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**CUMI INTERNATIONAL LTD**

**REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2015

# **CUMI INTERNATIONAL LTD**

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## **REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2015

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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  
3105 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 2015.

### **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 not considered satisfactory and the Board of Directors is making an effort to reduce the Company's losses. This is due to the provision of impairment on investments in subsidiaries.

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 6.

### **Dividends**

During the year the Board of Directors approved the payment of an interim dividend of US\$5,377,083 (2014: US\$NIL).

### **Share capital**

#### **Authorised capital**

On 9 January 2015, the authorised share capital of the Company increased from U\$25,000,000 divided into 15,000,000 ordinary shares of US\$1 each and 10,000,000 redeemable preference shares of US\$1 each to US\$27,000,000 divided into 17,000,000 ordinary shares of US\$1 and 10,000,000 redeemable preference shares of US\$1 each. In addition, on 11 February 2015 the Company converted the preference shares of US\$10,000,000 into 4,000,000 ordinary shares of US\$1 each.

#### **Issued capital**

On 11 February 2015 the Company converted its preference share capital into 4,000,000 ordinary shares of US\$1 each at a premium of US\$6,000,000. On 12 March 2015 the Company issued additional 6,456,786 ordinary shares of US\$1 each at a premium of US\$9,685,179 to the sole shareholders. In addition on 15 July 2015 the Company issued additional 870,000 ordinary shares of US\$1 each at a premium of US\$1,305,000 to the sole shareholder and on 25 August 2015 the Company issued additional 410,833 ordinary shares of US\$1 each at a premium of US\$616,250 to the sole shareholders. With the referred allotments, the Company's ordinary share capital increased to US\$25,737,406 with a cumulative share premium account of US\$17,606,429.

### **Board of Directors**

The members of the Company's Board of Directors as at 31 December 2015 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 2015.

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.

# CUMI INTERNATIONAL LTD

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## REPORT OF THE BOARD OF DIRECTORS

### **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, 16 June 2016



## **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 6 to 21 which comprise the statement of financial position as at 31 December 2015, 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 2015, 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**

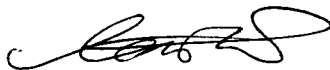
#### **Report on other legal requirements**

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, 16 June 2016

# CUMI INTERNATIONAL LTD

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2015

|  | Note | 2015<br>US\$        | 2014<br>US\$ |
|--|------|---------------------|--------------|
| <b>Revenue</b>                                 | 5    | <b>3.185.834</b>    | 4.777.407    |
| Other operating income                         | 6    | <b>40.143</b>       | 3.953        |
| Administration expenses                        |      | <b>(92.542)</b>     | (186.908)    |
| Other expenses                                 | 7    | <b>(17.076.547)</b> | -            |
| <b>Operating (loss)/profit</b>                 | 8    | <b>(13.943.112)</b> | 4.594.452    |
| Net finance costs                              | 9    | <b>(616.453)</b>    | (840.358)    |
| <b>(Loss)/profit before tax</b>                |      | <b>(14.559.565)</b> | 3.754.094    |
| Tax  | 10   | <b>(160.255)</b>    | (236.064)    |
| <b>Net (loss)/profit for the year</b>          |      | <b>(14.719.820)</b> | 3.518.030    |
| <b>Other comprehensive income</b>              |      | -                   | -            |
| <b>Total comprehensive income for the year</b> |      | <b>(14.719.820)</b> | 3.518.030    |

The notes on pages 10 to 21 form an integral part of these financial statements.




