

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

Financial results for the quarter ended March 31, 2009

(Rs in Lakhs)				
Sl. No.	Particulars	3 months ended 31/03/2009	Corresponding 3 months ended in the previous year 31/03/2008	Previous Accounting period ended 31/12/2008 (nine months)
		Unaudited	Unaudited	Audited
1	a) Net Sales/ Income from Operation	6,401	4,803	21,356
	b) Other Operating Income	159	0	354
	<b>Total Operating Income (a+b)</b>	<b>6,560</b>	<b>4,803</b>	<b>21,710</b>
2	Expenditure			
	a) Employees Cost	2,405	1,442	7,637
	b) Project Work Expenses	1,793	2,106	5,882
	c) Exchange loss/(gain), net	-777	198	-643
	d) Baddebts and provision for bad and doubtful debts	84	-1,490	543
	e) Depreciation and Amortisation	339	90	1,064
	f) Other Expenditure	1,219	629	5,075
	<b>g) Total</b>	<b>5,063</b>	<b>2,975</b>	<b>19,558</b>
3	<b>Profit from Operations before Interest &amp; Exceptional Items (1-2)</b>	<b>1,497</b>	<b>1,828</b>	<b>2,152</b>
4	Other Income	19	19	11
5	<b>Profit before Interest but before Exceptional Items (3+4)</b>	<b>1,516</b>	<b>1,847</b>	<b>2,163</b>
6	Interest	348	87	740
7	<b>Profit after Interest but before Exceptional Items (5-6)</b>	<b>1,168</b>	<b>1,760</b>	<b>1,423</b>
8	Exceptional Items	0	0	702
9	<b>Profit(+) / Loss(-) from Ordinary Activities before tax (7+8)</b>	<b>1,168</b>	<b>1,760</b>	<b>721</b>
10	Tax Expense			
	- Current tax (MAT)	131	24	103
	- Reversal of Tax (pertaining to earlier year)	0	0	-141
	- Deferred tax charge	0	0	70
	- Fringe benefit tax	22	18	64
11	<b>Net Profit(+) / Loss(-) from Ordinary Activities after tax (9-10)</b>	<b>1,015</b>	<b>1,718</b>	<b>625</b>
12	Extraordinary items	0	0	0
13	<b>Net Profit(+) / Loss(-) for the period (11-12)</b>	<b>1,015</b>	<b>1,718</b>	<b>625</b>
14	Paid-up equity share capital (Face Value Rs 10/- each, fully paid up)	11,137	11,134	11,137
15	Reserve excluding Revaluation Reserve as per balance sheet of previous accounting period			13,840
16	Earning per share (EPS) (Rs.)			
(a)	Basic and diluted EPS before Extraordinary Items for the period and for the previous period			
	- Basic	0.91	1.54	0.56
	- Diluted	0.91	1.54	0.56
(b)	Basic and diluted EPS after Extraordinary Items for the period and for the previous period			
	- Basic	0.91	1.54	0.56
	- Diluted	0.91	1.54	0.56
17	Public shareholding			
	- Number of shares	55,585,051	43,033,826	55,585,051
	- Percentage of shareholding	49.91%	38.65%	49.91%
18	Promoters and promoter group shareholding			
	a) Pledged/Encumbered			
	- Number of shares	54,552,813	N.A.	54,832,813
	- Percentage of shares (as a % of the total shareholding of the promoter and promoter group)	97.80%	N.A.	98.30%
	- Percentage of shares (as a % of the total share capital of the company)	48.99%	N.A.	49.25%
	b) Non-Encumbered			
	- Number of shares	1,227,519	N.A.	947,519
	- Percentage of shares (as a % of the total shareholding of the promoter and promoter group)	2.20%	N.A.	1.70%
	- Percentage of shares (as a % of the total share capital of the company)	1.10%	N.A.	0.85%

Segment Reporting :

