

Oracle Financial Services Software Limited

Unaudited Condensed Consolidated Balance Sheet as at September 30, 2012

(Amounts in ₹ million)

	September 30, 2012	March 31, 2012
<u>EQUITY AND LIABILITIES</u>		
Shareholders' funds		
Share capital	419.97	419.87
Reserves and surplus	68,027.12	62,753.79
	68,447.09	63,173.66
Share application money pending allotment	5.68	1.24
Non- current liabilities		
Deferred tax liability	54.37	92.58
Other Long-term liabilities	216.33	228.54
Long-term provisions	601.05	563.58
	871.75	884.70
Current liabilities		
Trade payable	336.22	272.15
Other current liabilities	6,672.43	6,917.97
Short-term provisions	1,048.38	929.99
	8,057.03	8,120.11
TOTAL	77,381.55	72,179.71
<u>ASSETS</u>		
Non-current assets		
Fixed assets		
Tangible assets	4,159.39	3,726.89
Intangible assets	6,086.63	6,086.63
Capital work-in-progress	134.88	544.47
Non-current investments	-	-
Deferred tax assets	779.66	707.33
Long-term loans and advances	5,295.74	4,962.84
Other non-current assets	2.01	2.85
	16,458.31	16,031.01
Current assets		
Current investments	9.98	9.98
Trade receivables	7,849.11	8,972.14
Cash and bank balances	47,365.90	39,475.91
Short-term loans and advances	1,698.94	2,939.08
Other current assets	3,999.31	4,751.59
	60,923.24	56,148.70
TOTAL	77,381.55	72,179.71

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

Oracle Financial Services Software Limited

Unaudited Condensed Consolidated Statement of Profit and Loss for the three and six month period ended September 30, 2012

(Amounts in ₹ million, except per share data)

	Three month period ended September 30,		Six month period ended September 30,	
	2012	2011	2012	2011
<u>INCOME</u>				
Revenue from operations	7,934.62	7,561.74	17,397.94	14,682.50
Other income, net				
Interest income	1,052.69	657.37	1,941.76	1,264.98
Foreign exchange (loss) gain, net	(516.69)	739.37	300.08	884.93
Miscellaneous income (expense), net	4.27	(3.24)	22.29	(6.43)
Total income	8,474.89	8,955.24	19,662.07	16,825.98
<u>EXPENSES</u>				
Employee cost	4,434.25	3,721.95	8,472.90	7,287.43
Travel related expenses (net of recoveries)	387.17	317.81	877.31	663.63
Professional fees	404.36	526.90	894.81	1,017.31
Other expenses	514.85	511.58	1,107.17	935.21
Depreciation and amortisation	186.71	98.69	324.76	199.40
Total expenses	5,927.34	5,176.93	11,676.95	10,102.98
Profit before exceptional items and tax	2,547.55	3,778.31	7,985.12	6,723.00
Exceptional items	-	(865.55)	-	(865.55)
Profit before tax	2,547.55	2,912.76	7,985.12	5,857.45
Tax expenses				
Current tax	1,034.05	1,207.69	2,843.24	2,107.31
Deferred tax	(60.89)	(381.67)	(113.09)	(378.77)
Total tax expenses	973.16	826.02	2,730.15	1,728.54
Profit for the period	1,574.39	2,086.74	5,254.97	4,128.91
Earnings per equity share of par value of ₹ 5 (September 30, 2011 ₹ 5) each (in ₹)				
Basic	18.75	24.86	62.57	49.20
Diluted	18.67	24.84	62.35	49.15
Number of shares used in computing earnings per share				
Basic	83,987,611	83,930,560	83,981,852	83,915,249
Diluted	84,321,916	83,998,357	84,283,187	83,997,877

Notes attached herein form an integral part of the unaudited condensed consolidated statement of profit and loss.

Oracle Financial Services Software Limited

Notes annexed to and forming part of the unaudited condensed consolidated financial statements for three and six month period ended September 30, 2012
(Amount in ₹ millions, except share data)

1. Background and nature of operations

Oracle Financial Services Software Limited (“OFSS” or the “Company”) was incorporated in India with limited liability on September 27, 1989. The Company along with its subsidiaries and associate is principally engaged in the business of providing information technology solutions and business process outsourcing services to the financial services industry worldwide. OFSS has a suite of banking products, which caters to the needs of corporate, retail, investment banking, treasury operations and data warehousing.

Oracle Financial Services Software Limited is a subsidiary of Oracle Global (Mauritius) Limited (“Oracle”) with Oracle having 80.34% ownership interest in the Company as at September 30, 2012.

