

CUMI AUSTRALIA PTY. LIMITED

ANNUAL REPORT 2009 - 2010

BOARD OF DIRECTORS

K SRINIVASAN, Chairman
TREVOR ALLEN, Managing Director
P R RAVI, Director

AUDITORS

Lambourne Partners,
Chartered Accountants
Level 1, 56 Hudson Street,
Hamilton, NSW 2303,
Australia

BANKERS

National Australia Bank Ltd
1 Newcomen Street
Newcastle, NSW, 2300

St George Bank
Level 1
Corner Wharf Road
& Merewether Street
Newcastle, NSW, 2300

REGISTERED OFFICE

Lambourne Partners,
Chartered Accountants
Level 1, 56 Hudson Street,
Hamilton, NSW 2303,
Australia

DIRECTORS' REPORT for the financial year ended 31st March 2010

Your Directors submit herewith their tenth annual report of the Company.

The sales revenue during the year was AUD 13.44 million as against AUD 13.14 million in the previous year registering a marginal growth of 2%. Profit after tax for the year stood at AUD 2.73 million as against AUD 2.88 million.

During the year, the Company expanded customer base to include dealing with end users and consolidated clients in hard rock mining. Share shift from competition was also achieved. Competition from imports increased in power generation and standard tiles businesses resulting in pricing pressures. The Company acquired its own premises in Newcastle.

Plans for the next year would be to focus on widening market presence and introduce new products in the market.

The Board has decided to pay a dividend of AUD 1,365,140 as dividend for the year.

M/s Lambourne Partners, Chartered Accountants, Hamilton, New South Wales, Australia have been reappointed as Auditors of the Company.

The financial statements of CUMI Australia Pty Ltd. were prepared and presented as per the requirements of Australian laws and the Auditors have given their report thereon. As required by the regulatory requirements of the parent company i.e. Carborundum Universal Ltd. (CUMI) the Indian rupees equivalent of the foreign currency based on the exchange rate as on 31.03.2009 have been incorporated as additional information. This additional information does not form part of the original audited accounts as audited by the Australian Auditors.

On behalf of the Board

S/d
Trevor Allen
Managing Director
Carrington, Australia
18th April 2010

S/d
K Srinivasan
Chairman
Chennai, India
18th April 2010

**Cumi (Australia) Pty Limited
A.C.N. 094 328 882**

Directors' Declaration

The Directors of the company declare that:

1. the attached financial statements and notes presents fairly the company's financial position as at 31 March 2010 and its performance for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements.
2. in the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director:
Trevor Allen

Dated:

Cumi (Australia) Pty Limited
A.C.N. 094 328 882

Independent Audit Report to the Members of
Cumi (Australia) Pty Limited

We have audited the accompanying financial report of Cumi (Australia) Pty Limited (the company) which comprises the balance sheet as at 31 March 2010 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the director's declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the company's constitution. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: 'Presentation of Financial Statements', that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion:

- a) The financial report of Cumi (Australia) Pty Limited is in accordance with the company's constitution including:
 - (i) giving a true and fair view of the company's financial position as at 31 March 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the company's constitution.
- b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



Scott Lucas
Registered Company Auditor

Lambourne Partners
Chartered Accountants
Level 1, 56 Hudson Street
HAMILTON NSW 2303

Dated: 14th April, 2010

Cumi (Australia) Pty Limited
A.C.N. 094 328 882

Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001

To the Directors of Cumi (Australia) Pty Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2010 there has been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.


Scott Lucas
Partner

Lambourne Partners
Chartered Accountants
Level 1, 56 Hudson Street
HAMILTON NSW 2303

Dated: *14th April 2010*

Cumi (Australia) Pty Limited
A.C.N. 094 328 882

Income Statement
For the Year Ended 31 March 2010

	Note	March 31,2010 AU \$	March 31,2009 AU \$	March 31,2010 Rs.	March 31,2009 Rs.
Sales	2	13,443,843	13,144,957	556,709,539	544,332,669
Cost of Sales		(6,677,125)	(6,697,099)	(276,499,746)	(277,326,870)
Gross Profit		6,766,718	6,447,858	280,209,792	267,005,800
Other revenue	3	279,344	420,228	11,567,614	17,401,641
Employee expenses	4	(1,886,550)	(1,706,173)	(78,122,052)	(70,652,624)
Occupancy expenses	5	(218,935)	(229,909)	(9,066,098)	(9,520,532)
Depreciation		(110,161)	(97,169)	(4,561,767)	(4,023,768)
Other expenses	6	(932,421)	(709,746)	(38,611,554)	(29,390,582)
Profit before income tax		3,897,994	4,125,089	161,415,936	170,819,935
Income Tax expense	7	1,167,714	1,238,146	48,355,037	51,271,626
Profit attributable to members		<u>2,730,280</u>	<u>2,886,943</u>	<u>113,060,899</u>	<u>119,548,310</u>

