

Oracle Financial Services Software Limited

Unaudited Condensed Consolidated Balance Sheet as at June 30, 2017

| | (Amounts in ₹ million) | |
|--------------------------------------|------------------------|------------------|
| | June 30, 2017 | March 31, 2017 |
| <u>ASSETS</u> | | |
| Non-current assets | | |
| Property, Plant and Equipment | 2,413.95 | 2,509.24 |
| Capital work-in-progress | 21.57 | 8.16 |
| Investment property | 102.00 | 102.00 |
| Goodwill | 6,086.63 | 6,086.63 |
| Investment in an associate | - | - |
| Financial assets | 587.99 | 577.02 |
| Deferred tax assets (net) | 1,339.61 | 1,346.28 |
| Income tax assets (net) | 5,132.71 | 5,858.54 |
| Other non-current assets | 700.25 | 714.59 |
| | 16,384.71 | 17,202.46 |
| Current assets | | |
| Financial Assets | | |
| Trade receivables | 6,858.87 | 7,180.14 |
| Cash and cash equivalents | 12,692.22 | 25,914.71 |
| Other bank balances | 4,454.08 | 4,402.24 |
| Other current financials assets | 7,814.41 | 4,916.81 |
| Income tax assets (net) | - | 78.03 |
| Other current assets | 666.46 | 513.97 |
| | 32,486.04 | 43,005.90 |
| TOTAL | 48,870.75 | 60,208.36 |
| <u>EQUITY AND LIABILITIES</u> | | |
| Equity | | |
| Equity share capital | 425.73 | 424.70 |
| Other equity | 36,581.13 | 32,221.16 |
| Total equity | 37,006.86 | 32,645.86 |
| Non-current liabilities | | |
| Financial liabilities | 26.05 | 23.90 |
| Other non-current liabilities | 232.61 | 244.77 |
| Employee benefit obligations | 817.69 | 784.21 |
| Deferred tax liability (net) | 18.83 | 6.57 |
| Income tax liabilities (net) | 284.28 | 261.33 |
| | 1,379.46 | 1,320.78 |
| Current liabilities | | |
| Financial liabilities | | |
| Trade payables | 379.51 | 108.37 |
| Other current financial liabilities | 3,105.14 | 19,733.03 |
| Other current liabilities | 4,817.17 | 4,136.93 |
| Employee benefit obligations | 1,285.67 | 1,317.73 |
| Income tax liabilities (net) | 896.94 | 945.66 |
| | 10,484.43 | 26,241.72 |
| TOTAL | 48,870.75 | 60,208.36 |

The accompanying notes form an integral part of the unaudited condensed consolidated financial statements.

Oracle Financial Services Software Limited

Unaudited Condensed Consolidated Statement of Profit and Loss for three month period ended June 30, 2017

(Amounts in ₹ million, except share data)

