

Oracle Financial Services Software Chile Limitada

Unaudited Balance sheet as at March 31, 2018

		(Amounts in CLP)	
	Notes	<u>March 31, 2018</u>	<u>March 31, 2017</u>
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	3	6,568,010	9,343,889
Capital work-in-progress	3	619,047	-
Income tax assets (net)		<u>51,912,079</u>	<u>774,762,064</u>
		59,099,136	784,105,953
Current assets			
Financial assets			
Trade receivables	4	1,261,531,723	912,879,033
Cash and cash equivalents	5	3,244,865,386	4,311,165,041
Other current financial assets	6	690,028,011	833,584,469
Other current assets	7	156,733,971	5,447,266
		<u>5,353,159,091</u>	<u>6,063,075,809</u>
TOTAL		<u>5,412,258,227</u>	<u>6,847,181,762</u>
<u>EQUITY AND LIABILITIES</u>			
Equity			
Equity share capital	8	888,693,775	874,428,651
Other equity	9	2,877,025,444	2,596,598,722
Total equity		<u>3,765,719,219</u>	<u>3,471,027,373</u>
Current liabilities			
Financial liabilities			
Trade payables	10(a)	3,652,319	(4,889,102)
Other current financial liabilities	10(b)	725,047,598	913,636,527
Other current liabilities	11	687,930,453	563,938,880
Employee benefit obligations	12	229,908,638	314,521,285
Income tax liabilities (net)		-	1,588,946,799
		<u>1,646,539,008</u>	<u>3,376,154,389</u>
TOTAL		<u>5,412,258,227</u>	<u>6,847,181,762</u>
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements.			

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Unaudited Statement of profit and loss for the year ended March 31, 2018

		(Amounts in CLP except share data)	
		Year ended March 31,	
	Notes	2018	2017
Revenue from operations	13	4,514,109,361	5,701,301,036
Other income, net	14	(103,833,293)	375,325,148
Total income		4,410,276,068	6,076,626,184
Expenses			
Employee benefit expenses	15	1,618,658,239	1,716,820,491
Travel related expenses		95,195,795	119,199,785
Professional fees		1,688,300,594	2,028,559,629
Other operating expenses	16	291,566,345	192,331,442
Depreciation and amortization	3	5,575,904	8,519,058
Total expenses		3,699,296,877	4,065,430,405
Profit before tax		710,979,191	2,011,195,779
Tax expenses			
Domestic income tax		439,821,571	658,292,960
Profit for the year		271,157,620	1,352,902,819
Total comprehensive income for the year		271,157,620	1,352,902,819
Summary of significant accounting policies			

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Notes annexed to and forming part of unaudited financial statements for the year ended March 31, 2018

Note 1: Corporate information

Oracle Financial Services Software Chile Limitada (“the Company”) was incorporated in Chile with limited liability on July 28, 2010. The Company is a subsidiary of Oracle Financial Services Software Ltd. (“OFSSL”) with holding 99.9996% ownership interest in the Company as at March 31, 2018. Oracle Financial Services Software B.V. holds 0.0004% ownership interest in the Company as at March 31, 2018.

The Company is principally engaged in the business of providing information technology solutions to the financial services industry worldwide.

Note 2: Summary of significant accounting policies

(a) Basis of presentation

These financial statements comprising of balance sheet, statement of profit and loss, statement of changes in equity and statement of cash flows as at March 31, 2018 have been prepared in accordance with accounting principles generally accepted in India.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

(c) Plant and equipment including intangibles and capital work-in-progress, depreciation and amortization

Plant and equipment including intangibles and capital work-in-progress

All plant and equipment and capital work in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. All additions during the reported year are considered at cost.

The Company purchases certain specific-use application software, which is in ready to use condition, for internal use. It is estimated that such software has a relatively short useful life, usually less than one year. The Company, therefore, charges to income the cost of acquiring such software.

