PROCESSMIND HOLDINGS MAURITIUS LIMITED (In Liquidation)

BALANCE SHEET AS AT DECEMBER 31, 2010

	Schedule	2010 (In USD)	2010 (In INR)	2009 (In USD)	2009 (In INR)
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	1	46	1	47
Reserves and surplus	2	6,906,013	314,568,907	6,921,560	324,551,971
		6,906,014	314,568,952	6,921,561	324,552,018
TOTAL		**6,906,014**	**314,568,952**	**6,921,561**	**324,552,018**
APPLICATION OF FUNDS					
Current Assets, Loans & Advances					
Cash and Bank Balances	3	1,853	84,403	4,289	201,117
Loans and Advances	4	6,946,088	316,394,324	6,951,088	325,936,533
		6,947,941	316,478,727	6,955,377	326,137,650
Less: Current Liabilities & Provisions					
Current Liabilities	5	41,927	1,909,775	33,816	1,585,632
Net Current Assets		6,906,014	314,568,952	6,921,561	324,552,018
Profit & Loss Account		-	-	-	-
TOTAL		**6,906,014**	**314,568,952**	**6,921,561**	**324,552,018**
Notes to Accounts	9				

The Schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

Bhalotia Associates
Chartered Accountants
Firm Registration No. 323201E

For and on behalf of the Board of Directors

CA. Ajay Kumar Bhalotia
Partner
Membership No. 057931

Place:
Date:

Boopendradas Sungker
Director

Place:
Date:

H. Suzanne Gujadhur
Director

Place:
Date:

PROCESSMIND HOLDINGS MAURITIUS LIMITED (In Liquidation)

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED DECEMBER 31, 2010

	Schedule	2010 (In USD)	2010 (In INR)	2009 (In USD)	2009 (In INR)
Income					
Expenditure					
Other Operating Costs	6	15,404	701,652	2,722	127,635
Finance Costs	7	143	6,521	186	8,715
		15,547	708,173	2,908	136,350
Profit/(loss) for the year before tax		(15,547)	(708,173)	(2,908)	(136,350)
Profit/(loss) for the year after tax		(15,547)	(708,173)	(2,908)	(136,350)
Profit/(Loss), at the beginning of the year		3,431,004	156,282,237	3,433,912	161,016,132
Profit/(Loss), end of the year		3,415,457	155,574,064	3,431,004	160,879,782
Weighted average number of equity shares used in computing profit/(loss) per share					
Basic and Diluted		1	1	1	1
Profit/(loss) per share {1 Equity Share of USD 1 each fully paid up}					
Basic and Diluted		(15,547)	(708,173)	(2,908)	(136,350)
Notes to Accounts	8				

The Schedules referred to above and notes to accounts form an integral of the Profit and Loss Account.

As per our report of even date

Bhalotia Associates
Chartered Accountants
Firm Registration No. 323201E

For and on behalf of the Board of Directors

CA. Ajay Kumar Bhalotia
Partner
Membership No. 057931

Place:
Date:

Boopendradas Sungker
Director

Place:
Date:

H. Suzanne Gujadhur
Director

Place:
Date:

PROCESSMIND HOLDINGS MAURITIUS LIMITED (In Liquidation)

CASH FLOW STATEMENT FOR THE PERIOD ENDED DECEMBER 31, 2010

	2010 (In USD)	2010 (In INR)	2009 (In USD)	2009 (In INR)
A. Cash flow from operating activities				
Net profit / (Loss) before taxation	(15,547)	(708,173)	(2,908)	(136,350)
Adjustments for:				
Operating profit before working capital changes	(15,547)	(708,173)	(2,908)	(136,350)
Movements in working capital :				
Decrease / (Increase) in sundry debtors	-	-	-	-
Decrease / (Increase) loans and advances	5,000	227,750	25,000	1,172,250
Increase / (Decrease) in current liabilities & provisions	8,111	369,456	(22,014)	(1,032,236)
Net cash (used)Surplus in operating activities (A)				-
Direct taxes paid (net of refunds)				-
Net cash used in operating activities (A)	(2,436)	(110,967)	78	3,664
B. Cash flows from investing activities				
Net cash used in investing activities (B)	-	-	-	-
C. Cash flows from financing activities				
Net cash from financing activities (C)	-	-	-	-
Net increase in cash and cash equivalents (A + B)	(2,436)	(110,967)	78	3,664
Effect from Exchange Rate Changes (C)				
Cash and cash equivalents at the beginning of the year	4,289	195,370	4,211	197,454
Cash and cash equivalents at the end of the year	1,853	84,403	4,289	201,118
Components of cash and cash equivalents				
Cash in Hand	1	46	1	47
With banks				
on current account	1,852	84,357	4,288	201,070
	1,853	84,403	4,289	201,117

