

Polaris Software Lab Limited - Group
Consolidated Balance Sheet as at December 31, 2010

Rs. in Lacs

	December 31, 2010	March 31, 2010
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share capital	4,958.71	4,948.06
Share application money pending allotment	-	-
Reserves and surplus	97,401.03	82,298.81
	<u>102,359.74</u>	<u>87,246.87</u>
MINORITY INTEREST	246.31	-
LOAN FUNDS		
Secured loans	516.09	245.60
DEFERRED TAX LIABILITIES (NET)	268.94	302.54
	<u>103,391.08</u>	<u>87,795.01</u>
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross block	60,349.69	55,989.08
Less: Accumulated depreciation and amortisation	37,483.50	34,520.36
Net block	22,866.19	21,468.72
Capital-work-in progress including capital advances	4,987.95	1,245.68
	<u>27,854.14</u>	<u>22,714.40</u>
GOODWILL	6,436.92	5,057.45
INVESTMENTS	38,318.77	38,967.06
DEFERRED TAX ASSETS (NET)	856.29	644.67
CURRENT ASSETS, LOANS AND ADVANCES		
Sundry debtors	20,222.74	17,463.24
Cash and bank balances	13,636.49	12,372.13
Other current assets, loans and advances	26,196.02	20,835.15
	<u>60,055.25</u>	<u>50,670.52</u>
Less: CURRENT LIABILITIES AND PROVISIONS		
Current liabilities	26,806.46	24,618.65
Provisions	3,323.83	5,640.44
	<u>30,130.29</u>	<u>30,259.09</u>
NET CURRENT ASSETS	<u>29,924.96</u>	<u>20,411.43</u>
	<u>103,391.08</u>	<u>87,795.01</u>

Polaris Software Lab Limited - Group

Consolidated Profit and Loss Account for the quarter ended Dec 31, 2010

Rs. in Lacs except per share data

	Period Ended		Quarter Ended	
	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009
	FY11	FY10	Q3- FY 11	Q3 - FY 10
INCOME				
Software development services and products				
- Overseas	101,668.95	90,402.04	35,261.31	30,234.85
- Domestic	11,868.50	7,250.53	4,335.67	3,013.67
Income from Business Process Management (BPM)				
- Overseas	119.08	388.84	24.93	114.71
- Domestic	1,223.33	2,230.51	367.59	525.32
Other income, net	3,608.38	(1,275.42)	1,685.99	79.18
	118,488.24	98,996.50	41,675.49	33,967.73
EXPENDITURE				
Software development and BPM expenses	77,021.23	64,697.61	27,216.23	21,846.50
Selling, administrative and other general expenses	21,737.83	19,186.20	7,534.29	6,564.43
	98,759.06	83,883.81	34,750.52	28,410.93
OPERATING PROFIT BEFORE INTEREST, DEPRECIATION AND AMORTISATION	19,729.18	15,112.69	6,924.97	5,556.80
Finance charges	76.86	56.12	27.59	21.62
Depreciation and amortisation	2,497.30	2,582.37	873.84	864.57
	2,574.16	2,638.49	901.43	886.19
PROFIT BEFORE TAX	17,155.02	12,474.20	6,023.53	4,670.61
Income taxes - Current tax	3,711.59	2,213.58	1,427.97	955.03
- Deferred tax	(95.23)	(62.62)	(67.24)	(15.27)
- Fringe benefit tax	-	-	-	-
- MAT credit entitlement	(923.56)	(428.90)	(352.70)	(276.54)
PROFIT AFTER TAX	14,462.21	10,752.14	5,015.51	4,007.39
Minority Interest	26.01	-	(2.62)	-
Share of profit / (loss) of associate companies	-	(41.61)	-	-
NET PROFIT FOR THE PERIOD	14,488.22	10,710.53	5,012.89	4,007.39
Profit brought forward from previous year	45,510.39	35,583.68	54,990.99	42,286.82
Amount available for appropriation	59,998.61	46,294.21	60,003.88	46,294.21
APPROPRIATIONS				
Dividend		-		
- Interim		1,730.81		1,730.81
- Final		-		-
Tax on dividend	-	294.01	-	294.01
Residual dividend	1.21	-	-	-
Reversal of excess provision for tax on dividend	(6.49)	-	-	-
Amount transferred to general reserve		936.66		936.66
Balance carried to balance sheet	60,003.88	43,332.73	60,003.88	43,332.73
	59,998.61	46,294.21	60,003.88	46,294.21
EARNINGS PER SHARE (equity shares par value Rs 5 each)				
Basic	14.62	10.85	5.06	4.06
Diluted	14.52	10.79	5.02	4.02
Number of shares used in computing earnings per share				
Basic	99,072,431	98,681,372	99,145,854	98,779,848
Diluted	99,814,665	99,222,606	99,888,088	99,578,896

Polaris Software Lab Limited - Group
Statement of cash flows for the Quarter ended Dec 31, 2010

Rs in Lacs

	Dec 31, 2010	March 31, 2010
Cash flows from operating activities		
Profit before taxation	17,155.02	17,879.12
Adjustments for:		
Depreciation	2,497.30	3,501.53
Interest income	(137.13)	(156.35)
Dividend income	(1,170.11)	(1,481.31)
(Profit) / Loss on sale of fixed assets	(75.89)	(40.24)
Provision for doubtful debts & Bad debts written off	275.00	355.65
Lease finance charges	-	2.44
Exchange differences on translation of foreign currency cash and cash equivalents	80.31	(197.97)
Unrealised exchange (gain) / loss	241.29	151.28
Changes in current assets and liabilities		
Decrease / (Increase) in sundry debtors	(3,152.20)	3,560.62
Decrease/ (Increase) in loans and advances	(4,517.82)	2,480.36
Increase/(Decrease) in current liabilities and provisions	1,795.10	2,251.33
Net Taxes paid/Refund received	(3,584.78)	(2,904.67)
Net cash flows from operating activities	9,406.08	25,401.79
Cash flows from investing activities		
Purchase of fixed assets and changes in capital work in progress	(6,973.93)	(3,466.27)
Acquisition of Subsidiary	(2,299.94)	(3,471.95)
Investment of 2.5% equity shares in Tyfone Inc., US	(241.79)	-
Proceeds from sale of fixed assets	131.21	75.94
Interest received	137.13	156.35
Dividend received	1,170.11	1,481.31
Net cash flows used in investing activities	(8,077.22)	(5,224.62)
Cash flows from financing activities		
Proceeds from share capital issued on exercise of stock options	10.65	14.25
Proceeds from share premium on exercise of stock options	164.86	225.62
Change in secured loans	270.50	142.82
Lease finance charges	-	(2.44)
Dividends paid during the year	(2,022.74)	(3,460.39)
Net cash flows used in investing activities	(1,576.73)	(3,080.14)
Exchange differences on translation of foreign currency cash and cash equivalents	(80.31)	197.97
Exchange differences on translation of foreign subsidiaries	385.44	(1,123.77)
Total increase / (decrease) in cash and equivalents during the year	57.27	16,171.23
Cash balance of subsidiaries on acquisition	317.01	245.31
Cash and cash equivalents at the beginning of the Period/Year	50,421.37	34,004.83
Cash and cash equivalents at the end of the Period/Year	50,795.65	50,421.37

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