

**AUDITORS' REPORT**  
**The China-Italy Chamber of Commerce**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

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# Beijing Dazhengxin Certified Public Accountants Co.Ltd

## Audit Report

Zexin Audit [2014] NO.34

To China-Italy Chamber of Commerce:

We have performed audit on the financial statements of China-Italy Chamber of Commerce (hereafter the Chamber) comprising the balance sheet as at December 31 2014, the income statement and the cash flow statement in 2014, and accompanying notes of the financial statements.

### I. Responsibility of the Management

The Chamber management has responsibility to fairly present and prepare the financial statement and this responsibility includes: (1) prepare the financial statements in accordance with the the Accounting Standards for Business Enterprises and Accounting principles for not-for-profit organizations and give a fair and true presentation; (2) design, perform and maintain internal control related to the preparation of the financial statements aiming at preventing material misstatements arising from fraud or mistakes.

### II. Responsibility of the Certified Public Accountant

Our responsibility is to express an opinion of the audit on the basis of our auditing work. We have conducted the audit in accordance with China Certified Public Accountants Auditing Standards which require us to perform in accordance with professional and moral norms and plan and conduct the audit to reasonably prevent material misstatements in the financial statements.

Our auditing work has been involved with performing auditing procedures to obtain auditing evidence related to value and disclosure in the financial statements. The selection of the auditing procedure depends on the discretion of the certified public accountant, including his/her risk valuation of the material misstatements arising from fraud or mistakes. In our risk

valuation, we take into consideration the internal control related to the preparation of the financial statements to plan proper auditing procedures, however, we do not intend to form an opinion on the effectiveness of the internal control. Our auditing work has also been involved with the valuation of the rationality of the accounting policies and the accounting estimations and the valuation of the overall presentation of the financial statements.

We believe that the auditing evidence obtained is sufficient and proper and thus provides basis for our auditing opinion.

### III. Auditing Opinion

We believe that the Chamber has prepared the financial statements in accordance with the Accounting Standards for Business Enterprises and Accounting principles for not-for-profit organizations and has properly presented the Chamber financial status as at December 31 2014 and the operating revenues in 2014 on all material aspects.

Beijing Dazhengxin Certified Public Accountants Co., Ltd      Chief (Vice) Accountant:

The Chinese Certified Public Account:

Beijing, China

March 9<sup>th</sup>, 2015

# BALANCE SHEET

AS AT 31 DECEMBER 2014

Prepared by: China-Italy Chamber of Commerce

In RMB Yuan

Items	LINE NO.	AT END OF YEAR	AT BEG OF YEAR
Current assets	1		
Cash	2	6,814,058.13	7,031,813.27
transaction financial assets	3	-	-
Short-term investments	4	-	-
Notes receivable	5	-	-
Accounts receivable	6	835,751.16	1,118,181.97
Advances to suppliers	7	94,326.50	117,599.17
Dividends receivable	8	-	-
Interest receivable	9	-	-
Other receivables	10	191,203.99	161,252.69
Inventories	11	53,130.00	-
Including: Raw materials	12	-	-
Merchandise on hand	13	-	-
Non-current assets maturing within one year	14	-	-
Other current assets	15	-	-
<b>Total current assets</b>	16	7,988,469.78	8,428,847.10
Non-current assets	17		
The financial assets	18	-	-
Held-to-maturity investments	19	-	-
Long-term debt investments	20	-	-
Long-term account receivable	21	-	-
Long-term equity investments	22	-	-
	23	-	-
Investment properties	24	-	-
Fixed assets – cost	25	788,064.04	766,916.24
Less: Accumulated depreciation	26	589,809.64	667,035.00
Fixed assets – net amount	27	198,254.40	99,881.24
Less: Fixed assets impairment provision	28	-	-
Fixed assets – net book value	29	198,254.40	99,881.24
Construction in progress	30	-	-
Construction supplies	31	-	-
Fixed assets disposal	32	-	-
Biological assets	33	-	-
Gas assets	34	-	-
Intangible assets	35	-	-
Including: Land use right	36	-	-
Development expenses	37	-	-
Goodwill	38	-	-
Consolidated different	39	-	-
Deferred assets	40	-	-
Deferred tax assets	41	-	-
Deferred tax debits	42	-	-
Other long-term assets	43	-	-
Including: Specific reserved supplies	44	-	-
<b>Total Non-current assets</b>	45	198,254.40	99,881.24
<b>TOTAL ASSETS</b>	46	8,186,724.18	8,528,728.34

## BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2014

Prepared by: China-Italy Chamber of Commerce

In RMB Yuan

Items	LINE NO.	AT END OF YEAR	AT BEG OF YEAR
Current liabilities	47		
Short-term loans	48	-	-
transaction financial liabilities	49	-	-
Warrant payable	50	-	-
Notes payable	51	-	-
Accounts payable	52	0.22	72,586.11
Advances from customers	53	782,093.73	829,842.32
the payable wages and salaries of employees	54	147,683.27	199,395.33
Include: Salary payable	55	80,450.00	167,233.00
Welfare benefits payable	56	33,500.00	25,500.00
Include: Employees welfare	57	-	-
Tax expenses	58	53,475.36	139,436.30
Include: Tax payable	59	51,747.69	133,668.30
Interest payable	60	-	-
Dividends payable	61	-	-
Other account payable	62	126,187.64	102,136.15
liabilities due within one year	63	-	-
Other current liabilities	64	-	-
<b>Total current liabilities</b>	<b>65</b>	<b>1,109,440.22</b>	<b>1,343,396.21</b>
Non-current liabilities	66		
None-current loans	67	-	-
Bond payable	68	-	-
Long-term payables	69	-	-
Government grants payable	70	-	-
Liability in advance	71	-	-
Deferred tax liabilities	72	-	-
Deferred tax credits	73	-	-
Other long-term payable	74	-	-
Include: specific reserve fund	75	-	-
<b>Total None-current liabilities</b>	<b>76</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>77</b>	<b>1,109,440.22</b>	<b>1,343,396.21</b>
Owner's equity	78		
Paid-in capital	79	-	-
Including: State owned capital	80	-	-
Collective owned capital	81	-	-
Legal person's capital, including:	82	-	-
State owned legal person's capital	83	-	-
Collective owned legal person's capital	84	-	-
Individual capital	85	-	-
Foreign investment capital	86	-	-
Less: returned capital	87	-	-
Total capital	88	-	-
Capital reserve	89	-	-
Less: share in hand	90	-	-
Surplus reserve	91	-	-
Include: statutory surplus reserve	92	-	-
discretionary surplus reserve	93	-	-
reserve fund	94	-	-
enterprise expansion fund	95	-	-
profit capitalized on return of investment	96	-	-
Risk	97	-	-
* Unrecognised investment loss	98	-	-
Undistributed profit	99	7,077,283.96	7,185,332.13
Include: cash and dividend	100	-	-
Currency translation difference	101	-	-
<b>Total parent company owner's equity</b>	<b>102</b>	<b>7,077,283.96</b>	<b>7,185,332.13</b>
Minority shareholders	103	-	-
<b>Total owners' equity</b>	<b>104</b>	<b>7,077,283.96</b>	<b>7,185,332.13</b>
Less: Assets loss	105	-	-
<b>Total owners' equity (after assets loss)</b>	<b>106</b>	<b>7,077,283.96</b>	<b>7,185,332.13</b>
<b>Total liabilities and owners' equity</b>	<b>107</b>	<b>8,186,724.18</b>	<b>8,528,728.34</b>