# CUMI INTERNATIONAL LTD

## STATEMENT OF FINANCIAL POSITION

31 December 2015

|   | Note | 2015<br>US\$             | 2014<br>US\$             |
|---|------|--------------------------|--------------------------|
| <b>ASSETS</b>                           |      |                          |                          |
| <b>Non-current assets</b>               |      |                          |                          |
| Investments in subsidiaries             | 12   | <u>51.286.429</u>        | <u>68.641.346</u>        |
|   |      | <b>51.286.429</b>        | <b>68.641.346</b>        |
| <b>Current assets</b>                   |      |                          |                          |
| Receivables                             | 15   | 118                      | 42.343                   |
| Loans receivable                        | 14   | -                        | 508.673                  |
| Cash at bank and in hand                | 16   | <u>4.431.477</u>         | <u>2.352.143</u>         |
|   |      | <b>4.431.595</b>         | <b>2.903.159</b>         |
| <b>Total assets</b>                     |      | <b><u>55.718.024</u></b> | <b><u>71.544.505</u></b> |
| <b>EQUITY AND LIABILITIES</b>           |      |                          |                          |
| <b>Equity</b>                           |      |                          |                          |
| Share capital                           | 17   | 25.737.406               | 13.999.787               |
| Share premium                           |      | 17.606.429               | -                        |
| Accumulated (losses) /retained earnings |      | <u>(2.277.953)</u>       | <u>17.818.950</u>        |
| <b>Total equity</b>                     |      | <b><u>41.065.882</u></b> | <b><u>31.818.737</u></b> |
| <b>Non-current liabilities</b>          |      |                          |                          |
| Borrowings                              | 18   | -                        | 5.000.000                |
| Derivative financial instruments        | 13   | -                        | <u>10.000.000</u>        |
|   |      | -                        | <b>15.000.000</b>        |
| <b>Current liabilities</b>              |      |                          |                          |
| Trade and other payables                | 19   | 27.271                   | 17.546                   |
| Borrowings                              | 18   | 14.623.908               | 24.706.028               |
| Current tax liabilities                 | 20   | 963                      | 2.194                    |
|   |      | <u>14.652.142</u>        | <u>24.725.768</u>        |
| <b>Total liabilities</b>                |      | <b><u>14.652.142</u></b> | <b><u>39.725.768</u></b> |
| <b>Total equity and liabilities</b>     |      | <b><u>55.718.024</u></b> | <b><u>71.544.505</u></b> |

On 16 June 2016 the Board of Directors of Cumi International Ltd authorised these financial statements for issue.

  
.....  
Rodoula Malikidou  
Director

  
.....  
Christos Mayrelis  
Director

The notes on pages 10 to 21 form an integral part of these financial statements.

## CUMI INTERNATIONAL LTD

### STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

|  | Note | Share capital<br>US\$ | Share<br>premium<br>US\$ | Accumulated<br>(losses)/retained<br>earnings<br>US\$ | Total<br>US\$     |
|--|------|-----------------------|--------------------------|--|-------------------|
| <b>Balance at 1 January 2014</b>                       |      | <b>13.999.787</b>     | -                        | <b>14.300.920</b>                                    | <b>28.300.707</b> |
| Net profit for the year                                |      | -                     | -                        | 3.518.030  | 3.518.030         |
| <b>Balance at 31 December 2014/ 1<br/>January 2015</b> |      | <b>13.999.787</b>     | -                        | <b>17.818.950</b>                                    | <b>31.818.737</b> |
| Net loss for the year                                  |      | -                     | -                        | (14.719.820)   | (14.719.820)      |
| Issue of share capital                                 | 17   | 11.737.619            | 17.606.429               | -  | 29.344.048        |
| Dividends  | 11   | -                     | -                        | (5.377.083)  | (5.377.083)       |
| <b>Balance at 31 December 2015</b>                     |      | <b>25.737.406</b>     | <b>17.606.429</b>        | <b>(2.277.953)</b>                                   | <b>41.065.882</b> |

Even though the reserves become negative, the dividends were given when the company had enough reserves.

The notes on pages 10 to 21 form an integral part of these financial statements.

# CUMI INTERNATIONAL LTD

## STATEMENT OF CASH FLOWS

Year ended 31 December 2015

|   | Note | 2015<br>US\$        | 2014<br>US\$ |
|---|------|---------------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |      |                     |              |
| <b>(Loss)/profit before tax</b>                               |      | <b>(14,559,565)</b> | 3,754,094    |
| Adjustments for:  |      |                     |              |
| Unrealised exchange loss                                      |      | 452                 | -            |
| (Profit) from the sale of investments in subsidiaries         |      | (40,143)            | -            |
| Impairment charge - investments in subsidiaries               | 12   | 17,076,547          | -            |
| Dividend income   | 5    | (3,185,834)         | (4,777,407)  |
| Interest income   | 9    | (3,210)             | (8,673)      |
| Interest expense  | 9    | 335,735             | 587,107      |
|   |      | <b>(376,018)</b>    | (444,879)    |
| <b>Changes in working capital:</b>                            |      |                     |              |
| Decrease in receivables                                       |      | 42,225              | 78,718       |
| Increase/(Decrease) in trade and other payables               |      | 9,273               | (200)        |
| <b>Cash used in operations</b>                                |      | <b>(324,520)</b>    | (366,361)    |
| Dividends received  |      | 3,185,834           | 4,752,407    |
| Interest paid   |      | (335,735)           | (584,015)    |
| Tax paid  |      | (161,486)           | (234,414)    |
| <b>Net cash generated from operating activities</b>           |      | <b>2,364,093</b>    | 3,567,617    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |      |                     |              |
| Payment for purchase of investments in subsidiaries           | 12   | -                   | (2,577,942)  |
| Loans granted   |      | -                   | (500,000)    |
| Loans repayments received                                     |      | 508,673             | -            |
| Proceeds from sale of investments in subsidiary undertakings  |      | 318,513             | -            |
| Interest received   |      | 3,210               | -            |
| <b>Net cash generated from/(used in) investing activities</b> |      | <b>830,396</b>      | (3,077,942)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |      |                     |              |
| Proceeds from issue of share capital                          |      | 19,344,048          | -            |
| Repayments of borrowings                                      |      | (21,082,120)        | (9,203,333)  |
| Proceeds from borrowings                                      |      | 6,000,000           | 10,500,000   |
| Dividends paid  |      | (5,377,083)         | -            |
| <b>Net cash (used in)/generated from financing activities</b> |      | <b>(1,115,155)</b>  | 1,296,667    |
| <b>Net increase in cash and cash equivalents</b>              |      | <b>2,079,334</b>    | 1,786,342    |
| Cash and cash equivalents at beginning of the year            |      | 2,352,143           | 565,801      |
| <b>Cash and cash equivalents at end of the year</b>           | 16   | <b>4,431,477</b>    | 2,352,143    |

The cash and cash equivalents include the following:

|                                    | 2015<br>US\$     | 2014<br>US\$     |
|------------------------------------|------------------|------------------|
| Cash at bank and in hand (Note 16) | 4,431,477        | 2,352,143        |
|                                    | <b>4,431,477</b> | <b>2,352,143</b> |

The notes on pages 10 to 21 form an integral part of these financial statements.

# CUMI INTERNATIONAL LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 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 provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 284 Arch. Makariou III Ave., Fortuna Court, 2nd Floor, 3105 Limassol, Cyprus.

#### Principal activity

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

### 2. Significant 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 2015.

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 as modified by the revaluation of and investment property.

#### 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 2015. 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.

#### Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company 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.

# CUMI INTERNATIONAL LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 2. Significant accounting policies (continued)

#### 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 2015 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

Interest 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.

(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.

# CUMI INTERNATIONAL LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 2. Significant accounting policies (continued)

#### 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.

#### Financial assets

##### *(1) Classification*

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

##### *(2) Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Company's right to receive payments is established.

# CUMI INTERNATIONAL LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 2. Significant accounting policies (continued)

#### Financial instruments (continued)

##### Financial assets (continued)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

##### 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.

# CUMI INTERNATIONAL LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 2. Significant accounting policies (continued)

#### 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.

##### 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. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

#### 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.



# CUMI INTERNATIONAL LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 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. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. 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.

#### 3.4 Capital risk management

Capital includes equity shares and share premium, convertible preference shares and loan from parent company

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 judgements

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.

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.

# CUMI INTERNATIONAL LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 4. Critical accounting estimates and judgements (continued)

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

|                 | 2015<br>US\$     | 2014<br>US\$     |
|-----------------|------------------|------------------|
| Dividend income | <u>3.185.834</u> | <u>4.777.407</u> |
|                 | <u>3.185.834</u> | <u>4.777.407</u> |

### 6. Other operating income

|   | 2015<br>US\$  | 2014<br>US\$ |
|---|---------------|--------------|
| Other income                                    | -             | 3.953        |
| Profit from sale of investments in subsidiaries | <u>40.143</u> | -            |
|   | <u>40.143</u> | <u>3.953</u> |

### 7. Other expenses

|   | 2015<br>US\$      | 2014<br>US\$ |
|---|-------------------|--------------|
| Impairment charge - investments in subsidiaries | <u>17.076.547</u> | -            |
|   | <u>17.076.547</u> | -            |

### 8. Operating (loss)/profit

|   | 2015<br>US\$ | 2014<br>US\$ |
|---|--------------|--------------|
| Operating (loss)/profit is stated after charging the following items: |              |              |
| Auditors' remuneration - current year                                 | 6.472        | 7.708        |
| Auditors' remuneration - prior years                                  | <u>-</u>     | <u>494</u>   |

# CUMI INTERNATIONAL LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 9. Finance income/cost

|   | 2015<br>US\$     | 2014<br>US\$     |
|---|------------------|------------------|
| Interest income                         | 3.210            | 8.673            |
| Exchange profit                         | -                | 4                |
| <b>Finance income</b>                   | <b>3.210</b>     | <b>8.677</b>     |
| Net foreign exchange transaction losses | (158.108)        | (165.665)        |
| Interest expense                        | (335.735)        | (587.107)        |
| Sundry finance expenses                 | (125.820)        | (96.263)         |
| <b>Finance costs</b>                    | <b>(619.663)</b> | <b>(849.035)</b> |
| <b>Net finance costs</b>                | <b>(616.453)</b> | <b>(840.358)</b> |

### 10. Tax

|                                     | 2015<br>US\$   | 2014<br>US\$   |
|-------------------------------------|----------------|----------------|
| Overseas tax                        | 159.292        | 233.870        |
| Defence contribution - current year | 963            | 2.194          |
| <b>Charge for the year</b>          | <b>160.255</b> | <b>236.064</b> |

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

|   | 2015<br>US\$   | 2014<br>US\$   |
|---|----------------|----------------|
| (Loss)/profit before tax                                    | (14.559.565)   | 3.754.094      |
| Tax calculated at the applicable tax rates                  | (1.819.946)    | 469.262        |
| Tax effect of expenses not deductible for tax purposes      | 2.223.606      | 129.497        |
| Tax effect of allowances and income not subject to tax      | (403.648)      | (598.755)      |
| Tax effect of tax losses brought forward                    | (12)           | (4)            |
| Defence contribution current year                           | 963            | 2.194          |
| Overseas tax in excess of credit claim used during the year | 159.292        | 233.870        |
| <b>Tax charge</b>   | <b>160.255</b> | <b>236.064</b> |

The corporation tax rate is 12,5%.

Under certain conditions, interest income may be subject to defence contribution at the rate of 30%. 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.

The Company's chargeable income for the year amounted to US\$94 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.

# CUMI INTERNATIONAL LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 11. Dividends

|                       | 2015<br>US\$     | 2014<br>US\$ |
|-----------------------|------------------|--------------|
| Interim dividend paid | <u>5.377.083</u> | -            |
|                       | <u>5.377.083</u> | -            |

During the year the Board of Directors approved the payment of an interim dividend of US\$5.377.083 (2014: US\$NIL).

Dividends are subject to a deduction of special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter for individual shareholders that are residents of Cyprus.

### 12. Investments in subsidiaries

|                               | 2015<br>US\$      | 2014<br>US\$      |
|-------------------------------|-------------------|-------------------|
| Balance at 1 January          | 68.641.346        | 66.063.404        |
| Additions                     | -                 | 2.577.942         |
| Disposals                     | (278.370)         | -                 |
| Impairment charge             | (17.076.547)      | -                 |
| <b>Balance at 31 December</b> | <u>51.286.429</u> | <u>68.641.346</u> |

The details of the subsidiaries are as follows:

| <u>Name</u>                         | <u>Country of incorporation</u> | <u>Principal activities</u>   | 2015<br>Holding<br>% | 2014<br>Holding<br>% |
|-------------------------------------|---------------------------------|---|----------------------|----------------------|
| JSC "Volzhsky Abrasive Works"       | Russian Federation              | Production of abrasive materials  | 98.07                | 98.07                |
| Foskor Zirconia Pty Ltd             | South Africa                    | Production of Calcia Stabilizer Zirconia  | 51                   | 51                   |
| Cumi America Inc.                   | USA                             | Sale of Grinding Wheels   | 100                  | 100                  |
| Cumi Middle East FZE                | RAK FTZ, UAE                    | Sale of Abrasive Grinding and Scraping Requisites   | 100                  | 100                  |
| Cumi Canada Inc.                    | Canada                          | Abrasive materials  | 0                    | 100                  |
| Thukela Refractories Isithebe Pty   | South Africa                    | Manufacture of fusion minerals and shaped refractories  | 100                  | 100                  |
| CUMI Europe s.r.o.                  | Czech Republic                  | Market the products of Electrominerals, Abrasives Industrial ceramics and Refractories manufactured by entities in CUMI Group | 100                  | 100                  |
| CUMI Abrasives and Ceramics Co. Ltd | China                           | Abrasive materials  | 100                  | 100                  |

# CUMI INTERNATIONAL LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 13. Financial Instruments

#### Redeemable preference share capital

|                     | 2015<br>US\$ | 2014<br>US\$      |
|---------------------|--------------|-------------------|
| <b>Liabilities</b>  |              |                   |
| Non-current portion | -            | 10,000,000        |
|                     | <u>-</u>     | <u>10,000,000</u> |

### 14. Loans receivable

|                                       | 2015<br>US\$ | 2014<br>US\$   |
|---------------------------------------|--------------|----------------|
| Loans to own subsidiaries (Note 21.2) | -            | 508,673        |
|                                       | <u>-</u>     | <u>508,673</u> |

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

### 15. Receivables

|   | 2015<br>US\$ | 2014<br>US\$  |
|---|--------------|---------------|
| Receivables from own subsidiaries (Note 21.1) | -            | 41,654        |
| Deposits and prepayments                      | 118          | 689           |
|   | <u>118</u>   | <u>42,343</u> |

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

### 16. Cash at bank and in hand

|                          | 2015<br>US\$     | 2014<br>US\$     |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | 4,431,477        | 2,352,143        |
|                          | <u>4,431,477</u> | <u>2,352,143</u> |

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

|                          | 2015<br>US\$     | 2014<br>US\$     |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | 4,431,477        | 2,352,143        |
|                          | <u>4,431,477</u> | <u>2,352,143</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.

# CUMI INTERNATIONAL LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 17. Share capital

|                               | 2015<br>Number of<br>shares | 2015<br>US\$      | 2014<br>Number of<br>shares | 2014<br>US\$      |
|-------------------------------|-----------------------------|-------------------|-----------------------------|-------------------|
| <b>Authorised</b>             |                             |                   |                             |                   |
| Ordinary shares of \$1 each   | <u>27,000,000</u>           | <u>27,000,000</u> | <u>15,000,000</u>           | <u>15,000,000</u> |
| <b>Issued and fully paid</b>  |                             |                   |                             |                   |
| Balance at 1 January          | 13,999,787                  | 13,999,787        | 13,999,787                  | 13,999,787        |
| Issue of shares               | <u>11,737,619</u>           | <u>11,737,619</u> | -                           | -                 |
| <b>Balance at 31 December</b> | <u>25,737,406</u>           | <u>25,737,406</u> | <u>13,999,787</u>           | <u>13,999,787</u> |

#### Authorised capital

On 9 January 2015, the authorised share capital of the Company increased from US\$25,000,000 divided into 15,000,000 ordinary shares of US\$1 each and 10,000,000 redeemable preference shares of US\$1 each to US\$27,000,000 divided into 17,000,000 ordinary shares of US\$1 and 10,000,000 redeemable preference shares of US\$1 each. In addition, on 11 February 2015 the Company converted the preference shares of US\$10,000,000 into 4,000,000 ordinary shares of US\$1 each.

#### Issued capital

On 11 February 2015 the Company converted its preference share capital into 4,000,000 ordinary shares of US\$1 each at a premium of US\$6,000,000. On 12 March 2015 the Company issued additional 6,456,786 ordinary shares of US\$1 each at a premium of US\$9,685,179 to the sole shareholders. In addition on 15 July 2015 the Company issued additional 870,000 ordinary shares of US\$1 each at a premium of US\$1,305,000 to the sole shareholder and on 25 August 2015 the Company issued additional 410,833 ordinary shares of US\$1 each at a premium of US\$616,250 to the sole shareholders. With the referred allotments, the Company's ordinary share capital increased to US\$25,737,406 with a cumulative share premium account of US\$17,606,429.

