



Grant Thornton

Our Ref CMB/ADH

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For the attention of Sujit Deb

30 April 2010

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Dear Sirs

- i We have audited the accompanying Standard Consolidated Forms (SCF) of IFGL Worldwide Holdings Limited expressed in UK Sterling as at 31 March 2010 and for the year then ended. These standard forms are the responsibility of IFGL Worldwide Holdings Limited's directors. Our responsibility is to express an opinion on these standard forms based on our audit.
- ii We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) and with your IFGL Limited Group Audit Instructions for the year ending 31 March 2010. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the SCF are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the SCF. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of information in SCF. We believe that our audit provides a reasonable basis for our opinion.

We bring your attention to our scope of work in respect of the following entities:

(a) Monotec Refratarios Ltda

In forming our opinion on the SCF, which is not qualified, we draw your attention to the fact that the only balance audited in respect of Monotec Refratarios Ltda, based in Brazil, was the cash balance which was directly confirmed by the bank. The remaining balances have been subject to subject to an analytical review performed by us in the UK, on the basis of records available from Brazil.

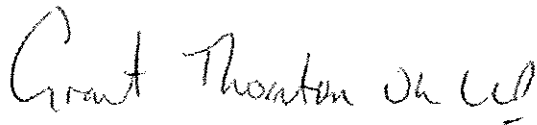
Given the relative size of the remaining net assets of Monotec Refratarios Ltda of £276,000, we do not consider the impact of these balances to be material to the IFGL Worldwide Holdings Limited group.

(b) IFGL Pyemetric LLC and Hofmann Ceramic CZ s.r.o.

In forming our opinion on the financial statements, which is not qualified, we draw your attention to the fact that two subsidiaries of IFGL Worldwide Holdings Limited, IFGL Pyemetric LLC and Hofmann Ceramic CZ s.r.o., have not been audited. These entities have been subject to analytical review performed by us in the UK, on the basis of records available. Given the relative size of the entities, ie net liabilities of £20,000 and £300,000 respectively we do not consider the impact of these subsidiaries to be material to the IFGL Worldwide Holdings Limited group.

- iii On the basis of our examinations carried out as aforesaid and according to the information and explanation obtained, in our opinion:
 - a the accompanying SCF have been properly prepared to give the information required for inclusion in the Consolidated Financial Statements of the Parent Company ie IFGL Refractories Limited and in accordance with the group accounting policies as detailed in your "IFGL Refractories Limited Group Audit Instructions for the year ending 31 March 2010".
- iv This report is intended solely for the use of Price Waterhouse, Kolkata in connection with the audit of the Consolidate Financial Statements of IFGL Limited and should not be used for any other purpose. As primary auditors you are solely responsible for the opinion on the group financial statements as we cannot be aware of all the issues that would be material to your group opinion. We cannot accept any extension of our responsibilities beyond those set out in our engagement letter with our client.

Yours faithfully



Grant Thornton UK LLP

IFGL WORLDWIDE HOLDINGS LIMITED
 CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	AS AT 31ST MARCH, 2010 GBP	AS AT 31ST MARCH, 2009 GBP
SOURCES OF FUNDS			
<i>Shareholders' Fund</i>			
Capital	1		
Reserves and Surplus	2	5,350,000	5,350,000
		7,137,819	4,749,597
Minority Interest		55,153	112,366
<i>Loan Funds</i>			
Secured Loans	3	6,172,139	8,227,069
Deferred Tax Liabilities (Net)		67,536	67,798
Total		18,782,647	18,506,830
APPLICATIONS OF FUNDS			
<i>Fixed Assets</i>			
Gross Block	4		
Less: Depreciation		16,568,723	16,431,944
Net Block		5,637,924	5,427,989
Capital Work in progress		10,930,799	11,003,955
		160,173	320,771
<i>Current Assets, Loans and Advances</i>			
Inventories	5	4,936,807	3,652,476
Trade Debtors	6	6,138,351	3,819,106
Cash and Bank Balances	7	1,497,409	1,310,688
Other Debts & Repayments	8	1,049,722	1,220,916
		13,622,289	10,003,186
Less: Current Liabilities and Provisions	9	5,930,614	2,821,082
Net Current Assets		7,691,675	7,182,104
Total		18,782,647	18,506,830

The financial statements were approved by the Board of Directors on , 2010


 S K Bajoria
 Director

*submitted for
 identification
 purposes
 G.M.U.P.*

IFGL WORLDWIDE HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	<i>Schedule</i>	YEAR ENDED 31ST MARCH, 2010 GBP	YEAR ENDED 31ST MARCH, 2009 GBP
INCOME			
<i>Turnover</i>		33,573,792	30,459,043
<i>Other Income</i>	11	<u>382,828</u>	<u>211,493</u>
		<u>33,956,620</u>	<u>30,670,536</u>
EXPENDITURE			
<i>(Increase) /Decrease in Finished Goods and Work In-progress</i>	10A	(1,153,898)	(52,137)
<i>Raw Materials & Trading Goods</i>	10B & C	19,125,437	16,933,708
<i>Manufacturing and Other Expenses</i>	12	6,270,634	6,977,554
<i>Employees cost</i>	13	5,278,031	5,790,340
<i>Interest</i>		245,209	564,478
<i>Depreciation</i>		<u>436,534</u>	<u>436,042</u>
<i>Profit before Tax</i>		30,201,947	30,649,985
		<u>3,754,673</u>	<u>20,551</u>
<i>Less: Provision for Tax (Net)</i>		1,037,222	(9,086)
<i>Less: Deferred Tax</i>		<u>(262)</u>	<u>(848)</u>
<i>Profit after Tax Before Minority Interest</i>		2,717,713	30,485
<i>Less: Minority Interest</i>		(5,264)	-4,904
<i>Less: Dividend Tax</i>		<u>78,927</u>	<u>35,389</u>
<i>Profit for the Year Carried forward</i>		2,644,050	35,389
<i>Add : Brought forward from previous year</i>		<u>3,076,702</u>	<u>3,041,313</u>
<i>Balance carried to Balance Sheet</i>		<u>5,720,752</u>	<u>3,076,702</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The accompanying accounting policies and notes form part of these financial statements

IFGL WORLDWIDE HOLDINGS LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

	AS AT 31ST MARCH, 2010 GBP	AS AT 31ST MARCH, 2009 GBP
SCHEDULE - 1		
AUTHORISED SHARE CAPITAL		
5350000 Equity Shares of GBP 1/- each	5,350,000	5,350,000
CALLED UP SHARE CAPITAL		
5350000 Equity Shares of GBP 1/- each, fully paid up	5,350,000	5,350,000
	<u>5,350,000</u>	<u>5,350,000</u>
SCHEDULE - 2		
RESERVES		
Foreign Exchange Translation Reserve	1,703,202	1,957,075
Actuarial (Loss)/ Gain in respect of defined benefit pension scheme	(286,135)	(284,180)
Profit and Loss Account	5,720,752	3,076,702
	<u>7,137,819</u>	<u>4,749,597</u>
SCHEDULE - 3		
LOAN FUNDS		
A. SECURED LOANS		
Term Loan From Banks		
- From ICICI Bank U.K Ltd- Refer Note 2(a) of Notes on Accounts	1,733,208	3,129,363
- From HSBC Bank Plc- Refer Note 2(b) of Notes on Accounts	2,883,650	3,987,269
- From Sparkasse- Refer Note 2(d & g) of Notes on Accounts	149,314	209,409
- From Volksbank Dill eG- Refer Note 2(e) of Notes on Accounts	585,938	607,640
- From Commerzbank- Refer Note 2(f) of Notes on Accounts	98,214	138,889
- From Barclays Bank- Refer Note 2(c) of Notes on Accounts	21,376	33,742
Cash Credit From Banks		
- From ICICI Bank U.K Ltd- Refer Note 2(a) of Notes on Accounts	403,578	-
- From CSOB Rudlicka- Refer Note 2(h) of Notes on Accounts	29,586	30,321
B. UN SECURED LOANS		
- From Volksbank Dill eG	79,814	9,503
- From Postbank	-	29,083
- From Commerzbank	30,482	-
- From Sparkasse	156,979	51,850
	<u>6,172,139</u>	<u>8,227,069</u>

IFGL WORLDWIDE HOLDINGS LIMITED
Cash Flow Statement for the period ending 31st March 2010

	Year ended 31ST MARCH, 2010	Year ended 31ST MARCH, 2010	Year ended 31ST MARCH, 2009	Year ended 31ST MARCH, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extra - ordinary items				
Adjustments for :		3,754,673		20,551
Depreciation & Amortisation			436,042	
Interest (Net)	436,534			
Provision for Doubtful Debts	245,206		555,124	
(Profit) / Loss on Sale of Fixed Assets	78,522		138,647	
Liability no longer required written back	1,410		12	
Pension Assets Written Off	(136,723)		(23,893)	
Unrealized Foreign exchange (gain) / loss	(38,281)	586,668	272,000	
			846,463	2,224,395
Operating Profit before Working Capital changes		4,341,341		2,244,946
Adjustments for :				
Trade and other receivables	(3,969,472)		3,547,909	
Inventories	(1,284,331)		(161,578)	
Trade payables	4,467,286	(786,517)	(2,033,648)	
Cash generated from operations		3,554,824		1,352,683
Direct Taxes refunded / (paid)		(795,349)		3,597,629
Cash flow before extra - ordinary items		2,759,475		(280,583)
Net Cash from Operating Activities		2,759,475		3,317,046
		2,759,475		3,317,046
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets-Capital WIP	(405,679)			
Purchase of Intangibles	(473)		(311,072)	
Proceeds from sale of Fixed Assets	73,843		(51,404)	
Interest received	3		5	
Contribution to Gericon Pension Assets	(1,955)		9,354	
Adjustment for Exchange Translation Reserve	(142,781)		(23,000)	
Consideration for acquisition of Step down Subsidiary Companies			615,159	
Further investment in Subsidiaries- Hofmann Ceramics GmbH	(40,175)		(5,130,833)	
		(517,217)		(4,891,791)
Net Cash used in Investing Activities		(517,217)		(4,891,791)
		(517,217)		(4,891,791)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Term Loan taken from banks			4,173,228	
Term Loan repayment to banks	(2,440,304)		(1,549,204)	
Increase/ (Decrease) in Cash Credit Facilities	402,843		(331,609)	
Interest paid	(245,209)		(564,478)	
Increase/ (Decrease) in Unsecured loan	176,839	(2,105,731)		1,527,937
Net Cash used in Financing Activities		(2,105,731)		1,527,937
Net increase / (decrease) in cash and cash equivalents (A+B+C)		136,527		(46,805)
Cash and Cash equivalents as at 31st March, 2009		1,310,688		810,842
Add: Taken upon acquisition of Step Down Subsidiary Companies				320,228
Add: Adjustment for Exchange Translation Reserve		50,194		226,425
Cash and Cash equivalents as at 31st March, 2010		1,497,409		1,310,688

IFCL WORLDWIDE HOLDINGS LIMITED
SCHEDULE 4
FIXED ASSETS

Description of the Assets	Gross Block										DEPRECIATION			NET BLOCK		NET BLOCK
	As at 01.04.09	Addition on acquisition of subsidiaries	Additions during the Year	Deductions during the Year	Exchange Translation Adjustment	Total As at 31.03.10	As at 01.04.09	Addition on acquisition of subsidiaries	For the Year	On Deductions	Exchange Translation Adjustment	Total up to 31.03.10	As at 31.03.10	As at 31.03.09		
TANGIBLE																
Land - Lease hold - Freehold	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Buildings	341,530	-	-	-	(7,596)	333,734	-	-	-	-	-	-	333,734	341,530		
Plant and Machinery (Note 1 below)	3,217,939	-	330,987	-	(86,613)	3,462,313	1,032,359	-	85,672	(29,594)	1,088,437	1,088,437	2,373,876	2,185,580		
Computers	5,402,795	-	133,051	140,676	(143,768)	5,251,402	3,558,103	-	296,875	(73,524)	3,679,345	3,679,345	1,572,057	1,844,692		
Furniture and Fixtures	318,689	-	1,142	2,329	(2,145)	314,857	299,646	-	10,903	(1,643)	306,077	306,077	8,789	19,043		
Equipments	249,208	-	-	-	(540)	248,668	241,039	-	7,225	(231)	248,033	248,033	635	8,169		
Vehicles	209,161	-	6,943	6,305	(6,275)	209,524	162,406	-	13,143	(4,584)	166,069	166,069	37,455	46,755		
	130,239	-	94,134	4,609	(4,485)	218,299	100,093	-	19,119	(4,148)	112,796	112,796	102,503	30,146		
<i>Sub Total : A</i>	9,869,361	-	566,277	154,419	(251,422)	10,029,797	5,393,646	-	432,937	(113,982)	5,609,757	5,609,757	4,429,040	4,375,715		
INTANGIBLE																
Goodwill	19,150	-	-	-	(383)	18,767	19,150	-	-	-	18,767	18,767	-	-		
Goodwill arising on consolidation	6,475,467	-	14,662	-	(595)	6,490,129	-	-	-	-	-	-	6,490,129	6,475,467		
Computer Software	16,665	-	473	-	(595)	16,541	13,485	-	1,761	(467)	14,779	14,779	1,762	3,178		
Technical Know-how Fear	51,303	-	-	34,816	(2,983)	13,489	1,708	-	1,836	77	3,621	3,621	9,868	49,595		
<i>Sub Total : B</i>	6,562,583	-	15,135	34,816	(3,976)	6,538,976	34,343	-	3,597	(773)	37,167	37,167	6,501,759	6,528,340		
GRAND TOTAL (A + B)	16,431,944	-	581,412	189,235	(255,398)	16,968,723	5,427,989	-	436,534	(113,982)	5,637,924	5,637,924	10,930,799	11,003,955		
PREVIOUS YEAR	9,598,904	5,809,517	352,476	835,031	1,486,078	15,431,944	3,085,076	1,250,966	436,042	835,014	880,919	5,427,989	11,003,955	5,903,828		

Note: The gross block and net block of plant and machinery includes an amount of 6817± (P.Y.- 68174) and 31382 (P.Y.- 42146) respectively in respect of assets held under Hire Purchase Contract.

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IFGL WORLDWIDE HOLDINGS LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

	AS AT 31ST MARCH, 2010 GBP	AS AT 31ST MARCH, 2009 GBP
SCHEDULE - 5		
INVENTORIES		
<i>Stores & Spares</i>	23,268	16,992
<i>Raw Materials</i>	1,329,957	1,205,801
<i>Work in Progress</i>	340,485	313,959
<i>Finished Goods</i>	<u>3,243,097</u>	<u>2,115,724</u>
	<u>4,936,807</u>	<u>3,652,476</u>
SCHEDULE - 6		
TRADE DEBTORS		
<i>Unsecured, Considered Good</i>		
<i>Debts outstanding for more than six months</i>	734,895	479,652
<i>Other Debts</i>	5,403,456	3,339,454
<i>Considered Doubtful</i>	<u>283,111</u>	<u>259,539</u>
	6,421,462	4,078,645
<i>Less: Provision for Doubtful Debts</i>	<u>(283,111)</u>	<u>(259,539)</u>
	<u>6,138,351</u>	<u>3,819,106</u>
SCHEDULE - 7		
CASH AND BANK BALANCES		
<i>Cash in hand</i>	14,363	8,566
<i>With Scheduled Banks -</i>		
<i>On Current Accounts</i>	1,267,235	1,189,507
<i>On Fixed Deposit Accounts</i>	<u>215,811</u>	<u>112,615</u>
	<u>1,497,409</u>	<u>1,310,688</u>
SCHEDULE - 8		
OTHER DEBTS & REPAYMENTS		
<i>Advances recoverable in cash or in kind or for value to be received</i>		
	955,882	1,012,556
<i>Other Deposits</i>	<u>93,840</u>	<u>208,360</u>
	<u>1,049,722</u>	<u>1,220,916</u>
SCHEDULE - 9		
CURRENT LIABILITIES AND PROVISIONS		
<i>Liabilities -</i>		
<i>Sundry Creditors-</i>		
<i>- for goods</i>	2,681,490	971,029
<i>- for expenses</i>	1,191,582	948,903
<i>Advance Received from Customers</i>	172,607	20,772
<i>Other liabilities</i>	1,664,145	980,388
<i>Provisions -</i>		
<i>Taxation</i>	<u>220,790</u>	<u>(100,010)</u>
	<u>5,930,614</u>	<u>2,821,082</u>

IFGL WORLDWIDE HOLDINGS LIMITED
SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	YEAR ENDED 31ST MARCH, 2010 GBP	YEAR ENDED 31ST MARCH, 2009 GBP
SCHEDULE - 10 A		
INCREASE / DECREASE IN FINISHED GOODS AND WORK IN-PROGRESS		
Opening Work-in-Progress*	313,960	163,860
Opening Finished Goods**	<u>2,115,724</u>	<u>2,213,687</u>
	2,429,684	2,377,547
Less :		
Closing Work-in-Progress	340,485	313,960
Closing Finished Goods	<u>3,243,097</u>	<u>2,115,724</u>
	<u>3,583,582</u>	<u>2,429,684</u>
	<u>(1,153,898)</u>	<u>(52,137)</u>

SCHEDULE - 10 B
RAW MATERIALS
Raw Materials Consumed

Opening Stock **	1,222,793		1,113,352	
Add: Purchases	<u>18,853,326</u>	20,076,119	<u>16,131,247</u>	17,244,599
Less: Closing Stock		<u>1,353,225</u>		<u>1,222,793</u>
		<u>18,722,894</u>		<u>16,021,806</u>

SCHEDULE - 10 C
TRADING GOODS

Opening Stock				
Add: Purchases	<u>402,543</u>	402,543	<u>911,902</u>	911,902
Less: Closing Stock		<u>-</u>		<u>-</u>
		<u>402,543</u>		<u>911,902</u>

SCHEDULE - 11

OTHER INCOME

Commission	39,437	51,004
Liabilities no longer required written back	136,723	23,893
Miscellaneous Income	200,696	132,640
Rent	5,972	3,956
	<u>382,828</u>	<u>211,493</u>

IFGL WORLDWIDE HOLDINGS LIMITED
SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	YEAR ENDED 31ST MARCH, 2010 GBP		YEAR ENDED 31ST MARCH, 2009 GBP	
SCHEDULE - 12				
MANUFACTURING AND OTHER EXPENSES				
<i>Consumable Stores and Spares</i>		227,503		205,427
<i>Power and fuel</i>		502,760		529,355
<i>Repairs and Maintenance</i>				
- <i>Plant and Machinery</i>	194,518		202,420	
- <i>Building</i>	29,594		8,703	
- <i>Others</i>	<u>175,814</u>		<u>131,714</u>	
<i>Rent</i>		399,926		342,837
<i>Rates and Taxes</i>		364,393		295,701
<i>Insurance</i>		53,326		77,907
<i>Shipping, Delivery & Forwarding Charges</i>		161,125		124,656
<i>Postage, Telephone, Telex, etc.</i>		1,851,640		1,687,244
<i>Travelling and Conveyance</i>		160,419		161,405
<i>Packing and Material Handling Expenses</i>		421,208		400,497
<i>Loss on Sale of Fixed Assets</i>		134,072		189,570
<i>Royalty</i>		1,410		12
<i>Commission</i>		4,699		3,424
<i>Service Charges</i>		814,192		522,563
<i>Discounts Granted</i>		206,329		237,946
<i>Foreign Exchange (Gain) / Loss (net)</i>		138,273		95,595
<i>Legal & Professional Fees</i>		(322,922)		961,390
<i>Provision for Doubtful Debts</i>		542,256		468,878
<i>Bad debts written off</i>		28,095		138,647
<i>Other Expenses</i>		50,427		-
		<u>531,503</u>		<u>534,500</u>
		<u>6,270,634</u>		<u>6,977,554</u>
SCHEDULE - 13				
PAYMENTS AND PROVISIONS FOR EMPLOYEES				
<i>Salaries and Wages</i>		4,750,438		5,225,957
<i>Staff Welfare Expenses</i>		139,854		178,247
<i>Contribution to Funds:</i>				
<i>Provident Fund & Pension Scheme</i>	46,070		51,091	
<i>Other Fund</i>	<u>341,669</u>		<u>335,015</u>	
		<u>387,739</u>		<u>386,136</u>
		<u>5,278,031</u>		<u>5,790,340</u>

IFGL Worldwide Holdings Limited
Notes forming part of the Financial Statement

(All figures are in GBP)

Basis of preparation

The financial statements have been prepared in accordance with group accounting policies and under the historical cost convention. The financial statements have been prepared as continuing operations.

The principal accounting policies of the group are set out below:-

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn from April 1, 2009 to 31st March 2010. Profits or losses on intra-group transactions are eliminated in full.

The financial statements of the Parent Company and its subsidiary companies (listed below) have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating intra – group balances and intra – group transactions resulting in unrealized profits or losses.

For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in pound sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

For the purpose of consolidation, all assets and liabilities (except opening net worth) denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Income and expenses are translated at the month-end exchange rate ruling at the date of the transaction. Exchange differences arising from such retranslation is recognized as foreign exchange translation reserve.

Minority interest in the consolidated financial statements is identified and recognised after taking into consideration:

-The amount of equity attributable to minorities at the date on which investments in subsidiary is made.

-The minorities' share of movement in equity since the date parent-subsidiary relationship came into existence.

-Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interest of the group.

Monotec Refratarios Ltda, Tianjin Monocon Refractories Company Limited and Tianjin Monocon Aluminous Refractories Company Limited have an accounting period end of 31st December, 2009. These subsidiaries have been consolidated using the financial statements of the year ended on that date adjusted for management account movements to 31st March, 2010

IFGL Worldwide Holdings Limited
Notes forming part of the Financial Statement

(All figures are in GBP)

The subsidiaries considered in the consolidated financial statements are:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Accounting Year Ended
IFGL Monocon Holdings Limited (IMHL)	United Kingdom	100 %	31 March
Tianjin Monocon Refractories Company Limited (TMRL)	China	100 %	31 December
Monotec Refratarios Ltda (MRL)	Brazil	95 %	31 December
Monocon International Refractories Limited (MIRL)	United Kingdom	100 %	31 March
Monocon Overseas Limited (MOL)	United Kingdom	100 %	31 March
Mono Ceramics Inc (MCI)	United States of America.	100 %	31 March
Goricon Metallurgical Services Limited (GMSL)	United Kingdom	100 %	31 March
Goricon LLC (GLLC)	United States of America.	100 %	31 March
Tianjin Monocon Aluminous Refractories Company Limited (TMARL)	China	100 %	31 December
IFGL GmbH.(IG)	Germany	100 %	31 March
Hofmann Ceramic GmbH (HCG)	Germany	98.08%	31 March
Hofmann GmbH & Co. OHG (HGCO)	Germany	100 %	31 March
Hofmann Ceramic CZ s.r.o. (HCC)	Czech Republic	98.78%	31 March
Hofmann Ceramic Ltd (HCL)	United Kingdom	100 %	31 March
Hofmann Ceramic LLC (HCLLC)	United States of America.	100 %	31 March
IFGL Pyometric LLC (IPL)	United States of America.	100%	31 March

1) SIGNIFICANT ACCOUNTING POLICIES

- a) Fixed assets (comprising of both tangible and intangible items) are stated at cost less depreciation. An impairment loss is recognized wherever the carrying value of the fixed assets exceeds its market value or value in use, whichever is higher.

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Notes forming part of the Financial Statement

(All figures are in GBP)

- b) Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets (other than leasehold land) over its estimated useful life on Straight Line Method (SLM) as well as Written Down Value Method (WDV) basis, as follows:
- | | |
|-------------------------------|--------------|
| Building | 50 years |
| Plant and Machinery | 3 – 10 years |
| Fixtures and fittings | 1 – 10 years |
| Office Equipments & Computers | 1 – 4 years |
| Motor Vehicles | 4 years |
- c) Inventories are valued at lower of cost and net realizable value after making due allowance for obsolete and slow moving items. Cost comprises of expenditure incurred in the normal course of business in bringing such inventories to its location and includes, appropriate overheads, wherever applicable.
- d) Goodwill arising on consolidation of subsidiaries represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets and liabilities of the subsidiaries recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at the cost less any accumulated impairment loss.
- e) Turnover is the total value of goods supplied and services provided by the group, excluding VAT and trade discounts. Turnover is recognized in the period in which the goods are dispatched and services are provided and significant risk and rewards are transferred.
- f) Long term investments are stated at cost less provision for permanent diminution, if any.
- g) Current tax is determined as the amount of tax payable in the respective countries, on taxable income for the year based on applicable tax rates and laws. Deferred tax is recognized, subject to consideration of prudence in respect of deferred tax asset, on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or subsequently enacted by the Balance Sheet date. The deferred tax balance has not been discounted.
- h) Foreign currency translation
The individual financial statements of each group entity are present in the currency of the primary economic environment in which the entity operates (its functional currency).

