

POLARIS SOFTWARE LAB LIMITED - GROUP

Consolidated Balance Sheet as at June 30, 2010

Rs. in Lacs

| | June 30, 2010 | March 31, 2010 |
|---|-------------------------|-------------------------|
| SOURCES OF FUNDS | | |
| SHAREHOLDERS' FUNDS | | |
| Share capital | 4,951.27 | 4,948.06 |
| Share application money pending allotment | 1.92 | - |
| Reserves and surplus | 87,276.28 | 82,298.81 |
| | <u>92,229.47</u> | <u>87,246.87</u> |
| MINORITY INTEREST | 265.38 | - |
| LOAN FUNDS | | |
| Secured loans | 285.04 | 245.60 |
| DEFERRED TAX LIABILITIES (NET) | 292.42 | 302.54 |
| | <u>93,072.31</u> | <u>87,795.01</u> |
| APPLICATION OF FUNDS | | |
| FIXED ASSETS | | |
| Gross block | 56,884.95 | 55,989.08 |
| Less: Accumulated depreciation and amortisation | 35,888.86 | 34,520.36 |
| Net block | <u>20,996.09</u> | <u>21,468.72</u> |
| Capital-work-in progress including capital advances | 2,021.51 | 1,245.68 |
| | <u>23,017.60</u> | <u>22,714.40</u> |
| GOODWILL | 5,574.77 | 5,057.45 |
| INVESTMENTS | 39,141.63 | 38,967.06 |
| DEFERRED TAX ASSETS (NET) | 815.62 | 644.67 |
| CURRENT ASSETS, LOANS AND ADVANCES | | |
| Sundry debtors | 18,405.96 | 17,463.24 |
| Cash and bank balances | 12,815.58 | 12,372.13 |
| Other current assets, loans and advances | 23,198.55 | 20,835.15 |
| | <u>54,420.09</u> | <u>50,670.52</u> |
| Less: CURRENT LIABILITIES AND PROVISIONS | | |
| Current liabilities | 24,662.85 | 24,618.65 |
| Provisions | 5,234.55 | 5,640.44 |
| | <u>29,897.40</u> | <u>30,259.09</u> |
| NET CURRENT ASSETS | <u>24,522.69</u> | <u>20,411.43</u> |
| | <u>93,072.31</u> | <u>87,795.01</u> |

POLARIS SOFTWARE LAB LIMITED - GROUP

Consolidated Profit and Loss Account for the quarter ended June 30, 2010

Rs. in Lacs except per share data

| | Quarter Ended | |
|--|------------------|------------------|
| | June 30, 2010 | June 30, 2009 |
| INCOME | | |
| Software development services and products | | |
| - Overseas | 32,079.24 | 29,556.52 |
| - Domestic | 3,441.26 | 1,956.36 |
| Income from Business Process Management (BPM) | | |
| - Overseas | 50.63 | 21.97 |
| - Domestic | 485.37 | 1,017.97 |
| Other income, net | 1,423.74 | (901.38) |
| | 37,480.24 | 31,651.44 |
| EXPENDITURE | | |
| Software development and BPM expenses | 24,295.35 | 20,785.67 |
| Selling, administrative and other general expenses | 6,941.66 | 6,244.11 |
| | 31,237.01 | 27,029.78 |
| OPERATING PROFIT BEFORE INTEREST, DEPRECIATION AND AMORTISATION | 6,243.23 | 4,621.66 |
| Finance charges | 23.70 | 17.23 |
| Depreciation and amortisation | 780.81 | 844.13 |
| | 804.51 | 861.36 |
| PROFIT BEFORE TAX | 5,438.72 | 3,760.30 |
| Income taxes - Current tax | 1,063.41 | 512.70 |
| - Deferred tax | (31.14) | 9.73 |
| - Fringe benefit tax | - | 54.35 |
| - MAT credit entitlement | (246.71) | - |
| PROFIT AFTER TAX | 4,653.16 | 3,183.52 |
| Minority Interest | 6.93 | - |
| NET PROFIT FOR THE PERIOD | 4,660.09 | 3,183.52 |
| Profit brought forward from previous year | 45,510.39 | 35,583.68 |
| Balance carried to balance sheet | 50,170.48 | 38,767.20 |
| EARNINGS PER SHARE (equity shares par value Rs 5 each) | | |
| Basic | 4.71 | 3.23 |
| Diluted | 4.66 | 3.22 |
| Number of shares used in computing earnings per share | | |
| Basic | 98,996,500 | 98,676,197 |
| Diluted | 99,898,225 | 98,836,679 |

POLARIS SOFTWARE LAB LIMITED - GROUP**Statement of cash flows for the Quarter ended June 30, 2010**

| | Rs in Lacs | |
|---|-------------------|-------------------|
| | Quarter Ended | Year Ended |
| | June 30, 2010 | March 31, 2010 |
| Cash flows from operating activities | | |
| Profit before taxation | 5,438.72 | 17,879.12 |
| Adjustments for: | | |
| Depreciation | 780.81 | 3,501.53 |
| Interest income | (36.84) | (156.35) |
| Dividend income | (413.83) | (1,481.31) |
| (Profit) / Loss on sale of fixed assets | (10.96) | (40.24) |
| Provision for doubtful debts & Bad debts written off | 95.00 | 355.65 |
| Lease finance charges | - | 2.44 |
| Exchange differences on translation of foreign currency cash and cash equivalents | (51.05) | (197.97) |
| Unrealised exchange (gain) / loss | 32.73 | 151.28 |
| Changes in current assets and liabilities | | |
| Decrease / (Increase) in sundry debtors | (1,021.47) | 3,560.62 |
| Decrease/ (Increase) in loans and advances | (2,187.57) | 2,480.36 |
| Increase/(Decrease) in current liabilities and provisions | (377.62) | 2,251.33 |
| Net Taxes paid/Refund received | (954.40) | (2,904.67) |
| Net cash flows from operating activities | 1,293.52 | 25,401.79 |
| Cash flows from investing activities | | |
| Purchase of fixed assets and changes in capital work in progress | (1,003.65) | (3,466.27) |
| Acquisition of Subsidiary | (800.75) | (3,471.95) |
| Proceeds from sale of fixed assets | 14.51 | 75.94 |
| Interest received | 36.84 | 156.35 |
| Dividend received | 413.83 | 1,481.31 |
| Net cash flows from investing activities | (1,339.22) | (5,224.62) |
| Cash flows from financing activities | | |
| Proceeds from share capital issued on exercise of stock options | 3.21 | 14.25 |
| Proceeds from share premium on exercise of stock options | 51.85 | 225.62 |
| Change in secured loans | 39.44 | 142.82 |
| Lease finance charges | - | (2.44) |
| Dividends paid during the period | (3.38) | (3,460.39) |
| Net cash flows from financing activities | 91.12 | (3,080.14) |
| Exchange differences on translation of foreign currency cash and cash equivalents | 51.05 | 197.97 |
| Exchange differences on translation of foreign subsidiaries | 208.14 | (1,123.77) |
| Total increase in cash and equivalents during the period | 304.61 | 16,171.23 |
| Cash balance of subsidiaries on acquisition | 313.41 | 245.31 |
| Cash and cash equivalents at the beginning of the Period | 50,421.37 | 34,004.83 |
| Cash and cash equivalents at the end of the Period | 51,039.39 | 50,421.37 |

Previous year/period figures have been regrouped to confirm to current period presentation