

**CUMI INTERNATIONAL LTD**

**REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2014

# CUMI INTERNATIONAL LTD

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## REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2014

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# CUMI INTERNATIONAL LTD

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## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:**

Rodoula Malikidou  
Christos Mavrelis  
Andria Neophytou  
Ajit Akkara Veetil Kumar  
Sergey Petrosyan

**Company Secretary:**

Cyproservus Co. Ltd

**Independent Auditors:**

P. Constantinou & Co Ltd  
Certified Public Accountants  
PO Box 57186  
3313 Limassol  
Cyprus

**Registered office:**

284 Arch. Makariou III Ave.  
Fortuna Court, 2nd Floor  
Limassol  
Cyprus

**Registration number:**

HE201407

# 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 2014.

### **Principal activity**

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

### **Review of current position, future developments and significant risks**

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 3 of the financial statements.

### **Results**

The Company's results for the year are set out on page 5.

### **Balance at**

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 2014 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2014.

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**

There were no material events after the reporting period, which have a bearing on the understanding of 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, 20 April 2015



## **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 18 which comprise the statement of financial position as at 31 December 2014, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *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 and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *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 about 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.

#### *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 2014, 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 European Union and the requirements of the Cyprus Companies Law, Cap. 113.



## Independent auditor's report (continued)

### To the Members of Cumi International Ltd

#### Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, 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, so far as appears from our examination of these books.
- 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 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 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 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.



Panayiotis M. Constantinou  
Certified Public Accountant and Registered Auditor  
for and on behalf of

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

Limassol, 20 April 2015

# CUMI INTERNATIONAL LTD

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

	Note	2014 US\$	2013 US\$
<b>Revenue</b>	5	<b>4,777.407</b>	5,118.778
Other income	6	<b>3.953</b>	-
Administration expenses		<b>(186.908)</b>	(37.074)
<b>Operating profit</b>	7	<b>4,594.452</b>	5,081.704
Net finance costs	8	<b>(840.358)</b>	(869.773)
<b>Profit before tax</b>		<b>3,754.094</b>	4,211.931
Tax	9	<b>(236.064)</b>	(241.697)
<b>Net profit for the year</b>		<b>3,518.030</b>	3,970.234
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>3,518.030</b>	3,970.234

The notes on pages 9 to 18 form an integral part of these financial statements.


# CUMI INTERNATIONAL LTD

## STATEMENT OF FINANCIAL POSITION

31 December 2014

	Note	2014 US\$	2013 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	10	<u>68.641.346</u>	66.063.404
		<u>68.641.346</u>	66.063.404
<b>Current assets</b>			
Receivables	13	42.343	96.061
Loans receivable	12	508.673	-
Cash at bank and in hand	14	<u>2.352.143</u>	565.801
		<u>2.903.159</u>	661.862
<b>Total assets</b>		<u><b>71.544.505</b></u>	66.725.266
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	13.999.787	13.999.787
Retained earnings		<u>17.818.950</u>	14.300.920
<b>Total equity</b>		<u><b>31.818.737</b></u>	28.300.707
<b>Non-current liabilities</b>			
Borrowings	16	5.000.000	12.000.000
Derivative financial instruments	11	<u>10.000.000</u>	10.000.000
		<u>15.000.000</u>	22.000.000
<b>Current liabilities</b>			
Trade and other payables	17	17.546	17.746
Borrowings	16	24.706.028	16.406.303
Current tax liabilities	18	<u>2.194</u>	510
		<u>24.725.768</u>	16.424.559
<b>Total liabilities</b>		<u><b>39.725.768</b></u>	38.424.559
<b>Total equity and liabilities</b>		<u><b>71.544.505</b></u>	66.725.266

On 20 April 2015 the Board of Directors of Cumi International Ltd authorised these financial statements for issue.

  
.....  
Rodoula Malikidou  
Director

  
.....  
Christos Mavrelis  
Director

The notes on pages 9 to 18 form an integral part of these financial statements.



