

Deloitte Haskins & Sells


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AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF MPS LIMITED

1. We have reviewed the accompanying statement of Unaudited Financial Results of **MPS LIMITED** ("the Company"), for the quarter and twelve months ended December 31, 2011 ("the Statement"). This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an opinion.
3. Without qualifying our opinion we draw attention to Note No. 5(a) regarding the non-provision of service tax demand on overseas commission, against which the Company has filed an appeal with the concerned authorities and Note No. 5(b) regarding the disallowance of input credit of service tax claims against which the Company has filed / is in the process of filing appeals with the respective authorities.
4. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non encumbered in respect of the aggregate amount of promoter and promoter group shareholding in terms of Clause 35 of the Listing Agreements from the details furnished by the Management and the particulars relating to the undisputed investor complaints from the details furnished by the Registrars.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 008072S)



Monisha Parikh
Partner
(Membership No. 47840)

BANGALORE, February 3, 2012

MPS Limited

Registered Office: #27, G.N Chetty Road, T.Nagar, Chennai 600017

Un-Audited Financial Results for the Quarter Ended 31-Dec-2011

Rs. in lacs

Sl. No	Particulars	Ref.	Three months ended	Previous Three months ended	Corresponding Three months ended in the previous year	Year to date figures for the Twelve months ended	Year ended
			31-12-2011 (Un-Audited)	30-09-2011 (Un-Audited)	31-12-2010 (Un-Audited)	31-12-2011 (Un-Audited)	31-12-2010 (Audited)
1.	a) Net Sales		4,366	3,966	4,092	15,443	12,742
	b) Other Operating Income		-	-	80	-	-
2.	Expenditure						
a)	(Increase)/Decrease in Work in Progress		103	(20)	90	85	97
b)	Consumption of Raw Materials		12	14	24	55	1,351
c)	Employees cost		2,319	2,198	2,423	9,000	8,424
d)	Depreciation / Amortization		216	211	265	829	667
e)	Other Expenditure		1,205	1,198	1,264	4,665	4,040
	Total Expenditure		3,855	3,601	4,066	14,634	14,579
3.	Profit / (Loss) from operations before Other Income, Interest & Exceptional items	(1-2)	511	365	106	809	(1,837)
4.	Other Income		69	417	328	776	901
5.	Profit / (Loss) before Interest & Exceptional items	(3+4)	580	782	434	1,585	(936)
6.	Interest		21	21	24	103	33
7.	Profit / (Loss) after Interest but before Exceptional items	(5-6)	559	761	410	1,482	(969)
8.	Exceptional items (Refer Note 4)		407	363	-	770	-
9.	Profit / (Loss) from Ordinary activities before tax	(7-8)	152	398	410	712	(969)
10.	Tax Expenses		44	123	(111)	197	(88)
11.	Net Profit / (Loss) from ordinary activities after tax	(9-10)	108	275	521	515	(881)
12.	Extraordinary item (net of tax expense)		-	-	-	-	-
13.	Net Profit / (Loss) for the period		108	275	521	515	(881)
14.	Paid-Up Equity Share Capital (face value - Rs. 10 per Equity Share)		1,682	1,682	1,682	1,682	1,682
15.	Reserves excluding Revaluation Reserve as per the Balance Sheet of previous accounting year						5,043
16.	Earnings per Share						
	- Basic & diluted - (Rs. not annualised)		0.64	1.63	3.10	3.06	(5.24)
17.	Public Shareholding:						
	- Number of shares		6,482,688	6,482,688	6,482,688	6,482,688	6,482,688
	- Percentage of holding to total shares		38.54%	38.54%	38.54%	38.54%	38.54%
18.	Promoters and promoter group shareholding						
(a)	Pledged / Encumbered						
	- Number of shares		-	-	-	-	-
	- % of Promoter & Promoter Group holding		-	-	-	-	-
	- % of Total Share Capital of the Company		-	-	-	-	-
(b)	Non-Encumbered						
	- Number of shares		10,339,980	10,339,980	10,339,980	10,339,980	10,339,980
	- % of Promoter & Promoter Group holding		100%	100%	100%	100%	100%
	- % of Total Share Capital of the Company (Refer Note 3)		61.46%	61.46%	61.46%	61.46%	61.46%

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Notes:

- 1 The above statement of Unaudited Financial Results for the Quarter Ended 31-December-2011 was reviewed by the Audit Committee and upon their recommendation, approved by the Board of Directors at their meeting held on 03-February-2012. The results have been subjected to a Limited Review by the Statutory Auditors of the Company.
- 2 Consequent to the Scheme of amalgamation of the wholly owned subsidiaries of the Company, MPS Technologies Limited and MPS Content Services Inc., USA and its wholly owned subsidiary MPS Content Services India Private Limited, with the Company, with an appointed date of 31-December-2010, sanctioned by the Honourable High Court of Madras vide its order dated 29-June-2011, the financial results of all the quarters as well as for the 12 months ended 31-December-2011 include results of the erstwhile subsidiaries. However the audited results for the 12 months ended 31-December-2010 do not include the results of the erstwhile subsidiaries and hence are not comparable.
- 3 On 11-October-2011, HM Publishers Holdings Limited, the erstwhile holding company, entered into a Share Purchase Agreement (SPA) with ADI BPO Services Private Limited (the "Acquirer"), a domestic company, to sell its complete shareholding in the Company, comprising 10,339,980 equity shares representing 61.46% of the issued, subscribed and paid up equity capital of the Company. Following this agreement, the execution of the stake sale was concluded as an open-market block deal transaction on the National Stock Exchange and in terms of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto, open offer proceedings were initiated by the Acquirer with a Public Announcement on 14-October-2011 which were completed on 6-January-2012. Subsequent to the closure of the open offer proceedings, ADI BPO Services Private Limited has become the Promoter with 76.27% shareholding.
- 4 Exceptional item represents Mark-to-Market loss on forward exchange contracts recognised in accordance with the announcement by the Institute of Chartered Accountants of India on "Accounting for Derivatives".
- 5 (a) No provision has been made for service tax demand of Rs. 72 lacs on overseas commission for the period from 18-April-2006 to 31-December-2006 as the Company has filed an appeal against such demand and being an exporter of services, is eligible to claim refund in the event of the demand being upheld by the Appellate Authority.
(b) The Company has received orders from service tax authorities disallowing input credit of service tax aggregating to Rs. 565 lacs. The Company has filed appeals against such orders to the extent of Rs. 520 lacs and is in the process of filing appeals for the balance Rs. 45 lacs. In the opinion of the management, based on the legal opinion, these disallowances are not sustainable.
- 6 The Company has declared an Interim Dividend of 20 % to the shareholders. The record date for this purpose would be 15-February 2012.
- 7 The Board of Directors of the Company, at their meeting held on 15-November-2011, approved the change in the Company's financial year from the calendar year to a 15 month period from 1-January-2011 to 31 -March-2012.
- 8 The footnotes 5 (a) and 5 (b) above address the Auditor's observations in the Limited Review report for the Quarter ended 31-December-2011.
- 9 The number of investor complaints pending at the beginning of the quarter and lying unresolved at the end of the quarter is Nil. One complaint was received and disposed off during the quarter.
- 10 The Company operates in a single segment, "the business of typesetting and data digitization services for publishers".
- 11 Figures for the previous period have been regrouped/recast where necessary.

Bangalore

Dated: 3 February 2012

By Order of the Board

Nishith Arora
Chairman