

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



山東墨龍石油機械股份有限公司
Shandong Molong Petroleum Machinery Company Limited*

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

ANNOUNCEMENT 2014 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 (the "Board"), 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 En Rong, chairman of the Company, Mr. Yang Jin, chief financial officer of the Company and Mr. Ding Zhi Shui, head of finance section of the Company, hereby confirm the truthfulness, accuracy and completeness of the financial report contained in this quarterly report.
- 1.3 The Board has approved this report. 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 have 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)	660,989,102.61	568,627,770.06	16.24%
Net profit attributable to shareholders of the listed company (RMB)	4,446,742.33	17,737,773.80	-74.93%
Net profit deducting non-recurring profit and loss attributable to shareholders of the listed company (RMB)	2,080,304.52	17,792,077.26	-88.31%
Net cash flow from operating activities (RMB)	23,533,002.87	-121,618,641.96	119.35%
Basic earnings per share (RMB)	0.01	0.02	-50%
Diluted earnings per share (RMB)	0.01	0.02	-50%
The weighted average return on net assets (%)	0.17%	0.61%	-0.44%
Item	At the end of the current reporting period	At the end of last year	Increase or decrease (%)
Total assets (RMB)	6,194,155,592.21	5,793,466,052.68	6.92%
Owners' equity attributable to shareholders of the listed company (RMB)	2,678,454,803.01	2,674,103,955.73	0.16%

Extraordinary items

☒ Applicable ☐ N/A

Unit: RMB

Items	Amount	Notes (if applicable)
Non-current assets disposal of profits and losses (Including the offset part of the provision for assets impairment provision)	80,282.47	
Recorded into the profits and losses of the current government subsidies (Closely associated with the enterprise business, in accordance with the unified national standard quota or quantitative enjoy government subsidies)	2,480,839.33	

Other non-operating income and expenditure in addition to the foregoing	151,237.97	
Less: Income tax influence the forehead	360,374.64	
Rights and interests of minority shareholders influence the forehead (after tax)	-14,452.68	
Total	2,366,437.81	--

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		44,174				
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	209,637,750		0
HKSCC Nominees Limited	Overseas legal person	32.03%	255,513,890	0		0
Zhang Yun San	Domestic natural person	4.03%	32,184,000	22,956,000		0
Lin Fu Long	Domestic natural person	3.28%	26,162,000	25,662,000		0
Xie Xin Cang	Domestic natural person	1.34%	10,705,000	10,705,000		0
Cui Huan You	Domestic natural person	1.15%	9,180,000	0		0
Liu Yun Long	Domestic natural person	1.15%	9,170,000	7,335,000		0
Liang Yong Qiang	Domestic natural person	0.65%	5,219,000	0		0
Huang Bao Jian	Domestic natural person	0.31%	2,488,825	0		0
Ding Gen Di	Domestic	0.22%	1,783,590	0		0

	natural person					
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	255,513,890	H Shares			255,513,890	
Zhang En Rong	69,879,250	A Shares			69,879,250	
Zhang Yun San	9,228,000	A Shares			7,652,000	
		H Shares			1,576,000	
Cui Huan You	9,180,000	A Shares			9,180,000	
Liang Yong Qiang	5,219,000	A Shares			5,219,000	
Huang Bao Jian	2,488,825	A Shares			2,488,825	
Liu Yun Long	1,835,000	A Shares			1,835,000	
Ding Gen Di	1,783,590	A Shares			1,783,590	
Huang Jin Xiang	1,355,615	A Shares			1,355,615	
Lin Fu Long	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. Main accounting statements during the reporting period, , Major change of financial status and reasons

Balance sheet

- (1) The prepayments increased by 341.61% compared to the beginning of the year, mainly because of prepayment of raw materials increased.
- (2) The construction in process decreased by 43.97% compared to the beginning of the year, mainly because the electric arc furnace project with 90 tons turn projects converted into fixed assets.
- (3) The deposit received increased by 39.4% compared to the beginning of the year, mainly because the company export products adopt advances on sales payment.
- (4) The tax payable in process decreased by 53.58% compared to the beginning of the year, mainly because the company paid taxes subordinate to the period.
- (5) The other non-current liabilities in process decreased by 50% compared to the beginning of the year, mainly because the company's next annual amortization deferred earnings into other current liabilities.

Income statement

- (1) The business tax and surcharges increased by 2096.68% compared to the same period last year. It is mainly because the company achieved more quarter VAT is more, resulting in the urban construction tax, education additional etc. increased.
- (2) The assets impairment loss decreased by 145.04% compared to the same period last year. It is mainly because Provision for inventory write-down inventory of company have been sold or used.
- (3) The Non-operating income increased by 654.20% compared to the same period last year. It is mainly because the company confirmed deferred earnings of amortization.
- (4) The income tax decreased by 73.43% compared to the same period last year. It is mainly because profits and tax declined.

