

Sundram Fasteners (Zhejiang) Limited

CHINA

ANNUAL REPORT

**for the year ended
31st December 2015**

Report of the Auditors

ZHONGLIANXING 2Shen Zi (2016) No.87

To the Board of Directors of
Sundram Fasteners (Zhejiang) Limited:

We have audited the accompanying financial statements of Sundram Fasteners (Zhejiang) Limited ("the Company"), which comprise the balance sheet as of December 31, 2015, the income statement, the cash flow statement, owner's equity increase-decrease change sheet and the related notes of the year 2015.

1. Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of the financial statements in accordance with the Accounting Standards for Business Enterprises and the "Accounting Systems for Business Enterprises". This responsibility includes: (1) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; (2) selecting and applying appropriate accounting policies.

2. 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 the Independent Auditing Standards for Certified Public Accountants. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount 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 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 the entity's internal control. An audit also includes assessing the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, 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.

3. Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises and "Accounting Systems for Business Enterprises".

Zhejiang ZhonglianXing CPAs Co. Ltd.
February 29, 2016

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

BALANCE SHEET

AS AT DECEMBER 31, 2015

(All amounts in Rmb Yuan unless otherwise stated)

[English Translation for Reference Only]

	Notes	December 31,2014	December 31,2015
ASSETS			
Current assets			
Cash at bank and in hand	11	3,217,245.91	4,102,687.64
Accounts receivable	12	40,650,010.54	35,287,410.83
Other receivables		5,985.24	9,393.44
Prepayment to suppliers		300,798.72	667,815.61
Inventories	12	32,828,126.31	29,883,892.01
Prepaid expenses		32,267.79	30,783.99
Total current assets		<u>77,034,434.51</u>	<u>69,981,983.52</u>
Fixed assets			
Fixed assets – cost	13	128,363,566.26	128,826,076.44
Less: Accumulated depreciation	13	62,054,362.04	69,840,253.65
Fixed assets – net book value		<u>66,309,204.22</u>	<u>58,985,822.79</u>
Construction in progress	13	0.00	-
Intangible assets	14	3,620,950.82	3,455,133.25
Long-term prepaid expenses	14	255,720.01	477,506.58
TOTAL ASSETS		<u>147,220,309.56</u>	<u>132,900,446.14</u>
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term loans	14	10,000,000.00	-
Notes payable		-	-
Accounts payable	15	19,714,204.77	20,721,089.82
Advances from customers		224,445.01	51,427.19
Accrued payroll	15	1,760,775.18	1,765,250.68
Accrued welfare expenses		-	-
Taxes and dues payable	16	1,830,289.65	978,953.77
Other payables		1,077,528.35	969,646.16
Other Current liabilities		-	-
Total current liabilities		<u>34,607,242.96</u>	<u>24,486,367.62</u>
Long-term loans	16	-	-
Total liabilities		<u>34,607,242.96</u>	<u>24,486,367.62</u>
Owners' equity			
Paid-in capital (USD13,000,000)	16	100,477,945.27	100,477,945.27
Surplus reserve		1,213,512.14	1,213,512.14
Undistributed profit	17	10,921,609.19	6,722,621.11
Total owners' equity		<u>112,613,066.60</u>	<u>108,414,078.52</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>147,220,309.56</u>	<u>132,900,446.14</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:	Person in charge of accounting function:	Person in charge of accounting department:
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INCOME STATEMENT**FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015**

(All amounts in Rmb Yuan unless otherwise stated)

[English Translation for Reference Only]

ITEM	Notes	2014	2015
1. Total Revenues from operations		144,077,242.7 0	112,246,304.62
Including: Revenues from main operations	18	141,973,418.41	110,628,191.15
Revenues from other operations	18	2,103,824.29	1,618,113.47
2. Total Cost of operations		(131,721,875.56)	(109,913,914.49)
Including: Cost of main operations	18	(116,847,765.44)	(97,334,024.83)
Cost of other operations	18	(2,093,285.09)	(1,604,743.25)
Tax and levies on operations		(761,679.03)	(730,532.89)
Selling and distribution expenses	18	(5,249,661.28)	(4,130,160.66)
General and administrative expenses	18-19	(5,500,677.33)	(5,906,877.96)
Including: entertainment expenses		216,974.00	125,370.3
research and development expenses			
Finance expenses – net	19	(1,268,807.39)	(207,574.90)
Add: Investment income		-	-
3. Operating Profit		12,355,367.14	2,332,390.13
Add: Non-operating income	19	191,941.09	1,062,387.47
Including: Subsidy income		189,200.00	-
gains on disposal of non-current assets		-	-
gains from debt restructuring		-	-
Less: Non-operating expenses	20	(182,072.42)	(112,656.34)
Including: losses on disposal of non-current assets		9,615.38	-
losses from debt restructuring			
4. Total Profit		12,365,235.81	<u>3,282,121.26</u>
Less: Income taxes		(3,129,077.13)	(814,442.66)
5. Net Profit		<u>9,236,158.68</u>	<u>2,467,678.60</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:	Person in charge of accounting function:	Person in charge of accounting department:
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Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

CASH FLOW STATEMENT FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015 (All amounts in Rmb Yuan unless otherwise stated) [English Translation for Reference Only]

	2014	2015
1. Cash flows from operating activities		
Cash received from sale of goods or rendering of services	167,495,587.20	134,505,202.83
Refund of tax and levy	-	-
Cash received relating to other operating activities	232,678.76	1,082,564.46
Sub-total of cash inflows	167,728,265.96	135,587,767.29
Cash paid for goods and services	125,646,630.99	85,310,792.49
Cash paid to and on behalf of employees	14,496,568.58	16,393,033.22
Payments of taxes and levies	10,372,009.71	9,001,547.04
Cash paid relating to other operating activities	8,471,346.61	5,339,076.40
Sub-total of cash outflows	158,986,555.89	116,044,449.15
Net cash flows from operating activities	8,741,710.07	19,543,318.14
2. Cash flows from investing activities		
Net cash received from disposal of fixed assets intangible	9,615.38	-
Cash paid to acquire fixed assets and other long-term assets	4,449,323.18	1,476,249.44
Net cash flows from investing activities	(4,439,707.80)	(1,476,249.44)
3. Cash flows from financing activities		
Cash received from capital contributions	-	-
Cash received from borrowings	26,600,000.00	8,000,000.00
Sub-total of cash inflows	26,600,000.00	8,000,000.00
Cash payments of amounts borrowed	31,900,000.00	18,000,000.00
Cash payments for interest expenses	1,089,897.24	7,272,077.44
Other cash receipts relating to financing activities	-	-
Sub-total of cash outflows	32,989,897.24	25,272,077.44
Net cash flows from financing activities	(6,389,897.24)	(17,272,077.44)
4. Effect of foreign exchange rate changes on cash and cash equivalents	(4,840.43)	90,450.47
5. Net increase in cash and cash equivalents	(2,092,735.40)	885,441.73
Add: beginning balance of cash and cash equivalents	5,309,981.31	3,217,245.91
6. Ending balance of cash and cash equivalents	3,217,245.91	4,102,687.64

The accompanying notes form an integral part of these financial statements.

