

DIRECTORS' REPORT

Dear Shareholders,

Your directors are pleased to present the Director's Report of ISGN Corporation and the Audited Statement of Accounts of the entity for the year ended December 31, 2010.

Financial Results

The performance of the entity for year ended December 31, 2010 is summarized below:

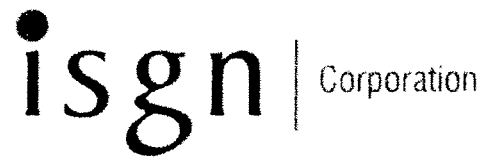
(US\$ '000)

Particulars	For the year ended December 31, 2010	For the period ended December 31, 2009
Income	15,599	11,820
Profit/(Loss) before tax and after exceptional items	(9,387)	(4,225)
Profit/(Loss) after tax and after exceptional items	(9,721)	(4,399)

Business Operations:

Your Company's core business is designing, developing and selling of software products for the mortgage lending industry. The products developed cater to the various needs of the mortgage industry and the products portfolio comprises of Diamond, Bridge links, Lenstar, TCI, TMO and Fortraes. The products function on various aspects of a mortgage industry which includes origination process including documentation, advanced system that automates everything from the point of sale and web origination through processing, underwriting, closing, secondary tracking and delivery. Also, the company supports and renders services to the customers for the product developed.

Your Company's revenue from operations stood at US\$ 15.51 million for the year against \$11.71 million in the previous period (Nine Months). The net loss before tax and after exceptional items for the year stood at \$9.38 million as against loss of \$4.22 million in the previous period. The EBITDA before exceptional items for the year stood at (\$0.33) million as against \$1.93 million during the previous period.



Directors:

Mr. Krishna Srinivasan, Mr. Murali Gomatam, and Mr. Niraj Patel are the Members of the Board of Directors.

Dividend

In the absence of profits, your Company has not declared any dividend for this period.

Subsidiaries

Your company has the following wholly owned subsidiaries namely (1) ISGN Solutions Inc., and (2) NITC GmbH, Germany is in the process of winding up.

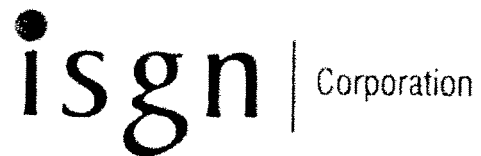
Richmond Investors LLC, Richmond title Genpar LLC, Richmond Title services LLC, Richmond Title Services LP and Flex Agents Signing Team LLC are the wholly owned subsidiaries of ISGN Solutions Inc., the wholly owned subsidiary of the Company.

ISGN Solutions holds 100% ownership control of the following entities namely ISGN Fulfillment Services, Inc., USA (Pennsylvania), ISGN Fulfillment Services, Inc., USA (Arizona), ISGN Fulfillment Services South, Inc., USA, ISGN Fulfillment Services of Alabama, LLC, USA, ISGN Fulfillment Services of Maryland, Inc., USA ,ILS Services, LLC, USA, ISGN Fulfillment Agency, LLC, USA and ISGN Fulfillment Agency of Alabama, LLC, USA.

These subsidiaries are operating in the title business and fulfillment services catering mainly to the mortgage market in the US.

Share Capital

During the year the Company has issued 34,703,889 shares of \$ 0.0001 each at a premium of \$0.1498 per share to CFCL Technologies Ltd, pursuant to which the paid up share capital of your Company stood at 588,924,120 shares of \$ 0.0001 each.



Acknowledgements

Your Directors thank the clients, vendors, investors and banks and Government Departments for their support during the year. Your Directors place on record their appreciation of the contribution made by employees at all levels.

For and on behalf of the Board of Directors

A handwritten signature in black ink, appearing to be "S.K.", written in a cursive style.

Director

A handwritten signature in black ink, consisting of several overlapping, horizontal strokes.

Director

Date: May 04, 2011

Place: Bensalem, PA



Deloitte Haskins & Sells

Chartered Accountants
ASV N Ramana Tower
52, Venkatnarayana Road
T. Nagar, Chennai - 600 017
Tel : +91 (44) 6688 5000
Fax : +91 (44) 6688 5050

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF ISGN CORPORATION, INC

1. We have audited the attached Balance Sheet of **ISGN CORPORATION, INC** ("the Company") as at December 31, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion we invite attention to Note no 1(i) of Schedule 19 relating to the translation of the financial statements at the closing rate for the convenience of the readers. These numbers are based on information from the management and have not been audited by us.
4. We report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;



**Deloitte
Haskins & Sells**

(c) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:

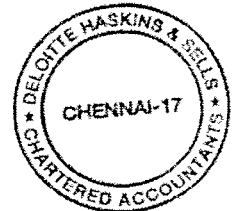
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. These financial statements have been prepared solely for the purpose of compliance of Section 212 of the Indian Companies Act, 1956 by M/s Chambal Fertilisers and Chemical Limited, India, the ultimate holding Company. These financial statements should be used for aforesaid purpose only.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 008072S)

