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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 2015 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)	567,637,950.76	660,989,102.61	-14.12%
Net profit attributable to shareholders of the listed company (RMB)	4,592,299.53	4,446,742.33	3.27%
Net profit deducting non-recurring profit and loss attributable to shareholders of the listed company (RMB)	2,314,467.96	2,080,304.52	11.26%
Net cash flow from operating activities (RMB)	-28,074,565.91	23,533,002.87	-219.30%
Basic earnings per share (RMB)	0.01	0.01	
Diluted earnings per share (RMB)	0.01	0.01	
The weighted average return on net assets (%)	0.17%	0.17%	
Item	At the end of the current reporting period	At the end of last year	Increase or decrease
Total assets (RMB)	6,264,585,703.51	6,044,500,696.03	3.64%
Owners' equity attributable to shareholders of the listed company (RMB)	2,698,785,435.59	2,694,285,331.17	0.17%

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)	-9,783.60	
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)	2,376,949.42	

Other non-operating income and expenditure in addition to the foregoing	320,915.63	
Less: Income tax influence the forehead	399,088.91	
Rights and interests of minority shareholders influence the forehead (after tax)	11,160.97	
Total	2,277,831.57	--

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							38,394
<i>Top 10 holders of shares</i>							
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	33.29%	265,617,000	199,212,750		0	
HKSCC Nominees Limited	Overseas legal person	32.06%	255,816,290	0		0	
Zhang Yun San	Domestic natural person	4.14%	33,002,400	22,956,000		0	
Lin Fu Long	Domestic natural person	3.28%	26,162,000	19,621,500		0	
Li Bao Hui	Domestic natural person	0.91%	7,295,000	0		0	
Liang Yong Qiang	Domestic natural person	0.59%	4,719,000	0		0	
Xie Xin Cang	Domestic natural person	0.43%	3,410,000	0		0	
Miao Ming Yi	Domestic natural person	0.25%	2,000,000	0		0	
Chen Min Na	Domestic natural person	0.22%	1,731,691	0		0	
Wang Bu Guo	Domestic natural person	0.16%	1,238,781	0		0	

<i>Top ten holders of shares not subject to lock-up</i>			
Name of shareholder	Number of shares not subject to	Stock class	
		Class	Amount
HKSCC Nominees Limited	255,816,290	H Shares	255,816,290
Zhang En Rong	66,404,250	A Shares	66,404,250
Zhang Yun San	10,046,400	A Shares	7,652,000
		H Shares	2,394,400
Li Bao Hui	7,295,000	A Shares	7,295,000
Lin Fu Long	6,540,500	A Shares	6,540,500
Liang Yong Qiang	4,719,000	A Shares	4,719,000
Xie Xin Cang	3,410,000	A Shares	3,410,000
Miao Ming Yi	2,000,000	A Shares	2,000,000
Chen Min Na	1,731,691	A Shares	1,731,691
Wang Bu Guo	1,238,781	A Shares	1,238,781
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

The explanation for major changes of the Company's assets and liabilities structure during the reporting period

Items	31 March 2015	31 December 2014	Change	Reason for difference
	(Unaudited)	(Audited)		
Interest receivable	3,553,733.05	2,670,703.33	33.06%	(1)
Prepayment	91,927,531.19	40,431,669.87	127.37%	(2)
Other non-current liabilities		1,808,000.00	-100.00%	(3)

(1) The interest receivable increased by 33.06% compared to the beginning of the year 2015 mainly because of the increased amount of provision for interest from acceptance of deposit and the guarantee deposit.

(2) The prepayment increased by 127.37% compared to the beginning of the year 2015 mainly because of the increased prepayment for materials.

(3) The other non-current liabilities decreased by 100% compared to the beginning of the year 2015, mainly because of completing amortization of the project subsidy received from government.

