



Cambridge Solutions Limited

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

Unaudited Financial results for the quarter and half year ended June 30, 2009

(Rs in Lakhs)

Sl. No.	Particulars	3 months ended 30/6/2009	Corresponding 3 months ended 30/6/2008 in the previous year	Year to date figures for six months ended 30/6/2009	Year to date figures for six months ended 30/6/2008	Nine months ended 31/12/2008
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1.	(a) Net Sales/ Income from Operations					
	- Software development and related services	3,640	4,379	7,310	9,182	13,396
	- Revenue from Information Technology enabled Software services	2,932	2,351	5,663	2,351	7,960
	(b) Other Operating Income	124	78	283	78	354
	<b>Total Operating income(a+b)</b>	<b>6,696</b>	<b>6,808</b>	<b>13,256</b>	<b>11,611</b>	<b>21,710</b>
2.	Total Expenditure					
	a) Employee Costs	2,314	2,509	4,719	3,951	7,637
	b) Project Work Expenses	1,459	1,817	3,252	3,923	5,882
	c) Bad Debts / Provision for Bad and Doubtful Debts	-21	1	63	-1,489	543
	d) Depreciation and Amortisation	356	335	695	425	1,064
	e) Other Expenditure	1,953	1,048	2,395	1,875	3,889
	<b>Total</b>	<b>6,061</b>	<b>5,710</b>	<b>11,124</b>	<b>8,685</b>	<b>19,015</b>
3.	<b>Profit from Operations before Other income, Finance cost and Exceptional items (1-2)</b>	<b>635</b>	<b>1,098</b>	<b>2,132</b>	<b>2,926</b>	<b>2,695</b>
4.	Other Income	20	2	39	21	11
5.	<b>Profit before Finance cost and Exceptional items (3+4)</b>	<b>655</b>	<b>1,100</b>	<b>2,171</b>	<b>2,947</b>	<b>2,706</b>
6.	Finance Cost	393	203	741	290	740
7.	<b>Profit after Finance cost but before Exceptional Items (5-6)</b>	<b>262</b>	<b>897</b>	<b>1,430</b>	<b>2,657</b>	<b>1,966</b>
8.	Exceptional Items	0	0	0	0	702
9.	<b>Profit(+) / Loss(-) from ordinary activities before tax (7+8)</b>	<b>262</b>	<b>897</b>	<b>1,430</b>	<b>2,657</b>	<b>1,264</b>
10.	<b>Tax Expense</b>					
	- Current Tax (including earlier year tax)	199	117	330	141	(38)
	- Deferred tax charge	0	7	0	7	70
	- Fringe Benefit Tax	22	25	44	43	64
11.	<b>Net Profit(+) / Loss(-) from ordinary activities after tax (9-10)</b>	<b>41</b>	<b>748</b>	<b>1,056</b>	<b>2,466</b>	<b>1,168</b>
12.	Extraordinary items (net of tax expenses)	0	0	0	0	0
13.	<b>Net Profit(+) / Loss(-) for the period (11-12)</b>	<b>41</b>	<b>748</b>	<b>1,056</b>	<b>2,466</b>	<b>1,168</b>
14.	Paid up Equity Share Capital (Face Value per Share Rs 10/-)	11,137	11,134	11,137	11,134	11,137
15.	Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year	0	0	0	0	13,840
16.	Earning Per Share (Rs.)					
(a)	Basic and diluted EPS before Extraordinary Items for the period, for the year to date and for the previous year (not annualised).					
	- Basic	0.04	0.67	0.95	2.21	1.05
	- Diluted	0.04	0.67	0.95	2.21	1.05
(b)	Basic and diluted EPS after Extraordinary Items for the period, for the year to date and for the previous year (not annualised).					
	- Basic	0.04	0.67	0.95	2.21	1.05
	- Diluted	0.04	0.67	0.95	2.21	1.05
17.	Public shareholding					
	- Number of Shares	26,666,322	43,028,826	26,666,322	43,028,826	55,585,051
	- Percentage of shareholding	23.94%	38.65%	23.94%	38.65%	49.91%
18.	Promoters and promoter group Shareholding					
	a. Pledged / Encumbered					
	-Number of Shares	0	N.A.	0	N.A.	54,832,813
	-Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	0%	N.A.	0%	N.A.	98.30%
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	0%	N.A.	0%	N.A.	49.25%
	b. Non Encumbered					
	-Number of Shares	84,699,061	N.A.	84,699,061	N.A.	947,519
	-Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	100%	N.A.	100%	N.A.	1.70%
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	76.06%	N.A.	76.06%	N.A.	0.85%