## INCOME STATEMENT

FOR THE YEAR ENDED ON 31 DECEMBER 2014

Prepared by: China-Italy Chamber of Commerce

In RMB Yuan

ITEMS	NOTES	2014	2013
MEMBERSHIP'S FEE INCOMES			
- MEMBERSHIP FEES FROM ITALIAN COMPANIES REGISTERED IN CHINA		1,137,500.00	1,465,000.00
- MEMBERSHIP FEES FROM ITALIAN COMPANIES REGISTERED IN ITALY		595,000.00	142,500.00
- MEMBERSHIP FEES FROM ITALIAN COMPANIES REGISTERED IN OTHER COUNTRIES		-	5,000.00
		1,732,500.00	1,612,500.00
CONTRIBUTION INCOMES			
- CONTRIBUTION FROM ITALIAN GOVERNMENT (MAP)		876,873.75	489,030.92
- OTHER ORGANIZATION		16,931.65	
- CONTRIBUTION FROM ITALIAN GOVERNMENT (UNIONCAMERE)			
		893,805.40	489,030.92
OTHER INCOMES			
- INCOMES FROM INFORMATION ACTIVITIES		47,590.29	42,250.00
- LANGUAGE TRAINING INCOME		185,720.97	-
- INCOMES FROM EDUCATION AND TRAINING ACTIVITIES		-	39,320.00
- INCOMES FROM MEETING AND CONFERENCES		194,050.17	227,583.96
- INCOMES FROM ACTIVITIES TO SUPPORT CCIAA, TRADE CENTRES AND OTHERS		1,997,561.14	1,493,687.35
- INCOMES FROM PROVISIONS SERVICES TO VARIOUS LEVELS OF GOVERNMENT		-	2,006,251.94
- INCOMES FROM PROVISIONS OF ASSISTANCE AND CONSULTING SERVICES		455,486.72	491,356.55
- OTHER INCOMES		1,667,320.24	133,594.63
		4,547,729.53	4,434,044.43
NON OPERATING INCOMES			
- OTHER INCOMES		2,841.00	379,468.33
		2,841.00	379,468.33
<b>TOTAL INCOMES</b>		<b>7,176,875.93</b>	<b>6,915,043.68</b>
BUSINESS TAX		16,385.83	248,306.49
OPERATING EXPENSES			
GENERAL EXPENSES		5,986,089.62	3,926,130.88
FINANCIAL EXPENSES		1,245,097.65	2,217,991.34
NON OPERATING EXPENSES		21,463.26	(66,595.79)
		15,887.74	8,330.50
<b>TOTAL EXPENSES</b>		<b>7,268,538.27</b>	<b>6,085,856.93</b>
INCOME BEFORE TAX		-108,048.17	580,880.26
INCOME TAX			-
<b>NET INCOME FOR THE YEAR</b>		<b>-108,048.17</b>	<b>580,880.26</b>

# INCOME STATEMENT

FOR THE YEAR ENDED ON 31 DECEMBER 2014

Prepared by: China-Italy Chamber of Commerce

In RMB Yuan

ITEMS	NOTES	2014	2013
<b>OPERATING EXPENSES</b>			
PAYROLLS			
- FULL-TIME EMPLOYEES		2,566,325.26	1,121,561.24
- PART-TIME AND INTERNSHIP		254,565.98	453,983.71
- INSURANCES FOR CICC		171,707.00	287,406.95
- INSURANCES FOR ENIT			1,229.02
- PERSONNEL COST FOR ENIT/MAE STAFF			49,500.00
		2,992,598.24	1,913,680.92
SERVICE EXPENSES FOR EXECUTION OF PROJECTS			
- INFORMATIVE COSTS FOR ACTIVITIES		197,708.00	341,842.80
- COSTS FOR TRAINING		114,188.90	209,973.20
- COSTS FOR CONSULTING AND ASSISTING ENTERPRISES ACTIVITIES			134,107.51
- COSTS FOR PARTICIPATION TO INTERCHAMBERS ACTIVITIES		1,868,541.52	85,715.43
- OTHERS		-	-
		2,180,438.42	771,638.94
EXPENSES FOR BUSINESS DEVELOPMENT			
- MEETING WITH ENTREPRENEURS		203,563.33	1,327.90
- ORGANIZATION OF ROUND TABLE		260,841.52	351,150.32
- PARTICIPATION TO ROUND TABLE			1,003.70
- ORGANIZATION OF FAIRS			886,668.90
- PARTICIPATION TO FAIRS AND EXHIBITION		348,648.11	660.20
- ORGANIZATION OF BUSINESS DELEGATION		-	-
- PARTICIPATION OF BUSINESS DELEGATION		-	-
		813,052.96	1,240,811.02
<b>TOTAL OPERATING EXPENSES</b>		<b>5,986,089.62</b>	<b>3,926,130.88</b>
<b>GENERAL EXPENSES</b>			
PAYROLLS			
- FULL-TIME EMPLOYEES			1,243,671.33
DEPRECIATION			
- OFFICE EQUIPMENT		37,973.00	17,964.42
- OFFICE SOFTWARE			
- OFFICE RENOVATION		23,279.60	70,691.02
		61,252.60	88,655.44

