

**CUMI INTERNATIONAL LIMITED**

**ANNUAL REPORT 2009 – 2010**

(Calendar Year from January 2009 to December 2009)

# CUMI INTERNATIONAL LTD

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## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2009.

### **Principal activities**

The principal activities of the Company, which are unchanged from last year, are that of an investment company.

### **Results and Dividends**

The Company's results for the year are set out on page 5. The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

### **Share capital**

There were no changes in the share capital of the Company during the year under review.

### **Board of Directors**

The members of the Company's Board of Directors as at 31 December 2009 and at the date of this report are presented on page 1. Mrs Eleni Charalambous who was appointed director at the date of incorporation resigned on 01/07/2009 and on the same date Mr Adamos Nikolas Emilianou was appointed.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

### **Events after the reporting period**

Any significant events that occurred after the end of the reporting period are described in note 18 to the financial statements.

### **Independent Auditors**

The Independent Auditors, P.Constantinou & Co Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Rodoula Malikidou  
Director

Limassol, 28 April 2010



## **Independent Auditor's Report**

### **To the Members of Cumi International Ltd**

#### **Report on the Financial Statements**

We have audited the financial statements of the parent company Cumi International Ltd (the "Company") on pages 5 to 16, which comprise the statement of financial position as at 31 December 2009, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Board of Directors' Responsibility for the Financial Statements*

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 Board of Directors as well as evaluating the overall presentation of the financial statements.

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

## **Independent Auditor's Report (continued)**

### **To the Members of Cumi International Ltd**

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the parent company Cumi International Ltd as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

#### **Report on Other Legal and Regulatory Requirements**

Pursuant to the requirements of the Cyprus Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on page 2 is consistent with the financial statements.

#### **Other Matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Cyprus Companies Law, Cap.113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

P. CONSTANTINOU & CO LTD

**P.Constantinou & Co Ltd**  
**Certified Public Accountants**

Limassol, 28 April 2010

**CUMI INTERNATIONAL LTD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
Year ended 31 December 2009

	Note	2009 US\$	2009 Rs.	2008 US\$	2008 Rs.
<b>Dividend Income</b>	4	2,047,268	92,413,678	1,328,369	59,962,577
<b>Administration expenses</b>		(87,358)	(3,943,340)	(218,054)	(9,842,958)
Operating profit		1,959,910	88,470,337	1,110,315	50,119,619
Net Finance costs	5	(1,139,395)	(51,432,290)	(955,952)	(43,151,673)
Net profit from investing activities	6	197,626	8,920,838	71,749	3,238,750
<b>Profit before tax</b>		1,018,141	45,958,885	226,112	10,206,696
Tax		(118,172)	(5,334,284)	(75,076)	(3,388,931)
Net profit for the year		899,969	40,624,601	151,036	6,817,765
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>899,969</b>	<b>40,624,601</b>	<b>151,036</b>	<b>6,817,765</b>

The notes on pages 9 to 16 form an integral part of these financial statements.

The Indian Rupee equivalent of the figures given in foreign currency have been converted at 1 USD = INR 45.14

See auditor's report and accompanying notes to the financial statements

**CUMI INTERNATIONAL LTD**  
**STATEMENT OF FINANCIAL POSITION**  
Year ended 31 December 2009

	Note	2010 US\$	2010 Rs.	2009 US\$	2009 Rs.
<b>ASSETS</b>					
Non-current assets					
Investments in subsidiaries	7	47,251,760	2,132,944,446	47,122,717	2,127,119,445
Investments in associated undertakings	8	2,758,488	124,518,148	501,459	22,635,859
Trade and other receivables	10	944,458	42,632,834	2,664,852	120,291,419
		50,954,706	2,300,095,429	50,289,028	2,270,046,724
<b>Current assets</b>					
Trade and other receivables	10	18,590	839,153	21,749	981,750
Cash at Bank and in hand		1,254,571	56,631,335	1,313,189	59,277,351
		1,273,161	57,470,488	1,334,938	60,259,101
<b>Total assets</b>		<b>52,227,867</b>	<b>2,357,565,916</b>	<b>51,623,966</b>	<b>2,330,305,825</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity and reserves</b>					
Share capital	10	13,999,787	631,950,385	13,999,787	631,950,385
Retained earnings		468,993	211,703,444	(430,976)	(194,542,571)
Total equity		14,468,780	653,120,729	13,568,811	612,496,129
<b>Non-current liabilities</b>					
Borrowings	11	6,409,995	289,347,174	6,742,187	304,342,321
Derivative financial instruments		10,000,000	451,400,000	10,000,000	451,400,000
		16,409,995	740,747,174	16,742,187	755,742,321
<b>Current liabilities</b>					
Trade and other payables	12	43,665	1,971,038	15,876	716,643
Borrowings	11	21,291,607	961,103,140	21,291,607	961,103,140
Current Tax Liabilities	14	13,820	623,835	5,485	247,593
		21,349,092	963,698,013	21,312,968	962,067,376
<b>Total liabilities</b>		<b>37,759,087</b>	<b>1,704,445,187</b>	<b>38,055,155</b>	<b>1,717,809,697</b>
<b>Total equity and liabilities</b>		<b>52,227,867</b>	<b>2,357,565,916</b>	<b>51,623,966</b>	<b>2,330,305,825</b>

On 28 April 2010 the Board of Directors of Cumi International Ltd authorised these financial statements for Issue.

Sd/-  
Rodoula Malikidou  
Director

Sd/-  
Christos Mavrelis  
Director

The Indian Rupee equivalent of the figures given in foreign currency have been converted at 1 USD = INR 45.14

See auditor's report and accompanying notes to the financial statements

**CUMI INTERNATIONAL LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
Year ended 31 December 2009

	Share capital	Retained earnings/ accumulated (losses)	Total	Share capital	Retained earnings/ accumulated (losses)	Total
	US\$	US\$	US\$	Rs.	Rs.	Rs.
<b>Balance - 1 January 2008</b>	13,999,787	(582,012)	13,417,775	631,950,385	(26,272,022)	605,678,364
Total Comprehensive Income for the year	-	151036	151036	-	6,817,765	6,817,765
Balance at 31st December 2008/1 January 2009	13,999,787	(430,976)	13,568,811	631,950,385	(19,454,257)	612,496,129
Total Comprehensive Income for the year	-	899969	899969	-	40,624,601	40,624,601
<b>Balance at 31 December 2009</b>	13,999,787	468,993	14,468,780	631,950,385	21,170,344	653,120,729

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 15% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The Indian Rupee equivalent of the figures given in foreign currency have been converted at 1 USD = INR 45.14

**CUMI INTERNATIONAL LTD**  
**CASH FLOW STATEMENT**  
Year ended 31 December 2009

	Note	2010 US\$	2010 Rs.	2009 2009	2009 Rs.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Profit / (Loss) before tax</b>		1,018,141	45,958,885	226,112	#####
Adjustments for:					
Unrealised exchange loss		-198	(8,938)	50,605	2,284,310
Dividend income		(2,047,268)	(92,413,678)	(1,328,369)	(59,962,577)
Interest income	5	(138,201)	(6,238,393)	(70,578)	(3,185,891)
Interest expense	4	720,748	32,534,565	832,832	37,594,036
<b>Cash flows used in operations before working capital changes</b>		(446,778)	(20,167,559)	(289,398)	(13,063,426)
Decrease / (increase) in receivables		1,723,553	77,801,182	(2,156,573)	(97,347,705)
Decrease in trade and other payables		27,789	1,254,395	(3,728,344)	(168,297,448)
<b>Cash flows (used in) / from operations</b>		1,304,564	58,888,019	(6,174,315)	(278,708,579)
Dividends received		2,047,268	92,413,678	1,328,369	59,962,577
Tax paid		(109,837)	(4,958,042)	(69,591)	(3,141,338)
<b>Net cash (used in) / from operating activities</b>		3,241,995	146,343,654	(4,915,537)	(221,887,340)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payment for purchase of investments in subsidiaries	7	(129,043)	(5,825,001)	(7,880,527)	(355,726,989)
Payment for purchase of investments in associated undertakings	8	(2,257,029)	(101,882,289)	(501,459)	(22,635,859)
Interest received		138,201	6,238,393	70,578	3,185,891
<b>Net cash used in investing activities</b>		(2,247,871)	(101,468,897)	(8,311,408)	(375,176,957)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayments of borrowings		(332,192)	(14,995,147)	14,811,490	668,590,659
Unrealised exchange (loss)		198	8,938	(50,605)	(2,284,310)
Interest paid		(720,748)	(32,534,565)	(832,832)	(37,594,036)
<b>Net cash from financing activities</b>		(1,052,742)	(47,520,774)	13,928,053	628,712,312
<b>Net increase in cash and cash equivalents</b>		(58,618)	(2,646,017)	701,108	31,648,015
Cash and cash equivalents:					
At beginning of the period		1,313,189	59,277,351	612,081	27,629,336
<b>At end of the period</b>		1,254,571	56,631,335	1,313,189	59,277,351

The notes on pages 9 to 16 form an integral part of these financial statements.

The Indian Rupee equivalent of the figures given in foreign currency have been converted at 1 USD = INR 45.14

See auditor's report and accompanying notes to the financial statements

## **1. Incorporation and principal activities**

### **Country of incorporation**

The Company Cumi International Ltd (the "Company") was incorporated in Cyprus on 07 June 20007 as a limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at 284 Arc. Makariou III ave., Fortuna Court, 2nd Floor, Limassol, Cyprus.

### **Principal activities**

The principal activities of the Company, which are unchanged from last year, are that of an investment company.

## **2. Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

### **Basis of preparation**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.

The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a small sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2009.

The European Commission has concluded that since parent companies are required by the EU 4th Directive to prepare their separate financial statements and since the Companies Law, Cap.113, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IAS 27 "Consolidated and Separate Financial Statements" requiring the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

### **Adoption of new and revised IFRSs**

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2009. This adoption did not have a material effect on the accounting policies of the Company except for the application of International Accounting Standard 1 (Revised) "Presentation of Financial Statements" which has a material effect on the presentation of the financial statements.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

**2. Accounting policies (continued)**

**Subsidiary companies**

Investments in subsidiary companies are stated at cost.

**Associates**

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are recognised at cost.

**Revenue recognition**

Revenues earned by the Company are recognised on the following bases:

**\* Income from investments in securities**

Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to the statement of comprehensive income. Interest from investments in securities is recognised on an accruals basis.

Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to the statement of comprehensive income.

The difference between the fair value of investments at fair value through profit or loss as at 31 December 2009 and the mid cost price represents unrealised gains and losses and are included in the statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as fair value gains or losses on investments, taking into account any amounts charged or credited to the statement of comprehensive incomes in previous periods.

**\* Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

**\* Dividend income**

Dividend income is recognised when the right to receive payment is established.

**Finance costs**

Interest expense and other costs on borrowings to finance construction or production of qualifying assets are capitalised, during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

**Foreign currency translation**

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US\$), which is the Company's functional and presentation currency.

## **2. Accounting policies (continued)**

### **(2) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

#### **Tax**

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

#### **Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

#### **Borrowings**

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. subsequently stated at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using effective interest method.

#### **Derecognition of financial assets and liabilities**

##### **Financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## **2. Accounting policies (continued)**

### **Financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### **Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

### **Share capital**

Ordinary shares are classified as equity.

#### **Non-current liabilities**

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

## **3. Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### **Income taxes**

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### **Impairment of investments in subsidiaries/associates**

The Company periodically evaluates the recoverability of investments in subsidiaries/associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries/associates may be impaired, the estimated future undiscounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

**CUMI INTERNATIONAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2009

<b>4 Finance Cost</b>	<b>2010 US \$</b>	<b>2010 Rs.</b>	<b>2009 US \$</b>	<b>2009 Rs.</b>
Net foreign exchange transaction losses	132	5,958	50,605	2,284,310
Interest expense	720,748	32,534,565	832,832	37,594,036
Other finance expenses	418,515	18,891,767	72,515	3,273,327
	<b>1,139,395</b>	<b>51,432,290</b>	<b>955,952</b>	<b>43,151,673</b>
<b>5 Profit from investing activities</b>				
Interest income	138,201	6,238,393.14	70,578	3,185,891
Exchange profit	59,425	2,682,444.50	1,171	52,859
	<b>197,626</b>	<b>8,920,838</b>	<b>71,749</b>	<b>3,238,750</b>
<b>6 Tax</b>				
Corporation Tax - current year	-	-	78	3,521
Overseas tax	104,352	4,710,449	67,993	3,069,204
Defence contribution - current year	13,820	623,835	7,005	316,206
Change for the year	<b>118,172</b>	<b>5,334,284</b>	<b>75,076</b>	<b>3,388,931</b>
The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:				
Profit before tax	1018141	45,958,885	226112	10,206,696
Tax calculated at the applicable tax rates	101,814	4,595,884	22,611	1,020,661
Tax effect of expenses not deductible for	115,567	5,216,694	-	-
Tax effect of allowances and income not s	(218,580)	(9,866,701)	(22,533)	(1,017,140)
Tax effect of tax loss for the year	1,199	54,123	-	-
Defence contribution current year	13,820	623,835	7,005	316,206
Overseas tax in excess of credit claim use	104,352	4,710,449	67,993	3,069,204
Tax charge	<b>118,172</b>	<b>5,334,284</b>	<b>75,076</b>	<b>3,388,931</b>
The corporation tax rate is 10%.				
Under certain conditions interest income may be subject to defence contribution at the rate of 10%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 15%.				
Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the following years.				
The Indian Rupee equivalent of the figures given in foreign currency have been converted at 1 USD = INR 45.14				

**CUMI INTERNATIONAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2009

**7 Investments in subsidiaries**

	2009 US\$	2009 Rs.	2008 US\$	2008 Rs.
On 1 January	47,122,717	2,127,119,445	39,242,190	1,771,392,457
Additions	129,043	5,825,001	7,880,527	355,726,989
<b>Balance at 31 December</b>	<b>47,251,760</b>	<b>2,132,944,446</b>	<b>47,122,717</b>	<b>2,127,119,445</b>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2009 Holding %	2008 Holding %
JSC "Volzhsky Abrasive Works"	Russian Federation	Production of abrasive materials	97.70	97.70
Foskor Zirconia Pty Ltd	South Africa	Production of Calcia Stabalizer Zirconia	51.00	51.00

**8 Investments in associated undertakings**

	2009 US \$	2009 Rs	2008 US \$	2008 Rs
On 1 January	501,459	22,635,859	-	-
Additions	2,257,029	101,882,289	501,459	22,635,859
<b>Balance at 31 December</b>	<b>2,758,488</b>	<b>124,518,148</b>	<b>501,459</b>	<b>22,635,859</b>

The details of the investments are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2009 Holding %	2009 US\$	2009 Rs.	2008 US\$	2008 Rs.
CUMI Canda Inc.	Canada	Abrasive materials	33	974,422	43,985,409	501,459	22,635,859
CUMI Abrasives and Ceramics Co. Ltd	China	Abrasive materials	23.81	1,784,066	80,532,739	-	-
				<b>2,758,488</b>	<b>124,518,148</b>	<b>501,459</b>	<b>22,635,859</b>

**9 Financial instruments**

	2009 US \$	2009 Rs	2008 US \$	2008 Rs
Redeemable preference share capital				
Liabilities				
Non-current portion	10,000,000	451,400,000	10,000,000	451,400,000
	10,000,000	451,400,000	10,000,000	451,400,000

Redeemable within 8 years from date of allotment. Entitled to a dividend at the rate of 7.25% per annum. They would not be eligible to any further rights to share in the profits. In the case of a dividend not being declared for any year, then the arrears of dividend would be carried forward to the succeeding years. The preference shares will carry a preferential right to dividend over the ordinary shares, and will carry a preferential right to repayment of capital over the ordinary shares in the event of liquidation.

**CUMI INTERNATIONAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2009

<b>10 Receivables</b>	<b>2009 US\$</b>	<b>2009 Rs.</b>	<b>2008 US\$</b>	<b>2008 Rs.</b>		
Receivables from related companies (Note 15)	944,458	42,632,834	2,664,852	120,291,419		
Deposits and prepayments	18,590	839,153	21,749	981,750		
	<b>963,048</b>	<b>43,471,987</b>	<b>2,686,601</b>	<b>121,273,169</b>		
Less non-current receivables	(944,458)	(42,632,834)	(2,664,852)	(120,291,419)		
Current portion	18,590	839,153	21,749	981,750		
<b>11 Share Capital</b>	2009 Number of Shares	2009 US\$	2009 Rs.	2008 Number of Shares	2008 US\$	2008 Rs.
<b>Authorised</b>						
Ordinary shares of US\$1 each	15,000,000	15,000,000	677,100,000	15,000,000	15,000,000	677,100,000
<b>Issued and fully paid</b>						
On 1 January	13,999,787	13,999,787	631,950,385	13,999,787	13,999,787	631,950,385
<b>Balance at 31 December</b>	<b>13,999,787</b>	<b>13,999,787</b>	<b>631,950,385</b>	<b>13,999,787</b>	<b>13,999,787</b>	<b>631,950,385</b>
<b>12 Borrowings</b>						
	<b>2009 US \$</b>	<b>2009 Rs</b>	<b>2008 US \$</b>	<b>2009 Rs</b>		
<b>Current borrowings</b>						
Bank loans	21,291,607	961,103,140	21,291,607	961,103,140		
<b>Non current borrowings</b>						
Bank loans	6,409,995	289,347,174	6,742,187	289,347,174		
<b>Total</b>	<b>27,701,602</b>	<b>1,250,450,314</b>	<b>28,033,794</b>	<b>1,250,450,314</b>		
<b>13 Trade and other payables</b>						
	<b>2009 US \$</b>	<b>2009 Rs</b>	<b>2008 US \$</b>	<b>2008 Rs</b>		
Shareholders' current accounts - credit balances	9,903	447,021	9,903	447,021		
Accruals	33,762	1,524,017	5,973	269,621		
	<b>43,665</b>	<b>1,971,038</b>	<b>15,876</b>	<b>716,643</b>		
The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.						
<b>14 Current tax liabilities</b>						
	<b>2010 US \$</b>	<b>2010 Rs</b>	<b>2009 US \$</b>	<b>2009 Rs</b>		
Special contribution for defence	13,820	623,835	5,485	247,593		
	<b>13,820</b>	<b>623,835</b>	<b>5,485</b>	<b>247,593</b>		
The Indian Rupee equivalent of the figures given in foreign currency have been converted at 1 USD = INR 45.14						

**CUMI INTERNATIONAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2009

**15 Related party transactions**

The Company is controlled by Carborundum Universal Ltd, incorporated in India, which owns 100% of the Company's shares.

The following transactions were carried out with related parties:

**15.1 Receivable from related parties (note 10)**

Name Nature of Transactions	2009 US\$	2009 Rs	2008 US\$	2008 Rs
Jingri - CUMI Super-Harc Finance	944,458	42,632,834	2,664,852	120,291,419
	<u>944,458</u>	<u>42,632,834</u>	<u>2,664,852</u>	<u>120,291,419</u>

**15.2 Shareholders' current account - credit balance (Note 13)**

Carborundum Universal Ltd	9,903	447,021	9,903	447,021
	<u>9,903</u>	<u>447,021</u>	<u>9,903</u>	<u>447,021</u>

The shareholders' current accounts are interest free, and have no specified repayment date.

**16 Contingent liabilities**

The Company had no contingent liabilities as at 31 December 2009.

**17 Commitments**

The Company had no capital or other commitments as at 31 December 2009.

**18 Events after the reporting period**

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

The Indian Rupee equivalent of the figures given in foreign currency have been converted at 1 USD = INR 45.14