# CUMI INTERNATIONAL LTD

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Share capital US\$	Retained earnings US\$	Total US\$
<b>Balance at 1 January 2013</b>	<b>13.999.787</b>	<b>10.330.686</b>	<b>24.330.473</b>
<b>Comprehensive income</b>			
Net profit for the year	-	3.970.234	3.970.234
<b>Balance at 31 December 2013/ 1 January 2014</b>	<b>13.999.787</b>	<b>14.300.920</b>	<b>28.300.707</b>
<b>Comprehensive income</b>			
Net profit for the year	-	3.518.030	3.518.030
<b>Balance at</b>	<b>13.999.787</b>	<b>17.818.950</b>	<b>31.818.737</b>

The notes on pages 9 to 18 form an integral part of these financial statements.

# CUMI INTERNATIONAL LTD

## STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Note	2014 US\$	2013 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>3.754.094</b>	4.211.931
Adjustments for:			
Unrealised exchange loss		-	995
Dividend income	5	(4.777.407)	(5.118.778)
Interest income	8	(8.673)	(4.909)
Interest expense	8	<u>587.107</u>	<u>625.725</u>
<b>Cash flows used in operations before working capital changes</b>		<b>(444.879)</b>	(285.036)
Decrease in receivables		<b>78.718</b>	79.842
Decrease in trade and other payables		<b>(200)</b>	(639)
<b>Cash flows used in operations</b>		<b>(366.361)</b>	(205.833)
Dividends received		<b>4.752.407</b>	5.118.778
Interest paid		<b>(584.015)</b>	(680.284)
Tax paid		<b>(234.414)</b>	(243.885)
<b>Net cash flows from operating activities</b>		<b><u>3.567.617</u></b>	<u>3.988.776</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of investments in subsidiaries	10	<b>(2.577.942)</b>	(4.600.000)
Loans granted		<b>(500.000)</b>	(1.200.000)
Interest received		-	1.510
<b>Net cash flows used in investing activities</b>		<b><u>(3.077.942)</u></b>	<u>(5.798.490)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of borrowings		<b>(9.203.333)</b>	(9.203.333)
Proceeds from borrowings		<b>10.500.000</b>	7.000.000
<b>Net cash flows from/(used in) financing activities</b>		<b><u>1.296.667</u></b>	<u>(2.203.333)</u>
<b>Net increase /(decrease) in cash and cash equivalents</b>		<b>1.786.342</b>	(4.013.047)
Cash and cash equivalents:			
At beginning of the year		<b>565.801</b>	4.578.848
<b>At end of the year</b>	14	<b><u>2.352.143</u></b>	<u>565.801</u>

The notes on pages 9 to 18 form an integral part of these financial statements.

# CUMI INTERNATIONAL LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

### 1. Incorporation and principal activities

#### Country of incorporation

The Company Cumi International Ltd (the "Company") was incorporated in Cyprus on 7 June 2007 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 284 Arch. Makariou III Ave., Fortuna Court, 2nd Floor, Limassol, Cyprus.

#### Principal activity

The principal activity of the Company, which is unchanged from last year, is 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. 113.

The Company is not required to prepare consolidated financial statements and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2014.

These financial statements are the separate financial statements. The Company has not prepared consolidated financial statements as the exemption from consolidation in paragraph 10 of IAS27, "Consolidated and Separate Financial Statements", has been used. The Company's parent Carborundum Universal Ltd, a Company incorporated/resident in India produced consolidated financial statements available for public use that comply with International Financial Reporting Standards as issued by the IASB.

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 judgment 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 2014. This adoption did not have a material effect on the accounting policies of the Company.

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.

# CUMI INTERNATIONAL LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

### 2. Accounting policies (continued)

#### Subsidiary companies

Subsidiaries are entities controlled by the Group. Control exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

#### 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 profit or loss. 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 profit or loss.

The difference between the fair value of investments at fair value through profit or loss as at 31 December 2014 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. 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 profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

- **Dividend income**

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

#### Finance income

Finance income includes interest income which is recognised based on an accrual basis.

#### Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

#### 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.

# CUMI INTERNATIONAL LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

### 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 profit or loss.

#### **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.

#### Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

#### Cash and cash equivalents

For the purpose of the statement of cash flows, 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. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the 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.

# CUMI INTERNATIONAL LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

### 2. Accounting policies (continued)

#### Derecognition of financial assets and liabilities (continued)

##### Financial liabilities

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

#### 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.

#### Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

### 3. Financial risk management

#### Financial risk factors

The Company is exposed to interest rate risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

##### 3.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

##### 3.2 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

##### 3.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

# CUMI INTERNATIONAL LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

### 3. Financial risk management (continued)

#### 3.4 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

### 4. Critical accounting estimates and judgments

Estimates and judgments 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 judgment 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**

The Company periodically evaluates the recoverability of investments in subsidiaries 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 may be impaired, the estimated future discounted 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.

### 5. Revenue

	2014	2013
	US\$	US\$
Dividend income	<u>4.777.407</u>	5.118.778
	<u>4.777.407</u>	<u>5.118.778</u>

### 6. Other income

	2014	2013
	US\$	US\$
Other income	<u>3.953</u>	-
	<u>3.953</u>	-

# CUMI INTERNATIONAL LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

### 7. Operating profit

	2014 US\$	2013 US\$
Operating profit is stated after charging the following items:		
Auditors' remuneration - current year	7.708	7.878
Auditors' remuneration - prior years	494	-

### 8. Finance income/cost

	2014 US\$	2013 US\$
Interest income	8.673	4.909
Exchange profit	4	-
<b>Finance income</b>	<b>8.677</b>	<b>4.909</b>
Net foreign exchange transaction losses	(165.665)	(57.208)
Interest expense	(587.107)	(625.725)
Other finance expenses	(96.263)	(191.749)
<b>Finance costs</b>	<b>(849.035)</b>	<b>(874.682)</b>
<b>Net finance costs</b>	<b>(840.358)</b>	<b>(869.773)</b>

### 9. Tax

	2014 US\$	2013 US\$
Overseas tax	233.870	240.939
Defence contribution - current year	2.194	758
<b>Charge for the year</b>	<b>236.064</b>	<b>241.697</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:

	2014 US\$	2013 US\$
Profit before tax	3.754.094	4.211.931
Tax calculated at the applicable tax rates	469.262	526.491
Tax effect of expenses not deductible for tax purposes	129.497	113.970
Tax effect of allowances and income not subject to tax	(598.755)	(640.461)
Tax effect of tax losses brought forward	(4)	-
Defence contribution current year	2.194	758
Overseas tax in excess of credit claim used during the year	233.870	240.939
<b>Tax charge</b>	<b>236.064</b>	<b>241.697</b>

The corporation tax rate is 12,5% (2012:10%).

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (2012:15%). 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 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.



# CUMI INTERNATIONAL LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

### 9. Tax (continued)

The Company's chargeable income for the year amounted to US\$31 which has been set off against tax losses brought forward. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

### 10. Investments in subsidiaries

	2014 US\$	2013 US\$
Balance at 1 January	66.063.404	59.434.956
Additions	<u>2.577.942</u>	<u>6.628.448</u>
<b>Balance at 31 December</b>	<b><u>68.641.346</u></b>	<b><u>66.063.404</u></b>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<b>2014 Holding %</b>	2013 Holding %
JSC "Volzhsky Abrasive Works"	Russian Federation	Production of abrasive materials	<b>98.07</b>	98.07
Foskor Zirconia Pty Ltd	South Africa	Production of Calcia Stabalizer Zirconia	<b>51</b>	51
Cumi America Inc.	USA	Sale of Grinding Wheels	<b>100</b>	100
Cumi Middle East FZE	RAK FTZ, UAE	Sale of Abrasive Grinding and Scraping Requisites	<b>100</b>	100
Cumi Canada Inc.	Canada	Abrasive materials	<b>100</b>	100
Cumi Abrasives and Ceramics Co. Ltd	China	Abrasive materials	<b>100</b>	100
Thukela Refractories Isithebe Pty Limited	South Africa	Manufacture of fusion minerals and shaped refractories	<b>100</b>	100
CUMI Europe s.r.o.	Czech Republic	Market the products of Electrominerals, Abrasives Industrial ceramics and Refractories manufactured by entities in CUMI Group	<b>100</b>	

# CUMI INTERNATIONAL LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

### 11. Financial Instruments

#### Redeemable preference share capital

	2014 US\$	2013 US\$
<b>Liabilities</b>		
Non-current portion	<u>10.000.000</u>	10.000.000
	<u>10.000.000</u>	<u>10.000.000</u>

### 12. Loans receivable

	2014 US\$	2013 US\$
Loans to own subsidiaries (Note 19)	<u>508.673</u>	-
	<u>508.673</u>	<u>-</u>

The fair values of non-current receivables approximate to their carrying amounts as presented above.

### 13. Receivables

	2014 US\$	2013 US\$
Receivables from own subsidiaries (Note 19)	<u>41.654</u>	-
Deposits and prepayments	<u>689</u>	96.061
	<u>42.343</u>	<u>96.061</u>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

### 14. Cash at bank and in hand

	2014 US\$	2013 US\$
Cash at bank and in hand	<u>2.352.143</u>	565.801
	<u>2.352.143</u>	<u>565.801</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the financial statements.

### 15. Share capital

	2014 Number of shares	2014 US\$	2013 Number of shares	2013 US\$
<b>Authorised</b>				
Ordinary shares of \$1 each	<u>15.000.000</u>	<u>15.000.000</u>	15.000.000	15.000.000
<b>Issued and fully paid</b>				
Balance at 1 January	<u>13.999.787</u>	<u>13.999.787</u>	13.999.787	13.999.787
<b>Balance at 31 December</b>	<u>13.999.787</u>	<u>13.999.787</u>	13.999.787	13.999.787

# CUMI INTERNATIONAL LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

### 16. Borrowings

	2014 US\$	2013 US\$
<b>Current borrowings</b>		
Bank loans	<u>24.706.028</u>	<u>16.406.303</u>
<b>Non current borrowings</b>		
Bank loans	<u>5.000.000</u>	<u>12.000.000</u>
	<u>5.000.000</u>	<u>12.000.000</u>
<b>Total</b>	<u><u>29.706.028</u></u>	<u><u>28.406.303</u></u>

### 17. Trade and other payables

	2014 US\$	2013 US\$
Shareholders' current accounts - credit balances (Note 19)	9.903	9.903
Accruals	<u>7.643</u>	<u>7.843</u>
	<u><u>17.546</u></u>	<u><u>17.746</u></u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

### 18. Current tax liabilities

	2014 US\$	2013 US\$
Special contribution for defence	<u>2.194</u>	<u>510</u>
	<u><u>2.194</u></u>	<u><u>510</u></u>

### 19. Related party transactions

The following transactions were carried out with related parties:

#### 19.1 Receivables from own subsidiaries (Note 13)

	2014 US\$	2013 US\$
Cumi Middle East FZE	25.000	-
CUMI Europe s.r.o.	<u>16.654</u>	<u>-</u>
	<u><u>41.654</u></u>	<u><u>-</u></u>

#### 19.2 Loans to own subsidiaries (Note 12)

	2014 US\$	2013 US\$
Thukela Refractories Isithebe Pty Limited	508.673	-
	<u>508.673</u>	<u>-</u>

The loan to the above company was provided with interest rate of Libor + 200 basis points and is repayable within one year.

# CUMI INTERNATIONAL LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

### 19. Related party transactions (continued)

#### 19.3 Shareholders' current accounts - credit balances (Note 17)

	2014	2013
	US\$	US\$
Carborundum Universal Ltd	<u>9.903</u>	<u>9.903</u>
	<u>9.903</u>	<u>9.903</u>

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

### 20. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2014.

### 21. Commitments

The Company had no capital or other commitments as at 31 December 2014.

