

# **CUMI Abrasives And Ceramics Co., Limited**

## **Audit Report**

**April 1, 2018 to March 31, 2019**

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Entrusted Company: CUMI Abrasives And Ceramics Co., Limited

Audit unit: Shanghai Certified Public Accountants (Special General Partnership)

Beijing Branch

Contact telephone: (010) 84610090      82849952

Fax: (010) 82843315





上海会计师事务所(特殊普通合伙)北京分所

*Shanghai Certified Public Accountants (Special General Partnership) Beijing Branch*

## Audit Report

SCPAR (2019) NO.0156.

**To All shareholders of CUMI Abrasives And Ceramics Co.,Limited:**

### **1. Audit Opinions**

We have audited the financial statements of CUMI Abrasives And Ceramics Co.,Limited. (hereinafter referred to as the Company), including the balance sheet as of March 31, 2019, income statements and related notes to financial statements from April 1, 2018 to March 31, 2019.

In our opinion, the Company had prepared the attached financial statements in accordance with the Accounting Standards for Business Enterprises in all important aspects. The financial statements present fairly the financial position of the Company as of March 31st, 2019, and the results of its opinion from April 1, 2018 to March 31, 2019.

### **2. Basis of forming the Audit Opinions**

We conducted our audit in accordance with the Auditing Standards for Chinese Certified Public Accountant. "The Certified Public Accountant's responsibilities for audit of financial statements" in the audit report further elaborated our responsibilities in the criteria. According to the ethical codes of conduct of Chinese Certified Public Accountant, we are independent from the Company and implement other responsibilities in professional ethics. We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **3. Other information**

The Company's management level (hereinafter referred to as the "Management Level") is responsible for all other information. Other information includes information covered in the Quarterly Report, but does not include financial statements and audit reports.

We neither cover other information for audit opinions of financial statements nor express any form of authentication conclusion for them.

Combining our audit of financial statements, we are responsible for other information. In



this process, we consider whether the financial statements exist major inconsistency or seem to exist material misstatements with the situation known in the audit process.

Based on the work we execute, if we are sure that other information exists material misstatements, we shall report the fact. In this respect, we have no any matters that need to be reported.

#### **4. Responsibility of the Management Level and the Governance Level to the Financial Statements**

The Management Level is responsible for preparing financial statements in accordance with regulations of Accounting Standards for Enterprises and making fair presentation; designing, implementing and maintaining necessary internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

In the preparation of financial statements, the Management Level is responsible for evaluating the sustainable operation ability of the Company, disclosing the matters relevant to sustainable operation(if applicable) and applying going concern assumption unless it plans to liquidate and cease the Company or doesn't have other practical choices.

The Governance Level is responsible for governing the process of financial statements in the Company.

#### **5. Responsibility of the Certified Public Accountant for audit of financial statements**

Our goal is to obtain reasonable assurance as to whether the whole financial statements do not exist material misstatement caused due to fraud or errors and issue the audit report containing audit opinions. Reasonable assurance is the high level assurance, but does not guarantee that the material misstatement of the audit executed according to auditing standard can always be found. Misstatements may be caused by fraud or error. If the separate or summarized reasonable expected misstatements may influence the economic policies the user makes according to the financial statements, it shall be deemed that misstatements are major.

In the process of audit executed according to the auditing standard, we adopt the vocational judgment and keep the vocational doubt. Meanwhile, we execute the work as follow:

I . Identify and assess the risks of material misstatement of financial statements due to





## 上海会计师事务所(特殊普通合伙)北京分所

*Shanghai Certified Public Accountants (Special General Partnership) Beijing Branch*

fraud or error, design and implement audit procedures to address the risks, and obtain adequate and appropriate audit evidence as a basis for expressing audit opinion. As fraud may involve collusion, forgery, deliberate omission or be above internal control, the risks of being unable to discover material misstatement caused by fraud are higher than those caused by mistakes.

II. Consider internal control relevant to the preparation of the financial statements 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 internal control.

III. Evaluate the appropriateness of accounting policies used, the reasonableness of accounting estimates and relevant disclosure made by the management level.