As per our report of even date

Bhalotia Associates
Chartered Accountants
Firm Registration No. 323201E

For and on behalf of the Board of Directors

CA. Ajay Kumar Bhalotia
Partner
Membership No. 057931

Place:
Date:

Boopendradas Sungker
Director

Place:
Date:

H. Suzanne Gujadhur
Director

Place:
Date:

PROCESSMIND HOLDINGS MAURITIUS LIMITED (In Liquidation)

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

	2010 (In USD)	2010 (In INR)	2009 (In USD)	2009 (In INR)
1 Share Capital				
Issued, Subscribed and Paid-up Capital				
1 (2009 -1) Shares of $1each fully paid up	1.00	46	1	47
	1	46	1	47

All the shares are held by Cambridge Integrated Services Group Inc, USA ('the Holding Company'), the ultimate holding company is Cambridge Solutions Limited, India.

2 Reserves and surplus				
Capital reserve				
Balance b/f	3,490,556	158,994,843	3,490,556	163,672,189
Profit & Loss account	3,415,457	155,574,064	3,431,004	160,879,782
	6,906,013	**314,568,907**	**6,921,560**	**324,551,971**
3 Cash and Bank Balances				
Cash on Hand	1	46	1	47
Balances with Other Banks				
- Current Accounts				
Standard Chartered Bank (Mauritius) Limited	1,852	84,357	4,288	201,070
	1,853	**84,403**	**4,289**	**201,117**
Maximum balance held during the year	5,775	263,050	29,210	1,369,657
4 Loans and advances (Unsecured)				
Considered good				
Dues from related parties				
Loans and advances	6,946,088	316,394,324	6,951,088	325,936,533
	6,946,088	**316,394,324**	**6,951,088**	**325,936,533**

(i) Dues from related parties	Maximum Amount 2010	Balance 2010	Maximum Amount 2009	Balance 2009
(In USD)				
Scandent Group Inc- USA	2,135,156	2,135,156	2,135,156	2,135,156
Cambridge Integrated Services Group Inc, USA	4,815,932	4,810,932	4,840,932	4,815,932
		6,946,088		6,951,088
(In INR)				
Scandent Group Inc- USA	97,256,373	97,256,373	100,117,483	100,117,483
Cambridge Integrated Services Group Inc, USA	219,365,701	219,137,951	226,991,300	225,819,050
		316,394,324		325,936,533

PROCESSMIND HOLDINGS MAURITIUS LIMITED (In Liquidation)

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

	2010 (In USD)	2010 (In INR)	2009 (In USD)	2009 (In INR)
5 Current Liabilities				
Sundry Creditors	9,416	428,899	1,305	61,191
Dues to related parties				
Expenses payable	32,511	1,480,876	32,511	1,524,441
	41,927	**1,909,775**	**33,816**	**1,585,632**

(i) Dues to related parties

Scandent Group Inc. USA	32,511	1,480,876	32,511	1,524,441
	32,511	**1,480,876**	**32,511**	**1,524,441**

PROCESSMIND HOLDINGS MAURITIUS LIMITED (In Liquidation)

SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2010

	2010 (In USD)	2010 (In INR)	2009 (In USD)	2009 (In INR)
7 Other Operating Costs				
Rates and Taxes	1,750	79,713	6,375	298,924
Legal & Professional	13,654	621,940	(3,653)	(171,289)
	15,404	**701,652**	**2,722**	**127,635**
8 Finance Costs				
Bank charges	143	6,521	186	8,715
	143	**6,521**	**186**	**8,715**