The Indian Rupee equivalent to the figures given in foreign currency have been converted at 1 AU \$ = INR 41.41

REFER TO AUDITOR'S REPORT
The attached notes form part of these accounts

Cumi (Australia) Pty Limited
A.C.N. 094 328 882

Balance Sheet
As at 31 March 2010

	Note	March 31,2010 AU \$	March 31,2009 AU \$	March 31,2010 Rs.	March 31,2009 Rs.
CURRENT ASSETS					
Cash & Cash Equivalents	8	4,716,524	2,845,908	195,311,259	117,849,050
Trade Receivables	9	1,711,778	3,010,417	70,884,727	124,661,368
Inventories	10	1,338,525	2,150,951	55,428,320	89,070,881
Other Current Assets	11	97,723	80,975	4,046,709	3,353,175
Total Current Assets		7,864,550	8,088,251	325,671,016	334,934,474
NON-CURRENT ASSETS					
Property, Plant & Equipment	12	1,750,293	436,796	72,479,633	18,087,722
Deferred Tax Assets	13	131,347	121,065	5,439,079	5,013,302
Other Non-Current Assets	14	11,915	6,868	493,400	284,404
Total Non-Current Assets		1,893,555	564,729	78,412,113	23,385,428
TOTAL ASSETS		9,758,105	8,652,980	404,083,128	358,319,902
CURRENT LIABILITIES					
Trade & Other Payables	15	945,344	983,915	39,146,695	40,743,920
Current Tax Payable	16	213,474	499,832	8,839,958	20,698,043
Short Term Provisions	17	1,535,811	1,594,099	63,597,934	66,011,640
Other Current Liabilities	18	380,989	265,960	15,776,754	11,013,404
Total Current Liabilities		3,075,618	3,343,806	127,361,341	138,467,006
NON-CURRENT LIABILITIES					
Borrowings	19	495	-	20,498	-
Deferred Tax Liabilities	20	9,097	1,420	376,707	58,802
Total Non-Current Liabilities		9,592	1,420	397,205	58,802
TOTAL LIABILITIES		3,085,210	3,345,226	127,758,546	138,525,809
NET ASSETS		6,672,895	5,307,754	276,324,582	219,794,093
EQUITY					
Issued Capital	22	500,797	500,797	20,738,004	20,738,004
Retained Earnings		6,172,097	4,806,957	255,586,537	199,056,089
TOTAL EQUITY		6,672,894	5,307,754	276,324,541	219,794,093

The Indian Rupee equivalent to the figures given in foreign currency have been converted at 1 AU \$ = INR 41.41

REFER TO AUDITOR'S REPORT
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Cumi (Australia) Pty Ltd
A.C.N. 094 328 882

Statement of Changes in Equity
As at 31 March 2010

Note	Share Capital AU \$	Retained Earnings AU \$	Total AU \$	Share Capital Rs.	Retained Earnings Rs.	Total Rs.
	22					
Balance at 1 April 2008	500797	3,363,485	3,864,282	20,738,004	139,281,914	160,019,918
Profit attributable to equity shareholders		2,886,943	2,886,943		119,548,310	119,548,310
Dividends paid or provided for		(1,443,471)	(1,443,471)		(59,774,134)	(59,774,134)
Balance at 31 March 2009	500797	4,806,957	5,307,754	20,738,004	199,056,089	219,794,093
Profit attributable to equity shareholders		2,730,280	2,730,280		113,060,895	113,060,895
Dividends paid or provided for		(1,365,140)	(1,365,140)		(56,530,447)	(56,530,447)
Balance at 31 March 2009	500797	6,172,097	6,672,894	20,738,004	255,586,537	276,324,541

The Indian Rupee equivalent to the figures given in foreign currency have been converted at 1 AU \$ = INR 41.41

REFER TO AUDITOR'S REPORT
The attached notes form part of these accounts

Cumi (Australia) Pty Ltd
A.C.N. 094 328 882
Cash Flow Statement
For the Year Ended 31 March 2010