### 18. Borrowings

|                               | 2015<br>US\$      | 2014<br>US\$      |
|-------------------------------|-------------------|-------------------|
| <b>Current borrowings</b>     |                   |                   |
| Bank loans                    | <u>14,623,908</u> | <u>24,706,028</u> |
| <b>Non-current borrowings</b> |                   |                   |
| Bank loans                    | <u>-</u>          | <u>5,000,000</u>  |
|                               | <u>-</u>          | <u>5,000,000</u>  |
| <b>Total</b>                  | <u>14,623,908</u> | <u>29,706,028</u> |

### 19. Trade and other payables

|  | 2015<br>US\$  | 2014<br>US\$  |
|--|---------------|---------------|
| Shareholders' current accounts - credit balances (Note 21.3) | 9,903         | 9,903         |
| Accruals   | <u>17,368</u> | <u>7,643</u>  |
|  | <u>27,271</u> | <u>17,546</u> |

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

# CUMI INTERNATIONAL LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 20. Current tax liabilities

|                                  | 2015       | 2014         |
|----------------------------------|------------|--------------|
|                                  | US\$       | US\$         |
| Special contribution for defence | 963        | 2.194        |
|                                  | <u>963</u> | <u>2.194</u> |

### 21. Related party transactions

The following transactions were carried out with related parties:

#### 21.1 Receivables from own subsidiaries (Note 15)

|                      | <u>Nature of transactions</u> | 2015     | 2014          |
|----------------------|-------------------------------|----------|---------------|
|                      |                               | US\$     | US\$          |
| Cumi Middle East FZE | Dividends receivable          | -        | 25.000        |
| CUMI Europe s.r.o.   | Finance                       | -        | 16.654        |
|                      |                               | <u>-</u> | <u>41.654</u> |

#### 21.2 Loans to own subsidiaries (Note 14)

|   | <u>Terms</u> | 2015     | 2014           |
|---|--------------|----------|----------------|
|   |              | US\$     | US\$           |
| Thukela Refractories Isithebe Pty Limited | Finance      | -        | 508.673        |
|   |              | <u>-</u> | <u>508.673</u> |

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

#### 21.3 Shareholders' current accounts - credit balances (Note 19)

|                           | 2015         | 2014         |
|---------------------------|--------------|--------------|
|                           | US\$         | US\$         |
| Carborundum Universal Ltd | 9.903        | 9.903        |
|                           | <u>9.903</u> | <u>9.903</u> |

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

### 22. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2015.

### 23. Commitments

The Company had no capital or other commitments as at 31 December 2015.

### 24. 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 4 and 5**

# CUMI INTERNATIONAL LTD

## DETAILED INCOME STATEMENT

Year ended 31 December 2015

|  | Page | 2015<br>US\$               | 2014<br>US\$     |
|--|------|----------------------------|------------------|
| <b>Revenue</b>                                   |      |                            |                  |
| Dividend income                                  |      | 3.185.834                  | 4.777.407        |
| <b>Other operating income</b>                    |      |                            |                  |
| Other income                                     |      | -                          | 3.953            |
| Profit from sale of investments in subsidiaries  |      | <u>40.143</u>              | -                |
|  |      | <b>3.225.977</b>           | 4.781.360        |
| <b>Operating expenses</b>                        |      |                            |                  |
| Administration expenses                          | 23   | <u>(92.542)</u>            | (186.908)        |
|  |      | <b>3.133.435</b>           | 4.594.452        |
| <b>Other operating expenses</b>                  |      |                            |                  |
| Impairment charge - investments in subsidiaries  |      | <u>(17.076.547)</u>        | -                |
| <b>Operating (loss)/profit</b>                   |      | <b>(13.943.112)</b>        | 4.594.452        |
| Finance income                                   | 24   | 3.210                      | 8.677            |
| Finance costs                                    | 24   | <u>(619.663)</u>           | (849.035)        |
| <b>Net (loss)/profit for the year before tax</b> |      | <u><b>(14.559.565)</b></u> | <u>3.754.094</u> |



# CUMI INTERNATIONAL LTD

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## ADMINISTRATIVE EXPENSES

Year ended 31 December 2015

|                                       | <b>2015</b>   | 2014    |
|---------------------------------------|---------------|---------|
|                                       | <b>US\$</b>   | US\$    |
| <b>Administration expenses</b>        |               |         |
| Annual levy                           | <b>402</b>    | 493     |
| Auditors' remuneration - current year | <b>6.472</b>  | 7.708   |
| Auditors' remuneration - prior years  | -             | 494     |
| Accounting fees                       | <b>8.395</b>  | 9.948   |
| Other professional fees               | <b>77.273</b> | 168.265 |
|                                       | <b>92.542</b> | 186.908 |