Legal representative: Person in charge of accounting function: Person in charge of accounting department:

OWNER'S EQUITY INCREASE-DECREASE CHANGE SHEET

FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015

(All amounts in Rmb Yuan unless otherwise stated)

(English Translation for Reference Only)

ITEM	ROW	2014	2015	ITEM	ROW	2014	2015
I. PAID-IN CAPITAL (CAPITAL STOCK)				III. STATUTORY AND OTHER SURPLUS RESERVE			
Beginning balance	1			Beginning balance	31		
Current period increase	2	100,477,945.27	100,477,945.27	Current period increase	32	289,896.27	1,213,512.14
Including: Transferred in from capital surplus reserve	3	-	-	Including: Transferred in from net profit	33	923,615.87	-
Transferred in from surplus reserve	4			Including: Statutory surplus reserve	34	923,615.87	-
Transferred in from profit distribution	5			Other surplus reserve	35	-	-
Capital increase (capital stock)	6			Reserve fund	36	-	-
	7	-	-	Enterprise development fund	37	923,615.87	
	8			Transferred in from statutory welfare reserve	38	-	
	9			Current period decrease	39		
Current period decrease	10			Including: Recovery of loss	40	-	-
	11			Transferred to capital (capital stock)	41		
	12			Allocating cash dividends or profit	42		
	13			Allocating stock dividends	43		
	14			Ending Balance	44		
Ending Balance	15	100,477,945.27	100,477,945.27	Including: statutory surplus reserve	45	1,213,512.14	1,213,512.14
II. CAPITAL SURPLUS	16			Reserve fund	46	1,213,512.14	1,213,512.14
Beginning balance	17	-	-	Enterprise development fund	47	1,213,512.14	1,213,512.14
Current period increase	18	-	-		48	-	-
Including: Premium on capital (capital stock)	19			IV. STATUTORY WELFARE RESERVE	49		
Receive non-cash denote reserve	20			Beginning balance	50		
Receive cash denote reserve	21			Current period increase	51		
Equity investment reserve	22			Including: Transferred in from net profit	52		
Transferred in by appropriation	23			Current period decrease	53		
Foreign currency capital translation	24	-	-	Including: Expenditure for collective welfare	54		
Other capital surplus	25			Ending balance	55		
	26			V. UNDISTRIBUTED PROFIT	56		
	27			Undistributed profit at the beginning of year	57	2,609,066.38	10,921,609.18
Current period decrease	28	-	-	Net profit of current year (net loss presented with "-")	58	9,236,158.67	2,467,678.60
Including: transferred to capital (capital stock)	29			Profit appropriation in current year (including surplus reserve used for recovery of loss)	59	923,615.87	6,666,666.67
Ending balance	30	-	-	Undistributed profit at the end of year (unrecovered loss presented with "-")	60	10,921,609.18	6,722,621.11

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015**

(All amounts in Rmb Yuan unless otherwise stated)

[English Translation for Reference Only]

1 COMPANY BACKGROUND AND PRINCIPAL ACTIVITIES

Sundram Fasteners (Zhejiang) Limited ("the Company") is a wholly foreign owned enterprise incorporated in Zhejiang province of the People's Republic of China ("the PRC") on March 19, 2003 by Sundram Fasteners Limited. The Company has an approved operating period of 50 years. The registered capital is USD 13,000,000.

The Company's approved scope of business operations includes the production and sale of high-tensile automobile fasteners and spare parts. The Company commenced its commercial operations in May 2004. In the period from January 1, 2015 to December 31, 2015, the principal activities of the Company were production and sale of high-tensile automobile fasteners and other automobile spare parts.

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and the "Accounting System for Business Enterprises" as promulgated by the Ministry of Finance of the People's Republic of China.

3 PRINCIPAL ACCOUNTING POLICIES

(a) Accounting period

The Company's accounting year starts on January 1 and ends on December 31.

(b) Recording currency

The recording currency of the Company is the Renminbi (Rmb).

(c) Basis of accounting and measurement bases

The Company follows the accrual basis of accounting. Assets are initially recorded at actual costs and subsequently adjusted for impairment, if any.

(d) Foreign currency translation

Foreign currency transactions are translated into Rmb at the exchange rates stipulated by the People's Bank of China ("the stipulated exchange rates") on the first day of the month in which the transactions take place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Rmb at the stipulated exchange rates at the balance sheet date. Exchange differences arising from these translations are expensed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015
(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

3 PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Cash and cash equivalents

For the purposes of the cash flow statement, cash refers to all cash in hand and call deposits. Cash equivalents refer to short-term and high-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, restricted bank balances, including time deposits with maturity in excess of three months, and foreign currency deposits that have been placed as collateral with banks, are not included as cash and cash equivalents.

(f) Receivables and provision for bad debts

Accounts receivable

Accounts receivable comprises related-party receivables and receivables from non-related parties ("third-party receivables"). Accounts receivable are presented at actual amounts net of provision for bad debts.

The Company makes provision for bad debts based on an assessment of the recoverability of accounts receivable. Specific provisions are applied to related-party receivables and third-party receivables where events or changes in circumstances indicate that the balances may not be collectible.

Other receivables

The Company analyses the recoverability of other receivables and applies specific provision as necessary.

(g) Inventories

Inventories include raw materials, work in progress, finished goods, semi-finished goods, Goods on instalment, low cost consumables and packaging materials, and are presented at the lower of cost and net realizable value. The cost for raw materials sent out is calculated by weighted average method. The cost of the semi-finished goods and finished goods is calculated by standard costing first, and the differences between the standard cost and actual cost are located to transferred inventories and untransferred inventories at the end of the year. The cost of raw materials includes the purchase cost and taxes such as tariff.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and the estimated costs necessary to conclude the sale.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015**

(All amounts in Rmb Yuan unless otherwise stated)

[English Translation for Reference Only]

3 PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Fixed assets and depreciation

Fixed assets include buildings, machinery and equipment used in production or rendering of services, held for rental to others, or held for management purposes, which have useful lives of more than one year.

Fixed assets purchased or constructed by the Company are recorded at cost.