Depreciation

Depreciation and amortization are computed as per the straight-line method using the rates arrived at based on the useful lives estimated by the management. The estimated useful life considered for depreciation of fixed assets is as follows:

<u>Asset description</u>	<u>Asset life (in years)</u>
Computer equipments	3

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Notes annexed to and forming part of unaudited financial statements for the year ended March 31, 2018

The residual values, useful lives and methods of depreciation of plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(d) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks.

(e) Income-tax

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with income tax act and tax laws prevailing in the respective jurisdiction where the Company operates. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions.

(f) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(g) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short term investments with an original maturity of three months or less.

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Notes annexed to and forming part of the unaudited financial statements as at March 31, 2018

Note 3: Property, plant and equipment

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at	Additions	Sale/deletions	Translation gain (loss)	As at	Additions	Sale/deletions	Translation (gain) loss	As at	As at
	April 01, 2017				March 31, 2018	April 01, 2017			March 31, 2018	March 31, 2018
Computer equipments	66,966,158	2,800,025	18,632,474	-	51,133,709	57,622,269	18,632,474	-	44,565,699	6,568,010
Total	66,966,158	2,800,025	18,632,474	-	51,133,709	57,622,269	18,632,474	-	44,565,699	6,568,010
						38,989,795			Capital work-in-progress	619,047
										7,187,057

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at	Additions	Sale/deletions	Translation gain (loss)	As at	Additions	Sale/deletions	Translation (gain) loss	As at	As at
	April 01, 2016				March 31, 2017	April 01, 2016			March 31, 2017	March 31, 2017
Computer equipments	57,920,909	9,045,249	-	-	66,966,158	49,103,211	-	-	57,622,269	9,343,889
Total	57,920,909	9,045,249	-	-	66,966,158	49,103,211	-	-	57,622,269	9,343,889
									Capital work-in-progress	
										9,343,889

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Notes annexed to and forming part of the unaudited financial statements as at March 31, 2018

(Amounts in CLP)

	March 31, 2018	March 31, 2017
Note 4: Trade receivables		
Break-up for security details:		
Unsecured, considered good	1,366,689,811	923,534,337
Impairment allowance		
Unsecured, considered good	(105,158,088)	(10,655,304)
	1,261,531,723	912,879,033
Note 5: Cash and bank balance		
Cash and cash equivalents		
Balances with banks:		
In current accounts	3,244,865,386	4,311,165,041
	3,244,865,386	4,311,165,041
Note 6: Financial assets		
Current		
Other financial assets measured at amortized cost		
Unbilled revenue	671,203,792	833,584,469
Other receivables and advances	18,824,219	-
	690,028,011	833,584,469
Note 7: Other assets		
Current		
GST, VAT, service tax and other indirect taxes	152,482,946	5,447,266
Prepaid expenses	4,251,025	-
	156,733,971	5,447,266
Note 8: Equity share capital		
Balance, beginning of the year	874,428,651	851,169,877
Equity contribution for stock option	14,265,124	23,258,774
	888,693,775	874,428,651
Note 9: Other equity		
Retained earnings	2,867,756,342	2,596,598,722
Contribution from Parent Company	9,269,102	-
	2,877,025,444	2,596,598,722
Retained earnings		
Balance, beginning of the year	2,596,598,722	1,243,695,903
Profit for the year	271,157,620	1,352,902,819
Balance, end of the year	2,867,756,342	2,596,598,722

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Notes annexed to and forming part of the unaudited financial statements as at March 31, 2018

	(Amounts in CLP)	
	March 31, 2018	March 31, 2017
Note 10: Financial liabilities		
(a) Trade Payables measured at amortized cost		
Current		
- Payable to others	3,652,319	(4,889,102)
	3,652,319	(4,889,102)
(b) Other financial liabilities measured at amortized cost		
Amount due to subsidiaries	344,316,163	382,389,916
Accrued expenses	292,502,471	531,246,611
Accrued compensation to employees	88,228,964	
	725,047,598	913,636,527
	725,047,598	913,636,527
Note 11: Other current liabilities		
Deferred revenues	636,500,311	583,559,905
Withholding and other taxes	51,430,142	(47,576,657)
Other statutory dues	-	27,955,632
	687,930,453	563,938,880
	687,930,453	563,938,880
Note 12: Employee benefit obligations		
Current		
Compensated absence	229,908,638	314,521,285
	229,908,638	314,521,285
	229,908,638	314,521,285

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Notes annexed to and forming part of unaudited financial statements for the year ended March 31, 2018

	(Amounts in CLP)	
	Year ended March 31,	
	2018	2017
Note 13: Revenue from operations	4,514,109,361	5,701,301,036
Note 14: Other income, net		
Foreign exchange gain (loss), net	(103,833,293)	375,325,148
	(103,833,293)	375,325,148
Note 15: Employee benefit expenses		
Salaries and bonus	1,582,854,066	1,645,673,959
Contribution to provident and other funds	-	34,024,215
Stock compensation expense	23,534,226	23,258,774
Staff welfare expenses	12,269,947	13,863,543
	1,618,658,239	1,716,820,491
Note 16: Other operating expenses		
Communication expenses	20,006,560	31,600,767
Rent	50,743,624	65,433,589
Insurance	58,733,959	-
Repairs and maintenance:		
Computer equipments	-	1,123,269
Rates and taxes	47,972,547	58,810,507
Impairment loss (reversed) on financial assets	-	(776,286)
Bad debts	101,769,107	-
Miscellaneous expenses	12,340,548	36,139,596
	291,566,345	192,331,442

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Notes annexed to and forming part of unaudited financial statements for the year ended March 31, 2018

Note 17: Capital commitments and contingent liabilities

Particulars	(Amounts in CLP)	
	March 31, 2018	March 31, 2017
(a) Capital commitments	Nil	Nil
(b) Contingent liabilities	Nil	Nil

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**Unaudited Statement of cash flow for the year
ended March 31, 2018**

	(Amounts in CLP)	
	Year ended March 31,	
	2018	2017
Cash flows from operating activities		
Profit before tax	710,979,191	2,011,195,779
Adjustments to reconcile profit before tax to cash (used in) provided by operating activities :		
Depreciation and amortization	5,575,904	8,519,058
Employee stock compensation expense	23,534,226	23,258,774
Effect of exchange rate changes in cash and cash equivalents	-	(375,325,148)
Impairment loss (reversed) recognized on financial assets	-	(776,286)
Bad debts	101,769,107	-
Operating Profit before Working Capital changes	841,858,428	1,666,872,177
Movements in working capital		
(Increase) decrease in trade receivables	(450,421,797)	1,803,736,323
Increase in current financial assets		18,843,801
Decrease (increase) in other current financial assets	143,556,458	
Decrease in other current assets	(151,286,705)	4,399,627
Increase (decrease) in trade payables	8,541,421	(33,783,823)
Increase (decrease) in other current financial liabilities	(188,588,929)	5,239,165
(Decrease) increase in other current liabilities	123,991,573	(781,579,146)
Increase in current employee benefit obligations	(84,612,647)	25,479,308
Cash from operating activities	243,037,802	2,709,207,432
Payment of domestic and foreign taxes	(1,305,918,385)	(202,610,016)
Net cash provided by operating activities	(1,062,880,583)	2,506,597,416
Cash flows from investing activities		
Additions to fixed assets including capital work-in-progress	(3,419,072)	(9,045,249)
Net cash (used in) provided by investing activities	(3,419,072)	(9,045,249)
Cash flows from financing activities		
Net cash (used in) financing activities	-	-
Net (decrease) increase in cash and cash equivalents	(1,066,299,655)	2,497,552,167
Cash and cash equivalents at beginning of the year	4,311,165,041	1,438,287,726
Effect of exchange rate changes in cash and cash equivalents	-	375,325,148
Cash and cash equivalents at end of the year	3,244,865,386	4,311,165,041
Component of cash and cash equivalents		
Balances with banks:		
In current accounts	3,244,865,386	4,311,165,041
Total cash and cash equivalents [Refer note 5]	3,244,865,386	4,311,165,041