

CHONGQING MACHINERY & ELECTRIC CO., LTD.

CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2014
(All amounts in RMB Yuan unless otherwise stated)

ASSETS	JUNE 30,2014	DECEMBER 31,2013
Current assets		
Cash at bank and on hand	2,114,347,582	2,239,522,051
Notes receivable	856,205,280	1,059,299,708
Accounts receivable	2,527,009,435	2,057,115,169
Advances to suppliers	489,198,501	273,124,628
Interest receivable	-	1,316,991
Dividends receivable	146,222,525	157,464,178
Other receivables	223,006,465	172,701,603
Disbursement of advances and loans	353,832,375	276,350,289
Inventories	2,260,543,426	2,134,580,067
Other current assets	22,133,455	37,676,101
Total current assets	8,992,499,044	8,409,150,785
Non-current assets		
Available-for-sale financial assets	2,839,753	2,839,753
Long-term equity investments	1,028,052,490	848,747,594
Investment properties	130,508,472	133,515,539
Fixed assets	1,607,799,142	1,696,805,719
Construction in progress	1,223,332,736	878,412,402
Intangible assets	621,189,144	615,628,867
Goodwill	143,018,489	143,018,489
Long-term prepaid expenses	83,770,735	82,681,021
Deferred tax assets	75,029,241	75,834,720
Other non-current assets	-	96,633,409
Total non-current assets	4,915,540,202	4,574,117,513
TOTAL ASSETS	13,908,039,246	12,983,268,298

CHONGQING MACHINERY & ELECTRIC CO., LTD.

CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2014
(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND OWNERS' EQUITY	JUNE 30,2014	DECEMBER 31,2013
Current liabilities		
Short-term borrowings	981,574,170	866,551,803
Notes payable	810,722,962	781,610,772
Accounts payable	1,589,994,506	1,391,256,784
Advances from customers	930,699,528	631,258,201
Employee benefits payable	89,436,693	94,963,470
Taxes payable	149,096,471	154,350,259
Interest payable	59,768,157	26,892,689
Dividends payable	205,128,301	25,380,761
Other payables	329,763,714	399,974,055
Receipt of deposits and deposits from other banks	519,362,358	442,966,515
Current portion of non-current liabilities	249,519,480	119,171,422
Total current liabilities	5,915,066,340	4,934,376,731
Non-current liabilities		
Long-term borrowings	407,285,951	487,396,778
Debentures payable	996,695,732	995,996,732
Long-term payables	44,608,596	49,905,851
Payables for specific projects	4,726,629	4,984,681
Other non-current liabilities	395,452,372	380,838,875
Deferred tax liabilities	20,163,830	21,786,090
Total non-current liabilities	1,868,933,110	1,940,909,007
Total liabilities	7,783,999,450	6,875,285,738
Owners' equity		
Paid-in capital	3,684,640,154	3,684,640,154
Capital surplus	51,977,286	51,977,286
Surplus reserve	248,935,930	248,935,930
General Risk Preparation	5,389,859	-
Undistributed profits	1,743,300,305	1,754,257,778
Difference on translation of foreign currency financial statements	2,095,513	751,349
Total equity attributable to equity holders of the Company	5,736,339,047	5,740,562,497
Minority interest	387,700,749	367,420,063
Total owners' equity	6,124,039,796	6,107,982,560
TOTAL LIABILITIES AND OWNERS' EQUITY	13,908,039,246	12,983,268,298

CHONGQING MACHINERY & ELECTRIC CO., LTD.

CONSOLIDATED INCOME STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2014

(All amounts in RMB Yuan unless otherwise stated)

Items	Six months ended June 30	
	2014	2013
Revenue	4,841,594,100	4,857,059,271
Less: Cost of sales	(4,323,603,990)	(4,317,634,806)
Taxes and surcharges	(12,416,926)	(11,591,394)
Selling and distribution expenses	(141,358,799)	(156,678,862)
General and administrative expenses	(333,354,309)	(343,378,222)
Financial expenses – net	(49,898,487)	(71,562,285)
Asset impairment losses	(770,715)	(2,061,824)
Add: Investment income	207,724,441	202,907,003
Including: Share of profit of associates and joint ventures	205,586,974	197,281,557
Operating profit	187,915,315	157,058,883
Add: Non-operating income	37,070,776	74,590,911
Less: Non-operating expenses	(1,306,425)	(2,924,209)
Including: Losses on disposal of non-current assets	(406,323)	(10,620)
Total profit	223,679,666	228,725,585
Less: Income tax expenses	(24,734,594)	(9,663,160)
Net profit	198,945,072	219,062,425
Attributable to equity holders of the Company	178,664,386	213,345,793
Minority interest	20,280,686	5,716,632
Earnings per share		
Basic earnings per share	0.05	0.06
Diluted earnings per share	0.05	0.06
Other comprehensive income	1,344,164	(5,390,956)
Total comprehensive income	200,289,236	213,671,469
Attributable to equity holders of the Company	180,008,550	207,954,837
Minority interest	20,280,686	5,716,632

CHONGQING MACHINERY & ELECTRIC CO., LTD.

CONSOLIDATED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2014
(All amounts in RMB Yuan unless otherwise stated)

Items	Six months ended June 30	
	2014	2013
Cash flows from operating activities		
Cash received from sales of goods or rendering of services	5,823,117,807	3,924,858,349
Net increase of deposits from customers and other banks	79,359,625	
Cash received relating to other operating activities	79,237,105	556,003,979
Sub-total of cash inflows	5,981,714,537	4,480,862,328
Cash paid for goods and services	(4,739,105,133)	(2,865,467,990)
Net increase of customer's loans and advances	(78,269,127)	
Net increase of deposits in central bank and other banks	(192,942,927)	
Cash paid to and on behalf of employees	(522,181,072)	(484,600,093)
Payments of taxes and surcharges	(166,039,260)	(165,764,388)
Cash paid relating to other operating activities	(357,221,462)	(1,245,165,362)
Sub-total of cash outflows	(6,055,758,981)	(4,760,997,833)
Net cash flows from operating activities	(74,044,444)	(280,135,505)
Cash flows from investing activities		
Cash received from disposal of investments	48,128,891	705,582,942
Cash received from returns on investments	37,146,791	132,106,209
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	43,640,190	10,011,213
Cash received relating to other investing activities	29,308,982	20,208,435
Sub-total of cash inflows	158,224,854	867,908,799
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(488,892,312)	(220,307,807)
Cash paid to acquire investments	(45,991,424)	(806,439,009)
Sub-total of cash outflows	(534,883,736)	(1,026,746,816)
Net cash flows from investing activities	(376,658,882)	(158,838,017)
Cash flows from financing activities		
Cash received from borrowings	1,479,126,934	717,122,591
Sub-total of cash inflows	1,479,126,934	717,122,591
Cash repayments of borrowings	(1,325,930,858)	(775,699,147)
Cash payments for interest expenses and distribution of dividends or profits	(56,310,896)	(55,527,356)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	(4,484,462)	(2,364,574)
Cash payments relating to other financing activities	(1,291,785)	(1,738,670)
Sub-total of cash outflows	(1,383,533,539)	(832,965,173)
Net cash flows from financing activities	95,593,395	(115,842,582)
Effect of foreign exchange rate changes on cash and cash equivalents	1,659,617	(151,902)
Net increase in cash and cash equivalents	(353,450,314)	(554,968,006)
Add: Cash and cash equivalents at beginning of year	1,792,358,999	2,525,880,916
Cash and cash equivalent at end of year	1,438,908,685	1,970,912,910