Cash flow statement

- (1) The cash flows from operating activities decreased RMB 145.1556 millions, compared to the same period last year. It is mainly because the company export products adopt advances on sales payment mainly came from abroad.
- (2) The cash flows from investing activities increased RMB 18.6459 millions, compared to the same period last year. It is mainly because paid for current project was reduced compared to the same period last year.
- (3) The cash flows from financing activities decreased RMB 219.5009 millions, compared to the same period last year. It is mainly because company to repay the debt spending cash increased compared to the same period last year.

II. Result Forecast for the six months ended 30 June 2014

Expected business performance In the first half of 2014: 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 2014, the change for net profit attributable to shareholders of the listed company compared with the same period last year (%)	-80%	~	-30%
From January to June in 2014, the change for net profit attributable to shareholders of the listed company compared with the same period last year (RMB'0000)	912	~	3,192
From January to June in 2013, net profit attributable to shareholders of the listed company (RMB'0000)	4,560		
Reasons for change in results	It mainly because influenced by economic situation, market competition is intense and unordered, product sales prices are down from a year earlier, resulting in a decline in net income.		

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	692,361,180.36	597,770,865.98
Balances with clearing companies		
Placements with banks and other financial institutions		
Held for trading financial assets		
Bills receivable	110,579,001.82	135,159,594.04
Accounts receivable	627,389,412.54	563,772,597.42
Prepayments	210,982,716.72	47,775,985.84
Premiums receivable		
Reinsurance accounts receivable		
Deposits receivable from reinsurance treaty		
Interests receivable	3,718,400.63	4,606,049.44
Dividends receivables		
Other receivable	28,201,151.10	31,160,536.48
Purchases of resold financial assets		
Inventories	1,220,080,908.71	1,155,180,417.60
Non-current assets due within one year		
Other current assets	58,029,591.25	47,778,203.78
Total current assets	2,951,342,363.13	2,583,204,250.58
Non-current assets:		
Loans and advances granted		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		

Long-term equity investment	60,881,784.30	60,881,784.30
Investment properties		
Fixed assets	1,936,279,967.43	1,710,839,377.57
Construction in progress	247,892,427.69	442,414,993.81
Construction materials		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	471,604,606.80	486,672,315.83
Development expenses	7,066,428.06	
Goodwill	83,483,383.21	83,483,383.21
Long-term deferred expenses	138,888.96	159,722.28
Deferred income tax assets	47,163,079.58	46,005,562.05
Other non-current assets	388,302,663.05	379,804,663.05
Total non-current assets	3,242,813,229.08	3,210,261,802.10
Total assets	6,194,155,592.21	5,793,466,052.68
Current liabilities:		
Short-term borrowings	1,583,199,904.18	1,367,290,846.00
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	524,954,996.81	427,566,182.16
Accounts payable	604,740,472.37	548,559,433.90
Advance receipts	129,191,295.44	92,679,015.92
Disposal of repurchased financial assets		
Fee and commission payable		
Salaries payable	24,643,803.97	22,842,605.99
Taxes payable	15,961,789.08	34,382,133.48
Interests payable	29,504,451.31	24,239,399.58
Dividends payable		
Other payables	29,456,623.12	26,790,378.33

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	1,808,000.00	1,808,000.00
Total current liabilities	2,943,461,336.28	2,546,157,995.36
Non-current liabilities:		
Long-term loans		
Debentures payable	497,111,111.10	496,777,777.77
Long-term payables		
Special payables		
Accrued liabilities		
Deferred income tax liabilities	10,580,010.48	10,792,803.04
Other non-current liabilities	1,808,000.00	3,616,000.00
Total non-current liabilities	509,499,121.58	511,186,580.81
Total liabilities	3,452,960,457.86	3,057,344,576.17
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	861,929,172.65	857,482,430.32
Foreign currency translation differences	268,082.08	363,977.13
Total equity attributable to owners of the Company	2,678,454,803.01	2,674,103,955.73
Minority interests	62,740,331.34	62,017,520.78
Total owners' equity	2,741,195,134.35	2,736,121,476.51
Total liabilities and owners' equity	6,194,155,592.21	5,793,466,052.68

Legal representative: Zhang En Rong

Chief financial officer: Yang Jin

Head of 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	676,847,767.46	477,333,126.10
Held for trading financial assets		
Bills receivable	102,518,829.51	117,939,796.64
Accounts receivable	841,507,809.86	562,804,031.40
Prepayments	419,775,560.35	434,575,347.30
Interests receivable	3,718,400.63	4,606,049.44
Dividends receivables		
Other receivable	239,469,017.23	252,454,655.05
Inventories	966,727,519.63	898,794,179.36
Non-current assets due within one year		
Other current assets	15,319,552.87	1,870,576.46
Total current assets	3,265,884,457.54	2,750,377,761.75
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	1,285,077,858.93	1,317,036,319.12
Construction in progress	132,294,720.94	199,649,242.90
Construction materials		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	223,324,972.79	236,648,160.28
Development expenses	7,066,428.06	
Goodwill		

Long-term deferred expenses		
Deferred income tax assets	36,744,715.13	35,775,939.76
Other non-current assets	268,286,383.05	259,788,383.05
Total non-current assets	2,604,865,000.63	2,700,967,966.84
Total assets	5,870,749,458.17	5,451,345,728.59
Current liabilities:		
Short-term borrowings	1,521,678,904.18	1,223,404,006.00
Held for trading financial liabilities		
Bills payable	523,191,996.81	427,566,182.16
Accounts payable	317,935,606.84	330,301,216.50
Advance receipts	258,286,592.33	218,914,621.07
Salaries payable	17,858,764.59	16,941,477.46
Taxes payable	3,788,333.15	19,831,397.51
Interests payable	29,417,360.71	24,202,101.43
Dividends payable		
Other payables	18,555,662.39	16,898,117.61
Non-current liabilities due within 1 year		
Other current liabilities	1,808,000.00	1,808,000.00
Total current liabilities	2,692,521,221.00	2,279,867,119.74
Non-current liabilities:		
Long-term loans		
Debentures payable	497,111,111.10	496,777,777.77
Long-term payables		
Special payables		
Accrued liabilities		
Deferred income tax liabilities	557,760.09	690,907.42
Other non-current liabilities	1,808,000.00	3,616,000.00
Total non-current liabilities	499,476,871.19	501,084,685.19
Total liabilities	3,191,998,092.19	2,780,951,804.93
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	862,512,485.20	854,155,042.88
Foreign currency translation differences		
Total owners' equity	2,678,751,365.98	2,670,393,923.66
Total liabilities and owners' equity	5,870,749,458.17	5,451,345,728.59

Legal representative: Zhang En Rong

Chief financial officer: Yang Jin

Head of 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	660,989,102.61	568,627,770.06
Among which: operating revenue	660,989,102.61	568,627,770.06
Interest income		
Premium earned		
Fee and commission income		
II . Total cost of operations	657,585,072.38	546,225,751.70
Among which: Operating cost	598,505,627.92	493,561,273.33
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	5,610,858.99	255,424.42
Selling expenses	15,122,533.83	12,378,085.21
Administrative expenses	27,945,767.99	26,610,879.42
Finance costs	13,488,412.40	14,680,322.18
Asset impairment losses	-3,088,128.75	-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 “—”)	3,404,030.23	22,402,018.36
Add: Non-operating income	3,081,086.26	408,521.34
Less: Non-operating expenses	368,726.49	522,777.04
Among which: Loss from disposal of non-current assets	341,157.20	502,777.04
IV. Total profit (loss is represented by “—”)	6,116,390.00	22,287,762.66
Less: Income tax expenses	936,182.09	3,523,006.81
V. Net profit (loss is represented by “—”)	5,180,207.91	18,764,755.85
Among which: profits of the combined party before the consolidated	5,180,207.91	18,764,755.85
Net profit attributable to owners of the Company	4,446,742.33	17,737,773.80
Minority interests	733,465.58	1,026,982.05
VI. Earnings per share:	--	--
(1) Basic earnings per share	0.01	0.02
(2) Diluted earnings per share	0.01	0.02
VII. Other comprehensive income	-106,550.07	
VIII. Total comprehensive income	5,073,657.84	18,764,755.85
Total comprehensive income attributable to owners of the Company	4,350,847.28	17,737,773.80
Total comprehensive income attributable to minority interests	722,810.56	1,026,982.05

(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	678,460,479.62	589,145,169.87
Less: Operating cost	613,132,061.26	515,147,602.59
Business tax and surcharges	5,284,446.61	
Selling expenses	15,078,711.31	12,364,295.82
Administrative expenses	23,902,190.39	23,585,358.67
Finance costs	18,148,892.03	15,336,798.50
Asset impairment losses	-3,088,128.75	
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		
II. Operating profit (loss is presented by “—”)	6,002,306.77	22,711,114.29
Add: Non-operating income	2,534,760.99	332,076.34
Less: Non-operating expenses	20,114.06	502,777.04
Among which: Loss from disposal of non-current assets	2,544.77	502,777.04
III. Total profit (loss is represented by “—”)	8,516,953.70	22,540,413.59
Less: Income tax expenses	159,511.38	2,152,091.89
IV. Net profit (loss is represented by “—”)	8,357,442.32	20,388,321.70
V. Earnings per share:	--	--
(1) Basic earnings per share		0.02
(2) Diluted earnings per share		0.02
VI. Other comprehensive income		
VII. Total comprehensive income	8,357,442.32	20,388,321.70

(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	571,924,440.73	759,586,075.75
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 borrowing funds		
Net increase in repurchases business fund		
Tax rebate received	11,829,764.12	27,803,983.95
Other cash received relating to operating activities	26,438,972.39	4,668,834.95
Sub-total of cash inflow from operating activities	610,193,177.24	792,058,894.65
Cash paid for purchasing goods and receiving services	512,560,163.54	844,811,226.94
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	32,022,440.09	35,516,227.78
Taxes and surcharges paid	17,915,557.24	11,559,945.64
Other cash paid relating to operating activities	24,162,013.50	21,790,136.25
Sub-total of cash outflow from operating activities	586,660,174.37	913,677,536.61
Net cash flows from operating activities	23,533,002.87	-121,618,641.96
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	421,439.67	
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	421,439.67	
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	79,496,821.22	97,721,240.12
Cash paid for investment		
Net increase in pledged loans		
Net cash paid for acquisition of		

subsidiaries and other business entities		
Other cash paid relating to investing activities		
Sub-total of cash outflow from investing activities	79,496,821.22	97,721,240.12
Net cash flows from investing activities	-79,075,381.55	-97,721,240.12
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	704,851,298.18	688,027,472.00
Cash received from issue of bonds		
Other cash received relating to financing activities		
Sub-total of cash inflow from financing activities	704,851,298.18	688,027,472.00
Cash paid for repayment of liabilities	490,244,960.00	253,310,268.57
Cash paid for dividends, profits distribution or interest repayment	16,295,379.59	16,905,303.20
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	506,540,339.59	270,215,571.77
Net cash flows from financing activities	198,310,958.59	417,811,900.23
IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate	-4,525,384.06	1,959,140.00
V. Net increase in cash and cash equivalents	138,243,195.85	200,431,158.15

Add: Balance of cash and cash equivalents at the beginning of the period	330,546,464.49	369,092,906.46
VI. Balance of cash and cash equivalents at the end of the period	468,789,660.34	569,524,064.61

Legal representative: Zhang En Rong

Chief financial officer: Yang Jin

Head of 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	583,951,058.30	703,047,626.17
Tax rebate received	10,699,864.12	27,803,983.95
Other cash received relating to operating activities	19,858,597.35	3,766,207.09
Sub-total of cash inflow from operating activities	614,509,519.77	734,617,817.21
Cash paid for purchasing goods and receiving services	528,226,624.15	719,285,929.91
Cash paid to and on behalf of employees	23,441,860.72	23,451,237.46
Taxes and surcharges paid	14,394,801.60	4,619,054.51
Other cash paid relating to operating activities	21,549,922.28	21,497,943.61
Sub-total of cash outflow from operating activities	587,613,208.75	768,854,165.49
Net cash flows from operating activities	26,896,311.02	-34,236,348.28
II. Cash flows from investing activities:		
Cash received from disposal of investments		
Cash received from return on investments		
Net cash received from disposal of	421,439.67	

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	421,439.67	
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	61,875,059.55	79,336,162.30
Cash paid for investment		
Net cash paid for acquisition of subsidiaries and other business entities		
Other cash paid relating to investing activities		
Sub-total of cash outflow from investing activities	61,875,059.55	79,336,162.30
Net cash flows from investing activities	-61,453,619.88	-79,336,162.30
III. Cash flows from financing activities:		
Cash received from equity investments		
Cash received from borrowings	643,330,298.18	505,602,482.00
Cash received from issue of bonds		
Other cash received relating to financing activities		
Sub-total of cash inflow from financing activities	643,330,298.18	505,602,482.00
Cash paid for repayment of liabilities	345,055,400.00	253,310,268.57
Cash paid for dividends, profits distribution or interest repayment	15,911,905.49	16,624,237.66
Other cash paid relating to financing activities		
Sub-total of cash outflow from	360,967,305.49	269,934,506.23

financing activities		
Net cash flows from financing activities	282,362,992.69	235,667,975.77
IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate	-4,638,161.00	2,262,775.23
V. Net increase in cash and cash equivalents	243,167,522.83	124,358,240.42
Add: Balance of cash and cash equivalents at the beginning of the period	210,108,724.61	354,662,620.79
VI. Balance of cash and cash equivalents at the end of the period	453,276,247.44	479,020,861.21

Legal representative: Zhang En Rong

Chief financial officer: Yang Jin

Head of 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

25 April 2014

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. Guo Huan Ran; 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. Qin Xue Chang and Ms. Wang Chun Hua.

** For identification purpose only*