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5. RELATED PARTY DISCLOSURES

S No.	Name of the related party	Relationship	Nature of transaction	Transaction 2010 USD	Receivable /(payable) 2010 USD	Transaction 2010 INR	Receivable /(payable) 2010 INR	Transaction 2009 USD	Receivable /(payable) 2009 USD	Transaction 2009 INR	Receivable /(payable) 2009 INR
(i)	Cambridge Integrated Services Group Inc, USA	Holding Company	Unsecrued Loan Given/(Received)		-		-		-		-
			Loans & advances		4,810,932		219,137,951		4,815,932		228,163,550
			Amount received	5,000		227,750		25,000		1,172,250	
ii)	Scandent Group Inc. USA	Fellow subsidiary company	Loans & advances		2,135,156		97,256,373		2,135,156		100,117,483
			Expense Payable		(32,511)		(1,575,158)		(32,511)		(1,575,158)

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PROCESSMIND HOLDINGS MAURITIUS LIMITED (In Liquidation)

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED DECEMBER 31, 2010

Schedule 9: Notes to Accounts

1. Background

1.1 *Incorporation and History*

ProcessMind Holdings Mauritius Ltd ("ProcessMind Holdings" or the "Company") was incorporated in the Republic of Mauritius as a private limited company on December 31, 2003. The Company is a wholly owned subsidiary of Cambridge Integrated Services Group Inc ("Cambridge USA") a company incorporated in the United States of America. The principal place of business of ProcessMind Holdings is located at 608, St. James Court, St. Denis, Port Louis, Republic of Mauritius.

ProcessMind Holdings is set up to provide Business Process Outsourcing ("BPO") services, through its wholly-owned subsidiaries incorporated in India, Cambridge Integrated Services India Pvt Ltd ("Cambridge India") and ProcessMind Services Inc ("ProcessMind Inc.").

On February 28, 2005, Cambridge Integrated Services Group, Inc ('CISGI') entered into a stock purchase agreement with Scandent Holding Mauritius Limited. As a part of the arrangement and pursuant to Scandent Group strategy to consolidate its operations; the entire shareholding in ProcessMind Holding Mauritius Limited has been transferred to CISGI. Further, effective April 1, 2005, CISGI has become a wholly owned subsidiary of Cambridge Solutions Limited (formerly Scandent Solutions Corporation Limited), a company listed on Indian stock exchange.

On October 22, 2007, the Company entered into a stock purchase agreement with Cambridge Solutions Limited (formerly Scandent Solutions Corporation Limited), a company listed on Indian stock exchange ('CSL'). As a part of the arrangement and pursuant to Scandent Group strategy to consolidate its operations; the entire shareholding in Cambridge India has been transferred by the company to CSL for a consideration of $ 5 million.

As on Apr 01, 2008; pursuant to agreement and plan of merger dated 31st Marc,2008 between Scandent Group Inc & Processmind Services Inc ('PM Inc'), the entire Investment in PM Inc. has been discharged with a consideration of USD 1.

2. Significant Accounting policies

2.1. Basis of preparation

a) The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act. The financial statements have been prepared under the historical cost convention on an accrual basis. Further, the financial statements are presented in the general format specified by Schedule VI of the Act. However, as these financial statements are not statutory financial statements, full compliance with the above Act, is not required and so they do not reflect all the disclosure requirements of the Act. These financial statements are presented pursuant to requirements of Section 212 of the Companies Act, 1956 ('the Act').

b) The functional currency of the Company is United State Dollar ("USD") and the reporting currency of the financial statements is Indian Rupee ("INR or Rs")

c) For the convenience of readers, the balance sheet as of December 31, 2010 and as the Profit and Loss account for have been translated into INR at the exchange rate of 1 USD = Rs 45.55 (December 31, 2009 = Rs 46.89). The convenience translation should not be construed as a representation that the USD amounts or the INR amounts referred to in these financial statements have been, could have been, or could in the future be, converted into INR or USD, as the case may be, at this or at any other rate of exchange, or at all.

d) The financial statements have been prepared under the historical cost convention, on an accrual basis. The accounting policies have been consistently applied by the Company.