Three month period ended June 30,

2017 2016

| | | |
|--|------------------|------------------|
| Revenue from operations | 12,037.57 | 11,771.34 |
| Finance income | 178.53 | 415.05 |
| Other income, net | (10.36) | 120.09 |
| Total income | 12,205.74 | 12,306.48 |
| <u>EXPENSES</u> | | |
| Employee benefit expenses | 5,327.42 | 5,495.34 |
| Travel related expenses | 541.20 | 605.48 |
| Professional fees | 384.78 | 437.62 |
| Other operating expenses | 533.59 | 481.16 |
| Depreciation and amortization | 163.44 | 191.81 |
| Total expenses | 6,950.43 | 7,211.41 |
| Profit before Share of (loss) of an associate and tax | 5,255.31 | 5,095.07 |
| Share in (loss) of associate | - | (1.61) |
| Profit before tax | 5,255.31 | 5,093.46 |
| Tax expenses | | |
| Current tax | 1,538.55 | 1,700.11 |
| Deferred tax | 20.28 | (68.88) |
| Total tax expenses | 1,558.83 | 1,631.23 |
| Profit for the period | 3,696.48 | 3,462.23 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit and loss | | |
| Actuarial loss on gratuity fund | (5.83) | (13.80) |
| Deferred tax | 2.02 | 4.78 |
| Items that will be reclassified subsequently to profit and loss | | |
| Exchange differences on translation of foreign operations | 114.61 | 136.08 |
| Total other comprehensive income for the period, net of tax | 110.80 | 127.06 |
| Total comprehensive income for the period | 3,807.28 | 3,589.29 |
| Profit attributable to: | | |
| Equity holders of the Company | 3,696.48 | 3,462.23 |
| Non-controlling interests | - | - |
| | 3,696.48 | 3,462.23 |
| Total comprehensive income attributable to: | | |
| Equity holders of the Company | 3,807.28 | 3,589.29 |
| Non-controlling interests | - | - |
| | 3,807.28 | 3,589.29 |
| Earnings per equity share of par value of ₹ 5 each (in ₹) | | |
| Basic | 43.43 | 40.79 |
| Diluted | 43.27 | 40.68 |
| Weighted average number of shares used in computing earnings per share | | |
| Basic | 85,105,951 | 84,880,601 |
| Diluted | 85,426,297 | 85,112,916 |

The accompanying notes form an integral part of the unaudited condensed consolidated financial statements.

Oracle Financial Services Software Limited

Unaudited Condensed Consolidated Statements of Changes in Equity for three month period ended June 30, 2017

Three month period ended June 30, 2017

(Amounts in ₹ million, except share data)

| Particulars | Equity share capital | | Other equity | | | | | | | Other comprehensive income | | Total equity attributable to equity holders of the Company |
|---|----------------------|---------------|---|--------------------|------------------|------------------------------------|-------------------------|-------------------|--------------------------------------|---|------------------|--|
| | No of shares | Share capital | Share application money pending allotment | Securities premium | General reserve | Employee stock options outstanding | Gain on Treasury shares | Retained earnings | Foreign currency translation reserve | Remeasurement of defined benefit obligation | | |
| | | | | | | | | | | | | |
| Balance as of April 1, 2017 | 84,940,264 | 424.70 | 26.16 | 12,528.86 | 10,145.19 | 1,835.05 | - | 7,300.77 | 385.13 | - | 32,645.86 | |
| <i>Changes in equity for three month period ended June 30, 2017</i> | | | | | | | | | | | | |
| Application money received for exercised options | - | - | 355.94 | - | - | - | - | - | - | - | 355.94 | |
| Shares issued for exercised options | 185,994 | 0.93 | (379.10) | 378.17 | - | - | - | - | - | - | - | |
| Stock compensation charge | - | - | - | - | - | 158.53 | - | - | - | - | 158.53 | |
| Stock compensation related to options exercised | - | - | - | 300.47 | - | (300.47) | - | - | - | - | - | |
| Sale of treasury shares | 20,000 | 0.10 | - | - | - | - | 72.01 | - | - | - | 72.11 | |
| Profit for the period | - | - | - | - | - | - | - | 3,696.48 | - | - | 3,696.48 | |
| Interim equity dividend including dividend distribution tax thereon | - | - | - | - | - | - | - | (32.86) | - | - | (32.86) | |
| Actuarial loss on gratuity fund including deferred tax thereon | - | - | - | - | - | - | - | - | - | (3.81) | (3.81) | |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | - | - | 114.61 | - | 114.61 | |
| Actuarial loss on gratuity fund including deferred tax thereon transferred to retained earnings | - | - | - | - | - | - | - | (3.81) | - | 3.81 | - | |
| Balance as of June 30, 2017 | 85,146,258 | 425.73 | 3.00 | 13,207.50 | 10,145.19 | 1,693.11 | 72.01 | 10,960.58 | 499.74 | - | 37,006.86 | |

