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(A Sino-foreign joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 568)

ANNOUNCEMENT 2013 FIRST QUARTERLY REPORT

This announcement is published simultaneously in The People's Republic of China pursuant to the Rules Governing Listing of Stocks on the Shenzhen Stock Exchange and in Hong Kong pursuant to the disclosure obligations under Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Part 1 IMPORTANT NOTICE

- 1.1 The Board of Directors, Supervisory Committee and the Directors, Supervisors and senior management of Shandong Molong Petroleum Machinery Company Limited (the "Company") confirm that this report does not contain any false information, misleading statements or material omissions, and collectively and individually accept responsibility for the truthfulness, accuracy and completeness of its contents.
- 1.2 Mr. Zhang Enrong, Chairman of the Company, Mr. Yang Jin, Chief Financial Officer of the Company and Mr. Ding Zhishui, Head of Finance Division of the Company, hereby confirm the truthfulness and completeness of the financial report contained in this quarterly report.
- 1.3 All directors attended the Board meeting for approving this report.

Part 2 MAJOR ACCOUNTING DATE & SHAREHOLDER CHANGE

I. Major Accounting Data

Does the reporting period has a retroactive adjustment or restatement on the previous period of financial data.

☐ Yes ☒ No

Items	The reporting period	Same period last year	Increase or decrease (%)
Operating Revenue (RMB)	568,627,770.06	725,340,744.85	-21.61%
Net profit attributable to shareholders of the listed company (RMB)	17,737,773.80	22,917,716.25	-22.6%
Net profit after extraordinary gains or losses attributable to equity holders of Listed Company (RMB)	17,792,077.26	22,253,374.26	-20.05%
Net cash flow from operating activities (RMB)	-121,618,641.96	-52,241,787.75	-132.8%
Basic earnings per share (RMB)	0.02	0.03	-33.33%
Diluted earnings per share (RMB)	0.02	0.03	-33.33%
Weighted average return on net assets (%)	0.61%	0.81%	-0.2%
Items	At the end of the current reporting period	At the end of last year	Increase or decrease (%)
Total assets (RMB)	5,804,167,984.58	5,285,750,978.82	9.81%
Owners' equity attributable to shareholders of the listed company (RMB)	2,907,202,795.66	2,889,416,712.61	0.62%

Extraordinary items

☒ Applicable ☐ N/A

Unit : RMB

Items	Amount	Notes (if applicable)
Gains or losses from disposal of non-current assets (including offset part of the provision for impairment of assets)	-502,777.04	
Government grants were recognized in current profit and loss (excluding those closely relating to the normal business operations of the Company and subject to specified quota or quantitative requirements consecutively)	250,000.00	

entitled in compliance with the State policies)		
Non-operating net gain or loss other than the above	200,954.14	
Effect of extraordinary gains or losses on income tax	16,493.86	
Effect of minority interests (after tax)	-14,013.30	
Total	-54,303.46	--

II. Total number of shareholders and top ten holders of shares not subject to lock-up as at the end of the reporting period

Units : Shares

Total number of shareholders as at the end of the reporting period		45,896				
Top 10 holders of shares						
Name of shareholder	nature of shareholders	Shareholding ratio (%)	Number of shares	The number of shares sold holdings limited conditions	The pledge or freeze	
					Shares in state	amount
Zhang En Rong	Domestic natural person	35.03%	279,517,000	279,517,000		
HKSCC Nominees Limited	Overseas legal person	28.2%	225,005,890	0		
Lin Fu Long	Domestic natural person	4.29%	34,216,000	34,216,000		
Zhang Yun San	Domestic natural person	3.84%	30,608,000	30,608,000		
Xie Xin Cang	Domestic natural person	2.68%	21,410,000	21,410,000		
Liu Yun Long	Domestic natural person	1.84%	14,670,000	14,670,000		
Cui Huan You	Domestic natural person	1.16%	9,238,000	9,238,000		
Liang Yong Qiang	Domestic natural person	0.85%	6,819,000	6,819,000		
China Ping An life insurance co., Ltd	State-owned legal person	0.18%	1,499,828	0		

