

**CUMI Abrasives And Ceramics
Co.,Limited Audit Report**

December 31, 2015

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Entrusted Company: CUMI Abrasives And Ceramics Co.,Limited

Audit unit: Beijing Xinzhengtai Certified Public Accountants Co., Ltd

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Audit Report

Jingxin Shen Zi[2016] No.003

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

We have audited the accompanying financial statements of the CUMI Abrasives And Ceramics Co.,Limited (hereinafter referred to "CUMI Company"), including the balance sheet of December 31, 2015, 2015 year's the profit statements and the notes to the financial statements.

I. Management responsibility

The management authorities of the Company are responsible for preparing these accounting report forms in accordance with the accounting standards and the responsibility includes: (1) design、perform and maintain the internal control related to the financial statement preparation, so as to make financial statement free of material misstatement due to fraud or mistake;(2) choose and use proper accounting policy ;(3) make reasonable accounting estimate.

II. CPA's responsibility

Our responsibility is to express an audit opinion on the accompanying financial statements based on our audit. We conducted our audit in accordance with provisions of the China's Auditing Standards for the Independent Registered Accountants. Those Standards require that we obey canons of professional ethics, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing auditing procedure to acquire the audit evidence related to the amount and disclosure in the financial statement. The chosen auditing procedure depends on the judgment of certified accountant, including the evaluation on the material misstatement of the financial statement due to fraud or mistake. When carrying through estimate on risk, we take the internal control related to the financial statement preparation into account, so as to plan proper auditing procedure but not give any opinion on the validity of internal control. An audit also includes assessing the accounting principles used and significant estimates made by management, as well

as evaluating the overall financial statement presentation.

We believe that our audit is enough and proper, and provides a reasonable basis for our opinion.

III. Auditing opinion

In our opinion, the financial statements produced by the Company are presented fairly, in all material respects, the financial position of CUMI Abrasives And Ceramics Co., Limited as of December 31, 2015, and the 2015 year's operating results.

Beijing Xingzhengtai Certified Public
Accountants Co., Ltd.
(Seal)

Beijing, China

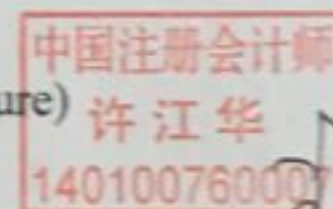
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Chinese CPA:

(Seal and Signature)



