects Reveleus Basel II and Reveleus Asset Liability Management. [May 8, 2008]**
  - TAIB Bank, a leading bank in the Middle East, has selected the Reveleus Basel II Solution and the Reveleus Asset Liability Management (ALM) Solution. The implementation will begin at TAIB Bank's Headquarters at Bahrain.
  - TAIB was among the first private banks in the region to provide Investment Banking and Wealth Management solutions to high-net-worth individuals and institutional investors. Regulated by the Central Bank of Bahrain, TAIB Bank will use the Reveleus Basel II solution to compute regulatory capital and the ALM solution to manage liquidity and interest rate risks.
  
- **Dealers' Financial Services, USA, deploys Daybreak's Integrated Loan Management System to reduce cost per loan and improve service and operational efficiency [June 17, 2008]**
  - Dealers' Financial Services, LLC (DFS), a leading provider of consumer financing, has deployed Daybreak, a loan origination, servicing and collections platform from banking technology provider i-flex solutions (Reuters: IFLX.BO & IFLX.NS).

- Daybreak is DFS' new platform for servicing new loans under the company's Military Installment Loan and Educational Services (MILES) program, established in 2001 to assist and protect active duty military personnel when purchasing an automobile.
- DFS deployed Daybreak as its origination, servicing and collections platform to help drive down the cost per loan and improve overall operational efficiency by automating core processes and enabling greater visibility into the loans it manages.
- DFS' primary business is lending to the military. It developed the MILES program to assist junior enlisted service members with no credit history, limited income and worldwide mobility. Many military personnel find it difficult to access loans from banks and credit unions, leaving them with high rates for vehicles of questionable quality.
- The MILES program helps military personnel obtain quality vehicles from a national certified dealer network and financing from U.S. Bank, the sixth largest commercial bank in the United States. MILES-certified dealers meet numerous standards with regard to pricing and condition of vehicles sold through the program. To ensure compliance, each transaction is audited.
- Daybreak is a comprehensive consumer lending system that automates all aspects of financing, from origination to servicing and collections. It is designed to help finance companies, credit unions manage consumer loan portfolios, including those for automobiles, recreational vehicles, boats, motorcycles, home improvement, home equity lines of credit and other specialty finance requests, efficiently and cost effectively. The fully web-enabled application is scalable, user-configurable and user-friendly.

**Significant wins during the quarter for the services business:**

- Development & Testing Services for Payments Transformation for one of Australia's oldest banks.
- SWIFTNet Infrastructure services including implementation services and support for a leading European banking joint venture.
- Enabling key applications and creating enterprise services and objects for accounts, securities, customers and products for a leading insurance broker and risk advisor based in USA.
- Preferred offshore IT partner for a comprehensive wealth manager in USA.
- First i-RIMS (Remote Infrastructure & Management Services) win in the APAC region with a leading mortgage company in Australia

### **3. Awards and Accolades**

- Oracle's FSGBU has been recognized as a Global Power Seller in Forrester Research's June 2008 independent report, "Global Banking Platform Deals 2007: Vendors."
- Gartner places Oracle's Reveleus in the Leaders Quadrant in its Magic Quadrant for Operational Risk Software for Financial Services.
- Oracle's Reveleus Positioned as a "Leader" in Operational Risk by Chartis, an Independent Research Firm.
- Oracle's Reveleus voted as the No 1 Global Risk and Compliance (GRC) Solution Provider, in Operational Risk & Compliance magazine's 2008 OpRisk & Compliance survey of compliance software firms.
- Readers of Waters magazine chose Mantas as the Best Anti-Money Laundering Solution for the fourth time (2008, 2007, 2005 and 2004).

**i-flex solutions Limited**  
**CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2008**  
(Amounts in thousands of Indian Rupees)

	<u>June 30, 2008</u>	<u>March 31, 2008</u>
<b><u>SOURCES OF FUNDS</u></b>		
Shareholders' funds		
Share capital	418,760	418,737
Share application money pending allotment	1,331	265
Reserves and surplus	28,714,774	27,351,571
Deferred tax liability	4,234	4,677
Minority Interest	6,842	6,273
	<b><u>29,145,941</u></b>	<b><u>27,781,523</u></b>
<b><u>APPLICATION OF FUNDS</u></b>		
Fixed Assets		
Cost	11,488,070	11,088,250
Less: Accumulated depreciation, amortization and impairment	2,708,401	2,575,047
Net book value	8,779,669	8,513,203
Capital work-in-progress and advances	1,429,178	1,313,536
	<b><u>10,208,847</u></b>	<b><u>9,826,739</u></b>
Investments	15,162	54,935
Deferred tax asset	237,883	230,280
Current assets, loans and advances		
Sundry debtors	8,655,889	8,453,962
Cash and bank balances	9,788,094	8,965,620
Other current assets	1,234,561	1,137,091
Loans and advances	5,552,545	5,241,646
	<b><u>25,231,089</u></b>	<b><u>23,798,319</u></b>
Less: Current liabilities and provisions		
Current liabilities	6,006,846	5,601,777
Provisions	540,194	526,973
	<b><u>6,547,040</u></b>	<b><u>6,128,750</u></b>
Net current assets	18,684,049	17,669,569
	<b><u>29,145,941</u></b>	<b><u>27,781,523</u></b>