IV. Conclude the appropriateness of going concern assumptions used by the management level. Meanwhile, according to the audit basis obtained, we make the conclusion whether the matters or situations that may lead to producing major concerns for the sustainable operation ability of the Company exist material uncertainty. If we make the conclusion that they exist material uncertainty, the auditing standard requires us to inform the user of the financial statements relevant disclosure in the audit report; if the disclosure is insufficient, we shall express qualified opinions. Our conclusions are based on the information obtained as of the date of the audit report. However, the matters or situations in the future may lead to the Company's unable to go concern.

V. Evaluate the overall presentation, structure and contents(including disclosure) of the financial statements and whether the financial statements fairly reflect relevant transaction and matters.

We communicate with the Governance Level on the planned audit scope, time schedule and significant audit finding

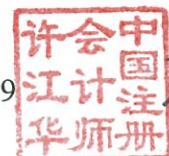
Shanghai Certified Public Accountants  
(Special General Partnership) Beijing Branch

Beijing, China

Chinese CPA:  
(Seal and Signature)

Chinese CPA:  
(Seal and Signature)

April.8, 2019



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# Balance Sheet

March 31, 2019

KQ Table 01  
Unit: RMB Yuan

Made by: CUMI Abrasives And Ceramics Co., Limited

Assets	Note. 14	Balance at the end of the period	Balance at the beginning of the period	Liabilities and owner's equity	Note. 14	Balance at the end of the period	Balance at the beginning of the period
<b>Current assets:</b>		874,872.40	1,200,951.48	<b>Current liabilities:</b>			
Currency assets				Short-term borrowing			
Financial assets that are measured at fair value and change into the current profit and loss				Financial liabilities that are measured at fair value and changed into current profits and losses			
Derivative financial assets				Derivative financial liabilities			
Notes receivable		575,000.00		Note payable			
Amount receivable		5,676,757.29	5,139,352.55	Amounts payable		7,464,268.77	9,814,591.84
Advance payment		452,600.39	628,620.19	Advance from client		1,387,838.60	189,721.88
Interest receivable				Employee pay payable			
Dividends receivable				Tax payable		472,218.68	277,781.21
Other receivables	1	517,571.81	789,582.64	Interest in red			
Inventories		4,571,066.99	7,643,414.74	Dividends payable			
To hold assets for sale				Other amounts payable		518,954.27	636,671.47
Non-current assets that are due within one year				Divided into liabilities for sale			
Other current assets				Non-current liabilities due within one year			
Total current assets		12,667,868.88	15,401,923.60	Other current liabilities			
Long-term investment :				Total current liabilities		9,843,280.32	10,918,766.40
Available-for-sale financial assets				Long-term liabilities:			
Held-to-maturity investment				Long-term borrowings			
Long-term receivables				Payable bond			
Long-term equity investment	2			Among them: preferred stock			
Investment property				perpetual bond			
Fixed assets		223,446.58	223,446.58	long-term payable			
Project in progress				Long-term compensation for employees			
Engineering materials				Account payable special funds			
Fixed asset liquidation				Anticipation liabilities			
Productive biological asset				Deferred income			
Oil and gas assets				Deferred income tax liabilities			
Intangible assets				Other non-current liabilities			
Development expenditure				Total non-current liabilities			
business reputation				Total liabilities		9,843,280.32	10,918,766.40
long-term unamortized expenses				owner's equity(or shareholders' equity):			
Deferred income tax assets				Paid-in capital (or capital stock)		100,649,172.00	100,649,172.00
Other non-current assets				other equity instruments			
Total non-current assets		223,446.58	223,446.58	Among them: preferred stock			
				perpetual bond			
				Capital reserves		426,581.04	426,581.04
				Minus: inventory stock			
				Other Comprehensive Income			
				Reasonable reserve			
				Surplus reserve			
				Undistributed profits		-98,027,717.90	-96,369,149.26
				Total owner's equities(or shareholders' equities):		3,048,035.14	4,706,603.78
Total assets		12,891,315.46	15,625,370.18	Total liabilities and owner's equities(or shareholders' equities)		12,891,315.46	15,625,370.18

