

Oracle Financial Services Software Limited

(formerly known as i-flex solutions limited)

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

(Amounts in thousands of Indian Rupees)

	March 31, 2009	March 31, 2008
<u>SOURCES OF FUNDS</u>		
Shareholders' funds		
Share capital	418,847	418,737
Share application money pending allotment	106	265
Reserves and surplus	34,629,799	27,351,571
Minority interest	19,198	6,273
Deferred tax liability	20,707	4,677
	35,088,657	27,781,523
<u>APPLICATION OF FUNDS</u>		
Fixed assets		
Gross block	12,052,804	11,088,250
Less: Accumulated depreciation and amortisation	3,360,379	2,575,047
Net book value	8,692,425	8,513,203
Capital work-in-progress and advances	1,013,260	1,313,536
	9,705,685	9,826,739
Investments	9,565	54,935
Deferred tax assets	325,944	230,280
Current assets, loans and advances		
Sundry debtors	8,402,313	8,453,962
Cash and bank balances	15,489,517	8,965,620
Other current assets	1,746,868	1,126,928
Loans and advances	6,442,319	5,292,520
	32,081,017	23,839,030
Less: Current liabilities and provisions		
Current liabilities	6,094,991	5,591,614
Provisions	938,563	577,847
	7,033,554	6,169,461
Net current assets	25,047,463	17,669,569
	35,088,657	27,781,523

Oracle Financial Services Software Limited

(formerly known as i-flex solutions limited)

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

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

	Year ended March 31,	
	2009	2008
Revenue	29,276,195	23,802,363
Cost of revenue	(14,491,636)	(13,076,777)
Gross profit	14,784,559	10,725,586
Operating expenses		
Selling and marketing expenses	(3,426,342)	(2,702,383)
General and administrative expenses	(3,603,425)	(3,350,896)
Depreciation and amortisation	(557,943)	(705,888)
Operating profit	7,196,849	3,966,419
Impairment loss	(291,050)	-
Non-operating income (expense)		
Interest income	770,563	464,767
Other income, net	1,018,849	174,938
Profit before exceptional item and provision for taxes	8,695,211	4,606,124
Exceptional item	(468,900)	-
Profit before provision for taxes	8,226,311	4,606,124
Provision for taxes		
Current tax	(836,417)	(411,819)
Deferred tax	79,646	85,867
Fringe benefit tax	(78,592)	(115,733)
Net profit for the year before share of loss of associate company and minority interest	7,390,948	4,164,439
Share of loss of associate company	(12,595)	(4,128)
Share of minority interest	(12,925)	(4,425)
Net profit for the year	7,365,428	4,155,886
Profit and loss account, beginning of the year	8,508,221	4,352,335
Surplus carried to Balance Sheet	15,873,649	8,508,221
Earnings per share of Rs 5/- each (in Rs)		
Basic	87.93	49.66
Diluted	87.90	49.58

Oracle Financial Services Software Limited

(formerly known as i-flex solutions limited)

Schedules annexed to and forming part of the accounts as at March 31, 2009

(Amounts in thousands of Indian Rupees)

SEGMENT INFORMATION

Business segments are defined as a distinguishable component of an enterprise that is engaged in providing a group of related products or services and that is subject to differing risks and returns and about which separate financial information is available. This information is reviewed and evaluated regularly by the management in deciding how to allocate resources and in assessing the performance.

The Group is organized by business segment and geographically. For management purposes the Group is primarily organised on a worldwide basis into three business segments:

- a) Product licenses and related activities ('Products') and
- b) IT solutions and consulting services ('Services')
- c) Knowledge Processing Services ('KPO-Services')

The business segments are the basis on which the Group reports its primary operational information to management. Product licenses and related activities segment deals with banking software products like the FLEXCUBE suite of products, Reveleus, Mantas, Microbanker and Daybreak which cater to needs of corporate, retail, consumer lending and investment banking and analytical requirements in the area of governance, risk and compliance. The related activities include enhancements, implementation and maintenance activities. Product segment further comprises of casualty insurance carriers which include insurance product and process configuration, policy administration, customer management, billing and claims management.

IT solutions and consulting services comprise of bespoke software development, provision of computer software solutions and related consulting services arising from such activities. This segment is further sub-divided in the following sub-segments i.e. Business intelligence, Customer relationship management, Brokerage, Internet services, Technology Deployment and Management, and IT and Business consulting.

KPO - Services comprises of knowledge process outsourcing services to the Lending, Collections, Customer Service, Capital Markets industry.

The activities of the joint venture are disclosed as a separate segment.

