



Cambridge Solutions Limited

Xchanging Tower, SJR I Park, Opp. Satya Sai Hospital, 13,14,15, EPIP Park, Whitefield, Bangalore-560066

Unaudited Financial results for the quarter and nine months ended September 30, 2011

(Rs in lakhs)

	Particulars	Quarter ended September 30,		Nine months ended September 30,		Year ended
		2011	2010	2011	2010	December 31,
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1.	Net Sales/ Income from Operations	3,169	5,233	14,913	16,184	21,792
2.	Expenditure					
	a) Employee Costs	1,983	2,715	7,907	7,917	10,306
	b) Project Work Expenses	137	158	478	1,483	1,824
	c) Exchange loss / (gain)	-736	270	-464	480	376
	d) Depreciation and Amortisation	113	361	793	1,046	1,392
	e) Other Expenditure	694	1,403	3,377	3,966	5,499
	Total	2,191	4,907	12,091	14,892	19,397
3.	Profit from Operations before Other income, Finance cost and Exceptional Items (1-2)	978	326	2,822	1,292	2,395
4.	Other Income	88	157	383	493	659
5.	Profit before Finance cost and Exceptional Items (3+4)	1,066	483	3,205	1,785	3,054
6.	Finance Cost	49	153	336	532	735
7.	Profit after Finance cost but before Exceptional Items (5-6)	1,017	330	2,869	1,253	2,319
8.	Exceptional Items (refer note 3 and 5)	-28,061	-	12,466	-	2,283
9.	Profit (+) / Loss (-) from ordinary activities before tax (7-8)	29,078	330	-9,597	1,253	36
10.	Tax Expense	-	-36	204	-36	184
11.	Net Profit (+) / Loss (-) for the period (9-10)	29,078	366	-9,801	1,289	-148
12.	Paid up Equity Share Capital (Face Value per Share Rs 10/-)	11,140	11,140	11,140	11,140	11,140
13.	Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss w/c, if any)	-	-	-	-	15,782
14.	Earning / (Loss) Per Share (Rs.)					
	- Basic	26.10	0.33	-8.80	1.16	0.13
	- Diluted	26.10	0.33	-8.80	1.16	-0.13
15.	Public shareholding					
	- Number of Shares	27,164,552	27,119,556	27,164,552	27,119,556	27,164,552
	- Percentage of shareholding	24.38%	24.34%	24.38%	24.34%	24.38%
16.	Promoters and promoter group Shareholding					
	a. Pledged / Encumbered					
	-Number of Shares	-	-	-	-	-
	-Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	-	-	-	-	-
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	-	-	-	-	-
	b. Non Encumbered					
	-Number of Shares	84,239,164	84,284,160	84,239,164	84,284,160	84,239,164
	-Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	75.62%	75.66%	75.62%	75.66%	75.62%



Segment-wise Revenue, Results and Capital Employed

Segment Reporting		(Rs in lakhs)			
Particulars	Quarter ended September 30,		Nine months ended September 30,		Year ended
	2011	2010	2011	2010	December 31,
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Segment Revenue					
IT	2,329	2,026	6,819	6,858	9,236
BPO (discontinued operation)	845	3,249	8,129	9,445	12,702
Total	3,174	5,275	14,948	16,303	21,938
Less: Inter-segment revenue	5	42	35	119	146
Net Income from operations	3,169	5,233	14,913	16,184	21,792
Segment Results Profit(+)/Loss(-) before Exceptional, Prior period, Tax and interest from each segment					
IT	754	-283	913	-382	370
BPO (discontinued operation)	257	609	2,237	1,674	2,678
Total	1,011	326	3,150	1,292	3,048
Less: Inter-segment profit	-	-	-	-	-
Net segment results	1,011	326	3,150	1,292	3,048
Exceptional and prior period items					
IT	-	-	-	-	-237
BPO (discontinued operation)	-	-	-	-	-
Total	-	-	-	-	-237
Segment Results Profit(+)/Loss(-) before Tax and Interest from each segment					
IT	754	-283	913	-382	607
BPO (discontinued operation)	257	609	2,237	1,674	2,678
Total	1,011	326	3,150	1,292	3,285
Less: Inter-segment profit	-	-	-	-	-
Net segment results	1,011	326	3,150	1,292	3,285
Less: Unallocable items	-	-	-	-	-
Exceptional and prior period items	-28,061	-	12,466	-	2,520
Interest Expense	49	153	336	532	735
Other Operating Income	-	-	-	-	-
Other Income	-55	-157	-55	-493	-6
Total Profit Before Tax	29,078	330	-9,597	1,253	36
Capital Employed (Segment Assets-Segment Liabilities)					
IT	5,661	1,036	5,661	1,036	2,235
BPO (discontinued operation)	-	12,277	-	12,277	12,067
Unallocated	11,460	15,051	11,460	15,051	12,620
Total	17,121	28,364	17,121	28,364	26,922



Unaudited consolidated Financial results for the quarter and nine months ended September 30, 2011

(Rs in lakhs)

Sl. No.	Particulars	Quarter ended September 30,		Nine months ended September 30,		Year ended
		2011	2010	2011	2010	December 31,
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1.	Net Sales/ Income from Operations	6,101	26,513	49,561	78,294	105,771
2.	Expenditure					
	n) Employee Costs	3,951	16,311	32,855	50,102	61,852
	b) Project Work Expenses	426	4,212	5,495	9,865	16,318
	c) Exchange loss / (gain)	-738	1,001	-178	1,142	1,328
	d) Depreciation and Amortisation	150	658	1,222	1,966	2,817
	e) Other Expenditure	1,853	4,732	11,940	14,444	21,458
	Total	5,642	26,914	51,334	77,519	103,773
3.	Profit from Operations before Other Income, Finance cost and Exceptional Items (1-2)	459	-401	-1,773	775	1,998
4.	Other Income	186	450	697	1,145	3,687
5.	Profit before Finance cost and Exceptional Items (3+4)	645	49	-1,076	1,920	5,685
6.	Finance Cost	39	852	-1,446	2,435	3,370
7.	Profit after Finance cost but before Exceptional and Prior period Items (5-6)	606	-803	370	-515	2,315
8.	Exceptional Items	-47,969	111	-53,682	267	8,454
9.	Profit(+) / Loss(-) from ordinary activities before tax (7-8)	48,575	-914	54,052	-782	-6,139
10.	Tax Expense	17	-350	461	-71	474
11.	Net Profit(+) / Loss(-) from ordinary activities after tax (10-11)	48,558	-564	53,591	-711	-6,613
12.	Paid up Equity Share Capital (Face Value per Share Rs 10/-)	11,140	11,140	11,140	11,140	11,140
13.	Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss a/c, if any)	-	-	-	-	(36,469)
14.	Earning / (Loss) Per Share (Rs.)					
	- Basic	43.59	-0.51	48.11	-0.64	-5.94
	- Diluted	43.59	-0.51	48.11	-0.64	-5.94
15.	Public Shareholding					
	- Number of Shares	27,164,532	27,119,556	27,164,552	27,119,556	27,164,532
	- Percentage of shareholding	24.38%	24.34%	24.38%	24.34%	24.38%
16.	Promoters and promoter group Shareholding					
	a. Pledged / Encumbered					
	-Number of Shares	-	-	-	-	-
	-Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	-	-	-	-	-
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	-	-	-	-	-
	b. Non Encumbered					
	-Number of Shares	84,239,164	84,284,160	84,239,164	84,284,160	84,239,164
	-Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	100.00%	100.00%	100%	100.00%	100.00%
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	75.62%	75.66%	75.62%	75.66%	75.62%



Segment-wise Revenue, Results and Capital Employed

Segment Reporting (Consolidated) :

(Rs in lakhs)

Particulars	Quarter ended September 30,		Nine months ended September 30,		Year ended
	2011	2010	2011	2010	December 31,
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Segment Revenue					
IT	5,266	5,586	15,847	16,295	22,012
BPO (discontinued operations)	840	21,053	33,902	62,394	84,263
Total	6,106	26,639	49,749	78,689	106,275
Less: Inter-segment revenue	5	126	188	395	504
Net Income from operations	6,101	26,513	49,561	78,294	105,771
Segment Results Profit(+)/Loss(-) before Exceptional, Prior period, Tax and interest from each segment					
IT	965	-265	994	-638	237
BPO (discontinued operations)	-381	-131	-2,234	1,453	5,349
Total	584	-396	-1,240	815	5,586
Less: Inter-segment profit	-	5	-	40	9
Net segment results	584	-401	-1,240	855	5,577
Exceptional and prior period items					
IT	-	-	-	-	-238
BPO (discontinued operations)	-	111	-	267	1,721
Total	-	111	-	267	1,483
Segment Results Profit(+)/Loss(-) before Tax and interest from each segment					
IT	965	-265	994	-638	475
BPO (discontinued operations)	-381	-242	-2,234	1,186	3,628
Total	584	-507	-1,240	548	4,103
Less: Inter-segment profit	-	5	-	40	9
Net segment results	584	-512	-1,240	588	4,094
Less: Unallocable items	-	-	-	-	-
Exceptional and prior period items	-47,969	-	-53,682	-	6,971
Interest Expense	39	852	-1,447	2,435	3,370
Other Income	-61	-450	-163	-1,145	-108
Total Loss Before Tax	48,575	-914	54,052	-702	-6,139
Capital Employed					
(Segment Assets-Segment Liabilities)					
IT	21,316	17,550	21,316	17,550	13,884
BPO (discontinued operations)	-	8,616	-	8,616	8,862
Unallocated	2,355	-44,921	2,355	-44,921	-48,075
Total	23,671	-18,755	23,671	-18,755	-25,329



Notes to above results :

(Rs in lakhs)

1. The above financial results of Cambridge Solutions Limited ('the Company') and its subsidiaries (together 'the Group') have been reviewed and recommended by the Audit Committee, and approved by the Board of Directors ('the Board') on November 11, 2011, and a limited review has been carried out by the statutory auditors of the Company.
2. Up to the period ended September 30, 2011 the Company/ Group was organised into two business segments, viz., Information Technology and related services (IT) and Business Process Outsourcing ('BPO'). The segments were identified and reported considering industry segments of customers, risks and returns, organisation structure and internal financial reporting systems. As all businesses under BPO segment of the Company/ Group have been disposed of during the period, the BPO segment is disclosed as discontinued operations under segment reporting.
3. Cambridge Integrated Services Group Inc, USA, a wholly owned subsidiary ('CISGI'), entered into agreements dated May 31, 2011 with Sedgwick Claims Management Services, Inc, USA for the sale of its workers' compensation and third party administration operations. Subsequently, on August 31, 2011, the Company has sold its investment in CISGI (refer note 6). Pursuant to the above, CISGI operations have been considered as discontinued operations from the quarter ended June 30, 2011.
4. The Company had issued a corporate guarantee in favour of Xchanging UK Limited, UK, a fellow subsidiary ('XUK'), in connection with a loan aggregating to US\$ 65.6 million (Rs.29,336) granted between 2009 and 2010 to CISGI. On June 10, 2011, XUK called the loan amount. CISGI replied that it would not be able to repay loan. Thereafter, XUK, invoked the corporate guarantee on the Company. The Board, in the meeting held on June 10, 2011, acknowledged the liability of US\$ 65.6 million (Rs.29,336) to XUK on account of invocation of the corporate guarantee and the rights of XUK were subrogated to the Company (which was reflected as an asset recoverable from CISGI in recognition of the legal right). In order to honour the financial commitment arising out of invocation of corporate guarantee, various alternatives were explored by the Board and following decisions were approved:
 - (a). The Company entered into a Business Transfer Agreement with Xchanging Technology Services India Private Limited, India, a fellow subsidiary ('XTSI'), for sale of its India BPO business including its Investments in Cambridge Builders Private Limited ('CBPL'), a wholly owned subsidiary of the Company on a slump sale basis for consideration of Rs.29,980. The transaction has been approved by the Board in the meeting held on June 13, 2011. Thereafter, a postal ballot process for shareholders approval was initiated on June 18, 2011 and completed on July 19, 2011. The transaction was finally concluded on July 21, 2011. The Company has recognised a profit on sale of assets of Rs 25,391. Due to certain procedural matters relating to approval from authorities of Special Economic Zone (SEZ), the legal ownership of CBPL has not been transferred to date, but management control has been transferred to XTSI effective July 21, 2011. The Company has received confirmation from the Office of Development Commissioner SEZ vide their letter dated September 29, 2011 for proposed transfer of legal ownership. Though there is no specific requirement under SEZ Act to take Board of Approval (BOA) approval before transferring legal ownership; however, as a matter of abundant caution, the Company is in process of seeking clarity on this matter and in due course, the legal ownership of CBPL will be transferred. Pursuant to the above, the India BPO business has been considered as discontinued operations from quarter ended June 30, 2011.
 - (b). The Company entered into a Share Purchase Agreement with Xchanging Procurement Pty Limited, Australia, a fellow subsidiary, for sale of shares held by the Company in Cambridge Integrated Services Victoria Pty Ltd, Australia, a wholly owned subsidiary of the Company ('CISV'), for a consideration of US\$ 16.7 million (Rs.7,459). The transaction has been approved by the Board in the meeting held on June 13, 2011. The initial investment value of Rs.2,406 was increased pursuant to a Court merger scheme in an earlier year by Rs.6,374. Accordingly, the transaction has led to a loss of Rs.1,322. On the other hand, in the consolidated results for the quarter ended June 30, 2011, the above sale has generated a loss of Rs.3,315 (after release of credit under foreign currency translation reserve of Rs.1,939). Pursuant to the above, BPO Australian business has been considered as discontinued operations from quarter ended June 30, 2011.
5. The Board of Directors in its meeting held on August 12, 2011, approved the conversion of subrogated right (refer note 4) of US\$ 65.6 million into the equity shares of CISGI for an equivalent amount and accordingly the shareholder funds in CISGI Balance Sheet has increased by US\$65.6 million. The Company has made relevant filings with the Authorised Dealer Bank in relation to such conversion. However, Accounting Standard 13 requires recognition of investment at fair value in case of acquisition of investment in exchange of other assets. In compliance with aforesaid accounting standard, the Company has recorded the investment at a Nil value and balance amount of US\$ 65.6 million has been recorded as loss on fair value accounting of investments.
6. The Board of Directors in its meeting held on August 30, 2011, approved the sale of entire shareholding in CISGI to Waltham Holdings Limited, Jersey, Channel Islands (a related entity of the ultimate holding company) for a consideration of US\$ 1000.
7. The Company has investments amounting to Rs.6,768 in Seadent Group, Inc., USA ('SG Inc'), a wholly owned subsidiary. Further, the Company has granted loans and advances aggregating to Rs.1,7283 and also has receivables (net of payables) from the subsidiary amounting to Rs.2,651. Based on an evaluation, the Company has made a provision of Rs.17,533 against the loans, advances and receivables. The Company considers SG Inc a strategic long term investment and based on future growth projections, in the opinion of the management, the aforesaid investments and receivables are considered good and recoverable.
8. Based on the orders of the Debt Recovery Tribunal, the Company had issued duplicate debenture certificates for 625,000 debentures of face value of Rs.100 each in favour of a Bank in June 2007. These debentures were redeemed in June 2007 and the same was disclosed in the annual report for the year ending March 2007. In August 2007, a civil suit was filed against the Company with the Hon'ble Madras High Court by another company claiming rights over those debentures. The Management and Directors of the Company have recently become aware that the Hon'ble High Court passed an Interim Order in September 2007 restraining the Company from reflecting the redemption of debentures and directing the Company to continue to show it as due and payable. The said Order was made absolute in December 2010. The Company, in consultation with a senior legal counsel, has filed an appeal against the interim order of the Hon'ble High Court, as the debentures had already been reflected as redeemed in the Company's accounts. Since it is not possible to show the debentures as due and payable, the Company is awaiting the decision of the Hon'ble High Court in the Company's appeal, pending which, no adjustment has been made in the accounts.
9. Subsequent to the quarter ended September 30, 2011, the Board of Directors at its meeting held on October 27, 2011 has approved the sale of investment in its indirect wholly owned subsidiary Cambridge Solution SARL, France for a nominal consideration of Euro 1. On the date of sale the Company's subsidiary Cambridge Solutions Europe Ltd, U.K. has an investment of GBP 0.45 million in Cambridge Solution SARL France. Resultant loss on sale of investment will be booked in the quarter ended December 31, 2011. Cambridge Solution SARL France ceases to be a subsidiary of the Group with effect from October 28, 2011.



10. Exceptional items as per consolidated results of the group comprises the following:

- (i). Employees cost amounting to Rs 543 paid towards vacation pay to employees on termination of their contract with CISCI at the time of transfer of their employment contract to Sedgewick on sale of CISCI's operations in the prior quarter has been expensed in current quarter.
 - (ii). Year to date profit of Rs.1,392 relating to sale of workers' compensation and third party administration operations in the USA [Refer Note 3 above].
 - (iii). Year to date loss of Rs.3,315 arising from sale of shares in Cisy [Refer Note 4(b) above].
 - (iv). Year to date profit of Rs.7,153 relating to impairment of assets, reassessment of liabilities and reversal of provision related to discontinued operations.
 - (v). For the quarter and year to date profit on sale of investment in CISCI Rs 23,122 [Refer Note 6]
 - (vi). For the quarter and year to date profit on sale of Rs 25,390 arising from sale of assets of India BPO business. [Refer Note 4a]
11. Exceptional items as per standalone results of the Company comprises the following:
- (i). Year to date loss of Rs.1,322 arising from sale of shares in Cisy [Refer Note 4(b) above].
 - (ii). In quarter ending June 30, 2011 the company made provision of Rs.29,336 relating to impairment of same recognised on subrogation right from XUK [Refer Note 4 above]. In current quarter the company has converted the subrogated right into equity share of CISCI [Refer Note 5] accordingly provision has been reversed.
 - (iii). Year to date loss on fair value accounting of investment Rs.29,336 [Refer Note 5].
 - (iv). Year to date provision of Rs.9,869 relating to impairment of loans and advances granted to SQ Inc [Refer Note 7 above].
 - (v). For the quarter and year to date profit on sale of Rs 28,061 arising on sale of assets of India BPO [Refer Note 4a].
 - (vi). For the quarter and year to date Rs 2,320 is recognised as a loss on sale on investment in CISCI and corresponding investment impairment provision has been written back.

12. The amounts for the previous period have been reclassified wherever necessary to conform to the current period presentation.

13. Information on inventory complaints for the quarter ended September 30, 2011 is as follows: Opening balance: Nil; New: 2; Disposed: 2; Closing balance: Nil.