Responsible for accounting work:

Legal representative:



# Profits and Profit statements

Apr 18to Mar 19

KO Table 01  
Unit: RMB Yuan

Made by: CUMI Abrasives And Ceramics Co., Limited

Item	Note. 14	Current period	Year-earlier period	Item	Note. 14	Current period	Year-earlier period
一、Operation revenue		20,519,867.52	21,693,731.54	四、Net profits (net loss as in "—")		-1,658,568.64	-849,235.30
Less: operation cost		16,324,372.73	17,839,485.89	五、Net after tax of other comprehensive income			
Fee and commission income		94,410.05	38,647.91	(一) Other comprehensive benefits that cannot be reclassified into profit and loss in the future			
operating expenses		1,118,419.60	1,524,532.56	1. Remeasurement of net liabilities or changes in net assets of the benefit plan			
Management expenses		4,393,678.37	4,007,765.98	2. The share of other comprehensive income that the investment unit cannot reclassify into profit and loss under the equity law			
Financial expenses		203,588.40	-1,382.72	(二) Other comprehensive gains that will be reclassified into profit and loss			
Assets Impairment loss				1. The share of other comprehensive income that the investment unit will reclassify into the profit and loss after being invested			
Plus: fair value variable income (loss is filled with "-")				2. The profit and loss of fair value of financial assets can be sold			
Net exposure hedging loss (loss with "-")				3. The holding to maturity investment is classified as a profit or loss for the sale of financial assets			
Return on investment (loss is filled with "-")	3			4. The effective part of cash flow hedging profit and loss			
Among them: the investment income of the joint venture and the joint venture				5. The balance of foreign currency financial statements			
二、Operating profit (loss as in "—")		-1,614,601.63	-1,715,017.18	6. Else			
Plus: Non-operating income		86,750.00	1,415,006.16	六、total comprehensive income		-1,658,568.64	-849,235.30
Among them: non-current assets disposal profit				七、earnings per share:			
Less: non-operating expense		130,717.01	549,224.28	(一) Basic earnings per share (yuan/shares)			
Where: non-current assets disposal				(二) Diluted earnings per share (yuan/shares)			
三、Total profits (loss as in "—")		-1,658,568.64	-849,235.30				
Minus: income tax expense							

legal representative:

Responsible for accounting work:

leading member of the accounting body:

## Cumi Abrasives Ceramics Company Limited---PORFIT&LOSS

Particulars	RMB
	YTD 2018/19
<b>Domestic</b>	-
Domestic OEM Sales	14,837,151.41
Domestic Channel Sales	-
Export Sales	4,532,127.51
<b>Net Total</b>	<b>19,369,278.92</b>
	-
Export Sales/Interco.Sales	1,150,588.60
Other Inc.(related to opn)	86,750.00
<b>Total Income</b>	<b>20,606,617.52</b>
<b>Variable Costs</b>	-
Raw Material	-
Inventory change- Variable	16,685,819.79
VAT transfer cost	-
Other mfg.Variable cost (old)	-
Selling,Dist&Advt- Variable	976,092.76
<b>Total Variable Cost</b>	<b>17,661,912.55</b>
<b>Contribution</b>	<b>2,944,704.96</b>
<b>Contribution % to sales</b>	<b>14.29%</b>
<b>S&amp;D Exps %</b>	<b>4.74%</b>
<b>VAT transfer cost % on Export Sales</b>	<b>0.00%</b>
<b>RM Cost + Inv. Change % on Sales</b>	<b>80.97%</b>
<b>Fixed Expenses</b>	-
Manpower cost	2,794,164.12
Manufacturing fixed costs	-
Repairs	-
Travel	331,829.13
Other mfg.Variable cost	-
Others	1,273,691.95
<b>Total Fixed Expenses</b>	<b>4,399,685.20</b>
<b>Fixed Cost % to sales</b>	<b>21.35%</b>
<b>Total Cost</b>	<b>22,061,597.75</b>
<b>% to Sales</b>	<b>107.06%</b>
	-
<b>EBITDA</b>	<b>-1,454,980.24</b>
<b>% to Sales</b>	<b>-7.06%</b>
Depreciation	-
Other Inc.(related to opn)	-
	-
<b>PBIT</b>	<b>-1,454,980.24</b>
<b>% to Sales</b>	<b>-7.06%</b>
	-
Finance Charges	203,588.40
<b>Profit Before Tax</b>	<b>-1,658,568.64</b>
<b>% to Sales</b>	<b>-8.05%</b>

