

**Polaris Software Lab Limited - Group**  
**Consolidated Balance Sheet as at**

Rs. in Lacs

	June 30, 2008	March 31, 2008
<b>SOURCES OF FUNDS</b>		
<b>SHAREHOLDERS' FUNDS</b>		
Share Capital	4,933.73	4,933.73
Share application money pending allotment	0.02	0.02
Reserves and Surplus	64,386.77	60,815.11
	<u>69,320.52</u>	<u>65,748.86</u>
<b>LOAN FUNDS</b>		
Secured Loans	69.66	82.58
<b>DEFERRED TAX LIABILITY</b>		
	1.21	99.83
	<u><b>69,391.39</b></u>	<u><b>65,931.27</b></u>
<b>APPLICATION OF FUNDS</b>		
<b>FIXED ASSETS</b>		
Cost	47,328.51	46,671.60
Less: Depreciation and amortisation	26,940.19	25,833.24
Net Book Value	20,388.32	20,838.36
Capital Work in Progress	721.33	495.58
	<u>21,109.65</u>	<u>21,333.94</u>
<b>INVESTMENTS</b>	8,724.98	9,696.60
<b>DEFERRED TAX ASSET</b>	238.75	206.14
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
Sundry Debtors	22,602.23	21,044.82
Cash and Bank balances	10,107.37	7,676.00
Loans and Advances	25,653.28	24,450.30
	<u>58,362.88</u>	<u>53,171.12</u>
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
Current Liabilities	14,564.43	14,005.07
Provisions	4,480.44	4,471.46
	<u>19,044.87</u>	<u>18,476.53</u>
<b>NET CURRENT ASSETS</b>	<u>39,318.01</u>	<u>34,694.59</u>
	<u><b>69,391.39</b></u>	<u><b>65,931.27</b></u>

**Polaris Software Lab Limited - Group**  
**Consolidated Profit and Loss Account for the period ended**

Rs. in Lacs except per share data

	Apr to Jun 08	Apr to Jun 07
<b>INCOME</b>		
Software development services and products		
- Overseas	27,646.66	22,748.87
- Domestic	2,243.95	1,991.24
Income from Business Process Management (BPM)		
- Overseas	16.47	99.49
- Domestic	1,790.91	905.45
Other income, net	127.36	858.88
	<b>31,825.35</b>	<b>26,603.93</b>
<b>EXPENDITURE</b>		
Software development and BPM expenses	21,467.17	17,749.12
Selling, Administrative and other General expenses	6,348.65	5,804.02
	<b>27,815.82</b>	<b>23,553.14</b>
<b>Operating profit before interest, depreciation and amortisation</b>	<b>4,009.53</b>	<b>3,050.79</b>
Finance charges	20.71	17.52
Depreciation and amortisation	1,063.44	1,157.77
	<b>1,084.15</b>	<b>1,175.29</b>
<b>Profit before taxation</b>	<b>2,925.38</b>	<b>1,875.50</b>
Income taxes - Current tax	437.78	321.62
- Deferred tax	(130.80)	6.72
- Fringe benefit tax	63.17	68.42
<b>Profit after taxation</b>	<b>2,555.23</b>	<b>1,478.74</b>
Share of Profit / (Loss) of Associate Companies	145.92	(36.81)
<b>Net Profit for the year</b>	<b>2,701.15</b>	<b>1,441.93</b>
Profit brought forward from previous year	27,557.47	22,493.89
<b>Balance carried to Balance Sheet</b>	<b>30,258.62</b>	<b>23,935.82</b>
<b>Earnings per share</b> (equity shares par value Rs 5 each)		
Basic	2.74	1.46
Diluted	2.73	1.45
<b>Number of shares used in computing earnings per share</b>		
Basic	98,639,382	98,582,127
Diluted	98,938,304	99,724,577

**Polaris Software Lab Limited - Group**  
**Consolidated Statement of cash flows for the year / period ended**

Rs in Lacs

	<b>June 30, 2008</b>	<b>March 31, 2008</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	3,071.30	8,932.54
Interest and dividend income	(167.64)	(439.86)
Exchange differences on foreign exchange translation of cash and cash equivalents	(569.32)	(268.03)
Depreciation	1,063.45	4,602.48
Provision for doubtful debts & bad debts written off	366.43	35.55
( Profit) / Loss on sale of fixed assets	(0.31)	132.61
Share of loss/(profit) on associate companies	(145.92)	16.75
Net Taxes paid/Refund received	(578.43)	(2,449.39)
<i>Changes in current assets and liabilities</i>		
Decrease / (Increase) in sundry debtors	(881.99)	(2,728.14)
Decrease/ (Increase) in loans and advances	(1,051.10)	(1,996.90)
Increase/(Decrease) in current liabilities and provisions	597.13	2,769.25
<b>Net cash flows from operating activities</b>	<b>1,705.45</b>	<b>8,616.55</b>
<b>Cash flows from financing activities</b>		
Proceeds from share capital issued on exercise of stock options	0.02	4.64
Proceeds from share premium on exercise of stock options	-	72.18
Change in secured loans	(12.92)	(46.12)
Lease finance charges	(1.85)	(9.67)
Dividends paid during the year	(0.14)	(1,236.01)
Dividend tax paid during the year	-	(0.16)
<b>Net cash flows from financing activities</b>	<b>(14.89)</b>	<b>(1,215.14)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of fixed assets	7.58	131.77
Purchase of fixed assets and changes in capital work in progress	(766.65)	(3,897.88)
Investment in associates	-	(185.00)
Interest and dividend received	167.64	439.86
<b>Net cash flows from investing activities</b>	<b>(591.43)</b>	<b>(3,511.25)</b>
<b>Effect of exchange differences on foreign exchange translation of cash and cash equivalents</b>	<b>214.70</b>	<b>(106.43)</b>
Total increase / (decrease) in cash and equivalents during the year	1,313.83	3,783.72
Cash and cash equivalents at the beginning of the year	15,504.80	11,721.08
<b>Cash and cash equivalents at the end of the year</b>	<b>16,818.63</b>	<b>15,504.80</b>