### 22. 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.

**Independent auditor's report on pages 3 and 4**

# CUMI INTERNATIONAL LTD

## DETAILED INCOME STATEMENT

Year ended 31 December 2014

	Page	2014 US\$	2013 US\$
<b>Revenue</b>			
Dividend income		4.777.407	5.118.778
<b>Other operating income</b>			
Other income		<u>3.953</u>	-
		<b>4.781.360</b>	5.118.778
<b>Operating expenses</b>			
Administration expenses	20	<u>(186.908)</u>	(37.074)
<b>Operating profit</b>		<b>4.594.452</b>	5.081.704
Finance income	21	8.677	4.909
Finance costs	21	<u>(849.035)</u>	(874.682)
<b>Net profit for the year before tax</b>		<b><u>3.754.094</u></b>	<b><u>4.211.931</u></b>

## CUMI INTERNATIONAL LTD

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### OPERATING EXPENSES

Year ended 31 December 2014

	2014 US\$	2013 US\$
<b>Administration expenses</b>		
Annual levy	493	452
Auditors' remuneration - current year	7.708	7.878
Auditors' remuneration - prior years	494	-
Accounting fees	9.948	10.030
Other professional fees	168.265	17.148
Travelling	-	1.566
	<u>186.908</u>	<u>37.074</u>

# CUMI INTERNATIONAL LTD

## FINANCE INCOME/COST

Year ended 31 December 2014

	2014 US\$	2013 US\$
<b>Finance income</b>		
Bank interest	-	1.510
Loan interest income	8.673	3.399
Unrealised exchange profit	4	-
	<u>8.677</u>	<u>4.909</u>
 <b>Finance costs</b>		
<b>Interest expense</b>		
Loan interest	587.073	625.493
Interest on taxes	34	232
<b>Other finance expenses</b>		
Bank charges	96.263	191.749
<b>Net foreign exchange transaction losses</b>		
Realised exchange loss	165.665	56.205
Unrealised exchange loss	-	1.003
	<u>849.035</u>	<u>874.682</u>

# CUMI INTERNATIONAL LTD

## COMPUTATION OF DEFENCE CONTRIBUTION

Year ended 31 December 2014

	Income US\$	Income €	Rate	Defence € c
<b>INTEREST</b>				
Interest that was not subject to deduction at source	<u>8.673</u>	<u>6.525</u>		
	<u>8.673</u>	<u>6.525</u>		
Interest that was earned up to 29 April 2013	2.718	2.045	15%	306,75
Interest that was earned after 29 April 2013	<u>5.955</u>	<u>4.480</u>	30%	<u>1.344,00</u>
	<u>8.673</u>	<u>6.525</u>		
<b>DEFENCE CONTRIBUTION DUE TO IRD</b>				<u>1.650,75</u>
				<u>2.194,26</u>



# CUMI INTERNATIONAL LTD

## COMPUTATION OF CORPORATION TAX

Year ended 31 December 2014

	Page	US\$	US\$
Net profit per income statement	19		3,754,094
<u>Add:</u>			
Annual levy		493	
Interest on taxes		34	
Other non-allowable expenses		1,035,416	
Notional interest on receivable balance from related parties		<u>31</u>	
			<u>1,035,974</u>
			4,790,068
<u>Less:</u>			
Dividends received		4,777,407	
Interest income		8,673	
Unrealised exchange profit		4	
Other income		<u>3,953</u>	
			<u>(4,790,037)</u>
<b>Chargeable income for the year</b>			<u><u>31</u></u>
			€
Converted into € at US\$ 1,329250 = €1			23
Loss brought forward			<u>(9,483)</u>
<b>Loss carried forward</b>			<u><u>(9,460)</u></u>

### CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

Tax year	Profits/(losses) for the tax year	Gains Offset		Gains Offset	
		Amount €	Year	Amount €	Year
	€				
2009	(8,597)	8,223	2011	23	2014
2010	(9,109)	-		-	
2011	8,223	8,223	2009	-	
2012	-	-		-	
2013	-	-		-	
2014	23	23	2009	-	

Net loss carried forward (9,460)



**P. CONSTANTINOU & CO LTD**  
*Certified Public Accountants & Business Advisors*

an independent member of



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