# Profitability Statement

Name of the Company : CUMI Abrasives and Ceramics Co Ltd

Financials for the period Ended

Particulars	YTD
	2018/19
Gross Sales / Income from operations	20,606,617.52
Less : Excise Duty recovered	-
Net Sales/Income from operations	20,606,617.52
	20,606,617.52
Total Income	20,606,617.52
Expenditure	-
a) (Increase)/decrease in stock in trade & work in progress	16,685,819.80
b) Consumption of raw materials	-
c) Purchase of Traded goods	-
d) Employees Cost	2,794,164.14
e) Power & Fuel	-
f) Depreciation	-
g) Other expenditure	2,581,613.83
h) Proportionate share of JV expenditure	-
i) Total [ (a) to (h) ]	22,061,597.76
Profit from Operations before Other Income, Interest & Exceptional income	-1,454,980.24
Other Income - Non-Operating [like Dividends, Interest, Profit on sale of Investment etc]	-
Interest	203,588.40
Profit from ordinary activities before tax	-1,658,568.64
Exceptional items of Income/(Expenditure)	-
Profit before tax	-1,658,568.64
Provision for Current Tax	-
- Deferred Tax	-
- Fringe benefit Tax	-
Profit after tax	-1,658,568.64



# Profitability Statement

Name of the Company : CUMI Abrasives and Ceramics Co Ltd

Particulars	YTD
	2017/18
Gross Sales / Income from operations	23,108,734.02
Less : Excise Duty recovered	-
Net Sales/Income from operations	23,108,734.02
	-
Total Income	20,303,321.52
	-
Expenditure	-
a) (Increase)/decrease in stock in trade & work in progress	17,839,185.89
b) Consumption of raw materials	-
c) Purchase of Traded goods	-
d) Employees Cost	2,728,175.95
e) Power & Fuel	-
f) Depreciation	-
g) Other expenditure	3,391,990.20
h) Proportionate share of JV expenditure	-
i) Total [ (a) to (h) ]	23,959,352.04
	-
	-
Profit from Operations before Other Income, Interest & Exceptional income	-850,618.03
Other Income - Non-Operating [like Dividends, Interest, Profit on sale of Investment etc]	-
	-
	-
Interest	-1,382.72
	-
Profit from ordinary activities before tax	-849,235.30
Exceptional items of Income/(Expenditure)	-
	-
	-
Profit before tax	-849,235.30
Provision for Current Tax	-
- Deferred Tax	-
- Fringe benefit Tax	-
	-
Profit after tax	-849,235.30

**CUMI Abrasives And Ceramics Co., Limited****Notes to Financial Statements**

April 1, 2018 to March 31, 2019

(unless specified otherwise, Unit is RMB Yuan)

**I. Basic Conditions of Company**

CUMI Abrasives And Ceramics Co., Limited (herein refer to "Company") is a joint venture invested by CARBORUNDUM UNIVERSAL LIMITED in India and CUMI INTERNATIONAL LIMITED in Cyprus with the approval of Hebei Province People's Government; got the Approval Certificate for Foreign Enterprise of the People's Republic of China with the approval No. S.W.Z.J.L.B.Z[2009]No. 0003 issued by Hebei Province People's Government on Dec. 30,2009; got "*Business License for Enterprise Legal Person*" (Registration No. 911310826975571310) issued by Sanhe Administration Bureau for Industry and Commerce on Dec. 31,2009. The registered capital is RMB 100,649,172.00 and the legal representative is Malik Vipin. The company's category is a joint venture. The company's domicile is East Side of East Ring Rd, and South Side of Guihua Rd, Yanjiao Development Zone, Sanhe City. Mar.10, 2012, CARBORUNDUM UNIVERSAL LIMITED transferred all shares to CUMI INTERNATIONAL LIMITED. The subscribed registered capital and contribution proportion is as follows:

Investors	Subscribed registered capital(RMB)	Contribution proportion %
CUMI INTERNATIONAL LIMITED	100,649,172.00	100.00
Total	100,649,172.00	100.00

Business: The Company is classified to be industry.

