

CAMBRIDGE SOLUTIONS & SERVICES INC.,

BALANCE SHEET AS AT DECEMBER 31, 2011

	Notes	USD 2011	INR 2011	USD 2010	INR 2010
SOURCES OF FUNDS					
Shareholders' Funds					
Share capital	8	9,930,062	539,103,066	9,930,062	452,314,324
Reserves and surplus	9	19,541,959	1,060,932,954	19,541,959	890,136,232
		<u>29,472,021</u>	<u>1,600,036,020</u>	<u>29,472,021</u>	<u>1,342,450,557</u>
Loan Funds					
Unsecured loans	10	41,182,372	2,235,790,961	40,829,797	1,859,797,241
		<u>41,182,372</u>	<u>2,235,790,961</u>	<u>40,829,797</u>	<u>1,859,797,241</u>
TOTAL		<u>70,654,393</u>	<u>3,835,826,981</u>	<u>70,301,818</u>	<u>3,202,247,797</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross block	11	1,310,272	71,134,691	1,310,272	59,682,910
Less: Accumulated depreciation		<u>1,309,131</u>	<u>71,072,714</u>	<u>1,302,014</u>	<u>59,306,746</u>
Net block		<u>1,142</u>	<u>61,977</u>	<u>8,258</u>	<u>376,164</u>
Capital advances					
Intangible Assets, net					
	12	<u>(4)</u>	<u>(195)</u>	<u>(4)</u>	<u>(164)</u>
Investments					
	13	<u>27,370</u>	<u>1,485,897</u>	<u>27,370</u>	<u>1,246,687</u>
Current Assets, Loans & Advances					
Sundry debtors	14	861,863	46,790,520	1,883,111	85,775,720
Cash and bank balances	15	1,197,454	65,009,803	2,342,515	106,701,579
Other current assets	16	2,071,483	112,460,788	1,201,446	54,725,862
Loans and advances	17	1,411,908	76,652,486	3,528,076	160,703,879
		<u>5,542,708</u>	<u>300,913,597</u>	<u>8,955,149</u>	<u>407,907,040</u>
Less: Current Liabilities & Provisions					
Current liabilities	18	7,270,292	394,704,156	7,250,540	330,262,102
Provisions	19	499,274	27,105,582	1,538,666	70,086,249
		<u>7,769,566</u>	<u>421,809,738</u>	<u>8,789,206</u>	<u>400,348,352</u>
Net Current Assets / (Liabilities)		<u>(2,226,858)</u>	<u>(120,896,141)</u>	<u>165,943</u>	<u>7,558,688</u>
Profit & loss account		<u>72,852,743</u>	<u>3,955,175,443</u>	<u>70,100,251</u>	<u>3,193,066,422</u>
TOTAL		<u>70,654,393</u>	<u>3,835,826,981</u>	<u>70,301,818</u>	<u>3,202,247,797</u>

The accompanying notes 1 to 33 form an integral part of this 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 of
Cambridge Solutions & Services Inc.,**

CA. Ajay Kumar Bhalotia
Partner
Membership No. 057931

Nimish Soni
Director

Jane Tutoki
Director

Place:
Date:

Place :
Date:

Place :
Date:

CAMBRIDGE SOLUTIONS & SERVICES INC.,

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED DECEMBER 31, 2011

		USD 2011	INR 2011	USD 2010	INR 2010
	Notes				
Income					
Revenues	20	14,036,169	762,023,593	15,054,514	685,733,099
Other income	21	1,086	58,956	14,811	674,645
		<u>14,037,255</u>	<u>762,082,549</u>	<u>15,069,325</u>	<u>686,407,744</u>
Expenditure					
Employee costs	22	7,151,178	388,237,430	8,895,907	405,208,557
Other operating costs	23	6,763,714	367,202,033	6,106,500	278,151,071
Finance costs	24	20,389	1,106,926	19,713	897,929
Depreciation	11	7,117	386,365	17,676	805,138
Amortisation	12	-	-	-	-
		<u>13,942,397</u>	<u>756,932,753</u>	<u>15,039,796</u>	<u>685,062,696</u>
Profit (Loss) before prior period, exceptional items and taxation		94,857	5,149,796	29,529	1,345,048
Exceptional items	35	2,832,300	153,765,561	1,026,504	46,757,257
Profit/ (loss) before taxation		<u>(2,737,443)</u>	<u>(148,615,765)</u>	<u>(996,975)</u>	<u>(45,412,209)</u>
Provision for tax		15,050	817,065	-	-
Deferred tax expense		-	-	-	-
Profit/ (loss) for the year		<u>(2,752,493)</u>	<u>(149,432,829)</u>	<u>(996,975)</u>	<u>(45,412,209)</u>
Profit/ (loss) for the year after tax		(2,752,493)	(149,432,829)	(996,975)	(45,412,209)
Loss, at the beginning of the year		(70,100,251)	(3,805,742,614)	(69,103,276)	(3,147,654,213)
Loss at the end of the year		<u>(72,852,743)</u>	<u>(3,955,175,443)</u>	<u>(70,100,251)</u>	<u>(3,193,066,422)</u>
Earnings / (loss) per share (Equity shares, par value \$1 each (2010 - \$1))					
Basic and diluted		<u>(0.277)</u>	<u>(15.049)</u>	<u>(0.100)</u>	<u>(4.573)</u>
Weighted average number of equity shares used in computing					
Earnings per share					
Basic and diluted		<u>9,930,062</u>	<u>9,930,062</u>	<u>9,930,062</u>	<u>9,930,062</u>

The accompanying notes 1 to 33 form an integral part 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
Cambridge Solutions & Services Inc.,

CA. Ajay Kumar Bhalotia
Partner
Membership No. : 057931

Nimish Soni
Director

Jane Tutoki
Director

Place:
Date:

Place :
Date:

Place :
Date:

CAMBRIDGE SOLUTIONS & SERVICES INC.,
CASH FLOW STATEMENT YEAR ENDED DECEMBER 31, 2011

	USD 2011	INR 2011	USD 2010	INR 2010
A. Cash flow from operating activities				
Profit/ (loss) before taxation	(2,752,493)	(149,432,829)	(996,975)	(45,412,209)
Adjustments for:				
Depreciation	7,117	386,365	17,676	805,138
Foreign exchange (gain) /loss - net - unrealised	6,213	337,291	(10,618)	(483,643)
Provision for bad and doubtful debts	359,066	19,493,710	114,249	5,204,042
Interest income	(1,083)	(58,819)	(1,134)	(51,645)
Operating profit before working capital changes	(2,381,180)	(129,274,282)	(876,802)	(39,938,317)
Movements in working capital :				
Decrease / (Increase) in sundry debtors	662,183	35,949,900	2,937,363	133,796,891
Decrease / (Increase) in loans and advances and other current assets	1,239,919	67,315,187	(105,999)	(4,828,244)
Increase / (Decrease) in current liabilities and provisions	(992,089)	(53,860,527)	(730,040)	(33,253,336)
Net Cash from/ (used in) operations	(1,471,168)	(79,869,722)	1,224,522	55,776,994
Income Tax Paid/(Refund) , net	(27,551)	(1,495,755)	(34,407)	(1,567,221)
Net cash from/ (used in) Operating activities (A)	(1,498,719)	(81,365,477)	1,190,116	54,209,773
B. Cash flows from investing activities				
Diminution in Value of Investment			1,026,504	46,757,257
Interest received	1,083	58,819	1,134	51,645
Net cash used in investing activities (B)	1,083	58,819	1,027,638	46,808,902
C. Cash flows from financing activities				
Repayment of long-term borrowings and finance lease obligation	352,575	19,141,297	(1,414,546)	(64,432,569)
Net cash generated from financing activities (C)	352,575	19,141,297	(1,414,546)	(64,432,569)
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	(1,145,061)	(62,165,361)	803,208	36,586,105
Cash and cash equivalents at the beginning of the year	2,342,515	127,175,164	1,339,308	61,005,474
Cash and cash equivalents at the end of the year	1,197,454	65,009,803	2,142,515	97,591,579
Components of cash and cash equivalents:				
Cash on hand				
Balances with scheduled banks				
Balances with other banks	1,197,454	65,009,803	2,342,515	106,701,579
Less: Fixed deposits with maturity greater than 3 months	1,197,454	65,009,803	2,342,515	106,701,579

As per our report of even date

Bhalotia Associates
Chartered Accountants
Firm Registration No. 323201E

For and on behalf of the Board of Directors
Cambridge Solutions & Services Inc.,

CA.Ajay Kumar Bhalotia
Partner
Membership No. 057931

Nimish Soni
Director

Jane Tutoki
Director

Place:
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Date:

CAMBRIDGE SOLUTIONS & SERVICES INC.,
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2011

1. Background

Cambridge Solutions & Services Inc., (formerly Scandent Group Inc.) [hereafter referred as “CSSI USA (formerly Scandent)” or the Company], was incorporated on June 29, 2001, as a Delaware Corporation. The Company was a wholly owned subsidiary of SSI Limited, India (‘SSI’), and pursuant to the Scheme of arrangement for de-merger of the software development and information technology business of SSI (‘SSIIT’) and its merger with Cambridge Solutions Limited (formerly Scandent Solutions Corporation Limited) (‘Cambridge or the Holding Company’), CSSI USA (formerly Scandent) became a wholly owned subsidiary of Cambridge, with effect from July 2, 2004.

The Company, till the previous year was engaged in rendering software development and related services and specializes in the delivery of Case Management and Eligibility software solutions to the Government sector (‘Government Business’). On April 25, 2007, the Company sold such business to a third party. (Refer note 5).

On April 24, 2007, Scandent Group Inc. [hereafter referred as “Erstwhile Scandent USA”], a wholly owned subsidiary of Cambridge, engaged in rendering software development & related services and information technology enabled services, merged into the Company and consequently, the Company is continuing such business. As part of the business, the Company earns, marketing fees for revenues earned by Cambridge through the Company and is compensated on a cost plus basis for the onsite support provided to Cambridge.

2. Merger of Scandent Group Inc., [Erstwhile Scandent USA]

On March 31, 2007, the Company entered into an agreement with the holding company to merge Erstwhile Scandent USA, a wholly owned subsidiary of the holding company into itself for a consideration of \$ 7,154,158 to be discharged by issue of 1,856,795 shares of face value of \$ 1.00 each at a premium of \$ 2.85 per share.

On April 24, 2007, the secretary of State of Delaware has issued the certificate of merger of Erstwhile Scandent USA with and into the Company. As per the terms of the agreement, the assets and liabilities as on April 24, 2007 have been transferred to the Company, on a going concern basis at their respective values appearing in the books of account of Erstwhile Scandent USA.

3. Merger of ProcessMind Services Inc. with the Company

Pursuant to the Group’s strategy of consolidating its operations in USA, ProcessMind Services Inc., USA, (‘Processmind’) a fellow subsidiary Company has been merged with and into the Company effective March 31, 2008, for a consideration of USD 1 to be paid in cash. As per the terms of the agreement, the assets and liabilities of the transferor companies as on March 31, 2008 have been transferred to the Company on a going concern basis at their respective book values.

On April 1, 2008, the secretary of State of Delaware has issued the certificate of merger of Processmind with and into CSSI USA (formerly Scandnet), on a going concern basis at their respective book values appearing in the books of account of Processmind.

CAMBRIDGE SOLUTIONS & SERVICES INC.,
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2011

4. Merger of Ecomm Solutions Corp., USA ('Ecomm') with the Company

On April 1, 2008, Ecomm was merged into the Company. On July 1, 2008, the secretary of State of Delaware has issued the certificate of merger of Ecomm with and into Scandent Group Inc.

The book values of assets and liabilities as at March 31, 2008 taken over from Ecomm. are as follows:

Particulars	Amount (\$)
Fixed assets	
Gross Block	17,496
Less: Accumulated depreciation	8,436
Net Block	9,060
Investments	27,370
	27,370
Current assets	
Sundry debtors	2,145,980
Cash and bank balance	1,586,367
Loans and advances	3,555,425
	7,287,772
Current liabilities and provisions	184,753
Net current assets / (Liabilities)	7,103,019
Excess of liabilities over assets, represented by:	7,139,449
Share capital	3,000
Credit balance of Profit and loss account as at Mar 31, 2008	7,136,449

The merger has been accounted for under the pooling of interest method and the difference between the investment in book (\$12 million) and the amount of share capital of Ecomm (\$3,000) amounting to \$ 11,997,000 has been adjusted to the Profit and loss account of the Company.

Assets and liabilities above include receivables and payables from/to the Company and have been eliminated with the respective payables and receivables in the books of the Company.

5. Sale of government business

On January 22, 2007, the Company entered into an agreement with a third party for sale of its government business, for a consideration of \$ 30.95 million, including cash flow of \$ 1.4 million from April 1, 2007 to April 24, 2007 incurred by the Company. The sale consummated on April 25, 2007.

CAMBRIDGE SOLUTIONS & SERVICES INC.,
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2011

6. Funding of Future Operations

As at December 31, 2011, the Company has significant accumulated losses amounting to \$ 72.85 million resulting in negative net-worth of \$ 43.38 million. These matters raise a substantial doubt that the Company will be able to continue as a going concern.

The Holding company has committed to fund the shortfall, if any. Accordingly, the financial statements have been prepared on a going concern basis and no adjustments have been made towards the realization value of the assets of the Company or the classification of assets in the balance sheet.

7. Summary of Significant Accounting Policies

7.1 Basis of preparation

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. 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 Companies Act, 1956 ('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.

The functional currency of the Company is United States Dollar ('USD' or '\$') and the reporting currency of the financial statements in Indian Rupee ('INR' or 'Rs')

For the convenience of the readers the balance sheet, as at December 31, 2011 and as at December 31, 2010, and the Profit and Loss account for both the years have been translated into INR at the exchange rate of USD 1= INR 54.29 for December 31, 2011 and at the exchange rate of USD 1=INR 45.55 for December 31, 2010. 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.

7.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

7.3 Fixed assets and depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment losses. The cost of fixed assets comprises of their purchase price and any other directly attributable costs of bringing the assets to their working condition for intended use.

CAMBRIDGE SOLUTIONS & SERVICES INC.,
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2011

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.

Based on the useful life estimated by the management, depreciation is provided under the straight-line method at the rates mentioned below.

	Rate (per cent)
Computers	33.33
Office Equipment	20.00
Furniture and Fixtures	20.00

Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower, on a straight-line basis. Assets individually costing less than or equal to Rs 5,000 equivalent US dollar are fully depreciated in the year of acquisition.

7.4 Intangible Assets

Intangible assets comprises of Computer Software, Goodwill, Software license rights and Product development costs.

Computer softwares which are held for use in business / administrative purposes are amortised over an estimated useful life of two years.

Goodwill recorded under the purchase method of accounting for Amalgamation is amortised over a period of 5 years, since the date of acquisition.

Software License Rights purchased are amortized over their estimated useful life ranging from one to four years.

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 flow is 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.

7.5 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.

7.6 Revenue recognition

Revenue from software development services include revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognized as related services are performed. Revenue from software development on fixed price contracts is recognized as per proportionate completion method.

Revenues from maintenance contracts are recognized over the term of the maintenance contract.

CAMBRIDGE SOLUTIONS & SERVICES INC.,
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2011

7.7 Project work expense

Project work expenses represents amounts charged by Cambridge group companies towards cost of salary and other expenses incurred towards software development and related services for the contracts undertaken by the Company and amounts charged by outside sub-contractors. These costs are recognized as incurred in the financial statements.

7.8 Retirement benefits

Retirement benefits to employees comprise of leave encashment.

Short term compensated absences are provided for based on estimates.

7.9 Income taxes

Tax expense comprises both current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the local tax laws. 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. In situations where the Company has carry forward of unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonable certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax asset can be realised.

7.10 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.

7.11 Earnings / (loss) per share

Basic earnings / (loss) per share is calculated by dividing the profit / (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

CAMBRIDGE SOLUTIONS & SERVICES INC.,
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2011

7.12 Segment reporting

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of services rendered. The analysis of geographical segments is based on the geographical location of the Company's customer.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

The other segment includes general corporate income and expense items which are not allocated to any business segment.

7.13 Foreign currency transactions

(i) 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.

(ii) 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.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise.

Exchange differences arising on conversion of monetary items pertaining to acquisition of fixed assets acquired from outside the country before accounting period commencing on or after December 7, 2006 are capitalized as a part of fixed asset.

7.14 Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprises of cash at bank.

CAMBRIDGE SOLUTIONS & SERVICES INC.,
SCHEDULES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2011

	USD 2011	INR 2011	USD 2010	INR 2010
8 Share capital				
Authorised capital				
10,073,267 (2010 -- 10,073,267) Equity Shares of \$ 1.00 each	10,073,267	546,877,665	10,073,267	458,837,312
Issued, subscribed and paid-up capital				
9,930,062 (2010 --9,930,062) Equity Shares of \$ 1.00 each fully paid up	9,930,062	539,103,066	9,930,062	452,314,324
	<u>9,930,062</u>	<u>539,103,066</u>	<u>9,930,062</u>	<u>452,314,324</u>

i) On May 29, 2008, the Company has increased its authorised capital to 10,073,267 Equity Shares of \$ 1.00 each

ii) As at December 31, 2011, the entire 9,930,062 (Dec 31, 2010 --9,930,062) equity shares are held by Cambridge Solutions Limited, the Holding company

9 Reserves and surplus

Capital reserve	1,974,623	107,202,283	1,974,623	89,944,078
Securities premium	17,567,336	953,730,671	17,567,336	800,192,155
	<u>19,541,959</u>	<u>1,060,932,954</u>	<u>19,541,959</u>	<u>890,136,232</u>

10 Unsecured loans

Loans payable to related parties {Refer Notes (i) below}

Cambridge Solutions Europe Ltd. UK	618,120	33,557,735	-	-
Cambridge Solutions Pty Ltd, Singapore	500,000	27,145,000	500,000	22,775,000
Cambridge Solutions Limited, ('Holding Company')	37,929,096	2,059,170,640	38,194,641	1,739,765,913
ProcessMind Holdings Mauritius Limited	2,135,155	115,917,586	2,135,155	97,256,328
	<u>41,182,372</u>	<u>2,235,790,961</u>	<u>40,829,797</u>	<u>1,859,797,241</u>

(i) Loans received from other related parties are interest free and repayable on demand.

CAMBRIDGE SOLUTIONS & SERVICES INC.,
SCHEDULES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2011

11 Fixed assets

	Gross Block			Depreciation			Amounts in USD	
	2010	Additions	Deletions / adjustments	2011	2010	For the year adjustments	2011	2010
Leasehold Improvements	4,439	-	-	4,439	4,439	-	4,439	-
Computers	1,055,131	-	-	1,055,131	1,051,284	3,846	1,055,130	1
Office Equipment	72,506	-	-	72,506	72,506	-	72,506	3,847
Furniture and fixtures	178,197	-	-	178,197	173,785	3,271	177,056	-
Total	1,310,272	-	-	1,310,272	1,302,014	7,117	1,309,131	1,141
Previous year	1,310,272			1,310,272	1,284,338	17,676	1,302,014	8,258

	Gross Block			Depreciation			Amounts in INR	
	2010	Additions	Deletions / adjustments	2011	2010	For the year adjustments	2011	2010
Leasehold Improvements	240,988	-	-	240,988	240,988	-	240,988	-
Computers	57,283,063	-	-	57,283,063	57,074,232	208,785	57,283,017	45
Office Equipment	3,936,341	-	-	3,936,341	3,936,341	-	3,936,341	-
Furniture and fixtures	9,674,300	-	-	9,674,300	9,434,789	177,579	9,612,368	61,932
Total	71,134,691	-	-	71,134,691	70,686,350	386,365	71,072,714	239,511
Previous year	59,682,910			59,682,910	58,501,608	805,138	59,306,746	448,341

CAMBRIDGE SOLUTIONS & SERVICES INC.,
SCHEDULES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2011

12 Intangible assets

	Gross Block			Amortisation			Net Block		Amounts in USD
	2010	Additions	2011	2010	For the Year	2011	2010	2011	
Goodwill	1,272,941	-	1,272,941	1,272,945	-	1,272,945	(4)	(4)	
Product Development Costs	2,000,000	-	2,000,000	2,000,000	-	2,000,000	-	-	
Software license rights	5,645,643	-	5,645,643	5,645,643	-	5,645,643	-	-	
Computer Software	925,287	-	925,287	925,287	-	925,287	-	-	
Total	9,843,872	-	9,843,872	9,843,875	-	9,843,875	(4)	(4)	
Previous year	9,843,872	-	9,843,872	9,843,875	-	9,843,875	(4)	(4)	

	Gross Block			Amortisation			Net Block		Amounts in USD
	2010	Additions	2011	2010	For the Year	2011	2010	2011	
Goodwill	69,107,976	-	69,107,976	69,108,171	-	69,108,171	(195)	(195)	
Product Development Costs	108,580,000	-	108,580,000	108,580,000	-	108,580,000	-	-	
Software license rights	306,501,958	-	306,501,958	306,501,958	-	306,501,958	-	-	
Computer Software	50,233,852	-	50,233,852	50,233,852	-	50,233,852	-	-	
Total	534,423,786	-	534,423,786	534,423,981	-	534,423,981	(195)	(195)	
Previous year	448,388,349	-	448,388,349	448,388,513	-	448,388,513	(164)	(164)	

CAMBRIDGE SOLUTIONS & SERVICES INC.,
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13 Investments (Unquoted, Long term at cost, fully paid-up)

Subsidiary company:				
10,000 Equity shares of Rs. 10 each in Nexplot India Infotech Private Limited (Refer {Refer Note (i) below})	27,370	1,485,897	27,370	1,246,687
Trade:				
4,938,297 (2010: 4,938,297) Class A Common stock of BigE Real-estate Inc, USA fully paid and non assessable	2,780,000	150,926,200	2,780,000	126,629,000
10,670,000 (2010: 10,670,000) Warrant (Refer Note (ii) below)	220,000	11,943,800	220,000	10,021,000
Less: Diminution in value of investments	(3,000,000)	(162,870,000)	(3,000,000)	(136,650,000)
	27,370	1,485,897	27,370	1,246,687

- (i) Out of which 1 Equity of Rs. 10/- each is being held by Cambridge Integrated Services Group Inc, as nominee on behalf of the company
- (ii) On January 18, 2007, the Group has entered into a Stock and Warrant purchase agreement with Big E Real-estate Inc, ('BigE') a Delaware Corporation and Cushman & Wakefield Inc ('C&W'), for purchase of shares and warrants of BigE. As at December 31, 2011, the Group has made investment of US \$3.00 million (2010 -- US \$ 3.00 million) to acquire 4,938,297 (2010 -- 4,938,297) Class A common stock of BigE constituting 20.44% shareholding and is also entitled 10,670,000 warrants at an exercise price of US \$1 each to be exercised per the terms of the agreement.

14 Sundry debtors (Unsecured)

Debts outstanding for a period exceeding six months				
Considered good	1,386,714	75,284,710	1,334,627	60,792,253
Considered doubtful	-	-	-	-
Other debts				
Considered good	1,132,002	61,456,414	1,814,328	82,642,646
Considered doubtful	-	-	-	-
	2,518,717	136,741,124	3,148,955	143,434,900
Related Party Debtors (Refer Note (i) below)	-	-	31,944	1,455,050
Less: Provision for doubtful debts	1,656,854	89,950,604	1,297,788	59,114,229
	861,863	46,790,520	1,883,111	85,775,720

- (i) Dues from related parties:
Cambridge Solutions Limited, ('Holding Company')

-	-	31,944	1,455,050
-	-	31,944	1,455,050

15 Cash and bank balances

Balances with Other Banks				
- Current accounts	1,197,454	65,009,803	2,342,515	106,701,579
	1,197,454	65,009,803	2,342,515	106,701,579
Balance with other banks include:				
i) Wells Fargo Bank, Minneapolis, USA	1,195,773	64,918,498	2,340,834	106,624,973
[Maximum balance held during the year 2011 \$ 2,982,290 (2010 -- \$ 3,246,898)]				
ii) Bank of America, USA	1,682	91,305	1,682	76,606
[Maximum balance held during the year 2011 \$ 1,682 (2010 -- \$1,972)]				
	1,197,454	65,009,803	2,342,515	106,701,579

16 Other current assets

Unbilled revenues	2,071,483	112,460,788	1,201,446	54,725,862
	2,071,483	112,460,788	1,201,446	54,725,862

17 Loans and advances

Unsecured, considered good

Advances recoverable in cash or kind or for value to be received	297,070	16,127,939	247,502	11,273,702
Other deposits	23,269	1,263,289	11,236	511,810
	320,339	17,391,228	258,738	11,785,511

Dues from related parties { Refer note (i) & (ii) below }

Expenses receivable	1,059,058	57,496,236	3,236,827	147,437,491
Loans & advances	32,511	1,765,022	32,511	1,480,876

Unsecured, Considered doubtful

Dues from related parties { Refer note (i) & (ii) below }

Loans & advances	614,512	33,361,856	614,512	27,991,022
Less: Provision for doubtful balances	(614,512)	(33,361,856)	(614,512)	(27,991,022)
	1,411,908	76,652,486	3,528,076	160,703,879

CAMBRIDGE SOLUTIONS & SERVICES INC.
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Schedule 17 Continue

i) **Dues from related parties include:**

Scandent Holding Mauritius Limited	614,512	33,361,856	614,512	27,991,022
ProcessMind Holdings Mauritius Limited	32,511	1,765,022	32,511	1,480,876
Cambridge Integrated Solutions Group Inc, USA	-	-	2,642,031	120,344,519
Cambridge Solutions Limited, (Holding Company)	47,011	2,552,235	17,043	776,302
Cambridge Solutions Pte Ltd, Singapore	261,069	14,173,461	261,069	11,891,714
Xchanging Transaction Services	130,773	7,099,666	-	-
Xchanging Systems Inc	14,077	764,260	0.31	14
Xchanging Asia Pacific Sdn Bhd	131,713	7,150,715	19,154	872,476
Xchanging Inc (USA)	416,340	22,603,074	62,278	2,836,741
Xchanging UK Ltd	58,074	3,152,824	171,903	7,830,171
Xchanging Global Insurance Solutions Ltd	-	-	63,349	2,885,554
	1,706,081	92,623,115	3,883,850	176,909,389

ii) Loans and advances receivable from related parties are interest free and are repayable on demand.

18 Current liabilities

Sundry creditors	1,721,497	93,460,054	1,229,961	56,024,740
Dues to related parties	-	-	-	-
Expenses Payable	5,532,852	300,378,524	5,962,971	271,613,336
Advance from customers	-	-	-	-
Other Liabilities	15,944	865,578	57,608	2,624,027
	7,270,292	394,704,156	7,250,540	330,262,102

(i) Dues to related parties include the following

Xchanging Systems & Services Inc.,	187,368	10,172,187	-	-
Cambridge Solutions Limited, (Holding Company)	5,034,030	273,297,474	4,881,876	222,369,446
Cambridge Integrated Services Group Inc (CISGI)	-	-	445,745	20,303,690
Cambridge Solutions Pte Ltd, Singapore	228,091	12,383,038	221,668	10,096,956
IndigoMarkets, Bermuda	2	103	2	86
Nexplicit Infotech India Private limited	-	-	177,898	8,103,262
Xchanging UK Ltd	-	-	157	7,164
Xchanging Transaction Services	75,922	4,121,805	-	-
CISGI USA	-	-	0.01	0
Ferguson Snell and Associates	7,440	403,918	12,045	548,650
Xchanging HR Services Ltd	-	-	830	37,819
Xchanging Global Insurance Solutions	-	-	222,750	10,146,263
	5,532,852	300,378,524	5,962,971	271,613,336

19 Provisions

Provision for leave encashment	393,787	21,378,693	460,730	20,986,273
Provision for litigations	-	-	1,000,000	45,550,000
Provision for taxation	105,487	5,726,889	77,936	3,549,976
	499,274	27,105,582	1,538,666	70,086,249

(i) Movement in provisions during the year (in USD)

Description	Opening Balance	Charged during the year	Used during the year	Closing Balance
Provision for leave encashment	460,730	254,256	321,200	393,787
Provision for litigations	1,000,000	-	1,000,000	-
Provision for taxation	77,936	27,551	-	105,487
	1,538,666	281,808	1,321,200	499,274

(ii) Movement in provisions during the year (in INR)

Description	Opening Balance	Charged during the year	Used during the year	Closing Balance
Provision for leave encashment	25,013,058	13,803,576	17,437,924	21,378,710
Provision for litigations	54,290,000	-	54,290,000	-
Provision for taxation	4,231,135	1,495,755	-	5,726,889
	83,534,192	15,299,331	71,727,924	27,105,600

CAMBRIDGE SOLUTIONS & SERVICES INC.,
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	<u>USD</u>	<u>INR</u>	<u>USD</u>	<u>INR</u>
	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
20 Revenues				
Revenue from software development and related services				
- Time and material contracts	14,036,169	762,023,593	15,054,514	685,733,099
	<u>14,036,169</u>	<u>762,023,593</u>	<u>15,054,514</u>	<u>685,733,099</u>
21 Other income				
Miscellaneous Income	3	137	13,677	623,001
Interest income	1,083	58,819	1,134	51,645
	<u>1,086</u>	<u>58,956</u>	<u>14,811</u>	<u>674,645</u>
22 Employee costs				
Salaries, allowances and bonus	6,167,632	334,840,721	8,356,056	380,618,338
Leave encashment	254,256	13,803,570	(33,186)	(1,511,623)
Staff welfare	725,915	39,409,910	532,803	24,269,159
Recruitment and relocation	3,375	183,229	40,235	1,832,684
	<u>7,151,178</u>	<u>388,237,430</u>	<u>8,895,907</u>	<u>405,208,557</u>
23 Other operating costs				
Project work expenses	4,996,951	271,284,484	4,412,235	200,977,321
Rent	204,940	11,126,195	235,891	10,744,840
Communication	104,535	5,675,205	131,044	5,969,044
Travel	481,189	26,123,725	590,249	26,885,857
Insurance	121,064	6,572,546	138,426	6,305,291
Rates and taxes	23,537	1,277,836	2,692	122,639
Repairs and maintenance				
- Others	24,986	1,356,466	7,438	338,787
Legal & professional	446,553	24,243,338	311,831	14,203,913
Printing & stationery	3,375	183,207	946	43,110
Business promotion	33,585	1,823,337	54,797	2,496,014
Provision for bad & doubtful debts	359,066	19,493,710	114,249	5,204,042
Exchange loss/(gain), net	6,213	337,291	(10,618)	(483,643)
Miscellaneous expenses	(42,279)	(2,295,307)	117,318	5,343,856
	<u>6,763,714</u>	<u>367,202,033</u>	<u>6,106,500</u>	<u>278,151,071</u>
24 Finance costs				
Bank charges	20,389	1,106,926	19,713	897,929
	<u>20,389</u>	<u>1,106,926</u>	<u>19,713</u>	<u>897,929</u>

CAMBRIDGE SOLUTIONS & SERVICES INC.,
25 Related Party Disclosures

S No.	Name of the related party	Relationship	Nature of transaction	INR		INR		INR
				Transactions	Receivable / (payable)	Transaction	Receivable / (payable)	
				2011	2011	2010	2010	
(i) Scandent Holding Mauritius Limited Cambridge Group Company								
			Expenses incurred on behalf of the related party	-	-	-	-	-
			<i>Loans & advances at the end of the year</i>	-	33,361,883	-	-	27,991,044
(ii) Cambridge Solutions Limited Holding company								
			Project work expenses	(273,633,428)	-	(189,972,682)	-	-
			Payments made / (adjustments)	279,789,433	-	368,040,492	-	-
			Payments received / (adjustments)	-	-	(269,813,598)	-	-
			Expenses reimbursed to / incurred by, the related party	-	-	10,927,562	-	-
			Expenses incurred on behalf of the related party	-	-	2,198,926	-	-
			<i>Expenses receivable at the end of the year</i>	-	2,552,235	-	-	776,309
			Expenses payable at the end of the year	-	(273,297,474)	-	-	(222,369,452)
			<i>Sundry Debtors at the end of the year</i>	-	-	-	-	1,455,049
			<i>Unsecured loan at the end of the year</i>	-	(2,059,170,640)	-	-	(1,739,765,898)
(iii) Cambridge Solutions Europe Ltd, UK Fellow subsidiary company								
			Expenses incurred on behalf of the related party	-	-	5,693,498	-	-
			Payments received / (adjustments)	(33,557,735)	-	(5,823,520)	-	-
			Payments made / adjustments	-	-	-	-	-
			<i>Unsecured loan at the end of the year</i>	-	(33,557,735)	-	-	-
			<i>Loans & advances at the end of the year</i>	-	-	-	-	-

CAMBRIDGE SOLUTIONS & SERVICES INC.,
25 Related Party Disclosures

S No.	Name of the related party	Relationship	Nature of transaction	INR		INR		INR
				Transactions	Receivable / (payable)	Transaction	Receivable / (payable)	
				2011	2011	2010	2010	
(iv)	Cambridge Solutions Pte Ltd, Singapore	Fellow subsidiary company	Expenses incurred on behalf of the related party	-	-	6,056,414	-	-
			Payments made / adjustments	16,287,000	-	-	-	-
			Payments received / (adjustments)	(16,287,000)	-	(2,742,308)	-	-
			Expenses reimbursed to / incurred by, the related party	(348,707)	-	-	-	-
			<i>Expenses payable at the end of the year</i>	-	(12,383,060)	-	(10,096,956)	
(v)	IndigoMarkets Limited, Bermuda	Fellow subsidiary company	<i>Unsecured loan at the end of the year</i>	-	(27,145,000)	-	(22,775,000)	
			<i>Expenses receivable at the end of the year</i>	-	14,173,461	-	11,891,714	
(vi)	Processmind Holdings Mauritius Ltd	Fellow subsidiary company	Payments made / adjustments	-	-	-	-	-
			<i>Expenses payable at the end of the year</i>	-	(103)	-	(86)	
(vii)	Cambridge Integrated Services Inc. USA	Group Fellow subsidiary company	<i>Unsecured loan at the end of the year</i>	-	(115,917,619)	-	(97,256,356)	
			<i>Loans & advances at the end of the year</i>	-	1,765,076	-	1,480,922	
(viii)	NexPLICIT Infotech India Private Ltd	Subsidiary Company	Expenses reimbursed to / incurred by, the related party	(11,150,554)	-	(34,373,447)	-	-
			Payments made / adjustments	86,864,000	-	79,875,888	-	-
			Payments received / adjustments	(46,146,500)	-	(20,497,500)	-	-
			Expenses incurred on behalf of the related party	4,962,246	-	12,808,318	-	-
			Write off	(153,765,561)	-	-	-	-
			<i>Expenses payable at the end of the year</i>	-	-	-	(20,303,690)	
			<i>Expenses receivable at the end of the year</i>	-	-	-	120,344,519	
			<i>Loans & advances at the end of the year</i>	-	-	-	-	-
			Project work expenses	-	-	(18,912,289)	-	-
(viii)	NexPLICIT Infotech India Private Ltd	Subsidiary Company	Payments made / adjustments	-	-	25,573,094	-	-
			<i>Expenses payable at the end of the year</i>	-	-	-	(8,103,262)	
			<i>Expenses receivable at the end of the year</i>	-	-	-	-	-

CAMBRIDGE SOLUTIONS & SERVICES INC.,
25 Related Party Disclosures

S No.	Name of the related party	Relationship	Nature of transaction	INR Transactions 2011	INR Receivable / (payable) 2011	INR Transaction 2010	INR Receivable / (payable) 2010
(ix)	Cambridge Solutions Sarl, France	Fellow subsidiary company					
			Unsecured loan taken	-	-	-	-
			Payments made / adjustments	-	-	-	-
			<i>Unsecured loan at the end of the year</i>	-	-	7,255,655	-
(x)	Xchanging UK Ltd.	Parent Company of Holding Company					
			Expenses reimbursed to / incurred by, the related party	-	-	-	-
			Payments made / adjustments	(997)	-	(209,807)	-
			Expenses incurred on behalf of the related party	29,409,605	-	-	-
			Payments made / (adjustments)	9,536	-	37,867,936	-
			Payments received / (adjustments)	(35,589,382)	-	311,471	-
			<i>Expenses receivable at the end of the year</i>	-	-	(30,037,764)	-
			<i>Expenses payable at the end of the year</i>	-	3,152,824	-	7,830,171
				-	-	-	(7,164)
(xi)	Xchanging Transaction Bank	Related Party					
			Expenses reimbursed to / incurred by, the related party	-	-	-	-
			Expenses incurred on behalf of the related party	-	-	-	-
			Payments made / (adjustments)	-	-	-	-
			<i>Expenses payable at the end of the year</i>	-	-	420,087	-
(xii)	Xchanging HR Services	Related Party					
			Expenses reimbursed to / incurred by, the related party	-	-	(415,528)	-
			Expenses incurred on behalf of the related party	-	-	-	-
			Payments made / (adjustments)	-	-	(35,487)	-
			<i>Expenses payable at the end of the year</i>	-	-	413,195	-
				-	-	-	(37,819)
(xiii)	Ferguson Snell & Associates	Related Party					
			Expenses reimbursed to / incurred by, the related party	(403,918)	-	(548,650)	-
			Payments made / (adjustments)	653,923	-	-	-
			<i>Expenses payable at the end of the year</i>	-	(403,918)	-	(548,650)
(xiv)	Xchanging Asia Pacific Pte Ltd.	Related Party					
			Expenses incurred on behalf of the related party	18,860,257	-	872,476	-
			Payments received / (adjustments)	(12,749,409)	-	-	-
			<i>Expenses receivable at the end of the year</i>	-	7,150,715	-	872,476

CAMBRIDGE SOLUTIONS & SERVICES INC.,
25 Related Party Disclosures

S No.	Name of the related party	Relationship	Nature of transaction	INR Transactions 2011	INR Receivable / (payable) 2011	INR Transaction 2010	INR Receivable / (payable) 2010
(xv)	Xchanging Global Insurance Solutions	Related Party	Expenses reimbursed to / incurred by, the related party	-	-	(10,290,630)	-
			Expenses incurred on behalf of the related party	-	-	4,800,779	-
			Payments received / (adjustments)	-	-	(1,915,225)	-
			Payments made / adjustments	-	-	144,367	-
			Expenses receivable at the end of the year	-	-	-	2,885,554
			Expenses payable at the end of the year	-	-	-	(10,146,263)
(xvi)	Xchanging Systems Inc., USA	Related Party	Expenses incurred on behalf of the related party	764,260	-	-	-
			Expenses receivable at the end of the year	-	764,260	-	-
(xvii)	Xchanging Technology Services India Pvt	Related Party	Expenses incurred on behalf of the related party	37,919,569	-	-	-
			Expenses reimbursed to / incurred by, the related party	-	-	-	-
			Payments received / (adjustments)	(43,963,566)	-	-	-
			Payments made / adjustments	9,021,863	-	-	-
			Expenses payable at the end of the year	-	(4,121,805)	-	-
			Expenses receivable at the end of the year	-	7,099,666	-	-
(xix)	Xchanging Inc., USA	Related Party	Expenses incurred on behalf of the related party	44,488,563	-	2,836,741	-
			Payments received / (adjustments)	(25,266,536)	-	-	-
			Expenses receivable at the end of the year	-	22,603,074	-	2,836,741
(xx)	Xchanging Systems & Services Inc., USA	Related Party	Expenses payable at the end of the year	-	(10,172,187)	-	-
			Expenses reimbursed to / incurred by, the related party	(1,060,221)	-	(386,311)	-
			Expenses incurred on behalf of the related party	21,729	-	-	-
			Payments received / (adjustments)	(21,313,765)	-	-	-
			Payments made / adjustments	12,180,054	-	386,325	-

CAMBRIDGE SOLUTIONS & SERVICES INC.,
25 Related Party Disclosures

S No.	Name of the related party	Relationship	Nature of transaction	USD		USD	
				Transactions 2011	Receivable / (payable) 2011	Transactions 2010	Receivable / (payable) 2010
(i)	Scandent Holding Mauritius Limited	Cambridge Group Company	Expenses incurred on behalf of the related party				
			<i>Loans & advances at the end of the year</i>		614,512		614,512
(ii)	Cambridge Solutions Limited	Holding company	Project work expenses			(4,170,641)	
			Payments made / (adjustments)	(5,040,218)		8,079,923	
			Payments received / (adjustments)	5,153,609		(5,923,460)	
			Expenses reimbursed to / incurred by, the related party			239,903	
			Expenses incurred on behalf of the related party			48,275	
			<i>Expenses receivable at the end of the year</i>		47,011		17,043
			Expenses payable at the end of the year		(5,034,030)		(4,881,876)
(iii)	Cambridge Solutions Europe Ltd, UK	Fellow subsidiary company	<i>Sundry Debtors at the end of the year</i>				31,944
			<i>Unsecured loan at the end of the year</i>		(37,929,096)		(38,194,641)
			Expenses incurred on behalf of the related party			124,994	-
			Payments received / (adjustments)	(618,120)		(127,849)	-
			Payments made / adjustments		(618,120)		-
			<i>Unsecured loan at the end of the year</i>				-
			<i>Loans & advances at the end of the year</i>				

CAMBRIDGE SOLUTIONS & SERVICES INC.,
25 Related Party Disclosures

S No.	Name of the related party	Relationship	Nature of transaction	USD		USD	
				Transactions	Receivable / (payable)	Transactions	Receivable / (payable)
				2011	2011	2010	2010
(iv)	Cambridge Solutions Pte Ltd, Singapore	Fellow subsidiary company	Expenses incurred on behalf of the related party				
			Payments made / adjustments	300,000		132,962	
			Payments received / (adjustments)	(300,000)		(60,204)	
			Expenses reimbursed to / incurred by, the related party	(6,423)			
			<i>Expenses payable at the end of the year</i>		(228,091)		(221,668)
(v)	IndigoMarkets Limited, Bermuda	Fellow subsidiary company	<i>Unsecured loan at the end of the year</i>		(500,000)		(500,000)
			<i>Expenses receivable at the end of the year</i>		261,069		261,069
(vi)	Processmind Holdings Mauritius Ltd	Fellow subsidiary company	Payments made / adjustments		(2)		(2)
			<i>Expenses payable at the end of the year</i>				
(vii)	Cambridge Integrated Services Inc. USA	Group Fellow subsidiary company	<i>Unsecured loan at the end of the year</i>		(2,135,156)		(2,135,156)
			<i>Loans & advances at the end of the year</i>		32,512		32,512
(viii)	Nexplotic Infotech India Private Ltd	Subsidiary Company	Expenses reimbursed to / incurred by, the related party	(205,389)		(754,631)	
			Payments made / adjustments	1,600,000		1,753,587	
			Payments received / adjustments	(850,000)		(450,000)	
			Expenses incurred on behalf of the related party	91,403		281,192	
			Writte off	(2,832,300)			
			<i>Expenses payable at the end of the year</i>				(445,745)
			<i>Expenses receivable at the end of the year</i>				2,642,031
			<i>Loans & advances at the end of the year</i>				
			Project work expenses			(415,198)	
			Payments made / adjustments			561,429	
			<i>Expenses payable at the end of the year</i>				(177,898)
			<i>Expenses receivable at the end of the year</i>				

CAMBRIDGE SOLUTIONS & SERVICES INC.,
25 Related Party Disclosures

S No.	Name of the related party	Relationship	Nature of transaction	USD		USD	
				Transactions 2011	Receivable / (payable) 2011	Transactions 2010	Receivable / (payable) 2010
(ix)	Cambridge Solutions Sarl, France	Fellow subsidiary company					
			Unsecured loan taken				
			Payments made / adjustments			159,290	
(x)	Xchanging UK Ltd.	Parent Company of Holding Company	Unsecured loan at the end of the year				
			Expenses reimbursed to / incurred by, the related party			(4,606)	
			Payments made / adjustments	(18)			
			Expenses incurred on behalf of the related party	541,713		831,349	
			Payments made / (adjustments)	176		6,838	
			Payments received / (adjustments)	(655,542)		(659,446)	
			Expenses receivable at the end of the year		58,074		171,903
			Expenses payable at the end of the year				(157)
(xi)	Xchanging Transaction Bank	Related Party					
			Expenses reimbursed to / incurred by, the related party				
			Expenses incurred on behalf of the related party			9,223	
			Payments made / (adjustments)				
			Expenses payable at the end of the year				
(xii)	Xchanging HR Services	Related Party					
			Expenses reimbursed to / incurred by, the related party			(9,122)	
			Expenses incurred on behalf of the related party			(779)	
			Payments made / (adjustments)			9,071	
			Expenses payable at the end of the year				(830)
(xiii)	Ferguson Snell & Associates	Related Party					
			Expenses reimbursed to / incurred by, the related party				
			Payments made / (adjustments)	(7,440)		(12,045)	
			Expenses payable at the end of the year	12,045	(7,440)		(12,045)
(xiv)	Xchanging Asia Pacific Pte Ltd.	Related Party					
			Expenses incurred on behalf of the related party			19,154	
			Payments received / (adjustments)	347,398			
			Expenses receivable at the end of the year	(234,839)	131,713		19,154

CAMBRIDGE SOLUTIONS & SERVICES INC.,
25 Related Party Disclosures

S No.	Name of the related party	Relationship	Nature of transaction	USD		USD	
				Transactions 2011	Receivable / (payable) 2011	Transactions 2010	Receivable / (payable) 2010
(xv)	Xchanging Global Insurance Solutions	Related Party	Expenses reimbursed to / incurred by the related party Expenses incurred on behalf of the related party Payments received / (adjustments) Payments made / adjustments <i>Expenses receivable at the end of the year</i> <i>Expenses payable at the end of the year</i>			(225,919) 105,396 (42,047) 3,169	
(xvi)	Xchanging Systems Inc., USA	Related Party	Expenses incurred on behalf of the related party <i>Expenses receivable at the end of the year</i>	14,077	14,077		63,349 (222,750)
(xvii)	Xchanging Technology Services India Pvt	Related Party	Expenses incurred on behalf of the related party Expenses reimbursed to / incurred by, the related party Payments received / (adjustments) Payments made / adjustments <i>Expenses payable at the end of the year</i> <i>Expenses receivable at the end of the year</i>	698,463 (809,791) 166,179			
(xix)	Xchanging Inc., USA	Related Party	Expenses incurred on behalf of the related party Payments received / (adjustments) <i>Expenses receivable at the end of the year</i>	819,461 (465,399)	(75,922) 130,773	62,278	
(xx)	Xchanging Systems & Services Inc., USA	Related Party	<i>Expenses payable at the end of the year</i> Expenses reimbursed to / incurred by, the related party Expenses incurred on behalf of the related party Payments received / (adjustments) Payments made / adjustments		416,340 (187,368)		62,278 (8,481)
							8,481

CAMBRIDGE SOLUTIONS & SERVICES INC.,
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2011

26. Operating Leases

Office and Office Equipment are obtained under operating lease, whereby the lease is renewable on monthly basis. Expense for such operating leases recognized in the Profit and loss account for the year is \$ 204,940 (2010 : \$ 235,891). included under rent expenses. The Company has not entered into any long term non cancelable lease agreements during the current year.

27. Taxes

The current tax charge reflects state tax and minimum federal tax payable (if any), by the Company in accordance with the tax laws applicable in the United States of America.

28. Capital Commitments

The Company has no capital commitments as at December 31, 2011.

29. Earnings/(loss) per share

	<u>Dec-2011</u>	<u>Dec-2010</u>
Net Profit / (Loss) for the year after Tax including extraordinary items/prior period adjustments	(2,752,493)	(996,975)
Extraordinary Items	2,832,300	1,026,504
Prior Period Adjustment (net)		
Net Profit / (Loss) for the year after Tax excluding extraordinary items	79,807	29,529
Weighted average number of equity shares in calculating basic Earnings per share ('EPS') - (A)	99,30,062	99,30,062
Basic EPS	(0.277)	(0.100)
Weighted average number of potential equity shares under share capital pending allotment - (B)	Nil	Nil
Weighted average number of equity shares in calculating diluted EPS - (A+B)	99,30,062	99,30,062
Diluted EPS	(0.277)	(0.100)

30. Segment reporting

The Company's business activity is organised within a single business and geographical segment. The Company renders software development and related services to its customers in North America region and is managed as one entity, governed by similar set of risks and returns. Accordingly, there are no additional disclosures to be provided under Accounting Standard 17 -- 'Segment Reporting' other than those already provided in financial statements.

CAMBRIDGE SOLUTIONS & SERVICES INC.,
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2011

31. Contingent Liabilities

The Company has no Contingent Liabilities

32. Exceptional Items:

Particulars	(Amount in US \$)	
	Dec-2011	Dec-2010
<p>Provided on account of law suit pending in the name of Pramod Koshy, pursuant to an automobile accident occurred in the October 2003, which involved certain employees of the Company and the Cab which was rented by Pramodh Koshy (an employee of the company) in his personal name. Initially, the company has given a clean chit in this matter since the contract was between Pramodh Koshy and the Cab Agency named 'Enterprise-Rent-A-Car'.</p> <p>However as the Cab was rented for official purposes, the Company has agreed to indemnify Pramodh Koshy in case for any liability which may arose in the event of an adverse decision. The Company as per the opinion of its internal legal counsel has estimated an exposure of USD 11,00,000 (Previous Year 7,50,000) with regard to this case.</p> <p>The case was settled during the current year (2011) for a total sum of USD 1,250,000</p>	50,000	Nil
During the Year, The Company has written off the balances with CISGI pursuant to the sale of that business	2,832,300	
During the year, the Company has reviewed its strategy with respect to investment in BIGeREALESTATE Inc ('BigE'), a US based subsidiary of Cushman & Wakefield. Based on an independent valuation of the carrying value of the investment, the Company has assessed and concluded that the investment is impaired and accordingly a provision against the investment has been created.	Nil	1,026,504
Total	2,882,300	1,026,504

CAMBRIDGE SOLUTIONS & SERVICES INC.,
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2011

33. Prior year comparatives

The prior year figures have been regrouped / reclassified, wherever necessary to conform to the current year's presentation.

As per our report of even date

For Bhalotia Associates
Chartered Accountants
Firm Registration No. 323201E

For and on behalf of the Board of Directors of
Cambridge Solutions & Services Inc.,

C.A. Ajay Kumar Bhalotia
Partner
Membership No. 057931

Nimish Soni
Director

Jane Tutoki
Director

Place:
Date

Place:
Date:

Place:
Date: