



**DIRECTORS' REPORT**

Dear Shareholders,

Yours directors are pleased to present the Directors' Report of ISGN Solution Inc., 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)

<b>Particulars</b>	<b>For the year ended December 31, 2010</b>	<b>For the period ended December 31, 2009</b>
Total Income	18,563	14,047
Profit/(Loss) before tax	(6,059)	(2,747)
Profit/(Loss) after tax	(6,068)	(2,762)

**Business Operations:**

Your Company is primarily engaged in providing KPO (Knowledge Process Outsourcing ) services to the mortgage business in the US. Your Company provides value added services in the areas of Title Services, Fulfillment services, Loan servicing, Construction lending solution, Human Capital solutions, IT Services and loss mitigation and Default solutions.

Your Company's revenue from operations stood at US\$ 18.32 million for the year against \$13.83 million in the previous period ( Nine Months ) . The net loss before tax for the year stood at \$ 6 million as against loss of \$ 2.7 million in the previous period. The EBITDA loss for the year stood at \$5.9 million as against EBITDA loss of \$2.6 million during the previous period. With continued focus on optimization of cost and strict control over the Selling and General and administration cost, your Company expects to become profitable in the coming years.

**Dividend**

In the absence of profits, the Company is not proposing to declare any dividend this year.



**Directors**

Ms. Carolyn Mullins and Mr. Chetan Patel are the Members of the Board.

**Subsidiaries**

The following are the wholly owned Subsidiaries of your Company:

Richmond Investors LLC, Richmond title Genpar LLC, Richmond Title services LLC, Richmond Title Services LP and Flex Agents Signing Team LLC.

The Company 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

The above subsidiaries are operating in the title business and Loan fulfillment services.

**Share Capital**

During the year, the parent company ISGN Corporation has invested an additional amount of \$ 29,619,020 in the company. The company has allotted one share of par value \$0.01 and the balance amount of \$ 29.619,020 has been credited to Securities Premium account.

**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**

**Director**


**Director**

**Date : May 04, 2011**

**Place: Bensalem, PA**

## AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF ISGN SOLUTIONS, Inc.

1. We have audited the attached Balance Sheet of ISGN SOLUTIONS, 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 18 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

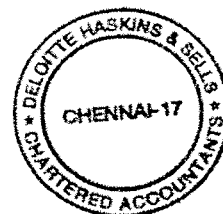
- (c) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as 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 SOLUTIONS, INC., USA  
BALANCE SHEET AS AT DECEMBER 31, 2010

SOURCES OF FUNDS	Schedule	As at	As at	As at December 31,
		December 31, 2009 (In USD)	December 31, 2010 (In USD)	2010 Convenience translation into (Rs. '000) (Unaudited)
<b>Shareholders' Funds</b>				
Share capital	1	72,902	72,902	3,259
Reserves and surplus	2	42,701,645	72,320,665	3,233,457
		<u>42,774,547</u>	<u>72,393,567</u>	<u>3,236,716</u>
<b>Loan Funds</b>				
Unsecured loans	3	10,000,000	-	-
		<u>10,000,000</u>	<u>-</u>	<u>-</u>
<b>Total</b>		<u>52,774,547</u>	<u>72,393,567</u>	<u>3,236,716</u>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>	4			
Gross block		549,922	501,456	22,420
Less: Accumulated depreciation		444,685	466,532	20,859
Net block		<u>105,237</u>	<u>34,924</u>	<u>1,561</u>
<b>Intangible Assets</b>	5	2,312,270	2,265,703	101,300
<b>Investments</b>	6	33,160,471	34,561,281	1,545,235
<b>Current Assets, Loans and Advances:</b>				
Sundry debtors	7	2,273,540	1,457,469	65,164
Cash and bank balances	8	305,242	284,176	11,811
Other current assets	9	44,487	14,764	661
Loans and advances	10	772,924	13,360,868	597,363
		<u>3,396,193</u>	<u>15,097,297</u>	<u>674,999</u>
<b>Less: Current Liabilities and Provisions</b>				
Current liabilities	11	7,874,681	7,318,633	327,216
Provisions	12	10,346	-	-
		<u>7,885,027</u>	<u>7,318,633</u>	<u>327,216</u>
<b>Net Current Assets</b>		<u>(4,488,834)</u>	<u>7,778,664</u>	<u>347,783</u>
<b>Profit &amp; Loss Account</b>		21,685,403	27,752,995	1,240,837
<b>Total</b>		<u>52,774,547</u>	<u>72,393,567</u>	<u>3,236,716</u>