Bhavani Balasubramanian

Bhavani Balasubramanian
Partner
Membership No. 22156

Place: Chennai, May 4, 2011



ISGN CORPORATION, USA
BALANCE SHEET AS AT DECEMBER 31, 2010

	Schedule	As at December 31, 2009 (In USD)	As at December 31, 2010 (In USD)	As at December 31, 2010 Convenience translation into (Rs.'000) (Unaudited)
SOURCES OF FUNDS				
Shareholders' Funds				
Share capital	1	55,422	58,892	2,633
Share Application Money		-	24,995,000	1,117,524
Reserves and surplus	2	89,833,204	89,829,731	4,016,287
		<u>89,888,626</u>	<u>114,883,623</u>	<u>5,136,444</u>
Loan Funds				
Secured loans	3	4,882,253	14,101,737	630,488
Unsecured loans	4	8,591,861	4,158,474	185,925
		<u>13,474,114</u>	<u>18,260,211</u>	<u>816,413</u>
Total		<u>103,362,737</u>	<u>133,143,834</u>	<u>5,952,857</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross block	5	3,959,795	4,025,673	179,987
Less : Accumulated depreciation		2,943,946	3,568,613	159,552
Net block		<u>1,015,849</u>	<u>457,060</u>	<u>20,435</u>
Intangible Assets	6	31,427,462	25,378,066	1,134,653
Investments	7	46,896,165	76,515,188	3,420,989
Current Assets, Loans and Advances :				
Sundry debtors	8	3,154,529	3,336,361	149,169
Cash and bank balances	9	3,121,842	526,165	23,524
Other current assets	10	344,548	652,522	29,174
Loans and advances	11	3,455,705	2,561,173	114,510
		<u>10,076,624</u>	<u>7,076,221</u>	<u>316,377</u>
Less : Current Liabilities and Provisions				
Current liabilities	12	8,486,994	8,384,621	374,876
Provisions	13	98,283	151,024	6,752
		<u>8,585,277</u>	<u>8,535,645</u>	<u>381,628</u>
Net Current Assets		<u>1,491,347</u>	<u>(1,459,424)</u>	<u>(65,251)</u>
Profit & Loss Account		22,531,914	32,252,944	1,442,031
Total		<u>103,362,737</u>	<u>133,143,834</u>	<u>5,952,857</u>
Notes on Accounts	19			

Schedules referred to above form an integral part of these accounts

In terms of our report of even date attached

for Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors



Bhavani Balasubramanian
Partner

Place: Chennai
Date: May 4, 2011



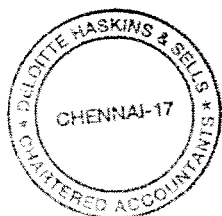
Director



Director



Chief Financial Officer
Place: Bensalem, USA
Date: May 2, 2011



ISGN CORPORATION, USA

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2010

		Period ended December 31, 2009 (In USD)	Year ended December 31, 2010 (In USD)	Year ended December 31, 2010 Convenience translation into (Rs.'000) (Unaudited)
INCOME				
Revenue from Software Products and Services	14	11,719,450	15,518,713	693,841
Other income	15	100,091	80,659	3,606
Total		11,819,541	15,599,372	697,447
EXPENDITURE				
Employee cost	16	3,305,080	3,956,911	176,913
Operating and other expenses	17	6,581,992	11,341,688	507,088
Depreciation / Amortization	5&6	5,505,781	7,503,906	335,500
Financial expenses	18	651,946	2,183,499	97,624
Total		16,044,799	24,986,004	1,117,125
(Loss) Before Exceptional Items and Tax		(4,225,258)	(9,386,632)	(419,678)
Provision for Tax				
Current tax		174,070	334,398	14,951
Net (Loss) after tax for the period / year		(4,399,328)	(9,721,030)	(434,629)
Loss brought forward from Previous year / period		(18,000,831)	(22,531,914)	(1,007,402)
Add: Adjustments on merger of Dynatek		(131,755)	-	-
(Loss) Carried to Balance Sheet		(22,531,914)	(32,252,944)	(1,442,031)
Earnings per share (Face value of \$ 0.0001 per share)		(0.00117)	(0.01701)	-

Notes on Accounts 19

Schedules referred to above form an integral part of these accounts

In terms of our report of even date attached

for Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Bhavani Balasubramanian

Bhavani Balasubramanian
Partner

Place: Chennai
Date: May 4, 2011

[Signature]

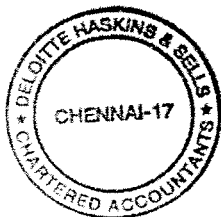
Director

[Signature]

Director

[Signature]
Chief Financial Officer

Place: Bensalem, USA
Date: May 2, 2011



ISGN CORPORATION, USA

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

	Period Ended December 31, 2009 US\$	Year Ended December 31, 2010 US\$	Year End December 31, 2010 Convenience transla into (Rs'000) (Unaudi
A. Cash flow from operating activities :			
Loss before tax			
Adjustments for :	(4,225,258)	(9,386,632)	(419,6
Adjustment of Losses of subsidiary on the date of closure.			
Depreciation/ Amortisation	5,505,781	7,503,908	335,5
Loss on sale of fixed assets	289	-	-
Unrealised foreign exchange fluctuation	(36,935)	-	-
Provision for doubtful deposits/ advances	401,716	582,353	26,0
Doubtful debts/ advances written off	47,029	434,205	19,4
Interest expense	639,633	2,173,824	97,1
Interest income	(1,306)	(5,684)	(2
Operating profit before working capital changes	2,330,949	1,301,972	58,2
Movement in working capital :			
Decrease / (Increase) in trade and other receivables	9,574,393	(611,830)	(27,3
(Decrease) in trade payables	(4,635,903)	(102,373)	(4,5
Cash generated from operations	7,269,439	587,769	26,2
Direct taxes paid (net of refunds)	(75,787)	(281,652)	(12,5
Net cash flow from operating activities	7,193,652	306,117	13,6
B. Cash flow from investing activities			
Purchase of fixed assets (Inclusive of Intangible assets)	(2,234,268)	(2,766,259)	(123,6
Investments in subsidiaries	(26,107,059)	(29,619,023)	(1,324,2
Sale of fixed assets	1,500	-	-
Interest received	1,306	5,684	2
Net cash used in investing activities	(28,338,521)	(32,379,598)	(1,447,6
C. Cash flow from financing activities			
Repayment of long term borrowings	-	(2,746,252)	(122,71
Net proceeds of short term borrowings	349,430	9,402,888	420,41
Proceed from Share Capital	24,329,134	-	-
Share application money received	-	24,995,000	1,117,52
Interest paid	(639,633)	(2,173,824)	(97,15
Net cash flow from financing activities	24,038,931	29,477,810	1,317,95
Net increase/(decrease) in cash and cash equivalents (A+B+C)	2,894,062	(2,595,676)	(116,05
Cash and cash equivalents at the beginning of the year / period	205,355	3,121,842	139,57
Add: Cash and cash equivalents of the subsidiaries merged	22,425	-	-
Cash and cash equivalents at the end of the period / year	3,121,842	526,165	23,52