Huatai Securities co., LTD. Customer credit collateral securities trading account	State-owned legal person	0.16%	1,301,611	0		
Top ten holders of shares not subject to lock-up						
Name of shareholder		Number of shares not subject to		Stock class		
				Class	Amount	
HKSCC Nominees Limited		225,005,890		H Shares	225,005,890	
Zhang Yun San		1,576,000		H Shares	1,576,000	
China ping an life insurance co., LTD		1,499,828		A Shares	1,499,828	
Huatai securities co., LTD. Customer credit collateral securities trading account		1,301,611		A Shares	1,301,611	
GF securities co., LTD. Customer credit collateral securities trading account		1,031,922		A Shares	1,031,922	
Guotai Junan securities co., LTD. Customer credit collateral securities trading account		1,022,878		A Shares	1,022,878	
Haitong securities co., LTD. Customer credit collateral securities trading account		797,345		A Shares	797,345	
Galaxy securities - Galaxy Venus 1 collection asset management plan		660,000		A Shares	660,000	
Shenyin Wanguo Securities co., Ltd. Customer credit collateral securities trading account		629,323		A Shares	629,323	
Shen Ping		500,000		A Shares	500,000	
Connected relationship or concert-party relationship among the above shareholders		Zhang En Rong is the controlling shareholder of the Company and the father of Zhang Yun San, a director of the Company. Save as disclosed, the Company has no further information as to whether the other shareholders have connected relationships or are acting in concert.				
Participate in the securities lending and borrowing business information about shareholders (if any)		N/A				

Part 3 MATERIAL MATTERS

I. During the reporting period the main accounting statements, financial projects situation and the reasons of major change

Balance Sheet:

- (1) The cash and bank balances increased 38.56%, compared with which at the beginning of the year. It is mainly because the company has used more acceptance of payment and the corresponding guaranty money for deposits has also been increased.
- (2) The accounts receivable increased 36.33%, compared with which at the beginning of the year. It is mainly because the company sent out lots of products at the end of the quarter and did not receive payment for goods in time.
- (3) The development expenses increased 309.45%, compared with which at the beginning of the year. It is mainly because many new products are currently under the phase of research and development and did not convert into capital.
- (4) The construction in progress increased 74.61%, compared with which at the beginning of the year. It is mainly due to the initial investments of the Company on the transformation project regarding casting and forging products which the Company has applied the "Hismelt" technology of Australia Rio Tinto Group
- (5) The short-term borrowings increased 37.35%, compared with which at the beginning of the year. It is mainly because the project investments and supplemental cash flow of the Company have been increased.
- (6) The advance receipts increased 146.24%, compared with which at the beginning of the year. It is mainly because advance receipts from customers has been increased.
- (7) The interests payable decreased 63.26%, compared with which at the beginning of the year. It is mainly because the company returned the loan of due debt servicing at the end of the current reporting period.

Income Statement:

- (1) The business tax and surcharges increased by 74.86%, compared to the same period last year. It is mainly because the Company received the value-added tax invoice during the reporting period ,the value-added tax deduction increased, and the value-added tax decreased, which reduced the urban maintenance and construction tax and education surtax.
- (2) The financial expense increased 231.47%, compared to the same period last year. It is mainly because the loan increased.
- (3) The non-operating income decreased 59.66%, compared to the same period last year. It is mainly because the company received the export growth subsidies in the same period last year.
- (4) The non-operating expenses increased 79.76%, compared to the same period last year. It is mainly because a batch of equipment is declared worthless.

Cash Flow Statement:

- (1) The cash flows from operating activities decreased 132.8%, compared to the same period last year. It is

mainly because the company did not take back the payment for goods in current reporting period in time and purchase payment amount increased.

- (2) The cash flows from investing activities increased 69.27%, compared to the same period last year. It is mainly because Shouguang Baolong increased investment to Shouguang Maolong small loan company in the same period last year .
- (3) The cash flows from financing activities increased 66.67%, compared to the same period last year. It is mainly because borrowing is increased for cash flow.