In the individual financial statements, transactions in foreign currencies are recognized at the rates existing at the time of such transactions. Gain or losses resulting from the settlement of such transactions are recognized in the Profit and Loss Account. Year end balances of monetary assets are translated at applicable forward contract/year-end rates and the resultant differences relating to fixed assets are adjusted against fixed assets and the balance is recognized in the Profit and Loss Account.

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Notes forming part of the Financial Statement

(All figures are in GBP)

- i) The company operates a defined contributions pension scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the period they are payable.

GMSL a step down subsidiary operates a defined benefit pension scheme. Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. A net surplus is recognized only to the extent that it is recoverable by the company. The current service costs and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in finance costs. The scheme is closed to new members.

- j) Borrowing costs that are attributable to acquisition, construction or production of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalized as part of cost of such assets. All other borrowing costs are recognized as expenses in the period they are incurred.
- k) Derivatives losses/gains are accounted for in the period in which they occur. All outstanding Derivative Contracts at the Balance Sheet date are marked- to- market. Losses/ Gains, if any, are measured by either marking-to-market or determining mark-up, as the case may be, and the resulting mark-to-market losses/gains is determined, and provided for, based on the movement in underlying value of the instruments.

2) DETAILS OF SECURITIES PROVIDED TO BANKS AGAINST LOANS

- a) The Term Loan and Cash Credit (Euro and US dollar currencies) from ICICI Bank UK Ltd. is secured by:
- i) Mortgage of movable & immovable assets (including intangibles) of MIRL.
 - ii) Mortgage of movable & immovable assets of MCI - a subsidiary of MOL.
 - iii) Shortfall undertaking from IFGL Refractories Limited (IFGL).
 - iv) Pledge of IWHL's holding in IMHL.
 - v) Pledge of IMHL's holding in MIRL
 - vi) Pledge of MIRL's holding in MOL
 - vii) Non-disposal undertaking from IWHL for its holding in subsidiaries in China and Brazil.

IFGL Worldwide Holdings Limited
Notes forming part of the Financial Statement

(All figures are in GBP)

- b) The Term Loan (Euro Currency) from HSBC Bank plc is secured by:
 - i) Debentures comprising fixed and floating charges over all the assets and undertakings of IMHL, MOL, MIRL, GMSL and IWHL, including all present and future freehold and leasehold property, books and other debts, chattels, goodwill and uncalled capital, both present and future.
 - ii) Letter of priority to HSBC from ICICI Bank over all current assets of MIRL.
 - iii) Composite Company Guarantee from MIRL, IMHL, MOL and GMSL, limited to Euro 5300000/- to secure all liabilities.
 - iv) Company Guarantee from IFGL and IWHL, limited to Euro 5300000/- to secure all liabilities.
- c) Term loan from Barclays Bank is secured against specific plant & machinery taken on hire purchase by GMSL.
- d) Term loan (Euro Currency) from Sparkasee, Dillenberg is secured against specific plant and machinery.
- e) Term loan (Euro Currency) from Volksbank Dill eG of HGCO is secured by:
 - i) Mortgage of small investments and investments in HCC plant.
 - ii) Specific plant and machineries.
- f) Term loan (Euro Currency) from Commerzbank Aktiengesellschaft is secured against specific plant and machinery.
- g) Term loan (Euro Currency) from Sparkasee, Dillenberg is secured against specific plant and machinery of HCG.
- h) Overdraft facility from CSOB Radlicka is secured by Blank Promissory Note by HCC.

IFGL Worldwide Holdings Limited
Notes forming part of the Financial Statement

(All figures are in GBP)

3) (a) Details of interest are as below:

	2009-2010	2008-2009
Interest on Fixed Loans	236,776	574,564
Other Interest	19,173	2,465
Interest Income	(10,740)	(12,551)
Total	245,209	564,478

(b) No interest was capitalized during the year.

4) The Deferred Tax Liabilities is made up as follows:

	2009-2010	2008-2009
Accelerated Capital allowances	79,321	89,905
Pension Asset		
Other Timing Differences	(11,785)	(22,107)
Total Deferred Tax Liability	67,536	67,798

5) The movement of Deferred Tax during the year is as under:

	2009-2010	2008-09
Opening Balance	67,798	114,188
Add:		
Deferred Tax on Pension	-	(69,720)
	67,798	44,468
Less:		
Reversed during the year	262	(23,330)
Closing Balance	67,536	67,798

IFGL Worldwide Holdings Limited
Notes forming part of the Financial Statement

(All figures are in GBP)

6.1) The following table set out the status of the GMSL Retirement Benefit Scheme as at 31st March, 2010

Retirement Benefit Scheme (Funded)		
	2009-2010	2008-2009
Reconciliation of the opening and closing balances of present value of Defined Benefit obligation		
Present Value of obligation, as at the beginning of the year	1,497,000	1,527,000
Service Cost	-	4,000
Interest Cost	100,000	99,000
Actuarial (gains)/losses	897,000	78,000
Benefits paid	-	(211,000)
Present Value of obligation, as at the end of the year	2,494,000	1,497,000
Reconciliation of the Opening and Closing balances of the Fair Value of Plan Assets:		
Fair Value of plan assets at the beginning of the year	2,005,000	1,776,000
Expected return of plan assets	100,000	103,000
Actuarial gains/(losses)	588,000	314,000
Contribution by the Company	1,955	23,000
Benefits paid	-	(211,000)
Fair Value of plan assets at the end of the year	2,694,955	2,005,000