The explanation for major changes of income statement year on year during the reporting period

Items	31 March 2015	31 March 2014	Change	Reason for difference
	(Unaudited)	(Unaudited)		
Business tax and surcharges	3,516,510.59	5,610,858.99	-37.33%	(1)
Operating expenses	65,157,990.61	15,122,533.83	330.87%	(2)
Financial expenses	8,791,111.42	13,488,412.40	-34.82%	(3)
Assets impairment loss		-3,088,128.75	100.00%	(4)
Investment income	544,000.50		100.00%	(5)
Non-business expenditure	32,265.42	368,726.49	-91.25%	(6)
Income tax	1,326,068.41	936,182.09	41.65%	(7)

(1) The business tax and surcharges decreased by 37.33% compared to the same period last year, mainly because the Company achieved less value-added tax for this quarter than last year, resulting in the decreased urban construction tax, educational surcharges, local educational surcharges etc.

(2) The operating expenses increased by 330.87% compared to the same period last year, mainly because the Company developed customers in Central Asia and borne all the foreign and native freight cost and foreign agency cost, which resulted in the significant increase of freight cost and agency cost in the Company's selling expenses .

(3) The financial expenses decreased by 34.82% compared to the same period last year, mainly because the Company's borrowing used on production and operation decreased, which resulted in the decrease of interest cost .

(4) The assets impairment loss increased by 100.00% compared to the same period last year, mainly because the impairment measured by the Company did not change for this period and the Company did not withdraw.

- (5) The investment income increased by 100.00% compared to the same period last year, mainly because the associated company invested by the Company achieved profitability in this period.
- (6) The non-business expenditure decreased by 91.25% compared to the same period last year, mainly because the loss on capital assets disposed by the Company for this period decreased compared to the same period last year.
- (7) The income tax increased by 41.65% compared to the same period last year, mainly because the income tax payable for this period increased compared to the same period last year.

The explanation for changes of cash flow statement year on year during the reporting period

Items	31 March 2015	31 March 2014	Change	Reason for difference
	(Unaudited)	(Unaudited)		
Net cash flows from operating activities	-28,074,565.91	23,533,002.87	-219.30%	(1)
Net cash flows from investing activities	-54,144,947.27	-79,075,381.55	31.53%	(2)
Net cash flows from financing activities	76,532,925.16	198,310,958.59	-61.41%	(3)

- (1) The net cash flows from operating activities decreased by 219.30% compared to the same period last year, mainly because the Company paid for more materials for this period than the same period last year.
- (2) The net cash flows from investing activities increased by 31.53% compared to the same period last year, mainly because the Company's investment on construction of fixed assets and intangible assets for this period decreased compared to the same period last year.
- (3) The net cash flows from financing activities decreased by 61.41% compared to the same period last year, mainly because the Company's short-term borrowing decreased and debt repayment increased for this period.

II. Result Forecast for the six months ended 30 June 2015

Expected business performance in the first half of 2015: Net profit attributable to shareholders of the Company is positive and not belongs to the situation of turning losses into gains.

From January to June in 2015, the change for net profit attributable to shareholders of the Company compared with the same period last year (%)	0.00%	~	30.00%
From January to June in 2015, the change for net profit attributable to shareholders of the Company compared with the same period last year (RMB'0000)	923	~	1,200
From January to June in 2014, net profit attributable to shareholders of the Company (RMB'0000)	923.78		
Reasons for change in results	Under the circumstances of economic downturn and contraction in market demand in 2015, the Company made concerted efforts and made a breakthrough on the independent product research and development, the sale of high value-added and new customers development etc. by deepening the internal tapping latent potentialities and enhancing technology innovation, it is currently expected the Company's operation situation would be improved compared to the same period last year .		

Part 4 FINANCIAL STATEMENT

I. Financial Statement

(1) Consolidated Balance Sheet

Prepared by: Shandong Molong Petroleum Machinery Company Limited

31 March 2015

Unit: RMB

Item	At the end of the current reporting period	At the beginning of this year
Current assets:		
Cash and bank balances	737,044,605.46	615,209,216.38
Balances with clearing companies		
Placements with banks and other financial institutions		
Financial assets measured at fair value and the changes are recorded into the current profits and losses		
Derivative financial assets		
Bills receivable	106,721,006.08	90,685,848.66
Accounts receivable	623,035,383.17	608,640,409.68
Prepayments	91,927,531.19	40,431,669.87
Premiums receivable		
Reinsurance accounts receivable		
Deposits receivable from reinsurance treaty		
Interests receivable	3,553,733.05	2,670,703.33
Dividends receivables		
Other receivable	41,166,607.75	48,859,721.67
Purchases of resold financial assets		
Inventories	1,006,044,929.59	1,019,069,690.68
Assets divided into holding for sale		
Non-current assets due within one year		
Other current assets	37,452,158.42	48,939,615.27
Total current assets	2,646,945,954.71	2,474,506,875.54

Non-current assets:		
Loans and advances granted		
Available-for-sale financial assets	10,000,000.00	10,000,000.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	54,900,022.21	54,356,021.71
Investment properties		
Fixed assets	1,781,579,946.12	1,827,767,103.63
Construction in progress	931,266,185.79	853,004,896.75
Construction materials		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	464,415,504.80	478,528,348.61
Development expenses	14,364,405.93	
Goodwill	83,483,383.21	83,483,383.21
Long-term deferred expenses	55,555.68	76,389.00
Deferred income tax assets	44,809,126.72	43,762,193.71
Other non-current assets	232,765,618.34	219,015,483.87
Total non-current assets	3,617,639,748.80	3,569,993,820.49
Total assets	6,264,585,703.51	6,044,500,696.03
Current liabilities:		
Short-term borrowings	1,585,179,164.30	1,414,805,321.00
Loans from central bank		
Deposit taking and deposit in inter-bank market		
Placements from banks and other financial institutions		
Financial assets measured at fair value and the changes are recorded into the current profits and losses		
Derivative financial assets		
Bills payable	408,185,949.99	426,865,457.13
Accounts payable	745,437,400.55	705,325,418.59
Advance receipts	175,546,826.26	151,391,041.52

Disposal of repurchased financial assets		
Fee and commission payable		
Salaries payable	25,214,715.71	26,372,504.82
Taxes payable	10,762,640.16	10,334,086.93
Interests payable	22,640,747.63	21,635,356.93
Dividends payable		
Other payables	26,560,753.32	24,879,654.35
Reinsurance accounts payable		
Reserve for insurance policies		
Customer deposits for trading in securities		
Customer deposits for underwriting		
Assets divided into holding for sale		
Non-current liabilities due within 1 year		
Other current liabilities	1,808,000.00	1,808,000.00
Total current liabilities	3,001,336,197.92	2,783,416,841.27
Non-current liabilities:		
Long-term loans		
Debentures payable	498,444,444.42	498,111,111.09
Among which: preferred stock		
perpetual capital securities		
Long-term payables		
Special payables		
Accrued liabilities		
Deferred income		
Deferred income tax liabilities	10,964,754.30	10,917,268.07
Other non-current liabilities		1,808,000.00
Total non-current liabilities	509,409,198.72	510,836,379.16
Total liabilities	3,510,745,396.64	3,294,253,220.43
Owners' equity(or Shareholders' equity):		
Paid-up capital (or share capital)	797,848,400.00	797,848,400.00
Other equity instruments		

Among which: preferred stock		
perpetual capital securities		
Capital reserve	849,500,658.42	849,500,658.42
Less: treasury stock		
Other comprehensive income	219,966.69	312,161.80
Special reserve		
Surplus reserve	176,686,903.51	176,686,903.51
General risk reserve		
Undistributed profit	874,529,506.97	869,937,207.44
Total equity attributable to owners of the Company	2,698,785,435.59	2,694,285,331.17
Minority interests	55,054,871.28	55,962,144.43
Total owners' equity	2,753,840,306.87	2,750,247,475.60
Total liabilities and owners' equity	6,264,585,703.51	6,044,500,696.03

Legal representative: Zhang En Rong

Chief financial officer: Yang Jin

Head of finance section: Ding Zhi Shui

(2) Balance Sheet of The Company

Unit: RMB

Item	At the end of the current reporting period	At the beginning of this year
Current assets:		
Cash and bank balances	728,931,586.93	603,738,557.50
Financial assets measured at fair value and the changes are recorded into the current profits and losses		
Derivative financial assets		
Bills receivable	90,336,381.48	78,327,566.76
Accounts receivable	938,025,134.05	852,857,480.28
Prepayments	213,758,089.23	188,443,152.10
Interests receivable	3,553,733.05	2,670,703.33
Dividends receivables		
Other receivable	227,619,847.26	272,409,135.72
Inventories	811,506,842.71	817,174,405.99
Assets divided into holding for sale		

Non-current assets due within one year		
Other current assets		13,437,824.29
Total current assets	3,013,731,614.71	2,829,058,825.97
Non-current assets:		
Available-for-sale financial assets	10,000,000.00	10,000,000.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	1,042,069,921.73	1,042,069,921.73
Investment properties		
Fixed assets	1,191,427,021.83	1,221,470,865.17
Construction in progress	282,082,889.76	274,360,340.88
Construction materials		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	226,752,078.87	238,524,368.44
Development expenses	14,364,405.93	
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	31,638,837.42	30,591,904.41
Other non-current assets		
Total non-current assets	2,798,335,155.54	2,817,017,400.63
Total assets	5,812,066,770.25	5,646,076,226.60
Current liabilities:		
Short-term borrowings	1,523,757,164.30	1,353,615,321.00
Financial assets measured at fair value and the changes are recorded into the current profits and losses		
Derivative financial assets		
Bills payable	408,185,949.99	427,645,457.13
Accounts payable	368,403,135.53	391,534,463.53
Advance receipts	189,479,475.94	167,732,495.64
Salaries payable	18,606,746.07	19,806,065.35
Taxes payable	5,616,385.90	4,439,685.96

Interests payable	22,257,160.73	21,557,773.76
Dividends payable		
Other payables	12,582,804.72	9,439,187.44
Assets divided into holding for sale		
Non-current liabilities due within 1 year		
Other current liabilities	1,808,000.00	1,808,000.00
Total current liabilities	2,550,696,823.18	2,397,578,449.81
Non-current liabilities:		
Long-term loans		
Debentures payable	498,444,444.42	498,111,111.09
Among which: preferred stock		
perpetual capital securities		
Long-term payables		
Long-term payroll payables		
Special payables		
Accrued liabilities		
Deferred income		
Deferred income tax liabilities	531,624.13	400,605.50
Other non-current liabilities		1,808,000.00
Total non-current liabilities	498,976,068.55	500,319,716.59
Total liabilities	3,049,672,891.73	2,897,898,166.40
Owners' equity(or Shareholders' equity):		
Paid-up capital (or share capital)	797,848,400.00	797,848,400.00
Other equity instruments		
Among which: preferred stock		
perpetual capital securities		
Capital reserve	849,481,990.92	849,481,990.92
Less: treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	176,686,903.51	176,686,903.51
Undistributed profit	938,376,584.09	924,160,765.77

Total owners' equity	2,762,393,878.52	2,748,178,060.20
Total liabilities and owners' equity	5,812,066,770.25	5,646,076,226.60

(3) Consolidated Income Statement

Unit: RMB

Item	Amount for the period	Amount for the previous period
I . Total revenue from operations	567,637,950.76	660,989,102.61
Among which: operating revenue	567,637,950.76	660,989,102.61
Interest income		
Premium earned		
Fee and commission income		
II . Total cost of operations	565,851,693.53	657,585,072.38
Among which: Operating cost	456,314,051.11	598,505,627.92
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	3,516,510.59	5,610,858.99
Selling expenses	65,157,990.61	15,122,533.83
Administrative expenses	32,072,029.80	27,945,767.99
Finance costs	8,791,111.42	13,488,412.40
Asset impairment losses		-3,088,128.75
Add: Gains from changes in fair value (losses are represented by “-”)		
Investment income (losses are represented by “-”)	544,000.50	
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	2,330,257.73	3,404,030.23

“—”)		
Add: Non-operating income	2,717,865.05	3,081,086.26
Among which: Profits from disposal of non-current assets		421,439.67
Less: Non-operating expenses	32,265.42	368,726.49
Among which: Loss from disposal of non-current assets	12,265.42	341,157.20
IV. Total profit (loss is represented by “—”)	5,015,857.36	6,116,390.00
Less: Income tax expenses	1,326,068.41	936,182.09
V. Net profit (loss is represented by “—”)	3,689,788.95	5,180,207.91
Net profit attributable to owners of the Company	4,592,299.53	4,446,742.33
Minority interests	-902,510.58	733,465.58
VI. The net after-tax of other comprehensive income	-96,957.68	-106,550.07
The net after-tax of other comprehensive income attributable to owners of the Company	-92,195.11	-95,895.05
(1) Other comprehensive income cannot be reclassified into the profit and loss later		
a. Remeasure defined benefit plans changes in net debt or net assets		
b. The share in the other comprehensive income cannot be reclassified into the profit and loss by the invested entity under the equity method		
(2) Other comprehensive income will be reclassified into the profit and loss later	-92,195.11	-95,895.05
a. The share in the other comprehensive income will be reclassified into the profit and loss by the invested entity under the equity method later		
b. Available-for-sale financial assets changes in fair value recognised in profit or loss		
c. Held-to-maturity investment reclassified into the available-for-sale financial assets profit and loss		
d. Effective part of the cash flow hedging gains and losses		

e. Balance arising from the translation of foreign currency financial statements	-92,195.11	-95,895.05
f. Others		
The net after-tax of other comprehensive income attributable to the minority shareholders	-4,762.57	-10,655.02
VII. Total comprehensive income	3,592,831.27	5,073,657.84
Total comprehensive income attributable to owners of the Company	4,500,104.42	4,350,847.28
Total comprehensive income attributable to the minority shareholders	-907,273.15	722,810.56
VIII. Earnings per share:	--	--
(1) Basic earnings per share	0.01	0.01
(2) Diluted earnings per share	0.01	0.01

For the business combination under common control in this period, the net profit achieved by the combined party before the combination is RMB0.00, the net profit of last period achieved by the combined party is RMB0.00.

Legal representative: Zhang En Rong

Chief financial officer: Yang Jin

Head of finance section: Ding Zhi Shui

(4) Income Statement of The Company

Unit: RMB

Item	Amount for the period	Amount for the previous period
I . Total revenue from operations	570,062,146.02	678,460,479.62
Less: Operating cost	459,065,577.86	613,132,061.26
Business tax and surcharges	3,300,992.05	5,284,446.61
Selling expenses	65,100,427.07	15,078,711.31
Administrative expenses	21,473,250.87	23,902,190.39
Finance costs	8,330,322.97	18,148,892.03
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 “—”)	12,791,575.20	6,002,306.77
Add: Non-operating income	2,330,224.49	2,534,760.99
Among which: Profit from disposal of non-current		421,439.67

assets		
Less: Non-operating expenses	1,240.91	20,114.06
Among which: Loss from disposal of non-current assets	1,240.91	2,544.77
III. Total profit (loss is represented by “—”)	15,120,558.78	8,516,953.70
Less: Income tax expenses	904,740.46	159,511.38
IV. Net profit (loss is represented by “—”)	14,215,818.32	8,357,442.32
V. The net after-tax of other comprehensive income		
(1) Other comprehensive income cannot be reclassified into the profit and loss later		
a. Remeasure defined benefit plans changes in net debt or net assets		
b. The share in the other comprehensive income cannot be reclassified into the profit and loss by the invested entity under the equity method		
(2) Other comprehensive income will be reclassified into the profit and loss later		
a. The share in the other comprehensive income will be reclassified into the profit and loss by the invested entity under the equity method later		
b. Available-for-sale financial assets changes in fair value recognised in profit or loss		
c. Held-to-maturity investment reclassified into the available-for-sale financial assets profit and loss		
d. Effective part of the cash flow hedging gains and losses		
e. Balance arising from the translation of foreign currency financial statements		
f. Others		
VI. Total comprehensive income	14,215,818.32	8,357,442.32
VII. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

(5) Consolidated Cash Flow Statement

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	566,693,766.18	571,924,440.73
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 of financial assets in disposal of fair value measurement and the changes are recorded into the current profit and loss		
Cash received from interest, handling charges and commissions		
Net increase in borrowing funds		
Net increase in repurchases business fund		
Tax rebate received	33,833,665.56	11,829,764.12
Other cash received relating to operating activities	107,840,458.87	26,438,972.39
Sub-total of cash inflow from operating activities	708,367,890.61	610,193,177.24
Cash paid for purchasing goods and receiving services	577,654,521.80	512,560,163.54
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	34,345,189.93	32,022,440.09
Taxes and surcharges paid	11,128,573.69	17,915,557.24
Other cash paid relating to operating activities	113,314,171.10	24,162,013.50
Sub-total of cash outflow from operating activities	736,442,456.52	586,660,174.37
Net cash flows from operating activities	-28,074,565.91	23,533,002.87
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	54,144,947.27	79,496,821.22
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	54,144,947.27	79,496,821.22
Net cash flows from investing activities	-54,144,947.27	-79,075,381.55
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	663,762,966.00	704,851,298.18
Cash received from issue of bonds		

Other cash received relating to financing activities		
Sub-total of cash inflow from financing activities	663,762,966.00	704,851,298.18
Cash paid for repayment of liabilities	493,621,122.70	490,244,960.00
Cash paid for dividends, profits distribution or interest repayment	16,659,943.14	16,295,379.59
Among which: Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid relating to financing activities	76,948,975.00	
Sub-total of cash outflow from financing activities	587,230,040.84	506,540,339.59
Net cash flows from financing activities	76,532,925.16	198,310,958.59
IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate	2,306,146.80	-4,525,384.06
V. Net increase in cash and cash equivalents	-3,380,441.22	138,243,195.85
Add: Balance of cash and cash equivalents at the beginning of the period	496,842,889.68	330,546,464.49
VI. Balance of cash and cash equivalents at the end of the period	493,462,448.46	468,789,660.34

(6) Cash Flow Statement of the Company

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	530,620,016.79	583,951,058.30
Tax rebate received	33,833,665.56	10,699,864.12
Other cash received relating to operating activities	76,438,676.06	19,858,597.35
Sub-total of cash inflow from operating activities	640,892,358.41	614,509,519.77
Cash paid for purchasing goods and receiving services	523,843,960.47	528,226,624.15
Cash paid to and on behalf of employees	25,960,224.97	23,441,860.72
Taxes and surcharges paid	6,403,188.50	14,394,801.60
Other cash paid relating to operating activities	144,903,774.51	21,549,922.28

Sub-total of cash outflow from operating activities	701,111,148.45	587,613,208.75
Net cash flows from operating activities	-60,218,790.04	26,896,311.02
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	18,935,818.75	61,875,059.55
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	18,935,818.75	61,875,059.55
Net cash flows from investing activities	-18,935,818.75	-61,453,619.88
III. Cash flows from financing activities:		
Cash received from equity investments		
Cash received from borrowings	602,340,966.00	643,330,298.18
Cash received from issue of bonds		
Other cash received relating to financing activities		
Sub-total of cash inflow from financing activities	602,340,966.00	643,330,298.18
Cash paid for repayment of liabilities	432,199,122.70	345,055,400.00
Cash paid for dividends, profits distribution or interest repayment	16,368,298.16	15,911,905.49
Other cash paid relating to financing activities	76,948,975.00	
Sub-total of cash outflow from financing activities	525,516,395.86	360,967,305.49

Net cash flows from financing activities	76,824,570.14	282,362,992.69
IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate	2,307,237.78	-4,638,161.00
V. Net increase in cash and cash equivalents	-22,800.87	243,167,522.83
Add: Balance of cash and cash equivalents at the beginning of the period	485,372,230.80	210,108,724.61
VI. Balance of cash and cash equivalents at the end of the period	485,349,429.93	453,276,247.44

II. Auditors' report

Auditors' opinion: Unaudited

By Order of the Board
Shandong Molong Petroleum Machinery Company Limited
Zhang En Rong
Chairman

Shandong, the PRC

24 April 2015

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*