

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

December 31, 2016

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Entrusted Company: CUMI Abrasives And Ceramics Co., Limited

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

Contact telephone: (010) 59446336

Fax: (010) 84549280

Audit Report

Jingxin Shen Zi[2017] No.002

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, 2016, 2016 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, 2016, and the 2016 year's operating results.

IV. Emphasis paragraph

We draw attention of financial statement users, the company for July 2016 to September received during the transfer of property the balance payment which is 31 million yuan RMB (note: the fair price is 41 million yuan; the transfer property formalities already dealt with complete), the company for July 2016 to September the operating profit is minus 1,346,844.74 yuan, the profit total is 7,717,830.58 yuan, so the company from loss to profit. This paragraph will not qualify our stated opinion.

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



Chinese CPA:
(Seal and Signature)



Beijing, China

Chinese CPA:
(Seal and Signature)



Jan.12, 2017

Balance Sheet

KQ Table 01
Unit: RMB Yuan

December 31, 2016

Made by: CUMI Abrasives And Ceramics Co., Limited

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	619,007.91	1,325,934.85	Short-term borrowing	68	48,862,083.34	16,090,000.00
short-term investment	2			Note payable	69		
Notes receivable	3	310,000.00	130,000.00	Amounts payable	70	13,301,424.78	14,862,979.57
Dividends receivable	4			Advance from client	71	74,356.27	257,024.34
Interest receivable	5			Employee salaries payable	72	50,171.00	...
Amount receivable	6	10,835,547.58	8,016,322.00	Welfare payable	73		
Other receivables	7	1,119,416.95	945,936.95	Dividends payable	74		
Advance payment	8	1,095,242.67	1,142,097.11	Taxes and fees payable	75	689,026.77	435,418.05
Allowance receivable	9			Other amounts payable	80		
Inventories	10	10,771,203.96	7,257,072.69	Other payables	81	344,323.78	1,635,333.31
deferred expense	11	39,386.54	140,986.35	Accrued expenses	82	279,622.56	77,929.30
Long-term bond investment due within one year	21			Predicted liabilities	83		
Other current assets	24			Long-term liability due with one year	86		
Total current assets	31	24,819,805.61	18,958,349.99	Other non-current liabilities	90		
Long-term investment:				Total current liabilities	100	63,601,010.50	33,358,681.57
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	43,233,295.86	3,685,020.35	Special payables	106		
Less: accumulative depreciation	40	13,439,262.26	1,894,881.68	Other long-term liabilities	108		
Net fixed assets	41	29,794,033.60	1,790,138.67	Total long-term liabilities	110		
Less: fixed assets depreciation provision	42			Deferred taxes:			
fixed assets-net value	43	29,774,033.60	1,790,138.67	Deferred tax-borrowings	111		
Engineering materials	44			Total liabilities	114	63,601,010.50	33,358,681.57
Project in progress	45			Minority shareholders' equities			
Fixed asset liquidation	46			owner's equity(or shareholders'equity):			
Total fixed assets	50	29,774,033.60	2,546,354.61	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	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	7,773,919.83	...	Of which: legal reserve	120		
Deferred tax:				Undistributed profits	121	-82,611,453.60	-93,232,182.11
Deferred tax borrowings	61			Total owner's equities(or shareholders'equities):	122	-1,233,251.46	-1,853,979.97
Total assets	67	62,367,759.04	21,504,704.60	Total liabilities and owner's equities(or shareholders'equities)	135	62,367,759.04	21,504,704.60