Notes to Accounts 18

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*

*[Signature]*

*[Signature]*

Director

Director

Bhavani Balasubramanian  
Partner

*[Signature]*

Chief Financial officer

Place: Chennai  
Date: May 4, 2011

Place: Bensalem, USA  
Date: May 2, 2011



ISGN SOLUTIONS, INC, USA  
 PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

	Schedule	Period ended December 31, 2009 (in USD)	Year ended December 31, 2010 (in USD)	Year ended December 31, 2010 Convenience translation into (Unaudited)
<b>INCOME</b>				
Revenue from Software Products and Services	13	13,839,763	18,326,348	819,371
Other income	14	207,441	236,327	10,566
<b>Total</b>		<b>14,047,204</b>	<b>18,562,675</b>	<b>829,937</b>
<b>EXPENDITURE</b>				
Employee cost	15	3,688,796	3,590,103	160,514
Other Administrative expenses	15	11,431,882	20,447,888	914,226
Share of loss from Richmond Title services, LP Consolidated		725,331	127,471	5,899
Depreciation / Amortization	4 & 5	130,076	99,719	4,458
Goodwill written off		816,346	-	-
Financial expenses	17	1,508	356,159	15,924
<b>Total</b>		<b>16,793,949</b>	<b>24,621,340</b>	<b>1,100,821</b>
<b>Loss Before Tax</b>		<b>(2,746,745)</b>	<b>(6,058,665)</b>	<b>(270,884)</b>
Current tax		15,385	8,927	399
<b>Net Loss after tax for the period / year</b>		<b>(2,782,130)</b>	<b>(6,067,592)</b>	<b>(271,283)</b>
Loss brought forward from Previous year / period		(18,923,273)	(21,685,403)	(969,554)
<b>(Loss) Carried to Balance Sheet</b>		<b>(21,885,403)</b>	<b>(27,752,995)</b>	<b>(1,240,837)</b>

Earnings per share  
 (Face value of \$ 0.01 per share)  
 (Refer Note 8 of Schedule 18)

	(0.3789)	(0.8323)
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Notes to Accounts 18

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

*Bhavani Balasubramanian*

Bhavani Balasubramanian  
 Partner

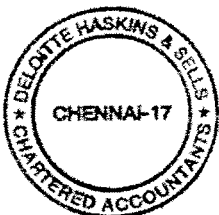
Place: Chennai  
 Date: May 4, 2011

For and on behalf of the Board of directors

*Chalapati* Director      *Wm* Director

*Chief Financial officer*  
 Chief Financial officer

Place: Bensalem, USA  
 Date: May 2, 2011



ISGN SOLUTIONS, INC., USA

CASH-FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

	Period Ended December 31, 2010 (US\$)	Year Ended December 31, 2010 (US\$)	Year ended December 31, 2010 Convenience translation into (Rs. '000) Unaudited
<b>A. Cash flow from operating activities :</b>			
Loss after exceptional items and before tax	(2,746,745)	(6,058,664)	(276,583)
Adjustments for :			
Depreciation/ Amortisation	130,078	99,719	4,458
Assets written off	725,331	21,066	942
Goodwill written off	816,346	-	-
Share of loss from a firm	725,331	127,471	5,599
Provision for doubtful deposits/ advances	(246,469)	58,159	2,600
Liabilities no longer required written back	(117,879)	(23,662)	(1,058)
Doubtful debts/ advances written off	278,954	48,047	2,148
Interest expense	-	353,658	15,812
Interest income	-	-	-
<b>Operating loss before working capital changes</b>	<b>(1,160,186)</b>	<b>(5,374,207)</b>	<b>(240,252)</b>
<b>Movement in working capital</b>			
(Increase) / Decrease in trade and other receivables	1,624,965	(11,848,377)	(529,741)
(Decrease) in trade payables	(10,613,699)	(532,386)	(23,603)
Cash used in operations	(10,149,010)	(17,754,970)	(793,826)
Direct taxes paid (net of refunds)	(5,038)	(19,273)	(852)
<b>Net cash used in from operating activities</b>	<b>(10,154,048)</b>	<b>(17,774,243)</b>	<b>(794,678)</b>
<b>B. Cash flow from investing activities</b>			
Purchase of fixed assets (inclusive of intangible assets)	-	(3,904)	(175)
Share of loss from a firm	(725,331)	(127,471)	(5,599)
Investment in subsidiaries	(15,003,768)	(1,400,810)	(62,630)
Sale of fixed assets	1,037	-	-
<b>Net cash used in investing activities</b>	<b>(15,728,062)</b>	<b>(1,532,185)</b>	<b>(68,504)</b>
<b>C. Cash flow from financing activities</b>			
Repayment of short term borrowings	-	(10,000,000)	(447,100)
Proceed from Share Capital	26,107,058	29,619,020	1,324,266
Interest paid	-	(353,658)	(15,812)
<b>Net cash generated from financing activities</b>	<b>26,107,058</b>	<b>19,265,362</b>	<b>861,354</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>224,949</b>	<b>(41,066)</b>	<b>(1,638)</b>
<b>Cash and cash equivalents at the beginning of the year /period</b>	<b>90,293</b>	<b>305,242</b>	<b>13,649</b>
<b>Cash and cash equivalents at the end of the period / year</b>	<b>305,242</b>	<b>264,176</b>	<b>11,811</b>

In terms of our report of even date attached

for Deloitte Haskins & Sells  
Chartered Accountants

*Bhavan Balasubramanian*

Bhavan Balasubramanian  
Partner

Place: Chennai  
Date: May 4, 2011

For and on behalf of the Board of Directors

*[Signature]*

Director

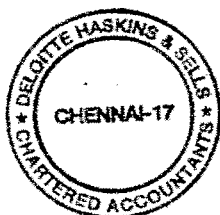
*[Signature]*

Director

*[Signature]*

Chief Financial Officer

Place: Bensalem, USA  
Date: May 2, 2011



ISGN SOLUTIONS, INC, USA  
SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 1 : SHARE CAPITAL

Authorised Share capital  
10,000,000 shares of \$ 0.01 each

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)
100,000	100,000	4,471

<b>100,000</b>	<b>100,000</b>	<b>4,471</b>
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Issued, Subscribed and Paid Up Share capital

7,290,199 shares of \$ 0.01 each  
(Two shares of paidup value of \$ 0.01 issued during the year )  
(Refer Note 2 of Schedule 18)

72,902	72,902	3,259
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<b>72,902</b>	<b>72,902</b>	<b>3,259</b>
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Note

All the above shares are held by ISGN Corporation, holding company, USA

7,290,197	7,290,199	
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SCHEDULE 2 : RESERVES AND SURPLUS

Securities Premium Account  
Balance as per last account  
Add: Additions during the year  
(Refer Note 2 of Schedule 18)

11,392,474	42,701,645	1,909,191
31,309,171	29,619,020	1,324,266

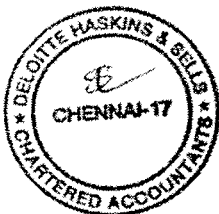
<b>42,701,645</b>	<b>72,320,665</b>	<b>3,233,457</b>
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SCHEDULE 3 : UNSECURED LOANS

Convertible notes  
(Refer Note 5 of Schedule 18)

10,000,000

<b>10,000,000</b>	-	-
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ISGN SOLUTIONS, INC  
SCHEDULES FORMING PART OF ACCOUNTS

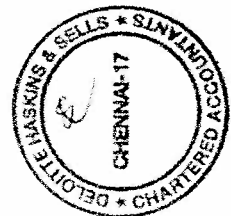
Schedule 4 : Fixed Assets

Particulars	GROSS BLOCK					ACCUMULATED DEPRECIATION					Net Book	
	Gross Cost as at January 1, 2010	Adjustments	Additions	Deletions	Cost as at December 31, 2010	December 31, 2010 Conversion translation into (Rs. 1000) (Unaudited)	Up to December 31, 2010	On Debit for the year	December 31, 2010 Conversion translation into (Rs. 1000) (Unaudited)	As at December 31, 2010	December 31, 2010 Conversion translation into (Rs. 1000) (Unaudited)	As at December 31, 2009
Computers	378,016		3,304		381,320	17,076	347,516	27,014	374,529	16,746	7,261	30,006
Leasohod Improvements	14,349			34,348	48,697		14,514	8,349				11,855
Office Equipments	84,128			7,578	76,550	2,528	31,469	4,085	37,506	1,661	19,045	32,069
Furniture and Fittings	73,428			10,443	62,985	2,818	51,187	9,567	54,707	2,432	9,266	22,240
Previous year	549,922		2,864	52,270	501,458	22,420	444,685	53,182	466,522	29,879	34,974	1,061
	581,371		1,448	1,448	580,822	25,387	397,044	58,083	414,685	29,879	105,237	4,899

ISGN SOLUTIONS, INC  
SCHEDULES FORMING PART OF ACCOUNTS

Schedule 5 : Intangible Assets

Particulars	GROSS BLOCK					ACCUMULATED DEPRECIATION					Net Book	
	Gross Cost as at January 1, 2010	Adjustments	Additions	Deletions	Cost as at December 31, 2010	December 31, 2010 Conversion translation into (Rs. 1000) (Unaudited)	Up to December 31, 2010	For the year	December 31, 2010 Conversion translation into (Rs. 1000) (Unaudited)	As at December 31, 2010	December 31, 2010 Conversion translation into (Rs. 1000) (Unaudited)	As at December 31, 2009
Software Patents	163,846				163,846	8,211	94,247	48,566	140,813	6,096	42,653	69,300
Software Development Cost	790,884				790,884	34,008	790,884		790,884	34,008	2,222,870	2,209,870
Goodwill	2,222,870				2,222,870	99,385						
Total	3,177,599				3,177,599	141,604	885,131	48,566	931,697	40,104	2,288,376	401,300
Previous year	4,132,966			816,346	3,319,310	174,411	783,878	683,346	884,902	29,792	2,312,276	107,622



	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)
<b>SCHEDULE 6 : INVESTMENTS</b>			
<i>(Long Term - Trade, Unquoted)</i>			
<i>In Subsidiary companies</i>			
100% Membership interest in Richmond Title Investors, LLC (Refer Note 5 of Schedule 18)	3,652,532	4,692,032	209,781
Add: Share of Profit / (losses)	(712,794)	(838,990)	(37,511)
100% Membership interest in Richmond Genpar LLC (Refer Note 5 of Schedule 18)	36,892	47,392	2,119
Add: Share of Profit / (losses)	(7,200)	(8,475)	(379)
ISGN Fulfillment Services, Inc. 400800 shares (No par value) (Refer Note 5 of Schedule 18)	30,191,041	30,669,322	1,371,225
	<u>33,160,471</u>	<u>34,561,281</u>	<u>1,545,235</u>
<b>SCHEDULE 7 : SUNDRY DEBTORS</b>			
Debts outstanding for a period exceeding six months			
Unsecured, considered good	56,081	123,996	5,544
Unsecured, considered doubtful	66,650	124,809	5,580
Debts outstanding for a period six months or less			
Unsecured, considered good	2,217,459	1,333,473	59,620
Unsecured, considered doubtful			
(Less: Provision for doubtful debts)	(66,650)	(124,809)	(5,580)
	<u>2,273,540</u>	<u>1,457,469</u>	<u>65,164</u>
<b>SCHEDULE 8 : CASH AND BANK BALANCES</b>			
Balances with Banks			
- In Current Accounts	305,242	264,176	11,911
	<u>305,242</u>	<u>264,176</u>	<u>11,811</u>
<b>SCHEDULE 9 : OTHER CURRENT ASSETS</b>			
Unbilled revenue	44,487	14,784	661
	<u>44,487</u>	<u>14,784</u>	<u>661</u>
<b>SCHEDULE 10 : LOANS AND ADVANCES</b>			
Advances recoverable in cash or in kind or for value to be received			
- Other advances recoverable in cash or in kind or for value to be received	733,775	12,710,571	568,288
Deposits - others	39,149	650,297	29,075
	<u>772,924</u>	<u>13,360,868</u>	<u>597,363</u>
<b>SCHEDULE 11 : CURRENT LIABILITIES</b>			
Sundry creditors	7,180,129	7,091,259	317,050
Purchase consideration payable	134,488	-	-
Advances from customers	541,329	208,639	9,328
Earnest money / security deposits	18,735	18,735	838
	<u>7,874,681</u>	<u>7,318,633</u>	<u>327,216</u>
<b>SCHEDULE 12 : PROVISIONS</b>			
Provision for taxation (net of advance tax payments)	10,346	-	-
	<u>10,346</u>	<u>-</u>	<u>-</u>



ISGN SOLUTIONS, INC., USA  
SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 13: 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	13,838,939	18,326,348	819,371
Software and business process outsourcing services	824	-	-
	<b>13,839,763</b>	<b>18,326,348</b>	<b>819,371</b>

SCHEDULE 14 : OTHER INCOME

Rent received	90,232	212,665	9,508
Foreign exchange variation (Net)	(1,038)	-	-
Liabilities no longer required written back	117,879	23,862	1,058
Miscellaneous income	568	-	-
	<b>207,441</b>	<b>236,327</b>	<b>10,566</b>

SCHEDULE 15 : EMPLOYEE COSTS

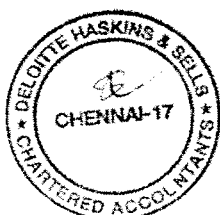
Salaries, wages and bonus	3,336,408	3,217,645	143,861
Contribution to provident and other funds	236,293	203,797	9,112
Workmen and staff welfare expenses	116,097	168,661	7,541
	<b>3,688,798</b>	<b>3,590,103</b>	<b>160,514</b>

SCHEDULE 16 : OTHER ADMINISTRATIVE EXPENSES

Sub contracting expenses	8,510,030	17,504,983	782,648
Power and fuel	8,330	(5,877)	(263)
Rent	308,841	428,115	19,141
Rates and taxes	4,880	224,978	10,059
Insurance	83,750	99,136	4,432
Repairs and maintenance :			
- Plant & Machinery and Ships	10,388	7,247	324
- Others	9,023	16,301	729
Travelling and conveyance	1,010,880	864,533	38,654
Communication costs	461,952	416,052	18,602
Printing and stationery	5,100	6,170	276
Legal and professional fees	861,953	631,585	28,238
Selling and Marketing expenses	7,178	12,992	581
Provision for doubtful debts made (reversed)	(246,469)	58,159	2,600
Doubtful debts and advances written off	278,954	48,047	2,148
Assets written off	-	21,066	942
Miscellaneous expenses	120,102	114,385	5,115
	<b>11,431,892</b>	<b>20,447,888</b>	<b>914,226</b>

SCHEDULE 17 : FINANCIAL EXPENSES

Interest paid to Others	-	353,658	15,812
Bank charges and guarantee commission	1,508	2,501	112
	<b>1,508</b>	<b>356,159</b>	<b>15,924</b>



**ISGN SOLUTIONS, INC., USA**

**SCHEDULE FORMING PART OF THE ACCOUNTS**

**Schedule - 18**

**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 (as amended) 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 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.

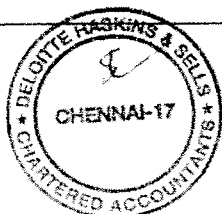
**c) Fixed Assets**

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 life's. 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   |
| (iv) Office equipment                               | 5 years   |
| (v) Mobile phones (included under office equipment) | 100% in the year of purchase  |



**ISGN SOLUTIONS, INC., USA**

**SCHEDULE FORMING PART OF THE ACCOUNTS**

**Schedule - 18**

**Notes on Accounts (Contd)**

**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 Group'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 to 5 years.

**f) Leases**

**Where Company is a lessee:**

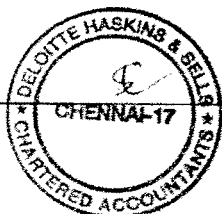
Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

**Where 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.

**g) Revenue recognition**

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



**ISGN SOLUTIONS, INC., USA**

**SCHEDULE FORMING PART OF THE ACCOUNTS**

**Schedule – 18**

**Notes on Accounts (Contd)**

Revenue from transaction services and other service contracts is recognized based on transactions processed. The Group also generates upfront non-refundable revenues from process transition activities. Revenue and costs attributable to such process transition activities are deferred where such activities do not represent the culmination of a separate earnings process. Such revenue and related costs are recognized ratably over the period in which the related services are performed. Deferred costs are limited to the amount of deferred revenue and any excess costs are expensed as incurred.

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**

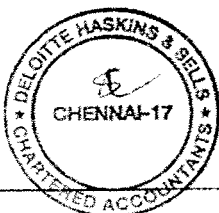
Advance received from customers consists of unearned portion of maintenance services provided to customers based on maintenance agreements, deferred license and subscription fees and professional services revenue generated from arrangements that are invoiced in accordance with the terms and conditions 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 period then 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.