Three month period ended June 30, 2016

(Amounts in ₹ million, except share data)

| Particulars | Equity share capital | | Other equity | | | | | | | Other comprehensive income | | Total equity attributable to equity holders of the Company |
|---|----------------------|---------------|---|--------------------|------------------|------------------------------------|-------------------------|-------------------|--------------------------------------|---|------------------|--|
| | No of shares | Share capital | Share application money pending allotment | Securities premium | General reserve | Employee stock options outstanding | Gain on Treasury shares | Retained earnings | Foreign currency translation reserve | Remeasurement of defined benefit obligation | | |
| | | | | | | | | | | | | |
| Balance as of April 1, 2016 | 84,690,036 | 423.45 | 3.00 | 11,690.40 | 10,145.19 | 1,345.71 | - | 22,569.41 | 561.58 | - | 46,738.74 | |
| <i>Changes in equity for three month period ended June 30, 2016</i> | | | | | | | | | | | | |
| Application money received for exercised options | - | - | 95.62 | - | - | - | - | - | - | - | 95.62 | |
| Shares issued for exercised options | 51,434 | 0.26 | (98.21) | 97.95 | - | - | - | - | - | - | - | |
| Stock compensation charge | - | - | - | - | - | 170.24 | - | - | - | - | 170.24 | |
| Stock compensation related to options exercised | - | - | - | 45.92 | - | (45.92) | - | - | - | - | - | |
| Profit for the period | - | - | - | - | - | - | - | 3,462.23 | - | - | 3,462.23 | |
| Actuarial loss on gratuity fund including deferred tax thereon | - | - | - | - | - | - | - | - | - | (9.02) | (9.02) | |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | - | - | 136.08 | - | 136.08 | |
| Actuarial loss on gratuity fund including deferred tax thereon transferred to retained earnings | - | - | - | - | - | - | - | (9.02) | - | 9.02 | - | |
| Balance as of June 30, 2016 | 84,741,470 | 423.71 | 0.41 | 11,834.27 | 10,145.19 | 1,470.03 | - | 26,022.62 | 697.66 | - | 50,593.89 | |

Oracle Financial Services Software Limited

Consolidated Statements of Changes in Equity for the year ended March 31, 2017

Year ended March 31, 2017

(Amounts in ₹ million, except share data)

| Particulars | Equity share capital | | Other equity | | | | | | | Total equity attributable to equity holders of the Company | |
|---|----------------------|---------------|---|--------------------|------------------|------------------------------------|-------------------------|-------------------|--------------------------------------|--|---|
| | No of shares | Share capital | Share application money pending allotment | Securities premium | General reserve | Employee stock options outstanding | Gain on Treasury shares | Retained earnings | Other comprehensive income | | |
| | | | | | | | | | Foreign currency translation reserve | | Remeasurement of defined benefit obligation |
| Balance as of April 1, 2016 | 84,690,036 | 423.45 | 3.00 | 11,690.40 | 10,145.19 | 1,345.71 | - | 22,569.41 | 561.58 | - | 46,738.74 |
| <i>Changes in equity for year ended March 31, 2017</i> | | | | | | | | | | | |
| Application money received for exercised options | - | - | 589.42 | - | - | - | - | - | - | - | 589.42 |
| Shares issued for exercised options | 250,228 | 1.25 | (566.26) | 565.01 | - | - | - | - | - | - | - |
| Stock compensation charge | - | - | - | - | - | 780.44 | - | - | - | - | 780.44 |
| Forfeiture of options | - | - | - | - | - | (17.65) | - | 17.65 | - | - | - |
| Stock compensation related to options exercised | - | - | - | 273.45 | - | (273.45) | - | - | - | - | - |
| Profit for the year | - | - | - | - | - | - | - | 11,853.85 | - | - | 11,853.85 |
| Final equity dividend including dividend distribution tax thereon | - | - | - | - | - | - | - | (9,902.95) | - | - | (9,902.95) |
| Interim equity dividend including dividend distribution tax thereon | - | - | - | - | - | - | - | (17,205.48) | - | - | (17,205.48) |
| Actuarial loss on gratuity fund including deferred tax thereon | - | - | - | - | - | - | - | - | - | (31.71) | (31.71) |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | - | - | (176.45) | - | (176.45) |
| Actuarial loss on gratuity fund including deferred tax thereon transferred to retained earnings | - | - | - | - | - | - | - | (31.71) | - | 31.71 | - |
| Balance as of March 31, 2017 | 84,940,264 | 424.70 | 26.16 | 12,528.86 | 10,145.19 | 1,835.05 | - | 7,300.77 | 385.13 | - | 32,645.86 |

The accompanying notes form an integral part of the unaudited condensed consolidated financial statements.