Profits and Profit statements

Made by: CUMI Abrasives And Ceramics Co., Limited

Year 2016

KQ Table 02

Unit: RMB Yuan

Item	Line	Amount in current year	Amount in previous year
1. Operation revenue	1	20,608,703.23	30,171,151.34
Less: operation cost	2	16,539,734.25	26,746,399.68
Fee and commission income	3	116,962.61	87,845.80
2. Operating profit (loss as in"-")	4	3,952,006.37	3,336,905.86
Plus: non-operating profits (loss as in"-")	5	135,461.08	176,714.92
Less: operating expenses	6	2,015,256.03	2,971,379.18
Management expenses	7	5,545,906.50	6,415,656.27
Financial expenses	8	1,933,226.22	2,896,026.38
3. Operating profit (loss as in"-")	9	-5,406,921.30	-8,769,441.05
Plus: income from investment (loss as in"-")	10	-	-
Subsidy income	11	-	-
Non-operating income	12	10,247,329.92	682,653.89
Less: non-operating expense	13	15,461,137.13	530,718.46
4. Total profits (loss as in"-")	14	-10,620,728.51	-8,617,505.62
Minus: income tax	15	-	1,275.04
Minority shareholder's interest	16	-	-
5. Net profits (net loss as in"-")	17	-10,620,728.51	-8,618,780.66
Plus: undistributed profits at the beginning of the year	18	-82,611,453.60	-73,992,672.94
Other transfer-in	19	-	-
6. Profits to be distributed	20	-93,232,182.11	-82,611,453.60
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	-93,232,182.11	-82,611,453.60
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	-93,232,182.11	-82,611,453.60

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		

CUMI Abrasives And Ceramics Co.,Limited

Notes to Financial Statements

December 31, 2016

(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. 131082400002050) issued by Sanhe Administration Bureau for Industry and Commerce on Dec. 31,2009. The registered capital is RMB 81,149,172.00 and the legal representative is Wufeng. 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 transfered 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	81,149,172.00	100.00
Total	81,149,172.00	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 wholesale,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) 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, goods in transit, 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 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 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	5,531.93	6,080.93
Bank deposit	643,475.98	1,319,853.92
Total	649,007.91	1,325,934.85

(2) Receivable

Item	Initial balance	Ending balance
Accounts receivable	10,835,547.58	8,016,322.00
Accounts receivable-others	1,119,416.95	945,936.95
Prepayments	1,095,242.67	1,142,097.11
Notes receivable	310,000.00	130,000.00

(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	2,384,849.69	0.00	16,782.08	0.00	0.00
Goods on Hand	7,191,869.06	0.00	6,050,933.35	0.00	0.00
Consigned processing materials	75,649.12	0.00	0.00	0.00	0.00
Low value consumables	-0.01	0.00	-0.01	0.00	0.00
Materials in transit	1,118,836.10	0.00	1,189,357.27	0.00	0.00
Total	10,771,203.96	Not counting and drawing	7,257,072.69	Not counting and drawing	0.00

(4) Fixed assets

Item	Initial balance	Increase at current period	Decrease at current period	Ending balance
I. Total cost	43,233,295.86	5,599.00	39,553,874.51	3,685,020.35

Item	Initial balance	Increase at current period	Decrease at current period	Ending balance
Including: housing building	24,501,761.40	0.00	24,501,761.40	0.00
Machines and equipments	17,712,753.98	0.00	14,363,721.81	3,349,032.17
Transportation device	138,956.00	0.00	0.00	138,956.00
Electrical device	451,646.51	5,599.00	260,213.33	197,032.18
Other	428,177.97	0.0	428,177.97	0.00
2. Total accumulative depreciation	13,459,262.26	0.00	11,564,380.58	1,894,881.68
Including: housing building	4,382,630.85	0.00	4,382,630.85	0.00
Machines and equipments	8,531,666.13	0.00	6,799,297.08	1,732,369.05
Transportation device	31,265.04	0.00	0.00	31,265.04
Electrical device	352,175.51	0.00	220,927.92	131,247.59
Other	161,524.73	0.00	161,524.73	0.00
3. Total book value of fixed assets	29,774,033.60	5,656,541.91	33,640,436.84	1,790,138.67
Including: housing building	20,119,130.55	4,382,630.85	24,501,761.40	0.00
Machines and equipments	9,181,087.85	1,268,312.06	8,832,736.79	1,616,663.12
Transportation device	107,690.96	0.00	0.00	107,690.96
Electrical device	99,471.00	5,599.00	39,285.41	65,784.59
Other	266,653.24	0.00	266,653.24	0.00

The company has all the buildings on both sides by order of the fair price to Jinri Diamond Industry Co., Ltd., all formalities have been completed.