Jan.20, 2016

Balance Sheet

Made by: CUMI Abrasives And Ceramics Co., Limited

December 31, 2015

KQ Table 01

Unit: RMB Yuan

| Assets | Line | Balance at the beginning of the year | Balance at the end of the year | Liabilities and owner's equity | Line | Balance at the beginning of the year | Balance at the end of the year |
|---|------|--------------------------------------|--------------------------------|--|------|--------------------------------------|--------------------------------|
| Current assets: | | | | Current liabilities: | | | |
| Currency assets | 1 | 760,202.03 | 649,007.91 | Short-term borrowing | 68 | 41,537,506.83 | 48,862,085.34 |
| Short-term investment | 2 | | | Note payable | 69 | | |
| Notes receivable | 3 | | 310,000.00 | Amounts payable | 70 | 16,337,383.35 | 13,301,424.78 |
| Dividends receivable | 4 | | | Advance from client | 71 | 391,266.55 | 74,356.27 |
| Interest receivable | 5 | | | Employee salaries payable | 72 | - | 50,171.00 |
| Amount receivable | 6 | 14,116,026.45 | 10,835,547.58 | Welfares payable | 73 | | |
| Other receivables | 7 | 2,706,248.10 | 1,119,416.95 | Dividends payable | 74 | | |
| Advance payment | 8 | 1,554,458.40 | 1,095,242.67 | Taxes and fees payable | 75 | 860,284.60 | 689,026.77 |
| Allowance receivable | 9 | | | Other amounts payable | 80 | | |
| Inventories | 10 | 10,648,618.09 | 10,771,203.96 | Other payables | 81 | 1,487,500.11 | 344,323.78 |
| deferred expense | 11 | 82,890.35 | 39,386.54 | Accrued expenses | 82 | 728,068.06 | 279,622.56 |
| Long-term bond investment due within one | 21 | | | Predicted liabilities | 83 | | |
| Other current assets | 24 | | | Long-term liability due with one year | 86 | | |
| Total current assets | 31 | 29,868,443.41 | 24,819,805.61 | Other non-current liabilities | 90 | | |
| Long-term investment: | | | | Total current liabilities | 100 | 61,342,009.50 | 63,601,010.50 |
| Long-term equity investment | 32 | | | Long-term liabilities: | | | |
| Long-term bond investment | 34 | | | Long-term borrowings | 101 | | |
| Total long-term investment | 38 | | | Payable bond | 102 | | |
| Fixed assets | | | | Long-term amount payable | 103 | | |
| fixed assets-cost | 39 | 43,235,295.86 | 43,233,295.86 | Special payables | 106 | | |
| Less: accumulative depreciation | 40 | 12,395,780.44 | 13,459,262.26 | Other long-term liabilities | 108 | | |
| Net fixed assets | 41 | 30,839,515.42 | 29,774,033.60 | Total long-term liabilities | 110 | | |
| Less: fixed assets depreciation provision | 42 | | | Deferred taxes: | | | |
| fixed assets-net value | 43 | 30,839,515.42 | 29,774,033.60 | Deferred tax-borrowings | 111 | | |
| Engineering materials | 44 | | | Total liabilities | 114 | 61,342,009.50 | 63,601,010.50 |
| Project in progress | 45 | | | Minority shareholders' equities | | | |
| Fixed asset liquidation | 46 | | | owner's equity/(or shareholders' equity): | | | |
| Total fixed assets | 50 | 30,839,515.42 | 29,774,033.60 | Paid-in capital (or capital stock) | 115 | 81,149,172.00 | 81,149,172.00 |
| Intangible assets and other assets: | | | | Less: paid investment | 116 | | |
| Intangible assets | 51 | 8,019,579.87 | 7,773,919.83 | Paid-in capital (or capital stock)-net value | 117 | 81,149,172.00 | 81,149,172.00 |
| Long-term deferred expenses | 52 | | | Capital reserves | 118 | 229,030.14 | 229,030.14 |
| other long-term assets | 53 | | | Surplus reserve | 119 | | |
| Total intangible assets and other assets: | 60 | 8,019,579.87 | 7,773,919.83 | Of which: legal reserve | 120 | | |
| Deferred tax: | | | | Undistributed profits | 121 | -73,992,672.94 | -82,611,453.60 |
| Deferred tax borrowings | 61 | | | Total owner's equities(or shareholders'equities): | 122 | 7,385,529.20 | -1,233,251.46 |
| Total assets | 67 | 68,727,538.70 | 62,367,759.04 | Total liabilities and owner's equities(or shareholders'equities) | 135 | 68,727,538.70 | 62,367,759.04 |

Profits and Profit statements

Made by: CUMI Abrasives And Ceramics Co., Limited

Year 2015

KQ Table 02
Unit: RMB Yuan

| Item | Line | Amount in current year | Amount in previous year |
|--|------|------------------------|-------------------------|
| 1. Operation revenue | 1 | 30,171,151.34 | 30,440,141.20 |
| Less: operation cost | 2 | 26,746,399.68 | 34,430,131.39 |
| Fee and commission income | 3 | 87,845.80 | 95,433.59 |
| 2. Operating profit (loss as in "-") | 4 | 3,336,905.86 | -4,085,423.78 |
| Plus: non-operating profits (loss as in "-") | 5 | 176,714.92 | 60,277.57 |
| Less: operating expenses | 6 | 2,971,379.18 | 3,086,080.22 |
| Management expenses | 7 | 6,415,656.27 | 5,341,321.00 |
| Financial expenses | 8 | 2,896,026.38 | 2,714,419.75 |
| 3. Operating profit (loss as in "-") | 9 | -8,769,441.05 | -15,166,967.18 |
| Plus: income from investment (loss as in "-") | 10 | | |
| Subsidy income | 11 | | |
| Non-operating income | 12 | 682,653.89 | 14,081.26 |
| Less: non-operating expense | 13 | 530,718.46 | 1,700.00 |
| 4. Total profits (loss as in "-") | 14 | -8,617,505.62 | -15,154,585.92 |
| Minus: income tax | 15 | 1,275.04 | - |
| Minority shareholder's interest | 16 | | |
| 5. Net profits (net loss as in "-") | 17 | -8,618,780.66 | -15,154,585.92 |
| Plus: undistributed profits at the beginning of the year | 18 | -73,992,672.94 | -58,841,297.10 |
| Other transfer-in | 19 | - | 3,210.08 |
| 6. Profits to be distributed | 20 | -82,611,453.60 | -73,992,672.94 |
| Minus: withdraw legal reserve | 21 | | |
| Withdraw legal public welfare fund | 22 | | |
| Withdraw bonus and welfare fund for workers | 23 | | |
| Withdraw reserve fund | 24 | | |
| Withdraw fund for enterprise's development | 25 | | |
| Investment with returned profits | 26 | | |
| 7. Profits for investors to distribute | 27 | -82,611,453.60 | -73,992,672.94 |
| Less: payable dividend for priority stock | 28 | | |
| Withdraw surplus reserve | 29 | | |
| payable dividend for common stock | 30 | | |
| Common dividends converted to capital (or stock capital) | 31 | | |
| 8. Undistributed profits | 32 | -82,611,453.60 | -73,992,672.94 |

Supplementary materials:

| Item | Line | Amount in current year | Amount in previous year |
|--|------|------------------------|-------------------------|
| 1. Income for sales or disposal of department or invested units | 1 | | |
| 2. Loss due to natural disaster | 2 | | |
| 3. Total profits increase/decrease due to accounting policy change | 3 | | |
| 4. Total profits increase/decrease due to accounting estimate change | 4 | | |
| 5. Loss for debt reconstruction | 5 | | |
| 6. Other | 6 | | |

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) Fiscal year

The fiscal year of the company is from 1st of January to 31st of December of the same year.

(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. Calculation method for the bad debt loss: with allowance method to calculate the bad debt loss.

3. Confirmation standard for bad debt provision: it should be reasonably estimated according to past bad debt amount and proportion, actual financial status of the debt unit and cash flow situation, etc.

4. 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, 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 |
| Machines and equipments | 10 | 10 | 9 |
| Transportation device | 5 | 10 | 18 |
| other devices | 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 reliable 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 and trademark registration fee amortized in 120 months according to straight line method.

(11) Long-term deferred expense

The long-term deferred expense is the mould invested.

The long-term deferred expense is averagely amortized in 20 months according to straight line method.

(12) 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.)

(13) Accounting treatment method for income tax

1. The accounting treatment method for income tax: Balance Sheet Liability Approach

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 | 18,491.58 | 5,531.93 |
| Bank deposit | 741,710.45 | 643,475.98 |
| Total | 760,202.03 | 649,007.91 |

(2) Receivable

| Item | Initial balance | Ending balance |
|----------------------------|-----------------|----------------|
| Accounts receivable | 14,116,026.45 | 10,835,547.58 |
| Accounts receivable-others | 2,706,248.10 | 1,119,416.95 |
| Prepayments | 1,554,458.40 | 1,095,242.67 |
| Notes receivable | 0.00 | 310,000.00 |

(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 | 11,516.67 | 0.00 | 0.00 | 0.00 | 0.00 |
| Raw Material | 3,846,057.21 | 0.00 | 2,384,849.69 | 0.00 | 0.00 |
| Goods on Hand | 5,975,777.84 | 0.00 | 7,191,869.06 | 0.00 | 0.00 |
| Consigned processing materials | 37,824.56 | 0.00 | 75,649.12 | 0.00 | 37,824.56 |
| Low value consumables | 15,598.25 | 0.00 | -0.01 | 0.00 | 0.00 |
| Materials in transit | 761,843.56 | 0.00 | 1,118,836.10 | 0.00 | 0.00 |
| Total | 10,648,618.09 | Not counting and drawing | 10,771,203.96 | 0.00 | 37,824.56 |