Fixed assets are depreciated using the straight-line method to write off the cost of the assets to their estimated residual values over their estimated useful lives. The estimated useful lives, estimated residual values expressed as a percentage of cost and annual depreciation rates are as follows:

	Estimated useful lives	Estimated residual value	Annual depreciation rate
Buildings – Cost	25 years	10%	3.6%
Machinery and equipment	10 years	10%	9%
Office and electronic equipment	5 years	10%	18%
Motor vehicles	5 years	10%	18%

When fixed assets are sold, transferred, disposed of or destroyed, gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the assets, reduced by related taxes and expenses, and are included in non-operating income / expenses.

Repairs and maintenance of fixed assets are expensed as incurred. Subsequent expenditures for major reconstruction, expansion, improvement and renovation are capitalized when it is probable that future economic benefits in excess of the original assessment of performance will flow to the Company. Capitalized expenditures arising from major reconstruction, expansion and improvement are depreciated using the straight-line method over the remaining useful lives of the fixed assets. Capitalized expenditures arising from the renovation of fixed assets are depreciated over the expected beneficial period.

(i) Intangible assets

Intangible assets include Land use rights and Softwares, Land use rights which are amortized on the straight-line basis over approved periods, approved useful lives is 50 years. Softwares are amortized evenly for 10 years.

(j) Long-term prepaid expenses

Long-term prepaid expenses include costs for garden plants ,Renovation costs and measuring tools with low value but long-term usage etc, which are amortized on the straight-line basis over three or five years and are presented at cost net of accumulated amortization.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015
(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

3 PRINCIPAL ACCOUNTING POLICIES (continued)

(k) Impairment of assets

In addition to the recognition of provisions for impairment loss on short-term investments, receivables and inventories, which have been described in their respective accounting policies, individual assets for which there are indications that the carrying values are higher than their recoverable amounts, arising from the occurrence of events or changes in circumstances, are reviewed for impairment. If the carrying value of such assets is higher than the recoverable amount, the excess is recognized as an impairment loss.

The recoverable amount of an individual asset is the higher of its net selling price and its value in use. The net selling price is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, after deducting any incremental direct disposal costs. Value in use is the present value of estimated future cash flows expected to be derived from continuing use of the asset and from its disposal at the end of its useful life.

When there is an indication that the need for an impairment provision record in a prior period no longer exists or has decreased, the provision for impairment loss is reversed to the extent of the impairment loss previously recognized.

(l) Borrowings

Borrowings are initially recognized at the amount of the proceeds received. Ancillary costs incurred in connection with the borrowing arrangement are expensed as incurred.

(m) Profit distribution

Profits that are made in the current year are distributed according to the Company Constitution and the decision from the director board.

(n) Revenue recognition

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer, which normally takes place upon delivery of goods.

Interest income is recognized on a time proportion basis taking into account deposit balances and the effective yield; subsidy income is recognized when received.

Rental income is recognized when the rental fee is received according to the lease contract.

(o) Operating leases

Payments made under operating leases are expensed on a straight-line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015

(All amounts in Rmb Yuan unless otherwise stated)

[English Translation for Reference Only]

3 PRINCIPAL ACCOUNTING POLICIES (continued)

(p) Accounting for income taxes

The Company accounts for enterprise income taxes using the tax payable method. Tax expense is recognized based on current period taxable income and tax rates.

4 TAXATION

(a) Enterprise income taxes

The Company the applicable enterprise income tax rate is 25%.

Tax adjustment items, in accordance with tax regulations, are applied to revenue less cost and expenses, as well as gains and losses to arrive at taxable income.

As approved by the tax authorities, the Company is entitled to two years' exemption from income taxes followed by three years of a 50% tax reduction from 2008. On 2012 year, the actual implementation of the tax rate is 12.5%

(b) Value Added Tax

The Company's sales of self-manufactured products are subject to Value Added Tax (VAT). The applicable tax rate for domestic sales is 17%. The Company has been approved to use the "exempt, credit, refund" method on goods exported providing fastener tax refund at the rate of 5% and bearing housing tax refund at the rate of 15%.

Input VAT on purchases of raw materials, fuel, utilities, other production materials (merchandise, transportation costs) and accepting modern service industry can be deducted from output VAT. VAT payable is the net difference between output and deductible input VAT.

5 CASH AT BANK AND IN HAND

	December 31, 2014		December 31, 2015	
	Original currency	Recording currency	Original currency	Recording currency
Cash in hand		31,205.17		13,890.51
Including: USD	-	-		
Cash at bank		3,186,040.74		4,088,797.13
Including: USD	583.48	3,570.31	3,110.33	20,197.24
GBP	-	-		-
EUR	0.02	0.15		-
		3,217,245.91		4,102,687.64

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015
 (All amounts in Rmb Yuan unless otherwise stated)
 [English Translation for Reference Only]

6 ACCOUNTS RECEIVABLE AND PROVISION FOR BAD DEBTS

(1) The ageing analysis of receivable is as follows.

	December 31, 2014	December 31, 2015
Accounts receivable		
Less than 3 months	32,893,390.42	28,122,259.23
3 to 6 months	6,035,707.26	5,739,900.73
More than 6 months	1,720,912.86	1,425,250.87
Less: Specific provisions	-	-
	40,650,010.54	35,287,410.83

(2) The top 5 clients

Company name	balance at the end of the year
Chassis Brakes International (Wuhan) Co., Ltd	5,662,265.18
Wuxi Cummins Turbo Technologies Co., Ltd	4,900,665.64
Beijing Foton Cummins Engine Co., LTD	3,607,826.54
Sundram Fasteners (India) Ltd-PADI	3,413,009.02
York(Shanghai) Co.Ltd	2,495,518.60

7 INVENTORIES

	December 31, 2014	December 31, 2015
Material at outside point	-	-
self-manufactured goods	-	-
Goods in transit	-	-
Raw materials	6,054,363.77	4,601,257.4
Work in progress	8,565,524.87	9,196,251.82
Finished goods –at factory	15,310,220.35	13,398,601.13
Supplies for repetitive usage	2,898,017.32	2,687,781.66
Finish goods-at outside point	-	-
Less: Provision for loss on realization of inventories	-	-
	32,828,126.31	29,883,892.01

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015

(All amounts in Rmb Yuan unless otherwise stated)

[English Translation for Reference Only]

8 FIXED ASSETS

	Buildings	Machinery and equipment	Office and electronic equipment	Motor vehicles	Total
Cost					
Beginning balance	27477499.44	97722466.36	2735039.51	428560.95	128363566.26
Current period additions		462510.18			462510.18
Current period decreases					0
Ending balance	27477499.44	98184976.54	2735039.51	428560.95	128826076.44
Accumulated depreciation					
Beginning balance					
Current period depreciation	7932986.46	51691608.29	2177117.88	252649.41	62054362.04
Current period decreases	989189.98	6627131.62	138237.6	31332.41	7785891.61
Ending balance					0
Net book value	8922176.44	58318739.91	2315355.48	283981.82	69840253.65
Beginning balance	19544512.98	46030858.07	557921.63	175911.54	66309204.22
Ending balance	18555323	39866236.63	419684.03	144579.13	58985822.79

9、CONSTRUCTION IN PROCESS

	Erection of the equipment	Total
Beginning balance	-	-
Current period additions	462,510.18	462,510.18
Amount carried forward to fixed assets	462,510.18	462,510.18
Other decreases	-	-
Ending balance	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015
 (All amounts in Rmb Yuan unless otherwise stated)
 [English Translation for Reference Only]

10 INTANGIBLE ASSETS

	Land use rights	Software	Total
original cost	3,748,680.00	908,439.63	4,657,119.63
Beginning balance	2,886,483.6	734,467.22	3,620,950.82
Current period additions	-	-	-
Current period amortization	74,973.60	90,843.97	165,817.57
Ending balance	2,811,510.00	643,623.25	3,455,133.25

11 LONG-TERM PREPAID EXPENSES

	Bearing housing storage	Cost for garden plants	Measuring tools	Software	Decoration and maintenance expense	Emergency Pool	Total
Beginning balance	121166.95	84874.35	17719.90	12783.59	19175.22	-	255720.01
Current period additions	90291.26	-	252500.00	-	-	108000.00	450791.26
Current period amortization / write-off	72243.30	84874.35	21928.23	12783.59	19175.22	18000.00	229004.69
Ending balance	139214.91	-	248291.67	-	-	90000.00	477506.58

12 SHORT-TERM LOANS

	December 31, 2014	December 31, 2015	Annual interest rate
secured loans	-	-	-
Mortgage loan	10,000,000.00	-	6 million yuan, 10% higher than benchmark interest rate
Including: CNY loan	10,000,000.00	-	4 million yuan, 0.93% higher than LBR interest rate
USD loan (Original currency)	-	-	-

The mortgage loan at the beginning of the year is provided by ICBC Haiyan branch, 78000m² land use right and 26865.57m² factory building is as the Mortgage assets., The principal of the loan has been returned by December 31, 2015. .

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015
(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

13 ACCOUNTS PAYABLE

(1) The ageing analysis of receivable is as follows.

Accounts payable age	December 31, 2015	Ratio
Less than 1 year	20,495,381.82	98.91%
1 to 2 years	-	0.00%
2 to 3 years	9,000.00	0.04%
More than 3 years	216,708.00	1.05%
	20,721,089.82	100.00%

(2) The top 5 suppliers

Company name	balance at the end of the year
POSCO SEAH STEEL WIRE (NANTONG) CO.,LTD.	3,594,970.19
CSR CHANGZHOU AUTO PARTS CO.,LTD	2,231,729.29
SHANGHAI TUO'AN SHIYE CO.,LTD	1,351,325.66
KAO-MENG MACHINERY (TAICANG) CO.,LTD.	1,142,170.65
EQUIPMENT CO.,LTD	948,309.63

14 ACCRUED PAYROLL

	Chinese employees	Foreign employees	Total
Beginning balance	1,656,654.79	104,120.39	1,760,775.18
Amount happened in current period	11,972,380.4	755,348.2	12,727,728.60
Amount paid out in current period	12,102,892.01	620,361.09	12,723,253.10
Ending balance	1,526,143.18	239,107.50	1,765,250.68

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015

(All amounts in Rmb Yuan unless otherwise stated)

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15 TAXES AND DUES PAYABLE

Item	December 31, 2014	December 31, 2015
Corporate income tax	1,075,011.04	108,091.85
Value-added tax	472,793.42	-157,959.58
Personal income tax	-	-
Real estate tax	-	190,128.8
Land use tax		624,000.00
Stamp tax	2,795.76	2,258.64
Operating tax	-	-
Urban maintenance and construction tax	25,741.08	-
Educational Surtax	15,444.65	-
The local education surcharge	10,296.43	-
Foundation for water works	11,308.84	9,006.55
Housing provident fund	26,371.00	28,519.00
Social security fee	192,052.84	174,908.51
	1,830,289.66	978,953.77

16 Long-term loans

	December 31, 2014	December 31, 2015
Principal	-	-
Interest	-	-

17 PAID-IN CAPITAL

The original registered capital of the company was USD 5,000,000 and it was planned to increase USD 8 million on June 12, 2007, according to the Board of Directors' approval and the modified company regulation. The newly-added registered capital would be contributed by Indian Sundram Fasteners Limited in USD and the registered capital will amount to 13 million after the increase. The paid-in capital is USD 13,000,000, including USD 9,076,000 money transfer and USD 3,924,000 from debt for equity swap. The Haiyan Zhonglianxing CPA Limited has verified USD 13,000,000, Paid-in Capital and issued the Capital Verification Report on April 8, 2009.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015**

(All amounts in Rmb Yuan unless otherwise stated)

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18 Surplus reserve

	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Reserve fund	1,213,512.14	-	-	1,213,512.14

19 Undistributed profit

	December 31, 2014	December 31, 2015
Undistributed profit at beginning of the period	2,609,066.38	10,921,609.18
Add: increase in current period	9,236,158.68	2,467,678.60
Including: net profit of current period	9,236,158.67	2,467,678.60
Less: decrease in current period	923,615.87	6,666,666.67
Including: provision for reserve fund	923,615.87	-
Dividend payable to foreign shareholders	-	6,666,666.67
Undistributed profit at end of the period	10,921,609.18	6,722,621.11

In accordance with the "Law of the PRC on Enterprises Operated Exclusively with Foreign Capital" and the Company's Articles of Association, appropriations from net profit would be made to the Reserve Fund and the Staff and Workers' Bonus and Welfare Fund, after offsetting accumulated losses from prior years, and before profit distributions to the investors. Appropriation of Reserve Fund should not be less than 10% of profit after tax and it can cease to accrue when the accumulated appropriation exceeds 50% of the registered capital. The percentage to be appropriated to the Staff and Workers' Bonus and Welfare Fund is determined by the Board of Directors of the Company.

Upon approval from the Board of Directors, the Reserve Fund can be used to offset accumulated losses or to increase capital; the Staff and Workers' Bonus and Welfare Fund is available to fund payments of special bonuses to staff and for collective welfare benefits.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015
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20 REVENUES AND OPERATION COSTS

	Revenues	operation costs
main operations	110,628,191.15	97,334,024.83
including:		
Fasteners	84,407,420.82	73,742,182.02
Bearing Housing	26,220,770.33	23,591,842.81
other operations	1,618,113.47	1,604,743.25
including:		
Rental	52,232.4	-
Substandard goods	72,582.84	1185,723.37
Tailings	550,404.37	419,019.88
Sales of materials	-	-
Others	472,802.26	-

21 SELLING AND DISTRIBUTION EXPENSES

	2015	2014
	4,130,160.66	5,249,661.28
Including:		
Freight	553,641.27	521,108.48
Mail	3,225,557.47	4,268,778.52
Mailing fee	12,978.91	33,301.65
Storage fee	294,965.10	284,935.35
handling charge	6,380.94	11,230.48
Travel expense	23,132.20	32,020.00

22 GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
	5,906,877.96	5,500,677.33
Including:		
Pay cost	1,299,697.63	1,007,006.46
Welfare cost	1,271,180.16	1,309,461.35
Amortization of prepaid expenses	152,969.39	155,199.93
Amortization of long-term deferred expenses	34,711.82	62,736.84
Amortization of intangible assets	90,843.97	90,843.97
Tax and dues	850,188.08	822,173.35

NOTES TO THE FINANCIAL STATEMENTS
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22 GENERAL AND ADMINISTRATIVE EXPENSES(continued)

Including(continued):	2015	2014
Travelling fee	553,985.88	415,953.07
Entertainment fee	125,370.3	216,974.00
Office expenses	337,013.83	362,734.81
Communication fees	285,708.80	305,680.00
Expense for environment protection	123,841.77	116,561.98

23 FINANCE EXPENSES

	2015	2014
Interest expense	605,410.77	1,089,897.24
Finance charges	31,261.43	36,211.85
Less: interest income	(20,641.99)	(16,795.38)
Less: Exchange gains and losses, net	(408,455.31)	159,493.68
	207,574.9	1,268,807.39

24 Non-operating income

	2015	2014
	1,062,387.47	191,941.09
Including:		
Government subsidy	312,630	189,200.00
Compensation income	749,292.47	-
Others	465.00	2,741.09

25 Non-operating expenses

	2015	2014
	112,656.34	182,072.42
Including:		
water resource special fund	112,656.34	144,857.04
Expenses from liquidation of fixed assets	-	9,615.38
Expenses from indemnity	-	-
Fine	-	27,600.00
For late tax payment	-	-
Others	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015

(All amounts in Rmb Yuan unless otherwise stated)

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26 SIGNIFICANT RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(1) Related parties

Name of entity	Registered address	Principal business	Relationship with the Company	Type of enterprise
Sundram Fasteners Limited	Chennai, India	Direct equity investment	Holding Company	Foreign enterprise
PEINER UMFORMTECHNIK	Germany		controlled by the same controller	Foreign enterprise
PEINER UMFORMTECHNIK GMBH	Germany		controlled by the same controller	Foreign enterprise

Sundram Fasteners Limited, incorporated in India, is the ultimate holding Company.

(2) Related party transactions

(a) Pricing policies

The Company's pricing policies on products sold to related parties are based on market prices.

(b) Significant related party transactions

(i) Sales of goods

	2015	2014
Sundram Fasteners Limited	5,538,958.71	6,584,507.49
PEINER UMFORMTECHNIK	574,367.03	-
PEINER UMFORMTECHNIK GMBH	-	1,227,857.61

(ii) Purchase for materials and intangible assets

	2015	2014
Sundram Fasteners Limited	-	12,103.79
PEINER UMFORMTECHNIK	-	-
PEINER UMFORMTECHNIK GMBH	-	-

NOTES TO THE FINANCIAL STATEMENTS
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(2) Related party transactions(continued)

(c) Amounts receivable from and payable to related parties

Accounts receivable

	December 31, 2015	December 31,2014
Sundram Fasteners Limited	3,413,009.02	2,946,450.31
PEINER UMFORMTECHNIK	602,865.31	-
PEINER UMFORMTECHNIK GMBH	-	340,420.24

Accounts payable

	December 31, 2015	December 31,2014
Sundram Fasteners Limited	-	-
PEINER UMFORMTECHNIK	-	-
PEINER UMFORMTECHNIK GMBH	-	-

Sundram Fasteners (Zhejiang) Limited

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TRANSLATED FINANCIAL STATEMENTS

BALANCE SHEET AS AT DECEMBER 31, 2015

Particulars	Note.		RMB As at 31-12-2015		As at 31-12-2015		RMB As at 31-12-2014		As at 31-12-2014
I EQUITY AND LIABILITIES									
1) Shareholders' Funds									
a) Share Capital	1	100,477,945		1,023,870,262		100,477,945		1,021,860,703	
b) Reserves & Surplus	2	<u>7,936,133</u>	108,414,078	<u>80,869,196</u>	1,104,739,458	<u>12,135,121</u>	112,613,066	<u>123,414,174</u>	1,145,274,878
2) Non - current liabilities									
a) Long term borrowings	3	–		–		–		–	
b) Trade Payables	4	<u>225,708</u>	225,708	<u>2,299,965</u>	2,299,965	<u>876,512</u>	876,512	<u>8,914,132</u>	8,914,132
3) Current Liabilities									
a) Short-term borrowings	3	–		–		10,000,000		101,700,000	
b) Trade payables	4	<u>20,495,382</u>		<u>208,847,941</u>		<u>18,837,693</u>		<u>191,579,331</u>	
c) Other current liabilities	5	<u>3,765,278</u>	24,260,660	<u>38,368,180</u>	247,216,121	<u>4,893,038</u>	33,730,732	<u>49,762,198</u>	343,041,529
Total			<u>132,900,446</u>		<u>1,354,255,544</u>		<u>147,220,310</u>		<u>1,497,230,539</u>
II ASSETS									
1) Non-current assets									
a) Fixed assets									
i) Tangible assets	6	<u>61,797,331</u>		<u>629,714,812</u>		<u>69,195,686</u>		<u>703,720,129</u>	
ii) Intangible assets	6	<u>661,344</u>		<u>6,739,094</u>		<u>764,971</u>		<u>7,779,760</u>	
iii) Capital Work-in-Progress	6	–		–		–		–	
(b) Long-term Loans and Advances	10	<u>459,787</u>	62,918,462	<u>4,685,226</u>	641,139,132	<u>225,217</u>	70,185,874	<u>2,290,452</u>	713,790,341
2) Current assets									
a) Inventories	7	<u>29,883,892</u>		<u>304,516,860</u>		<u>32,828,127</u>		<u>333,862,044</u>	
b) Trade receivables	8	<u>35,287,411</u>		<u>359,578,716</u>		<u>40,650,011</u>		<u>413,410,607</u>	
c) Cash and cash equivalents	9	<u>4,102,688</u>		<u>41,806,387</u>		<u>3,217,246</u>		<u>32,719,391</u>	
d) Short-term loans and advances	10	<u>707,993</u>	69,981,984	<u>7,214,449</u>	713,116,412	<u>339,052</u>	77,034,436	<u>3,448,156</u>	783,440,198
Total			<u>132,900,446</u>		<u>1,354,255,544</u>		<u>147,220,310</u>		<u>1,497,230,539</u>

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TRANSLATED FINANCIAL STATEMENTS

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST DECEMBER 2015

	Note.	RMB Year Ended 31-12-2015	`, Year Ended 31-12-2015	RMB Year Ended 31-12-2014	`, Year Ended 31-12-2014
INCOME					
I Revenue from Operations	11	111,773,502	1,142,325,193	143,794,667	1,425,005,142
II Other Income	12	1,555,832	15,900,600	481,697	4,773,623
III Total Revenue		113,329,334	1,158,225,793	144,276,364	1,429,778,765
IV EXPENSES					
Cost of Materials & components consumed	13	48,985,210	500,587,470	66,356,662	658,151,511
(Increase)/Decrease in inventories of Finished Goods & Work in Process	14	1,280,892	13,052,291	(2,767,619)	(28,146,688)
Employee benefit expense	15	16,809,005	171,788,028	16,642,527	164,927,447
Finance Costs	16	98,260	1,004,213	1,123,936	11,138,208
Depreciation and amortization expenses		7,964,493	81,397,116	9,273,201	91,897,422
Other Expenses	17	34,909,353	356,773,591	41,282,421	409,108,791
Total Expenses		110,047,213	1,124,602,709	131,911,128	1,307,076,691
V. Profit before exceptional and extraordinary items and tax (III-IV)		3,282,121	33,623,084	12,365,236	122,702,074
VI. Tax expense - Income Tax		814,443	8,323,604	3,129,077	31,009,154
VII. Profit/(Loss) for the Period (V-VI)		2,467,679	25,299,480	9,236,159	91,692,920

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015

	RMB As at 31-12-2015	As at 31-12-2015	RMB As at 31-12-2014	As at 31-12-2014
1 SHARE CAPITAL				
a. Capital Subscribed				
Share Capital	100,477,945	1,023,870,262	100,477,945	1,021,860,703
b. Reconciliation of number of shares				
	As at 31-12-2015		As at 31-12-2014	
Equity Shares	No. of Shares	Value in RMB	No. of Shares	Value in RMB
1. Balance at the beginning of the year	-	100,477,945	-	100,477,945
2. Add : Shares issued during the year	-	-	-	-
3. Bonus Shares issued during the year	-	-	-	-
4. Balance as at the end of the year	-	100,477,945	-	100,477,945
c. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company	As at 31-12-2015		As at 31-12-2014	
Name of the Shareholder	No. of Shares	Shares as % of total No. of shares	No. of Shares	Shares as % of total No. of shares
1. Sundram Fasteners Limited, Chennai	-	100.00	-	100.00
2. Total No. of Shares of the Company	-	100.00	-	100.00
d. Bonus Shares / Buy Back / Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31st December 2015 :				
(i) Aggregate number of equity shares allotted as fully paid up pursuant to contracts without payment being received in cash : Nil				
(ii) Aggregate number of equity shares allotted as fully paid up by way of Bonus Shares : Nil				
(iii) Aggregate number of equity shares bought back : Nil				
	RMB As at 31-12-2015	As at 31-12-2015	RMB As at 31-12-2014	As at 31-12-2014
2. RESERVES & SURPLUS				
a. Surplus in Statement of Profit and Loss				
1. Balance as at the beginning of the year	12,135,121	123,656,886	2,898,962	29,482,440
2. Profit/(Loss) for the Year	2,467,679	25,299,480	9,236,159	91,692,920
3. Balance available for appropriation(1 + 2)	14,602,800	148,956,366	12,135,121	121,175,360
Appropriations:				
4. Interim Dividend Paid	6,666,667	68,133,333	-	-
5. Tax Paid there on	-	-	-	-
Amount appropriated during the year	6,666,667	68,133,333	-	-
6. Balance as at the end of the year	7,936,133	80,823,033	12,135,121	121,175,360
b. Foreign Exchange Translation Reserve / (Asset)				
Foreign exchange reserve/ (Asset) arising on account of application of Indian Accounting Standard - 11				
Opening balance as on 01.01.2015		2,238,815		(3,494,754)
Current year foreign exchange gain / (loss)		(2,192,652)		5,733,569
	-	46,163	-	2,238,815
Total Reserves and Surplus (a + b)	7,936,133	80,869,196	12,135,121	123,414,174

TRANSLATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3. BORROWINGS

	Long-term / Non Current				Short-term / Current			
	As at 31-12-2015		As at 31-12-2014		As at 31-12-2015		As at 31-12-2014	
	RMB	`	RMB	`	RMB	`	RMB	`
a. Secured								
i) Term Loans								
From ICBC Leasing Co., Ltd	-	-	-	-	-	-	-	-
ii) Loans repayable on Demand								
From ICBC Haiyan Branch	-	-	-	-	-	-	10,000,000	101,700,000
(A)	-	-	-	-	-	-	10,000,000	101,700,000
b. Unsecured								
i) Term Loans								
ii) Loan from Holding Company								
iii) Temporary Overdraft from Bank								
(B)	-	-	-	-	-	-	-	-
Total (A + B)	-	-	-	-	-	-	10,000,000	101,700,000

4. TRADE PAYABLES

Raw Materials	225,708	2,299,965	876,512	8,914,132	20,495,382	208,847,941	18,837,693	191,579,331
Total	225,708	2,299,965	876,512	8,914,132	20,495,382	208,847,941	18,837,693	191,579,331

5. OTHER LIABILITIES

1 Notes payable	-	-	-	-	-	-	-	-
2 Customer advances	-	-	-	-	51,427	524,043	224,445	2,282,606
3 Accrued payroll	-	-	-	-	1,765,251	17,987,904	1,760,775	17,907,084
4 Other levies payable	-	-	-	-	203,428	2,072,926	218,424	2,221,370
5 Other payables	-	-	-	-	969,646	9,880,694	1,077,528	10,958,463
6 Others - taxes payable	-	-	-	-	775,526	7,902,613	1,611,866	16,392,675
Total	-	-	-	-	3,765,278	38,368,180	4,893,038	49,762,198

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TRANSLATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)

6. FIXED ASSETS SCHEDULE

Particulars		Tangible						Intangible		Total				
		Lease hold Land	Buildings	Machinery and Equipment	Office and Electronic Equipment	Motor Vehicles	Total	Software						
	RMB	·	RMB	·	RMB	·	RMB	·	RMB	·	RMB			
A COST OF ASSETS:														
As at 31-12-2014	3,995,788	40,637,158	27,477,499	279,446,169	97,722,465	993,837,476	2,735,040	27,815,352	428,561	4,358,465	1,358,829	13,819,288	133,718,182	1,359,913,908
Additions	-	-	-	-	462,510	4,712,985	-	-	-	-	-	-	462,510	4,712,985
Sales/Disards	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Exchange difference	-	79,916	-	549,550	1,954,449	-	54,701	-	8,571	-	2,647,187	27,177	-	2,674,364
- Borrowing Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31-12-2015	3,995,788	40,717,073	27,477,499	279,995,719	98,184,975	1,000,504,909	2,735,040	27,870,053	428,561	4,367,036	132,821,863	1,358,829	134,180,692	1,367,301,257
B Depreciation/Amortization														
As at 31-12-2014	1,109,303	11,281,605	7,932,986	80,678,472	51,691,611	525,703,682	2,177,117	22,141,278	252,650	2,569,455	63,163,667	593,857	6,039,528	648,414,020
Charges for the year	74,974	766,230	989,190	10,109,522	6,627,132	67,729,285	138,238	1,412,788	31,332	320,217	7,860,865	103,628	1,059,074	81,397,116
Deduction on sale or disards	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange variation (op bal restated)	-	22,186	-	158,660	-	1,033,832	-	43,542	-	5,053	-	-	11,877	1,275,150
Restating to Closing Rate - CY Depn	-	(2,249)	-	(29,676)	-	(198,814)	-	(4,147)	-	(940)	-	-	(3,109)	(238,935)
As at 31-12-2015	1,184,277	12,067,772	8,922,176	90,916,978	58,318,742	594,267,985	2,315,354	23,593,461	283,982	2,893,785	71,024,532	697,485	7,107,370	730,847,351
C Written Down Value														
As at 31-12-2015	2,811,511	28,649,301	18,555,323	189,078,741	39,866,232	406,236,924	419,686	4,276,592	144,579	1,473,251	61,797,331	661,344	6,739,094	636,453,906
As at 31-12-2014	2,886,485	29,355,554	19,544,513	198,767,697	46,030,854	468,133,795	557,923	5,674,074	175,910	1,789,009	69,195,686	764,971	7,779,760	711,499,888
D Capital Work in Progress														
As at 31-12-2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31-12-2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-

TRANSLATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

7. INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)

		As at 31-12-2015		As at 31-12-2014	
	RMB			RMB	
a) Raw Materials and components	3,835,944	39,088,274	5,215,225	53,038,838	
b) Work-in-process	9,196,252	93,709,806	8,565,525	87,111,388	
c) Finished Goods	13,398,601	136,531,746	15,310,220	155,704,941	
d) Stores and Spares	983,661	10,023,501	1,085,048	11,034,934	
e) Loose tools	2,469,434	25,163,533	2,652,109	26,971,943	
Total	<u>29,883,892</u>	<u>304,516,860</u>	<u>32,828,127</u>	<u>333,862,044</u>	

	Non Current				Current			
	As at 31-12-2015		As at 31-12-2014		As at 31-12-2015		As at 31-12-2014	
	RMB		RMB		RMB		RMB	
8. TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)								
Trade Receivables								
Unsecured, considered good unless stated otherwise								
(i) Outstanding for a period more than six months from the date they are due for payment	-	-	-	-	1,425,251	14,523,306	1,720,913	17,501,684
(ii) Other Receivables	-	-	-	-	33,862,160	345,055,410	38,929,098	395,908,923
	-	-	-	-	35,287,411	359,578,716	40,650,011	413,410,607
Less:- Provision for doubtful debts	-	-	-	-	-	-	-	-
Total	-	-	-	-	35,287,411	359,578,716	40,650,011	413,410,607

9. CASH AND BANK BALANCES

Cash and Cash Equivalents

a Balances with Bank

i) Current Account	-	-	-	-	-	-	-	-
ii) Deposit Accounts-maturity less than 3 months	-	-	-	-	4,088,797	41,664,843	3,186,041	32,402,034
iii) Dividend Warrant Accounts	-	-	-	-	-	-	-	-
b Cheques / drafts on hand	-	-	-	-	-	-	-	-
c Cash on hand	-	-	-	-	13,891	141,544	31,205	317,357
Total	-	-	-	-	4,102,688	41,806,387	3,217,246	32,719,391

10. LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)

Other loans and advances

Prepaid Expenses	-	-	-	-	30,784	313,689	32,268	328,163
Long-term Prepaid expenses	459,787	4,685,226	225,217	2,290,452	-	-	-	-
Advances for supply of Raw Materials	-	-	-	-	667,816	6,805,041	300,799	3,059,123
Other receivables	-	-	-	-	9,393	95,719	5,985	60,870
Total	459,787	4,685,226	225,217	2,290,452	707,993	7,214,449	339,052	3,448,156

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TRANSLATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

11 REVENUE FROM OPERATIONS

	Year ended 31-12-2015		Year ended 31-12-2014	
	RMB		RMB	
(a) Sale of products				
Domestic Sales	98,911,922	1,010,879,842	129,591,332	1,284,250,103
Export Sales	11,716,269	119,740,271	12,382,087	122,706,473
Sub Total	110,628,191	1,130,620,113	141,973,419	1,406,956,576
(b) Other Operating Revenues (Refer Note 11 b)	1,145,311	11,705,080	1,821,248	18,048,566
Total (a + b)	111,773,502	1,142,325,193	143,794,667	1,425,005,142

11a DETAILS OF PRODUCT SOLD

Fasteners	84,407,421	862,643,841	108,843,651	1,078,640,579
Bearing Housing	26,220,770	267,976,273	33,129,768	328,315,997
Total	110,628,191	1,130,620,114	141,973,419	1,406,956,576

11b OTHER OPERATING REVENUE

Scrap income	622,987	6,366,929	1,338,666	13,266,178
Rental income	522,324	5,338,151	482,582	4,782,388
Total	1,145,311	11,705,080	1,821,248	18,048,566

12 OTHER INCOME

Other Income	1,535,190	15,689,639	464,902	4,607,181
Interest Income	20,642	210,961	16,795	166,442
Total	1,555,832	15,900,600	481,697	4,773,623

13 RAW MATERIALS INCLUDING PACKING MATERIALS CONSUMED

Opening Stock of Raw Material	5,215,225	53,143,143	7,357,511	74,825,883
Add: Purchase of materials	47,605,930	486,532,603	64,214,376	636,364,466
Less: Closing Stock of Raw Material	3,835,944	39,088,274	5,215,225	53,038,838
Total	48,985,210	500,587,470	66,356,662	658,151,511