Reconciliation of the Benefit Value of obligation and fair value of the Plan Assets		
Fair Value of plan assets at the end of the year	2,694,955	2,005,000
Present value of obligation at the end of the year	2,494,000	1,497,000
Assets/(Liabilities) as per Actuarial valuation	* 200,955	* 508,000

* Actual amount of Assets in the balance sheet Rs. Nil [Previous year Rs. Nil]

Retirement Benefit Scheme (Funded)		
	2009-2010	2008-2009
Expense recognised in the Profit and Loss Account		
Current Service Cost	-	4,000
Interest Cost	100,000	99,000
Expected return of plan assets (gain)/loss	(100,000)	(103,000)
Actuarial (gain)/loss	309,000	(236,000)
Unrecognised Surplus	(307,000)	508,000
	@	@
Total Expense as per the Actuarial Valuation	2,000	272,000

@ Adjusted with reserves at net of reversal of deferred tax there upon.

IFGL Worldwide Holdings Limited
Notes forming part of the Financial Statement

(All figures are in GBP)

	Retirement Benefit Scheme (Funded)	
	2009-2010	2008-2009
Category of Plan Assets:		
Scottish Mutual with Profit Deferred Annuity	2,695,000	2,005,000
Principal Actuarial Assumptions		
Discount rate (per annum) (%)	5.50	6.70
Rate of increase in salaries (%)	N/A	N/A
Return on plan assets (%)	6.70	6.80
Pension in payment increases on Pension accrued from 6th April 1997 (price inflation with a maximum of 5% p.a.	3.70	3.00
Revaluation in deferment (price inflation with a maximum of 5% p.a.	3.70	3.00
Methods used	Discounted Income Approach	
Actual Return on Plan Assets	688,000	417,000
The mortality assumptions adopted at 31st March 2010 imply the following future life expectancies:		
Male Currently age 65 in 2030	25.1	25
Female currently age 65 in 2030	27.5	27.4
Male Currently age 65	23.1	23
Female currently age 65	25.6	25.5

- 6.2 The basis used to determine overall expected rate of return on assets and the effect on major categories of Plan Assets is as follows:

The expected return on plan assets is determined after taking into consideration composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets, the Company's policy for plan asset management and other relevant factors.

- 6.3 The estimate of future salary increases take into account inflation, seniority, promotion and other relevant reasons.

7) SEGMENT REPORTING

Particulars	Europe	Asia Except India	Americas	Inter Segment Adjustment	Unallocated	Total
1. Segment Revenue						
External Sales	18,117,141 (17,598,861)	7,751,297 (5,845,577)	7,705,354 (7,014,605)			33,573,792 (30,459,043)
Add: Inter segment sales	5,478,896 (676,024)	90,360 (33,391)	774,754 (1,205,595)	6,344,010 (1,915,010)		6,344,010 (1,915,010)
Total Segment Revenue	23,696,037 (18,274,865)	7,841,657 (5,878,968)	8,480,108 (8,220,200)			39,917,802 (32,374,053)
2. Segment Results (Profit before interest)	2,379,976 (-396,471)	1,041,776 (656,311)	693,716 (299,515)	117,535 (-35,029)		3,097,933 (594,384)
Interest					245,212 (573,832)	
Income Tax					1,037,222 (-9,085)	
Deferred Tax					(262) (-848)	
Total Unallocated						1,262,172 (563,899)
Net Profit						2,715,761 (30,485)
3. Segment Assets	12,827,211 (9,279,091)	3,077,407 (2,897,595)	3,954,552 (3,119,926)	1,636,038 (444,167)		18,223,132 (14,852,415)
Goodwill on Consolidation					6,490,129 (6,475,467)	6,490,129 (6,475,467)
Total Assets						24,713,261 (21,327,912)
4. Segment Liabilities	5,348,967 (2,048,270)	917,531 (785,443)	866,993 (436,759)	1,423,669 (349,334)		5,709,822 (2,921,138)
Tax Provision (Net)					220,790 (-100,010)	
Loan Fund					6,172,138 (8,227,068)	
Deferred Tax					67,536 (67,752)	
Total Liabilities						6,460,464 (8,194,810) 12,170,286 (11,115,948)
5. Capital Employed (3 - 4) (Segment Assets - Segment Liabilities)	7,478,244 (7,230,821)	2,159,876 (2,112,152)	3,087,559 (2,683,167)	212,369 (94,833)		12,513,310 (11,931,307)
Goodwill on Consolidation					6,490,129 (6,475,467)	
Tax Provision (Net)					220,790 (-100,010)	
Loan Fund					6,172,138 (8,227,068)	
Deferred Tax					67,536 (67,752)	
Total Capital Employed						29,666 (-1,719,343) 12,542,976 (10,211,964)
6. Capital Expenditure during the year	427,368 (109,225)	50,984 (68,105)	103,039 (125,146)			581,411 (362,476)
7. Depreciation and amortisation	286,021 (252,137)	89,140 (78,923)	61,374 (104,982)			436,535 (436,042)
8. Non Cash Expenses other than deprecia	1,557 (84,907)	39,454 -	37,511 (53,740)			78,522 (138,647)