# INCOME STATEMENT

FOR THE YEAR ENDED ON 31 DECEMBER 2014

Prepared by: China-Italy Chamber of Commerce

In RMB Yuan

ITEMS	NOTES	2014	2013
<b>GENERAL EXPENSES</b>			
- FAX AND PHONE		91,251.63	91,453.28
- WATER AND ELECTRICITY		64,897.30	28,091.40
- CLEAN AND MAINTENANCE		16,440.10	18,160.10
- MAINTENANCE OF OFFICE EQUIPMENT		31,310.00	38,848.76
- STATIONERY		33,570.50	31,759.80
- BOOKS AND MAGAZINES		490.00	550.00
- TRANSPORTATION AND COURIER		60,492.84	12,155.50
- OFFICE RENTAL		680,207.98	531,999.86
- PROFESSIONAL CONSULTING SERVICES		189,274.70	60,455.72
- TRAINING OF OFFICE STAFF			-
- MEMERSHIP FEES		15,910.00	68,766.95
- OTHERS			3,423.20
		<u>1,183,845.05</u>	<u>885,664.57</u>
<b>TOTAL GENERAL EXPENSES</b>		<b>1,245,097.65</b>	<b>2,217,991.34</b>
<b>FINANCIAL EXPENSES</b>			
- BANK CHARGES		10,172.43	7,282.93
- BANK INTEREST		(114,159.42)	(73,391.43)
- EXCHANGE GAIN OR LOSS		125,450.25	(487.29)
		<u>21,463.26</u>	<u>(66,595.79)</u>
<b>NON OPERATING EXPENSES</b>			
- DONATIONS		-	-
- OTHERS		15,887.74	8,330.50
		<u>15,887.74</u>	<u>8,330.50</u>
<b>INCOME TAX</b>			
		-	-
		-	-
<b>TOTAL EXPENSES</b>		<b><u>7,268,538.27</u></b>	<b><u>6,085,856.93</u></b>



