

Oracle Financial Services Software Limited

(formerly known as i-flex solutions limited)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2009

(Amounts in thousands of Indian Rupees)

	<u>June 30, 2009</u>	<u>March 31, 2009</u>
<u>SOURCES OF FUNDS</u>		
Shareholders' funds		
Share capital	418,847	418,847
Share application money pending allotment	106	106
Reserves and surplus	36,510,528	34,629,799
Minority interest	-	19,198
Deferred tax liability	19,793	20,707
	<u>36,949,274</u>	<u>35,088,657</u>
<u>APPLICATION OF FUNDS</u>		
Fixed assets		
Gross block	12,110,819	12,052,804
Less: Accumulated depreciation and amortisation	3,469,775	3,360,379
Net book value	8,641,044	8,692,425
Capital work-in-progress and advances	1,023,833	1,013,260
	<u>9,664,877</u>	<u>9,705,685</u>
Investments	9,715	9,565
Deferred tax assets	334,271	325,944
Current assets, loans and advances		
Sundry debtors	6,942,755	8,402,313
Cash and bank balances	17,359,598	15,489,517
Other current assets	2,150,595	1,746,868
Loans and advances	6,669,283	6,442,319
	<u>33,122,231</u>	<u>32,081,017</u>
Less: Current liabilities and provisions		
Current liabilities	5,291,396	6,094,991
Provisions	890,424	938,563
	<u>6,181,820</u>	<u>7,033,554</u>
Net current assets	26,940,411	25,047,463
	<u>36,949,274</u>	<u>35,088,657</u>

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CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED JUNE 30, 2009

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

	Three month period ended	
	June 30,	
	2009	2008
Revenue	7,100,228	6,318,330
Cost of revenue	(3,369,460)	(3,685,605)
Gross profit	3,730,768	2,632,725
Operating expenses		
Selling and marketing expenses	(534,034)	(1,042,912)
General and administrative expenses	(840,576)	(900,546)
Depreciation and amortisation	(127,269)	(137,847)
Operating profit	2,228,889	551,420
Non-operating income (expense)		
Interest income	193,874	146,706
Other income (expense), net	(398,344)	491,876
Profit before provision for taxes	2,024,419	1,190,002
Provision for taxes		
Current tax	(276,497)	(183,075)
MAT credit	120,546	67,797
Deferred tax	9,195	7,819
Fringe benefit tax	(17,901)	(20,551)
Net profit for the period before share of loss of associate company and minority interest	1,859,762	1,061,992
Share of loss of associate company	-	(6,272)
Share of minority interest	(1,867)	(95)
Net profit for the period	1,857,895	1,055,625
Profit and loss account, beginning of the year	15,873,649	4,352,335
Surplus carried to Balance Sheet	17,731,544	5,407,960
Earnings per share of Rs 5/- each (in Rs)		
Basic	22.18	12.60
Diluted	22.16	12.59

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Schedules annexed to and forming part of the accounts as at June 30, 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) Business Processing Services ('BPO-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.

Oracle Financial Services Consulting offers services spanning the entire lifecycle of applications used by financial service institutions. The division's portfolio includes Consulting, Application, Support and Technology Services that help institutions improve efficiency, optimize costs, meet risk and compliance mandates and implement IT solutions finely attuned to their business needs.

BPO - 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	BPO - Services	Corporate	Three month period ended June 30, 2009
					Total
Revenue					
External revenue	4,422,792	2,451,149	226,287	-	7,100,228
Total revenue	4,422,792	2,451,149	226,287	-	7,100,228
Cost of revenue	(1,780,764)	(1,524,385)	(64,311)	-	(3,369,460)
Gross profit	2,642,028	926,764	161,976	-	3,730,768
Selling and marketing expenses	(456,606)	(55,298)	(22,130)	-	(534,034)
General and administrative expenses	(314,394)	(204,299)	(41,769)	(280,114)	(840,576)
Depreciation and amortisation	(57,586)	(48,362)	(4,752)	(16,569)	(127,269)
Operating profit	1,813,442	618,805	93,325	(296,683)	2,228,889
Interest income					193,874
Other income (expense), net					(398,344)
Profit before provision for taxes					2,024,419
Provision for taxes					(164,657)
Net profit for the period before share minority interest					1,859,762
Share of minority interest					(1,867)
Net profit					1,857,895
<u>Other information</u>					
Capital expenditure by segment	7,784	6,960	-	59,228	73,971
Segment assets	11,384,278	5,095,278	261,405	26,390,133	43,131,094
Segment liabilities	3,473,604	862,188	145,204	1,720,617	6,201,613
Shareholders' funds	-	-	-	36,929,481	36,929,481

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Particulars	Products	Services	BPO - Services	Corporate	Three month period ended June 30, 2008 Total
Revenue					
External revenue	3,633,638	2,515,515	169,177	-	6,318,330
Total revenue	3,633,638	2,515,515	169,177	-	6,318,330
Cost of revenue	(1,787,749)	(1,806,726)	(91,130)	-	(3,685,605)
Gross profit	1,845,890	708,789	78,047	-	2,632,725
Selling and marketing expenses	(826,351)	(188,770)	(27,792)	-	(1,042,912)
General and administrative expenses	(283,081)	(182,759)	(33,249)	(401,458)	(900,546)
Depreciation and amortization	(61,877)	(48,774)	(6,371)	(20,826)	(137,847)
Operating profit	674,581	288,487	10,635	(422,283)	551,420
Interest income					146,706
Other income (expense), net					491,876
Profit before provision for taxes					1,190,002
Provision for taxes					(128,010)
Net profit for the period before share minority interest					1,061,992
Share of loss of associate company					(6,272)
Share of minority interest					(95)
Net profit					1,055,625
Other information					
Capital expenditure by segment	14,060	11,545	-	20,181	45,786
Segment assets	12,767,456	5,439,069	47,718	17,451,264	35,705,507
Segment liabilities	3,429,945	1,199,410	137,031	1,804,256	6,570,642
Shareholders' funds	-	-	-	29,134,865	29,134,865

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	June 30, 2009		June 30, 2008	
	Amount	%	Amount	%
United States of America	2,180,243	31%	1,987,075	31%
Europe	2,565,766	36%	2,314,638	37%
Asia Pacific	1,407,057	20%	1,091,635	17%
Middle East, India and Africa	790,980	11%	840,104	13%
Latin America and Caribbean	156,182	2%	84,879	2%
	7,100,228	100%	6,318,330	100%

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED JUNE 30, 2009

(Amounts in thousands of Indian Rupees)

	Three month period ended June 30,	
	2009	2008
Net cash provided by operating activities	2,061,142	800,819
Net cash provided by investing activities	197,793	1,546,660
Net cash used in financing activities	(8,169)	(823)
Effect of exchange difference on cash and bank balances	(125,272)	64,219
Net increase (decrease) in cash and cash equivalents	2,125,494	2,410,875
Cash and cash equivalents at beginning of the period	4,912,371	3,217,476
Cash and cash equivalents at end of the period	7,037,865	5,628,350
Cash and bank balances as per balance sheet	17,359,598	9,788,094
Less:		
Bank deposits having maturity of more than 90 days	(10,305,485)	(4,153,677)
Margin money deposit/Escrow account	(16,248)	(6,067)
Cash and cash equivalents at end of the period	7,037,865	5,628,350