(4) Fixed assets

| Item | Initial balance | Increase at current period | Decrease at current period | Ending balance |
|-------------------------------------|-----------------|----------------------------|----------------------------|----------------|
| 1. Total cost | 43,235,295.86 | 4,500.00 | 6,500.00 | 43,233,295.86 |
| Including: housing building | 24,501,761.40 | 0.00 | 0.00 | 24,501,761.40 |
| Machines and equipments | 17,712,753.98 | 0.00 | 0.00 | 17,712,753.98 |
| Transportation device | 138,956.00 | 0.00 | 0.00 | 138,956.00 |
| Electrical device | 453,646.51 | 4,500.00 | 6,500.00 | 451,646.51 |
| Other | 428,177.97 | 0.00 | 0.00 | 428,177.97 |
| 2. Total accumulative depreciation | 12,395,780.44 | 1,069,235.75 | 5,753.93 | 13,459,262.26 |
| Including: housing building | 3,605,140.55 | 777,490.30 | 0.00 | 4,382,630.85 |
| Machines and equipments | 8,311,359.96 | 220,306.17 | 0.00 | 8,531,666.13 |
| Transportation device | 6,252.99 | 25,012.05 | 0.00 | 31,265.04 |
| Electrical device | 326,873.00 | 31,056.44 | 5,753.93 | 352,175.51 |
| Other | 146,153.94 | 15,370.79 | 0.00 | 161,524.73 |
| 3. Total book value of fixed assets | 30,839,515.42 | 4,500.00 | 1,069,981.82 | 29,774,033.60 |
| Including: housing building | 20,896,620.85 | 0.00 | 777,490.30 | 20,119,130.55 |
| Machines and equipments | 9,401,394.02 | 0.00 | 220,306.17 | 9,181,087.85 |
| Transportation device | 132,703.01 | 0.00 | 25,012.05 | 107,690.96 |
| Electrical device | 126,773.51 | 4,500.00 | 31,802.51 | 99,471.00 |
| Other | 282,024.03 | 0.00 | 15,370.79 | 266,653.24 |

The total housing buildings and A jinbei automobile owned by the company have not handled the property transfer formality.

(5) Intangible assets

| Item | Initial balance | Increase at current period | Decrease at current period | Ending balance |
|-----------------------------|-----------------|----------------------------|----------------------------|----------------|
| Land use right | 7,303,329.90 | 0.00 | 165,660.00 | 7,137,669.90 |
| Production license | 679,499.97 | 0.00 | 75,500.04 | 603,999.93 |
| Trade mark registration fee | 36,750.00 | 0.00 | 4,500.00 | 32,250.00 |
| Total | 8,019,579.87 | 0.00 | 245,660.04 | 7,773,919.83 |

(6) Accrued wages

| Item | Initial balance | Ending balance |
|--------------------------------------|-----------------|----------------|
| Salary, bonus, allowance and subsidy | 0.00 | 50,171.00 |
| Total | 0.00 | 50,171.00 |

(7) Short-term borrowings

| Creditor | Initial balance | Ending balance | Borrowing category |
|-----------------------------------|-----------------|----------------|--------------------|
| American Bank | 38,250,000.00 | 35,990,000.00 | Credit borrowing |
| Accrued interest of American Bank | 494,027.49 | 500,495.30 | |
| HSBC | 2,730,673.86 | 12,122,709.49 | Credit borrowing |
| Accrued interest of HSBC | 62,805.48 | 248,880.55 | |
| Total | 41,537,506.83 | 48,862,085.34 | |

(8) Payable amounts

| Item | Initial balance | Ending balance |
|------------------------|-----------------|----------------|
| Account Payable | 16,337,383.35 | 13,301,424.78 |
| Advances from Customer | 391,266.55 | 74,356.27 |
| Other Payables | 1,487,500.11 | 344,323.78 |

(9) Payable taxes

| Item | Initial balance | Ending balance |
|------------------------------|-----------------|----------------|
| Value added tax payable | 42,039.46 | 111,448.59 |
| Business tax payable | 0.00 | 0.00 |
| Custom Duty payable | 76,780.45 | 69,607.75 |
| Housing property tax payable | 74.13 | 0.00 |
| Land use tax payable | 0.00 | 0.00 |
| Personal income tax payable | 10,078.00 | 9,749.50 |

| Item | Initial balance | Ending balance |
|--|-----------------|----------------|
| urban maintenance and construction tax | 2,942.76 | 7,801.40 |
| educational fee payable | 1,261.18 | 3,343.46 |
| Local educational fee payable | 840.79 | 2,228.97 |
| Value added tax payable-input VAT transfer out | 726,267.83 | 484,847.10 |
| Total | 860,284.60 | 689,026.77 |