**CASH FLOW STATEMENT**  
FOR THE YEAR ENDED 31 DECEMBER 2014

Prepared by: China-Italy Chamber of Commerce

In RMB Yuan

Items	LINE NO.	THIS YEAR
<b>1. Cash flows from operating activities</b>	1	
Cash received from sale of goods or rendering of services	2	7,408,717.15
Tax refund received	3	-
Other cash received relating to operating activities	4	108,259.61
<b>Sub-total of cash inflows</b>	5	<b>7,516,976.76</b>
Cash paid for goods and services	6	2,970,218.71
Cash paid to and on behalf of employees	7	2,992,598.24
Payments of all types of taxes	8	390,889.42
Other cash paid relating to operating activities	9	1,081,818.08
<b>Sub-total of cash outflows</b>	10	<b>7,435,524.45</b>
<b>Net cash flows from operating activities</b>	11	<b>81,452.31</b>
<b>2. Cash flows from investing activities</b>	12	
Cash received from disposal of investments	13	-
Cash received from returns on investments	14	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	15	1,255.00
Net cash from disposal other company	16	-
Other cash received relating to investing activities	17	-
<b>Sub-total of cash inflows</b>	18	1,255.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	19	175,012.20
Cash paid to acquire investments	20	-
Net cash from relate company	21	-
Other cash paid relating to investing activities	22	-
<b>Sub-total of cash outflows</b>	23	<b>175,012.20</b>
<b>Net cash flows from investing activities</b>	24	<b>-173,757.20</b>
<b>3. Cash flows from financing activities</b>	25	
Cash received from capital contribution	26	-
Include: net cash from relate company	27	-
Cash received from borrowings	28	-
Cash received relating to other financing activities	29	-
<b>Sub-total of cash inflows</b>	30	-
Cash repayments of amounts borrowed	31	-
Cash payments for interest expenses and distribution of dividends or profits	32	-
Include: dividend from relate company	33	-
Other cash payments relating to financing activities	34	-
<b>Sub-total of cash outflows</b>	35	-
<b>Net cash flows from financing activities</b>	36	-
<b>4. Effect of foreign exchange rate changes on cash</b>	37	<b>-125,450.25</b>
<b>5. Net increase in cash and cash equivalents</b>	38	<b>-217,755.14</b>
Add: year beginning balance of cash and cash equivalents	39	7,031,813.27
<b>6. Year end balance of cash and cash equivalents</b>	40	<b>6,814,058.13</b>

## CASH FLOW STATEMENT(continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

Prepared by:China-Italy Chamber of Commerce

In RMB Yuan

Items	LINE NO.	AMOUNT
<b>Supplementary Information</b>	41	
<b>1. Reconciliation of net profit to cash flows from operating activities</b>	42	
Net profit	43	-108,048.17
Add: Minority's interest	44	-
Less: Unrecognised investment loss	45	-
Add: Provision for asset impairment	46	-
Depreciation of fixed assets	47	61,252.60
Amortisation of intangible assets	48	-
Amortisation of long-term prepaid expenses	49	-
Losses on disposal of fixed assets, intangible assets and other long-term assets (or deduct: gains)	50	14,131.44
Losses on scrap of fixed assets (or deduct: gains)	51	
Financial expenses (or deduct: income)	52	125,450.25
Losses arising from investments (or deduct: gains)	53	-
Deferred tax credit (or deduct: debit)	54	-
Decrease in inventories (or deduct: increase)	55	(53,130.00)
Decrease in operating receivables (or deduct: increase)	56	275,752.18
Increase in operating payables (or deduct: decrease)	57	-233,955.99
Others	58	0.00
<b>Net cash flows from operating activities</b>	59	<b>81,452.31</b>
<b>2. Investing and financing activities that do not involve cash receipts and payments</b>	60	
Conversion of debt into capital	61	-
Reclassification of convertible bonds expiring within one year as current liability	62	-
Fixed assets acquired under finance lease	63	-
Others	64	-
	65	
	66	
<b>3. Net increase in cash and cash equivalents</b>	67	
Cash at end of year	68	6,814,058.13
Less: cash at beginning of year	69	7,031,813.27
Plus: cash equivalents at end of year	70	-
Less: cash equivalents at beginning of year	71	-
<b>Net increase in cash and cash equivalents</b>	72	<b>-217,755.14</b>

## **Notes to the Financial Statements**

### **I. Basic Information**

The China-Italy Chamber of Commerce (CICC) (the Chamber) is approved by Ministry of Civil Affairs of the People Republic of China and set up on 13 May 1991. It is a not-for-profit organization and obtain the renewed organization registered certificate (Wai She Zheng Zi No.(003)) on 26th July 2010.

### **II. Major Accounting Policies, Accounting Valuation and Preparation of Accounting Statements**

#### 1、Accounting System:

The Chamber performs in Accounting principles for not-for-profit organizations and supplementary provision.