	Note	March 31,2010 AU \$	March 31,2009 AU \$	March 31,2010 Rs.	March 31,2009 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers		14,865,190	13,206,012	615,567,518	546,860,957
Payments to Suppliers & Employees		(8,725,170)	(9,686,671)	(361,309,290)	(401,125,046)
		6,140,020	3,519,341	254,258,228	145,735,911
Interest Recieved		79,357	104,669	3,286,173	4,334,343
Interest Paid		(3,161)	(1,800)	(130,897)	(74,538)
Income Taxes Paid		(1,475,624)	(944,833)	(61,105,590)	(39,125,535)
Net Cash Inflow from Operating Activities	28	4,740,592	2,677,377	196,307,915	110,870,182
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for Property, Plant & Equipment		(1,454,197)	(132,918)	(60,218,298)	(5,504,134)
Loans to Related Parties					
- payments made		-	(13,907)		(575,889)
- proceeds from repayments		11,173	939		
Proceeds from sale of Property, Plant & Equipment		16,500	49,091	683,265	2,032,858
Net Cash Outflow from Investing Activities		(1,426,524)	(96,795)	(59,072,359)	(4,008,281)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends Paid		(1,443,471)	(755,417)	(59,774,134)	(31,281,818)
Proceeds from borrowings		182,596	45,150	7561300.36	1869661.5
Repayment of Borrowings		(201389)	(29053)	(8,339,518)	(1,203,085)
Increase in Security Deposits paid		1,200	-	49,692	-
Increase in deposit held		17,611	-	729,272	-
Net Cash Outflow from Financing Activities		(1,443,453)	(739,320)	(59,773,389)	(30,615,241)
Net Increase / (Decrease) in Cash Held		1,870,615	1,841,262	77,462,167	76,246,659
Cash at Beginning of Financial Year		2,845,908	1,004,646	117,849,050	41,602,391
Cash at End of Financial Year		4,716,523	2,845,908	195,311,217	117,849,050

The Indian Rupee equivalent to the figures given in foreign currency have been converted at 1 AU \$ = INR 41.41

REFER TO AUDITOR'S REPORT
The attached notes form part of these accounts

Cumi (Australia) Pty Limited

A.C.N. 094 328 882

Notes to the Financial Statements

For the Year Ended 31 March 2010

Refer to Auditor's Report

This financial report covers Cumi (Australia) Pty Limited as an individual entity. Cumi (Australia) Pty Limited is a company limited by shares, incorporated and domiciled in Australia. This financial report includes the income statement, balance sheet, statement of changes in equity, cash flow statement, and notes to the financial statements of Cumi (Australia) Pty Ltd for the year ending 31 March 2010.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a special purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their cost value, less subsequent depreciation for buildings.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

C) Inventories

Inventories are measured at the lower of cost and net realisable value.

d) Goods in Transit

Goods in transit at balance date are measured at the lower of cost and net realisable value. Initial recording of the goods occurs when property in the goods passes and this is determined by the terms of the contract that will usually be one of two types, "Free on Board" (FOB), or "Cost Insurance and Freight" (CIF). Property under a FOB contract passes when goods are loaded, property under a CIF contract passes when the goods are delivered. The amount of goods in transit represents the value of goods FOB that have been shipped to the company. It is noted that the company holds pre-orders for the majority of this stock.

e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

f) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the company is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

g) Fringe Benefits Tax (FBT)

FBT is a tax payable by the company on the value of certain fringe benefits that have been provided to employees and/or associates of those employees in respect of their employment. The FBT payable by the company is calculated by applying the FBT rate of tax to the sum of the taxable values of all fringe benefits for a year. FBT is an allowable deduction for income tax purposes.

An employee contribution towards the cost of providing a fringe benefit will reduce the taxable value of the fringe benefit. Employee contributions are assessable income of the company.

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Cumi (Australia) Pty Limited

A.C.N. 094 328 882

Notes to the Financial Statements**For the Year Ended 31 March 2010****l) Revenue**

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods. Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable. Revenue from rental properties is recognised when the company has a right to receive the rent in accordance with the lease agreement. All revenue is stated net of the amount of goods and services tax (GST).

j) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave, and long service leave (for employees with greater than five years service) which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related costs.

k) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2 Cost of Sales	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	AU \$	AU \$	Rs.	Rs.
Cost of Goods Sold	6,014,013	5,860,197	249,040,278	242,670,758
Freight	497,820	604,790	20,614,726	25,044,354
Customs & Import duty	23,721	24,104	982,287	998,147
Other direct costs	141,571	208,008	5,862,455	8,613,611
	6,677,125	6,697,099	276,499,746	277,326,870
3 Other Revenue				
Foreign currency gains	162,683	305,832	6,736,703	12,664,503
Interest received	92,001	99,103	3,809,761	4,103,855
Other Income	24,660	15,293	1,021,171	633,283
	279,344	420,228	11,567,635	17,401,641
4 Employee Cost				
Wages	1,450,552	1,335,870	60,067,358	55,318,377
Superannuation	248,369	146,372	10,284,960	6,061,265
Payroll tax	63,211	50,778	2,617,568	2,102,717
Employee fringe benefits & fringe benefits tax	50,100	56,630	2,074,641	2,345,048
Workers compensation insurance	33,196	29,614	1,374,646	1,226,316
Employee leave provisions	20,042	21,363	829,939	884,642
Other employee costs	21,080	65,546	872,923	2,714,260
	1,886,550	1,706,173	78,122,036	70,652,624
5 Occupancy Expenses				
Rent	190,256	213,675	7,878,501	8,848,282
Other Occupancy Expenses	28,679	16,234	1,187,597	672,250
	218,935	229,909	9,066,098	9,520,532

6 Other Expenses

Foreign Currency Losses	450,836	296,691	18,669,119	12,285,974
Bad debts written-off	66,315	-	2,746,104	-
Travel Expenses	109,333	122,544	4,527,480	5,074,547
Motor vehicle running expenses	59,450	72,463	2,461,825	3,000,693
Royalties	58,375	51,340	2,417,309	2,125,989
Other Insurances	36,658	30,360	1,518,008	1,257,208
Other Cost	151,454	136,348	6,271,710	5,646,171
	932,421	709,746	38,611,554	29,390,582

7 INCOME TAX

Income tax expense is reconciled to the income tax provided in the accounts as follows:

Prima facie tax payable on profit from ordinary activities before tax at 30%	1,169,398	1,237,526	48,424,771	51,245,952
Tax effect of permanent differences	(1,684)	620	(69,734)	25,674
Income tax expenses attributable to operating profit and extraordinary items before income tax	1,167,714	1,238,146	48,355,037	51,271,626

8 CURRENT ASSETS - CASH & CASH EQUIVALENTS

Cash at bank and on hand	4,716,524	2,845,908	195,311,259	117,849,050
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The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balance as above:	4,716,524	2,845,908	195,311,259	117,849,050
Less: Bank overdrafts	-	-	-	-
Balance as per statement of cash flows	4,716,524	2,845,908	195,311,259	117,849,050

9 CURRENT ASSETS - TRADE & OTHER RECEIVABLES

Trade Debtors	1,711,778	3,010,417	70,884,727	124,661,368
Less: Provision for Doubtful Debts	-	-	-	-
	1,711,778	3,010,417	70,884,727	124,661,368
Other Debtors	-	-	-	-
	1,711,778	3,010,417	70,884,727	124,661,368

Maturity analysis of trade debtors as at 31 March 2010:

Trade debtors more than six months	-
Trade debtors less than six months	1,711,778
Total Trade Debtors	1,711,778

The Indian Rupee equivalent to the figures given in foreign currency have been converted at 1 AU \$ = INR 41.41

REFER TO AUDITOR'S REPORT
The attached notes form part of these accounts

Cumi (Australia) Pty Limited
A.C.N. 094 328 882
Notes to the Financial Statements
For the Year Ended 31 March 2010

	March 31, 2010 AU \$	March 31, 2009 AU \$	March 31, 2010 Rs.	March 31, 2009 Rs.
10 CURRENT ASSETS - INVENTORIES				
Inventories	1,071,746	1,533,561	44,381,002	63,504,761
Goods in transit	266,779	617,390	11,047,318	25,566,120
Total Inventories	<u>1,338,525</u>	<u>2,150,951</u>	<u>55,428,320</u>	<u>89,070,881</u>
11 CURRENT ASSETS - OTHER CURRENT ASSETS				
Prepaid Expenses	55,192	58,862	2,285,501	2,437,475
Accrued Income	13,827	1,184	572,576	49,029
Loans to Employees	9,756	20,929	403,996	866,670
Income Tax Refund Due	18,948	-	784,637	-
	<u>97,723</u>	<u>80,975</u>	<u>4,046,709</u>	<u>3,353,175</u>
12 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT				
Land and Buildings - at Cost	1,096,627		45,411,324	
Property improvements – at cost	219,992	-	9,109,869	
Less – Accumulated depreciation	6,373	-	263,906	
	<u>213,619</u>		<u>8,845,963</u>	
Plant and Equipment - at cost	207,809	219,388	8,605,371	9,084,857
Less - Accumulated Depreciation	66,966	74,521	2,773,062	3,085,915
	<u>140,843</u>	<u>144,867</u>	<u>5,832,309</u>	<u>5,998,942</u>
Motor Vehicles - at cost	397,763	363,713	16,471,366	15,061,355
Less - Accumulated depreciation	152,179	99,224	6,301,732	4,108,866
	<u>245,584</u>	<u>264,489</u>	<u>10,169,633</u>	<u>10,952,489</u>
Office Equipment – at cost	109,262	107,578	4,524,539	4,454,805
Less - Accumulated depreciation	55,642	80,138	2,304,135	3,318,515
	<u>53,620</u>	<u>27,440</u>	<u>2,220,404</u>	<u>1,136,290</u>
	<u>1,750,293</u>	<u>436,796</u>	<u>72,479,633</u>	<u>18,087,722</u>

The Indian Rupee equivalent to the figures given in foreign currency have been converted at 1 AU \$ = INR 41.41

REFER TO AUDITOR'S REPORT

The attached notes form part of these accounts

Cumi (Australia) Pty Limited
A.C.N. 094 328 882
Notes to the Financial Statements
For the Year Ended 31 March 2010

	March 31, 2010 AU \$	March 31, 2009 AU \$	March 31, 2010 Rs.	March 31, 2009 Rs.
13 NON-CURRENT ASSETS - DEFERRED TAX ASSETS				
Future income tax benefit	131,347	121,065	5,439,079	5,013,302
The future income tax benefit comprises the following estimated tax benefits:				
Tax losses	-	-	-	-
Temporary differences	131,347	121,065	5,439,079	5,013,302
	<u>131,347</u>	<u>121,065</u>	<u>5,439,079</u>	<u>5,013,302</u>
14 OTHER NON - CURRENT ASSETS				
Security Deposits	5,667	6,868	234,670	284,404
Prepaid borrowing costs	6,248	-	258,730	
	<u>11,915</u>	<u>6,868</u>	<u>493,400</u>	<u>284,404</u>
15 CURRENT LIABILITIES - TRADE & OTHER PAYABLES				
Trade Creditors	587,776	181,672	24,339,804	7,523,038
Goods in transit trade creditors	266,779	617,390	11,047,318	25,566,120
GST Creditor	90,789	184,853	3,759,572	7,654,763
	<u>945,344</u>	<u>983,915</u>	<u>39,146,695</u>	<u>40,743,920</u>
Analysis of trade creditors as at 31 March 2010:				
CUMI Industrial Ceramics	444,700		18,415,027	-
CUMI Abrasives	184		7,619	-
Other Creditors	142,892		5,917,158	-
Total trade creditors	<u>587,776</u>	<u>-</u>	<u>24,339,804</u>	<u>-</u>

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Cumi (Australia) Pty Limited
A.C.N. 094 328 882
Notes to the Financial Statements
For the Year Ended 31 March 2010

	March 31, 2010 AU \$	March 31, 2009 AU \$	March 31, 2010 Rs.	March 31, 2009 Rs.
16 CURRENT LIABILITIES - CURRENT TAX PAYABLE				
Provision for Income Tax	213,474	499,832	8,839,958	20,698,043
17 CURRENT LIABILITIES - SHORT TERM PROVISIONS				
Provision for Dividends	1,365,140	1,443,471	56,530,447	59,774,134
Provision for Annual Leave	84,344	92,892	3,492,685	3,846,658
Provision for Long Service Leave	86,327	57,736	3,574,801	2,390,848
	<u>1,535,811</u>	<u>1,594,099</u>	<u>63,597,934</u>	<u>66,011,640</u>
18 CURRENT LIABILITIES - OTHER CURRENT LIABILITIES				
Other:				
Accrued Expenses	340,230	228,243	14,088,924	9,451,543
Insurance Premium Funding	-	19,289	-	798,757
Fringe Benefits Tax Payable	18,087	18,428	748,983	763,103
Deposits Held	17,611	-	729,272	-
Prepaid Income	5,061	-	209,576	-
	<u>380,989</u>	<u>265,960</u>	<u>15,776,754</u>	<u>11,013,404</u>
19 NON CURRENT LIABILITIES - BORROWINGS				
St George Bank Term Loan	495		20,498	-
20 NON CURRENT LIABILITIES – DEFERRED TAX LIABILITIES				
Provision for Deferred Income Tax	9,097	1,420	376,707	58,802
21 FINANCING ARRANGEMENTS				
Unrestricted access was available at 31 March 2010 to the following lines of credit.			-	-
Commercial Overdraft (St George Bank)	500,000			
Commercial Loan (St George Bank)	182,500			
Credit Cards	64,000			
	<u>746,500</u>	-	<u>30,912,565</u>	-
Unused at Balance date				-
Commercial Overdraft (St George Bank)	-	-	-	-
Commercial Loan (St George Bank)	495	-	-	-
Credit Cards	-	-	-	-
	<u>495</u>	-	-	-
Unused at Balance date				
Commercial Overdraft (St George Bank)	500,000	-	20,705,000	-
Commercial Loan (St George Bank)	182,005	-	7,536,827	-
Credit Cards	64,000	-	2,650,240	-
	<u>746,005</u>	-	<u>30,892,067</u>	-
	March 31, 2010 AU \$	March 31, 2009 AU \$	March 31, 2010 Rs.	March 31, 2009 Rs.
22. ISSUED CAPITAL				
a. Issued Shares				
“Ordinary” Class shares	500,797	500,797	20,738,004	20,738,004

b. Movements in issued and fully paid up "Ordinary" Class share capital of the company during the past year was as follows:				
	Number of Shares			
		\$		Rs.
"Ordinary" Class Shares at the beginning of the financial year	2,050	500,797	2,050	20,738,004
"Ordinary" Class Shares allotted during year	-	-	-	
At the end of the financial year	2,050	500,797	2,050	20,738,004

The Indian Rupee equivalent to the figures given in foreign currency have been converted at 1 AU \$ = INR 41.41

REFER TO AUDITOR'S REPORT
The attached notes form part of these accounts

CUMI (Australia) Pty Ltd.

A.C.N.094 328 882

Notes to and forming Part of the Accounts

For the year ended 31st March 2009

	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	AU \$	AU \$	Rs.	Rs.

23. REMUNERATION OF DIRECTORS & ASSOCIATES

Income received, or due and receivable by directors and their associates of Cumi (Australia) Pty Limited from the company and related bodies corporate:

Wages & Salaries	115,623	111,765	4,787,948	4,628,189
Superannuation	130,717	64,312	5,412,991	2,663,160
	<u>246,340</u>	<u>176,077</u>	<u>10,200,939</u>	<u>7,291,349</u>

The number of directors and their associates of the Company whose total remuneration from the company falls within the following bands

0 - 49,999	1	-
50,000 - 59,999	-	-
60,000 - 69,999	1	-
70,000 - 79,999	-	-
80,000 - 89,999	-	-
90,000 - 99,999	-	-
10000 plus	1	1

24 CONTINGENT LIABILITIES

The company is unaware of any potential liability and accordingly the directors have not made any provision as the directors consider that no material liability exists.

In addition to this there was no product performance or other similar guarantees in place at 31 March 2010.

25 RELATED PARTIES

Directors

The names of persons who were Directors of Cumi (Australia) Pty Ltd at any time during the year were as follows:

Trevor Allen
Poondi Ramarathnam Ravi
Krishnaswamy Srinivasan

Remuneration

Information on remuneration of Directors is disclosed in note 22.

Transactions of Directors and Director Related Entities concerning shares

Aggregate number of shares of Cumi (Australia) Pty Ltd held directly, indirectly or beneficially by directors or director related entities at balance date.

Ordinary Shares	1,000
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Other Transactions of Directors and Director Related Entities

There are no other transactions of directors and director related entities at 31 March 2010.

The Indian Rupee equivalent to the figures given in foreign currency have been converted at 1 AU \$ = INR 41.41

REFER TO AUDITOR'S REPORT
The attached notes form part of these accounts

Cumi (Australia) Pty Limited
A.C.N. 094 328 882
Notes to the Financial Statements
For the Year Ended 31 March 2010

26 EVENTS OCCURRING AFTER BALANCE DATE

The Directors were unaware of any events occurring after balance date which would materially affect the financial statements.