Segment-wise Revenue, Results and Capital Employed

Segment Reporting :				
Particulars	3 months ended 31/03/2009	Corresponding 3 months ended in the previous year 31/03/2008	Previous Accounting period ended 31/12/2008 (nine months)	
	Unaudited	Unaudited	Audited	
<b>Segment Revenue</b>				
(a) IT	3,683	4,803	13,484	
(b) BPO	2,731	0	7,960	
<b>Total</b>	<b>6,414</b>	<b>4,803</b>	<b>21,444</b>	
Less: Inter-segment revenue	13	0	88	
<b>Net Income from operations</b>	<b>6,401</b>	<b>4,803</b>	<b>21,356</b>	
<b>Segment Results(Profit(+)/Loss(-) before tax and interest and after Exceptional Items from each segment</b>				
(a) IT	498	1,828	-491	
(b) BPO	999	0	2,484	
<b>Total</b>	<b>1,497</b>	<b>1,828</b>	<b>1,993</b>	
Less: Inter-segment profit	0	0	0	
<b>Net segment results</b>	<b>1,497</b>	<b>1,828</b>	<b>1,993</b>	
Less: Unallocable:				
Interest Expense	348	87	740	
Other Income	-19	-19	-11	
<b>Total Profit before tax</b>	<b>1,168</b>	<b>1,760</b>	<b>1,264</b>	
<b>Capital Employed</b>				
(Segment Assets-Segment Liabilities)				
(a) IT	11,139	8,861	10,696	
(b) BPO	4,050	0	3,093	
<b>Total</b>	<b>15,189</b>	<b>8,861</b>	<b>13,789</b>	

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Cambridge Solutions Limited

Consolidated Financial results for the quarter ended March 31, 2009

SL No.	Particulars	3 months ended 31/3/2009	Corresponding 3 months ended 31/3/2008 in the previous year	(Rs in Lakhs) Nine months ended 31/12/2008
		Unaudited	Unaudited	Audited
1	(a) Net Sales/ Income from Operation			
	- Software development and related services	7,530	8,422	24,081
	- Claim service fee	18,035	20,437	56,012
	- Revenue from Information Technology enabled Software services	2,370	1,604	6,788
	(b) Other Operating Income	159	112	354
	<b>Total Operating income(a+b)</b>	<b>28,094</b>	<b>30,575</b>	<b>87,235</b>
2	Total Expenditure			
	a) Employee Costs	17,994	18,505	56,033
	b) Project Work Expenses	3,836	3,960	11,623
	c) Depreciation and Amortisation	1,158	770	4,701
	d) Other Expenditure	4,499	6,399	21,168
	<b>e) Total</b>	<b>27,487</b>	<b>29,634</b>	<b>93,525</b>
3	<b>Profit from Operations before Other income, Finance cost and</b>	<b>607</b>	<b>941</b>	<b>-6,290</b>
	<b>Exceptional items (1-2)</b>			
4	Other Income	151	398	852
5	<b>Profit before Finance cost and Exceptional items (3+4)</b>	<b>758</b>	<b>1,339</b>	<b>-5,438</b>
6	Finance Cost	789	755	2,700
7	<b>Profit after Finance cost but before Exceptional Items (5-6)</b>	<b>-31</b>	<b>584</b>	<b>-8,138</b>
8	Exceptional Items-(Provision for onerous leases)	6,079	0	5,698
9	<b>Profit(+) / Loss(-) from ordinary activities before tax (7+8)</b>	<b>-6,110</b>	<b>584</b>	<b>-13,836</b>
10	Tax Expense			
	- Current (net of reversal of provision Rs 141 lacs (Nil; Rs 141 Lacs; Nil; Nil)	242	643	1,010
	- MAT Credit entitlement		-810	
	- Deferred	72	1,225	197
	- Fringe Benefit Tax	48	73	162
11	<b>Net Profit(+) / Loss(-) from ordinary activities after tax (9-10)</b>	<b>-6,472</b>	<b>-547</b>	<b>-15,205</b>
12	Extraordinary items (net of tax expenses)	0	0	0
13	<b>Net Profit(+) / Loss(-) for the period (11-12)</b>	<b>-6,472</b>	<b>-547</b>	<b>-15,205</b>
14	Paid up Equity Share Capital (Face Value per Share Rs 10/-)	11,137	11,134	11,137
15	Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss a/c)		19,060	-328
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	-5.81	-0.46	-13.65
	- Diluted	-5.81	-0.46	-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	-5.81	-0.46	-13.65
	- Diluted	-5.81	-0.46	-13.65
17	Public Shareholding			
	- Number of Shares	55,585,051	43,033,826	55,585,051
	- Percentage of shareholding	49.91%	38.65%	49.91%
18	Promoters and promoter group Shareholding			
a.	Pledged / Encumbered			
	-Number of Shares	54,552,813	N.A.	54,832,813
	-Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	97.80%	N.A.	98.30%
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	48.99%	N.A.	49.24%
b.	Non Encumbered			
	-Number of Shares	1,227,519	N.A.	947,519
	-Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	2.20%	N.A.	1.70%
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	1.10%	N.A.	0.85%