The Company has following subsidiaries and associate (hereinafter collectively referred as the “Group”):

Companies	Country of Incorporation	Ownership Interest	Relationship
Direct holding			
Oracle Financial Services Software B.V.	The Netherlands	100%	Subsidiary
Oracle Financial Services Software Pte. Ltd.	Singapore	100%	Subsidiary
Oracle Financial Services Software America, Inc.	United States of America	100%	Subsidiary
ISP Internet Mauritius Company	Republic of Mauritius	100%	Subsidiary
Oracle (OFSS) Processing Services Limited	India	100%	Subsidiary
Oracle (OFSS) ASP Private Limited	India	100%	Subsidiary
Oracle Financial Services Software Chile Limitada	Chile	100%	Subsidiary
Oracle Financial Services Software (Shanghai) Limited	Republic of China	100%	Subsidiary
Login SA	France	33%	Associate
Subsidiaries of Oracle Financial Services Software America, Inc.			
Oracle Financial Services Software, Inc.	United States of America	100%	Subsidiary
Mantas Inc.	United States of America	100%	Subsidiary
Subsidiaries of Mantas Inc.			
Mantas Limited (dissolved on April 10, 2012)	United Kingdom	100%	Subsidiary
Sotas Inc.	United States of America	100%	Subsidiary
Mantas Singapore Pte. Ltd. (dissolved on March 1, 2012)	Singapore	100%	Subsidiary
Subsidiaries of Sotas Inc.			
Mantas India Private Limited	India	100%	Subsidiary
Subsidiary of Oracle Financial Services Software B.V.			
Oracle Financial Services Software SA	Greece	100%	Subsidiary
Subsidiary of Oracle Financial Services Software Pte Ltd.			
Oracle Financial Services Consulting Pte. Ltd.	Singapore	100%	Subsidiary
Subsidiaries of ISP Internet Mauritius Company			
Oracle (OFSS) BPO Services Inc.	United States of America	100%	Subsidiary
Oracle (OFSS) BPO Services Limited	India	100%	Subsidiary

Oracle Financial Services Software Limited

Notes annexed to and forming part of the unaudited condensed consolidated financial statements for three and six month period ended September 30, 2012
(Amounts in ₹ million)

2. Accounting policies

The Group has followed the same accounting policies in preparing the interim financial statements as were followed for the year ended March 31, 2012.

3. Capital Commitments

Particulars	September 30, 2012	March 31, 2012
Contracts remaining to be executed on capital account not provided for (net of advances)	191.16	470.44

4. SEGMENT INFORMATION

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')
- b) IT solutions and consulting services ('Services') and
- c) Business Processing Services ('BPO - Services')

Three month period ended September 30, 2012

Particulars	Products	Services	BPO - Services	Total
Revenue from operations	5,844.04	1,812.36	278.22	7,934.62
Segment result	1,984.02	194.12	134.37	2,312.51
Unallocable expenses				(305.23)
Interest income				1,052.69
Foreign exchange loss, net				(516.69)
Miscellaneous income, net				4.27
Profit before tax				2,547.55
Tax expenses				(973.16)
Profit for the period				1,574.39

Three month period ended September 30, 2011

Particulars	Products	Services	BPO - Services	Total
Revenue from operations	5,244.68	2,062.38	254.68	7,561.74
Segment result	2,006.37	650.96	124.22	2,781.55
Unallocable expenses				(396.74)
Interest income				657.37
Foreign exchange gain, net				739.37
Miscellaneous expense, net				(3.24)
Profit before exceptional items and tax				3,778.31
Exceptional items				(865.55)
Profit before tax				2,912.76
Tax expenses				(826.02)
Profit for the period				2,086.74

Six month period ended September 30, 2012

Particulars	Products	Services	BPO - Services	Total
Revenue from operations	12,951.67	3,949.31	496.96	17,397.94
Segment result	5,239.04	794.28	222.55	6,255.87
Unallocable expenses				(534.88)
Interest income				1,941.76
Foreign exchange gain, net				300.08
Miscellaneous income, net				22.29
Profit before tax				7,985.12
Tax expenses				(2,730.15)
Profit for the period				5,254.97

Six month period ended September 30, 2011

Particulars	Products	Services	BPO - Services	Total
Revenue from operations	10,054.60	4,239.63	388.27	14,682.50
Segment result	3,925.77	1,285.60	123.67	5,335.04
Unallocable expenses				(755.52)
Interest income				1,264.98
Foreign exchange gain, net				884.93
Miscellaneous expense, net				(6.43)
Profit before exceptional items and tax				6,723.00
Exceptional items				(865.55)
Profit before tax				5,857.45
Tax expenses				(1,728.54)
Profit for the period				4,128.91

Oracle Financial Services Software Limited

Notes annexed to and forming part of the unaudited condensed consolidated financial statements for three and six month period ended September 30, 2012

(Amounts in ₹ million)

