

Oracle Financial Services Software Limited

CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2009

(Amounts in thousands of Indian Rupees)

	September 30, 2009	March 31, 2009
<u>SOURCES OF FUNDS</u>		
Shareholders' funds		
Share capital	418,857	418,847
Share application money pending allotment	1,655	106
Reserves and surplus		
Securities premium	9,455,757	9,454,648
General reserve	10,145,191	10,145,191
Profit and loss account	18,315,795	15,075,430
	38,337,255	35,094,222
 <u>APPLICATION OF FUNDS</u>		
Fixed assets		
Cost	4,998,966	5,007,785
Less: Accumulated depreciation and amortisation	2,810,394	2,641,693
Net book value	2,188,572	2,366,092
Capital work-in-progress and advances	1,026,073	1,013,261
	3,214,645	3,379,353
Investments		
Long term investments (unquoted)	6,593	6,593
In wholly owned subsidiaries (unquoted)	7,185,216	7,185,216
Current investments (quoted)	9,724	9,565
Deferred tax assets	242,075	305,103
Current assets, loans and advances		
Sundry debtors	8,009,975	11,710,383
Cash and bank balances	15,238,041	10,842,275
Other current assets	2,128,852	1,481,697
Loans and advances	8,190,293	7,254,297
	33,567,161	31,288,652
Less: Current liabilities and provisions		
Current liabilities	5,183,248	6,421,296
Provisions	704,911	658,964
	5,888,159	7,080,260
Net current assets	27,679,002	24,208,392
	38,337,255	35,094,222

Notes attached herein form an integral part of the condensed balance sheet.

Oracle Financial Services Software Limited

CONDENSED PROFIT AND LOSS ACCOUNT FOR THE THREE AND SIX MONTH PERIOD ENDED SEPTEMBER 30, 2009

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

	Three month period ended September 30,		Six month period ended September 30,	
	2009	2008	2009	2008
Revenue	5,365,890	5,370,588	10,822,172	9,998,561
Cost of revenue	(2,950,377)	(3,248,990)	(5,785,813)	(6,178,587)
Gross profit	2,415,513	2,121,598	5,036,359	3,819,974
Operating expenses				
Selling and marketing expenses	(216,714)	(186,447)	(297,606)	(609,555)
General and administrative expenses	(509,937)	(746,099)	(1,108,347)	(1,411,750)
Depreciation and amortisation	(101,063)	(105,719)	(198,585)	(211,360)
Operating profit	1,587,799	1,083,333	3,431,821	1,587,309
Non-operating income (expenses)				
Interest income	181,833	160,243	369,272	296,232
Foreign exchange gain (loss), net	44,331	340,607	(363,008)	691,922
Other (expense) income, net	9,364	(855)	(1,491)	2,481
Profit before exceptional item and provision for taxes	1,823,327	1,583,328	3,436,594	2,577,944
Exceptional item [Refer note 5]	-	(468,900)	-	(468,900)
Profit before provision for taxes	1,823,327	1,114,428	3,436,594	2,109,044
Provision for taxes				
Current tax [Refer note 6]	(471,988)	(27,955)	(664,757)	(153,840)
MAT credit	414,216	38,954	531,556	106,751
Deferred tax	(65,238)	13,038	(63,028)	18,897
Fringe benefit tax	17,819	(25,957)	-	(46,508)
Net profit for the period	1,718,136	1,112,508	3,240,365	2,034,344
Earnings per share of Rs. 5/- each (in Rs.)				
Basic	20.51	13.28	38.68	24.29
Diluted	20.49	13.27	38.65	24.27
Number of shares used in computing earnings per share				
Basic	83,770,190	83,764,226	83,769,790	83,756,716
Diluted	83,872,512	83,832,306	83,828,978	83,833,924

Notes attached herein form an integral part of the condensed profit and loss account.

Oracle Financial Services Software Limited

Notes annexed to and forming part of the condensed accounts for the three and six month period ended September 30, 2009 (Amount in thousands of Indian Rupees)

1. Accounting policies

The Company has followed the same accounting policies in preparing the interim financial statements as were followed for the year ended March 31, 2009.