In terms of our report of even date attached

for Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors



Bhavani Balasubramanian
Partner

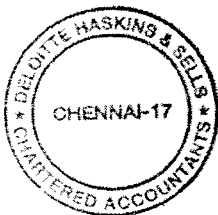
Place: Chennai
Date: May 4, 2011



Director



Director



Place: Bensalem, USA
Date: May 2, 2011



Chief Financial Officer

ISGN CORPORATION, USA
SCHEDULES FORMING PART OF ACCOUNTS

	As at December 31, 2009 (In USD)	As at December 31, 2010 (In USD)	As at December 31, 2010 Convenience transition into (Rs.'000) (Unaudited)
SCHEDULE 1 : SHARE CAPITAL			
Authorised Share capital			
597,000,000 shares of \$ 0.0001 each	59,700	59,700	2,669
3,000,000 Preferred shares of \$ 0.0001 each	300	300	13
	60,000	60,000	2,682
Issued, Subscribed and Paid Up Share capital			
588,924,120 (Previous period 554,220,231) shares of \$ 0.0001 each (Refer Note 2 of Schedule 19)	55,422	58,892	2,633
(34,703,889 (previous period 162,302,431) shares were issued during the year to CFCL Technologies Ltd)			
	55,422	58,892	2,633
Note			
No of shares held by CFCL Technologies Ltd, Caymand Islands holding company	554,168,969	588,872,858	
SCHEDULE 2 : RESERVES AND SURPLUS			
Securities Premium Account (Refer Note 2 of Schedule 19)			
Balance as per last account	60,318,184	89,833,201	4,016,442
Add: Additions during the year	29,515,017	-	-
Add: Adjustments	-	(3,470)	(155)
	89,833,201	89,829,731	4,016,287
Foreign Currency Translation Reserve			
Balance as per last account	36,935	-	-
Less: Utilisation during the year	(36,935)	-	-
	-	-	-
	89,833,201	89,829,731	4,016,287
SCHEDULE 3 : SECURED LOANS			
Term loans (Refer Note 1 & 3 below)	538,347	260,891	11,664
Finance lease obligation (Refer Note 2 below)	212,393	-	-
Line of credit (Refer Note 1 & 4 below)	4,131,513	13,840,846	618,824
	4,882,253	14,101,737	630,488
<p>1 The Term loan and line of credit are secured by way of first priority continuing security interest in and lien upon all of right, title and interest in all receivables, equipments; fixtures; general intangibles; intellectual property; inventory; investment property; deposit accounts, cash, commercial tort claims; all goods and personal property, whether tangible or intangible and all proceeds of the foregoing and all accessions to, substitutions and replacements for, rents, profits, and products of each of the foregoing. The security interest lies in ISGN solutions, Inc, ISGN corporation. Also the loans are secured by the share certificates of ISGN Solutions, Inc and Dynatek, Inc and all its dividends, distributions, cash, Instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such pledge shares.</p> <p>2 Finance lease obligations are secured by the assets acquired under the respective leases.</p> <p>3 In consideration of the loans being extended, the Company has also entered into a warrant agreement with TPC which provides for warrant coverage of US\$ 100,000 with a conversion option into 10,882 Series B preference shares in CFCL Technologies Limited, the parent company, at a conversion price of US\$ 9.1892.</p> <p>4 In consideration of the loans being extended, the company has also entered into a warrant agreement with TPC which provides for warrant coverage of US\$1,000,000 with a conversion option of 43,529 Series B Preference shares at a conversion price of US\$ 9.1892 as well as 47,213 series C preference shares at a conversion price of US\$ 12.7083 per share in CFCL Technologies Limited, the parent company towards line of credit facility.</p>			
SCHEDULE 4 : UNSECURED LOANS			
Convertible Notes (Refer Note 3 of schedule 19)			
Interest bearing Convertible Promissory Notes	8,253,880	4,126,940	184,515
Other Financial Debts	337,981	31,534	1,410
	8,591,861	4,158,474	185,925

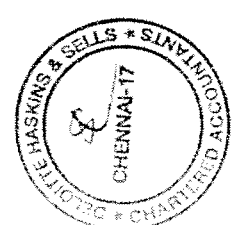


ISGN CORPORATION, USA
SCHEDULES FORMING PART OF ACCOUNTS
Schedule 8 : Fixed Assets

