

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

Unaudited Financial results for the quarter and half year ended June 30, 2011

(Rs in lakhs)

	Particulars	Quarter ended June 30,		Half year ended June 30,		Year ended
		2011	2010	2011	2010	December 31,
		Unaudited	Unaudited	Unaudited	Unaudited	2010
1.	Net Sales/ Income from Operations	5,894	5,049	11,744	10,951	21,792
2.	Expenditure					
	a) Employee Costs	3,049	2,836	5,923	5,202	10,306
	b) Project Work Expenses	181	150	341	1,340	1,824
	c) Exchange loss / (gain)	233	-246	272	210	376
	d) Depreciation and Amortisation	337	341	680	685	1,392
	e) Other Expenditure	1,269	1,258	2,683	2,548	5,499
	Total	5,069	4,339	9,899	9,985	19,397
3.	Profit from Operations before Other income, Finance cost and Exceptional items (1-2)	825	710	1,845	966	2,395
4.	Other Income	144	155	295	336	659
5.	Profit before Finance cost and Exceptional items (3+4)	969	865	2,140	1,302	3,054
6.	Finance Cost	129	168	287	379	735
7.	Profit after Finance cost but before Exceptional Items (5-6)	840	697	1,853	923	2,319
8.	Exceptional Items (refer note 3 and 5)	40,527	0	40,527	0	2,283
9.	Profit (+) / Loss (-) from ordinary activities before tax (7-8)	-39,687	697	-38,674	923	36
10.	Tax Expense	-	-	204	-	184
11.	Net Profit (+) / Loss (-) for the period (9-10)	-39,687	697	-38,878	923	-148
12.	Paid up Equity Share Capital (Face Value per Share Rs 10/-)	11,140	11,140	11,140	11,140	11,140
13.	Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss of previous year)	-	-	-	-	15,782
14.	Earning / (Loss) Per Share (Rs.)					
	- Basic	-35.62	0.63	-34.90	0.83	-0.13
	- Diluted	-35.62	0.63	-34.90	0.83	-0.13
15.	Public shareholding					
	- Number of Shares	27,164,552	27,114,029	27,164,552	27,114,029	27,164,552
	- Percentage of shareholding	24.38%	24.34%	24.38%	24.34%	24.38%
16.	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	84,289,687	84,239,164	84,289,687	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%	75.66%	75.62%	75.66%	75.62%



Segment-wise Revenue, Results and Capital Employed

Segment Reporting

(Rs in lakhs)

Particulars	Quarter ended June 30,		Half year ended June 30,		Year ended
	2011	2010	2011	2010	December 31,
	Unaudited	Unaudited	Unaudited	Unaudited	2010
Segment Revenue					Audited
IT	2,276	2,035	4,491	4,832	9,236
BPO (discontinuing operation)	3,632	3,077	7,283	6,195	12,702
Total	5,908	5,112	11,774	11,027	21,938
Less: Inter-segment revenue	14	63	30	76	146
Net Income from operations	5,894	5,049	11,744	10,951	21,792
Segment Results Profit(+)/Loss(-) before Exceptional, Prior period, Tax and interest from each segment					
IT	26	210	160	-99	370
BPO (discontinuing operation)	942	653	1,980	1,377	2,678
Total	968	863	2,140	1,278	3,048
Less: Inter-segment profit	-	-	-	-	-
Net segment results	968	863	2,140	1,278	3,048
Exceptional and prior period items					
IT	-	-	-	-	-237
BPO (discontinuing operation)	-	-	-	-	-
Total	-	-	-	-	-237
Segment Results Profit(+)/Loss(-) before Tax and interest from each segment					
IT	26	210	160	-99	607
BPO (discontinuing operation)	942	653	1,980	1,377	2,678
Total	968	863	2,140	1,278	3,285
Less: Inter-segment profit	-	-	-	-	-
Net segment results	968	863	2,140	1,278	3,285
Less: Unallocable items	-	-	-	-	-
Exceptional and prior period items	40,527	-	40,527	-	2,520
Interest Expense	129	168	287	379	735
Other Operating Income	-	-	-	-	-
Other Income	-	-2	-	-24	-6
Total Profit Before Tax	-39,687	697	-38,674	923	36
Capital Employed					
(Segment Assets-Segment Liabilities)					
IT	2,411	5,367	2,411	5,367	2,235
BPO (discontinuing operation)	10,701	8,242	10,701	8,242	12,067
Unallocated	-25,068	14,363	-25,068	14,363	12,620
Total	-11,955	27,972	-11,955	27,972	26,922