**i-flex solutions Limited**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE THREE MONTH PERIOD ENDED JUNE  
30, 2008**

(Amounts in thousands of Indian Rupees, except per share data)

	<b>June 30,</b>	
	<b>2008</b>	<b>2007</b>
Revenue	6,318,330	5,133,365
Cost of revenue	(3,685,605)	(3,123,059)
Gross profit	2,632,725	2,010,306
Operating expenses		
Selling and marketing expenses	(1,042,912)	(551,952)
General and administrative expenses	(900,546)	(765,416)
Depreciation and amortization	(137,847)	(164,094)
Income from operations	551,420	528,844
Non-operating income (expenses)		
Interest income	146,706	116,576
Other income (expenses), net	491,876	(198,037)
Income before provision for taxes	1,190,002	447,383
Provision for taxes		
Current tax	(183,075)	(106,920)
MAT credit	67,797	30,780
Deferred tax	7,819	17,711
Fringe benefit tax	(20,551)	(20,450)
Net income for the year before share of profit of associate company and minority interest	1,061,992	368,504
Share of (loss) profit of associate company	(6,272)	(1,359)
Net income for the period before share of minority interest	1,055,720	367,145
Share of Minority interest	(95)	-
Net income for the period	1,055,625	367,145
Earnings per share of Rs 5/- each (in Rs)		
Basic	12.60	4.39
Diluted	12.59	4.38

**i-flex Solutions Limited**

**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2008**  
**(Amounts in thousands of Indian Rupees)**

	<b>Three months period ended</b>	
	<b>June 30, 2008</b>	<b>June 30, 2007</b>
Cash flows from operating activities		
Income before provision for taxes	1,190,002	447,383
Adjustments to reconcile income before provision for taxes to cash used in operating activities :		
Depreciation and amortization	137,847	164,094
Deferred compensation expense	-	15,126
Loss on sale of fixed assets, net	178	-
Marked to market of current investment	248	27
Interest income	(146,706)	(116,576)
Effect of exchange difference on cash and bank balances	(117,029)	10,102
Finance charge on leased assets	943	943
Provision for doubtful debts, net	278,931	(2,745)
	1,344,414	518,354
Changes in assets and liabilities, net of effect of acquisition		
Increase in sundry debtors and unbilled revenue	(627,108)	1,247,235
Increase in loans and advances	(109,814)	(116,390)
Increase in current liabilities and provisions	440,947	(81,999)
Cash from operating activities	1,048,439	1,567,200
Payment of domestic and foreign taxes	(247,621)	(167,482)
<b>Net cash provided by operating activities</b>	<b>800,818</b>	<b>1,399,718</b>
Cash flows from investing activities		
Additions to fixed assets including capital work in progress	(130,575)	(497,186)
Net Investment in lease	2,575	2,455
Proceeds from sale of fixed assets	143	2,536
Bank fixed deposits having maturity of more than 90 days matured	2,321,011	2,328,979
Bank fixed deposits having maturity of more than 90 days booked	(732,621)	(2,074,028)
Interest received	86,127	119,110
<b>Net cash used in investing activities</b>	<b>1,546,660</b>	<b>(118,134)</b>

Cash flows from financing activities

Issue of shares against ESOP scheme and options to IBM	927	-
Advance against equity shares to be issued under ESOP Scheme	1,331	13,542
Repayment of loan by Employee Stock Purchase Scheme ('ESPS') Trust	-	-
Payment of lease obligations	(3,081)	(6,209)
<b>Net cash provided by (used in) financing activities</b>	<b>(823)</b>	<b>7,333</b>
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<b>Effect of exchange difference on translation</b>	<b>64,219</b>	<b>(10,102)</b>
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Net increase (decrease) in cash and cash equivalents	2,410,874	1,278,816
Cash and cash equivalents at beginning of the period	3,215,679	3,351,773
<b>Cash and cash equivalents at end of the period</b>	<b>5,626,553</b>	<b>4,630,589</b>

**Note 1 :**

**Component of cash and cash equivalent**

	<b>June30,</b>	
	<b>2008</b>	<b>2007</b>
Cash and bank balances	9,788,094	8,221,617
Less:		
Bank deposits having maturity of more than 90 days	(4,153,677)	(3,570,195)
Margin money deposit/Escrow account	(6,067)	(18,770)
Unclaimed dividend accounts	(1,797)	(2,064)
<b>Cash and cash equivalents at end of the period</b>	<b>5,626,553</b>	<b>4,630,588</b>

#### 4. Key Operating Metrics

<b>Total Company Revenue</b>	<b>Q1-08</b>	<b>Q4-08</b>	<b>Q1-09</b>
USA	39%	30%	31%
Middle East and Africa	13%	15%	13%
Asia Pacific	17%	16%	17%
Europe	31%	38%	37%
Latin America and Caribbean	1%	1%	1%
<b>Total Company</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<b>Products Revenues by Type</b>	<b>Q1-08</b>	<b>Q4-08</b>	<b>Q1-09</b>
License Fees	21%	27%	20%
Implementation Fees and enhancement fees	59%	55%	61%
AMC	20%	18%	19%
<b>Total Products</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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