#### 2、Accounting Periods:

January 1<sup>st</sup> to December 31<sup>st</sup>

#### 3、Standard Currency:

RMB is the standard currency for the accounting.

#### 4、Accounting Basis and Valuation Principles

The accounting is on an accrual basis and is valued at historical costs.

#### 5. Foreign Currency Translation

Transactions denominated in foreign currencies are translated into recording currency at the basic rate of exchange issued by the People's Bank of China at the date of the transaction (or state-certified exchange rate); adjustment is made according to the basic rate of exchange at the end of the year (or state-certified exchange rate); exchange gains or losses are dealt with as finance costs.

#### 6. Identifying Standard for Cash Equivalent

All investments held by the Chamber of short-term, strong liquidity, availability of converting into due-value cash and low risk of value fluctuation are identified as cash equivalent.

#### 7. Accounting Bad Debt

The Chamber using Specific identification method to confirm provision bad debt.

#### 8. Accounting Method of Inventory

(1) Inventory includes finished goods, etc. Inventory shall be priced on purchase date based

on actual cost, and be accounted at delivery via specific identification method.

(2) Inventory system: perpetual inventory system; low-value consumables and packages shall be measured via one-off amortization method.

(3) Closing inventory shall be priced on the principle of difference between cost and realizable net value. At the end of year, on the basis of complete check of inventory, falling price reserve shall be provided for the part of inventory that is unrecoverable due to damage or loss, obsolescence of all or part or that selling price is lower than cost. At provision, falling price reserve shall be recognized based on the difference between the cost and realizable net value of single inventory item.

#### 9. Valuation and depreciation of Fixed Assets

(1) Identification of fixed assets: fixed assets refer to the tangible assets of the following attributes: for the purposes of production of goods, services, renting or operation, being in use over 1 year; or not for the purposes of production and operation but with a per value over RMB 2000 and being in use over 2 years.

(2) Classification of the fixed assets: office equipment, software and leasehold improving

(3) Valuation of the fixed assets: the fixed assets are recorded at actual costs when bought, of which the price of the outsourcing fixed assets comprise of the cost, value-added tax, import tax and relevant taxes and other expenses directly attributable to the fixed assets arising from preparation before the fixed assets come to due usability . The invested fixed assets are valued at the identified value on the part of all investors.

(4) depreciation of the fixed assets: the fixed assets is depreciated in straight-line method and the depreciation rates are identified in accordance with the category, estimated period of use and estimated residual value(10% of original value) of the fixed assets:

Category	Years for depreciation	Residual Value	Annual Depreciaton Rate
Office equipment	3	10%	30%
Software	3	10%	30%
Leasehold improving	3	10%	30%

(5) Fix assets reserve for value decrease: The Chamber will examine the fix assets in period; confirm whether the fix assets have value decrease. For market price keeping go down, damaged or technology outmoded, the recovery value lower than book value, provision for fix assets devaluation dealt as individual assets.

#### 10. Identification of Income

Revenue of the Chamber includes the followings based on the different resources:

Contribution incomes, membership's fee incomes, service income from main activities and other income etc.

(a) Contribution incomes refer to contribution from Italian government and unions;

(b) Membership's fee incomes refer to membership fees from Italian companies registered in China, in Italy and in other countries based on the approved articles of association of the Chamber;

(c) Service income from main activities refer to the following service incomes including incomes from information activities, incomes from education and training activities, incomes from meeting and conferences, incomes from activities to support CCIAA, trade centres, incomes from consulting services, incomes from providing services to various levels of government, etc. based on the approved articles of association of the Chamber;

(d) Other incomes mainly refer to gain from fixed assets disposal etc.