Segment-wise Revenue, Results and Capital Employed

(Rs in Lakhs)

Segment Reporting		3 months ended 30/6/2009	Corresponding 3 months ended 30/6/2008 in the previous year	Year to date figures for six months ended 30/6/2009	Year to date figures for six months ended 30/6/2008	Nine months ended 31/12/2008
Particulars		Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Segment Revenue</b>						
	(a)IT	3,653	4,427	7,336	9,230	13,484
	(b)BPO	2,932	2,351	5,663	2,351	7,960
	<b>Total</b>	<b>6,585</b>	<b>6,778</b>	<b>12,999</b>	<b>11,581</b>	<b>21,444</b>
	Less: Inter-segment revenue	13	48	26	48	88
	<b>Net Income from operations</b>	<b>6,572</b>	<b>6,730</b>	<b>12,973</b>	<b>11,533</b>	<b>21,356</b>
<b>Segment Results(Profit+)/Loss(-) before Tax and interest from each segment</b>						
	IT	-211	397	287	2,225	-491
	BPO	846	623	1,845	623	2,484
	<b>Total</b>	<b>635</b>	<b>1,020</b>	<b>2,132</b>	<b>2,848</b>	<b>1,993</b>
	Less: Inter-segment profit	0	0	0	0	0
	<b>Net segment results</b>	<b>635</b>	<b>1,020</b>	<b>2,132</b>	<b>2,848</b>	<b>1,993</b>
	Less: Unallocable					
	Interest Expense	393	203	741	290	740
	Other Operating Income	0	0	0	0	0
	Other Income	-20	-80	-39	-99	-11
	<b>Total Profit Before Tax</b>	<b>262</b>	<b>897</b>	<b>1,430</b>	<b>2,657</b>	<b>1,264</b>
<b>Capital Employed</b>						
<b>(Segment Assets-Segment Liabilities)</b>						
	(a)IT	9,211	9,396	9,211	9,396	10,696
	(b)BPO	4,851	2,788	4,851	2,788	3,093
	<b>Total</b>	<b>14,062</b>	<b>12,184</b>	<b>14,062</b>	<b>12,184</b>	<b>13,789</b>



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Unaudited Consolidated Financial results for the quarter ended June 30, 2009

(Rs in Lakhs)