Particulars	GROSS BLOCK							DEPRECIATION/Amortization							NET BLOCK	
	Opening Balance as at January 1, 2010	Additions on account of merger	Adjustments	Deletions	Cost as at December 31, 2010	December 31, 2010 Convenience transaction into (Rs. '000) (Unaudited)	Up to January 1, 2010	Additions on account of merger	For the year	On Deletions	Up to December 31, 2010	December 31, 2010 Convenience transaction into (Rs. '000) (Unaudited)	As at December 31, 2010	December 31, 2010 Convenience transaction into (Rs. '000) (Unaudited)	As at December 31, 2009	
Computers	2,521,125			36,201	2,557,326	114,343	1,933,497		427,633		2,361,130	105,574	186,126	8,769	597,728	
Leasable improvements	279,949			8,205	288,154	12,864	238,070		33,650		272,720	12,193	15,454	691	40,895	
Office Equipments	570,528			21,472	592,000	26,468	315,640		101,071		416,711	18,633	175,269	7,837	254,868	
Furniture and Fixings	549,035				549,035	24,547	423,899		54,946		478,844	21,409	70,191	3,138	135,136	
Vehicles	39,038				39,038	1,745	31,840		7,199		38,639	1,745			7,198	
Total of Fixed Assets as per schedule	3,959,705	35,674	65,979	65,979	4,025,873	178,987	2,943,846	0	624,857	0	2,568,813	189,552	687,266	26,424	1,015,849	
Previous year	3,404,497		255,506	3,922	3,659,795	184,325	2,924,939	282,574	538,268	2,131	2,943,268	137,056	1,015,849	47,282		

ISGN CORPORATION, USA
SCHEDULES FORMING PART OF ACCOUNTS
Schedule 9 : Intangible Assets

Particulars	GROSS BLOCK							DEPRECIATION/Amortization							NET BLOCK	
	Opening Balance as at January 1, 2010	Additions on account of merger	Adjustments	Deletions	Cost as at December 31, 2010	December 31, 2010 Convenience transaction into (Rs. '000) (Unaudited)	Up to January 1, 2010	Additions on account of merger	For the year	On Deletions	Up to December 31, 2010	December 31, 2010 Convenience transaction into (Rs. '000) (Unaudited)	As at December 31, 2010	December 31, 2010 Convenience transaction into (Rs. '000) (Unaudited)	As at December 31, 2009	
Intellectual property rights	4,367,393				4,367,393	195,285	4,367,393				4,367,393	195,285				
Software Packages	264,868			18,479	283,347	12,758	157,437		90,301		217,738	9,725	67,808	3,023	109,431	
Software Development Cost	10,827,917			2,691,993	13,519,910	694,024	6,396,264		3,140,583		8,536,847	488,383	3,873,133	177,841	4,431,853	
Goodwill	29,645,312			1,670,536	27,774,776	1,241,810	2,758,934		3,678,575		6,437,509	207,821	21,937,285	893,988	26,664,376	
Total	45,107,490	3,987,913	2,691,993	1,670,536	46,677,291	2,951,677	14,718,948	0	8,679,329	0	28,138,277	918,204	25,378,867	1,114,853	31,427,462	
Previous year	20,694,259		18,392,896	2,031,752	41,107,461	2,399,325	6,112,644	270,139	4,957,215	13,879,896	638,781	31,427,462	1,462,738			



ISGN CORPORATION, USA
SCHEDULES FORMING PART OF ACCOUNTS

	As at December 31, 2009 (In USD)	As at December 31, 2010 (In USD)	As at December 31, 2010 Convenience translation into (Rs. '000) (Unaudited)
SCHEDULE 7 : INVESTMENTS			
(Long Term - Trade, Unquoted)			
7,290,199 (Previous period 7,290,197) Common Stock of US\$ 0.01 each in ISGN Solutions, Inc fully paid up	46,896,165	76,515,188	3,420,989
	46,896,165	76,515,188	3,420,989
SCHEDULE 8 : SUNDRY DEBTORS			
Debts outstanding for a period exceeding six months			
Unsecured, considered good	570,885	273,133	12,212
Unsecured, considered doubtful	803,349	1,385,702	61,955
Debts outstanding for a period six months or less			
Unsecured, considered good	2,583,644	3,063,228	136,957
(Less: Provision for doubtful debts)	(803,349)	(1,385,702)	(61,955)
	3,154,529	3,336,361	149,169
SCHEDULE 9 : CASH AND BANK BALANCES			
Balances with Banks			
- In Current Accounts	316,809	520,473	23,270
- In Money market account	2,805,033	5,692	254
	3,121,842	526,165	23,524
SCHEDULE 10 : OTHER CURRENT ASSETS			
Unbilled revenue	344,459	652,522	29,174
Interest accrued	89	-	-
	344,548	652,522	29,174
SCHEDULE 11 : LOANS AND ADVANCES			
Advances recoverable in cash or in kind or for value to be received			
- Advances to suppliers	25,479	25,289	1,131
- Other advances recoverable in cash or in kind or for value to be received	2,851,417	2,227,874	99,608
Deposits - others	578,809	308,010	13,771
	3,455,705	2,561,173	114,510
SCHEDULE 12 : CURRENT LIABILITIES			
Sundry creditors			
- Payable to suppliers	371,900	348,129	15,565
- Accrual/Provision	463,478	1,088,613	48,672
- Other creditors	2,592,066	2,569,826	114,897
Advances from customers	4,439,781	4,309,200	192,664
Earnest money / security deposits	5,898	17,898	800
Other liabilities	44,417	50,955	2,278
Book Overdraft	2,000	-	-
Interest accrued but not due on loans and debentures	567,454	-	-
	8,486,994	8,384,621	374,876
SCHEDULE 13 : PROVISIONS			
Provision for taxation (net of advance tax payments)	98,283	151,024	6,752
	98,283	151,024	6,752