Three month period ended September 30, 2012

Particulars	Other information				Total
	Products	Services	BPO - Services	Unallocable	
Capital expenditure by segment					
Tangible assets	68.20	33.38	0.55	107.86	209.99
Depreciation and amortisation	103.67	56.85	3.18	23.01	186.71
Other non cash expenses	9.95	(2.98)	-	-	6.97
Segment assets	16,198.03	4,096.98	247.71	56,838.83	77,381.55
Segment liabilities:	6,349.93	1,996.99	140.16	441.70	8,928.78
Share application money pending allotmen	-	-	-	5.68	5.68
Shareholders' funds	-	-	-	68,447.09	68,447.09

Three month period ended September 30, 2011

Particulars	Other information				Total
	Products	Services	BPO - Services	Unallocable	
Capital expenditure by segment					
Tangible assets	8.76	5.55	0.08	14.79	29.18
Depreciation and amortization	33.47	34.58	5.21	25.43	98.69
Other non cash expenses	26.16	(6.18)	-	-	19.98
Segment assets	16,612.94	4,270.34	241.99	45,598.23	66,723.50
Segment liabilities:	5,161.41	599.40	138.20	2,621.02	8,520.03
Share application money pending allotmen	-	-	-	1.03	1.03
Shareholders' funds	-	-	-	58,202.44	58,202.44

Six month period ended September 30, 2012

Particulars	Other information				Total
	Products	Services	BPO - Services	Unallocable	
Capital expenditure by segment					
Tangible assets	144.44	84.62	1.81	527.61	758.48
Depreciation and amortisation	173.83	100.30	8.21	42.42	324.76
Other non cash expenses	118.79	7.64	(0.98)	-	125.45
Segment assets	16,198.03	4,096.98	247.71	56,838.83	77,381.55
Segment liabilities:	6,349.93	1,996.99	140.16	441.70	8,928.78
Share application money pending allotmen	-	-	-	5.68	5.68
Shareholders' funds	-	-	-	68,447.09	68,447.09

Six month period ended September 30, 2011

Particulars	Other information				Total
	Products	Services	BPO - Services	Unallocable	
Capital expenditure by segment					
Tangible assets	10.20	6.85	0.66	19.44	37.15
Depreciation and amortization	69.28	79.00	10.82	40.30	199.40
Other non cash expenses	(24.24)	(36.17)	-	-	(60.41)
Segment assets	16,612.94	4,270.34	241.99	45,598.23	66,723.50
Segment liabilities:	5,161.41	599.40	138.20	2,621.02	8,520.03
Share application money pending allotmen	-	-	-	1.03	1.03
Shareholders' funds	-	-	-	58,202.44	58,202.44

5. Employee costs for the six month period ended September 30, 2012 are net of ₹ 175.04 pertaining to write back of bonus provision of earlier year no longer required.
6. A customer had filed a lawsuit against the Company and one of its subsidiaries, claiming damages of upwards of ₹ 5,784.19. While the claims were being rigorously defended by the Company and counter claims raised against the customer for breach of contract and outstanding fees, a mediation process had been initiated by the parties concerned. In respect of this claim, the Company had provided ₹ 865.55 in the three and six month period ended September 30, 2011 and disclosed the same as an exceptional item in the financial results. During the year ended March 31, 2012, the Company settled the said customer dispute for full release of all alleged claims and recorded ₹ 693.32, net of insurance claim and disclosed the same as an exceptional item.
7. Prior period's figures have been reclassified, where necessary to conform with current period's presentation.

Oracle Financial Services Software Limited

Unaudited Condensed Consolidated Statement of Cash Flow for the six month period ended September 30, 2012

(Amounts in ₹ million)

	Six month period ended September 30,	
	2012	2011
Net cash provided by operating activities	6,104.43	3,121.82
Net cash (used) in investing activities	(6,740.46)	(2,411.18)
Net cash provided by financing activities	29.51	43.45
Net (decrease) increase in cash and cash equivalents	(606.52)	754.09
Cash and cash equivalents at beginning of the period	5,152.33	3,318.58
Effect of exchange difference on cash and bank balances	157.91	280.10
Cash and cash equivalents at end of the period	4,703.72	4,352.77

Component of cash and cash equivalents

Cash on hand	1.92	1.77
Cheques on hand	-	225.39
Balances with banks:		
Current accounts*	3,902.49	3,075.64
Deposit accounts with original maturity of less than 3 months	798.45	1,047.76
Unclaimed dividend accounts	0.86	2.21
Total cash and cash equivalents	4,703.72	4,352.77

* Includes balance of ₹ Nil (September 30, 2011 - ₹ 52.44) with Central Bank of Libya which is not freely remissible to the Company due to unstable conditions in Libya.