Oracle Financial Services Software Limited

Notes annexed to and forming part of the unaudited condensed consolidated financial statements for three month period ended June 30, 2017

Note 1: Corporate information

Oracle Financial Services Software Limited (the “Company”) was incorporated in India with limited liability on September 27, 1989. The Company is domiciled in India and has its registered office at Mumbai, Maharashtra, India. The Company is a subsidiary of Oracle Global (Mauritius) Limited holding 74.05% (March 31, 2017 - 74.23%) ownership interest in the Company as at June 30, 2017.

The Company along with its subsidiaries and associate is principally engaged in the business of providing information technology solutions and business processing services to the financial services industry worldwide. The Company has a suite of banking products, which caters to the transaction processing and compliance needs of corporate, retail and investment banks across the world.

The Company has following subsidiaries, associate and controlled entities (hereinafter collectively referred as the “OFSS group”):

| Companies | Country of Incorporation | Holding % | 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 |
| i-flex Employee Stock Option Trust | India | – | Controlled trust |
| 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. | | | |
| Sotas Inc. | United States of America | 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 month period ended June 30, 2017

2. Accounting policies

The OFSS Group adopted Indian Accounting Standards (Ind AS) from April 1, 2016. These interim consolidated financial statements have been prepared in accordance with Ind AS 34 - Interim Financial Reporting as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

The OFSS Group has followed the same accounting policies and methods of computation in preparing the interim financial statements as were followed for the year ended March 31, 2017.

3. Capital Commitments

| Particulars | (Amounts in ₹ million) | |
|--|------------------------|----------------|
| | June 30, 2017 | March 31, 2017 |
| Contracts remaining to be executed on capital account not provided for (net of advances) | 200.55 | 224.42 |

4. SEGMENT INFORMATION

The OFSS group is organized by business segment and geographically. For management purposes the OFSS 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')

Segment revenue and expense:

Revenue is generated through licensing of software products as well as by providing software solutions to the customers including consulting services and business process outsourcing services. The expenses which are not directly attributable to a business segment are classified as unallocable expenses.

Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of trade receivables, net of allowances, unbilled revenue, deposits for premises and property, plant and equipment. Segment liabilities primarily includes trade payables, deferred revenues, advance from customer, employee benefit obligations and other current liabilities. While most of such assets and liabilities can be directly attributed to individual segments, the carrying amount of certain assets and liabilities used jointly by two or more segments is allocated to the segment on a reasonable basis. Assets and liabilities that cannot be allocated between the segments are shown as part of unallocable assets and liabilities.

Three month period ended June 30, 2017

(Amounts in ₹ million)

| Particulars | Products | Services | BPO - Services | Total |
|------------------------------|-----------|----------|----------------|------------|
| Revenue | 10,524.75 | 1,229.40 | 283.42 | 12,037.57 |
| Segment result | 5,335.82 | 87.76 | 90.90 | 5,514.48 |
| Unallocable expenses | | | | (427.34) |
| Finance income | | | | 178.53 |
| Other income, net | | | | (10.36) |
| Share in (loss) of associate | | | | - |
| Profit before tax | | | | 5,255.31 |
| Tax expenses | | | | (1,558.83) |
| Profit for the period | | | | 3,696.48 |