ISGN CORPORATION, USA
SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 14: REVENUE FROM SOFTWARE PRODUCTS AND SERVICES

	Period ended December 31, 2009 (In USD)	Year ended December 31, 2010 (In USD)	Year ended December 31, 2010 Convenience translation into (Rs.'000) (Unaudited)
Knowledge process outsourcing services	74,945	22,600	1,010
Software and business process outsourcing services	3,965,580	6,293,061	281,363
Software licence fee	1,489,332	684,839	30,619
Software maintenance	6,189,593	8,518,213	380,849
	11,719,450	15,518,713	693,841

SCHEDULE 15 : OTHER INCOME

Interest received from Others (Gross)	1,306	5,684	254
Rent received	53,079	70,772	3,164
Foreign exchange variation (Net)	35,188	936	42
Miscellaneous income	10,518	3,267	146
	100,091	80,659	3,606

SCHEDULE 16 : EMPLOYEE COST

Salaries, wages and bonus (Note below)	2,669,812	3,174,512	141,932
Contribution to provident and other funds	294,479	331,176	14,807
Workmen and staff welfare expenses	340,789	451,223	20,174
	3,305,080	3,956,911	176,913

(Including employee stock compensation expenses)

	134,409	244,746	10,943
--	---------	---------	--------

SCHEDULE 17 : OPERATING AND OTHER EXPENSES

Sub contracting expenses	3,134,994	5,485,188	245,243
Power and fuel	28,313	46,789	2,092
Rent	1,074,588	1,606,876	71,843
Rates and taxes	34,922	62,935	2,814
Insurance	76,990	120,120	5,371
Repairs and maintenance :			
- Machinery	45,310	95,143	4,254
- Buildings	.0	1,004	45
- Others	129,415	164,733	7,365
Travelling and conveyance	448,696	715,254	31,979
Communication costs	325,212	415,765	18,589
Printing and stationery	7,904	13,976	625
Legal and professional fees	556,229	1,027,112	45,922
Auditor's remuneration	48,000	.0	-
Selling and marketing expenses	1,588	16,455	736
Donations and contribution to charitable institutions	10,200	.0	-
Provision for doubtful advances and debts	401,716	582,353	26,037
Loss on sale of fixed assets (Net) and Goodwill written off	289	.0	-
Doubtful debts and advances written off	47,029	434,205	19,413
Miscellaneous expenses	210,597	553,780	24,760
	6,581,992	11,341,688	507,088

SCHEDULE 18 : FINANCIAL EXPENSES

Interest :			
- Others	615,975	1,548,296	69,224
Bank charges and guarantee commission	12,313	9,675	433
Other Financial Charges	23,658	625,528	27,967
	651,946	2,183,499	97,624



ISGN Corporation , USA

Schedule forming part of accounts

Schedule - 19

Notes on Accounts (Contd)

1. Significant accounting policies

a) Basis of Preparation

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and comply in all material respects with the accounting standards prescribed in the Companies (Accounting Standards) Rules 2006 and with the relevant provisions of the Companies Act, 1956.

b) Use of Estimates

The preparation of financial statements in conformity with IGAAP requires the use of management estimates and assumptions that affect the amounts reported. These estimates are based on historical experience and information that is available to management about current events and actions that the Company may take in the future. Significant items subject to estimates and assumptions include the useful lives of property and equipment, evaluation of impairment of property and equipment, identifiable intangible assets and goodwill, provision for income tax and deferred tax, valuation of the stock options granted and warrants issued, valuation of the assets and liabilities acquired in business combinations, contingencies and the allowance for doubtful accounts receivable and advances. Due to the inherent uncertainty involved in making estimates, and if the future projection fails to materialize, the actual results including analysis of probable impairment could differ from these estimates.

c) Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation. The cost of an asset comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

d) Depreciation

Depreciation is provided on fixed assets on Straight Line Method over their estimated useful lives. The depreciation rates used are as follows:

- | | |
|------------------------------|--|
| (i) Leasehold improvements | amortized over the period of respective leases or useful life of the assets, whichever is lower. |
| (ii) Computers | 3 years |
| (iii) Furniture and Fittings | 5 years |



ISGN Corporation , USA

Schedule forming part of accounts

Schedule – 19

Notes on Accounts (Contd)

(iv) Office equipment	5 years
(v) Mobile phones (included under office equipment)	100% in the year of purchase
(vi) Vehicles	5 years

e) Intangibles Assets

Intangible assets comprise of goodwill, costs relating to intellectual property rights, software development costs and software packages held for use in business.

(i) Goodwill is not amortized but tested for impairment atleast annually or as circumstances warrant at the reporting unit level. If impairment is indicated, a write-down to fair value (normally measured by discounting estimated future cash flows) is recorded.

(ii) Costs relating to Intellectual property rights, which are acquired, are capitalized and amortized over a period of 1 to 3 years.

(iii) Research and development costs are expensed as incurred. Software product development costs are expensed as incurred until technological feasibility is achieved. Thereafter, all software product development costs are capitalized and amortized over the estimated economic life of the software (generally over 3 years). Capitalized software product development costs are presented as intangible assets on the balance sheet net of applicable amortization. The estimates of net realizable value and remaining economic life of the Company's product are subject to risks inherent in the software industry, such as changes in technology and customer perceptions. Management regularly reviews these estimates and makes adjustments as appropriate.

(iv) Cost of software packages is amortized over a period of 3 years.

f) Operating Lease

Where the company is a lessee:

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.