Sl. No.	Particulars	3 months ended 30/6/2009	Corresponding 3 months ended 30/6/2008 in the previous year	Year to date figures for six months ended 30/6/2009	Year to date figures for six months ended 30/6/2008	Nine months ended 31/12/2008
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1.	(a) Net Sales/ Income from Operations					
	- Software development and related services	6,574	8,101	14,104	16,523	24,081
	- Claim service fee	20,971	20,813	39,006	41,250	56,012
	- Revenue from Information Technology enabled Software services	2,612	1,938	5,028	3,542	6,857
	(b) Other Operating Income	124	78	283	190	354
	<b>Total Operating income(a+b)</b>	<b>30,281</b>	<b>30,930</b>	<b>58,421</b>	<b>61,505</b>	<b>87,304</b>
2.	Total Expenditure					
	a) Employee Costs	17,759	18,011	35,753	36,516	56,033
	b) Project Work Expenses	4,138	3,842	7,974	7,802	11,623
	c) Depreciation and Amortisation	1,138	1,027	2,296	1,797	4,701
	e) Other Expenditure	7,395	6,783	11,940	13,153	20,289
	<b>Total</b>	<b>30,430</b>	<b>29,663</b>	<b>57,963</b>	<b>59,268</b>	<b>92,646</b>
3.	<b>Profit from Operations before Other income, Finance cost and Exceptional items (1-2)</b>	<b>-149</b>	<b>1,267</b>	<b>459</b>	<b>2,237</b>	<b>-5,342</b>
4.	Other Income	256	256	407	654	852
5.	<b>Profit before Finance cost and Exceptional items (3+4)</b>	<b>107</b>	<b>1,523</b>	<b>866</b>	<b>2,891</b>	<b>-4,490</b>
6.	Finance Cost	1,273	752	2,062	1,507	2,700
7.	<b>Profit after Finance cost but before Exceptional and Prior period Items (5-6)</b>	<b>-1,166</b>	<b>771</b>	<b>-1,196</b>	<b>1,384</b>	<b>-7,190</b>
8.	Exceptional Items	24,857	0	30,936	0	6,646
9.	Prior period items	943	0	943	0	0
10.	<b>Profit(+) / Loss(-) from ordinary activities before tax (7-8-9)</b>	<b>-26,966</b>	<b>771</b>	<b>-33,076</b>	<b>1,384</b>	<b>-13,836</b>
11.	Tax Expense					
	- Current Tax (including earlier year tax)	342	158	584	-9	1,010
	- Deferred Tax	182	260	254	1,485	197
	- Fringe Benefit Tax	43	59	91	132	162
12.	<b>Net Profit(+) / Loss(-) from ordinary activities after tax (10-11)</b>	<b>-27,533</b>	<b>294</b>	<b>-34,005</b>	<b>(224)</b>	<b>-15,205</b>
13.	Extraordinary items (net of tax expenses)	0	0	0	0	0
14.	<b>Net Profit(+) / Loss(-) for the period (12-13)</b>	<b>-27,533</b>	<b>294</b>	<b>-34,005</b>	<b>(224)</b>	<b>-15,205</b>
15.	Paid up Equity Share Capital (Face Value per Share Rs 10/-)	11,137	11,134	11,137	11,134	11,137
17.	Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss a/c)	0	0	0	0	-328
18.	Earning Per Share (Rs.)					
(a)	Basic and diluted EPS before Extraordinary Items for the period, for the year to date and for the previous year (not annualised).					
	- Basic	-24.72	0.26	-30.53	-0.20	-13.65
	- Diluted	-24.72	0.26	-30.53	-0.20	-13.65
(b)	Basic and diluted EPS after Extraordinary Items for the period, for the year to date and for the previous year (not annualised).					
	- Basic	-24.72	0.26	-30.53	-0.20	-13.65
	- Diluted	-24.72	0.26	-30.53	-0.20	-13.65
19.	Public Shareholding					
	- Number of Shares	26,666,322	43,028,826	26,666,322	43,028,826	55,585,051
	- Percentage of shareholding	23.94%	38.65%	23.94%	38.65%	49.91%
20.	Promoters and promoter group Shareholding					
a.	Pledged / Encumbered					
	-Number of Shares	0	N.A.	0	N.A.	54,832,813
	-Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	0%	N.A.	0%	N.A.	98.30%
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	0%	N.A.	0%	N.A.	49.24%
b.	Non Encumbered					
	-Number of Shares	84,699,061	N.A.	84,699,061	N.A.	947,519
	-Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	100.00%	N.A.	100.00%	N.A.	1.70%
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	76.06%	N.A.	76.06%	N.A.	0.85%

## Segment-wise Revenue, Results and Capital Employed

Segment Reporting (Consolidated) :

(Rs in Lakhs)