**(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.



**ISGN SOLUTIONS, INC., USA**

**SCHEDULE FORMING PART OF THE ACCOUNTS**

**Schedule - 18**

**Notes on Accounts (Contd)**

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) Employee Benefits**

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

**l) Investments**

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

**m) Provisions, Contingent Liabilities and Contingent Assets**

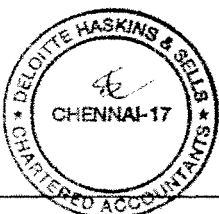
Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control 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.

**2. Share Capital:**

During the year, the parent company ISGN Corporation (Formerly Novasoft Information Technology corporation) has invested an additional amount of \$ 29,619,023 in the company. The company has allotted two shares of par value \$0.01 and the balance amount of \$ 29,619,023 has been credited to Securities Premium account.

**3. Deferred tax**

- 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.



**ISGN SOLUTIONS, INC., USA**

**SCHEDULE FORMING PART OF THE ACCOUNTS**

**Schedule - 18**

**Notes on Accounts (Contd)**

**4. Leases**

a) Operating Lease Expense

i. Future minimum lease payments under non-cancellable operating lease:  
(In USD)

Particulars	Year ended December 31,2010	Period ended December 31,2009
Not later than one year	172,354	384,654
Later than one year but not later than 5 years	35,598	376,457
Later than 5 years	NIL	NIL

ii. The lease payments recognized in the Profit and Loss Account during the year amounts to US \$383,000 (December 31,2009 US\$291,100)

b) Operating Lease Income

In case of Assets given on lease

The company has leased out office premises and certain equipments under non-cancellable operating lease. Rental income from such operating leases recognized in the profit and loss account for the year is US\$212,665 (December 31, 2009 US\$90,232)

Future minimum lease receipts are as follows:

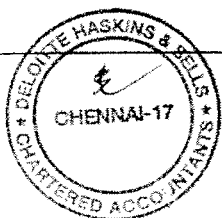
(In USD)

Particulars	Year ended December 31'2010	Period ended December 31'2009
Not later than one year	93,951	272,655
Later than one year but not later than 5 years	93,951	475,902
Later than 5 years	NIL	NIL

**5. Mergers and Acquisitions**

ISGN FULFILLMENT SERVICES (formerly known as FISERV FULFILLMENT SERVICES-)

Based on the Share purchase agreement entered on September 28, 2009 among CFCL Technologies Ltd., its subsidiary ISGN Solutions Inc., Fiserv Solutions Inc., Fiserv Inc. and FFS, effective December 12, 2009, ISGN Solutions Inc., acquired 100% of outstanding paid up share capital of FFS, from Fiserv Solutions Inc.





**ISGN SOLUTIONS, INC., USA**

**SCHEDULE FORMING PART OF THE ACCOUNTS**

**Schedule - 18**

**Notes on Accounts (Contd)**

During the year, the Group has settled all payment obligations with reference to the purchase consideration payable including working capital adjustments due to Fiserv Solutions Inc., in respect of the share purchase agreement entered on September 28, 2009 and accordingly paid the final settlement on FFS acquisition in December 2010. The changes on account of final settlement are as follows:

The additional consideration of US\$ 478,280 arising on account of full and final settlement has been treated as Addition to Investments during the year ended December 31, 2010.

**RICHMOND TITLE SERVICES**

Effective August 16, 2008, ISGN Solutions, Inc MH entered into membership interest purchase agreement with the sellers for the purchase of membership interest of Richmond Title Genpar LLC and Richmond Investor LLC. As a consequence, erstwhile MortgageHub.Com Inc. (now known as ISGN Solutions Inc.) acquired the entire membership interest in Richmond Genpar LLC, Richmond Investors LLC, Richmond Title Services LP, Flex Agents Signing Team LLC and Richmond Title Services LLC.

Pursuant to the final settlement agreement dated October 27, 2010 the Group has paid an additional amount of US\$ 550,000 towards full and final settlement of all earn-out obligations due to the sellers of aforesaid entities. and have accounted as additional investments.

**NOTES PAYABLE ON Fiserv Fulfillment Services Inc. (FFS) (now known as ISGN FULFILLMENT SERVICES INC.) ACQUISITION**

CFCL Technologies Limited had issued to Fiserv Solutions Inc., a Non-convertible Promissory Note for \$10 million towards settlement of part purchase consideration with respect to the acquisition of 100% interest in FFS. The Company had the option to pre-pay the Note within 120 days from the FFS acquisition date (i.e December 12 2009). The Company had got the terms re-negotiated with Fiserv Solutions Inc., to extend the prepayment period upto December 15, 2010. In the event of pre-payment on or before December 15, 2010, the Company needs to pay Fiserv Solutions Inc. an interest computed @ LIBOR plus 400 Basis points from April 11, 2010 computed on the Note value of \$10 million. In the event of non-payment of the Note on or before December 15, 2010, the note value will get enhanced to \$ 25m and this needs to be repaid on or before December 11, 2013 along with interest @ LIBOR plus four percentage, effective April 11,2010. The interest needs to get computed on the increased Note value of \$25 million.

The Company had availed the prepayment option of the Note of US\$ 10 million due to Fiserv Solutions Inc., and had paid the Note with interest on December 15, 2010.



**ISGN SOLUTIONS, INC., USA**

**SCHEDULE FORMING PART OF THE ACCOUNTS**

**Schedule - 18**

**Notes on Accounts (Contd)**

**6. 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  
ISGN Corporation USA

**Significant influence**

NEA FDI Ltd  
NEA – Indo US Ventures, LLC.

**b. Subsidiaries**

Richmond Investors LLC

Richmond Title Genpar LLC

Richmond Title Services LP

Flex Agents Signing 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)

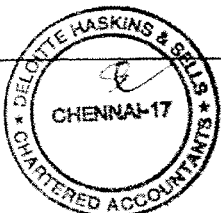
ISGN Fulfillment Services of Alabama, LLC, USA (Formerly FISERV Fulfillment Services of Alabama, LLC, USA)

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 Agency of Alabama, LLC, USA)



**ISGN SOLUTIONS, INC., USA**

**SCHEDULE FORMING PART OF THE ACCOUNTS**

**Schedule - 18**

**Notes on Accounts (Contd)**

**c. Fellow Subsidiaries (FS)**

ISG Novasoft Technologies Limited - India\*  
Inuva Info Management Pvt. Limited - India\*

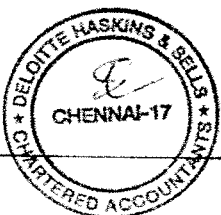
\*Represents parties with whom the company had transactions during the year

d. 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.

**e. List of transactions with related parties**

(In USD)

Description	Parties where control exists							
	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								
ISG Novasoft Technologies Ltd					14,230,316	6,558,044	14,230,316	6,558,044
Inuva Info Management Private Limited						374,369		374,369
Software and Business process outsourcing service procured to								
Richmond Title Services			417,900	923,489			417,900	923,489
ISGN Fulfillment services			3,239,537				3,239,537	
Equity Infusions to Subsidiary								
Richmond Investors, LLC			495,000	930,600			495,000	930,600
Richmond Genpar, LLC			5,000	9,400			5,000	9,400
Equity Infusions by the Parent								
ISGN Corporation	29,619,023	26,107,058					29,619,023	26,107,058
Balances as at year end sundry creditors								
ISGN Corporation	763,475	1,977,724					763,475	1,977,724
ISG Novasoft Technologies Ltd					4,318,739	1,799,020	4,318,739	1,799,020
Inuva Info Management Private Limited						138,294		138,294
Richmond Title Services LP			890,639	474,251			890,639	474,251
Balances as at year end sundry Debtors								
ISGN Fulfillment Services Inc PA			12,404,730	4,078			12,404,730	4,078



**ISGN SOLUTIONS, INC., USA**

**SCHEDULE FORMING PART OF THE ACCOUNTS**

**Schedule – 18**

**Notes on Accounts (Contd)**

**7. Segmental Reporting**

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

**8. Earnings per share**

	<b>Year ended December 31, 2010</b>	<b>Period ended December 31, 2009</b>
Loss for the year / period as per Profit and Loss account (A) (In USD)	(6,067,592)	(2,762,130)
Weighted average number of shares outstanding (B)	7,290,199	7,290,197
Basic and Diluted EPS (A/B) (In USD)	(0.8323)	(0.3789)

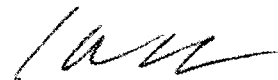
9. The current financial year is for twelve months and hence the Profit and Loss Account of the current year is not comparable with that of the previous period which was for a period of 9 months. Previous period figures have been regrouped / reclassified, wherever necessary to conform to the current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

**Signature to Schedules 1 to 18**

For and on behalf of the Board of Directors



Director



Director



Chief Financial Officer

Place: Bensalem, USA  
Date: May 2, 2011

