

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 and year ended December 31, 2011

(Rs in lakhs)

Sl. No.	Particulars	Quarter ended Dec 31,	Quarter ended Sep 30,	Quarter ended Dec 31,	Year ended Dec 31,	
		2011	2011	2010	2011	2010
		Audited	Unaudited	Unaudited	Audited	Audited
1.	Net Sales/ Income from Operations	2,388	3,169	5,608	17,301	21,792
2.	Expenditure					
a)	Employee Costs	1,368	1,983	2,390	9,274	10,306
b)	Project Work Expenses	87	137	340	565	1,824
c)	Exchange loss / (gain)	(360)	(736)	(104)	(823)	376
d)	Depreciation and Amortisation	58	113	346	851	1,392
e)	Other Expenditure	578	694	1,533	3,955	5,499
	Total	1,731	2,191	4,505	13,822	19,397
3.	Profit from Operations before Other income, Finance cost and Exceptional items (1-2)	657	978	1,103	3,479	2,395
4.	Other Income	101	88	166	484	659
5.	Profit before Finance cost and Exceptional items (3+4)	758	1,066	1,269	3,963	3,054
6.	Finance Cost	6	49	203	342	735
7.	Profit after Finance cost but before Exceptional Items (5-6)	752	1,017	1,066	3,621	2,319
8.	Exceptional Items	3,122	(28,061)	2,283	15,588	2,283
9.	Profit (+) / Loss (-) from ordinary activities before tax (7-8)	(2,370)	29,078	(1,218)	(11,967)	36
10.	Tax Expense	784	0	220	988	184
11.	Net Profit (+) / Loss (-) from ordinary activities after tax (9-10)	(3,154)	29,078	(1,436)	(12,955)	(148)
12.	Extraordinary items (net of tax expenses)	0	0	0	0	0
13.	Net Profit (+) / Loss (-) for the period (11-12)	(3,154)	29,078	(1,436)	(12,955)	(148)
14.	Paid up Equity Share Capital (Face Value per Share Rs 10/-)	11,140	11,140	11,140	11,140	11,140
15.	Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss a/c, if any)				2,827	15,782
16.	Earning / (Loss) 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	(2.83)	26.10	(1.29)	(11.63)	(0.13)
	- Diluted	(2.83)	26.10	(1.29)	(11.63)	(0.13)
(b)	Basic and diluted EPS after Extraordinary Items for the period, for the year to date and for the previous year (not annualised).					
	- Basic	(2.83)	26.10	(1.29)	(11.63)	(0.13)
	- Diluted	(2.83)	26.10	(1.29)	(11.63)	(0.13)
17.	Public shareholding					
	- Number of Shares	27,164,552	27,164,552	27,164,552	27,164,552	27,164,552
	- Percentage of shareholding	24.38%	24.38%	24.38%	24.38%	24.38%
18.	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	84,239,164	84,239,164	84,239,164	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%	75.62%	75.62%	75.62%	75.62%

Segment-wise Revenue, Results and Capital Employed (Standalone)

(Rs in lakhs)