Segment-wise Revenue, Results and Capital Employed

Particulars	3 months ended 31/3/2009	Corresponding 3 months ended 31/3/2008 in the previous year	(Rs in Lakhs) Nine months ended 31/12/2008
	Unaudited	Unaudited	Audited
<b>Segment Reporting (Consolidated) :</b>			
<b>Segment Revenue</b>			
(a)IT	7,671	8,654	24,868
(b)BPO	20,405	22,041	62,800
<b>Total</b>	<b>28,076</b>	<b>30,695</b>	<b>87,668</b>
Less: Inter-segment revenue	141	232	787
<b>Net Income from operations</b>	<b>27,935</b>	<b>30,463</b>	<b>86,881</b>
<b>Segment Results(Profit+)/Loss(-) before Tax and interest and after exceptional items from each segment</b>			
IT	1,000	700	-916
BPO	-6,437	334	-10,716
<b>Total</b>	<b>-5,437</b>	<b>1,034</b>	<b>-11,632</b>
Less: Inter-segment profit	-35	-93	-356
<b>Net segment results</b>	<b>-5,472</b>	<b>941</b>	<b>-11,988</b>
Less: Unallocable			
Interest Expense	789	755	2,700
Other Income	-151	-398	-852
<b>Total Profit Before Tax</b>	<b>-6,110</b>	<b>584</b>	<b>-13,836</b>
<b>Capital Employed</b>			
<b>(Segment Assets-Segment Liabilities)</b>			
(a)IT	20,953	24,264	21,338
(b)BPO	13,886	30,884	17,424
<b>Total</b>	<b>34,839</b>	<b>55,148</b>	<b>38,762</b>

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**Notes :**

- 1 The above reviewed financial results by the statutory auditors for the quarter ended March 31, 2009 have been approved by the Board at its meeting held on April 27, 2009.
- 2 The primary reporting of the Company has been performed on the basis of business segments. The Company is organised into two business segments, Information Technology & related services ("IT") and Business Process Outsourcing ("BPO"). Segments have been identified and reported based on the activity of the customer, the risks and returns, the organisation structure and the internal financial reporting systems. On India standalone basis, the company considers to operate in a single IT segment in previous quarter.
- 3 Pursuant to a Scheme of Amalgamation ('the Cambridge-India Merger Scheme'), sanctioned by the Honourable High Court of Judicature at Karnataka on March 20, 2008, with effect from April 1, 2008, the assets and liabilities of Cambridge Integrated Services India Pvt. Ltd (CISIPL), 100% subsidiary of the company, vest with the Company and difference between the carrying value of investments and the value of net assets acquired under the Cambridge-India Merger Scheme has been adjusted to Profit and loss account of the Company. The merger of CISIPL with the company does not have any impact to the Profit and Loss account of the Group. An expense of Rs 8 million incurred in executing the Cambridge-India Merger Scheme has been adjusted against the General reserve.
- 4 During the previous period, the group re-evaluated the classification of its IT US subsidiary (Scandent Group Inc.) and considered it as Non-integral foreign operations with effect from July 1, 2008. The change in classification to Non-integral foreign operations has resulted in foreign currency translation reserve as at March 31, 2009 of Rs 1,651 lacs (December 31, 2008 Rs 1,030 lacs) and losses for the quarter ended March 31, 2009 to be higher by Rs 859 lacs.
- 5 During the period ended December 31, 2008, the company has lost certain business due to economic environment and management has also adopted a new strategic plan for future utilisation of its leased premises as at December 31, 2008. Pursuant to such plans, the management has recorded provision of Rs 5,698 Lacs towards onerous lease contract as an exceptional item.
- 6 During the quarter, the management has taken on record a restructuring plan for one of the subsidiaries and accordingly, recorded a provision of Rs. 6,079 lacs towards onerous lease contracts as an exceptional item for the quarter ended March 31, 2009.
- 7 During the quarter, owing to incremental investment by one of Company US subsidiary in BIGeREAL ESTATE Inc, a US based subsidiary of Cushman & Wakefield, the per cent ownership moved up to 20.44%. Pending evaluation of "Significant influence", the investment has not been concluded to be an associate. Even if such investment was to be accounted for under the requirements of AS 23, on the basis of unaudited financial statements of the investee company for the quarter ended March 31, 2009, such accounting would not have a material impact on the unaudited consolidated financials results of the Company.
- 8 During the period ended December 31, 2008, the promoters of the Company decided to sell their stake to Xchanging plc ['Xchanging'], a listed company incorporated under the laws of England and Wales and entered into a Share Purchase Agreement ('SPA') to acquire 75% stake of the Company for a consideration of Rs. 81.11 per share. The consideration is paid partly by the issue of ordinary shares of face value GBP 0.05 each in the capital of Xchanging and partly in cash. The sale of shares under the SPA is complete on April 9, 2009, the acquisition completion date. However, pursuant to the terms of the SPA entered into, certain rights are assumed by Xchanging in advance of the final completion date. A number of these rights can be enacted from January 1, 2009, and therefore it is from this date that the power of operational control is considered to have passed to Xchanging.
- 9 On December 24, 2007, Company's 100% US subsidiaries had entered into a US \$ 40 million Credit agreement jointly with DBS Bank Ltd and Bank of India ('Lenders'). As at March 31, 2009 the Company was not in compliance with the financial covenants stated in the credit agreement. Pursuant to the non compliance, the Lenders have a right to call the entire outstanding of Rs.1,458 million (US \$ 28.2 million) outstanding as at March 31, 2009 or exercise the rights granted under the respective security arrangements including the exercise of the voting and other rights attached to the pledged shares. The Company is awaiting waiver of non compliance from the Lenders. No notice of default has been received from the lenders.
- 10 During the period ended December 31, 2008, the Company received tax demand for the assessment year ended March 31, 2006 amounting to Rs 1193 lacs, (including interest on account of transfer pricing adjustments amounting to Rs 2335 lacs). Subsequent to the balance sheet date, the Company has paid Rs 150 lacs against which the income tax authorities have accepted the application for stay of demand for the balance amount and penalty proceedings. Further, the Company has filed appeal against aforementioned demand. The Company believes that the final outcome of the above dispute should be in favour of the Company and there should not be any material impact on the financial statements.
- 11 As at December 31, 2008, the standalone company has net receivables (after eliminating payables) from Scandent Group Inc.( formerly Albion Inc.) and Cambridge Network Europe Limited (formerly Scandent Network Europe Limited), its wholly owned subsidiaries of Rs 11,390 lacs (net of payable of Rs 4,050 lacs) and Rs 947 lacs (net of payable of Rs 3178 lacs), respectively. The company based on future funding plans believes that these dues will be recovered in due course.
- 12 The amounts for the previous period / year have been reclassified where necessary, to confirm to the current period's presentation.
- 13 Information on investors' complaints for the quarter ended March 31, 2009 is as following : Opening balance: Nil, New : Nil, Disposal : Nil,

**By Order of Board**

Place : London, U.K  
Date : April 27, 2009

**David Andrews**  
**Executive Chairman**