Particulars	Products	Services	KPO - Services	Corporate	Eliminations	Year ended March 31, 2009 Total
Revenue						
External revenue	18,131,084	10,625,431	519,680	-	-	29,276,195
Inter-segment revenue	-	-	199,397	-	(199,397)	-
Total revenue	18,131,084	10,625,431	719,077	-	(199,397)	29,276,195
Cost of revenue	(7,445,151)	(6,750,449)	(296,036)	-	-	(14,491,636)
Gross profit	10,685,933	3,874,982	423,041	-	(199,397)	14,784,559
Selling and marketing expenses	(2,639,957)	(661,198)	(125,187)	-	-	(3,426,342)
General and administrative expenses	(1,206,610)	(814,334)	(124,887)	(1,457,594)	-	(3,603,425)
Depreciation and amortisation	(254,601)	(205,076)	(18,760)	(79,506)	-	(557,943)
Inter segment expense	-	(199,397)	-	-	199,397	-
Operating profit	6,584,765	1,994,977	154,207	(1,537,100)	-	7,196,849
Impairment loss						(291,050)
Interest income						770,563
Other income, net						1,018,849
Exceptional item						(468,900)
Profit before provision for taxes						8,226,311
Provision for taxes						(835,363)
Net profit for the year before share of loss of associate company and minority interest						7,390,948
Share of loss of associate company						(12,595)
Share of minority interest						(12,925)
Net profit						7,365,428
<u>Other information</u>						
Capital expenditure by segment	69,706	608,308	-	394,914	-	1,072,928
Other non cash expenses	307,848	250,680	15,623	-	-	574,151
Segment assets	12,159,121	5,558,931	262,599	24,141,560	-	42,122,211
Segment liabilities	4,088,486	939,364	134,344	1,911,265	-	7,073,459
Shareholders' funds	-	-	-	35,048,752	-	35,048,752

Oracle Financial Services Software Limited

(formerly known as i-flex solutions limited)

Schedules annexed to and forming part of the accounts as at March 31, 2009

(Amounts in thousands of Indian Rupees)

Particulars	Products	Services	KPO - Services	Joint venture (Refer Note 12)	Corporate	Eliminations	Year ended
							March 31, 2008
Revenue							
External revenue	13,871,996	9,371,230	475,464	83,673	-	-	23,802,363
Inter-segment revenue	7,811	7,832	93,873	11,320	-	(120,836)	-
Total revenue	13,879,807	9,379,062	569,337	94,993	-	(120,836)	23,802,363
Cost of revenue	(6,004,462)	(6,625,573)	(394,487)	(52,255)	-	-	(13,076,777)
Gross profit	7,875,345	2,753,489	174,850	42,738	-	(120,836)	10,725,586
Selling and marketing expenses	(2,230,936)	(342,494)	(125,432)	(3,521)	-	-	(2,702,383)
General and administrative expenses	(1,136,082)	(772,911)	(117,378)	(8,362)	(1,316,163)	-	(3,350,896)
Depreciation and amortization	(331,309)	(242,373)	(27,100)	(7,531)	(97,575)	-	(705,888)
Inter segment expense	(11,320)	(93,873)	(7,832)	(7,811)	-	120,836	-
Operating profit	4,165,698	1,301,838	(102,892)	15,513	(1,413,738)	-	3,966,419
Interest income							464,767
Other income, net							174,938
Profit before provision for taxes							4,606,124
Provision for taxes							(441,685)
Net profit for the year before share of loss of associate company and minority interest							4,164,439
Share of loss of associate company							(4,128)
Share of minority interest							(4,425)
Net profit							4,155,886
Other information							
Capital expenditure by segment	1,090,753	825,999	7,997	-	185,571	-	2,110,320
Other non cash expenses	153,763	18,408	-	2,604	-	-	174,775
Segment assets	13,044,311	5,213,079	321,872	-	15,371,722	-	33,950,984
Segment liabilities	3,412,468	1,049,677	98,230	-	1,620,036	-	6,180,411
Shareholders' funds	-	-	-	-	27,770,573	-	27,770,573

Segment revenue and expense:

Revenue is generated through licensing of software products as well as by providing software solutions to the customers including consulting services and knowledge process outsourcing services. The expenses which are not directly attributable to a business segment are classified as unallocated corporate expenses and shown under corporate in the segment disclosure above.

Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of debtors, deposits for premises and fixed assets. Segment liabilities primarily includes deferred revenues, finance lease obligation, advance from customer, Accrued employee cost and other current liabilities. While most such assets and liabilities can be directly attributed to individual segments, the carrying amount of certain assets and liabilities used jointly by two or more segments is allocated to segments on a reasonable basis. Assets and liabilities that cannot be allocated between the segments are shown as part of corporate assets and liabilities.