(Rs in lakhs)

Particulars	As at	
	June 30, 2011	June 30, 2010
	Unaudited	Unaudited
Shareholders' Funds		
(a) Capital	11,140	11,140
(b) Reserves and Surplus	14,092	14,071
Loan Funds	5,013	6,547
Total	30,245	31,758
Fixed assets	1,590	2,204
Investments	8,997	20,297
Current assets, Loans and Advances		
(a) Sundry Debtors	5,779	7,755
(b) Cash and Bank balances	943	416
(c) Other current assets	1,038	1,017
(d) Loans and Advances	2,782	12,701
Less Current Liabilities and Provisions		
(a) Liabilities	27,210	8,830
(b) Provisions	862	1,041
Profit and Loss account	37,188	-2,761
Total	30,245	31,758



Unaudited Consolidated Financial results for the quarter and half year ended June 30, 2011

(Rs in lakhs)

Sl. No.	Particulars	Quarter ended June 30,		Half year ended June 30,		Year ended December 31,
		2011	2010	2011	2010	2010
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1.	Net Sales/ Income from Operations	19,672	25,632	43,460	51,781	105,771
2.	Expenditure					
a)	Employee Costs	12,860	16,577	28,904	33,919	61,852
b)	Project Work Expenses	1,979	2,794	5,069	5,653	16,318
c)	Exchange loss / (gain)	437	-565	561	140	1,328
d)	Depreciation and Amortisation	495	599	1,072	1,308	2,817
e)	Other Expenditure	5,767	5,016	10,087	9,741	21,458
	Total	21,538	24,421	45,693	50,761	103,773
3.	Profit from Operations before Other income, Finance cost and Exceptional items (1-2)	-1,866	1,211	-2,233	1,020	1,998
4.	Other Income	249	427	511	695	3,687
5.	Profit before Finance cost and Exceptional items (3+4)	-1,617	1,638	-1,722	1,715	5,685
6.	Finance Cost	-2,379	790	-1,485	1,583	3,370
7.	Profit after Finance cost but before Exceptional and Prior period Items (5-6)	762	848	-237	132	2,315
8.	Exceptional Items	-5,713	-	-5,713	-	8,454
9.	Profit(+) / Loss(-) from ordinary activities before tax (7-8)	6,475	848	5,476	132	-6,139
10.	Tax Expense	62	120	444	279	474
11.	Net Profit(+) / Loss(-) from ordinary activities after tax (10-11)	6,413	728	5,032	-147	-6,613
12.	Paid up Equity Share Capital (Face Value per Share Rs 10/-)	11,140	11,140	11,140	11,140	11,140
13.	Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss a/c, if any)	-	-	-	-	(36,469)
14.	Earning / (Loss) Per Share (Rs.)					
- Basic		5.76	0.65	4.52	-0.13	-5.94
- Diluted		5.76	0.65	4.52	-0.13	-5.94
15.	Public Shareholding					
- Number of Shares		27,164,552	27,114,029	27,164,552	27,114,029	27,164,552
- Percentage of shareholding		24.38%	24.34%	24.38%	24.34%	24.38%
16.	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	84,289,687	84,239,164	84,289,687	84,239,164
-Percentage of shares (as a % of the total shareholding of Promoter and promoter group)		100.00%	100.00%	100%	100.00%	100.00%
-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)		75.62%	75.66%	75.62%	75.66%	75.62%



Segment-wise Revenue, Results and Capital Employed

Segment Reporting (Consolidated) :

(Rs in lakhs)