Where the company is a lessor:

Lease income by sub-lease of office premises is recognized in the profit and loss account on a straight-line basis over the lease term. Costs incurred towards such properties are recognized as expenses in the profit and loss account.



ISGN Corporation , USA

Schedule forming part of accounts

Schedule – 19

Notes on Accounts (Contd)

g) Revenue recognition

Revenue derived from professional services under the time and material contract is recognized as the related services are performed.

Software license fees is recognized when persuasive evidence of an arrangement exists, delivery of the product has occurred at the customer's location, the fees is fixed or determinable and collection is probable.

When software licenses are sold together with Implementation or consulting services, license fees are recognized upon delivery provided all criteria's are met, payment of the license fees is not dependent upon the performance of services, and the services do not provide significant customization or modification of the software products and are not essential to the functionality of the software that was delivered.

Revenue from post-contract services, such as software maintenance is recognized on a straight-line basis over the term of the support period. The majority of the software maintenance agreements provide technical support as well as unspecified software products upgrades and releases when and if made available during the term of the support period.

The Company accounts for reimbursements for out-of-pocket expenses as revenues.

Unbilled revenue represents work executed in accordance with the terms of the agreement with customers but not billed as of the balance sheet date.

h) Advance received from customers

Advance received from customers consists of unearned portion of maintenance services provided to customers based on maintenance agreements, deferred license and subscription fees and professional services revenue generated from arrangements that are invoiced in accordance with the terms and conditions of the arrangement but do not meet all the criteria of the Group's revenue recognition policies, and are, therefore, deferred until all revenue recognition criteria are met.

i) Convenience Translation

The books of accounts of the company are maintained in US Dollars being the currency of the primary economic environment in which it operates and the reporting currency is Indian Rupees (INR). The company does not have any transactions entered in any other currency apart from US Dollars. Solely for the convenience of the reader, the balance sheet as of December 31, 2010 and the Profit and Loss account for the year ended have been translated into INR, the reporting currency, using the year end exchange rate as of December 31, 2010 which was 1US\$ = Rs 44.71. The convenience translation should not be construed as a representation that the US\$ 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 US\$, as the case may be, at this or at any other rate of exchange, or at all.



ISGN Corporation , USA

Schedule forming part of accounts

Schedule – 19

Notes on Accounts (Contd)

j) Tax expenses

Provision for current tax , where applicable, is made based on the liability computed in accordance with the relevant tax rates and the tax laws applicable.. Provision for deferred tax is made for all timing differences arising between the taxable income and accounting Income at the tax rates enacted or substantively enacted by the Balance sheet date.

Deferred tax assets are recognized 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 realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits and are reviewed for the appropriateness of their carrying values at each balance sheet date.

k) Investments

Long-term investments are carried at cost. However, provision for diminution in the value is made to recognize a decline other than temporary in the value of the Investments.

l) Employee Benefits

Contributions made towards retirement/employee benefits, in accordance with the relevant applicable local laws are charged to the Profit and Loss account.

m) Deferred employee stock compensation costs

Deferred employee stock compensation costs for stock options are recognized on the basis of generally accepted accounting principles and in accordance with the guidance note on "Accounting for employee share based payments" issued by the Institute of Chartered Accountants of India. The fair value of the options is measured on the basis of an independent valuation performed and recognized in a graded manner on the basis of weighted period of services over the vesting period.

n) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.



ISGN Corporation , USA

Schedule forming part of accounts

Schedule - 19

Notes on Accounts (Contd)

2. Share Capital

All the ordinary shares issued till March 31, 2007 was without any par value and the entire amount received amounting to US \$ 30,068,862 were credited to share capital.

Consequent to fixing the par value of Ordinary shares at US\$ 0.0001 per share during the year 2007-08 , the excess amount received above the par value pertaining to outstanding shares as at March 31, 2007 is shown as Securities premium Account under Reserves and Surplus.

During the year ended 31st March, 08, the company issued 185,749,379 ordinary shares of \$ 0.0001 each at a premium of \$ 0.1498 per share equivalent to US \$ 18,575 and US \$ 27,825,257 respectively.

During the period ended 31st March 2009 the Company has Issued 16,308,753 shares of \$ 0.0001 each at a premium of \$ 0.1498 per share equivalent to US \$ 1,631 and US \$2,443,051 respectively.

During the period ended 31st December 2009 the Company has issued 162,302,431 shares of \$ 0.0001 each at a premium of \$0.1498 per share equivalent to US\$16,230 and US\$ 24,312,904 respectively. Also the company has classified \$5,202,113 (being consideration other than cash) in securities premium account, pending allotment of shares

During the year ended 31st December 2010, the company had allotted 34,703,889 shares having par value of 0.0001 equivalent to US\$ 3470 with premium of 0.1498 per share amounting to US\$ 5,198,643 against US\$ 5,202,113 classified as security premium pending allotment in the year ended 31st December 2010.

3. Unsecured loans

Effective April 1, 2007, NovaSoft Information Technology Corporation, U.S.A (NITC) acquired 100% of controlling interest in erstwhile Dynatek Inc. (since merged with ISGN Corporation, USA)., for a total consideration of US\$20 million. The consideration was discharged by payment in cash of US\$ 11 million and by way of issue of Convertible Promissory Notes (CPNs) of US\$ 9 million carrying an interest rate of 2.5% per annum.

Pursuant to the terms and conditions of the share purchase agreement the consideration payable has been reduced by an amount of US \$ 746,120. Consequently the face value of the CPNs stands reduced to US \$ 8,253,880. As 50% of liability had been paid during the year, the face value of the liability stands reduced to US\$ 4,126,940

In accordance with the original terms of the CPNs

- Principal and accrued interest shall become due and payable on May 21, 2010.
- Before the maturity date, the lenders have the sole option to convert the entire amount of principal and accrued interest into Ordinary shares of CFCLT.
- On the maturity date, unless earlier converted into shares, CFCLT at its sole option shall discharge the obligation by payment of cash or by converting into Ordinary shares of itself.



ISGN Corporation , USA

Schedule forming part of accounts

Schedule - 19

Notes on Accounts (Contd)

- During the year, CFCLT sent a Notice of conversion to the lenders and the lenders sent a Notice of repurchase to the Group. The parties negotiated a Mutual Rescission and Forbearance and restructuring agreements entered on July 21, 2010 between the Group and lenders, described below.
- Forbearance and Restructuring agreement entered on July 21, 2010 provided the following :
 - Both parties agreed that to the extent there may have been an event of default under the original Note, it was waived
 - Lender agrees that the minimum amount due after conversion and repurchase is US\$ 4,500,000 and the existing obligation owed to lenders shall be restated as set forth in the agreement
 - Commencing June 25, 2010, simple interest of 6% is payable on the minimum amounts due. The first payment of interest will be made along with the first installment and thereafter, interest will be paid quarterly
 - Payment dates : First payment date -August 30, 2010 before which 50% of principal amount of notes due will be converted and repurchased for US\$ 2,250,000; Second payment date -May 21, 2011 before which 25% of principal amount of notes due will be converted and repurchased for US\$ 1,125,000; final payment before May 21, 2012 before which the remaining 25% of principal amount of notes due will be converted and repurchased for US\$ 1,125,000.
 - In the event of an IPO or sale of shares happening before May 21, 2012, the outstanding principal amount as on the date of the sale or IPO shall be converted into shares and repurchased for a guaranteed minimum of US\$ 14.89 per share.
 - On the first payment date, CFCLT shall pay the lender the interest of 6% from June 25, 2010 to that date and also a sum of US\$ 40,000 towards the attorney's fee and expenses incurred on restructuring the agreement

Further, in the event of exercise of conversion of Notes into ordinary shares, the outstanding principal amount will continue to be convertible into Ordinary shares at a conversion price of US \$ 27.2727 per Ordinary share as per the original terms of the Note.

The company had paid \$ 2,250,000 based on forbearance and restructuring agreement on July 21, 2010 and hence the balance liability has been restated as per the covenants of the agreement. Accordingly, the company has also reduced the carrying amount of goodwill by US \$1,870,538 being the difference between the original face value of the amount settled less US\$2,250,000 the actual payout made as per the terms of the agreement.

4. Investments

No provision for diminution is made in the value of Investments in ISGN Solutions, the wholly owned subsidiary of the company, aggregating to US \$ 76,515,188 (Previous period US\$ 46,896,165) is considered necessary, as in the opinion of the management, such diminution in value is not permanent in nature and the investments are held as long term strategic investments.



ISGN Corporation , USA

Schedule forming part of accounts

Schedule – 19

Notes on Accounts (Contd)

5. Taxation

- a) Current taxes represent the US state taxes paid during the year.
- b) Deferred tax assets are calculated with reference to the business loss and unabsorbed depreciation as per tax and other timing differences. However, in view of uncertainty with regard to the availability of profits in near future and as a matter of prudence, deferred tax asset has not been recognized.

6. Leases

a) Operating Lease

- i. Future minimum lease payments under non-cancellable operating lease:

(In USD)

	Year ended December 31, 2010	Period ended December 31, 2009
Not later than one year	1,238,116	1,285,891
Later than one year and not later than five years	3,073,958	3,652,630
Later than five year	1,437,169	2,050,885

The lease payments recognized in the Profit and Loss Account during the year amount to US\$1,284,923 (December 31, 2009 US \$ 1,023,391)

b) Operating lease

In case of asset given on lease.

The company has leased out office premises and certain equipments under non-cancellable operating lease. Rent income for such operating leases recognized in the profit and loss account for the year is US\$ 70,772 (Previous year US \$ 53,079)

Future minimum lease payments receipts are as follows:

(In USD)

	December 31,2010
Not later than one year	70,772
Later than one year and not later than five years	228,648



ISGN Corporation , USA

Schedule forming part of accounts

Schedule – 19

Notes on Accounts (Contd)

7. Related Party Disclosure

(a) List of parties where control exists

Ultimate Holding Company (UHC)

Chambal Fertilizers and Chemicals Limited

Holding Company (HC)

CFCL Overseas Limited – Cayman Islands

CFCL Technologies Limited

Significant influence

NEA FDI Ltd

NEA – Indo US Ventures, LLC

Subsidiaries (SC)

ISGN Solutions, Inc., USA

Richmond Investors LLC

Richmond Title Genpar LLC

Richmond Title Services LP

Flex Signing Agents Team LLC

Richmond Title services, LLC

ISGN Fulfillment Services, Inc., USA (Pennsylvania) (Formerly FISERV Fulfillment Services, Inc., USA (Pennsylvania))

ISGN Fulfillment Services, Inc., USA (Arizona) (Formerly FISERV Fulfillment Services, Inc., USA (Arizona))

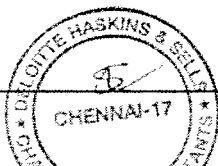
ISGN Fulfillment Services South, Inc., USA (Formerly FISERV Fulfillment Services South, Inc., USA)