II. Undertakings made by the Company and shareholders interested in 5% or more of the shares of the Company made in the reporting period or subsisting to the reporting period

Item	Acceptor	Commitment to content	Commitment of time	Period for acceptance	Degree of performance
Commitments on share reform	N/A	N/A	N/A	N/A	N/A
Commitments under the reports of acquisition or equity changes	N/A	N/A	N/A	N/A	N/A
Commitments upon the restructuring of significant asset	N/A	N/A	N/A	N/A	N/A
Undertaking made on initial public offering or refinancing	Zhang En Rong, Zhang Yun San	Within 36 months since the date of the listing of the A Shares, shares shall not be transferred or entrusted to others to manage, and not be purchased by the Company. Also, they also committed that the shares transferred by them shall not exceed 25% of the total shares of the Company held by them during the terms of office after the above period expires, and they shall not transfer the shares held by them within half a year after leaving.	On 21 October 2010	36 months	During the Reporting period, the above officials strictly performed their commitment items.
Other undertakings made to minority shareholders of the Company	N/A	N/A	N/A	N/A	N/A
Does the undertaking performed timely	Yes.				

Specific reasons of unfinished commitment and the next step program	N/A
Is a commitment made on horizontal Competition and related party transaction	No.
Completion deadline of commitment	N/A
Ways of resolution	N/A
The status of the implementation of undertaking	During the Reporting period, strictly implemented the commitment items.

III. Result Forecast for the six months ended 30 June 2013

Expected business performance In the first half of 2013 : Net profit attributable to shareholders of listed companies is positive and not belongs to the situation of turning losses into gains.

From January to June in 2013,the change for net profit attributable to shareholders of the listed company compared with the same period last year (%)	-25%	~	10%
From January to June in 2013,the change for net profit attributable to shareholders of the listed company compared with the same period last year (RMB'0000)	5,680	~	8,328
From January to June in 2012,net profit attributable to shareholders of the listed company (RMB'0000)	7,570		
Reasons for change in results	It mainly because fluctuations in raw material prices and sales prices in this year overall decline than the last year.		

Part 4 FINANCIAL STATEMENT

I. Financial Statement

(1) Consolidated Balance Sheet

Prepared by: Shandong Molong Petroleum Machinery Company Limited

Unit: RMB

Item	At the end of the current reporting period	At the beginning of this year
Current assets:		
Cash and bank balances	670,541,458.98	483,870,151.44
Balances with clearing companies		
Placements with banks and other financial institutions		
Held for trading financial assets		
Bills receivable	147,218,432.19	197,194,589.32
Accounts receivable	620,447,403.91	455,105,433.22
Prepayments	34,499,010.62	33,896,626.16
Premiums receivable		
Reinsurance accounts receivable		
Deposits receivable from reinsurance treaty		
Interests receivable		
Dividends receivables		
Other receivable	20,123,569.90	18,953,847.29
Purchases of resold financial assets		
Inventories	1,355,167,838.30	1,220,618,577.83
Non-current assets due within one year		
Other current assets	53,717,191.79	41,379,809.50
Total current assets	2,901,714,905.69	2,451,019,034.76
Non-current assets:		
Loans and advances granted		
Available-for-sale financial assets		
Held-to-maturity investments		

Long-term receivables		
Long-term equity investment	58,634,400.43	58,634,400.43
Investment properties		
Fixed assets	1,791,791,975.45	1,833,866,660.51
Construction in progress	234,587,171.09	134,351,091.69
Construction materials		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	365,006,839.90	378,586,638.46
Development expenses	28,978,093.67	7,077,238.89
Goodwill	132,723,383.21	132,723,383.21
Long-term deferred expenses	222,222.24	243,055.56
Deferred income tax assets	20,508,992.90	19,249,475.31
Other non-current assets	270,000,000.00	270,000,000.00
Total non-current assets	2,902,453,078.89	2,834,731,944.06
Total assets	5,804,167,984.58	5,285,750,978.82
Current liabilities:		
Short-term borrowings	1,414,724,087.00	1,030,006,883.57
Loans from central bank		
Deposit taking and deposit in inter-bank market		
Placements from banks and other financial institutions		
Held for trading financial liabilities		
Bills payable	710,741,453.22	603,403,515.62
Accounts payable	551,527,020.31	570,841,701.67
Advance receipts	63,623,238.05	25,837,981.59
Disposal of repurchased financial assets		
Fee and commission payable		
Salaries payable	18,152,241.75	18,425,303.12
Taxes payable	29,374,428.68	33,669,386.02
Interests payable	2,560,274.89	6,968,896.69
Dividends payable		

Other payables	22,612,177.37	24,475,042.80
Reinsurance accounts payable		
Reserve for insurance policies		
Customer deposits for trading in securities		
Customer deposits for underwriting		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	2,813,314,921.27	2,313,628,711.08
Non-current liabilities:		
Long-term loans		
Debentures payable		
Long-term payables		
Special payables		
Accrued liabilities		
Deferred income tax liabilities	11,515,917.99	11,603,555.23
Other non-current liabilities	7,232,000.00	7,232,000.00
Total non-current liabilities	18,747,917.99	18,835,555.23
Total liabilities	2,832,062,839.26	2,332,464,266.31
Owners' equity(or Shareholders' equity):		
Paid-up capital (or share capital)	797,848,400.00	797,848,400.00
Capital reserve	849,500,658.42	849,500,658.42
Less: treasury stock		
Special reserve		
Surplus reserve	168,908,489.86	168,908,489.86
General risk reserve		
Undistributed profit	1,090,834,872.58	1,073,097,098.79
Foreign currency translation differences	110,374.80	62,065.54
Total equity attributable to owners of the Company	2,907,202,795.66	2,889,416,712.61
Minority interests	64,902,349.66	63,869,999.90
Total owners' equity	2,972,105,145.32	2,953,286,712.51

Total liabilities and owners' equity	5,804,167,984.58	5,285,750,978.82
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Legal Representative: Zhang EN Rong

Chief Financial Officer: Yang Jin

Head of the Finance Section: Ding Zhi Shui

(2) Balance Sheet of The Company

Prepared by: Shandong Molong Petroleum Machinery Company Limited

Unit: RMB

Item	At the end of the current reporting period	At the beginning of this year
Current assets:		
Cash and bank balances	580,038,255.58	469,439,865.77
Held for trading financial assets		
Bills receivable	116,279,234.19	181,652,729.32
Accounts receivable	607,971,150.57	461,652,893.75
Prepayments	237,130,043.32	135,378,309.84
Interests receivable		
Dividends receivables		
Other receivable	221,056,896.05	222,102,947.24
Inventories	1,033,656,682.74	989,379,929.85
Non-current assets due within one year		
Other current assets	8,347,591.85	1,521,778.24
Total current assets	2,804,479,854.30	2,461,128,454.01
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	652,069,921.73	652,069,921.73
Investment properties		
Fixed assets	1,363,395,712.09	1,392,000,620.11
Construction in progress	130,877,954.85	45,916,706.90
Construction materials		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	272,604,796.80	284,671,539.96
Development expenses	23,805,327.95	5,527,255.20