Particulars	Quarter ended Dec 31,	Quarter ended Sep 30,	Quarter ended Dec 31,	Year ended Dec 31,	
	2011	2011	2010	2011	2010
	Audited	Unaudited	Unaudited	Audited	Audited
Segment Revenue					
IT	2,388	2,329	2,377	9,207	9,236
BPO (discontinued operation)	0	845	3,256	8,129	12,702
Total	2,388	3,174	5,635	17,336	21,937
Less: Inter-segment revenue	0	5	27	35	146
Net Income from operations	2,388	3,169	5,608	17,301	21,792
Segment Results Profit(+)/Loss(-) before Exceptional, Tax and interest from each segment					
IT	487	754	751	1,400	370
BPO (discontinued operation)	199	257	1,004	2,436	2,678
Total	686	1,011	1,756	3,836	3,048
Less: Inter-segment profit	0	0	0	0	0
Net segment results	686	1,011	1,756	3,836	3,048
Exceptional items					
IT	0	0	(237)	0	(237)
BPO (discontinued operation)	0	0	0	0	0
Total	0	0	(237)	0	(237)
Segment Results Profit(+)/Loss(-) before Tax and interest from each segment					
IT	487	754	989	1,400	607
BPO (discontinued operation)	199	257	1,004	2,436	2,678
Total	686	1,011	1,993	3,836	3,285
Less: Inter-segment profit	0	0	0	0	0
Net segment results	686	1,011	1,993	3,836	3,285
Less: Unallocable exceptional items	0	0	0	0	0
Exceptional items	3,122	(28,061)	2,520	15,588	2,520
Interest Expense	6	49	204	342	735
Other Operating Income	0	0	0	0	0
Other Income	(73)	(55)	487	(127)	(6)
Total Profit Before Tax	(2,369)	29,078	(1,218)	(11,967)	36
Capital Employed					
(Segment Assets-Segment Liabilities)					
(a) IT	13,968	5,661	2,235	13,968	2,235
(b) BPO (discontinued operation)	0	0	12,067	0	12,067
Unallocated	0	11,460	12,620	0	12,620
Total	13,968	17,121	26,923	13,968	26,923

Statement of Assets and Liabilities (Standalone)

(Rs in Lakhs)

Particulars	As at	
	December 31, 2011	December 31, 2010
	Audited	Audited
Shareholders' Funds		
(a) Capital	11,140	11,140
(b) Reserves and Surplus	8,480	15,782
Loan Funds	150	5,745
Total	19,771	32,667
Fixed assets	387	1,798
Investments	5,874	17,778
Current assets, Loans and Advances		
(a) Sundry Debtors	5,006	5,846
(b) Cash and Bank balances	2,365	526
(c) Other current assets	598	910
(d) Loans and Advances	4,265	12,903
Less: Current Liabilities and Provisions		
(a) Liabilities	3,257	6,311
(b) Provisions	1,120	783
Profit and Loss account	5,653	-
Total	19,771	32,667

Consolidated Financial results for the quarter and year ended December 31, 2011

(Rs in lakhs)

Sl. No.	Particulars	Quarter ended Dec 31,	Quarter ended Sep 30,	Quarter ended Dec 31,	Year ended Dec 31,	
		2011	2011	2010	2011	2010
		Audited	Unaudited	Unaudited	Audited	Audited
1.	Net Sales/ Income from Operations	5,620	6,101	27,476	55,181	105,771
2.	Expenditure					
a)	Employee Costs	3,487	3,951	11,751	36,341	61,852
b)	Project Work Expenses	475	426	6,453	5,970	16,318
c)	Exchange loss / (gain)	(364)	(738)	186	(542)	1,328
d)	Depreciation and Amortisation	97	150	851	1,319	2,817
e)	Other Expenditure	1,704	1,853	7,015	13,644	21,458
	Total	5,399	5,642	26,255	56,732	103,773
3.	Profit from Operations before Other income, Finance cost and Exceptional items (1-2)	221	459	1,223	(1,552)	1,998
4.	Other Income	2,746	186	2,542	3,443	3,687
5.	Profit before Finance cost and Exceptional items (3+4)	2,967	645	3,765	1,891	5,685
6.	Finance Cost	1,965	39	935	519	3,370
7.	Profit after Finance cost but before Exceptional Items (5-6)	1,002	606	2,830	1,373	2,315
8.	Exceptional Items	51	(47,969)	8,187	(53,631)	8,454
9.	Profit(+) / Loss(-) from ordinary activities before tax (7-8)	952	48,575	(5,357)	55,004	(6,139)
10.	Tax Expense	807	17	545	1,268	474
11.	Net Profit(+) / Loss(-) from ordinary activities after tax (9-10)	146	48,558	(5,902)	53,737	(6,613)
12.	Extraordinary items (net of tax expenses)	0	0	0	0	0
13.	Net Profit(+) / Loss(-) for the period (11-12)	146	48,558	(5,902)	53,737	(6,613)
14.	Paid up Equity Share Capital (Face Value per Share Rs 10/-)	11,140	11,140	11,140	11,140	11,140
15.	Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss a/c, if any)				0	(36,469)
16.	Earning / (Loss) 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	0.13	43.59	(5.30)	48.24	(5.94)
	- Diluted	0.13	43.59	(5.30)	48.23	(5.94)
(b)	Basic and diluted EPS after Extraordinary Items for the period, for the year to date and for the previous year (not annualised).					
	- Basic	0.13	43.59	(5.30)	48.24	(5.94)
	- Diluted	0.13	43.59	(5.30)	48.23	(5.94)
17.	Public Shareholding					
	- Number of Shares	27,164,552	27,164,552	27,164,552	27,164,552	27,164,552
	- Percentage of shareholding	24.38%	24.38%	24.38%	24.38%	24.38%
18.	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	84,239,164	84,239,164	84,239,164	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%	75.62%	75.62%	75.62%	75.62%