Three month period ended June 30, 2016

(Amounts in ₹ million)

| Particulars | Products | Services | BPO - Services | Total |
|------------------------------|----------|----------|----------------|------------|
| Revenue from operations | 9,982.02 | 1,497.36 | 291.96 | 11,771.34 |
| Segment result | 4,540.03 | 189.89 | 89.19 | 4,819.11 |
| Unallocable expenses | | | | (259.18) |
| Finance income | | | | 415.05 |
| Other income, net | | | | 120.09 |
| Share in (loss) of associate | | | | (1.61) |
| Profit before tax | | | | 5,093.46 |
| Tax expenses | | | | (1,631.23) |
| Profit for the period | | | | 3,462.23 |

Oracle Financial Services Software Limited

Notes annexed to and forming part of the unaudited condensed consolidated financial statements for three month period ended June 30, 2017

Three month period ended June 30, 2017

(Amounts in ₹ million)

| Particulars | Other information | | | | Total |
|--------------------------------|-------------------|----------|----------------|-------------|-----------|
| | Products | Services | BPO - Services | Unallocable | |
| Capital expenditure by segment | | | | | |
| Property, Plant and Equipment | 48.93 | 10.98 | 2.42 | 6.30 | 68.63 |
| Depreciation and amortisation | 124.67 | 21.67 | 8.18 | 8.92 | 163.44 |
| Other non cash expenses | (32.14) | (5.78) | 0.12 | 0.06 | (37.74) |
| Segment assets | 21,054.10 | 2,222.42 | 406.82 | 25,187.41 | 48,870.75 |
| Segment liabilities | 8,185.36 | 988.58 | 127.97 | 2,561.98 | 11,863.89 |
| Equity | - | - | - | 37,006.86 | 37,006.86 |

Three month period ended June 30, 2016

(Amounts in ₹ million)

| Particulars | Other information | | | | Total |
|--------------------------------|-------------------|----------|----------------|-------------|-----------|
| | Products | Services | BPO - Services | Unallocable | |
| Capital expenditure by segment | | | | | |
| Property, Plant and Equipment | 305.36 | 94.13 | - | 86.27 | 485.76 |
| Depreciation and amortisation | 142.73 | 23.88 | 19.55 | 5.65 | 191.81 |
| Other non cash expenses | 30.21 | (0.11) | 0.06 | 0.08 | 30.24 |
| Segment assets | 19,164.19 | 2,778.11 | 318.08 | 40,256.98 | 62,517.36 |
| Segment liabilities | 8,477.19 | 1,059.01 | 140.20 | 2,247.07 | 11,923.47 |
| Equity | - | - | - | 50,593.89 | 50,593.89 |

Oracle Financial Services Software Limited

Unaudited Condensed Consolidated Statement of Cash Flow for the three month period ended June 30, 2017

| | (Amounts in ₹ million) | |
|--|--|------------------|
| | Three month period ended June 30, | |
| | 2017 | 2016 |
| Net cash provided by operating activities | 3,446.70 | 4,421.06 |
| Net cash provided by investing activities | 40.25 | 1,522.68 |
| Net cash (used in) provided by financing activities | (16,810.29) | 95.61 |
| Net (decrease) increase in cash and cash equivalents | (13,323.34) | 6,039.35 |
| Cash and cash equivalents at beginning of the period | 25,914.71 | 5,789.66 |
| Effect of exchange difference on cash and bank balances | 100.85 | 200.30 |
| Cash and cash equivalents at end of the period | 12,692.22 | 12,029.31 |
| Component of cash and cash equivalents | | |
| Cheques on hand | 9.12 | - |
| Funds in transit | - | 48.29 |
| Balances with banks: | | |
| In current accounts* | 10,852.03 | 9,520.12 |
| In deposit accounts with original maturity of less than three months | 1,708.83 | 2,320.69 |
| In unclaimed dividend account** | 122.24 | 140.21 |
| Total cash and cash equivalents | 12,692.22 | 12,029.31 |

*Current account includes ₹ 4.08 (June 30, 2016 ₹ 358.47) on account of restricted cash and bank balances held by i-flex Employee Stock Option Trust controlled by the Company.

**These balances will be utilized only towards the respective unpaid dividend.