Business scope: manufacture of bonded abrasives, coated abrasives, non-woven abrasive, super-hard abrasive; industrial ceramics products, fireproofing materials and abrasives; sales of the company's own produced products with after-sales technical service. Import and export abrasives and other similar or related products, included whole sale, commission agent(Except for auction) and provide the related ancillary services; import and export steel products, grinding equipment and attachment.( The above scope does not involve the management of state-run trade goods; according to the relevant provisions of the state apply for involved quota, license management of goods)



## **II. Make-up basis for the financial statements**

The company takes continuous operation as make-up basis.

## **III. Notes for accounting policies and estimates**

### **(1) Existing accounting standard and system of the company**

The company implements "Accounting Standards for Business", "Business Accounting System" and relevant supplementary provisions issued by the Ministry of Finance.

### **(2) Accounting period**

This period of accounting is for April 1, 2018 to March 31, 2019.

### **(3) Recording currency**

Company takes RMB as recording currency.

### **(4) Bookkeeping basis and valuation principle**

The company takes debit-credit bookkeeping basis and accrual basis and historic cost method as the main method.

### **(5) Conversion method of foreign currency business**

1. The company records the economic business involving foreign currency in RMB in terms of exchange rate released by People's Bank of China; and converses the balance of various foreign accounts into RMB according to the exchange rate. The difference between the conversed amount and the book amount is confirmed to be exchange gain or loss.

2. Treatment method for exchange gain or loss: The exchange gain or loss during the preparation period is calculated into long-term deferred expense, and calculated into gain or loss of the current month after production since the current month of the production. The exchange gain or loss produced by the special foreign borrowings related to long-term assets should be dealt according to the handling principle of borrowings. Except the above situations, the exchange gain or loss is calculated in current financial expense.

3. The calculation for foreign financial statements adopts current exchange method. It means that the owner's equity items (excluding "undistributed profit" items) are calculated in historical exchange rate and the assets, liability items in the foreign financial statements are calculated according to market exchange rate at the end of the term, income, expense items are calculated according to average exchange rate during the term. The difference produced in the foreign financial statements is reflected in "calculated difference in foreign financial statements" under the item of "undistributed profit".

### **(6) Standard of confirmation of cash and cash equivalents**

Cash refers to the cash in the company's stock and deposit that could be paid anytime.

The cash equivalents refer to short-term investment in a short period (generally mature in three months from the date of purchase), strong in liquidity, easy to be converted into known amount in cash and less value change risk.

### **(7) Receivables**

1. Confirmation standard of bad debt: the unrecoverable receivables due to reasons that the debtor is

bankrupt after liquidation according to law; or the debtor is dead, there is no heritage to pay off and also there is no person to assume the duty; or the debtor does not perform the payment duty over three years and it has been listed as bad debt with the approval of shareholder's meeting or board of director; and other depreciated claim that is assessed to be unrecoverable could be terminated the confirmation.

2. Withdrawal method and proportion of bad debt provision:

The company adopts direct write-off method to handle bad debt.

**(8) Inventories**

1. Classification of inventories: include raw materials, sent products, low value consumables, consigned processing materials, Materials in transit, packages, finished products, unfinished products, and trading products.

2 Valuation method of inventory: planned in actual cost, and valued in weighted average method in delivery.

The amortization method of low value consumables: The Company adopts one-time amortized method. The received low value consumables from investment are amortized within 12 months.

3. The inventory system adopts the field checking method.

**(9) Fixed assets**

1. The fixed assets refer to the tangible assets owned for producing the goods, rendering the labor, leasing or operation managing with service life exceeding one fiscal year. The objects not belonging to the important equipment for production with unit value of over RMB 2000 and use years exceeding 2 years are also belonged into fixed assets.