# CUMI INTERNATIONAL LTD

## FINANCE INCOME/COST

Year ended 31 December 2015

|  | <b>2015</b>           | 2014                  |
|--|-----------------------|-----------------------|
|  | <b>US\$</b>           | US\$                  |
| <b>Finance income</b>                          |                       |                       |
| Loan interest income                           | <b>3.210</b>          | 8.673                 |
| Unrealised foreign exchange profit             | -                     | 4                     |
|  | <b><u>3.210</u></b>   | <b><u>8.677</u></b>   |
| <br>   |                       |                       |
| <b>Finance costs</b>                           |                       |                       |
| <b>Interest expense</b>                        |                       |                       |
| Loan interest                                  | <b>335.573</b>        | 587.073               |
| Interest on taxes                              | <b>162</b>            | 34                    |
| <b>Sundry finance expenses</b>                 |                       |                       |
| Bank charges                                   | <b>125.820</b>        | 96.263                |
| <b>Net foreign exchange transaction losses</b> |                       |                       |
| Realised foreign exchange loss                 | <b>157.656</b>        | 165.665               |
| Unrealised foreign exchange loss               | <b>452</b>            | -                     |
|  | <b><u>619.663</u></b> | <b><u>849.035</u></b> |

# CUMI INTERNATIONAL LTD

## COMPUTATION OF DEFENCE CONTRIBUTION

Year ended 31 December 2015

|  | Income<br>US\$ | Income<br>€  | Rate | Defence<br>€ c |
|--|----------------|--------------|------|----------------|
| <b>INTEREST</b>                                      |                |              |      |                |
| Interest that was not subject to deduction at source | <u>3.210</u>   | <u>2.891</u> |      |                |
|  | <u>3.210</u>   | <u>2.891</u> | 30%  | <u>867,30</u>  |
| <b>DEFENCE CONTRIBUTION DUE TO IRD</b>               |                |              |      | <u>867,30</u>  |
|  |                |              |      | US\$           |
|  |                |              |      | <u>963,05</u>  |

# CUMI INTERNATIONAL LTD

## COMPUTATION OF CORPORATION TAX

Year ended 31 December 2015

|  | Page | US\$         | US\$                  |
|--|------|--------------|-----------------------|
| Net loss per income statement                                | 22   |              |                       |
|  | 6    |              | (14,559,565)          |
| <b>Add:</b>  |      |              |                       |
| Impairment charge - investments in subsidiaries              |      | 17,076,547   |                       |
| Realised foreign exchange loss                               |      | 157,656      |                       |
| Unrealised foreign exchange loss                             |      | 452          |                       |
| Annual levy  |      | 402          |                       |
| Interest on taxes  |      | 162          |                       |
| Other non-allowable expenses                                 |      | 553,533      |                       |
| Notional interest on receivable balance from related parties |      | <u>94</u>    |                       |
|  |      |              | <u>17,788,846</u>     |
|  |      |              | 3,229,281             |
| <b>Less:</b>   |      |              |                       |
| Profit from sale of investments in subsidiaries              |      | 40,143       |                       |
| Dividends received   |      | 3,185,834    |                       |
| Interest income  |      | <u>3,210</u> |                       |
|  |      |              | <u>(3,229,187)</u>    |
| <b>Chargeable income for the year</b>                        |      |              | <u><b>94</b></u>      |
|  |      |              | €                     |
| Converted into € at US\$ 1,110,400 = €1                      |      |              | 85                    |
| Loss brought forward   |      |              | <u>(9,460)</u>        |
| <b>Loss</b>  |      |              | <u>(9,375)</u>        |
| Unutilised loss of the year 2009 not carried forward         |      |              | <u>351</u>            |
| <b>Net loss carried forward</b>                              |      |              | <u><b>(9,024)</b></u> |

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

| Tax year | Profits/(losses)<br>for the tax year | Gains Offset |      |
|----------|--------------------------------------|--------------|------|
|          |                                      | Amount €     | Year |
|          | €                                    |              |      |
| 2010     | (9,109)                              | 85           | 2015 |
| 2011     | -                                    | -            |      |
| 2012     | -                                    | -            |      |
| 2013     | -                                    | -            |      |
| 2014     | -                                    | -            |      |
| 2015     | 85                                   | -            |      |

Net loss carried forward (9,024)