

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, 2010

(Rs in lakhs)

| Sl. No. | Particulars                                                                                                                                  | Quarter ended Dec 31, |              | Year ended Dec 31, |               |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------|--------------------|---------------|
|         |                                                                                                                                              | 2010                  | 2009         | 2010               | 2009          |
|         |                                                                                                                                              | Unaudited             | Unaudited    | Audited            | Audited       |
| 1.      | <b>Net Sales/ Income from Operations</b>                                                                                                     | <b>5,608</b>          | <b>6,141</b> | <b>21,792</b>      | <b>25,272</b> |
| 2.      | Expenditure                                                                                                                                  |                       |              |                    |               |
|         | a) Employee Costs                                                                                                                            | 2,390                 | 2,221        | 10,306             | 9,302         |
|         | b) Project Work Expenses                                                                                                                     | 340                   | 1,203        | 1,824              | 5,734         |
|         | c) Exchange loss / (gain)                                                                                                                    | -104                  | 310          | 376                | 391           |
|         | d) Depreciation and Amortisation                                                                                                             | 346                   | 434          | 1,392              | 1,427         |
|         | e) Other Expenditure                                                                                                                         | 1,544                 | 1,458        | 5,499              | 5,276         |
|         | <b>Total</b>                                                                                                                                 | <b>4,516</b>          | <b>5,626</b> | <b>19,397</b>      | <b>22,130</b> |
| 3.      | <b>Profit from Operations before Other income, Finance cost and Exceptional items (1-2)</b>                                                  | <b>1,092</b>          | <b>515</b>   | <b>2,395</b>       | <b>3,142</b>  |
| 4.      | Other Income                                                                                                                                 | 178                   | 168          | 659                | 690           |
| 5.      | <b>Profit before Finance cost and Exceptional items (3+4)</b>                                                                                | <b>1,270</b>          | <b>683</b>   | <b>3,054</b>       | <b>3,832</b>  |
| 6.      | Finance Cost                                                                                                                                 | 204                   | 406          | 735                | 1,474         |
| 7.      | <b>Profit after Finance cost but before Exceptional Items (5-6)</b>                                                                          | <b>1,066</b>          | <b>277</b>   | <b>2,319</b>       | <b>2,358</b>  |
| 8.      | Exceptional Items                                                                                                                            | 2,283                 | 296          | 2,283              | 296           |
| 9.      | Prior period items                                                                                                                           | -                     | -            | -                  | -             |
| 10.     | <b>Profit (+) / Loss (-) from ordinary activities before tax (7-8-9)</b>                                                                     | <b>-1,217</b>         | <b>-19</b>   | <b>36</b>          | <b>2,062</b>  |
| 11.     | Tax Expense                                                                                                                                  | 220                   | -464         | 184                | -10           |
| 12.     | <b>Net Profit (+) / Loss (-) for the period (10-11)</b>                                                                                      | <b>-1,437</b>         | <b>445</b>   | <b>-148</b>        | <b>2,072</b>  |
| 13.     | Paid up Equity Share Capital (Face Value per Share Rs 10/-)                                                                                  | 11,140                | 11,137       | 11,140             | 11,138        |
| 14.     | Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss a/c, if any) | 18,361                | 15,920       | 18,361             | 15,920        |
| 15.     | Earning / (Loss) Per Share (Rs.)                                                                                                             |                       |              |                    |               |
|         | - Basic                                                                                                                                      | -1.29                 | 0.40         | -0.13              | 1.86          |
|         | - Diluted                                                                                                                                    | -1.29                 | 0.40         | -0.13              | 1.86          |
| 16.     | Public shareholding                                                                                                                          |                       |              |                    |               |
|         | - Number of Shares                                                                                                                           | 27,164,552            | 26,682,988   | 27,164,552         | 26,682,988    |
|         | - Percentage of shareholding                                                                                                                 | 24.38%                | 23.96%       | 24.38%             | 23.96%        |
| 17.     | 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            | 84,699,061   | 84,239,164         | 84,699,061    |
|         | -Percentage of shares (as a % of the total shareholding of Promoter and promoter group)                                                      | 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%                | 76.04%       | 75.62%             | 76.04%        |