2. Fixed assets price

The purchased fixed assets are calculated at the actual cost in purchase.

The costs of the fixed assets from non-cash assets exchange, debt reorganization, enterprise combination and financing lease are confirmed according to "Accounting Standards for Business---non-cash assets exchange", "Accounting Standards for Business---debt reorganization" and "Accounting Standards for Business--lease".

3. The fixed assets adopt the straight line basis.

The fixed assets depreciation is calculated in average year method. The estimated use years, predicated net residual value and annual depreciation rate of various fixed assets are as follows:

Category of fixed assets	Estimated economic use years (year)	Predicated residual value rate (%)	Annual depreciation rate (%)
Housing building	30	10	3
Machine equipment	10	10	9
Transportation equipment	5	10	18
Electronic equipment and Others	5	10	18

**(10) Intangible assets**

1 Confirmation and original price of intangible assets

Confirmation standard of intangible assets:



(1) the recognizable non-cash assets in kind the company has or controls.

(2) The predicated future economic benefit related to the assets may flow in the company.

(3) The cost of the asset could be reliably measured.

The intangible assets include land use right and software.

The intangible assets are originally calculated with the cost.

2. Amortization of intangible assets: The land use right is amortized in 586 months according to straight line method and the software is averagely amortized in 36 months according to straight line method.

The intangible assets of our company have been fully disposed.

#### **(11) Income confirmation principles**

1. The income for sales products could be confirmed under satisfying the following conditions:

① The Company has transferred the principal risk and remuneration of the product ownership into purchaser.

② The Company does not retain the continuous management right connected to the ownership nor implement control on the sold products.

③ The economic benefits related to the transaction flow into the company.

④ The related income and cost could be reliably measured.

2. Income confirmation on rendering labor

① the income of the labor that is began and completed within the same fiscal year is confirmed at the completion time.

② If the labor begins and completes in different years, under the condition that the results of rendered labor could be reliably measured, the income is confirmed according to the completion percentage method at the date of balance sheet; under the condition that the results of rendered labor could not be reliably measured, the income is confirmed according to the labor cost that has occurred and could be predictably compensated at the date of balance sheet;

3. Income confirmation for transfer assets

① The economic benefit related to the transaction may flow in the company.

② The income amount could be reliably measured.

(When writing the policy for this part, please reveal according to industry feature and actual principles of income confirmation.)

#### **(12) Accounting treatment method for income tax**

1. The accounting treatment method for income tax: Taxes payable method

2. Income tax settlement method

(1) Collection period for enterprise income tax: in quarterly requisitions in advance and annual settlement method

(2) Income tax settlement method: general application and application according to rates to taxable income.

(3) Income tax settlement scope: independent tax payment.

**IV. Notes for important items in the financial statements****(1) Cash**

Item	Initial balance	Ending balance
Cash	1,900.93	1,900.93
Bank deposit	1,199,052.55	872,971.47
Total	1,200,953.48	874,872.40

**(2) Accounts receivable**

Item	Initial balance	Ending balance
Accounts receivable	5,139,352.55	5,676,757.29
Accounts receivable-others	789,582.64	517,571.81
Prepayments	628,620.19	452,600.39
Notes receivable	0.00	575,000.00

**(3) Inventory**

Item	Initial balance		Ending balance		Ending balance for more than three years of inventory
	Amount	Allowance for Inventory Devaluation	Amount	Allowance for Inventory Devaluation	
Goods in transit	0.00	0.00	0.00	0.00	0.00
Raw Material	22,279.67	0.00	26,139.67	0.00	0.00
Goods on Hand	6,238,850.78	0.00	3,997,331.44	0.00	0.00
Low value consumables	0.00	0.00	0.00	0.00	0.00
Materials in transit	1,382,284.29	0.00	547,595.88	0.00	0.00
Total	7,643,414.74	Not counting	4,571,066.99	Not counting	0.00

**(4) Fixed assets**

Item	Initial balance	Increase at current period	Decrease at current period	Ending balance
1. Total cost	452,658.70	0.00	0.00	452,658.70
Including: housing building	0.00	0.00	0.00	0.00
Machine equipment	116,670.52	0.00	0.00	116,670.52
Electrical equipment	197,032.18	0.00	0.00	197,032.18
Transportation equipment	138,956.00	0.00	0.00	138,956.00
Other	0.00	0.00	0.00	0.00
2. Total accumulated depreciation	229,212.12	0.00	0.00	229,212.12



Item	Initial balance	Increase at current period	Decrease at current period	Ending balance
Including: housing building	0.00	0.00	0.00	0.00
Machine equipment	66,699.49	0.00	0.00	66,699.49
Electrical equipment	131,247.59	0.00	0.00	131,247.59
Transportation equipment	31,265.04	0.00	0.00	31,265.04
Including: housing building	0.00	0.00	0.00	0.00
3. Total book value of fixed assets	223,446.58	0.00	0.00	223,446.58
Including: housing building	0.00	0.00	0.00	0.00
Machine equipment	49,971.03	0.00	0.00	49,971.03
Electrical equipment	65,784.59	0.00	0.00	65,784.59
Transportation equipment	107,690.96	0.00	0.00	107,690.96
Including: housing building	0.00	0.00	0.00	0.00

**(5) Accrued wages**

Item	Initial balance	Ending balance
Salary, bonus, allowance and subsidy	0.00	0.00
Total	0.00	0.00

**(6) Payable amounts**

Item	Initial balance	Ending balance
Account payable	9,814,591.84	7,464,268.77
Advance from client	189,721.88	1,387,838.60
Other payables	636,671.47	518,954.27

**(7) Payable taxes**

Item	Initial balance	Ending balance
Value added tax payable	222,210.49	363,182.69
Housing property tax payable	-21,441.99	-21,441.99
Land use tax payable	-15,606.00	-15,606.00
Personal income tax payable	13,861.00	21,337.03
Custom Duty payable	-11,153.10	25,987.73
City maintenance and construction tax	20,881.60	26,108.11
Educational surcharge	8,949.25	11,189.18
local education surcharge	5,965.69	7,458.98

corporate income tax	0.00	0.00
Tax Payable-Vat-Input Vat Trans.out	53,171.23	53,171.23
Tax Payable-Stamp Duty	943.04	831.72
Total	277,781.21	472,218.68

**(8) Paid-in capital**

Name of investors	Initial balance		Increase at current period	Decrease at current period	Ending balance	
	Investment amount	proportion (%)			Investment amount	proportion (%)
CUMI INTERNATIONAL LIMITED	100,649,172.00	100.00	0.00	0.00	100,649,172.00	100.00
Total	100,649,172.00	100.00	0.00	0.00	100,649,172.00	100.00

**(9) Capital reserves**

Item	Initial balance	Increase at current period	Decrease at current period	Ending balance	Changes in the reasons and basis for
Foreign currency translation differences	426,581.04	0.00	0.00	426,581.04	Foreign currency translation differences arising due to the shareholders' investment
Total	426,581.04	0.00	0.00	426,581.04	

**(10) Undistributed profits**

Item	Amount
Balance at the end of previous year	-96,369,149.26
Plus: adjusted amount of undistributed profits at the beginning of the year	0.00
Of which: accounting policy change	0.00
Important accounting error	0.00
Other adjusted factors	0.00
Balance at the beginning of the year	-96,369,149.26
Increased amount in this year	-1,658,568.64
Of which: transfer-in from the gross profit in the year	-1,658,568.64
Other increases	0.00
Decreased amount in this year	0.00
Of which: withdrawal amount for surplus reserve	0.00
Distributed cash dividends in the year	0.00
Distributed share dividends in the year	0.00



Item	Amount
Other decreases	0.00
Balance at the end of the year	-98,027,717.90
Of which: cash dividend amount approved by the Board of Director	0.00

**(11) Main operation income and cost**

Item	Main operation income	Main operation cost
trading goods	20,519,867.52	16,324,372.72
Total	20,519,867.52	16,324,372.72