ISGN Fulfillment Services of Alabama, LLC, USA (Formerly FISERV Fulfillment Services of Alabama, LLC, USA)

ISGN Fulfillment Services of Maryland, Inc., USA (Formerly FISERV Fulfillment Services of Maryland, Inc., USA)
ILS Services, LLC, USA

ISGN Fulfillment Agency, LLC, USA (Formerly FISERV Fulfillment Agency, LLC, USA)

ISGN Fulfillment Agency of Alabama, LLC, USA (Formerly FISERV Fulfillment



ISGN Corporation , USA

Schedule forming part of accounts

Schedule - 19

Notes on Accounts (Contd)

Agency of Alabama, LLC, USA)

NITC, GmbH, Germany

(b) Fellow Subsidiaries(FS)

CFCL Ventures Limited

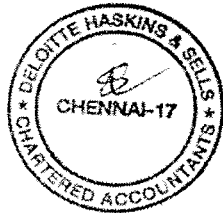
ISG Novasoft Technologies Limited -India*

(C) Key Management Personnel (KMP)

Mr.Krishnakumar Srinivasan, Director

* Represents parties with whom the Company had transactions during the year

The above information regarding related parties have been determined to the extent such parties have been identified on the basis of information available with the company and relied upon by auditors.



ISGN Corporation , USA

Schedule forming part of accounts

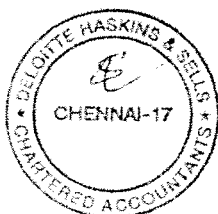
Schedule - 19

Notes on Accounts (Contd)

(d) List of transactions with related parties

(In USD)

Description	Parties where control exists						Total	
	Ultimate Holding Company and Holding Company		Subsidiary		Fellow subsidiary		Total	
	Dec'10	Dec'09	Dec'10	Dec'09	Dec'10	Dec'09	Dec'10	Dec'09
Transactions during the year								
Software and Business process outsourcing services procured from								
FISERV FULFILMENT SERVICES INC (PA)								
ISG Novasoft Technologies Ltd					5,271,216	2962504	5,271,216	2,962,504
Equity Infusion by Parent								
CFCL Technologies Ltd	24,995,000	24,329,134					24,995,000	24,329,134
Equity Infusion To Subsidiary								
ISGN Solutions Inc			29,619,023	26,107,058			29,619,023	26,107,058
Balances at the year end								
Loans and Advances								
ISGN Solutions Inc			763,475	1,977,728			763,475	1,977,728
Fiserv Fulfillment Services Inc			605,701	322,210			605,701	322,210
Richmond Title Services LP			169,577	96,529			169,577	96,529
CFCL Ventures					6191	4010	6191	4,010
Sundry creditors								
ISG Novasoft Technologies Ltd					1,511,793	980,075	1,511,793	980,075
Novasoft Information Technology Corporation, Germany			10,056	10,842			10,056	10,842
CFCL Technologies Limited	1,030,118	1,144,863					1,030,118	1,144,863



ISGN Corporation , USA

Schedule forming part of accounts

Schedule - 19

Notes on Accounts (Contd)

(e). Transaction with KMP

Particulars	(In USD)	
	For the year ended December 31,2010	For the Period ended December 31,2009
Remuneration paid	408,964	259,198
Amount recoverable at year end	116,777	83,333

8. Segmental Reporting

The Company is primarily engaged in the business of software products and services and accordingly, there are no separate reportable segments as per Accounting Standard 17 on Segment reporting.

9. Contingent Liabilities

Claims lodged / suits filed against the Company by customers are as given below. The management of the respective Companies and the Company has been legally advised that these cases are not sustainable and accordingly no provisions are considered necessary. The details of the cases, the amount of claim (wherever quantifiable) and the subsidiary of the Company involved is as given below:

- Claim to recover licensing fee on use of products of the company and post maintenance services - US\$ 87,162
- ISGN Corporation, formerly Dynatek Inc. - Misrepresentation of capabilities of software product and breach of warranty on product licenses sold - US\$ 74,950

10. Earnings per share

	Year ended December 31, 2010	Period ended December 31, 2009
Loss for the year as per Profit and Loss account (A) (In USD)	(9,721,030)	(4,399,328)
Weighted average number of shares outstanding (B)	571,572,176	376,256,933
Basic and Diluted EPS (A/B) (In USD)	(0.01701)	(0.0117)

The conversion of potential ordinary shares is anti dilutive and hence basic and diluted earning per share are same.



ISGN Corporation , USA

Schedule forming part of accounts

Schedule - 19

Notes on Accounts (Contd)

11. During the year, CFCL Technologies Ltd, the parent company, has issued employee stock options to the selected employees of the company and the related charges amounting to US \$ 244,746 (Previous period US \$ 134,409) has been charged to Profit & Loss account.

12. Events subsequent to the balance sheet date

In March 2011, the Group renewed its Revolving Loan Facility in the amount of US\$15 million with Triple Point Capital (TPC), extending the facility through June 11, 2011. Further, the Group is currently in negotiation with TPC to further extend the revolving loan facility up to the period ending December 31, 2011.

13. The current financial year is for twelve months and hence the Profit and Loss Account of the current year is not comparable with that of the previous period which was for a period of 9 months. Previous period figures have been regrouped / reclassified, wherever necessary to conform to the current year's classification.

Signature to Schedules 1 to 19

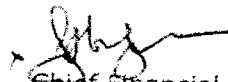
For and on behalf of the Board of Directors



Director



Director



Chief Financial Officer

Place: Bensalem, USA

Date: May 2, 2011