# Segment-wise Revenue, Results and Capital Employed

## Segment Reporting

(Rs in lakhs)

| Particulars                                                                                                   | Quarter ended Dec 31, |              | Year ended Dec 31, |               |
|---------------------------------------------------------------------------------------------------------------|-----------------------|--------------|--------------------|---------------|
|                                                                                                               | 2010                  | 2009         | 2010               | 2009          |
|                                                                                                               | Unaudited             | Unaudited    | Audited            | Audited       |
| <b>Segment Revenue</b>                                                                                        |                       |              |                    |               |
| IT                                                                                                            | 2,378                 | 2,835        | 9,236              | 13,241        |
| BPO                                                                                                           | 3,257                 | 3,319        | 12,702             | 12,084        |
| <b>Total</b>                                                                                                  | <b>5,635</b>          | <b>6,154</b> | <b>21,937</b>      | <b>25,325</b> |
| Less: Inter-segment revenue                                                                                   | 27                    | 13           | 146                | 53            |
| <b>Net Income from operations</b>                                                                             | <b>5,608</b>          | <b>6,141</b> | <b>21,792</b>      | <b>25,272</b> |
| <b>Segment Results Profit(+)/Loss(-) before Exceptional, Prior period, Tax and interest from each segment</b> |                       |              |                    |               |
| IT                                                                                                            | 661                   | -491         | 368                | -404          |
| BPO                                                                                                           | 608                   | 1,164        | 2,672              | 4,207         |
| <b>Total</b>                                                                                                  | <b>1,269</b>          | <b>674</b>   | <b>3,039</b>       | <b>3,803</b>  |
| Less: Inter-segment profit                                                                                    | -                     | -            | -                  | -             |
| <b>Net segment results</b>                                                                                    | <b>1,269</b>          | <b>674</b>   | <b>3,039</b>       | <b>3,803</b>  |
| <b>Exceptional and prior period items</b>                                                                     |                       |              |                    |               |
| IT                                                                                                            | -238                  | 189          | -238               | 189           |
| BPO                                                                                                           | -                     | 107          | -                  | 107           |
| <b>Total</b>                                                                                                  | <b>-238</b>           | <b>296</b>   | <b>-238</b>        | <b>296</b>    |
| <b>Segment Results Profit(+)/Loss(-) before Tax and interest from each segment</b>                            |                       |              |                    |               |
| IT                                                                                                            | 898                   | -681         | 605                | -593          |
| BPO                                                                                                           | 608                   | 1,058        | 2,672              | 4,100         |
| <b>Total</b>                                                                                                  | <b>1,506</b>          | <b>377</b>   | <b>3,277</b>       | <b>3,507</b>  |
| Less: Inter-segment profit                                                                                    | -                     | -            | -                  | -             |
| <b>Net segment results</b>                                                                                    | <b>1,506</b>          | <b>377</b>   | <b>3,277</b>       | <b>3,507</b>  |
| Less: Unallocable exceptional items                                                                           | 2,520                 |              | 2,520              |               |
| Interest Expense                                                                                              | 204                   | 406          | 735                | 1,474         |
| Other Income                                                                                                  | -1                    | -10          | -15                | -29           |
| <b>Total Profit Before Tax</b>                                                                                | <b>-1,217</b>         | <b>-19</b>   | <b>36</b>          | <b>2,062</b>  |
| <b>Capital Employed</b>                                                                                       |                       |              |                    |               |
| <b>(Segment Assets-Segment Liabilities)</b>                                                                   |                       |              |                    |               |
| (a)IT                                                                                                         | 2,235                 | -386         | 2,235              | -386          |
| (b)BPO                                                                                                        | 12,067                | 7,008        | 12,067             | 7,008         |
| <b>Total</b>                                                                                                  | <b>14,302</b>         | <b>6,622</b> | <b>14,302</b>      | <b>6,622</b>  |

**Consolidated Financial results for the quarter and year ended December 31, 2010**

(Rs in lakhs)