#### 11. Taxes

Tax	Tax Basis	Rate
VAT	Service revenue	3%
Business tax	Service revenue	5%
City maintenance and construction tax	Circulation tax	7%
Education Fee supplement	Circulation tax	3%
Local Education Surcharge	Circulation tax	2%

Notes: According to the reply on business tax exemption allowed for foreign chamber of commerce (Guoshuihan (2005) No.370) issued by SAT, and the regulation in Article 1 of (Caishuizi (1997) No.63), they all specify that, membership fee received by foreign chambers of commerce in Beijing based on standards specified by the Ministry of Finance or the Ministry of Civil Affairs are exempt from business tax. However, business tax should be levied on taxable income items other than membership fees.

### **III. Major Accounting Policies, Changes in Accounting Estimates and Adjustments of major Accounting Mistakes**

None.

### **IV. Notes of Important Items in Financial Statements (RMB)**

### 1. Bank and Cash

Item	Year-end balance	Year-beginning balance
Cash	97,118.69	101,685.54
Bank deposits	2,602,206.17	2,893,991.45
Other currency	4,114,733.27	4,036,136.28
<b>Total</b>	<b>6,814,058.13</b>	<b>7,031,813.27</b>

### 2. Account receivable

Aging	Year-end balance			Year-beginning balance		
	Amount	Percentage %	Bad-debt provision	Amount	Percentage %	Bad-debt provision
Within a year	820,213.16	98.14%	0.00	1,102,643.97	98.61%	0.00
1-2years	0.00	0.00%	0.00	15,538.00	1.39%	0.00
2-3years	15,538.00	1.86%	0.00	0.00	0.00%	0.00
<b>Total</b>	<b>835,751.16</b>	<b>100%</b>	<b>0.00</b>	<b>1,118,181.97</b>	<b>100.00%</b>	<b>0.00</b>

### 3. Advance to suppliers

Aging	Year-end balance		Year-beginning balance	
	Amount	Percentage %	Amount	Percentage %
Within a year	94,326.50	100.00%	117,599.17	100.00%
<b>Total</b>	<b>94,326.50</b>	<b>100.00%</b>	<b>117,599.17</b>	<b>100.00%</b>

### 4. Other account receivable

Aging	Year-end balance			Year-beginning balance		
	Amount	Percentage	Bad-debt provision	Amount	Percentage	Bad-debt provision
Within a year	63,518.00	33.22%	0.00	54,033.64	33.51%	0.00
1-2years	47,042.94	24.60%	0.00	3,000.00	1.86%	0.00
2-3years	80,643.05	42.18%	0.00	104,219.05	64.63%	0.00
<b>Total</b>	<b>191,203.99</b>	<b>100.00%</b>	<b>0.00</b>	<b>161,252.69</b>	<b>100.00%</b>	<b>0.00</b>

### 5. Inventory

Item	Year-end balance		Year-beginning balance	
	Amount	Provision	Amount	Provision
Inventory	53,130.00	0.00	0.00	0.00
<b>Total</b>	<b>53,130.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

### 6. Fixed Assets

(1) Original Value

item	Year-beginning balance	Increase	Decrease	Year-end balance
Office equipment	452,478.84	133,653.00	127,387.00	458,744.84
Software	2,000.00	0.00	0.00	2,000.00
Leasehold improving	312,437.40	41,359.20	26,477.40	327,319.20
Total	766,916.24	175,012.20	153,864.40	788,064.04

(2) Accumulated Depreciation

Item	Year-beginning balance	Increase	Decrease	Year-end balance
Office equipment	386,641.33	37,973.00	114,648.30	309,966.03
Software	1,800.00	0.00	0.00	1,800.00
Leasehold improving	278,593.67	23,279.60	23,829.66	278,043.61
Total	667,035.00	61,252.60	138,477.96	589,809.64

(3) Net value of fix assets

Item	Year-beginning balance	Year-end balance
Office equipment	65,837.51	148,778.81
Software	200.00	200.00
Leasehold improving	33,843.73	49,275.59
Total	99,881.24	198,254.40

7. Account Payables

Item	Year-end balance	Year-beginning balance
Within a year	0.22	72,586.11
Total	0.22	72,586.11

8. Paid in Advance

Item	Year-end balance	Year-beginning balance
Within a year	719,023.50	137,342.32
1-2years	63,070.23	692,500.00
Total	782,093.73	829,842.32

Noted: over 1year not yet transferred amount are due to unfinished operation activities

9. Other account payable

Item	Year-end balance	Year-beginning balance
Within a year	28,825.44	102,136.15
1-2years	97,362.20	0.00
Total	126,187.64	102,136.15

## 10. Salary Payable

Item	Year-beginning balance	Increase	Payment during the year	Year-end balance
Salary and other benefits	167,233.00	1,486,959.07	1,573,742.07	80,450.00
Welfare benefits	25,500.00	346,567.26	338,567.26	33,500.00
Social insurance	6,662.33	615,431.04	588,360.10	33,733.27
<b>Total</b>	<b>199,395.33</b>	<b>2,448,957.37</b>	<b>2,500,669.43</b>	<b>147,683.27</b>

## 11. Taxes Payable

Item	Year-end balance	Year-beginning balance
VAT	35,835.04	0.00
Business tax	0.00	117,743.10
City maintenance and construction tax	2,523.76	8,075.20
Education Fee Supplement	1,006.61	3,460.80
Local Education Surcharge	721.06	2,307.20
individual income tax	13,388.89	7,850.00
<b>Total</b>	<b>53,475.36</b>	<b>139,436.30</b>

Noted: base on China tax regulation "Caishui (2013) article 106", start from Jan 1st 2014, the service revenue tax payment change from business tax to VAT .

## 12. Undistributed Profits

Item	Amount
Closing balance of last year	7,185,332.13
Plus: adjusted numbers of undistributed profit at the beginning of the year	0,00
Including: changes in accounting policies	0,00
Major accounting errors	0,00
Other adjustment factors	0,00
Opening balance	7,185,332.13
Including: net profit in the year	-108,048.17
Other increases	0.00
Including: withdrawal of surplus reserves in the year	0,00
withdrawal enterprise development reserves	0,00
Employees benefit distributed in the year	0,00
Cash dividend	0,00
Closing balance	7,077,283.96
Including: Cash dividends approved by <b>board of directors</b>	0,00



### 13. Operating Revenue

Item	This year	Previous year
Main Operating Revenue	7,174,034.93	6,535,575.35
Total	7,174,034.93	6,535,575.35

### 14. Operating Cost

Item	This year	Previous year
Main Operating Cost	5,986,089.62	3,926,130.88
Total	5,986,089.62	3,926,130.88

### 15. Financial Expenses

Item	This year	Previous year
Interest expenses	0.00	0.00
Less: interest revenues	114,159.42	73,391.43
Loss of exchange	128,082.26	39,870.98
Less: revenue of exchange	2,632.01	40,358.27
Bank charges	10,172.43	7,282.93
Total	21,463.26	-66,595.79

### 16. Non operation income

Item	This year	Previous year
Liquidation of fixed assets income	1,255.00	528.40
Cash gain	0.00	177.98
Unexpected gain	1,586.00	378,761.95
Total	2,841.00	379,468.33

### 17. Non operation expenses

Item	This year	Previous year
Fix asset gain or loss	15,386.44	662.10
Penalty	0.00	30.40
Unexpected loss	501.30	7,638.00
Total	15,887.74	8,330.50

Notes: unexpected loss are statement for membership invoices loss and tax penalty.

## VI. Statement of Contingency

By December 31st 2014, there is no in-dispute lawsuit, warranty and other contingencies alike.

## **VII.Future Statements in the Balance Sheet**

By March 9th 2015, there are no future statements concerning disclosure in the balance sheet.

## **VIII.Approval of the Financial Statements**

The Board of directors has approved the Financial Statement of 2014.

The China-Italy Chamber of Commerce