(10) Accrued expenses

| Item | Initial balance | Increase at current period | Decrease at current period | Ending balance |
|-------------------------|-----------------|----------------------------|----------------------------|----------------|
| Accrued utilities | 172,836.32 | 24,229.00 | 182,261.32 | 14,804.00 |
| Accrued agency fees | 246,035.39 | 770,211.84 | 925,506.84 | 90,740.39 |
| Accrued express fee | 9,919.00 | 128,254.00 | 119,213.00 | 18,960.00 |
| Accrued transport costs | 266,170.85 | 1,019,720.02 | 1,191,686.70 | 94,204.17 |
| Accrued meal supplement | 33,106.50 | 31,377.50 | 3,570.00 | 60,914.00 |
| Total | 728,068.06 | 1,973,792.36 | 2,422,237.86 | 279,622.56 |

(11) 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 | 81,149,172.00 | 100.00 | 0.00 | 0.00 | 81,149,172.00 | 100.00 |
| Total | 81,149,172.00 | 100.00 | 0.00 | 0.00 | 81,149,172.00 | 100.00 |

The above paid-in capital has been verified by Langfang Yihua Certified Public Accountant Co., Ltd with issuance of [2013]Lang Kuai Yan Zi No. 007 Capital Verification Report.

(12) 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 | 229,030.14 | 0.00 | 0.00 | 229,030.14 | Foreign currency translation differences arising due to the shareholders' |
| Total | 229,030.14 | 0.00 | 0.00 | 229,030.14 | |

(13) Undistributed profits

| Item | Amount |
|---|----------------|
| Balance at the end of previous year | -73,992,672.94 |
| Plus: adjusted amount of undistributed profits at the beginning of the year | |
| Of which: accounting policy change | |
| Important accounting error | |
| Other adjusted factors | |
| Balance at the beginning of the year | -73,992,672.94 |
| Increased amount in this year | -8,618,780.66 |
| Of which: transfer-in from the gross profit in the year | -8,618,780.66 |
| Other increases | |
| Decreased amount in this year | |
| Of which: withdrawal amount for surplus reserve | |
| Distributed cash dividends in the year | |
| Distributed share dividends in the year | |
| Other decreases | |
| Balance at the end of the year | -82,611,453.60 |
| Of which: cash dividend amount approved by the Board of Director | |

(14) Main operation income and cost

| Item | Main operation income | Main operation cost |
|---------------------------|-----------------------|---------------------|
| 1. Self-produced products | 3,689,255.50 | 4,233,325.54 |
| 2. Trading goods | 26,474,135.15 | 22,513,074.14 |
| Total | 30,163,390.65 | 26,746,399.68 |

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

| Company name | Registered place | Relationship with the company | Share proportion of the company |
|-------------------------------|------------------|--|---------------------------------|
| CUMI INTERNATIONAL LIMITED | India | 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 | |

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

| Name of associated party | Amount |
|---------------------------------------|---------------|
| CARBORUNDUM UNIVERSAL LIMITED | 13,078,696.03 |
| VOLZHSKY ABRASIVE WORKS | 0.00 |
| CUMI MIDDLE EAST FZE | 1,013,095.06 |
| Carborundum Universal Ltd CUMI DIRECT | 837,792.25 |
| Total | 14,929,583.34 |

2. Purchasing goods

| Name of associated party | Amount |
|-------------------------------|--------------|
| CARBORUNDUM UNIVERSAL LIMITED | 4,616,253.36 |
| WENDT (INDIA) LIMITED | 305,490.23 |
| Total | 4,921,743.59 |

3. Amount for unsettled items

| Item | Ending balance | Percentage share of the project (%) |
|---------------------|----------------|-------------------------------------|
| Accounts receivable | 2,362,581.19 | 21.80 |
| Account payable | 1,511,239.37 | 11.36 |
| Other payables | 12,000.00 | 3.49 |

VI. 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: Wu feng

Financial principal: Wang hongli

Date: December 31, 2015

Date: December 31, 2015





营业执照

(副本)(1-1)

注册号110000001831334

名称 北京鑫正泰会计师事务所有限责任公司
类型 有限责任公司(自然人投资或控股)
住所 北京市东城区东直门外大街48号东方银座大厦A座11E号
法定代表人 方宇
注册资本 50万元
成立日期 1996年06月03日
营业期限 1999年09月15日至2019年09月14日
经营范围 审计企业会计报表,出具审计报告;验证企业注册资本(金),出具验资报告;办理企业合并、分立、清算事项中的审计业务,出具有关的报告;基本建设施工预决(结)算审计验证;法律、行政法规规定的其他审计业务;会计业务咨询服务。
(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。)



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2015年02月13日

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。