| Sl. No. | Particulars                                                                                                                                  | Quarter ended Dec 31, |               | Year ended Dec 31, |                |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------|--------------------|----------------|
|         |                                                                                                                                              | 2010                  | 2009          | 2010               | 2009           |
|         |                                                                                                                                              | Unaudited             | Unaudited     | Audited            | Audited        |
| 1.      | <b>Net Sales/ Income from Operations</b>                                                                                                     | <b>27,476</b>         | <b>29,912</b> | <b>105,771</b>     | <b>119,285</b> |
| 2.      | Expenditure                                                                                                                                  |                       |               |                    |                |
|         | a) Employee Costs                                                                                                                            | 11,591                | 17,135        | 61,852             | 70,075         |
|         | b) Project Work Expenses                                                                                                                     | 6,453                 | 4,253         | 16,318             | 17,889         |
|         | c) Exchange loss / (gain)                                                                                                                    | 186                   | 533           | 1,328              | 1,738          |
|         | d) Depreciation and Amortisation                                                                                                             | 851                   | 863           | 2,817              | 3,984          |
|         | e) Other Expenditure                                                                                                                         | 6,905                 | 6,869         | 21,458             | 23,682         |
|         | <b>Total</b>                                                                                                                                 | <b>25,986</b>         | <b>29,653</b> | <b>103,773</b>     | <b>117,368</b> |
| 3.      | <b>Profit from Operations before Other income, Finance cost and Exceptional items (1-2)</b>                                                  | <b>1,490</b>          | <b>259</b>    | <b>1,998</b>       | <b>1,917</b>   |
| 4.      | Other Income                                                                                                                                 | 2,542                 | 320           | 3,687              | 1,113          |
| 5.      | <b>Profit before Finance cost and Exceptional items (3+4)</b>                                                                                | <b>4,032</b>          | <b>579</b>    | <b>5,685</b>       | <b>3,030</b>   |
| 6.      | Finance Cost                                                                                                                                 | 935                   | 958           | 3,370              | 3,888          |
| 7.      | <b>Profit after Finance cost but before Exceptional and Prior period Items (5-6)</b>                                                         | <b>3,097</b>          | <b>-379</b>   | <b>2,315</b>       | <b>-858</b>    |
| 8.      | Exceptional Items                                                                                                                            | 8,454                 | -223          | 8,454              | 33,477         |
| 9.      | Prior period items                                                                                                                           | -                     | 951           | -                  | 1,894          |
| 10.     | <b>Profit(+) / Loss(-) from ordinary activities before tax (7-8-9)</b>                                                                       | <b>-5,357</b>         | <b>-1,107</b> | <b>-6,139</b>      | <b>-36,229</b> |
| 11.     | Tax Expense                                                                                                                                  | 545                   | -367          | 474                | 989            |
| 12.     | <b>Net Profit(+) / Loss(-) for the period (10-11)</b>                                                                                        | <b>-5,902</b>         | <b>-740</b>   | <b>-6,613</b>      | <b>-37,218</b> |
| 13.     | Paid up Equity Share Capital (Face Value per Share Rs 10/-)                                                                                  | 11,140                | 11,138        | 11,140             | 11,138         |
| 14.     | Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss a/c, if any) | -31,204               | (32,910)      | -31,204            | (32,910)       |
| 15.     | Earning / (Loss) Per Share (Rs.)                                                                                                             |                       |               |                    |                |
|         | - Basic                                                                                                                                      | -5.30                 | -0.67         | -5.94              | -33.42         |
|         | - Diluted                                                                                                                                    | -5.30                 | -0.67         | -5.94              | -33.42         |
| 16.     | Public Shareholding                                                                                                                          |                       |               |                    |                |
|         | - Number of Shares                                                                                                                           | 27,164,552            | 26,682,988    | 27,164,552         | 26,682,988     |
|         | - Percentage of shareholding                                                                                                                 | 24.38%                | 23.96%        | 24.38%             | 23.96%         |
| 17.     | 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            | 84,699,061    | 84,239,164         | 84,699,061     |
|         | -Percentage of shares (as a % of the total shareholding of Promoter and promoter group)                                                      | 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%                | 76.04%        | 75.62%             | 76.04%         |

# Segment-wise Revenue, Results and Capital Employed

Segment Reporting (Consolidated) :

(Rs in lakhs)

| Particulars                                                                                                   | Quarter ended Dec 31, |               | Year ended Dec 31, |                |
|---------------------------------------------------------------------------------------------------------------|-----------------------|---------------|--------------------|----------------|
|                                                                                                               | 2010                  | 2009          | 2010               | 2009           |
|                                                                                                               | Unaudited             | Unaudited     | Audited            | Audited        |
| <b>Segment Revenue</b>                                                                                        |                       |               |                    |                |
| IT                                                                                                            | 5,720                 | 5,702         | 22,012             | 26,199         |
| BPO                                                                                                           | 21,866                | 24,287        | 84,263             | 93,585         |
| <b>Total</b>                                                                                                  | <b>27,586</b>         | <b>29,989</b> | <b>106,275</b>     | <b>119,784</b> |
| Less: Inter-segment revenue                                                                                   | 110                   | 77            | 505                | 499            |
| <b>Net Income from operations</b>                                                                             | <b>27,476</b>         | <b>29,912</b> | <b>105,771</b>     | <b>119,285</b> |
| <b>Segment Results Profit(+)/Loss(-) before Exceptional, Prior period, Tax and interest from each segment</b> |                       |               |                    |                |
| IT                                                                                                            | 811                   | -1,000        | 237                | -675           |
| BPO                                                                                                           | 3,190                 | 1,435         | 5,349              | 3,631          |
| <b>Total</b>                                                                                                  | <b>3,999</b>          | <b>435</b>    | <b>5,586</b>       | <b>2,957</b>   |
| Less: Inter-segment profit                                                                                    | -                     | -             | 9                  | 8              |
| <b>Net segment results</b>                                                                                    | <b>3,999</b>          | <b>435</b>    | <b>5,577</b>       | <b>2,949</b>   |
| <b>Exceptional and prior period items</b>                                                                     |                       |               |                    |                |
| IT                                                                                                            | -238                  | 189           | -238               | 1,572          |
| BPO                                                                                                           | 1,721                 | 540           | 1,721              | 33,799         |
| <b>Total</b>                                                                                                  | <b>1,483</b>          | <b>729</b>    | <b>1,483</b>       | <b>35,371</b>  |
| <b>Segment Results Profit(+)/Loss(-) before Tax and interest from each segment</b>                            |                       |               |                    |                |
| IT                                                                                                            | 1,049                 | -1,189        | 475                | -2,246         |
| BPO                                                                                                           | 1,469                 | 895           | 3,628              | -30,168        |
| <b>Total</b>                                                                                                  | <b>2,516</b>          | <b>-294</b>   | <b>4,103</b>       | <b>-32,414</b> |
| Less: Inter-segment profit                                                                                    | -                     | -             | 9                  | 8              |
| <b>Net segment results</b>                                                                                    | <b>2,516</b>          | <b>-294</b>   | <b>4,094</b>       | <b>-32,422</b> |
| Less: Exceptional Unallocable items                                                                           | 6,971                 | -             | 6,971              | -              |
| Interest Expense                                                                                              | 935                   | 958           | 3,370              | 3,888          |
| Other Income                                                                                                  | -33                   | -145          | -108               | -81            |
| <b>Total Loss Before Tax</b>                                                                                  | <b>-5,357</b>         | <b>-1,107</b> | <b>-6,139</b>      | <b>-36,229</b> |
| <b>Capital Employed</b>                                                                                       |                       |               |                    |                |
| <b>(Segment Assets-Segment Liabilities)</b>                                                                   |                       |               |                    |                |
| (a)IT                                                                                                         | 11,350                | 16,262        | 11,350             | 16,262         |
| (b)BPO                                                                                                        | 11,395                | 2,442         | 11,395             | 2,442          |
| <b>Total</b>                                                                                                  | <b>22,745</b>         | <b>18,704</b> | <b>22,745</b>      | <b>18,704</b>  |

**Notes to above results :**

1. The above financial results of Cambridge Solution Ltd (the 'company) and its subsidiaries (together "the Group) have been reviewed and recommended by the Audit Committee, and approved by the Board of Directors on February 28, 2011, and the 12 months audited numbers for year ended December 31, 2010, have been extracted from the financials audited 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"). Segments have been identified and reported considering industry segments of customers, risks and returns, organisation structure and internal financial reporting systems.
3. During the quarter and year ended December 31, 2010, the Company has recorded a provision for Rs.2,283 lakhs relating to exceptional items in the standalone results towards impairment of investment in Cambridge Integrated Services Group Inc, a wholly owned subsidiary of the company, for Rs 2,520 lakhs and release of onerous lease provision of Rs 237 lakhs.
4. During the quarter and year ended December 31, 2010, the Group has recorded a provision for Rs. 8,454 lakhs relating to various exceptional items in the consolidated results of the group . The nature of the significant exceptional charges are detailed below:
  - a. The Group evaluates the carrying value of consolidated goodwill on a periodic basis. Based on such evaluation, the Group has recorded a provision for Rs 6,500 lakhs.
  - b. The Group evaluates the carrying value of intangible assets on a periodic basis. Based on such evaluation, the Group's claims handling software assets were found to be impaired. Accordingly, the Group has recorded an impairment provision of Rs.1,336 lakhs
  - c. The Group had assessed and concluded that investment in BIGeREALESTATE Inc ('BigE'), a US based subsidiary of Cushman & Wakefield, held by Scandent Group Inc., a wholly owned subsidiary of the Company is impaired and accordingly the Group has recorded an impairment provision of Rs 471 lakhs.
  - d. The Group has evaluated the customer contracts and recorded a provision for onerous contracts of Rs.1,136 lakhs.
  - e. The Group has released onerous lease provisions of Rs 989 lakhs.
5. As at December 31, 2010, the Company has net receivables (after eliminating payables) from Scandent Group Inc, USA, a wholly owned subsidiary of the Company, of Rs.19,899 lakhs (2009: Rs. 19,454 lakhs) [net of payables: Rs.37 lakhs (2009: Rs. 2,187 lakhs)]. Based on an evaluation, the Company has made a provision of Rs. 7,664 lakhs (2009: Rs.7,664 lakhs) against the net receivables in the earlier years. The Company believes that the remaining dues are good and will be recovered in the foreseeable future.
6. The amounts for the previous year have been reclassified wherever necessary to conform to the current year's presentation.
7. Information on investors' complaints for the quarter ended December 31, 2010 is as following: Opening balance: Nil; New: Nil; Disposal: Nil; Closing balance: Nil.

**By Order of Board**

Place : London, UK  
Date : February 28, 2011

**Kenneth Lever**  
**Executive Director and Vice Chairman**