(5) Intangible assets

Item	Initial balance	Increase at current period	Decrease at current period	Ending balance
Land use right	7,137,669.90	0.00	7,137,669.90	0.00
Production license	603,999.93	-755,000.00	-151,000.07	0.00
Trade mark registration fee	32,250.00	-45,000.00	-12,750.00	0.00
Total	7,773,919.83	-800,000.00	6,973,919.83	0.00

(6) Accrued wages

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

(7) Short-term borrowings

Creditor	Initial balance	Ending balance	Borrowing category
American Bank	35,990,000.00	16,090,000.00	Credit borrowing
Accrued interest of American Bank	500,495.30	-0.01	
HSBC	12,122,709.49	0.00	Credit borrowing
Accrued interest of HSBC	248,880.55	0.01	
Total	48,862,085.34	16,090,000.00	

(8) Payable amounts

Item	Initial balance	Ending balance
Account Payable	13,301,424.78	14,862,979.57
Advances from Customer	74,356.27	257,024.34
Other Payables	344,323.78	1,635,333.31

(9) Payable taxes

Item	Initial balance	Ending balance
Value added tax payable	111,448.59	278,338.11
Business tax payable	0.00	0.00
Custom Duty payable	69,607.75	92,166.94
Housing property tax payable	0.00	-21,441.99
Land use tax payable	0.00	-15,606.00
Personal income tax payable	9,749.50	10,822.00
Urban maintenance and construction tax	7,801.40	22,148.13
educational fee payable	3,343.46	9,492.06
Local educational fee payable	2,228.97	6,327.57
Value added tax payable-input VAT transfer out	484,847.10	53,171.23
Total	689,026.77	435,418.05

(10) Accrued expenses

Item	Initial balance	Increase at current period	Decrease at current period	Ending balance
Accrued utilities	14,804.00	0.00	0.00	14,804.00
Accrued agency fees	90,740.39	637,313.33	704,869.76	23,183.96
Accrued express fee	18,960.00	81,099.00	114,275.00	-14,216.00

Accrued transport costs	94,204.17	429,685.78	481,791.28	42,098.67
Accrued meal supplement	60,914.00	0.00	48,855.33	12,058.67
Total	279,622.56	1,148,098.11	1,349,791.37	77,929.30

(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	-82,611,453.60
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	-82,611,453.60
Increased amount in this year	-10,620,728.51
Of which: transfer-in from the gross profit in the year	-10,620,728.51
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	-93,232,182.11
Of which: cash dividend amount approved by the Board of Director	0.00

(14) Main operation income and cost

Item	Main operation income	Main operation cost
1. Self-produced products	628.23	618.00
2. Trading goods	20,608,075.00	16,539,116.25
Total	20,608,703.23	16,539,734.25

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	
VOLZHISKY 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	9,772,430.76
VOLZHISKY ABRASIVE WORKS	0.00
CUMI MIDDLE EAST FZE	999,103.97
Carborundum Universal Ltd CUMI DIRECT	-82,809.46
Total	10,688,725.27

2. Purchasing goods

Name of associated party	Amount
CARBORUNDUM UNIVERSAL LIMITED	7,850,861.19
WENDT (INDIA) LIMITED	263,816.34
Total	8,114,677.53

3. Amount for unsettled items

Item	Ending balance	Percentage share of the project (%)
Accounts receivable	3,292,036.62	41.07
Account payable	2,378,137.28	16.00
Other payables	12,000.00	0.73

VI. Other instructions

1. Non-operating income

Project	The amount incurred in current period	Occurrence Reason
Fixed assets	9,693,659.68	Disposal of earnings
Total	9,693,659.68	

2. Non-business Expenditure

Project	The amount incurred in current period	Occurrence Reason
The raw materials	2,458,494.63	The inventory scrap
Semi-finished products	1,298,680.47	The inventory scrap
Finished goods	1,720,915.17	The inventory scrap
Trade products	1,342,140.94	The inventory scrap
Intangible assets(production license and brand)	636,249.93	Not in use.
Fixed assets	4,875,918.36	The disposal of loss
AR(More than 1 year)	3,626,246.63	Unable to recover.
Total	11,082,727.77	

VII. Important instructions

The company has all the buildings on both sides by order of the fair price to Jinri Diamond Industry Co.,Ltd.,all formalities have been completed.

Company plans to sell Plant and Equipments according to the fair price negotiated with CUMI Group, India.Completed all the formalities.

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: Wu Feng

Financial principal: Feng Meiling

Date: December 31, 2016

Date: December 31, 2016