Particulars	Quarter ended June 30,		Half year ended June 30,		Year ended December 31,
	2011	2010	2011	2010	2010
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Segment Revenue					
IT	5,151	5,344	10,581	10,709	22,012
BPO (discontinued and discontinuing operations)	14,602	20,435	33,062	41,340	84,263
Total	19,753	25,779	43,643	52,049	106,275
Less: Inter-segment revenue	81	147	183	268	504
Net Income from operations	19,672	25,632	43,460	51,781	105,771
Segment Results Profit(+)/Loss(-) before Exceptional, Prior period, Tax and interest from each segment					
IT	-23	261	29	-306	237
BPO (discontinued and discontinuing operations)	-1,641	1,364	-1,853	1,997	5,349
Total	-1,664	1,625	-1,824	1,691	5,586
Less: Inter-segment profit	-	-15	-	-35	9
Net segment results	-1,664	1,610	-1,824	1,656	5,577
Exceptional and prior period items					
IT	-	-	-	-	-238
BPO (discontinued and discontinuing operations)	-	-	-	-	1,721
Total	-	-	-	-	1,483
Segment Results Profit(+)/Loss(-) before Tax and interest from each segment					
IT	-23	261	28	-306	475
BPO (discontinued and discontinuing operations)	-1,641	1,364	-1,853	1,997	3,628
Total	-1,664	1,625	-1,824	1,691	4,103
Less: Inter-segment profit	-	-15	-	-35	9
Net segment results	-1,664	1,610	-1,824	1,656	4,094
Less: Unallocable items	-	-	-	-	-
Exceptional and prior period items	-5,713	-	-5,713	-	6,971
Interest Expense	-2,379	790	-1,485	1,583	3,370
Other Income	-47	-28	-102	-59	-108
Total Loss Before Tax	6,475	848	5,476	132	-6,139
Capital Employed					
(Segment Assets-Segment Liabilities)					
IT	18,039	18,430	18,039	18,430	13,884
BPO (discontinued and discontinuing operations)	1,961	3,361	1,961	3,361	8,862
Unallocated	-40,172	-42,830	-40,172	-42,830	-48,075
Total	-20,173	-21,039	-20,173	-21,039	-25,329

(Rs in lakhs)

Particulars	As at	
	June 30, 2011	June 30, 2010
	Unaudited	Unaudited
Shareholders' Funds		
(a) Capital	11,140	11,140
(b) Reserves and Surplus	18,569	16,270
Loan Funds	18,207	42,334
Deferred Tax Liability	-	465
Total	47,916	70,209
Fixed assets	20,978	46,219
Investments	-	474
Current assets, Loans and Advances		
(a) Sundry Debtors	6,439	17,609
(b) Cash and Bank balances	4,293	3,765
(c) Other current assets	5,114	1,428
(d) Loans and Advances	3,074	4,262
Less Current Liabilities and Provisions		
(a) Liabilities	35,900	38,334
(b) Provisions	5,964	13,663
Miscellaneous Expenditure (to the extent not written off or	-	-
Profit and Loss account	49,882	48,449
Total	47,916	70,209



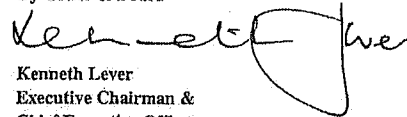
Notes to above results :

(Rs in lakhs)

1. The above financial results and Statement of assets and liabilities 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 July 29, 2011, and a limited review has been carried out by the statutory auditors of the Company.
2. The primary segment reporting of the Company/ Group is on the basis of business segments. The Company/ Group is organised into two business segments, viz., Information Technology and related services ('IT') and Business Process Outsourcing ('BPO'). The segments have been identified and reported considering industry segments of customers, risks and returns, organisation structure and internal financial reporting systems.
3. Cambridge Integrated Services Group Inc, USA, a wholly owned subsidiary ('CISGI'), entered into agreements dated May 31, 2011 with Sedgwick Claims Management Services, Inc, USA for the sale of its workers' compensation and third party administration operations for a consideration of Rs.10,105. The transaction has been approved by the Board in the meeting held on May 31, 2011. CISGI recognised a net profit of Rs.1,875 arising from the transaction (including release of credit under foreign currency translation reserve of Rs.186). Pursuant to above, CISGI operations are considered as discontinued operations during the quarter.
4. The Company had issued a corporate guarantee in favour of Xchanging UK Limited, UK, a fellow subsidiary ('XUK'), in connection with a loan aggregating to US\$ 65.6 million (Rs.29,336) granted between 2009 and 2010 to CISGI. 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, in the meeting held on June 10, 2011, acknowledged the liability of US\$ 65.6 million (Rs.29,336) to XUK on account of invocation of the corporate guarantee and the rights of XUK were subrogated to the Company. In order to honour the financial commitment arising out of invocation of corporate guarantee, various alternatives were explored by the Board and following decisions were approved:
 - (a). The Company entered into a Business Transfer Agreement with Xchanging Technology Services India Private Limited, India, a fellow subsidiary ('XTST'), for sale of its India BPO business including its Investments in Cambridge Builders Private Limited, a wholly owned subsidiary of the Company on a slump sale basis for consideration of Rs.29,980. The transaction has been approved by the Board 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. However, the above results for the quarter ended June 30, 2011 do not reflect the effect of the transaction, as the shareholders approval has been obtained subsequent to the quarter end. Pursuant to above, India BPO business is considered as discontinuing operations during the quarter.
 - (b). 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 US\$ 16.7 million (Rs.7,459). The transaction has been approved by the Board in the meeting held on June 13, 2011. The initial Investment value of Rs.2,406 was increased pursuant to a Court merger scheme in an earlier year by Rs.6,374. Accordingly, the transaction has led to a loss of Rs.1,322. On the other hand, in the consolidated results for the quarter ended June 30, 2011, the above sale has generated a loss of Rs.3,315 (after release of credit under foreign currency translation reserve of Rs.1,939). Pursuant to above, BPO Australia business is considered as discontinued operations during the quarter.
5. The Company has investments amounting to Rs.6,768 in Scandent Group, Inc., USA ('SG Inc'), a wholly owned subsidiary. Further, the Company has granted loans and advances aggregating to Rs.1,7283 and also has receivables (net of payables) from the subsidiary amounting to Rs.2,512. Based on an evaluation, the Company has made a provision of Rs.17,533 against the loans, advances and receivables. The Company considers SG Inc a strategic long term investment and based on future growth projections, in the opinion of the management, the aforesaid investments and receivables are considered good and recoverable.
6. Based on the orders of the Debt Recovery Tribunal, the Company had issued duplicate debenture certificates for 625,000 debentures of face value of Rs.100 each 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 with the Hon'ble Madras High Court by another company claiming rights over those debentures. The Management and Directors of the Company have recently become aware that 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, as the debentures had already been reflected as redeemed in the Company's accounts. Since it is not possible to show the debentures as due and payable, 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 the accounts.
7. Exceptional items as per consolidated results of the group comprises the following:
 - (i). Profit of Rs.1,875 relating to sale of workers' compensation and third party administration operations in the USA [Refer Note 3 above].
 - (ii). Loss of Rs.3,315 arising from sale of shares in CISV [Refer Note 4(b) above].
 - (iii). Profit of Rs.7,153 relating to impairment of assets, reassessment of liabilities and reversal of provision related to discontinued operations.
8. Exceptional items as per standalone results of the Company comprises the following:
 - (i). Loss of Rs.1,322 arising from sale of shares in CISV [Refer Note 4(b) above].
 - (ii). Provision of Rs.29,336 relating to impairment of asset recognised on subrogation right from XUK [Refer Note 4 above].
 - (iii). Provision of Rs.9,869 relating to impairment of loans and advances granted to SG Inc [Refer Note 5 above].
9. The amounts for the previous period have been reclassified wherever necessary to conform to the current period presentation.
10. Information on investors' complaints for the quarter ended June 30, 2011 is as follows: Opening balance: Nil; New: Nil; Disposal: Nil; Closing balance: Nil.

Place : London, United Kingdom
Date : July 29, 2011

By Order of Board


Kenneth Lever
Executive Chairman &
Chief Executive Officer