2. Commitments and contingent liabilities

Particulars	September 30, 2009	March 31, 2009
Contracts remaining to be executed on capital account not provided for (net of advances) including capital commitment through issuance of letter of intents of Rs. 634,471 (March 31, 2009 - Rs. 260,505).	1,825,974	1,419,990
Disputed liability in respect of Income-tax demands including interest thereon.	377,806	285,638

Oracle Financial Services Software Limited

Notes annexed to and forming part of the condensed accounts for the three and six month period ended September 30, 2009

(Amounts in thousands of Indian Rupees)

3. Segment information.

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

- a) Product licenses and related activities ('Products') and
- b) IT solutions and consulting services ('Services').

Three month period ended September 30, 2009

Particulars	Products	Services	Corporate	Total
Revenue	3,606,786	1,759,104	-	5,365,890
Cost of revenue	(1,642,151)	(1,308,226)	-	(2,950,377)
Gross profit	1,964,635	450,878	-	2,415,513
Selling and marketing expenses	(187,060)	(29,654)	-	(216,714)
General and administrative expenses	(175,369)	(169,192)	(165,376)	(509,937)
Depreciation and amortisation	(43,904)	(47,116)	(10,043)	(101,063)
Operating profit	1,558,302	204,916	(175,419)	1,587,799
Interest income				181,833
Foreign exchange gain, net				44,331
Other income, net				9,364
Profit before provision for taxes				1,823,327
Provision for taxes				(105,191)
Net profit				1,718,136

Other information

Capital expenditure by segment	7,206	3,057	4,662	14,925
Segment assets	6,340,509	6,461,524	31,423,381	44,225,414
Segment liabilities	3,614,840	1,701,043	572,276	5,888,159
Shareholders' funds			38,337,255	38,337,255

Three month period ended September 30, 2008

Particulars	Products	Services	Corporate	Total
Revenue	3,576,583	1,794,005	-	5,370,588
Cost of revenue	(1,703,849)	(1,545,141)	-	(3,248,990)
Gross profit	1,872,734	248,864	-	2,121,598
Selling and marketing expenses	(159,423)	(27,024)	-	(186,447)
General and administrative expenses	(207,397)	(157,703)	(380,999)	(746,099)
Depreciation and amortisation	(49,688)	(41,974)	(14,057)	(105,719)
Profit from operations	1,456,226	22,163	(395,056)	1,083,333
Interest income				160,243
Foreign exchange gain, net				340,607
Other expense, net				(855)
Profit before exceptional item and provision for taxes				1,583,328
Exceptional item [Refer note 5]				(468,900)
Profit before provision for taxes				1,114,428
Provision for taxes [Refer note 6]				(1,920)
Net profit				1,112,508

Other information

Capital expenditure by segment	67,795	435,202	46,007	549,004
Segment assets	7,770,913	6,729,936	22,663,295	37,164,144
Segment liabilities	4,706,064	1,544,627	741,769	6,992,460
Shareholders' funds			30,171,684	30,171,684

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Notes annexed to and forming part of the condensed accounts for the three and six month period ended September 30, 2009

(Amounts in thousands of Indian Rupees)

Six month period ended September 30, 2009

Particulars	Products	Services	Corporate	Total
Revenue	7,168,085	3,654,087	-	10,822,172
Cost of revenue	(3,165,476)	(2,620,337)	-	(5,785,813)
Gross profit	4,002,609	1,033,750	-	5,036,359
Selling and marketing expenses	(274,927)	(22,679)	-	(297,606)
General and administrative expenses	(396,504)	(347,146)	(364,697)	(1,108,347)
Depreciation and amortisation	(87,391)	(89,917)	(21,277)	(198,585)
Operating profit	3,243,787	574,008	(385,974)	3,431,821
Interest income				369,272
Foreign exchange loss, net				(363,008)
Other expense, net				(1,491)
Income before provision for taxes				3,436,594
Provision for taxes				(196,229)
Net profit				3,240,365

Other information

Capital expenditure by segment	14,868	10,081	7,588	32,537
Segment assets	6,340,509	6,461,524	31,423,381	44,225,414
Segment liabilities	3,614,840	1,701,043	572,276	5,888,159
Shareholders' funds			38,337,255	38,337,255