9. Secondary information in respect of Geographical segment on the basis of location of customers							
India							1,138,636
United Kingdom							(823,208)
Europe other than United Kingdom							5,722,321
Asia Except India							(5,765,665)
Americas							9,955,897
Others							(9,693,362)
Total Sales							5,061,584
							(2,458,228)
							8,750,763
							(8,437,890)
							2,944,611
							(3,280,790)
							33,573,792
							(30,459,043)

Figures in bracket pertain to the previous year

The Group is predominantly a manufacturer and trader of Specialised Refractories and accordingly a single business segment group. The company has disclosed the geographical locations of its operations (where its products are produced) as its primary segment. Segments have been identified taking into account the differing risks and returns, the organisation structure and internal reporting system. The company's production facilities have been segmented into Europe (United Kingdom, Germany and Czech Republic), Asia (China) and Americas (Comprising North and South America)

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The net expenses which are not directly attributable to Geographical segment are shown as unallocated items.

Intersegment prices are negotiated amongst the segments with reference to the costs, market prices and business risks.

Assets and Liabilities which cannot be allocated between the segments are shown as a part of unallocated assets and Liabilities respectively.

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Notes forming part of the Financial Statement

(All figures are in GBP)

- 8) Operating Lease Commitments - The Group entered into various non-cancellable operating lease agreements in connection with certain Properties, Plant & Equipment and vehicles in the earlier years. Tenure of lease generally varies between 1 and 3 years. Terms of the lease includes operating term of renewal, increase in rent in future periods, terms of cancellation, etc. The future minimum lease commitments of the group are as follows:

	As at 31st March, 2010	As at 31st March, 2009
Within 1 Year	446,076	371,821
More than 1 Year up to 5 years	933,093	326,419
More than 5 Years	-	-
Total	1,379,169	698,240

Lease rentals recognized in this profit & loss account amount to GBP 466,439(Previous Year GBP 338,342)

- 9) The movement of Minority Interest during the year is as under:

	2009-2010	2008-2009
Opening Balance	112,366	12,038
Add:		
Share of equity in new acquisition during the year	-	104,049
Share of Profit/(Loss) for the year	(5,264)	(4,904)
Share of Exchange Gain on translation	1,132	1,183
	108,234	112,366
Less:		
Further acquisition of Shares from minority	(25,513)	-
Adjusted during the year	(27,568)	
Closing Balance	55,153	112,366

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Notes forming part of the Financial Statement

(All figures are in GBP)

10) Statement of transaction with IFGL -

Transaction	Company	2009-2010	2008-2009
Sale of finished goods by	MIRL	20,871	2,054
	TMRL	464,776	405,913
	TMARL	139,512	40,170
	HCG	39,850	-
Cost of finished goods sold by	MIRL	20,871	2,054
	TMRL	418,298	345,026
	TMARL	125,561	34,145
	HCG	33,872	-
Sale of Capital Goods by	HCG	83,514	-
Cost of Capital Goods sold by	HCG	50,943	-
Technical Assistance rendered by	MIRL	-	65,000
Purchase of finished goods at	MIRL	780,887	305,132
	MCI	135,660	180,344
	TMARL	11,562	-
	MRL	-	5,176
	HCG	15,063	-
Recovery of expenses by	MIRL	12,191	5,716
	MCI	2,171	-
	MRL	3,958	-
Reimbursement of expenses by	MIRL	2,167	2,620
	TMRL	3,967	-
Advance from Customers	HCG	182,235	-
Stock of IFGL goods at the end of the year	MIRL	498,187	257,945
	MCI	120,602	239,432
Balance receivable / (payable) from/ (to) IFGL	MIRL	(446,242)	(111,475)
	MCI	(110,715)	-
	HCG	(156,894)	-
	MRL	4,369	-
	TMRL	-	22,917

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(All figures are in GBP)

- 11) Monotec Refratarios Ltda was served with notice from the Brazilian Government to relocate its manufacturing operations by the end of 2008. The Government has extended the time limit for a further period of 1 year ending on 31st December, 2009. The company has finalised an alternative location and is in the process of shifting there.
- 12) The company had taken a loan denominated in US Dollar and entered into a fully hedged loan swap contract such that the repayments are made in GBP. The loan is translated in GBP at the hedged rate. Foreign Exchange (gain)/loss as disclosed in Schedule 12 include (gain)/ loss of GBP (38,729) (Previous Year GBP 28,812), which is arrived as follows-

	As at 31st March, 2010	As at 31st March, 2009
Year end translation (Gain)/Loss	(194,856)	444,842
(Gain)/ Loss on Swap transaction	156,127	(416,030)
Net (Gain)/ Loss recognised	(38,729)	28,812

- 13) Previous year figures have been regrouped and rearranged, wherever necessary.