Segment-wise Revenue, Results and Capital Employed (Consolidated) :

(Rs in lakhs)

Particulars	Quarter ended Dec 31,	Quarter ended Sep 30,	Quarter ended Dec 31,	Year ended Dec 31,	
	2011	2011	2010	2011	2010
	Audited	Unaudited	Unaudited	Audited	Audited
Segment Revenue					
IT	5,237	5,266	5,717	21,084	22,012
BPO (discontinued operations)	383	840	21,869	34,285	84,263
Total	5,620	6,106	27,586	55,369	106,275
Less: Inter-segment revenue	0	5	109	188	504
Net Income from operations	5,620	6,101	27,477	55,181	105,771
Segment Results Profit(+)/Loss(-) before Exceptional, Tax and interest from each segment					
IT	1,484	965	875	2,478	237
BPO (discontinued operations)	1,410	(381)	3,896	(824)	5,349
Total	2,894	584	4,771	1,654	5,586
Less: Inter-segment profit	0	0	49	0	9
Net segment results	2,894	584	4,723	1,654	5,578
Exceptional items					
IT	0	0	(237)	0	(237)
BPO (discontinued operations)	0	0	1,454	0	1,721
Total	0	0	1,217	0	1,484
Segment Results Profit(+)/Loss(-) before Tax and interest from each segment					
IT	1,484	965	1,112	2,478	474
BPO (discontinued operations)	1,410	(381)	2,442	(824)	3,628
Total	2,894	584	3,554	1,654	4,102
Less: Inter-segment profit	0	0	49	0	9
Net segment results	2,894	584	3,505	1,654	4,093
Less: Exceptional Unallocable items					0
Exceptional and prior period items	51	(47,969)	6,971	(53,631)	6,971
Interest Expense	1,966	39	935	519	3,370
Other Income	(75)	(61)	1,037	(238)	(108)
Total Loss Before Tax	952	48,575	(5,438)	55,004	(6,140)
Capital Employed					
(Segment Assets-Segment Liabilities)					
(a) IT	23,696	21,316	13,884	23,696	13,884
(b) BPO (discontinued operations)	0	0	8,862	0	8,862
Unallocated	0	2,355	(48,075)	0	(48,075)
Total	23,696	23,671	(25,329)	23,696	(25,329)

Statement of Assets and Liabilities (Consolidated)

(Rs in Lakhs)

Particulars	As at	
	December 31, 2011	December 31, 2010
	Audited	Audited
Shareholders' Funds		
(a) Capital	11,140	11,140
(b) Reserves and Surplus	12,556	18,447
Loan Funds	150	47,608
Total	23,846	77,195
Fixed assets	16,424	38,238
Deferred Tax Asset (net)	-	415
Current assets, Loans and Advances		
(a) Sundry Debtors	6,162	13,607
(b) Cash and Bank balances	4,123	8,955
(c) Other current assets	793	1,312
(d) Loans and Advances	4,044	4,342
Less: Current Liabilities and Provisions		
(a) Liabilities	6,130	23,699
(b) Provisions	1,568	20,891
Profit and Loss account	-	54,916
Total	23,846	77,195

Notes to above results :

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 February 29, 2012, and audit has been carried out by the statutory auditors of the Company.
2. 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 year, the BPO segment is disclosed as discontinued operations under segment reporting.
3. On May 31, 2011, Cambridge Integrated Services Group Inc, USA ('CISGI'), a wholly owned subsidiary of the Company entered into agreements with Sedgwick Claims Management Services, Inc, USA for the sale of virtually its entire operations of workers' compensation and third party administration, for a consideration of Rs.10,105. The transaction has been approved by the Board of Directors of the company in the meeting held on May 31, 2011. The net asset value of the operation as on the date of disposal was Rs.5,469. CISGI has recognised a profit on sale of operation of Rs.1,876 (net of tax of Nil) after adjusting transaction cost of Rs.1,081 and release of debit balance under foreign currency translation reserve of Rs.1,679. Pursuant to above, CISGI operations are considered as discontinued operations.
4. The Company had issued corporate guarantee in favour of Xchanging UK Limited, UK ('XUK'), a fellow subsidiary of the Company, in connection with a loan of Rs.29,336 granted between 2009 and 2010 to CISGI. Post the sale of CISGI operation to Sedgwick 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 of Directors of the company, in the meeting held on June 10, 2011, acknowledged the liability of 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 and the Board of Directors decided to dispose of the rest of the company's BPO division, which are part of the BPO segment as per AS 17 Segment Reporting.
5. On June 13, 2011, 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 Rs.7,459. This consideration has been arrived based on the valuation done by the two reputed independent valuation experts. The transaction has been approved by the Board of Directors of the company in the meeting held on June 13, 2011. The net asset value of the subsidiary as on the date of disposal was Rs.12,772. In consolidated results, the Company has recognised a loss on sale of subsidiary of Rs.3,374 after release of credit under foreign currency translation reserve of Rs.1,939. In standalone results, this transaction has led to a loss of Rs.1,322. Pursuant to the above, BPO Australia business has been considered as discontinued operations.
6. On June 16, 2011, the Company entered into a Business Transfer Agreement with Xchanging Technology Services India Private Limited (XTSI), a fellow subsidiary, 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.29,975. This consideration has been arrived based on the valuation done by the two reputed independent valuation experts. The transaction has been approved by the Board of Directors of the company 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 net asset value of the operation as on the date of disposal was Rs.4,462. In the consolidated results, the Company has recognised a profit on sale of operation of Rs.25,391 (net of tax of Nil) after adjusting transaction cost of Rs.122. In standalone results, this transaction has led to a profit of Rs.28,061. 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 22, 2011 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.
7. The Board of Directors in its meeting held on August 12, 2011, approved the conversion of subrogated right of Rs.29,336 into the equity shares of CISGI for an equivalent amount and accordingly the shareholder funds in CISGI Balance Sheet increased by Rs.29,336. 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 the balance amount of Rs.29,336 has been recorded as loss on fair value accounting of investments.
8. On August 31, 2011 the Company has sold its investment in CISGI to Waltham Holdings Limited, Jersey, Channel Islands, for a nominal consideration. This consideration has been arrived based on the valuation done by the two reputed independent valuation experts. The transaction has been approved by the Board of Directors of the company in the meeting held on August 30, 2011. The net liability value of the subsidiary as on the date of disposal was Rs.21,418. The Company has recognised a profit on sale of subsidiary of Rs.24,468 (net of tax of Nil) after release of credit under foreign currency translation reserve of Rs.3,050.
9. On October 31, 2011, Cambridge Solutions Europe Ltd, U.K ('CSEL'), a wholly owned subsidiary of the Company entered into agreement for the sale of its subsidiary Cambridge Solution SARL, France ('CSF'), for a nominal consideration. The transaction has been approved by the Board of directors of the company in the meeting held on October 27, 2011. The net liability value of the operation as on the date of disposal was Rs.14. CSEL has recognised a profit on the sale of subsidiary of Rs.8 after release of debit under foreign currency translation reserve of Rs.6. Pursuant to the above, CSF ceases to be a subsidiary of the Group.
10. The Company has strategic investment amounting to Rs. 6,768 in Cambridge Solutions & Services Inc. ("CSSI") (formerly called as Scandent Group Inc.) its wholly owned subsidiary. Further, the Company has granted loan aggregating to Rs. 17,283. Based on assessment of diminution in the value of investments and evaluation of recoverability of other balances, the Company, has made a provision of Rs.1,588 against the investments towards diminution in value considering it to be "a decline other than temporary". During the quarter ended 30th June 2011, the company made a provision of Rs.9,869 towards loan and including the amount already provided earlier, the full value of loan of Rs.17,283 has been provided. The Company considers CSSI a strategic long term investment and based on future growth projections, in the opinion of the management, the remaining value of the investments is not impaired.
11. The Company has strategic investments amounting to Rs. 2,222 in Cambridge Solutions Europe Ltd., UK ("CSEL"), its wholly owned subsidiary. Based on assessment of diminution in the value of investments, the Company, has made a provision of Rs. 1,534 considering it to be "a decline other than temporary". The Company considers CSEL a strategic long term investment and based on future growth projections, in the opinion of the management, the remaining value of the investments is not impaired.

12. On August 1, 2002, the Company issued 1,500,000, 11% debentures of face value of Rs.100 each. The debentures were repayable at par at the end of five years from the date of issuance. Based on the orders of the Debt Recovery Tribunal, the Company had issued duplicate debenture certificates for 625,000 debentures (which form a part of the said 1,500,000 debentures) 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 before the Hon'ble Madras High Court by another company ("Third Party"), claiming rights over the said 625,000 debentures. Decision on this suit is still pending before Hon'ble Madras High Court. On the basis of an interim application filed by the Third Party, 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 contending that it is not possible to show the debentures as due and payable as the debentures have already been redeemed and also reflected as redeemed in the Company's accounts prior to passing of Interim Order. 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 these accounts.
13. Exceptional items as per consolidated results of the group comprises the following:
 - i. Year to date profit of Rs.1,876 relating to sale of workers' compensation and third party administration operations in the USA [Refer Note 3]
 - ii. Year to date Employee cost amounting to Rs 543 paid towards vacation pay to employees on termination of their contract with CISGI on sale of CISGI's operations.
 - iii. Year to date profit of Rs.5,806 relating to impairment of assets, reassessment of liabilities and reversal of provision related to discontinued
 - iv. Year to date loss of Rs.3,374 arising from sale of shares in CISV [Refer Note 5 above].
 - v. Year to date profit on sale of Rs 25,391 arising from sale of assets of India BPO business. [Refer Note 6]
 - vi. Year to date profit on sale of investment in CISGI Rs 24,468 [Refer Note 8]
 - vii. For the quarter and year to date profit of Rs 8 arising from sale of shares in CSF [Refer Note 9]
14. 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 CISV [Refer Note 5 above].
 - ii. Year to date provision of Rs.9,869 relating to impairment of loans and advances granted to CSSI [Refer Note 10 above].
 - iii. Year to date profit on sale of Rs 28,061 arising on sale of assets of India BPO [Refer Note 6].
 - iv. Year to date loss of Rs. 29,336 arising from fair value accounting of investment in CISGI on account of conversion of asset recoverable related to subrogated right on invocation of corporate guarantee. [Refer Note 7 above].
 - v. For the quarter and year to date Rs 1,588 is recognised as a loss on account of impairment of investment in CSSI [Refer Note 10 above].
 - vi. For the quarter and year to date Rs 1,534 is recognised as a loss on account of impairment of investment in CSEL [Refer Note 11 above].
15. The figures of quarter ended December 31, 2011 are the balancing figures between audited figures in respect of the full financial year ended December 31, 2011 and the published year to date figures for the 9 months ended September 30, 2011
16. The amounts for the previous period have been reclassified wherever necessary to conform to the current period presentation.
17. Information on investors' complaints for the quarter ended December 31, 2011 is as follows: Opening balance: Nil; New: 0; Disposal: 0; Closing balance: Nil.

By Order of Board

Place : London, UK
Date : February 29, 2012

David Bauernfeind
Executive Director