Six month period ended September 30, 2008

Particulars	Products	Services	Corporate	Total
Revenue	6,399,840	3,598,721	-	9,998,561
Cost of revenue	(3,175,689)	(3,002,898)	-	(6,178,587)
Gross profit	3,224,151	595,823	-	3,819,974
Selling and marketing expenses	(480,128)	(129,427)	-	(609,555)
General and administrative expenses	(430,285)	(309,110)	(672,355)	(1,411,750)
Depreciation and amortisation	(97,925)	(84,074)	(29,361)	(211,360)
Operating profit	2,215,813	73,212	(701,716)	1,587,309
Interest income				296,232
Foreign exchange gain, net				691,922
Other income, net				2,481
Profit before exceptional item and provision for taxes				2,577,944
Exceptional item [Refer note 5]				(468,900)
Profit before provision for taxes				2,109,044
Provision for taxes [Refer note 6]				(74,700)
Net profit				2,034,344

Other information

Capital expenditure by segment	81,855	446,747	53,257	581,859
Segment assets	7,770,913	6,729,936	22,663,295	37,164,144
Segment liabilities	4,706,064	1,544,627	741,769	6,992,460
Shareholders' funds			30,171,684	30,171,684

Oracle Financial Services Software Limited

Notes annexed to and forming part of the condensed accounts for the three and six month period ended September 30, 2009

(Amounts in thousands of Indian Rupees)

4. Aggregate expenses

	Three month period ended September 30,		Six month period ended September 30,	
	2009	2008	2009	2008
Salaries and bonus	2,511,332	2,644,785	4,978,297	5,174,915
Staff welfare expenses	54,126	83,952	106,508	150,653
Contribution to provident and other funds	56,045	74,726	133,228	149,752
Travel related expenses (net of recoveries)	401,179	501,915	784,849	848,790
Professional fees	272,334	390,614	498,532	668,238
Application software	37,084	146,141	76,964	297,709
Communication expenses	42,033	48,796	88,543	86,908
Rent	114,949	130,081	236,572	268,414
Advertising expenses	584	1,660	3,151	3,256
Power	48,035	59,274	101,113	119,438
Insurance	5,349	3,907	10,634	12,595
Repairs and maintenance:				
Buildings and leasehold premises	5,425	8,744	16,609	17,625
Computer equipments	8,192	9,053	19,336	29,804
Others	10,143	10,373	22,711	20,989
Rates and taxes	26,231	16,768	39,063	27,407
Finance charge on leased assets	726	923	846	1,531
Provision for doubtful debts, net	62,045	8,537	7,808	242,160
Bad debts	(4,950)	-	6,673	-
Other expenses	26,166	41,287	60,329	79,708
	3,677,028	4,181,536	7,191,766	8,199,892

5. During the three month period ended September 30, 2008, the Company has settled a dispute with a party for Rs. 468,900 for full release of all alleged claims.
6. Current tax for the three month period ended September 30, 2008 includes write back of provision for tax amounting to Rs. 53,146 in respect of previous year.
7. Revenue from product licenses and related activities for the six month period ended September 30, 2009 include prior period revenue of Rs. 66,448 (September 30, 2008 - Rs. Nil)
8. Prior period's amounts have been reclassified, where necessary to conform with current period's presentation.

Oracle Financial Services Software Limited

CONDENSED STATEMENT OF CASH FLOW FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2009

(Amounts in thousands of Indian Rupees)

	Six month period ended September 30,	
	2009	2008
Net cash provided by operating activities	4,209,262	1,994,964
Net cash used in investing activities	(1,698,672)	(1,799,775)
Net cash (used in) / provided by financing activities	(2,748)	4,880
Net increase in cash and cash equivalents	2,507,842	200,069
Cash and cash equivalents at beginning of the period	1,557,167	966,986
Effect of exchange difference on cash and bank balances	(58,834)	61,823
Cash and cash equivalents at end of the period	4,006,175	1,228,878
Cash and bank balances as per balance sheet *	15,238,041	8,410,526
Less:		
Bank deposits having maturity of more than 90 days	(11,225,799)	(7,175,581)
Margin money deposit	(6,067)	(6,067)
Cash and cash equivalents at end of the period	4,006,175	1,228,878

* Includes amount kept in unclaimed dividend accounts of Rs. 1,003 (September 30, 2008 - Rs. 1,335) not available for use by the Company.