Goodwill		
Long-term deferred expenses		
Deferred income tax assets	15,395,503.89	14,135,986.30
Other non-current assets	33,000,000.00	33,000,000.00
Total non-current assets	2,491,149,217.31	2,427,322,030.20
Total assets	5,295,629,071.61	4,888,450,484.21
Current liabilities:		
Short-term borrowings	1,232,299,097.00	980,006,883.57
Held for trading financial liabilities		
Bills payable	710,741,453.22	653,403,515.62
Accounts payable	311,416,315.26	377,503,612.67
Advance receipts	172,153,432.35	25,536,367.16
Salaries payable	12,059,962.30	13,068,782.18
Taxes payable	13,894,103.22	13,406,043.28
Interests payable	2,284,103.77	6,968,896.69
Dividends payable		
Other payables	15,336,439.31	13,490,303.33
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	2,470,184,906.43	2,083,384,404.50
Non-current liabilities:		
Long-term loans		
Debentures payable		
Long-term payables		
Special payables		
Accrued liabilities		
Deferred income tax liabilities	447,619.42	457,855.65
Other non-current liabilities	7,232,000.00	7,232,000.00
Total non-current liabilities	7,679,619.42	7,689,855.65
Total liabilities	2,477,864,525.85	2,091,074,260.15
Owners' equity(or Shareholders' equity):		
Paid-up capital (or share capital)	797,848,400.00	797,848,400.00
Capital reserve	849,481,990.92	849,481,990.92

Less: treasury stock		
Special reserve		
Surplus reserve	168,908,489.86	168,908,489.86
General risk reserve		
Undistributed profit	1,001,525,664.98	981,137,343.28
Foreign currency translation differences		
Total owners' equity	2,817,764,545.76	2,797,376,224.06
Total liabilities and owners' equity	5,295,629,071.61	4,888,450,484.21

Legal Representative: Zhang EN Rong

Chief Financial Officer: Yang Jin

Head of the Finance Section: Ding Zhi Shui

(3) Consolidated Income Statement

Prepared by: Shandong Molong Petroleum Machinery Company Limited

Unit: RMB

Item	Amount for the period	Amount for the previous period
I . Total revenue from operations	568,627,770.06	725,340,744.85
Among which: operating revenue	568,627,770.06	725,340,744.85
Interest income		
Premium earned		
Fee and commission income		
II . Total cost of operations	546,225,751.70	697,955,453.43
Among which: Operating cost	493,561,273.33	658,426,621.21
Interest expenses		
Fees and commission expenses		
Surrender payment		
Net expenditure for compensation payments		
Net provision for insurance deposits		
Policyholder dividend expenses		
Reinsurance costs		
Business tax and surcharges	255,424.42	146,074.75
Selling expenses	12,378,085.21	13,779,520.67
Administrative expenses	26,610,879.42	21,174,447.88
Finance costs	14,680,322.18	4,428,788.92
Asset impairment losses	-1,260,232.86	

Add: Gains from changes in fair value (losses are represented by “-”)		
Investment income (losses are represented by “-”)		
Among which: Gains from investment in associates and joint ventures		
Gains from foreign currencies exchange (losses are represented by “-”)		
III. Operating profit (loss is presented by “—”)	22,402,018.36	27,385,291.42
Add: Non-operating income	408,521.34	1,012,804.58
Less: Non-operating expenses	522,777.04	290,818.37
Among which: Loss from disposal of non-current assets	502,777.04	15,818.37
IV. Total profit (loss is represented by “—”)	22,287,762.66	28,107,277.63
Less: Income tax expenses	3,523,006.81	4,468,549.65
V. Net profit (loss is represented by “—”)	18,764,755.85	23,638,727.98
Net profit attributable to owners of the Company	17,737,773.80	22,917,716.25
Minority interests	1,026,982.05	721,011.73
VI. Earnings per share:	--	--
(1) Basic earnings per share	0.02	0.03
(2) Diluted earnings per share	0.02	0.03
VII. Other comprehensive income		
VIII. Total comprehensive income	18,764,755.85	23,638,727.98
Total comprehensive income attributable to owners of the Company	17,737,773.80	22,917,716.25
Total comprehensive income attributable to minority interests	1,026,982.05	721,011.73

Legal Representative: Zhang EN Rong

Chief Financial Officer: Yang Jin

Head of the Finance Section: Ding Zhi Shui

Note: the financial costs involved financial business should be separately listed exchange gain project.

(4) Income Statement of The Company

Prepared by: Shandong Molong Petroleum Machinery Company Limited

Unit: RMB

Item	Amount for the period	Amount for the previous period
I . Total revenue from operations	589,145,169.87	717,765,544.08
Less: Operating cost	515,147,602.59	662,514,923.65
Business tax and surcharges		
Selling expenses	12,364,295.82	13,773,335.83
Administrative expenses	23,585,358.67	18,869,687.59
Finance costs	15,336,798.50	3,890,172.24
Asset impairment losses		
Add: Gains from changes in fair value (losses are represented by “-”)		
Investment income (losses are represented by “-”)		
Among which: Gains from investment in associates and joint ventures		
III. Operating profit (loss is presented by “—”)	22,711,114.29	18,717,424.77
Add: Non-operating income	332,076.34	966,096.21
Less: Non-operating expenses	502,777.04	265,818.37
Among which: Loss from disposal of non-current assets		
IV. Total profit (loss is represented by “—”)	22,540,413.59	19,417,702.61
Less: Income tax expenses	2,152,091.89	2,922,995.03
V. Net profit (loss is represented by “—”)	20,388,321.70	16,494,707.58
VI. Earnings per share:	--	--
(1) Basic earnings per share	0.02	0.03
(2) Diluted earnings per share	0.02	0.03
VII. Other comprehensive income		
VIII. Total comprehensive income	20,388,321.70	16,494,707.58

Legal Representative: Zhang EN Rong

Chief Financial Officer: Yang Jin

Head of the Finance Section: Ding Zhi Shui

(5) Consolidated Cash Flow Statement

Prepared by: Shandong Molong Petroleum Machinery Company Limited

Unit: RMB

Item	Amount for the period	Amount for the previous period
I. Cash flows from operating activities:		
Cash received from selling goods and rendering services	759,586,075.75	751,982,673.13
Net increase in deposits from customers and placements from banks and other financial institutions		
Net increase in borrowings from central bank		
Net increase in placements from other financial institutions		
Cash received from premiums of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits from policyholders and investments		
Net increase in disposal of tradable financial assets		
Cash received from interest, handling charges and commissions		
Net increase in capital due to banks and other financial institutions		
Net increase in repurchases business fund		
Tax rebate received	27,803,983.95	40,089,203.77
Other cash received relating to operating activities	4,668,834.95	3,562,012.32
Sub-total of cash inflow from operating activities	792,058,894.65	795,633,889.22
Cash paid for purchasing goods and receiving services	844,811,226.94	764,013,062.28
Net increase in loans and advances to customers		

Net increase in placements with central bank and other financial institutions		
Cash paid for claims on original insurance contracts		
Cash payment for interest, handling charges and commissions		
Cash payment for policyholder dividend		
Cash paid to and on behalf of employees	35,516,227.78	30,308,892.41
Taxes and surcharges paid	11,559,945.64	11,254,302.64
Other cash paid relating to operating activities	21,790,136.25	42,299,419.64
Sub-total of cash outflow from operating activities	913,677,536.61	847,875,676.97
Net cash flows from operating activities	-121,618,641.96	-52,241,787.75
II. Cash flows from investing activities:		
Cash received from disposal of investments		
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business entities		
Other cash received relating to investing activities		
Sub-total of cash inflow from investing activities		
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	97,721,240.12	96,158,505.05
Cash paid for investment		45,000,000.00
Net increase in pledged loans		

Net cash paid for acquisition of subsidiaries and other business entities		
Other cash paid relating to investing activities		176,857,012.79
Sub-total of cash outflow from investing activities	97,721,240.12	318,015,517.84
Net cash flows from investing activities	-97,721,240.12	-318,015,517.84
III. Cash flows from financing activities:		
Cash received from equity investments		
Among which: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	688,027,472.00	566,177,798.00
Cash received from issue of bonds		
Other cash received relating to financing activities		
Sub-total of cash inflow from financing activities	688,027,472.00	566,177,798.00
Cash paid for repayment of liabilities	253,310,268.57	304,923,970.23
Cash paid for dividends, profits distribution or interest repayment	16,905,303.20	10,569,134.41
Among which: Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid relating to financing activities		
Sub-total of cash outflow from financing activities	270,215,571.77	315,493,104.64
Net cash flows from financing activities	417,811,900.23	250,684,693.36
IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate	1,959,140.00	-2,397,993.20
V. Net increase in cash and cash	200,431,158.15	-121,970,605.43

equivalents		
Add: Balance of cash and cash equivalents at the beginning of the period	369,092,906.46	350,636,120.73
VI. Balance of cash and cash equivalents at the end of the period	569,524,064.61	228,665,515.30

Legal Representative: Zhang EN Rong

Chief Financial Officer: Yang Jin

Head of the Finance Section: Ding Zhi Shui

(6) Cash Flow Statement of The Company

Prepared by: Shandong Molong Petroleum Machinery Company Limited

Unit: RMB

Item	Amount for the period	Amount for the previous period
I. Cash flows from operating activities:		
Cash received from selling goods and rendering services	703,047,626.17	680,641,650.69
Tax rebate received	27,803,983.95	40,089,203.77
Other cash received relating to operating activities	3,766,207.09	3,131,616.09
Sub-total of cash inflow from operating activities	734,617,817.21	723,862,470.55
Cash paid for purchasing goods and receiving services	719,285,929.91	730,596,552.42
Cash paid to and on behalf of employees	23,451,237.46	20,898,448.42
Taxes and surcharges paid	4,619,054.51	5,885,988.55
Other cash paid relating to operating activities	21,497,943.61	21,501,570.85
Sub-total of cash outflow from operating activities	768,854,165.49	778,882,560.24
Net cash flows from operating activities	-34,236,348.28	-55,020,089.69
II. Cash flows from investing activities:		
Cash received from disposal of investments		
Cash received from return on investments		

Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business entities		
Other cash received relating to investing activities		
Sub-total of cash inflow from investing activities		
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	79,336,162.30	86,468,029.40
Cash paid for investment		
Net cash paid for acquisition of subsidiaries and other business entities		
Other cash paid relating to investing activities		176,857,012.79
Sub-total of cash outflow from investing activities	79,336,162.30	263,325,042.19
Net cash flows from investing activities	-79,336,162.30	-263,325,042.19
III. Cash flows from financing activities:		
Cash received from equity investments		
Cash received from borrowings	505,602,482.00	459,677,798.00
Cash received from issue of bonds		
Other cash received relating to financing activities		
Sub-total of cash inflow from financing activities	505,602,482.00	459,677,798.00
Cash paid for repayment of liabilities	253,310,268.57	238,923,970.23
Cash paid for dividends, profits distribution or interest repayment	16,624,237.66	10,372,417.60
Other cash paid relating to financing activities		

Sub-total of cash outflow from financing activities	269,934,506.23	249,296,387.83
Net cash flows from financing activities	235,667,975.77	210,381,410.17
IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate	2,262,775.23	-2,397,993.20
V. Net increase in cash and cash equivalents	124,358,240.42	-110,361,714.91
Add: Balance of cash and cash equivalents at the beginning of the period	354,662,620.79	314,143,139.67
VI. Balance of cash and cash equivalents at the end of the period	479,020,861.21	203,781,424.76

Legal Representative: Zhang EN Rong

Chief Financial Officer: Yang Jin

Head of the Finance Section: Ding Zhi Shui

II. Auditors' report

Auditors' opinion: Unaudited

By Order of the Board

Shandong Molong Petroleum Machinery Company Limited

Zhang En Rong

Chairman

Shandong, the PRC

26 April 2013

As at the date of this announcement, the executive Directors are Mr. Zhang En Rong, Mr. Zhang Yun San, Mr. Lin Fu Long and Mr. Xie Xin Cang; the non-executive Directors are Mr. Xiao Qing Zhou, Mr. Guo Hong Li and the independent non-executive Directors are Mr. John Paul Cameron, Mr. Chau Shing Yim, David and Ms. Wang Chun Hua.

** For identification purpose only*