27 SEGMENT INFORMATION

The company currently operates in three geographical segments at 31 March 2010 including Newcastle, Perth, and Rockhampton, and one industrial segment.

The company ceased trading in Brisbane during the year ending 31 March 2010.

28 RECONCILIATION OF OPERATING PROFIT AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	March 31, 2010 AU \$	March 31, 2009 AU \$	March 31, 2010 Rs.	March 31, 2009 Rs.
Operating profit after income tax	2,730,280	2,886,943	113,060,895	119,548,310
Accrued income	(12,644)	5,566	(523,588)	230,488
Depreciation and amortisation	110,161	97,169	4,561,767	4,023,768
Accrued expenses	111,987	65,337	4,637,382	2,705,605
Provision for annual leave	(8,548)	13,257	(353,973)	548,972
Provision for long service leave	28,590	8,105	1,183,912	335,628
Loss on disposal of plant and equipment	17,418	7,029	721,279	291,071
Profit on disposal of plant and equipment	(3,382)	(455)	(140,049)	(18,842)
Change in operating assets and liabilities :				
(Increase) / decrease in trade debtors	812,426	(259,615)	33,642,561	(10,750,657)
(Increase) / decrease in inventories	1,298,639	(532,137)	53,776,641	(22,035,793)
(Increase) / decrease in prepaid expenses	3,669	(11,464)	151,933	(474,724)
(Increase)/decrease in borrowing expenses	(6,248)	-		
(Increase) / decrease in future income tax benefit	(10,282)	(33,269)	(425,778)	(1,377,669)
Increase / (decrease) in trade creditors	57,722	6,157	2,390,268	254,961
Increase / (decrease) in GST creditors	(94,061)	91,109	(3,895,066)	3,772,824
Increase / (decrease) in provision for income tax	(305,304)	327,492	(12,642,639)	13,561,444
Increase / (decrease) in provision for fringe benefits tax	(341)	(262)	(14,121)	(10,849)
Increase/(decrease) in prepaid income	5,062	-		
Increase/ (decrease) in superannuation payable	(2,229)	7,326	(92,303)	303,370
Increase / (decrease) in provision for deferred income tax	7,677	(911)	317,905	(37,725)
Net cash inflow / (outflow) from operations	<u>4,740,592</u>	<u>2,677,377</u>	<u>196,307,915</u>	<u>110,870,182</u>

29 AUDITORS REMUNERATION

Remuneration of the auditor of the company for:

Auditing and reviewing the financial report	10,200	13,050	422,382	540,401
Other services	23,870	17,940	988,457	742,895
	<u>34,070</u>	<u>30,990</u>	<u>1,410,839</u>	<u>1,283,296</u>

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Cumi (Australia) Pty Limited
A.C.N. 094 328 882
Notes to the Financial Statements
For the Year Ended 31 March 2010

	March 31, 2010 AU \$	March 31, 2009 AU \$	March 31, 2010 Rs.	March 31, 2009 Rs.
30 DIVIDENDS PAID OR PROPOSED				
Dividends proposed –				
Fully franked dividend franked at the tax rate of 30%	1,365,140	1,443,471	56,530,447	59,774,134
	1,365,140	1,443,471	56,530,447	59,774,134
Balance of franking account at year end adjusted for franking credits from payment of income tax payable and dividends proposed	2,782,804	2,197,545	115,235,914	91,000,338
31 EARNINGS PER SHARE				
Basic earnings per share	1,332	1,408	55,158	58,305
Diluted earnings per share	1,332	1,408	55,158	58,305
(a) Weighted average number of ordinary shares outstanding during the year used in the calculation of basis EPS	2,050	2,050		
(b) Diluted earnings per share is calculated after classifying all options on issue remaining unconverted at 31st March 2007, as potential ordinary shares				
32 COMPANY DETAILS				
The registered office of the Company is :				
CUMI (Australia) Pty Ltd. Level 1, 56 Hudson Street HAMILTON NSW 2303				
The principal place of business of the Company is :				
CUMI (Australia) Pty Ltd. 99-105 Lott Street CARRINGTON NSW 2294				
The Indian Rupee equivalent to the figures given in foreign currency have been converted at 1 AU \$ = INR 41.41				
REFER TO AUDITOR'S REPORT The attached notes form part of these accounts				