Particulars	3 months ended 30/6/2009	Corresponding 3 months ended 30/6/2008 in the previous year	Year to date figures for six months ended 30/6/2009	Year to date figures for six months ended 30/6/2008	Nine months ended 31/12/2008
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Segment Revenue</b>					
(a)IT	6,747	8,443	14,418	17,097	24,868
(b)BPO	23,903	22,741	44,308	44,782	62,800
<b>Total</b>	<b>30,650</b>	<b>31,184</b>	<b>58,726</b>	<b>61,879</b>	<b>87,668</b>
Less: Inter-segment revenue	173	332	314	564	787
<b>Net Income from operations</b>	<b>30,477</b>	<b>30,852</b>	<b>58,412</b>	<b>61,315</b>	<b>86,881</b>
<b>Segment Results(Profit+)/Loss(-) before Tax and interest from each segment</b>					
IT	-1,751	185	-751	885	-916
BPO	-24,185	1,133	-30,622	1,384	-10,716
<b>Total</b>	<b>-25,936</b>	<b>1,318</b>	<b>-31,373</b>	<b>2,269</b>	<b>-11,632</b>
Less: Inter-segment profit	-13	-129	-48	-222	-356
<b>Net segment results</b>	<b>-25,949</b>	<b>1,189</b>	<b>-31,421</b>	<b>2,047</b>	<b>-11,988</b>
Less: Unallocable					
Interest Expense	1,273	752	2,062	1,507	2,700
Other Income	-256	-334	-407	-844	-852
<b>Total Profit Before Tax</b>	<b>-26,966</b>	<b>771</b>	<b>-33,076</b>	<b>1,384</b>	<b>-13,836</b>
<b>Capital Employed</b> (Segment Assets-Segment Liabilities)					
(a)IT	18,659	28,287	18,659	28,287	21,338
(b)BPO	(5,842)	31,354	(5,842)	31,354	17,424
<b>Total</b>	<b>12,817</b>	<b>59,641</b>	<b>12,817</b>	<b>59,641</b>	<b>38,762</b>

## Notes to above results :

- The above unaudited financial results have been reviewed and recommended by the Audit Committee, and approved by the Board of Directors on July 31, 2009, and a limited review has been carried out by the statutory auditors of the Company.
- The primary segment reporting of the Company is on the basis of business segments. The Company is organised into two business segments, viz., Information Technology and related services ("IT") and Business Process Outsourcing ("BPO"). Segments have been identified and reported considering industry segments of customers, risks and returns, organisation structure and internal financial reporting systems.
- The revenue and profit before finance cost and exceptional items has been impacted in comparison to previous period by the deterioration in the economic environment. In addition, previous period consolidated financial results included one time non recurring revenue benefits relating to license sale of Rs. 200 lakhs and earlier years claim service fees of Rs. 393 lakhs.
- During the quarter, the Company has revised the revenue recognition estimation method used to establish accruals for variable bonuses earned by its two wholly owned subsidiaries in Australia in execution of their workers' compensation insurance related contracts where they act as scheme agent to the State Governments of New South Wales and Victoria. Due to the change in the estimation method, the consolidated claim service fee revenue is higher by Rs.427 lakhs with corresponding impact on the losses.
- The current quarter income tax expense includes Rs.139 lakhs and Rs.258 lakhs for standalone results and consolidated results respectively relating to provisions pertaining to earlier years.
- During the current quarter, the Company has recorded Rs.24,857 lakhs relating to various exceptional items in the consolidated results of the Group, which aggregates the year to date exceptional charge to Rs.30,936 lakhs. The nature of the significant exceptional charges are detailed below:
  - During the period ended December 31, 2008, the Company held leases for a significant amount of unutilised office space (primarily in the United States), which had become vacant due to a decline in business. The management had plans to consolidate the property estate during 2009 and therefore were able to identify specific leases, which would not be reoccupied by the business and had hence become onerous. Pursuant to such plans, the Group has recorded a provision of Rs.6,183 lakhs during the period ended December 31, 2008 towards onerous lease contracts and related assets impairment.
  - The Board formally approved a restructuring plan for the United States ('US') claims operations on March 27, 2009 whereby the number of processing centres would be reduced from forty-six to seven regional and six client dedicated locations. Pursuant to such plan, restructuring costs of Rs.3,168 lakhs have been incurred during the current quarter, which aggregates the year to date charge to Rs.9,247 lakhs. Specifically, these costs represent onerous lease contracts, related assets impairment, employee severance and other costs directly relating to restructuring activities.
  - The Company has recorded an additional provision of Rs.1,504 lakhs towards litigation related matters during the quarter ended June 30, 2009.
  - During the current quarter, the Company has re-evaluated loss making customer contracts relating to US claims business and recorded an additional provision of Rs.1,922 lakhs.
  - Pursuant to acquisition of Cambridge Integrated Services Group Inc, USA ('CISGI' or the US claims business), the wholly owned subsidiary of the Company, from AON Corporation, USA ('AON'), the Company acquired a contract named 'CIGA Fremont' for rendering field claims services ('FCS'), bill review ('BR') services and case management ('CM') services. During the initial contract period (i.e., 2003-04), AON had recognised the revenue relating to FCS on a cash receipt basis, irrespective of the related servicing costs, as the payments under the contract were spread over six years. CISGI and the Company continued the same revenue recognition policy. The last instalment of payment for FCS was received during April 2008. During the current quarter, the revenue previously recognised has been re-assessed in light of revised estimations of costs expected to be incurred to close all outstanding claims. As a result, the Company has concluded that the revenue relating to the said contract requires restatement based on a proportionate completion method. Accordingly, deferred income of Rs.11,859 lakhs has been restated as at June 30, 2009.
  - During the current quarter, the Company has assessed and concluded that an investment in BIGEREAL ESTATE Inc ('BigE'), a US based subsidiary of Cushman & Wakefield, held by SG Inc, a wholly owned subsidiary of the Company, does not require treatment of BigE as an 'associate' as there is no 'significant influence' in the operations of BigE by the Group, though the investment is 20.44% of the capital of BigE as at the quarter end. Further, based on an independent valuation of the carrying value of the investment, the Company has recorded an impairment provision of Rs.973 lakhs.
  - The Group evaluates the carrying value of intangible assets on a periodic basis. During the current quarter, based on such evaluation, the Group's core claims handling software assets, primarily Ovation, were found to be materially impaired. Accordingly, the Company has recorded an impairment provision of Rs.5,431 lakhs with respect to its intangible assets.
- During the current quarter, the Company has recorded a prior period adjustment in the consolidated results relating to provision for compensated absences amounting to Rs.425 lakhs, which represent impact of actuarial valuation on long service leave and sick leave pertaining to employees of the Australia subsidiaries and Scandent Group Inc, USA (SG Inc), all wholly owned subsidiaries of the Company. Further, prior period items also includes under accrual of expenses, under provisioning of doubtful receivables and reconciliation related adjustments relating to earlier periods aggregating to Rs. 518 lakhs.
- During the previous period, the Group re-evaluated the classification of SG Inc and considered it as a non-integral foreign operation with effect from July 1, 2008. The change in classification to non-integral foreign operation has resulted in foreign currency translation reserve as at June 30, 2009 of Rs.1,141 lakhs and losses for the quarter ended June 30, 2009 to be lower by Rs.1,000 lakhs and for the half year ended June 30, 2009 to be lower by Rs.290 lakhs.
- As at June 30, 2009, the standalone results has net receivables (after eliminating payables) from SG Inc of Rs.18,271 lakhs (net of payables of Rs.3,465 lakhs). Based on an evaluation, the Company has made a provision of Rs.7,413 lakhs against the net receivables in an earlier year. The Company, based on strategic funding plans, believes that the balance dues are good and will be recovered in the foreseeable future.
- The amounts for the previous period/ year have been reclassified wherever necessary to conform to the current period's presentation.
- Information on investors' complaints for the quarter ended June 30, 2009 is as following: Opening balance: Nil; New: Nil; Disposal: Nil; Closing balance: Nil.

By Order of Board

Place : London, United Kingdom  
Date : July 31, 2009

Richard Houghton  
Executive Vice Chairman