14 (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WIP

(A) Inventories at the beginning of the year				
Work-in- process	8,565,525	87,282,698	10,101,498	102,732,233
Finished Goods	15,310,220	156,011,145	11,006,628	111,937,408
Sub Total	23,875,745	243,293,843	21,108,126	214,669,641
(B) Inventories at the end of the year				
Work-in- process	9,196,252	93,709,806	8,565,525	87,111,388
Finished Goods	13,398,601	136,531,746	15,310,220	155,704,941
Sub Total	22,594,853	230,241,552	23,875,745	242,816,329
Total (A – B)	1,280,892	13,052,291	(2,767,619)	(28,146,688)

15 EMPLOYEE BENEFIT EXPENSES

a) Salaries, Wages, Bonus and Allowances	12,456,373	127,304,132	12,742,835	126,281,492
b) Employees' Provident and Other Funds	2,463,053	25,172,401	1,859,369	18,426,354
c) Staff & Labour welfare expenses	1,889,579	19,311,495	2,040,323	20,219,601
Total	16,809,005	171,788,028	16,642,527	164,927,447

TRANSLATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

16 FINANCE COST

	Year ended 31-12-2015		Year ended 31-12-2014	
	RMB		RMB	
a) Interest expense	605,411	6,187,298	1,089,898	10,800,882
b) Other borrowing costs				
- Commission charges	31,261	319,492	36,212	358,859
- Bank handling Charges	-	-	-	-
c) Applicable net gain / loss on foreign currency transactions and translation including borrowing cost	(538,412)	(5,502,577)	(2,173)	(21,533)
Total	98,260	1,004,213	1,123,936	11,138,208

17 OTHER EXPENSES

a) Stores and Tools consumed	12,440,372	127,140,600	15,493,308	153,538,682
b) Power & Fuel	5,093,090	52,051,377	5,798,066	57,458,836
c) Sub-Contract expenses	7,550,440	77,165,493	8,565,946	84,888,527
d) Rates & Taxes	2,998,623	30,645,925	3,006,211	29,791,549
e) Auditors Fee	33,113	338,417	29,056	287,951
f) Insurance	164,168	1,677,801	161,215	1,597,640
g) Freight cost	3,231,938	33,030,411	4,280,009	42,414,889
h) Communication Expenses	285,709	2,919,944	305,680	3,029,289
i) Travel Expenses	577,118	5,898,147	447,973	4,439,413
j) Loss on sale of assets	-	-	10,265	101,726
k) Repairs & Maintenance - Building	177,483	1,813,880	139,977	1,387,174
l) Repairs & Maintenance - Machinery	462,250	4,724,191	1,134,078	11,238,712
m) Repairs & Maintenance - Others	66,736	682,040	96,244	953,775
n) Long-term Prepaid expenses written off	216,221	2,209,780	220,641	2,186,554
o) Miscellaneous Expenses (Refer Note 18)	1,612,092	16,475,587	1,593,752	15,794,074
Total	34,909,353	356,773,591	41,282,421	409,108,791

18 MISCELLANEOUS EXPENSES

a) Marketing expense	433,840	4,433,847	600,196	5,947,944
b) Consultancy expenses	117,951	1,205,463	48,820	483,804
c) Stationery	100,817	1,030,345	161,751	1,602,950
d) Sundry expense	306,282	3,130,204	380,457	3,770,329
e) Legal fees	-	-	27,600	273,516
f) Recruitment and training	144,340	1,475,154	58,345	578,196
g) Quality check expense	508,862	5,200,574	316,583	3,137,335
Total	1,612,092	16,475,587	1,593,752	15,794,074

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TRANSLATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

19. NOTES ON ACCOUNTS

1) AS-3: Cash flow statements

Cash Flow statement has been attached to the Balance Sheet and Profit and Loss account.

2) AS-11: Accounting for effects in foreign exchange rates

The Balance Sheet as at 31st December 2015 has been translated from Renminbi to Indian Rupees by applying the year end interbank exchange rate of RMB 1 = ` 10.19 (2014: RMB 1 = ` 10.17). The financial statements have been compiled so as to have them properly drawn up in accordance with the requirements of the Indian Companies Act, 2013 in the manner so required. The financial statements prepared in accordance with the Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises promulgated by the Central Government of the People's Republic of China and as audited by their auditors has been the basis of the translation and presentation.

Assets and Liabilities

The assets and liabilities, both monetary and non-monetary, have been translated at the rate prevailing at the date of the balance sheet.

Income and Expenditure

Income and expense items have been translated at average exchange rates prevailing during the year (RMB 1 = ` 10.22); previous year (RMB 1 = ` 9.91).

Exchange differences arising out of the translation have been dealt with in accordance with AS 11.

3) AS-18: Related Party Transactions

Related Parties:

(i) Where Control exists:

Holding Company

Sundram Fasteners Limited, Chennai - Ultimate Holding Company

(ii) Other Related Parties

Fellow Subsidiaries

Cramlington Precision Forge Ltd., Northumberland, United Kingdom

Sundram RBI Sdn. Bhd., Pandan Indah, Malaysia

(formerly RBI Autoparts Sdn. Bhd.)

TVS Upasana Limited., Chennai.

Sundram Non Conventional Energy Systems Ltd., Chennai

Sundram International Inc., Michigan, USA

Sundram Precision Components Limited, Chennai

Sundram Fasteners Investments Limited., Chennai

Peiner Umformtechnik GmbH, Peine, Germany

PUT Grundstücks GmbH, Peine, Germany

TVS Peiner Services GmbH, Peine, Germany

TVS Infotech Limited, Chennai

TVS Infotech Inc., Michigan, USA

(III) Transactions with related parties

Particulars	RMB		RMB	
	As at /	As at /	As at /	As at /
	Year ended	Year ended	Year ended	Year ended
	31-Dec-15	31-Dec-15	31-Dec-14	31-Dec-14
A) Sale of goods:				
– Holding Company	5,538,959	56,608,158	6,584,507	65,252,469
– Fellow Subsidiaries - Peiner Umformtechnik GmbH	574,367	5,870,031	1,227,858	12,168,069
B) Purchase of goods:				
– Holding Company	-	-	12,104	119,949
– Fellow Subsidiaries - TVS Infotech Limited	-	-	-	-
C) Finance*				
– Holding Company	-	-	-	-
– Fellow Subsidiaries	-	-	-	-
* Finance includes loans				
D) Outstanding balance				
Due to the Company				
– Holding Company	3,413,009	34,778,562	2,946,450	29,965,400
– Fellow Subsidiaries - Peiner Umformtechnik GmbH	602,865	6,143,198	340,420	3,462,074
E) Dividend paid by the Company				
– Holding Company	6,666,667	68,133,333	-	-
– Fellow Subsidiaries	-	-	-	-

4) Previous year figures have been regrouped, reclassified and rearranged wherever necessary to confirm to those of the current year.

5) For other significant accounting policies refer to the audited financial statements of Sundram Fasteners (Zhejiang) Limited.