**V. Relationship and transaction with associated party****(1) Relationship with associated party**

Company name	Registered place	Relationship with the company	Share proportion of the company
CUMI INTERNATIONAL LIMITED	Cyprus	Parent company	100%
CARBORUNDUM UNIVERSAL LIMITED	India	indirect holding the shares	
VOLZHSKY ABRASIVE WORKS	Russia	Wholly-owned subsidiary under the same control	
CUMI MIDDLE EAST FZE	Dubai	Wholly-owned subsidiary under the same control	
WENDT (INDIA) LIMITED	India	Wholly-owned subsidiary under the same control	

**(2) Transaction with the associated parties****1. Sales goods**

Name of associated party	Amount
CARBORUNDUM UNIVERSAL LIMITED	1,103,106.57
VOLZHSKY ABRASIVE WORKS	0.00
CUMI MIDDLE EAST FZE	383,939.64
Carborundum Universal Ltd CUMI DIRECT	0.00
WENDT (INDIA) LIMITED	60,780.80
Total	1,547,827.01

**2. Purchasing goods**

Name of associated party	Amount
CARBORUNDUM UNIVERSAL LIMITED	3,941,777.48
WENDT (INDIA) LIMITED	1,457,741.73

Total	5,399,519.21
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## 3. Amount for unsettled items

Item	Balance at the end of the term	Proportion of the project (%)
Account receivable	110,282.49	1.94
Account payable	5,042,040.42	67.55
Other payables	0.00	0.00

**VI. Other instructions**

The accounting statement of the company is prepared and disclosed in accordance with the unified accounting policy of the parent company (CUMI INTERNATIONAL LIMITED). This report is for the use of the parent company(CUMI INTERNATIONAL LIMITED) only.

**VII. Important instructions**

Other major issues that need not be disclosed in this period

**VIII. Approval for financial statements**

The financial statements have been passed by the Board of Director and released upon approval.

Company name: CUMI Abrasives And Ceramics Co., Limited

Principal person: Malik Vipin

Financial principal: Sang Yuexia

Date: March 31,2019

Date: March 31,2019



证书序号: NO.504286

## 说明

- 1、《会计师事务所分所执业证书》是证明会计师事务所经财政部门依法审批, 准予设立分所执行业务的凭证。
- 2、《会计师事务所分所执业证书》记载事项发生变动的, 应当向财政部门申请换发。
- 3、《会计师事务所分所执业证书》不得伪造、涂改、出租、出借、转让。
- 4、会计师事务所分所终止, 应当向财政部门交回《会计师事务所分所执业证书》。

本复印件同原件一致 经审核  
原件已经审核无误 办字

## 会计师事务所分所 执业证书

名称: 上海会计师事务所(特殊普通合伙)  
北京分所

负责人: 杨澄

办公场所: 北京市朝阳区安苑路11号西办公楼  
三层303

分所编号: 310000081101

批准设立文号: 京财会[2007]2775号

批准设立日期: 2007-11-09



中华人民共和国财政部制





# 营业执照

(副本)<sup>(2-1)</sup>

统一社会信用代码 911101050996421335

名称 上会会计师事务所(特殊普通合伙)北京分所  
类型 特殊普通合伙企业分支机构  
经营场所 北京市朝阳区安苑路11号西办公楼三层303  
负责人 杨滢  
成立日期 2014年05月06日  
营业期限 2014年05月06日至 长期  
经营范围 审查企业会计报表, 出具审计报告; 验证企业资本, 出具验资报告; 办理企业合并、分立、清算事宜中的审计业务, 出具有关报告; 基本建设年度财务决算审计; 代理记账; 会计咨询、税务咨询、管理咨询、会计培训; 法律、法规规定的其他业务。(企业依法自主选择经营项目, 开展经营活动; 依法须经批准的项目, 经相关部门批准后依批准的内容开展经营活动; 不得从事本市产业政策禁止和限制类项目的经营活动。)



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登记机关



提示: 每年1月1日至6月30日通过企业信用信息公示系统报送上一年度年度报告并公示。

2016 年 11 月 23 日

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