Geographical segments

The following table shows the distribution of the Group's consolidated sales by geographical market :

Regions	Year Ended March 31,			
	2009		2008	
	Amount	%	Amount	%
United States of America	8,522,375	29%	7,840,933	33%
Europe	10,002,873	34%	8,110,823	34%
Asia Pacific	5,820,040	20%	4,513,093	19%
Middle East, India and Africa	4,320,720	15%	3,172,847	13%
Latin America and Caribbean	610,187	2%	164,667	1%
	29,276,195	100%	23,802,363	100%

The following table shows the Group's consolidated assets by geographical market :

Regions	March 31,			
	2009		2008	
	Amount	%	Amount	%
United States of America	8,150,527	19%	8,666,388	26%
Europe	6,401,239	15%	5,075,814	15%
Asia Pacific	4,879,641	12%	3,566,677	11%
Middle East, India and Africa	22,479,879	53%	16,351,278	47%
Latin America and Caribbean	210,925	1%	290,827	1%
	42,122,211	100%	33,950,984	100%

Oracle Financial Services Software Limited

(formerly known as i-flex solutions limited)

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2009

(Amounts in thousands of Indian Rupees)

	Year ended March 31,	
	2009	2008
Cash flows from operating activities		
Profit before provision for taxes	8,226,311	4,606,124
Adjustments to reconcile profit before provision for taxes to cash used in operating activities :		
Depreciation and amortization	557,943	705,888
Impairment loss	291,050	-
Loss on sale/write off of fixed assets, net	41,697	7,820
Provision for doubtful debts, net	574,151	174,775
Bad debts	4,480	15,465
Interest income	(770,563)	(464,767)
Effect of exchange rate changes in cash and cash equivalent	(274,536)	(18,499)
Unrealised exchange (gain) loss	(250,343)	(283,272)
Deferred rent	28,415	30,463
Marked to market of current investment	(479)	104
Finance charge on leased assets	4,188	4,164
Operating Profit before Working Capital changes	8,432,314	4,778,265
Changes in assets and liabilities, net of effect of acquisition		
Decrease (increase) in sundry debtors and unbilled revenue	(370,354)	(432,589)
Decrease (increase) in loans and advances	16,850	73,745
(Increase) decrease in current liabilities and provisions	110,867	463,138
Cash from operating activities	8,189,677	4,882,559
Payment of domestic and foreign taxes	(1,821,921)	(976,545)
Net cash provided by operating activities	6,367,756	3,906,014
Cash flows from investing activities		
Additions to fixed assets including capital work in progress	(762,360)	(1,167,043)
Net investment in lease	9,420	9,903
Deposits for office premises	6,688	(653,308)
Acquisition of company, net of cash acquired	-	(921,955)
Proceeds from sale of fixed assets	825	2,683
Bank fixed deposits having maturity of more than 90 days matured	11,032,846	6,870,484
Bank fixed deposits having maturity of more than 90 days booked	(15,929,209)	(8,671,617)
Proceeds from maturity of investments	33,254	-
Interest received	770,555	458,407
Net cash used in investing activities	(4,837,981)	(4,072,446)
Cash flows from financing activities		
Issue of shares against ESOP scheme	10,509	40,024
Share issue expenses	-	(7,301)
Advance against equity shares to be issued under ESOP Scheme	106	265
Payment of lease obligations	(20,041)	(19,340)
Net cash provided by (used in) financing activities	(9,426)	13,648
Net increase (decrease) in cash and cash equivalents	1,520,349	(152,786)
Cash and cash equivalents at beginning of the year	3,217,486	3,351,773
Effect of exchange rate changes in cash and cash equivalent	274,536	18,499
Cash and cash equivalents at end of the year (Note 1)	5,012,371	3,217,486

Oracle Financial Services Software Limited

(formerly known as i-flex solutions limited)

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2009 (continued)

(Amounts in thousands of Indian Rupees)

Note 1 :**Component of cash and cash equivalent**

	Year ended March 31,	
	2009	2008
Cash and bank balances*	15,489,517	8,965,620
Less:		
Bank deposits having maturity of more than 90 days	(10,466,353)	(5,625,757)
Margin money deposit/Escrow account	(10,793)	(122,377)
Cash and cash equivalents at end of the year	5,012,371	3,217,486

* Includes amount kept in unclaimed dividend accounts of Rs. 1,335 (March 31, 2008 Rs. 1,807)