2.2. Fixed assets

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

The carrying amounts are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

2.3. Depreciation

Based on the useful life estimated by the management, depreciation is provided under the straight line method at the rates mentioned below. For assets taken on lease, refer Note 2.5 below.

	Rate (per cent)
Computers	33.33
Vehicles	20
Office Equipment	20
Furniture and Fixtures	20

Leasehold improvements are depreciated over the primary lease period, on a straight-line basis.

2.4. Intangible Assets

Intangible assets comprise of computer software held for use in business/administrative purposes and customer rights. Computer software is amortized over an estimated useful life of two years, while customer rights are amortized over an estimated useful life of twenty to forty two months.

The carrying value of intangible assets is reviewed for impairment annually when events or changes in circumstances indicate that the carrying value may not be recoverable. If the expected future discounted cash flows are less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and carrying value of the asset.

2.5. Leases

(i) Finance Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term on a straight-line basis.

(ii) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and loss account on a straight-line basis over the lease term.

2.6. Revenue recognition

Revenue from IT Enabled services includes revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognized as related services are performed.

Revenues from transaction processing services are recognized based on confirmation / acceptance received from customers.

2.7. Foreign currency transactions

2.7.1.Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

2.7.2.Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

2.7.3.Exchange Differences

Exchange differences arising on the settlement of monetary items or on the Company's monetary items at rates different from those at which they were initially recorded during the period/year, or reported in previous financial statements, are recognised as income or as expenses in the period/year in which they arise.
Exchange differences arising on conversion of monetary items pertaining to acquisition of fixed and intangible assets acquired from outside India denominated in foreign currencies are adjusted to the cost of the assets.

Exchange differences arising on a monetary item that, in substance, form part of the Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

2.8. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Long-term investments are carried at cost. However, provision for diminution in the value is made to recognise a decline other than temporary in the value of the investments.

2.9. Retirement benefits

Retirement benefits in the form of Defined Contribution Schemes are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.

Liability under the Defined Benefit Scheme and provision for leave encashment is accrued and provided for on the basis of an actuarial valuation made by an independent actuary at the end of each financial year.

2.10. Income taxes

Tax expense comprises both current and deferred taxes. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

2.11. Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

2.12. Earnings per share

Basic earning per share is calculated by dividing the net profit or loss for the period/year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period/year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period/year. The weighted average number of equity shares outstanding during all the years, presented, is adjusted for capital reduction.

For the purpose of calculating diluted earning per share, the net profit or loss for the period/year attributable to equity shareholders and the weighted average number of shares outstanding during the period/year are adjusted for the effects of all dilutive potential equity shares.

4. Going Concern

By way of written resolution of the director dated January 5, 2009 it was resolved that the Company be wound up and be removed from the Registrar of Companies in accordance with section 309(1) of the Mauritius Companies Act, 2001. Since then the accounts are being prepared on a break up basis.

However the Company had not yet applied for winding up with the appropriate authority. As informed by the management, the company is in the process of updating its local statutory compliance and cleaning up the intercompany transaction involved before applying for the liquidation process. Further the process for liquidation has delayed due to the acquisition at the group company level and shifting of management focus. However, the management had confirmed its intention to liquidate the Company.

5. Taxes

The Company has no taxable income for the year, however due to brought forward unabsorbed losses; no provision for income-tax has been made for the current year.

6. Prior year comparatives

Previous year's figures have been regrouped/ reclassified, where necessary, to conform to current year's classification.

As per report of even date

Bhalotia Associates **Chartered Accountants** **Firm Registration No. 323201E**	**For and on behalf of the Board of Directors**

CA. Ajay Kumar Bhalotia **Partner** Membership No. 057931	**Boopendradas Sungker** **Director**	**H.Suzanne Gujadhur** **Director**
Place: Date:	Place: Date:	Place: Date: