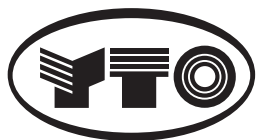


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**第一拖拉机股份有限公司**  
**FIRST TRACTOR COMPANY LIMITED**\*

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

(Stock Code: 0038)

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2015**

### **I. IMPORTANT NOTICE**

- 1.1** The board of directors (the “**Board**”) and board of supervisors (the “**Board of Supervisors**”) of First Tractor Company Limited (the “**Company**”), and its directors (the “**Directors**”), supervisors (the “**Supervisors**”) and senior management confirm that there are no false information, misleading statements or material omissions contained in this interim report (the “**Interim Report**”), and severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the contents therein.
- 1.2** All Directors attended the Board meeting convened to consider the Interim Report.
- 1.3** The interim financial statements for the six months ended 30 June 2015 are unaudited.
- 1.4** Mr. Zhao Yanshui (the person in charge of the Company), Mr. Yao Weidong (the person in charge of the accounting function) and Ms. Zhou Juan (the person in charge of the Accounting Department and the accounting manager) have confirmed the truthfulness, accuracy and completeness of the financial statements in the Interim Report.
- 1.5** Proposals of profit distribution or capitalization from capital reserves of the Company for the reporting period (the “**Reporting Period**”) as considered by the Board.

Nil

## II. COMPANY PROFILE

### 2.1 Basic Information

<b>Chinese name of the Company</b>	第一拖拉機股份有限公司
<b>Short name in Chinese</b>	第一拖拉機
<b>English name of the Company</b>	First Tractor Company Limited
<b>Legal representative of the Company</b>	Mr. Zhao Yanshui

	<b>Secretary to the Board</b>	<b>Representative of securities affairs</b>
Name	Ms. Yu Lina	Ms. Wei Yajun
Contact address	No. 154 Jianshe Road, Luoyang, Henan Province, PRC	No. 154 Jianshe Road, Luoyang, Henan Province, PRC
Telephone	(86 379) 6496 7038	(86 379) 6497 0213
Facsimile	(86 379) 6496 7438	(86 379) 6496 7438
E-mail	yulina@ytogroup.com	weiyajun027@163.com

### 2.2 Key accounting data and financial highlights of the Company as prepared in accordance with the PRC Accounting Standards

#### 2.2.1 Key Accounting Data and financial indicators

*Unit: Yuan Currency: RMB*

<b>Key Accounting Data</b>	<b>For the Reporting Period (January to June)</b>	<b>For the corresponding period of last year</b>	<b>Year-on-year increase/decrease (%)</b>
Operating revenue	<b>5,553,784,520.17</b>	5,436,300,755.86	2.16
Net profit attributable to shareholders of the Company	<b>148,644,010.04</b>	112,427,795.03	32.21
Net profit attributable to shareholders of the Company after deduction of non-recurring items	<b>133,246,720.67</b>	103,758,937.98	28.42
Net cash flows from operating activities	<b>256,360,072.95</b>	-365,339,320.44	N/A

	<b>As at the end of the Reporting Period</b>	As at the end of last year	Increase/ decrease at the end of the Reporting Period compared with the end of last year (%)
Net assets attributable to shareholders of the Company	<b>4,705,101,767.54</b>	4,593,468,033.54	2.43
Total assets	<b><u>13,363,517,821.56</u></b>	<b><u>12,355,694,645.67</u></b>	<b><u>8.16</u></b>

*Unit: Yuan Currency: RMB*

<b>Major financial indicators</b>	<b>For the Reporting Period (January to June)</b>	For the corresponding period of last year	Year-on- year increase/ decrease (%)
Basic earnings per share (RMB/share)	<b>0.1493</b>	0.1129	32.24
Diluted earnings per share (RMB/share)	<b>0.1493</b>	0.1129	32.24
Basic earnings per share after deduction of non-recurring items (RMB/share)	<b>0.1338</b>	0.1042	28.41
Weighted average return on net assets (%)	<b>3.21</b>	2.49	Increased by 0.72 percentage point
Weighted average return on net assets after deduction of non-recurring items (%)	<b>2.88</b>	2.30	Increased by 0.58 percentage point

*Notes to the key accounting data and major financial indicators of the Company*

1. The basic earnings per share and diluted earnings per share showed a year-on-year increase of 32.24%, mainly due to an increase in the net profit attributable to shareholders of the Company during the period.
2. Basic earnings per share after deduction of non-recurring items presented a year-on-year increase of 28.41%, mainly due to an increase in the net profit attributable to shareholders of the Company after deduction of non-recurring items during the period.

## 2.2.2 Non-recurring items and amounts

Unit: Yuan Currency: RMB

Non-recurring Items	Amounts
Gain or loss from disposal of non-current assets	-909,893.17
Government grants credited to current profit or loss (except for those which are closely related to the Company's ordinary business, in accordance with national policies and continuously received in certain standard amounts and quantities)	8,805,040.40
Profit or loss from debt restructuring	205,200.00
Profit or loss from changes in fair value arising from holding held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, except effective hedging business related to the Company's normal operations	11,755,465.11
Non-operating income and expenses other than those stated above	1,322,061.19
Impact on minority interests	-3,166,971.95
Effect of income tax	-2,613,612.21
Total	<u>15,397,289.37</u>

## III. CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

### 3.1 Table of share changes

Applicable       Not Applicable

### 3.2 Number of shareholders and their shareholdings

Total number of shareholders as at the end of the Reporting Period (shareholder) 28,419 including 28,041 holders of A shares and 378 holders of H shares

Total number of preference shareholders with redeemed voting rights as at the end of the Reporting Period (shareholder) N/A

Name of shareholders	Shareholdings of the top ten shareholders			Number of shares held subject to selling restrictions (share)	Nature of shares pledged or frozen	Nature of shareholders
	Increase/decrease during the Reporting Period (share)	Total number of shares held as at the end of the Reporting Period (share)	Percentage (%)			
YTO	0	443,910,000	44.57	443,910,000	Nil	State-owned legal-person
HKSCC NOMINEES LIMITED	126,000	398,331,398	40.00	0	Unknown	Overseas legal person
Luo Xiuzhen (羅秀珍)	2,197,701	3,264,084	0.33	0	Unknown	Domestic natural person
Zhao Juan (趙娟)	1,490,100	1,490,100	0.15	0	Unknown	Domestic natural person
Zhang Jiangwen (張江文)	987,902	987,902	0.10	0	Unknown	Domestic natural person
Lin Shuangyu (林霜雨)	-1,179,282	950,000	0.10	0	Unknown	Domestic natural person
Sichuan Trust Co., Ltd. Jinzheng No. 22-Securities Investment Pools Trust Plan (四川信託有限公司—錦證二十二號證券投資集合資金信託計劃)	887,110	887,110	0.09	0	Unknown	Others
Tian Lingyan (田凌雁)	728,700	728,700	0.07	0	Unknown	Domestic natural person
LIU HON NAM	0	726,000	0.07	0	Unknown	Overseas natural person
Tao Xiaoling (陶小玲)	650,944	650,944	0.07	0	Unknown	Domestic natural person

**Shareholdings of the top ten shareholders of non-restricted circulating shares**

Name of shareholders	Number of non-restricted circulating shares held (share)	Number and class of share	
		Class	Number (share)
HKSCC NOMINEES LIMITED	398,331,398	Overseas listed foreign shares	398,331,398
Luo Xiuzhen (羅秀珍)	3,264,084	Ordinary shares denominated in RMB	3,264,084
Zhao Juan (趙娟)	1,490,100	Ordinary shares denominated in RMB	1,490,100
Zhang Jiangwen (張江文)	987,902	Ordinary shares denominated in RMB	987,902
Lin Shuangyu (林霜雨)	950,000	Ordinary shares denominated in RMB	950,000
Sichuan Trust Co., Ltd. Jinzheng No. 22 – Securities Investment Pools Trust Plan (四川信託有限公司—錦證二十二號證券投資集合資金信託計劃)	887,110	Ordinary shares denominated in RMB	887,110
Tian Lingyan (田凌雁)	728,700	Ordinary shares denominated in RMB	728,700
LIU HON NAM	726,000	Overseas listed foreign shares	726,000
Tao Xiaoling (陶小玲)	650,944	Ordinary shares denominated in RMB	650,944
Sichuan Trust Co., Ltd. Jinzheng No. 21 – Securities Investment Pools Trust Plan (四川信託有限公司—錦證二十一號證券投資集合資金信託計劃)	629,300	Ordinary shares denominated in RMB	629,300

Connection relationship or parties acting in concert among the aforesaid shareholders

Of the top 10 shareholders and top 10 shareholders without selling restrictions, YTO, the controlling shareholder of the Company, has no connected relationship with, nor is it a party acting in concert (as defined in the Administrative Measures on Acquisitions by Listed Companies) with, any of other shareholders. The Company is not aware of any connected relationship among the aforesaid shareholders, nor aware of any parties acting in concert among them as defined in the Administrative Measures on Acquisitions by Listed Companies.

Explanations on preference shareholders with voting rights restored and number of shares held thereby

N/A

*Note:* The overseas listed foreign shares held by HKSCC Nominees Limited are held on behalf of various customers.

## **IV. REPORT OF THE BOARD**

### **4.1 The Board's Discussion and Analysis on the Company's Operations During the Reporting Period**

In the first half of 2015, the policies on maintaining stable growth and reform measures for promoting reform, adjusting structure, benefiting people and preventing risks launched by the government in the earlier stage have showed effects, and the industrial economy presented a moderate but stable trend. The principal operating revenue of sizable agricultural machinery enterprises continued to grow at a slower rate. As affected by the factors including the year-on-year increase in the subsidies for purchase of agricultural machineries in the first half of this year and the good harvest in Heilongjiang Province in the Northeast Region, the sales of the tractor industry recovered to a certain degree in the first half of this year and fluctuated within a narrow range at the high level. Meanwhile, as affected by factors like the deep ploughing, straw mulching and land transfer promoted by the PRC government, the trend of product and power upgrade of tractors continued to develop. In the first half of this year, the accumulated sales volume of the hi-powered and mid-powered tractors industry reached 196,000 units, representing a slight year-on-year decrease of 0.4%, of which the sales volume of hi-powered wheeled tractors was 77,800 units, representing a 14.9% year-on-year increase, the sales volume of tractors with power of 100 horsepower or above was 33,900 units, representing a 44.8% year-on-year increase, and the sales volume of mid-powered wheeled tractors was 118,000 units, representing a 8.4% year-on-year decrease.

To proactively grasp the opportunities arising from the changes in the industry, the Company made tremendous efforts in exploring potentials of the traditional market, timely turned its achievements in research and technology to its product and market advantages through the launch of high-performance tractors, thus meeting the customer needs for upgrading. Through strengthening cost optimization and controlling expenses, it continually improved the overall business operation. In the first half of this year, the Company recorded total revenue of RMB5,708 million, representing an increase of 4.3% over the corresponding period of last year; and the net profit attributable to the parent company amounted to RMB149 million, representing an increase of 32.2% over the corresponding period of last year.

In respect of agricultural machinery, during the Reporting Period, the Company understood the market changes thoroughly, optimized its product structure, and actively launched new products for sale. It sold 46,500 units of hi-powered and mid-powered tractors, representing a year-on-year increase of 2.5%, including 23,800 units of hi-powered wheeled tractors, representing a year-on-year increase of 26.1%, 11,200 units of hi-powered wheeled tractors with power of 100 horsepower or above, representing a year-on-year increase of 53.5% and 8.7 percentage points higher than the industry level; and over 1,400 units of power shifting tractors, representing a significant year-on-year increase, which further consolidated the leading position of the Company in the domestic high-end tractor industry. However, subject to the influence of adjustment to regional subsidy policy on agricultural machineries and users' demands for upgrade, the Company sold 22,500 units of mid-powered wheeled tractors in the first half of this year, representing a year-on-year decrease of 13.9%. In addition, the Company made breakthrough in the key projects in the international market and the orders for exporting tractors to South America region have all been delivered.

In respect of power machinery, as driven by the market demand growth of hi-powered tractors, the Company sold 100,900 units of diesel engines in the first half of this year, representing a year-on-year increase of 5.1%; of which external sales accounted for 64,600 units, representing a year-on-year increase of 1.4%. In the first half of the year, the Company continued to promote the preparation for the crafting and production of the national III diesel engines so as to ensure the smooth shift of its product line as scheduled.

During the Reporting Period, the Company continuously promoted cost optimization project and increased management and control efforts over expenses through enhanced budget plan. The expenses of the Company for the first half of this year decreased by 2.2% as compared with the corresponding period of last year. Meanwhile, it improved sale policies and strengthened management and control over receivables. As a result, the accounts receivable of the Company decreased significantly as compared with the corresponding period of last year while the growth of operating revenue was maintained.



During the Reporting Period, the Company proactively promoted the innovation of operation mode. The Dongfanghong E-shopping Mall was formally put into operation. Meanwhile, the Company's cooperation with BOL Financial Leasing to support the sales of the Company's high-end products has been in the implementation stage.

In the first half year of 2015, the Company achieved certain results in adjustment of product structure, with profit level growing moderately. However, the profit of the Company was adversely affected by the significant decrease in sales of mid-powered tractors and the failure to improve mining trucks and other machineries.

In the second half of 2015, the Company will still be confronted with a relatively complex environment due to the reduction in subsidies for agricultural machinery purchase over the corresponding period of last year and more pressure from dilution of subsidies by other machineries such as corn harvestors in the tractor market, together with the switching emission standards of the diesel engine, marketing and policy coherence.

The Company will pay close attention to the market and national policy, devote more efforts in marketing scheming and structuring, and vigorously promote the sale of new products such as power-shifting products. Also, it will endeavor to deliver a good performance on the shift in the emission standards of diesel engine to national III level, enhance exploration of major international markets, proactively promote the exportation of high-powered and mid-powered wheeled tractors to Cuba and implementation of other key projects, and provide supporting value-added services. The Company will also intensify the reform and business integration, strengthen business synergy, and inject more energy to its operation. Meanwhile, it will enhance risk prevention and control by adopting various measures and maintain the stable growth of its business by prioritizing the quality of growth.

## 4.2 ANALYSIS OF PRINCIPAL BUSINESSES

### 4.2.1 Analysis of Changes in Items of the Financial Statements

#### (1) Consolidated balance sheet

Unit: Yuan Currency: RMB

Item	For the Reporting Period	For the beginning of the year	Changes (%)
Loans to banks and other financial institutions	200,000,000.00	0.00	N/A
Notes receivable	598,838,189.57	940,748,139.33	-36.34
Accounts receivable	1,233,892,092.34	879,355,043.69	40.32
Advances to suppliers	147,289,406.48	292,088,912.74	-49.57
Interest receivable	335,833.33	133,472.22	151.61
Dividend receivable	13,435,000.00	0.00	N/A
Other receivables	68,657,068.07	228,490,379.91	-69.95
Financial assets purchased with agreement to re-sale	538,953,084.12	0.00	N/A
Other current assets	619,789,203.69	56,383,561.23	999.24
Long-term equity investments	149,702,758.77	65,849,170.84	127.34
Receipts of deposits and deposits from other banks	916,809,633.32	576,246,341.28	59.10
Loans from other banks	100,000,000.00	350,000,000.00	-71.43
Accounts payable	2,178,426,474.24	1,350,582,485.03	61.30
Advances from customers	119,920,955.00	266,897,178.83	-55.07
Dividends payable	52,911,893.28	0.00	N/A
Other current liabilities	135,269,387.43	53,243,515.75	154.06
Long-term payables	235,318.88	0.00	N/A
Other comprehensive income	30,076,365.16	16,295,741.20	84.57

Loans to banks and other financial institutions increased by RMB200,000,000 as compared with the beginning of the period, mainly due to the increase in short-term loans to banks and other financial institutions of YTO Finance during the period.

Notes receivable decreased by 36.34% as compared with the beginning of the period, mainly due to more cash received from sale of products and lower ratio of acceptance notes.

Accounts receivable increased by 40.32% as compared with the beginning of the period, mainly due to the fact that trade receivables has not yet been due for products sold in the first half of last year, which is the peak season in sales.

Advances to suppliers decreased by 49.57% as compared with the beginning of the period, mainly due to the arrival and settlement of procurements by the Company at the end of last year.

Interest receivable increased by 151.61% as compared with the beginning of the period, mainly due to the increase in interest receivable of YTO Finance.

Dividend receivable increased by RMB13,440,000 as compared with the beginning of the period, mainly due to unpaid dividends from investment in Bank of Luoyang of the Company for the year 2014.

Other receivables decreased by 69.95% as compared with the beginning of the period, mainly due to the fact that the consideration for the disposal of intangible assets of axle business of the Company in the last period were received during this period according to the agreement.

Financial assets purchased with agreement to re-sale increased by RMB538,950,000 as compared with the beginning of the period, mainly due to the purchase of financial assets with agreement to re-sale by YTO Finance using short-term idle funds.

Other current assets increased by 999.24% as compared with the beginning of the period, mainly due to wealth management products purchased by the Company using short-term idle funds.

Long-term equity investments increased by 127.34% as compared with the beginning of the period, mainly due to the full payment of investment by the Company in ZF YTO Axle, an associated company.

Receipts of deposits and deposits from other banks increased by 59.10% as compared with the beginning of the period, mainly due to the increase in receipts of deposits and deposits from other banks of YTO Finance.

Loans from other banks decreased by 71.43% as compared with the beginning of the period, mainly due to the decrease in loans from other banks of YTO Finance.

Accounts payable increased by 61.30% as compared with the beginning of the period, mainly due to the increase in procurement of the Company and the settlement thereof not yet due.

Advances from customers decreased by 55.07% as compared with the beginning of the period, mainly due to the materialization of sales proceeds from customers of the Company advanced at the end of last year.

Dividends payable increased by RMB52,910,000 as compared with the beginning of the period, mainly due to declaration of dividends for the year 2014 of the Company, which has been completed as at the disclosing date of this report.

Other current liabilities increased by 154.06% as compared with the beginning of the period, mainly due to intensified promotions and after-sales services, leading to the increase in provision of sales services and warranty services.

Long-term payables increased by RMB240,000 as compared with the beginning of the period, mainly due to the increase in business of fixed assets acquired under finance lease agreement of the Company.

Other comprehensive income increased by 84.57% as compared with the beginning of the period, mainly due to the increase in fair value of available-for-sale financial assets held by the Company.

(2) *Consolidated income statement*

Unit: Yuan Currency: RMB

Item	For the Reporting Period	For the corresponding period of the previous year	Changes (%)
Total revenue from operations	<b>5,708,191,514.51</b>	5,473,576,132.43	4.29
Operating revenue	<b>5,553,784,520.17</b>	5,436,300,755.86	2.16
Operating costs	<b>4,531,530,237.71</b>	4,519,630,339.39	0.26
Selling costs	<b>288,812,474.52</b>	245,331,903.15	17.72
Administrative expenses	<b>427,437,981.51</b>	480,576,358.48	-11.06
Finance costs	<b>42,207,637.61</b>	49,367,255.29	-14.50
Loss in asset impairment	<b>140,545,351.72</b>	66,528,064.88	111.26
Income tax expense	<b>50,291,121.31</b>	23,864,964.60	110.73
Research and development expenses	<b>185,186,939.65</b>	204,872,348.54	-9.61
Interest income	<b>154,161,050.67</b>	36,662,112.29	320.49
Fees and commission income	<b>245,943.67</b>	613,264.28	-59.90
Interest expenses	<b>124,120,897.30</b>	16,936,701.40	632.85

Total revenue from operations and operating revenue increased by 4.29% and 2.16% respectively as compared with the same period last year, mainly due to the increase in sales volume of principal products of the Company during the Reporting Period.

Operating costs increased by 0.26% as compared with the same period last year, basically unchanged, mainly due to strengthened management and control over costs and expenses of the Company during the Reporting Period.

Selling costs increased by 17.72% as compared with the same period last year, mainly due to the intensified product promotion and after-sales services of the Company during the Reporting Period.

Administrative expenses decreased by 11.06% as compared with the same period last year, mainly due to strengthened control over expenses of the Company during the Reporting Period.

Financial expenses decreased by 14.50% as compared with the same period last year, mainly due to proactively strengthened cash management and higher utilization efficiency of capital of the Company during the Reporting Period.

Income tax expense increased by 110.73% as compared with the same period last year, mainly due to the increase in total revenue of the Company during the Reporting Period.

Loss in asset impairment increased by 111.26% as compared with the same period last year, mainly due to an increase in provision for bad debt as a result of the increase in aging accounts receivable as compared with that of the beginning of the year.

Research and development expenses were basically unchanged as compared with the same period last year and a relative strength in research and development is maintained.

Interest income and interest expenses increased by 320.49% and 632.85% as compared with the same period last year respectively, mainly due to active expansion of business category by YTO Finance, especially the significant year-on-year increase in transfer discount business. In addition, it transferred bills at appropriate time pursuant to the liquidity needs of the Company, which led to a significant increase in both interest income and expense at the same time and an increase of 52.29% in net income.

### (3) Consolidated cash flow statements

Unit: Yuan Currency: RMB

Item	For the Reporting Period	For the corresponding period of last year	Changes (%)
Net cash flow from operating activities	<b>256,360,072.95</b>	-365,339,320.44	N/A
Net cash flow from investing activities	<b>-665,197,231.67</b>	-666,163,511.97	N/A
Net cash flow from financing activities	<b>28,653,767.33</b>	<b>388,728,127.57</b>	<b>-92.63</b>

Net cash flow from operating activities increased by RMB621,700,000 as compared with the same period last year, mainly due to the adjustment to the sales policy, improvement of cash recovering incentive measures and increase in amount recovered from dealers during the Reporting Period.

Net cash flow from investing activities were basically unchanged as compared with the corresponding period of last year, mainly due to the considerable investment scale the Company has maintained in recent years.

Net cash flow from financing activities decreased by 92.63% as compared with the same period last year, mainly due to the year-on-year decrease in cash received from loans granted to the Company during the Reporting Period.

## 4.2.2 Others

### (1) Key Financial Ratios

Items	Calculation basis	At the end of the Reporting Period	At the beginning of the Reporting Period	Year-on-year increase/decrease
Gearing ratio (%)	Total liabilities/total assets	59.35	56.94	Increased by 2.41 percentage points
Current ratio (%)	Current assets/Current liabilities	108.85	117.45	Decreased by 8.60 percentage points
Quick ratio (%)	(Current assets – Inventories)/Current liabilities	87.76	90.02	Decreased by 2.26 percentage points

### (2) Bank Loans

Bank loans of the Group are mainly denominated in RMB, USD and Euro. As at the end of the Reporting Period, bank loans of the Group due within one year amounted to RMB1,668,951,400 in which loans in foreign currency amounted to RMB1,415,401,400 (mainly loans in USD). Bank loans due over one year amounted to RMB34,349,500. Bank loans in fixed rate amounted to RMB992,951,100. The Company has good credit ranking and financing ability within and outside the PRC.

### (3) *Charged Assets*

At the end of the Reporting Period, fixed assets and intangible assets amounting to RMB97,223,400 (the amount at the beginning of the Reporting Period was RMB100,098,100) were charged, and bills receivable amounting to RMB183,550,000 (the amount at the beginning of the Reporting Period was RMB300,502,800) was pledged, by the Group to obtain a loan of RMB253,550,000 from financial institution.

At the end of the Reporting Period, bills receivable amounting to RMB176,379,800 and deposits amounting to RMB155,426,900 were pledged for bills issued by financial institution amounting to about RMB844,156,000.

### (4) *Currency Exchange Risks*

The business of the Company is mainly situated in the PRC. Since most of the transactions are settled in RMB, the Company does not have to expose to massive foreign exchange risk. However, as the Company has foreign currency liabilities and its export transactions are settled in foreign currencies (mainly in USD, HKD, Euro, Japanese Yen, Australian dollars, West African CFA franc and South African Rand), exchange rate fluctuations may affect the operating results of the Company. If RMB exchange rate fluctuates in the future due to market reasons, the Company will take measures to reduce foreign exchange risk.

## 4.3 ANALYSIS OF INDUSTRY, PRODUCTS OR REGIONAL OPERATION

### 4.3.1. Principal Businesses by Industry and by Product

*Unit: 0'000 yuan Currency: RMB*

#### *Principal businesses by industry*

By industry	Operating revenue	Operating cost	Gross Profit margin (%)	Increase/ decrease in operating revenue over last year (%)	Increase/ decrease in operating cost over last year (%)	Increase/ decrease in gross profit margin over last year
Equipment manufacturing	<u>555,378</u>	<u>453,153</u>	<u>18.41</u>	<u>2.16</u>	<u>0.26</u>	Increased by 1.54 percentage point



*Principal businesses by products*

By products	Operating revenue	Operating cost	Gross Profit margin (%)	Increase/ decrease in operating revenue over last year (%)	Increase/ decrease in operating cost over last year (%)	Increase/ decrease in gross profit margin over last year
Agricultural machinery	496,883	420,692	15.33	2.36	1.86	Increased by 0.41 percentage point
Power machinery	128,104	100,914	21.23	9.10	3.31	Increased by 4.42 percentage points
Other machinery	3,356	4,218	-25.68	-65.72	-58.27	Decreased by 22.43 percentage points
Inter-segment elimination	<u>-72,965</u>	<u>-72,671</u>	<u>/</u>	<u>/</u>	<u>/</u>	<u>/</u>
Total	<u>555,378</u>	<u>453,153</u>	<u>18.41</u>	<u>2.16</u>	<u>0.26</u>	Increased by 1.54 percentage points

**4.3.2. Principal Businesses by Geographical Location**

*Unit: Yuan Currency: RMB*

Geographical location	Operating revenue	Increase/decrease in operating revenue over last year (%)
Domestic	5,316,815,059.85	2.24
Overseas	236,969,460.32	0.49

**4.4 ANALYSIS OF CORE COMPETITIVENESS**

During the Reporting Period, the core competitiveness of the Company had no material change.

## V. FINANCIAL REPORTS

### I. AUDITOR'S REPORT

Applicable     Unapplicable

### II. FINANCIAL STATEMENTS

#### Consolidated Balance Sheet

As at 30 June 2015

Prepared by: First Tractor Company Limited

Unit: Yuan    Currency: RMB

Item	Notes	Ending Balance	Beginning Balance
<b>Current assets</b>			
Cash and cash equivalents	VII.1	<b>1,607,906,111.14</b>	1,998,159,516.29
Settlement reserves for balance		–	–
Loans to banks and other financial institutions	VII.2	<b>200,000,000.00</b>	–
Financial assets at fair value through profit or loss	VII.3	<b>387,448,309.50</b>	354,360,150.44
Derivative financial assets		–	–
Notes receivable	VII.4	<b>598,838,189.57</b>	940,748,139.33
Accounts receivable	VII.5	<b>1,233,892,092.34</b>	879,355,043.69
Advances to suppliers	VII.6	<b>147,289,406.48</b>	292,088,912.74
Premium receivables		–	–
Reinsurance receivables		–	–
Reinsurance contract reserves receivable		–	–
Interest receivable	VII.7	<b>335,833.33</b>	133,472.22
Dividend receivable	VII.8	<b>13,435,000.00</b>	–
Other receivables	VII.9	<b>68,657,068.07</b>	228,490,379.91
Financial assets purchased with agreement to re-sale	VII.10	<b>538,953,084.12</b>	–
Inventories	VII.11	<b>1,301,977,700.53</b>	1,447,426,253.97
Assets classified as held for sale		–	–
Non-current assets due within one year		–	–
Other current assets	VII.13	<b>619,789,203.69</b>	56,383,561.23
Total current assets		<b><u>6,718,521,998.77</u></b>	<b><u>6,197,145,429.82</u></b>

<b>Item</b>	<i>Notes</i>	<b>Ending Balance</b>	Beginning Balance
<b>Non-current assets</b>			
Loans and advances to customers	VII.12	<b>1,661,594,960.16</b>	1,362,361,447.55
Available-for-sale financial assets	VII.14	<b>302,342,141.41</b>	285,935,741.41
Held-to-maturity investments		–	–
Long-term receivables		–	–
Long-term equity investments	VII.15	<b>149,702,758.77</b>	65,849,170.84
Investment properties		–	–
Fixed assets	VII.16	<b>2,743,908,472.49</b>	2,738,916,218.10
Construction in progress	VII.17	<b>730,986,394.78</b>	642,813,215.87
Construction materials		–	–
Disposal of fixed assets		–	–
Productive biological assets		–	–
Oil and gas assets		–	–
Intangible assets	VII.18	<b>930,421,979.25</b>	947,153,734.35
Research and development expenses		–	–
Goodwill	VII.19	–	–
Long-term prepayments	VII.20	<b>25,485,871.17</b>	23,378,553.87
Deferred tax assets	VII.21	<b>100,553,244.76</b>	92,141,133.86
Other non-current assets		–	–
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>6,644,995,822.79</b>	6,158,549,215.85
		<hr/>	<hr/>
<b>Total assets</b>		<b>13,363,517,821.56</b>	12,355,694,645.67
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<b>Item</b>	<i>Notes</i>	<b>Ending Balance</b>	Beginning Balance
<b>Current liabilities:</b>			
Short-term loans	VII.22	<b>1,651,776,686.80</b>	1,644,532,646.15
Borrowings from central bank		–	–
Receipts of deposits and deposits from other banks	VII.23	<b>916,809,633.32</b>	576,246,341.28
Loans from other banks	VII.24	<b>100,000,000.00</b>	350,000,000.00
Financial liabilities at fair value through profit or loss		–	–
Derivative financial liabilities		–	–
Notes payable	VII.25	<b>844,155,972.59</b>	916,374,670.17
Accounts payable	VII.26	<b>2,178,426,474.24</b>	1,350,582,485.03
Advance from customers	VII.27	<b>119,920,955.00</b>	266,897,178.83
Funds from selling out and repurchasing financial assets		–	–
Fee and commission payable		–	–
Employee benefits payable	VII.28	<b>102,254,019.64</b>	100,709,706.51
Taxes payables	VII.29	<b>-266,697,811.97</b>	-326,702,397.31
Interests payable	VII.30	<b>43,429,021.91</b>	57,516,420.08
Dividends payable	VII.31	<b>52,911,893.28</b>	–
Other payables	VII.32	<b>265,230,270.72</b>	256,876,518.96
Reinsurance accounts payables		–	–
Reserves for insurance contracts		–	–
Brokerage for trading securities		–	–
Brokerage for consigning securities		–	–
Liabilities classified as held for sale		–	–
Non-current liabilities due within one year	VII.33	<b>28,576,687.79</b>	30,055,745.54
Other current liabilities	VII.34	<b>135,269,387.43</b>	53,243,515.75
<b>Total current liabilities</b>		<b><u>6,172,063,190.75</u></b>	<b><u>5,276,332,830.99</u></b>

Item	Notes	Ending Balance	Beginning Balance
<b>Non-current liabilities</b>			
Long-term loans	VII.35	<b>34,349,500.00</b>	46,597,500.00
Bonds payable	VII.37	<b>1,493,099,161.33</b>	1,491,971,739.19
Including: Preference shares		–	–
Perpetual bond		–	–
Long-term payables	VII.36	<b>235,318.88</b>	–
Long-term employee salary payable		–	–
Special payables		–	–
Contingent liabilities		–	–
Deferred income	VII.38	<b>183,695,759.51</b>	174,628,692.16
Deferred tax liabilities	VII.21	<b>47,314,809.53</b>	45,336,983.15
Other non-current liabilities		–	–
<b>Total non-current liabilities</b>		<b><u>1,758,694,549.25</u></b>	<b><u>1,758,534,914.50</u></b>
<b>Total liabilities</b>		<b><u>7,930,757,740.00</u></b>	<b><u>7,034,867,745.49</u></b>
<b>Shareholders' equity</b>			
Share capital	VII.39	<b>995,900,000.00</b>	995,900,000.00
Other equity instruments		–	–
Including: Preferred shares		–	–
Perpetual bond		–	–
Capital reserves	VII.40	<b>2,124,246,289.70</b>	2,124,246,289.70
Less: Treasury shares		–	–
Other comprehensive income	VII.41	<b>30,076,365.16</b>	16,295,741.20
Special reserves	VII.42	–	–
Surplus reserves	VII.43	<b>368,972,848.56</b>	368,972,848.56
General risk reserves	VII.44	<b>7,683,706.66</b>	7,683,706.66
Retained earnings	VII.45	<b>1,178,222,557.46</b>	1,080,369,447.42
Total equity attributable to shareholders of the Company		<b>4,705,101,767.54</b>	4,593,468,033.54
Minority interests		<b>727,658,314.02</b>	727,358,866.64
<b>Total Shareholders' equity</b>		<b><u>5,432,760,081.56</u></b>	<b><u>5,320,826,900.18</u></b>
<b>Total liabilities and shareholders' equity</b>		<b><u>13,363,517,821.56</u></b>	<b><u>12,355,694,645.67</u></b>

*Legal Representative:*  
**Zhao Yanshui**

*Chief Financial Officer:*  
**Yao Weidong**

*Accounting Manager:*  
**Zhou Juan**

## Balance Sheet

As at 30 June 2015

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	Ending Balance	Beginning Balance
<b>Current assets</b>			
Cash and cash equivalents	XVI.1	<b>1,767,102,483.84</b>	1,545,998,376.10
Financial assets at fair value through profit and loss		–	–
Derivative financial assets		–	–
Notes receivable	XVI.2	<b>239,248,349.34</b>	320,864,230.37
Accounts receivable	XVI.3	<b>1,166,514,755.14</b>	864,908,505.18
Prepayments	XVI.4	<b>121,334,456.35</b>	287,933,932.64
Interests receivable	XVI.5	<b>4,246,068.04</b>	5,279,014.53
Dividends receivable	XVI.6	<b>43,617,241.90</b>	20,694,898.90
Other receivables	XVI.7	<b>39,885,384.40</b>	201,047,271.43
Inventories	XVI.8	<b>549,424,161.84</b>	581,750,569.91
Assets classified as held for sale		–	–
Non-current assets due within one year		–	–
Other current assets	XVI.9	<b>757,190,939.12</b>	182,037,351.92
<b>Total current assets</b>		<b><u>4,688,563,839.97</u></b>	<b><u>4,010,514,150.98</u></b>

<b>Item</b>	<i>Notes</i>	<b>Ending Balance</b>	Beginning Balance
<b>Non-current assets:</b>			
Available-for-sale financial assets	XVI.10	<b>182,512,000.00</b>	169,840,000.00
Held-to-maturity investments		–	–
Long-term receivables		–	–
Long-term equity investments	XVI.11	<b>3,094,523,814.01</b>	2,971,115,370.22
Investment properties		–	–
Fixed assets	XVI.12	<b>1,401,572,464.13</b>	1,445,442,696.02
Construction in progress	XVI.13	<b>539,628,272.95</b>	446,998,550.61
Construction materials		–	–
Disposal of fixed assets		–	–
Productive biological assets		–	–
Oil and gas assets		–	–
Intangible assets	XVI.14	<b>575,045,416.40</b>	584,435,134.44
Research and development expenses		–	–
Goodwill		–	–
Long-term deferred expenditures	XVI.15	<b>22,845,736.55</b>	18,915,585.93
Deferred tax assets	XVI.16	<b>16,979,176.20</b>	7,100,975.68
Other non-current assets		–	–
<b>Total non-current assets</b>		<b><u>5,833,106,880.24</u></b>	<b><u>5,643,848,312.90</u></b>
<b>Total assets</b>		<b><u>10,521,670,720.21</u></b>	<b><u>9,654,362,463.88</u></b>

<b>Item</b>	<i>Notes</i>	<b>Ending Balance</b>	Beginning Balance
<b>Current liabilities:</b>			
Short-term loans	XVI.17	<b>1,595,855,480.00</b>	1,528,219,200.00
Financial liabilities at fair value through profit or loss		–	–
Derivative financial liabilities		–	–
Notes payable	XVI.18	<b>671,820,508.56</b>	824,335,790.27
Accounts payable	XVI.19	<b>1,592,557,638.22</b>	907,428,178.52
Advance from customers	XVI.20	<b>97,327,422.31</b>	138,590,676.64
Employee benefits	XVI.21	<b>33,315,752.94</b>	30,822,241.98
Taxes payable	XVI.22	<b>-244,100,975.46</b>	-289,463,168.86
Interests payable	XVI.23	<b>21,523,465.78</b>	56,724,301.01
Dividends payables	XVI.24	<b>48,659,104.28</b>	–
Other payables	XVI.25	<b>170,560,510.31</b>	175,113,885.41
Liabilities classified as held for sale		–	–
Non-current liabilities due within one year	XVI.26	<b>24,048,750.00</b>	25,513,000.00
Other current liabilities	XVI.27	<b>69,031,694.11</b>	8,280,760.00
<b>Total current liabilities</b>		<b><u>4,080,599,351.05</u></b>	<b><u>3,405,564,864.97</u></b>
<b>Non-current liabilities:</b>			
Long-term loans	XVI.28	<b>34,349,500.00</b>	46,597,500.00
Bonds payable	XVI.29	<b>1,493,099,161.33</b>	1,491,971,739.19
Including: Preferred shares		–	–
Perpetual bond		–	–
Long-term payables		–	–
Long-term employee salary payable		–	–
Special payables		–	–
Provisions		–	–
Deferred income	XVI.30	<b>122,761,362.41</b>	126,198,362.41
Deferred tax liabilities	XVI.16	<b>8,524,800.00</b>	6,624,000.00
Other non-current liabilities		–	–
<b>Total non-current liabilities</b>		<b><u>1,658,734,823.74</u></b>	<b><u>1,671,391,601.60</u></b>
<b>Total liabilities</b>		<b><u>5,739,334,174.79</u></b>	<b><u>5,076,956,466.57</u></b>



<b>Item</b>	<i>Notes</i>	<b>Ending Balance</b>	Beginning Balance
<b>Shareholders' equity</b>			
Share capital	XVI.31	<b>995,900,000.00</b>	995,900,000.00
Other equity instruments		–	–
Including: Preference shares		–	–
Perpetual bond		–	–
Capital reserves	XVI.32	<b>2,018,025,662.91</b>	2,018,025,662.91
Less: Treasury shares		–	–
Other comprehensive income	XVI.33	<b>48,307,200.00</b>	37,536,000.00
Special reserves	XVI.34	–	–
Surplus reserves	XVI.35	<b>294,479,564.73</b>	294,479,564.73
Retained earnings	XVI.36	<b>1,425,624,117.78</b>	1,231,464,769.67
<b>Total Shareholders' equity</b>		<b><u>4,782,336,545.42</u></b>	<u>4,577,405,997.31</u>
<b>Total liabilities and Shareholders' equity</b>		<b><u>10,521,670,720.21</u></b>	<u>9,654,362,463.88</u>

*Legal Representative:*  
**Zhao Yanshui**

*Chief Financial Officer:*  
**Yao Weidong**

*Accounting Manager:*  
**Zhou Juan**

## Consolidated Income Statement

January – June 2015

Unit: Yuan Currency: RMB

Item	Notes	Current period	Last period
<b>1. Total operating revenue</b>		<b>5,708,191,514.51</b>	5,473,576,132.43
Including: Operating revenue	VII.46	<b>5,553,784,520.17</b>	5,436,300,755.86
Interest income	VII.47	<b>154,161,050.67</b>	36,662,112.29
Earned insurance premiums		–	–
Fees and commission income	VII.48	<b>245,943.67</b>	613,264.28
<b>2. Total cost of operation</b>		<b>5,569,548,287.35</b>	5,393,756,905.35
Including: Cost of operation	VII.46	<b>4,531,530,237.71</b>	4,519,630,339.39
Interest expenses	VII.47	<b>124,120,897.30</b>	16,936,701.40
Fees and commission expense	VII.48	<b>255,445.09</b>	234,244.63
Refunded premiums		–	–
Net amount of compensation payout		–	–
Net amount of reserves for reinsurance contract		–	–
Policy dividend payment		–	–
Reinsurance expenses		–	–
Business taxes and surcharges	VII.49	<b>14,638,261.89</b>	15,152,038.13
Selling and distribution expenses	VII.50	<b>288,812,474.52</b>	245,331,903.15
Administrative expenses	VII.51	<b>427,437,981.51</b>	480,576,358.48
Financial expenses	VII.52	<b>42,207,637.61</b>	49,367,255.29
Loss on impairment of assets	VII.53	<b>140,545,351.72</b>	66,528,064.88
Add: Gain arising from the changes in fair value (loss listed with “-”)	VII.54	<b>4,991,993.93</b>	2,910,247.35
Investment income (Loss listed with “-”)	VII.55	<b>51,984,548.53</b>	38,439,475.05

<b>Item</b>	<i>Notes</i>	<b>Current period</b>	<b>Last period</b>
Including: income from investments in associates and joint ventures (Loss listed with “-”)		<b>2,033,301.43</b>	211,174.89
Exchange gain (Loss listed with “-”)		–	–
<b>3. Operating profit (Loss listed with “-”)</b>		<b>195,619,769.62</b>	121,168,949.48
Add: Non-operating income	VII.56	<b>11,745,539.36</b>	15,374,715.41
Including: Gain from disposal of non-current assets		<b>599,056.39</b>	1,086,659.78
Less: Non-operating expenses	VII.57	<b>2,323,130.94</b>	1,501,254.29
Including: Loss on disposal of non-current assets		<b>1,508,949.56</b>	1,081,107.00
<b>4. Total profit (Loss listed with “-”)</b>		<b>205,042,178.04</b>	135,042,410.60
Less: Income tax expenses	VII.58	<b>50,291,121.31</b>	23,864,964.60
<b>5. Net profit (Net loss listed with “-”)</b>		<b>154,751,056.73</b>	111,177,446.00
Net profit attributable to owners of the company		<b>148,644,010.04</b>	112,427,795.03
Non-controlling interest		<b>6,107,046.69</b>	-1,250,349.03

<b>Item</b>	<i>Notes</i>	<b>Current period</b>	Last period
<b>6. Net other comprehensive income after tax</b>			
	VII.59	<b>13,875,813.65</b>	1,989,296.29
Net other comprehensive income after tax attributable to owners of the company	VII.59	<b>13,780,623.96</b>	2,173,683.84
(1) Other comprehensive income that can not be reclassified to profit and loss in subsequent periods		–	–
1) Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans		–	–
2) Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss under equity method		–	–
(2) Other comprehensive income that will be subsequently reclassified to profit and loss	VII.59	<b>13,780,623.96</b>	2,173,683.84
1) Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss under equity method		–	–
2) Gains and losses from changes in fair value of available-for-sale financial assets	VII.59	<b>13,370,052.83</b>	-350,515.58
3) Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets		–	–

Item	<i>Notes</i>	Current period	Last period
4) Effective part of hedging gains and losses from cash flows		–	–
5) Exchange differences from retranslation of financial statements	VII.59	<b>410,571.13</b>	2,524,199.42
6) Others		–	–
Net other comprehensive income after tax attributable to minority interests	VII.59	<b>95,189.69</b>	-184,387.55
<b>7. Total comprehensive income</b>		<b>168,626,870.38</b>	113,166,742.29
Total comprehensive income attributable to shareholders of the Parent Company		<b>162,424,634.00</b>	114,601,478.87
Total comprehensive income attributable to minority interests		<b>6,202,236.38</b>	-1,434,736.58
<b>8. Earnings per share:</b>			
(1) Basic earnings per share ( <i>RMB/share</i> )	XVII.2	<b>0.1493</b>	0.1129
(2) Diluted earnings per share ( <i>RMB/share</i> )	XVII.2	<b>0.1493</b>	0.1129
<i>Legal Representative:</i> <b>Zhao Yanshui</b>	<i>Chief Financial Officer:</i> <b>Yao Weidong</b>	<i>Accounting Manager:</i> <b>Zhou Juan</b>	

**Income Statement**  
*January – June 2015*

*Unit: Yuan Currency: RMB*

<b>Item</b>	<i>Notes</i>	<b>Current period</b>	Last period
<b>1. Operating revenue</b>	XVI.37	<b>4,136,097,006.06</b>	4,086,335,842.14
Less: Cost of operation	XVI.37	<b>3,546,249,014.57</b>	3,597,449,672.86
Business taxes and surcharges		<b>867,398.40</b>	738,990.72
Selling and distribution expenses		<b>45,757,400.81</b>	23,466,231.50
Administrative expenses		<b>274,783,387.69</b>	286,963,527.46
Financial expenses		<b>22,984,634.64</b>	41,865,927.71
Loss on impairment of assets		<b>25,915,396.59</b>	-3,647,351.57
Add: Gain arising from the changes in fair value (Loss listed with “-”)		–	–
Investment income (Loss listed with “-”)	XVI.38	<b>49,437,899.87</b>	65,311,000.88
Including: Gain from investments in associates and joint ventures (Loss listed with “-”)		<b>1,989,556.87</b>	-71,435.22

<b>Item</b>	<i>Notes</i>	<b>Current period</b>	<b>Last period</b>
<b>2. Operating profit (Loss listed with “-”)</b>		<b>268,977,673.23</b>	204,809,844.34
Add: Non-operating income		<b>4,597,213.28</b>	6,614,333.90
Including: Gain from disposal of non-current assets		<b>487,538.66</b>	968,943.83
Less: Non-operating expenses		<b>939,353.39</b>	1,050,711.25
Including: Gain from disposal of non-current assets		<b>663,644.61</b>	384,947.79
<b>3. Total profit (Total loss listed with “-”)</b>		<b>272,635,533.12</b>	210,373,466.99
Less: Income tax expenses		<b>27,685,285.01</b>	7,559,575.93
<b>4. Net profit (Net loss listed with “-”)</b>		<b>244,950,248.11</b>	202,813,891.06
<b>5. Net other comprehensive income     after tax</b>		<b>10,771,200.00</b>	299,200.00
(1) Other comprehensive income that can not be reclassified to profit and loss in subsequent periods		–	–
1) Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans		–	–
2) Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss under equity method		–	–

<b>Item</b>	<i>Notes</i>	<b>Current period</b>	Last period
(2) Other comprehensive income that will be subsequently reclassified to profit and loss		<b>10,771,200.00</b>	299,200.00
1) Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss under equity method		–	–
2) Gains and losses from changes in fair value of available-for-sale financial assets		<b>10,771,200.00</b>	299,200.00
3) Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets		–	–
4) Effective part of hedging gains and losses from cash flows		–	–
5) Exchange differences from retranslation of financial statements		–	–
6) Others		–	–
<b>6. Total comprehensive income</b>		<b><u>255,721,448.11</u></b>	<b><u>203,113,091.06</u></b>

*Legal Representative:*  
**Zhao Yanshui**

*Chief Financial Officer:*  
**Yao Weidong**

*Accounting Manager:*  
**Zhou Juan**



## Consolidated Cash Flow Statement

January – June 2015

Unit: Yuan Currency: RMB

Item	Notes	Current period	Last period
<b>1. Cash flows from operating activities:</b>			
Cash received from sales of goods and rendering of services		<b>5,649,465,364.78</b>	<b>5,526,311,854.83</b>
Net increase in deposits from customers and deposits from other banks		<b>340,563,292.04</b>	<b>219,025,191.33</b>
Net increase in loans from central bank		–	–
Net increase in loans from other financial institutions		<b>-450,000,000.00</b>	<b>-350,000,000.00</b>
Cash receipts of premium of direct insurance contracts		–	–
Net cash received from reinsurance contracts		–	–
Net increase in deposits from insurance policy holders and investment		–	–
Net increase in disposal of financial assets at fair value through profit and loss		–	–
Cash receipts of interest, fees and commission		<b>154,204,633.23</b>	<b>37,275,376.57</b>
Net increase in placement from banks and other financial institution		–	–
Net increase in sales and repurchase operations		<b>-538,236,167.72</b>	<b>-489,305,972.60</b>
Cash received from taxes refund		<b>23,161,023.73</b>	<b>28,078,960.95</b>
Cash received relating to other operating activities	VII.60	<b>68,358,737.02</b>	<b>68,551,606.39</b>
Sub-total of cash inflows from operating activities		<b>5,247,516,883.08</b>	<b>5,039,937,017.47</b>

<b>Item</b>	<i>Notes</i>	<b>Current period</b>	<b>Last period</b>
Cash paid for goods and services		<b>3,268,505,005.88</b>	<b>3,824,729,899.69</b>
Net increase in loans and disbursement to customers		<b>418,495,546.47</b>	<b>266,716,084.24</b>
Net increase in deposit with central bank and inter-banks		<b>-5,626,900.66</b>	<b>32,853,778.70</b>
Cash paid for claims of direct insurance contracts		<b>-</b>	<b>-</b>
Cash paid for interest, fee and commission		<b>103,421,476.98</b>	<b>9,325,004.09</b>
Cash paid for dividends of insurance policies		<b>-</b>	<b>-</b>
Cash paid to and on behalf of employees		<b>608,412,477.34</b>	<b>567,178,422.92</b>
Payments of taxes and surcharges		<b>140,314,300.91</b>	<b>148,642,285.47</b>
Cash paid relating to other operating activities	VII.60	<b>457,634,903.21</b>	<b>555,830,862.80</b>
Sub-total of cash outflows from operating activities		<b>4,991,156,810.13</b>	<b>5,405,276,337.91</b>
Net cash flows from operating activities		<b>256,360,072.95</b>	<b>-365,339,320.44</b>
<b>2. Cash flows from investment activities:</b>			
Cash received from return of investments		<b>52,877,506.20</b>	<b>312,675,217.96</b>
Cash received from investments income		<b>41,166,643.37</b>	<b>24,220,519.78</b>
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>167,669,071.81</b>	<b>7,155,487.61</b>
Net cash received from disposal of subsidiaries and other business units		<b>-</b>	<b>-</b>
Cash received relating to other investing activities	VII.60	<b>2,000,000.00</b>	<b>900,000.00</b>
Sub-total of cash inflows from investing activities		<b>263,713,221.38</b>	<b>344,951,225.35</b>

<b>Item</b>	<i>Notes</i>	<b>Current period</b>	Last period
Cash paid to acquire fixed assets, intangible assets and other long-term assets		<b>207,395,497.01</b>	<b>325,839,360.80</b>
Cash paid for investments		<b>721,514,956.04</b>	<b>644,883,522.04</b>
Net increase in pledged deposits		–	–
Net cash paid to acquire subsidiaries and other business units		–	<b>40,391,854.48</b>
Cash paid relating to other investing activities		–	–
		<hr/>	<hr/>
Sub-total of cash outflow from investing activities		<b>928,910,453.05</b>	<b>1,011,114,737.32</b>
		<hr/>	<hr/>
Net cash flows from investing activities		<b><u>-665,197,231.67</u></b>	<b><u>-666,163,511.97</u></b>
<b>3. Cash flows from financing activities</b>			
Cash received from investment absorption		–	–
Including: Cash received by subsidiaries from investment absorption of minority interest		–	–
Cash received from loans granted		<b>154,231,070.00</b>	<b>490,000,000.00</b>
Cash received from issue of bonds		–	–
Cash received relating to other financing activities		–	–
		<hr/>	<hr/>
Sub-total of cash inflows from financing activities		<b>154,231,070.00</b>	<b>490,000,000.00</b>
		<hr/>	<hr/>

<b>Item</b>	<i>Notes</i>	<b>Current period</b>	<b>Last period</b>
Cash paid for settlement of borrowings		<b>30,234,500.00</b>	–
Cash paid for dividends, profits appropriation or payments of interest		<b>95,342,802.67</b>	<b>101,271,872.43</b>
Including: Dividens and profits paid to minority interests		<b>1,650,000.00</b>	<b>10,220,700.00</b>
Cash paid relating to other financing activities		–	–
Sub-total of cash outflows from financing activities		<b>125,577,302.67</b>	<b>101,271,872.43</b>
Net cash flows from financing activities		<b>28,653,767.33</b>	<b>388,728,127.57</b>
<b>4. Effect of changes in foreign exchange rate on cash and cash equivalents</b>		<b>-3,689,817.63</b>	<b>646,255.05</b>
<b>5. Net increase in cash and cash equivalents</b>	VII.61	<b>-383,873,209.02</b>	<b>-642,128,449.79</b>
Add: Cash and cash equivalents at the beginning of the year	VII.61	<b>1,749,902,168.21</b>	<b>1,618,450,134.70</b>
<b>6. Cash and cash equivalents at the end of the year</b>	VII.61	<b>1,366,028,959.19</b>	<b>976,321,684.91</b>
<i>Legal Representative:</i> <b>Zhao Yanshui</b>	<i>Chief Financial Officer:</i> <b>Yao Weidong</b>	<i>Accounting Manager:</i> <b>Zhou Juan</b>	

## Cash Flow Statement

January – June 2015

Unit: Yuan Currency: RMB

Item	Current period	Last period
<b>1. Cash flows from operating activities</b>		
Cash received from sales of goods and rendering of services	<b>4,184,779,434.90</b>	3,926,042,299.16
Cash received from taxes refund	<b>2,598,710.01</b>	2,235,385.38
Cash received relating to other operating activities	<b>29,842,390.62</b>	25,165,720.76
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	<b>4,217,220,535.53</b>	3,953,443,405.30
	<hr/>	<hr/>
Cash paid for goods and services	<b>2,871,794,435.43</b>	2,704,368,910.08
Cash paid to and on behalf of employees	<b>295,710,507.13</b>	238,016,606.39
Payments of taxes and surcharges	<b>38,306,419.16</b>	22,751,215.87
Cash paid relating to other operating activities	<b>230,972,706.47</b>	465,495,603.14
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	<b>3,436,784,068.19</b>	3,430,632,335.48
	<hr/>	<hr/>
Net cash flows from operating activities	<b>780,436,467.34</b>	522,811,069.82
	<hr/> <hr/>	<hr/> <hr/>

Item	Current period	Last period
<b>2. Cash flows from investing activities</b>		
Cash received from return of investments	<b>122,000,000.00</b>	377,541,774.80
Cash received from investments income	<b>32,961,167.38</b>	36,121,235.07
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	<b>166,743,473.56</b>	6,730,733.31
Net cash received from disposal of subsidiaries and other business units	-	-
Cash received relating to other investing activities	-	38,547,954.93
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	<b>321,704,640.94</b>	458,941,698.11
	<hr/>	<hr/>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	<b>151,447,023.67</b>	243,113,484.40
Cash paid for investments	<b>753,514,886.92</b>	692,391,854.48
Net cash paid to acquire subsidiaries and other business units	-	-
Cash paid relating to other investing activities	-	-
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	<b>904,961,910.59</b>	935,505,338.88
	<hr/>	<hr/>
Net cash flows from investing activities	<b><u><u>-583,257,269.65</u></u></b>	<b><u><u>-476,563,640.77</u></u></b>

Item	Current period	Last period
<b>3. Cash flows from financing activities</b>		
Cash received from investment absorption	–	–
Cash received from loans granted	<b>393,370,000.00</b>	1,526,000,000.00
Cash received relating to other financing activities	–	–
	<hr/>	<hr/>
Sub-total of cash inflows from financing activities	<b>393,370,000.00</b>	1,526,000,000.00
	<hr/>	<hr/>
Cash paid for settlement of borrowings	<b>332,746,250.00</b>	1,251,900,000.00
Cash paid for dividends, profits appropriation or payments of interest	<b>99,254,109.96</b>	87,794,071.62
Cash paid relating to other financing activities	–	–
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	<b>432,000,359.96</b>	1,339,694,071.62
	<hr/>	<hr/>
Net cash flows from financing activities	<b><u>-38,630,359.96</u></b>	<b><u>186,305,928.38</u></b>
<b>4. Effect of changes in foreign exchange rate on cash and cash equivalents</b>	<b>-71,102.46</b>	1,718.30
<b>5. Net increase in cash and cash equivalents</b>	<b>158,477,735.27</b>	232,555,075.73
Add: Cash and cash equivalents at the beginning of the year	<b>1,398,841,155.04</b>	958,278,308.01
Cash and cash equivalents at the end of the year	<b><u>1,557,318,890.31</u></b>	<b><u>1,190,833,383.74</u></b>
<i>Legal Representative:</i> <b>Zhao Yanshui</b>	<i>Chief Financial Officer:</i> <b>Yao Weidong</b>	<i>Accounting Manager:</i> <b>Zhou Juan</b>

# Consolidated Statements of Changes in Equity

## January – June 2015

Unit: Yuan Currency: RMB

Item	Current period												Total equity
	Equity attributable to the equity holders of the Parent Company												
	Share capital	Preference shares	Perpetual bond	Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Minority interests	
<b>1. Ending balance of last period</b>	<b>995,900,000.00</b>	-	-	-	<b>- 2,124,246,289.70</b>	-	<b>16,295,741.20</b>	-	<b>368,972,848.56</b>	<b>7,683,706.66</b>	<b>1,080,369,447.42</b>	<b>727,358,866.64</b>	<b>5,320,826,900.18</b>
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of prior periods errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>2. Beginning balance of current period</b>	<b>995,900,000.00</b>	-	-	-	<b>- 2,124,246,289.70</b>	-	<b>16,295,741.20</b>	-	<b>368,972,848.56</b>	<b>7,683,706.66</b>	<b>1,080,369,447.42</b>	<b>727,358,866.64</b>	<b>5,320,826,900.18</b>
<b>3. Increase/Decrease for the year</b>													
(Decrease listed with “-”)	-	-	-	-	-	-	<b>13,780,623.96</b>	-	-	-	<b>97,853,110.04</b>	<b>299,447.38</b>	<b>111,933,181.38</b>
(1) Total comprehensive income	-	-	-	-	-	-	<b>13,780,623.96</b>	-	-	-	<b>148,644,010.04</b>	<b>6,202,236.38</b>	<b>168,626,870.38</b>
(2) Contribution and withdrawal of capital by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
2) Equity contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
3) Share-based payments recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Profit appropriations	-	-	-	-	-	-	-	-	-	<b>-50,790,900.00</b>	<b>-5,902,789.00</b>	<b>-56,693,689.00</b>	
1) Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	
2) Appropriation to general risks reserves	-	-	-	-	-	-	-	-	-	-	-	-	
3) Appropriation to equity holders (or shareholders)	-	-	-	-	-	-	-	-	-	<b>-50,790,900.00</b>	<b>-5,902,789.00</b>	<b>-56,693,689.00</b>	
4) Others	-	-	-	-	-	-	-	-	-	-	-	-	
(4) Transfer	-	-	-	-	-	-	-	-	-	-	-	-	
1) Transfer of capital reserve to share capital	-	-	-	-	-	-	-	-	-	-	-	-	
2) Transfer of surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	
3) Surplus reserves making up of losses	-	-	-	-	-	-	-	-	-	-	-	-	
4) Others	-	-	-	-	-	-	-	-	-	-	-	-	
(5) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	
1) Current period appropriation	-	-	-	-	-	-	<b>-11,986,060.95</b>	-	-	-	-	-	<b>11,986,060.95</b>
2) Current period write-off	-	-	-	-	-	-	<b>-11,986,060.95</b>	-	-	-	-	-	<b>-11,986,060.95</b>
(6) Others	-	-	-	-	-	-	-	-	-	-	-	-	
<b>4. Ending balance of current period</b>	<b>995,900,000.00</b>	-	-	-	<b>- 2,124,246,289.70</b>	-	<b>30,076,365.16</b>	-	<b>368,972,848.56</b>	<b>7,683,706.66</b>	<b>1,178,222,557.46</b>	<b>727,658,314.02</b>	<b>5,432,760,081.56</b>



Item	Equity attributable to the equity holders of the Parent Company												
	Last period												Total equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Minority interests	
<b>1. Ending balance of last period</b>	995,900,000.00	-	-	-	2,161,122,028.80	-	-2,990,577.79	-	326,747,339.47	7,097,463.55	1,015,236,952.27	754,404,806.28	5,257,518,012.58
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of prior periods errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>2. Beginning balance of current period</b>	995,900,000.00	-	-	-	2,161,122,028.80	-	-2,990,577.79	-	326,747,339.47	7,097,463.55	1,015,236,952.27	754,404,806.28	5,257,518,012.58
<b>3. Increase/Decrease for the year</b>													
(Decrease listed with "-")	-	-	-	-	-37,152,227.10	-	2,173,683.84	-	-	-	52,673,795.03	-11,655,436.58	6,039,815.19
(1) Total comprehensive income	-	-	-	-	-	-	2,173,683.84	-	-	-	112,427,795.03	-1,434,736.58	113,166,742.29
(2) Contribution and withdrawal of capital by shareholders	-	-	-	-	-37,152,227.10	-	-	-	-	-	-	-	-37,152,227.10
1) Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
2) Equity contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
3) Share-based payments recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4) Others	-	-	-	-	-37,152,227.10	-	-	-	-	-	-	-	-37,152,227.10
(3) Profit appropriations	-	-	-	-	-	-	-	-	-	-	-59,754,000.00	-10,220,700.00	-69,974,700.00
1) Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
2) Appropriation to general risks reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
3) Appropriation to equity holders (or shareholders)	-	-	-	-	-	-	-	-	-	-	-59,754,000.00	-10,220,700.00	-69,974,700.00
4) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Transfer of capital reserve to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-
2) Transfer of surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-
3) Surplus reserves making up of losses	-	-	-	-	-	-	-	-	-	-	-	-	-
4) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Current period appropriation	-	-	-	-	-	-	-	7,143,121.07	-	-	-	-	7,143,121.07
2) Current period write-off	-	-	-	-	-	-	-	-7,143,121.07	-	-	-	-	-7,143,121.07
(6) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>4. Ending balance of current period</b>	995,900,000.00	-	-	-	2,123,969,801.70	-	-816,893.95	-	326,747,339.47	7,097,463.55	1,067,910,747.30	742,749,369.70	5,263,557,827.77

*Legal Representative:*

**Zhao Yanshui**

*Chief Financial Officer:*

**Yao Weidong**

*Accounting Manager:*

**Zhou Juan**

# Statements of Changes in Equity

## January – June 2015

Unit: Yuan Currency: RMB

Item	Current period										
	Share capital	Preference shares	Perpetual bond	Other equity instruments Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total equity
1. Ending balance of last period	995,900,000.00	-	-	-	2,018,025,662.91	-	37,536,000.00	-	294,479,564.73	1,231,464,769.67	4,577,405,997.31
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Correction of prior periods errors	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
2. Beginning balance of Current period	995,900,000.00	-	-	-	2,018,025,662.91	-	37,536,000.00	-	294,479,564.73	1,231,464,769.67	4,577,405,997.31
3. Increase/Decrease for the year (Decrease listed with “-”)	-	-	-	-	-	-	10,771,200.00	-	-	194,159,348.11	204,930,548.11
(1) Total comprehensive income	-	-	-	-	-	-	10,771,200.00	-	-	244,950,248.11	255,721,448.11
(2) Contribution and withdrawal of capital by shareholders	-	-	-	-	-	-	-	-	-	-	-
1) Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	-
2) Equity contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-
3) Share-based payments recognized in equity	-	-	-	-	-	-	-	-	-	-	-
4) Others	-	-	-	-	-	-	-	-	-	-	-
(3) Profit appropriations	-	-	-	-	-	-	-	-	-	-50,790,900.00	-50,790,900.00
1) Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-
2) Appropriation to equity holders (or shareholders)	-	-	-	-	-	-	-	-	-	-50,790,900.00	-50,790,900.00
3) Others	-	-	-	-	-	-	-	-	-	-	-
(4) Transfer	-	-	-	-	-	-	-	-	-	-	-
1) Transfer of capital reserve to share capital	-	-	-	-	-	-	-	-	-	-	-
2) Transfer of surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-
3) Surplus reserves making up of losses	-	-	-	-	-	-	-	-	-	-	-
4) Others	-	-	-	-	-	-	-	-	-	-	-
(5) Special reserves	-	-	-	-	-	-	-	-	-	-	-
1) Current period appropriation	-	-	-	-	-	-	-	4,240,187.75	-	-	4,240,187.75
2) Current period write-off	-	-	-	-	-	-	-	-4,240,187.75	-	-	-4,240,187.75
(6) Others	-	-	-	-	-	-	-	-	-	-	-
4. Ending balance of current period	995,900,000.00	-	-	-	2,018,025,662.91	-	48,307,200.00	-	294,479,564.73	1,425,624,117.78	4,782,336,545.42

Last period

Item	Other equity instruments				Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total equity
	Share capital	Preference shares	Perpetual bond	Others							
<b>1. Ending balance of last period</b>	995,900,000.00	-	-	-	2,054,901,402.01	-	15,395,200.00	-	252,254,055.64	911,189,187.88	4,229,639,845.53
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Correction of prior periods errors	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
<b>2. Beginning balance of Current period</b>	995,900,000.00	-	-	-	2,054,901,402.01	-	15,395,200.00	-	252,254,055.64	911,189,187.88	4,229,639,845.53
<b>3. Increase/Decrease for the year (Decrease listed with "-")</b>	-	-	-	-	-37,152,227.10	-	299,200.00	-	-	143,059,891.06	106,206,863.96
(1) Total comprehensive income	-	-	-	-	-	-	299,200.00	-	-	202,813,891.06	203,113,091.06
(2) Contribution and withdrawal of capital	-	-	-	-	-37,152,227.10	-	-	-	-	-	-37,152,227.10
by shareholders	-	-	-	-	-37,152,227.10	-	-	-	-	-	-37,152,227.10
1) Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	-
2) Equity contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-
3) Share-based payments recognized in equity	-	-	-	-	-	-	-	-	-	-	-
4) Others	-	-	-	-	-37,152,227.10	-	-	-	-	-	-37,152,227.10
(3) Profit appropriations	-	-	-	-	-	-	-	-	-	-59,754,000.00	-59,754,000.00
1) Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-
2) Appropriation to equity holders (or shareholders)	-	-	-	-	-	-	-	-	-	-	-
3) Others	-	-	-	-	-	-	-	-	-	-59,754,000.00	-59,754,000.00
(4) Transfer	-	-	-	-	-	-	-	-	-	-	-
1) Transfer of capital reserve to share capital	-	-	-	-	-	-	-	-	-	-	-
2) Transfer of surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-
3) Surplus reserves making up of losses	-	-	-	-	-	-	-	-	-	-	-
4) Others	-	-	-	-	-	-	-	-	-	-	-
(5) Special reserves	-	-	-	-	-	-	-	-	-	-	-
1) Current period appropriation	-	-	-	-	-	-	-	4,004,160.58	-	-	4,004,160.58
2) Current period write-off	-	-	-	-	-	-	-	-4,004,160.58	-	-	-4,004,160.58
(6) Others	-	-	-	-	-	-	-	-	-	-	-
<b>4. Ending balance of current period</b>	995,900,000.00	-	-	-	2,017,749,174.91	-	15,694,400.00	-	252,254,055.64	1,054,249,078.94	4,335,846,709.49

*Legal Representative:*  
**Zhao Yanshui**

*Chief Financial Officer:*  
**Yao Weidong**

*Accounting Manager:*  
**Zhou Juan**

### **III. GENERAL INFORMATION**

#### **1. General information**

First Tractor Company Limited (hereinafter referred to as “the Company”, and collectively referred to as “the Group” when including the subsidiaries) is a limited company located in the People’s Republic of China and established on 8 May 1997. The Company took over the principle business of tractor manufacturing and the corresponding assets and liabilities of YTO Group Corporation (hereinafter referred to as “China YTO”), with the net assets of RMB636,346,000 converted to 450,000,000 state-owned legal person shares held by the Company, according to the reorganization plan effective from 31 December 1996. Thereafter, the Company issued 335,000,000 H shares (par value: RMB1) under approval and it resulted in the increase of the Company’s registered and paid-up share capital to RMB785,000,000. The Company has been listed in Hong Kong Exchanges and Clearing Limited (“HKEx”) since 23 June 1997. On 24 October 2007 the Company issued and sold 60,900,000 H shares with the price of HKD3.95/share, which increased the Company’s registered and paid-up share capital to RMB845,900,000.

According to Permission No.736-2012 by China Securities Regulatory Commission, the Company was granted to publicly issue RMB common stocks not exceeding 150,000,000 shares, an amount which equals to the actual issuance, with the price of RMB5.40/share in 27 July 2012. Total proceed from the issuance of shares was received by the Company on 1 August 2012. The Company was listed and started to trade in Shanghai Stocks Exchange on 8 August 2012. The Company’s registered and paid-up share capital had increased to RMB995,900,000.

Registration number for the license of the business corporation is 410000400013049. Registered location is 154 Construction Road, Luoyang Henan Province. Legal representative is Zhao Yanshui. The Company is in agricultural machinery manufacturing industry; its business scope mainly includes manufacturing and selling of agricultural machineries, diesel engines, fuel injection, other machineries and operating the business of finance company.

The direct controlling shareholder of the Company is YTO Group Corporation (hereinafter referred to as “China YTO”) and the ultimate controlling party of the Company is China National Machinery Industry Corporation (hereinafter referred to as “SinoMach”). China YTO and SinoMach are both the companies established in China.

## **2. Scope of the consolidated financial statements**

The scope of the Group's consolidated financial statements covers thirty companies including the First Tractor Company Limited, YTO (Luoyang) Diesel Engine Co., Ltd., Luoyang Changxing Agricultural Machinery Co., Ltd., and YTO Finance Company Limited. Compared with the scope of the last period, this year's consolidation scope has not changed.

## **IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

### **1. Basis of preparation**

Based on the going-concern assumption and transactions and events actually incurred, the consolidated financial statements of the Group have been prepared in accordance with the Accounting Standards for Business Enterprises and the related provisions by the Ministry of Finance of the PRC (hereinafter collectively referred to as "the Accounting Standards for Business Enterprises"), No.15 Information Disclosures Regulations for Companies that Offering Shares in Public– General Rules of Preparing Financial Reports (revised in 2014) issued by China Securities Regulatory Commission (CSRC), disclosure requirements by Rules Governing the Listing of Securities issued by Hong Kong Exchange and Companies Ordinance.

### **2. Going concern**

With the recent history of generating profit from operation and the financial resource support, the determination that the financial statements are prepared based on going concerns is reasonable and is in conformity with the Group's actual operation.

## **V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

### **1. Disclaimer on the compliance with accounting standards for business enterprises**

The financial statements have been prepared by the Group in accordance with the Accounting Standards for Business Enterprises (ASBEs), and truly and fairly present the Group and the Company's financial position, operating results, changes of shareholders' equity and cash flows as at 30 June 2015.

### **2. Accounting period**

The Group's accounting period for the Group is from 1 January to 31 December.

### **3. Operating Cycle**

Operating cycle of the Group is twelve months.

### **4. Reporting currency**

The Group's reporting currency is Renminbi (RMB). Its subsidiaries, associates, and joint operations apply their reporting currency based on the consideration of their local economics respectively.

The Group applies Renminbi (RMB) as the reporting currency for the preparation of the financial statements.

### **5. Accounting method for business combinations under the common control and not under the common control**

The Group, as the acquirer, recognises acquired assets and liabilities under common control at the carrying amounts of the acquiree in the consolidated financial statements of the ultimate shareholder on the acquisition date. The difference between the carrying amount of the net assets obtained and the amount of consideration paid for the combinations adjusted to capital reserves (capital premium). If the balance of capital reserves is insufficient to be off-set, any excess is adjusted against retained earnings.

Identifiable assets, liabilities and contingent liabilities acquired through business combination not under the common control are recognised at their fair values at the acquisition date. The cost of business combination is the sum of cash paid, the fair value of non-cash assets, liabilities issued or assumed, equity securities issued on the date of acquisition, and other direct expenses incurred in order to obtain the control over acquire (the cost of the combination is the sum of the cost of each individual transaction for enterprise consolidation realized through multiple steps of transactions). Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be recognised as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, firstly review the fair value of each identifiable net assets, liabilities and or contingent liabilities and the non-cash assets or issued equity securities as the consolidation of the combination. After the review, if the combination cost is still less than the entitled fair value of the net identifiable assets acquired from the acquiree under the combination, the remaining difference is recognized as non-operating income in the current profit or loss.

## **6. Preparation of consolidated financial statements**

The Group's consolidation scope includes all subsidiaries controlled.

When accounting policies and accounting period that subsidiaries adopt are not in accordance with the ones of the Company, subsidiaries' financial statements should be adjusted based on the Company's accounting policies and accounting period when preparing consolidated financial statements.

All significant inter-company balances, transactions and unrealized profits are eliminated when consolidation statements are prepared. Shareholders' equity of subsidiaries not attributable to the parent, net profit and loss, other comprehensive income and the comprehensive income that is attributable to minority interest shall be disclosed as non-controlling shareholders' equity, non-controlling shareholders' profit or loss, other comprehensive income attributable to non-controlling shareholders and total comprehensive income attributable to non-controlling shareholders in the consolidation income statements.

For a subsidiary acquired through business combination under common control, its operating results and cash flow shall be consolidated from the beginning of the period that the Group acquires its control. Adjustments to prior period during the preparation of consolidated financial statements are considered to exist in the reporting entity after combination since the ultimate control was obtained.

For subsidiaries acquired through business combination not under the common control, its operating results and cash flow shall be consolidated from the date that the Group obtained the control. Adjustments to subsidiary shall be made based on the fair value of identifiable assets, liabilities and contingent liabilities on acquisition date when preparing consolidated financial statements.

## **7. Category on joint arrangement and accounting treatment on joint operations**

The Group's joint arrangement includes joint operations and joint venture entities. For joint operations, the Group, as the joint operator of the joint operations, recognises assets and liabilities solely held and liabilities assumed by the Group, recognises assets and liabilities jointly owned proportionally, and recognises income and expenses solely or proportionally based on the related agreements. When the Company incurs asset transactions of purchase and sales not constituting to business transactions, the Company only recognizes the portion of profit or loss generated due to the transaction attributable to other parties of the joint operations.

## **8. Cash and cash equivalents**

Cash in the cash flow statement indicates both cash on hand and the deposit held in bank which are available for payment at any time. Cash equivalents are held less than 3 months, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of value change.

## **9. Foreign exchange translation for financial statements**

### ***(1) Transactions involving foreign currencies***

Foreign currency transactions of the Group are translated into RMB at the spot exchange rate on the date of the transaction.

The monetary items in foreign currency are translated into RMB at the spot exchange rate of the balance date. Except for the exchange difference caused by specific foreign currency loans made to purchase or manufacture assets which will be capitalized, the exchange difference is accounted into current profit or loss. For non-monetary items measured in foreign currency under historical cost method, the exchange rate on the date when the cost is recognised is applied and the amount in RMB is consistent. For non-monetary items in foreign currency measured at fair value, the exchange rate on the date when the fair value is recognised is applied and the exchange difference is accounted into current profit or loss as a result of fair value change, or recognised as other comprehensive income and charged into capital reserves.

### ***(2) Foreign currency translation of financial statements***

The asset and liability items in the foreign currency balance sheets are translated at a spot exchange rate as at the balance sheet date. The owner's equity items, except for retained earnings, are translated at the spot exchange rate at the time when they are incurred. The income and expense items in the profit or loss statements are translated at the average exchange rate during the accounting period. The difference arisen from the above translation's are presented separately under other comprehensive income. The cash flows in foreign currencies are translated at the spot exchange rate at the date when the cash flows incurred. The impact amount of exchange rate fluctuations on cash and cash equivalents is separately presented in the statement of cash flow.



## 10. Financial assets and liabilities

The Group recognized a financial asset or a financial liability in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

### (1) *Financial assets*

#### 1) *The classification, recognition and measurement of financial assets*

The Group's financial assets are classified into financial assets at fair value through profit or loss, held-to-maturity investments, loan and receivables and available-for-sale financial assets, according to the purposes of investments and their economic substance.

Financial assets at fair value through profit or loss include trading financial assets and the financial assets designated as, when initially recognized, the financial assets measured at fair value and its movement recorded through profit and loss.

Held-to-maturity investments are non-derivative financial assets with fixed maturity and fixed or determinable payments for which management has both positive intention and ability to hold to maturity. Held to maturity investment is subsequently measured under amortized costs. Its amortization, impairment, and gain or loss from derecognition is recognized as profit or loss of the Current period.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified as financial assets of any other class at initial recognition.

#### 2) *Recognition and measurement of financial assets transfer*

A financial asset is derecognised when any one of the following conditions is satisfied: i) the rights to receive cash flows from the asset expire, ii) the financial asset has been transferred and the Group transfers substantially all risks and rewards relating to the financial assets to the transferee, iii) the financial asset has been transferred to the transferee, the Group has given up its control of the financial asset although the Group neither transfers nor retains all risks and rewards of the financial asset.

Where an entity neither transfers nor retains substantially all risks and rewards of financial asset and does not give up the control over such financial asset, then the entity recognises such financial asset to the extent of its continuous involvement and recognises the corresponding liabilities.

In the case where the financial asset as a whole qualifies for the de-recognition conditions, the difference between the carrying value of transferred financial asset and the sum of the amount received for transfer and the accumulated amount of changes in fair value that was previously recorded under other comprehensive income is charged into profit or loss for the period.

If the partial transfer of the financial assets meets the condition to terminate the recognition, the Company allocates the collective book value of the transferred financial asset between the portion terminated in recognition and the portion not terminated in recognition according to the fair value of each portion, and recognizes the difference between the aforementioned allocated book value and the sum of the consideration collected and the accumulative amount of change in the fair value recognized into the other comprehensive income allocated to the portion terminated in recognition into the current profit or loss.

3) *Test of impairment on financial assets and relevant accounting treatments*

The Group assesses the carrying amount of financial assets, other than those at fair value through profit and loss, at the balance sheet date. Impairment of financial assets is accrued when there is objective evidence shows that a financial asset is impaired.

The available-for-sale stock assets of the Group are measured at fair value on balance sheet date. If the cost recognized on purchase price decreased by 50% or over 50%, or has continuously decreased over 12 months, then the Group will recognize the accumulated impairment according to the difference between cost and fair value at the end of the period.

When an impairment of financial assets carried at amortized cost has occurred, the amount of loss is accrued for the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit loss that have not been incurred). If there is objective evidence indicating that the value of the financial asset is recovered and recovery is related objectively to events occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss for the period.

When impairment incurred in available for sale financial assets, the accumulated losses in fair value that was previously directly recorded in Shareholders' equity are transferred out and recognised as impairment losses. For the available-for-sale investment on debt instruments which impairment losses have been recognised, if in subsequent period, its fair value increases and the increase is objectively related to an event occurring after the impairment loss was recognised in profit or loss, the previous recognised impairment loss is reversed into profit or loss for the period. For equity investments classified as available-for-sale equity on which impairment loss has been recognised, the increase in its fair value in a subsequent period is directly charged into shareholders' equity.

## **(2) *Financial liabilities***

### *1) The classification, recognition and measurement of financial liability*

Financial liabilities of the Group are classified as financial liabilities at fair value through profit or loss and other financial liabilities.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated as fair value through profit or loss on initial recognition. They are subsequently measured at fair value. The net gain or loss arising from changes in fair value, dividends and interest paid related to such financial liabilities are recorded in profit or loss for the period in which they are incurred.

Other liabilities are subsequently measured at residual cost using the effective interest rate method.

2) *De-recognition of financial liability*

When the current obligations of the financial liabilities are entirely or partially released, the Company terminates to recognize the portion of released financial liabilities or obligations. When the Company signs an agreement with the creditors to replace the current financial liabilities by the method of assuming new financial liabilities, and that the new financial liabilities are substantially different in the contractual terms with the current financial liabilities, the Company derecognizes the current financial liabilities, and recognizes the new financial liabilities at the same time. When the Company makes substantial change to the entire or partial contractual terms of the current financial liabilities, the Company derecognizes the entire or the partial current financial liabilities, and recognizes the financial liabilities of which the terms are modified as new financial liabilities at the same time. The difference between the book value of the portion terminated in recognition and the consideration afforded is recognized into current profit or loss.

3) *Determine the fair value of financial assets and financial liabilities*

Fair values on the Group's financial assets and liabilities are determined by prices existed in major markets. Where there is no major market, the most beneficial market prices together with then available and sufficient data and other evaluation technology supporting information are used to determine fair values of financial assets and liabilities.

Input data for determining fair values has three levels, the first level is the available unadjusted price for a same asset or liability on the date of evaluation in an active market; the second level is the direct or indirect visible input data related to the same asset or liability apart from data in the first level; the third level is the invisible input data related to the same asset or liability.

Input data in the first layer has the first priority and the third layer is the last to consider by the Group. The lowest layer that has significant impact on the overall fair value evaluation determines which layer this fair value evaluation result shall belong to.

## **11. Receivables**

Receivables include accounts receivable, other receivables, advances to suppliers etc. The Group's accounts receivable arise from selling goods and rendering services. The Group initially recognise account receivables in accordance to the fair value of the selling price stated in the contract signed or the amount negotiated with purchasers.

The Group recognises bad debts when the following conditions are met: the debtors are dissolved, bankrupt, insolvent, in significant deficiency in cash flows or suspended its business due to natural disaster and unable to settle the debts in the foreseeable period; or there are conclusive evidences indicating the debts are not recovered or not likely to be recoverable.

Provision for bad debts is made using allowance account method. At the balance sheet date, receivables are assessed for impairment on individual or portfolio basis. Provision for bad debts is recognised in the profit or loss for the period. When there are objective evidences indicating the receivable are considered not recoverable, it is written off against the allowance account in accordance with the approval procedures of the Group.

Individual and portfolio methods are applied to estimate impairment loss on accounts receivable.

**(1) Individually significant and provided for bad debts on individual basis**

The basis or standard for determining the significant level of individual receivable	Consider individual receivables above RMB5 million as the significant amount
Provision-making method on individual receivables above significant level	The provision of bad debts is made according to the difference between the present value of future cash flows and the book value of receivables.

**(2) Receivables that are accrued for bad debts on credit risk portfolio basis**

Basis for determination of portfolio (aging analysis, percentage of balance, and other methods)	
Aging group	Accrued for bad debts based on the aging of receivables
Deposit and petty cash group	Do not accrue for bad debts
Other receivables not accrued for bad debts	Do not accrue for bad debts

Percentage of bad debts provision according to aging analysis method is as follows:

<b>Aging</b>	<b>Accounts Receivable (%)</b>	<b>Other Receivables (%)</b>
Within 1 year (including 1 year)	1.00-15.00	1.00-15.00
1-2 years	50.00	50.00
2-3 years	100.00	100.00
Over 3 years	<u>100.00</u>	<u>100.00</u>

**(3) *Accounts receivable that are individually insignificant but are accrued for bad debts separately***

Reason for accruing bad debts individually	Individual receivables below significant level whereby the combined method does not reflect its risk characteristics
Method for provision of bad debts	Provision for bad debts is accrued using the difference between the present value of future cash flows and the book value of receivables

## **12. Inventories**

The inventories of the Group include raw material, packing materials, low-valued consumables, work-in-process, finished goods, and projects costs etc.

The Group maintains a perpetual inventory system. Inventories are recorded at actual cost of purchase. Cost is calculated using weighted average method when the inventories are issued or consumed. Low value consumables and packaging material are amortised by one-time write off.

Net realisable value of finished goods, work in progress, or held-for-sale raw materials are determined by their estimated selling price less estimated selling expenses and related taxes. Net realisable value for raw material held for production are determined by the estimated selling price of finished goods less the estimated cost to completion, selling expenses and taxes.

### **13. Long-term equity investment**

Long-term equity investments of the Group mainly include investment on subsidiaries, associates, and joint ventures.

The Group determines that a common control exists when all parties or groups of parties control that arrangement unilaterally and decisions relating to the basis operating activity of the entity require the unanimous consent of the parties sharing the control.

The Group holds, directly or through subsidiaries, more than 20 percent but less than 50% of the voting power of the investee, it is assumed that the Group has significant influence. When the Group holds less than 20% of the voting power of the investee, significant influence shall be considered under actual fact and circumstances such as there is a delegate of the investor in the investee's the Board of Directors and other similar power bodies, the investor gets involved in investee's financial and operating policies decision-making process, there are significant transactions occurred between the investor and the investee, the investor assigns management personnel in the investee and the investor provides key technical support to the investee.

When investee is controlled by the Group, it is considered as the Group's subsidiary. The investment cost for long-term equity investment acquired through business combination under common control is the carrying value of the share of equity at the combination date in the acquired company. The investment cost is recorded as zero when the carrying amount of the share of equity at the combination date in the acquired company is in deficit.

For shareholding which obtained by different transactions by steps and become business combination finally, if it belongs to package transaction, the accounting method for which each transaction applies will treat as one transaction which obtains control. If it does not belong to package transaction, according to proportion of fair value of net assets of acquiree after the combination in the consolidated financial statements, and accounted as the initial investment cost of long-term investment. Difference between initial investment cost and the carrying value of long-term equity investment before combination and the sum of carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust capital reserve. If the balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

For long-term equity investment acquired through business combination not under the common control, cost of combination will be treated as the initial investment cost.

For the equity investment to the investee entity not under the common control obtained by steps through multiple transactions, and forming enterprise combination ultimately, if it belongs to package transaction, the accounting method for which each transaction applies will treat as one transaction which obtains control. If it does not belong to package transaction, Initial investment cost will be the sum of the carrying value of the equity investment which it originally holds, and initial investment cost will change to cost method. For shareholding which it holds before the date of acquisition which uses equity method, other related comprehensive income which use equity method for accounting shall not be adjusted, such investment shall use the same accounting basis as the invested company when it directly dispose related assets or liabilities upon disposal. For shareholding which it holds before acquisition and accounted for under fair value method in the available-for-sale financial assets, the accumulated change in fair value which is originally included in other comprehensive income shall be change to profit or loss for the current period on the date of combination.

Apart from the long-term equity investments acquired through business combination mentioned above, the cost of investment for the long-term equity investments acquired by cash payment is the amount of cash paid. For long-term equity investment acquired by issuing equity instruments, the cost of investment is the fair value of the equity instrument issued. For long-term equity investment injected to the Group by the investor, the initial cost is the consideration as specified in the relevant contract or agreement.

Investments in subsidiaries are accounted for by the Group using cost method and equity method is used for investment in joint ventures and associates.

For long term equity investment adopting cost method as the subsequent measurement, when additional investment is made, the book value of the long term equity investment should be adjusted with an increase according to the fair value of additional investment costs and related transaction fees. cash dividends declared or profit distributed by the investee shall be recognised as investment income in the current period.

For long term equity investment adopting equity method as the subsequent measurement, the book value of the long term equity investment should be adjusted with an increase or decrease according to the change of the owner' equity of the investee entity. When recognizing the entitle portion in the net profit or loss in the investee company, the basis is the fair value of each identifiable assets of the investee entity obtained in the investment, according to the accounting policies and accounting period of the Group, and netted with the portion of profit or loss of the internal transactions entitled in the investee enterprise based on the calculation according to the shareholding percentage to be recognized after the adjustment to the net profit of the investee entity.



On disposal of a long-term equity investment, the difference between the carrying value and the consideration actually received is recognised as investment income for the period. For long-term investments accounted for under the equity method, the movements of Shareholders' equity, other than the net profit or loss, of the investee company, previously recorded in the Shareholders' equity of the Company are recycled to investment income for the period on disposal.

In the situation where the Company does not joint control or does not has significant influence over the investee company due to the reasons such as disposing a portion of the equity investment, the rest share equity after the disposal is classified as the available-for-sale financial asset. The difference between the fair value at the date when the Company lost the joint control or the impact of significant influence and the book value is recognized into the current profit or loss. The other comprehensive income of the previous equity investment recognized under the equity method is treated according to the accounting treatment same to the basis adopted by the investee company to directly dispose the relative assets or liabilities when terminating the adoption of equity method.

For loss of control in the invested company due to partly disposed long-term equity investment, for remaining share holding which can apply common control or imposes significant influence to the invested company after disposal, shall be accounted for under equity method. Difference between the carrying value of equity disposal and the disposal consideration shall be included as investment income. Such remaining shareholding shall be treated as accounting for under equity method since the shareholding is obtained and make adjustment. For remaining shareholding which cannot apply common control or impose significant influence after disposal, it can be accounted as under available-for sale financial assets, and difference between carrying value of equity disposal and the disposal consideration shall be included as investment income, difference between fair value and the carrying value of remaining shareholding on the date loss of control shall be included in the investment profit or loss for such period.

For each transaction not belonged to a deal of package by steps through multiple disposals of equity investment to lose the right of control, the Group makes accounting treatment separately to each transaction. If belonged to a deal of package, the Group treats each transaction as one transaction to dispose a subsidiary and lose the right of control to make accounting treatment. Nonetheless, the difference between the consideration of disposal and the book value of the respective long term equity investment disposed for each transaction before losing the right of control is recognized into other comprehensive income. When reaching the lost of the right of control, the amount is transferred into the current period of profit or loss of the period losing the right of control.

## 14. Fixed assets

### (1) Recognition condition

Fixed assets are tangible assets, having useful life over one accounting year, which are held for the production of goods and/or the rendering of services, leasing to others, or for operating purposes.

Fixed asset is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Fixed assets consist of buildings, machinery, transportation equipment, electric devices, office equipment, other equipments, and land recognized individually.

### (2) Depreciation method

Apart from those fixed assets that are fully depreciated but still in use, as well as land separately recognised, the Group depreciates all fixed assets under composite life method.

Useful life, estimated residual value, depreciation rate of the fixed assets under the Group's classification are as the following:

Classification	Depreciation method	Useful life (year)	The rate of estimated residual value (%)	Depreciation rate (%)
Land	Straight-line method	Long-term	–	–
Building	Straight-line method	10-30	5-10	3.00-9.50
Machinery	Straight-line method	10-14	5-10	6.40-9.50
Transportation equipment	Straight-line method	8-12	5-10	7.50-11.90
Electric & office equipment	Straight-line method	5-8	5-10	11.30-19.00
Others	Straight-line method	5-14	5-10	6.40-19.00

The Group assesses the useful life, the depreciation rate and the method of depreciation for fixed assets at the end of each year. If any changes occur, they will be treated as changes on accounting estimates.

## **15. Construction in progress**

Construction in progress is transferred to the fixed assets on the date the asset is ready for its intended use at an estimated amount based on the project budget or actual cost of construction. Depreciation is provided for as from the next month of the transfer. The estimated cost of the asset is adjusted to reflect its actual cost when the construction settlement procedure is completed. However, no adjustment is necessary for the depreciation or amortization that is previously accrued.

## **16. Borrowing cost**

Borrowing costs directly attributed to purchasing or constructing fixed assets, investment properties and inventories that are ready for use or sale for the period of more than one year shall be capitalised when expenditures and borrowing cost have occurred and purchasing or constructing activities making assets available for use or sale already commenced. When assets that are eligible for capitalisation reach the condition of ready for use or sale, no more borrowing cost will be capitalized. Subsequent borrowing costs are accounted in current period profit or loss. Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of an eligible asset is interrupted abnormally and the interruption is for a continuous period of more than 3 months. The suspension ceases when the acquisition, construction or production activities are resumed.

For specific borrowings obtained for the acquisition of eligible assets, the amount of borrowing costs to be capitalised is the interest expenses actually incurred during the period of capitalisation deducting any interest income earned from depositing the unused borrowings in the banks or any investment income arising from temporary investment of those borrowings. For general borrowings obtained for the acquisition of eligible assets, the amount of borrowing cost to be capitalised is determined by applying the weighted average of the excess amount of cumulative capital expenditures on the assets over the amount of specific borrowings multiplies capitalisation ratio on general borrowings that has been reached. Capitalisation ratio is calculated based on the weighted average interest rate on general borrowings.

## **17. Intangible assets**

### ***(1) Valuation method, useful life and impairment test***

The intangible assets of the Group include the land use right, patent technology, non-patent technology, software, and trade mark. Intangible assets are measured at their actual cost when acquired. Amongst, the cost of purchased intangible assets is the actual purchase price and other necessary expenditures on purchase. The cost of intangible assets injected by investors to the Company is measured at the consideration as specified in the

investment contracts or agreements. In the case where the consideration of the contracts or agreements is not a fair value, the assets are measured at its fair value. For intangible asset obtained through the consolidation not under the common control from the acquiree, which is owned by the acquiree but is not recognized in its financial statements, the intangible asset is recognized based on its fair value when initially recognizing the assets of the acquiree.

Land-use rights are amortised evenly over the lease terms from the date of transferred. Patents, technologies and other intangible assets are amortised over the shortest of their estimated useful life, contractual beneficial period and useful life specified in the law. Assessment on useful life and amortisation for those assets that have limited useful lives takes place at the end of each year. In case of changes on method exists, adjustment to accounting estimates shall be made accordingly.

The right to use on trade mark and the production permission have indefinite useful life. Evaluation of the useful life is based on the trend of market and competition, service cycle of products, and long-term management and development strategy. The basis indicates that the right to use on trade mark and the production permission will generate net cash flow during long-term period without definite time limit. Therefore, term within which the right and permission will economically benefit the Group is unpredictable. The useful life is indefinite.

## **(2) *Accounting policies for internal research and development***

Research and development expenditures of the Group is classified into expenditure on the researching phase and expenditure on the development phase depends on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at the end of the project. The expenditures in research phase are accounted into current profit or loss. The expenditures in development phase are recognised as intangible assets if they meet the following conditions:

- 1) It is technically feasible that the intangible asset can be used or sold upon completion;
- 2) The management has the intention to complete the intangible asset for use or sale;
- 3) There is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market;
- 4) There is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;

- 5) The expenses attributable to the development stage of the intangible asset can be measured reliably.

Other expenditures that do not meet the above conditions are expensed in the period as incurred. Development expenditure previously expensed is not recognised as an asset in subsequent period. Capitalised expenditure on the development phase is presented in the balance sheet as development expenditure and transfer to intangible assets when they are ready for intended use.

## **18. Impairment on long-term assets**

The Group assesses at each balance sheet date whether there is any indication that long-term equity investments, investment properties measured under cost modelling, fixed assets, construction in progress, and intangible assets with definite useful life may be impaired. If there is any indication that an asset may be impaired, it will be tested for impairment by the Group. Goodwill and intangible assets with indefinite useful life are tested for impairment every year end regardless of whether indication for impairment exists.

If the recoverable amount of an asset is less than its carrying amount, the difference is accounted as provision for impairment and recognised as an impairment loss. Above impairment loss is not allowed to be reversed at subsequent accounting period once it has been recognised. Recoverable amount of assets means the difference between the net amount of asset's fair value less disposal cost and the present value of predicted cash flows that are generated by the assets in the future.

Indications of impairment are as the following:

- 1) During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- 2) Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.
- 3) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- 4) Evidence is available of obsolescence or physical damage of an asset.

- 5) Assets has or will become idle and discontinued and the plan to dispose of an asset before the previously expected date.
- 6) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected. For example, net cash flow or operating profit (loss) generated by assets is significantly lower (higher) than the expected amount etc.
- 7) Other matters indicating that impairment of assets might have taken place.

## **19. Long-term prepayments**

Long-term prepayments are expenditures that have been incurred but shall be amortised over the current period and subsequent periods of more than one year (not included one year). The expenditures are amortised evenly over the estimated beneficial period and disclosed at the net amount of actual expenditure after accumulated amortisation. If the long-term prepayments are no longer beneficial to the subsequent accounting periods, the unamortised balance is then transferred to profit or loss for the period. The Group's long-term prepayments include leasing, amortization on moulds, and so on.

## **20. Employee benefits**

Employee's benefits include short-term remuneration, post-employment benefits, layoff benefits and other long-term benefits.

### ***(1) Accounting method for short-term remuneration***

Short-term remuneration includes salary, bonus, allowance, welfare, and the social security include medical, injury, and birth insurance, housing fund, labour union, staff education, short-period paid leave, short-term profit sharing plan, non-monetary benefit, and other short-term employees benefit. It shall be recognised as liabilities during the accounting period when the employee renders services to the Group and allocated to related cost of assets and current period profit or loss based on different beneficiaries.

**(2) *Accounting method for post employment benefits***

Post employment benefits refer to the compensation and benefits provided, after employees' retirement and termination of employment, by the Group in order to obtain services' from employees, except for the short-term compensation and employee benefits. Post employment benefits including the endowment insurance, pension, unemployment insurance, retirement benefits and other post employment benefits, and classified into defined contribution plan and defined benefit plan according to the risks and liabilities assumed by the Company. As for defined contribution plan under which the group consumed obligation of making payment to independent funds, in order to exchange for staff services to be provide during the accounting period, shall be recognized as liabilities, and included into the profit or loss or related assets cost of the current period of the beneficiary.

**(3) *Accounting method for defined contribution plan***

Defined contribution plan of the Group refers to the basic endowment insurance, unemployment insurance, and enterprise annuity paid for the employees according to relevant regulation by local governments. During the accounting period when employees render services to the Group, amount payable calculated by the base and ratio in conformity with local regulation is recognized as liability and accounted for profit and loss or related cost of assets.

**(4) *Accounting method for termination benefits***

Termination benefits refer to the compensation paid when the Group terminates the employment relationship with employee before the expiry of the employment contracts or provides compensation as an offer to encourage employee to accept voluntary redundancy. For the situation where although the employee does not relieve the labor service contract with the Group, the employee will no longer provide services to the Group in the future and cannot bring economic benefits to the Group, the Group commits to provide the economic compensation with the nature of termination benefits, for instance the situation of "early retirement". In such a situation, before the formal retirement date of the employee, the Group adopts the treatment according to the treatment to the termination benefits. While after the formal retirement date, the Group adopts the treatment according to the treatment of the welfare after the termination of service.

Where the Group provides termination benefits to employees, the Group recognizes the liabilities of employee benefits payable generated from the termination benefits at the earlier date of the following two dates: 1) when the Group cannot reverse the termination benefits due to the plan of cancelling the labor relationship or the termination benefits provided by the advice of reducing staff; and 2) the Group recognizes the cost or expense relative to the payment of termination benefits of restructuring into the current profit or loss.

For termination plan of which the termination benefits which are expected not to be entirely paid after the twelve months of the end of the reporting period and the substantial termination work is completed within one year but the term to pay the compensation payment exceeds one year, the Group adopts the appropriate discounted rate and adopts the discounted amount to measure the amount of termination welfare that should be recognized into the current profit or loss.

Early retirement benefits refer to the benefit offered to the employees who voluntarily accept Group's arrangement for early retirement. The Group pays the salary and social security for the employee who voluntarily retires after approval even though the employee has not yet reached the retiring age stated in government regulation. When qualified for early retirement benefit, proposed payment on early retirement benefit from the date when rendering of service terminated to date when the employee regularly retired is discounted and then recognized as liability and accounted into profit or loss.

**(5) *Accounting method for other long-term employment benefit***

Other long-term employment benefit refers to all employee benefit except for short-term benefit, post employment benefit, and termination benefit, includes long-term paid absence, long-term disability benefit and long-term profit-sharing plan etc. Relevant accounting treatments for defined contribution plan are adopted for other long-term employment benefit quailed for defined contribution plan. When the qualification is satisfied, net assets and liabilities of other long-term employment benefits are recognized and measured, accordingly. At the end of reporting period, employee benefits from other long-term employment benefits are recognized into the following components: cost of service, net interests on the net assets liabilities of other long-term employment benefit, changes from revaluation of net assets liabilities of other long-term employment benefit. The total net amount will be recognized as profit and loss or costs to related assets for the Current period.



## **21. Contingent liabilities**

When an external warranty, commercial acceptance discount, pending legal proceedings or arbitration, warranty on quality of goods or other contingent matters meet the following requirements, the Group shall recognize contingent liabilities: the assumed responsibilities are current liability; the fulfilment of obligations will cause the outflow of economic benefit from the Group; the amount of liabilities can be measured reliably.

Estimated liabilities are initially recognized at the most appropriate estimation of obligations by considering relative risks, uncertainties, and time value of the currency etc. If the effect from the time value of the currency is significant, the most appropriate estimation will be discounted into the present value. On each balance sheet date, the book value of estimated liabilities is reviewed, and adjusted to reflect the current best estimate if the book value changes.

## **22. Revenue**

The revenue of the Group is mainly derived from selling goods, rendering services and allowing the use by others of company's assets. The criteria of reorganization are as follows:

### ***(1) The revenue from sales of goods***

Sales of goods are recognised when the significant risks and rewards of the ownership of commodities are transferred to customers; the Group has no longer retained continuous management rights generally associated with the ownerships; the Group has no longer effective control over the commodities sold; the amount of revenue can be reliably measured; it is very likely that the economic benefits will flow to the Company; and the related costs that has incurred or will be incurred can be reliably measured.

### ***(2) The revenue from rendering service***

The revenue from rendering service will be recognized when the total income and cost of service can be measured reliable, relative economic benefits likely flow into the Group, and the percentage of completion of the service can be measured reliably. As at the balance sheet date, the amount of rendering could be reliably measured, is recognized at percentage of completion, which is determined by the actual labor cost already incurred divided by the total estimate costs;

When the amount of rendering could not be reliably measured, the amount of the labor cost which is actually incurred and estimated to be compensated is recognized into the service revenue from rendering of labor services. Meanwhile, the labor cost incurred is recognized as the current period expense. If the labor cost incurred is estimated not to be compensated, no revenue is recognized then.

**(3) *The revenue from transfer of asset use right***

The revenue from the property alienation of the Group includes interests income and royalty fee. The revenue from transferring the asset use right is recognized when both the two conditions are met, namely that the related economic interests are likely to flow into the enterprise, and that the amount of revenue can be measured reliably. The amount of interest income is calculated according to the time and the actual interest rate at which other people use the monetary funds of the Group. The income amount from the asset use fee is determined by the calculation according to the relevant contract or agreement of the charging time and method.

**23. Government subsidy**

Government grants are monetary or non-monetary assets obtained from the governments, excluding the contributed capital from the government investor.

Where a government grant is in the form of a monetary asset, it is measured at the amount received. Where a government grant is made on the basis of a fixed amount or strong evidence showing such grant is expected to receive and relevant government finance supporting policies are met, it is measured at the amount receivable. Where a government grant is in the form of a non-monetary asset, it is measured at fair value. If fair value cannot be determined reliably, it is measured at a nominal amount of RMB1 Yuan.

The Group classifies government subsidies as grants pertinent to assets and grants pertinent to incomes. The government grants pertinent to assets are recognized as deferred revenue, and equally accounted into current profit or loss within the useful life. The government grants pertinent to incomes and used to compensate the related expenses or losses in subsequent periods are recognized as deferred income, and accounted into profit and loss during the period when the related expenses are recognized; the government grants used to compensate the related expenses or losses are directly recognized in profit or loss.

## **24. Deferred tax assets/deferred tax liabilities**

Deferred tax assets and deferred liabilities of the Group are recognised based on the differences (temporary differences) between tax bases of assets and liabilities and respective carrying amount. Deductible tax losses or tax credit that can be carried forward in accordance with tax law requirements for deduction of taxable income in subsequent years are recognised as deferred tax assets. The temporary difference of initial recognition of goodwill shall not be recognised as deferred tax liabilities. The temporary difference caused by the initial recognition of assets and liabilities from non-enterprise combination, which is not influence profits and tax payables, shall not be recognised as deferred tax asset and liabilities. At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available to offset the deductible temporary difference.

## **25. Lease**

Leases are classified as finance leases and operating leases at the date of inception. Finance lease is a lease that substantially transfers all the risks and rewards of ownership of the assets. Operating leases are leases other than finance leases.

The Group, as a lessee to a financing lease, recognises the assets under finance lease at the lower of the fair value at the inception of the lease and the present value of minimum lease payment. The corresponding liability is recorded as long-term payable at the amount of minimum lease payments. The difference is recorded as unrecognised finance lease charge.

The Group, as a lessee to an operating lease, recognises lease payment on a straight-line basis over the terms of the lease and records as a cost of an assets or an expense for the period.

## **26. Safety production cost**

The Group accrues safety production cost and records it to the cost of related products or in the profit or loss and transferred to special reserve based on Caiqi [2012] No.16 Management of Drawing and Using Safety Production Cost issued by the Ministry of Finance and State Administration of Work Safety on 14 February 2012. The Group shall directly reduce special reserve if the safety production cost is belonging to expense. If fixed asset is arose in using safety production cost, all expenditures are recorded in construction in progress and recognized as fixed asset when the safety project is finished and ready for its intended use; meanwhile, the Group shall reduce special reserve based on the cost of the fixed asset and recognize the accumulated depreciation in the same amount. No depreciation shall be recognised in for this fixed asset in following periods.

## **27. Segment information**

The Group determines the operating segments on the basis of internal structure, management requirements and internal reporting system and adopts these operating segments as the basis for reporting segments for disclosure purposes. An operating segment is a component of the Group that satisfies all of the following conditions: it is able to earn revenue and incur expenses from ordinary business activities; its operating results are regularly reviewed by the Group's management for making decision about resources to be allocated to the segment and to assess its performance; and for which the financial information on the financial position, operating results and cash flow of these components is available to the Group. Two or more operating segments can be aggregated into one single operating segment if they have similar economic characteristic and satisfy certain conditions.

Segment transfer price is determined by reference to the market price. Joint costs, except for those which are unable to be allocated reasonably, shall be allocated among segments based on ratio of income derived.

## **28. Changes in significant accounting policies and accounting estimates**

### ***(1) Changes in significant accounting policies***

None

### ***(2) Changes in significant accounting estimates***

None

## VI. TAXATION

Main categories of tax and tax rates are:

### 1. Value added tax (VAT)

VAT rate of 13% is applied to purchase and sale of water, heat, gas, agricultural machinery (whole machine), etc.

VAT rate of 17% is applied to other purchases and sales.

During the period from 1 January to 30 June 2015, Luoyang Tractor Research Institute Co., Ltd., as the transformed scientific research institute, was exempted from import tariffs and VAT for importing reasonable quantities of technical research products that cannot be locally manufactured or whose performance cannot meet the needs according to Ling[2011] No.63 Decisions on amending “Interim Provision of Exemption from Import Tax for Products for Development of Science and Technology” and “Provision of Exemption from Import Tax for Products for Scientific Research and Education” issued by the Ministry of Finance, the General Administration of Customs and State Administration of Taxation. During the period from 1 January to 30 June 2015, Luoyang Tractor Research Institute Co., Ltd., as the transformed scientific research institute, got full VAT refund on purchase of domestic equipment according to Caishui [2011] No.88 Notice of Continuing Implementing Tax Policies for the Purchase of Equipment by Research and Development Institutes from Ministry of Finance, Ministry of Commerce, General Administration of Customs and State Administration of Taxation.

Luoyang Tractor Research Institute Co., Ltd. is exempted from VAT on revenue from technology development according to Caishui [2013] No.106 Notice of Adding Railway Transport and Postal Industry to Pilot of Levying Business Tax instead of VAT.

Luoyang Changhong Trading Co., Ltd. and Luoyang Changxing Agriculture Machinery Co., Ltd., subsidiaries of the Company, are exempted from VAT on sale of agricultural machinery according to Caishui [2001] No.113 Notice of Exemption from VAT for Agricultural Production Issued by Ministry of Finance and State Administration of Taxation.

Since the Company’s subsidiaries CAD Fund Machinery (SA) (Pty) Ltd, YTO France SAS and YITWO Agro-Industrial were registered overseas, the local tax rate is applied for VAT purpose.

## **2. Business tax**

As for the revenue from service fee and etc, the business tax is calculated on 5% of the taxable income. According to Caishui [2013] No.37 Notice of Tax Policies of Developing Pilot for Replacing Business Tax with VAT in Transport Industry and Part of Modern Service Industry issued by the Ministry of Finance and the State Administration of Taxation on 24 May 2013, 6% VAT rate shall be applied to those revenue originally triggered to business tax and commenced to calculate and pay VAT as the result of 'Business to VAT Transfer' from 1 August 2013.

## **3. Urban construction and maintenance tax**

Urban construction and maintenance tax is calculated at 7% of the actual payment on turnover tax.

## **4. Education surcharges**

Educational surcharges are calculated at 3% of the actual payment on turnover tax. The Company and its domestic subsidiaries also pays local educational surcharges based on 2% of the actual payment on turnover tax.

## **5. Corporate income tax**

As approved by the Science and Technology Department and the Finance Department of Henan Province, the State Administration of Taxation and the local tax bureau, the Company and its subsidiaries, YTO (Luoyang) Diesel Engine Co., Ltd., Tractors Research Company, Luoyang Xiyuan Vehicles and Power Inspection Institute Co., Ltd. and YTO Flag Auto-body Company Limited are entitled to the 15% preferential income tax rate for new and high tech enterprises according to Article 28 of Law of the People's Republic of China on Enterprise Income Tax.

Since the Company's subsidiaries, CAD Fund Machinery (SA) (Pty) Ltd, YTO France SAS and YITWO Agro-Industrial were registered overseas, the local tax rate is applied for income tax purposes.

The other subsidiaries of the Company are entitled to the 25% corporate income tax rate.

## **6. Property tax**

The applicable tax rate is 1.2% when the tax base is 70% of the property's original cost. The applicable tax rate is 12% when the tax base is the rental income.

## **7. Other taxes**

Other taxes shall be paid in accordance with relevant provisions of the country.

## VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS

### 1. Monetary fund

Items	Ending balance	Beginning balance
Cash on hand	1,242,872.44	1,225,011.51
Cash in bank	1,364,786,515.46	1,824,370,871.38
Other monetary fund	<u>241,876,723.24</u>	<u>172,563,633.40</u>
<b>Total</b>	<b><u>1,607,906,111.14</u></b>	<b><u>1,998,159,516.29</u></b>
Including: Total amount deposited abroad	<b><u>57,647,373.84</u></b>	<b><u>173,871,582.28</u></b>

*Notes:* At the end of 30 June 2015, the restricted cash includes statutory reserve of RMB77,928,818.83 deposited at the central bank (Last period: RMB83,555,719.49), security deposit of acceptance notes of RMB155,426,863.80 (Last period: RMB161,476,511.50), and other security deposit of RMB8,521,040.61 (Last period: 3,225,117.09).



## 2. Loans to banks and other financial institutions

### (1) Analysis based on counter party categories

<b>Items</b>	<b>Ending balance</b>	Beginning balance
Banks	<b>0.00</b>	0.00
Non-bank financial institutions	<b>200,000,000.00</b>	0.00
Total amount of loans to banks and other financial institutions	<b>200,000,000.00</b>	0.00
Provision for impairment	<b>0.00</b>	0.00
Net amount of loans to banks and other financial institutions	<b><u>200,000,000.00</u></b>	<b><u>0.00</u></b>

### (2) Analysis based on counter party's geographical area

<b>Items</b>	<b>Ending balance</b>	Beginning balance
Chinese mainland	<b>200,000,000.00</b>	0.00
Overseas	<b>0.00</b>	0.00
Total amount of loans to banks and other financial institutions	<b>200,000,000.00</b>	0.00
Provision for impairment	<b>0.00</b>	0.00
Net amount of loans to banks and other financial institutions	<b><u>200,000,000.00</u></b>	<b><u>0.00</u></b>

### 3. Financial assets at fair value through profit or loss

<b>Items</b>	<b>Ending balance</b>	Beginning balance
Financial assets held for trading	<b>17,448,309.50</b>	14,360,150.44
Include: Investments in debt instruments	<b>0.00</b>	0.00
Investments in equity instrument	<b>17,448,309.50</b>	14,360,150.44
Derivative financial assets	<b>0.00</b>	0.00
Others	<b>0.00</b>	0.00
Financial assets designated as at fair value through profit or loss	<b>370,000,000.00</b>	340,000,000.00
Include: Investments in debt instruments	<b>0.00</b>	0.00
Investments in equity instrument	<b>0.00</b>	0.00
Entrust products	<b>370,000,000.00</b>	340,000,000.00
<b>Total</b>	<b><u>387,448,309.50</u></b>	<b><u>354,360,150.44</u></b>

### 4. Notes receivable

#### (1) Category

<b>Items</b>	<b>Ending balance</b>	Beginning balance
Bank acceptance notes	<b>588,591,389.57</b>	928,490,389.33
Commercial acceptance bill	<b>10,246,800.00</b>	12,257,750.00
<b>Total</b>	<b><u>598,838,189.57</u></b>	<b><u>940,748,139.33</u></b>

(2) *Notes receivable has been pledge at the end of the period*

<b>Items</b>	<b>Amount has been pledged by the end of the year</b>
Bank acceptance notes	176,379,808.00
Commercial acceptance bill	<u>0.00</u>
<b>Total</b>	<b><u><u>176,379,808.00</u></u></b>

(3) *Notes receivable has been endorsed or discounted but not yet due at the end of the period:*

<b>Items</b>	<b>De-recognized at the end of the year</b>	<b>Continuely recognized at the end of the year</b>
Bank acceptance notes	970,714,553.61	0.00
Commercial acceptance bill	<u>1,212,000.00</u>	<u>0.00</u>
<b>Total</b>	<b><u><u>971,926,553.61</u></u></b>	<b><u><u>0.00</u></u></b>

(4) *There is no note receivable being transferred to account receivable because of the inability to fulfil the contract by the issuers.*

## 5. Accounts receivable

### (1) Categories

Categories	Book balance		Ending balance		Book value
	Amount	Percentage %	Amount	Percentage %	
Individually significant and provided for bad debts on individual basis	190,463,240.84	10.82	122,149,999.28	64.13	68,313,241.56
Receivables that are provided for bad debts on credit risk portfolio basis	1,557,834,364.68	88.51	402,892,924.60	25.86	1,154,941,440.08
Individually insignificant but provided for bad debts on individual basis	11,851,363.09	0.67	1,213,952.39	10.24	10,637,410.70
<b>Total</b>	<b>1,760,148,968.61</b>	<b>/</b>	<b>526,256,876.27</b>	<b>/</b>	<b>1,233,892,092.34</b>

Categories	Book balance		Beginning balance		Book value
	Amount	Percentage %	Amount	Percentage %	
Individually significant and provided for bad debts on individual basis	165,722,986.41	13.04	99,195,014.05	59.86	66,527,972.36
Receivables that are provided for bad debts on credit risk portfolio basis	1,097,253,075.26	86.34	291,472,051.63	26.56	805,781,023.63
Individually insignificant but provided for bad debts on individual basis	7,907,431.05	0.62	861,383.35	10.89	7,046,047.70
<b>Total</b>	<b>1,270,883,492.72</b>	<b>/</b>	<b>391,528,449.03</b>	<b>/</b>	<b>879,355,043.69</b>

1) *Accounts receivable that are individually significant and provided for bad debts on individual basis*

Accounts receivable (by company)	Book balance	Ending balance		Note
		Amount of bad debts	Provision proportion (%)	
Ningxia Boxin Hengtong Mechanical Equipment Co., Ltd.	66,292,241.59	62,405,505.76	94.14	Note
Tumoteyouqi Santian Mining Co., Ltd	38,473,653.72	6,168,486.14	16.03	Note
Shanxi Linfeng Engineering Machinery Co., Ltd.	23,925,716.53	22,635,716.53	94.61	Note
YTO (Luoyang) Zhongcheng Machinery Co., Ltd.	14,269,792.47	0.00	0.00	Note
Tumoteyouqi Sidaogou Mining Co., Ltd.	9,432,162.75	2,188,154.67	23.20	Note
Shanxi Dongyuan Auto Sales Co., Ltd.	8,710,611.13	8,710,611.13	100.00	Note
Haixi Bo'ao Engineering Co., Ltd.	7,451,551.97	7,451,551.97	100.00	Note
Luoyang Jinjun Industry and Trade Co., Ltd.	7,888,054.68	7,888,054.68	100.00	Note
SUDAN MOB PROJECT FOR AGRICULTURAL AND LIVE STOCK PR	7,397,456.00	1,109,618.40	15.00	Note
Henan Xiangyanghong Machinery Manufacturing Co., Ltd	6,622,000.00	3,592,300.00	54.25	Note
<b>Total</b>	<b>190,463,240.84</b>	<b>122,149,999.28</b>	<b>/</b>	<b>/</b>

*Note:* Based on the nature of the business, customers with similar credit risk are classified into a special group to determine the provision for bad debt based on the loss rate after assessment.

2) *Accounts receivable that are provided for bad debts by aging analysis:*

Aging	Accounts receivable	Ending balance	
		Provision for bad debts	Provision proportion (%)
Within 1 year	1,053,088,322.98	38,523,382.75	3.66%
1-2 years	280,752,999.70	140,376,499.85	50.00%
2-3 years	110,870,520.85	110,870,520.85	100.00%
Over 3 years	113,122,521.15	113,122,521.15	100.00%
<b>Total</b>	<b>1,557,834,364.68</b>	<b>402,892,924.60</b>	<b>—</b>

3) *Accounts receivable that are individually insignificant but provided for bad debts on individual basis*

Accounts receivable (by company)	Book balance	Ending balance		Note
		Amount of bad debts	Provision proportion (%)	
Linfen Liyajiang Agricultural Machinery Construction Machinery Co., Ltd	152,393.00	0.00	0.00	Note
He Jinjun	440,000.00	18,139.98	4.12	Note
YTO (Luoyang) Construction Machinery Co., Ltd	298,020.00	12,286.54	4.12	Note
Tongliao Yutai Automobile Trading Co., Ltd	154,500.00	108,284.70	70.09	Note
Yunfu Jinsheng Stone Material Co., Ltd	72,000.00	2,968.36	4.12	Note
UAE Flying Wheel Trading	577,918.61	577.92	0.10	Note
Jiangsu Zhunti Machinery Manufacturing Co., Ltd	383,452.00	383,452.00	100.00	Note
Liaoning Hualian Agricultural Machinery Co., Ltd	636,600.00	365,072.60	57.35	Note
Jilin Qianzhuang Agricultural Machinery Co., Ltd	7,000.00	7,000.00	100.00	Note
ALGERIA SARL FRABIC IMPORT EXPORT	1,294,414.38	1,294.41	0.10	Note
TUNIS INTER PARTS	3,342,292.89	37,259.82	1.11	Note
Luoyang Glass Co., Ltd	2,682,772.21	202,994.78	7.57	Note
Yunnan Huaxing Mechanization Co., Ltd	1,810,000.00	74,621.28	4.12	Note
<b>Total</b>	<b>11,851,363.09</b>	<b>1,213,952.39</b>	<b>/</b>	<b>/</b>

*Note:* Based on the nature of the business, customers with similar credit risk are classified into a special group to determine the provision for bad debt based on the loss rate after assessment.

**(2) Accounts receivable provided for bad debts, received or reversed for the period**

Accounts receivable provided for bad debts for the period has increased by RMB135,133,440.12 Yuan; Accounts receivable provided for bad debts received or reversed for the period is RMB0.00 Yuan.

**(3) There is no accounts receivable written off during the period.**

**(4) Top five closing balance of accounts receivable**

Company name	Relationship to the Company	Ending balance	Age	Proportion in closing balance (%)
Liaoning Dongsheng Mechanized Equipment Co.	Non-related party	86,863,799.00	Within 1 year: RMB162,000; 1-2 years: RMB68,672,101; 2-3 years: RMB18,029,698.	4.83
Ningxia Boxin Hengtong Mechanical Equipment Co., Ltd.	Non-related party	66,292,241.59	Within 1 year: RMB11,550; 1-2 years: RMB28,525,189.58; 2-3 years: RMB37,755,502.01.	3.68
Wulumuqi Shifeng Agricultural Machinery Co., Ltd.	Non-related party	64,441,080.42	1-2 years	3.58
CUBA TECNOIMPORT	Non-related party	47,051,153.11	Within 1 year	2.61
Changzhou Dongfeng Agricultural Machinery Group Co., Ltd	Non-related party	40,389,018.65	Within 1 year	2.24
<b>Total</b>	-	<u><u>305,037,292.77</u></u>	-	<u><u>16.94</u></u>

## 6. Advances to suppliers

### (1) Aging analysis

Aging	Ending balance		Beginning balance	
	Amount	Percentage %	Amount	Percentage %
Within 1 year	<b>105,886,328.13</b>	<b>71.90</b>	262,375,404.56	89.83
1-2 years	<b>17,945,798.61</b>	<b>12.18</b>	5,857,870.72	2.00
2 -3 years	<b>623,804.91</b>	<b>0.42</b>	8,693,433.51	2.98
Over 3 years	<b>22,833,474.83</b>	<b>15.50</b>	15,162,203.95	5.19
<b>Total</b>	<b><u>147,289,406.48</u></b>	<b><u>100.00</u></b>	<b><u>292,088,912.74</u></b>	<b><u>100.00</u></b>

Notes to unsettled reason of significant advances to suppliers over 1 year:

For the advanced payment of RMB10,229,100.00 Yuan to YTO (Luoyang) Kintra Equipment Science & Technology Co., Ltd aged 1-2 years, due to incompleteness of transaction between the two parties, the prepayment has not been settled yet.

For the advanced payment of RMB13,709,716.79 made by subsidiary YTO International Economic & Trade Co., Ltd. to YTO Huizhou Bicycle Co., Ltd aged over one year (1-2 years RMB900,000 Yuan, 2-3 years RMB7,488 Yuan, 4-5 years RMB12,802,228.79 Yuan), and has not been settled due to incompleteness of the transaction between the two parties.



(2) *Top five balance to suppliers*

Company name	Ending Balance	Age	Proportion in closing balance (%)
YTO (Heilongjiang) Dongfanghong Industrial Park Co., Ltd	32,701,463.86	Within 1 year: RMB31,220,450.68; 1-2 years: RMB1,481,013.18	22.20
YTO(Huizhou) Bicycle Co., Ltd.	13,709,716.79	1-2 years: RMB900,000; 2-3 years: RMB7,488; 4-5 years: RMB12,802,228.79.	9.31
YTO (Luoyang) Kintra Equipment Science & Technology Co., Ltd	10,229,100.00	1-2 years	6.94
Shanghai Pengpu Machinery Co., Ltd	6,490,000.00	Over 3 years	4.41
Angang Steel Company Limited	3,598,876.03	Within 1 year	2.44
<b>Total</b>	<b><u>66,729,156.68</u></b>	–	<b><u>45.30</u></b>

7. **Interests receivable**

(1) *Categories of interests receivable*

Unit: Yuan Currency: RMB

Items	Ending balance	Beginning balance
Fixed term deposit	163,333.33	133,472.22
Interests from loans to banks and other financial institutions	172,500.00	0.00
<b>Total</b>	<b><u>335,833.33</u></b>	<b><u>133,472.22</u></b>

(2) *There is no significant overdue interest in the Group at the end of the period*

## 8. Dividends receivable

Project (or invested company)	Ending balance	Beginning balance
Dividends receivable within 1 year	<b>13,435,000.00</b>	0.00
Including: Bank of Luoyang Co., Ltd	<b>13,435,000.00</b>	0.00
<b>Total</b>	<b>13,435,000.00</b>	<b>0.00</b>

## 9. Other receivables

### (1) Disclosures of categories in other receivables

Category	Book balance		Ending Balance		Book Value
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
Receivables that are provided for bad debts on credit risk portfolio basis	80,417,196.12	100.00	11,760,128.05	14.62	68,657,068.07
Individually insignificant but provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>80,417,196.12</b>	<b>/</b>	<b>11,760,128.05</b>	<b>/</b>	<b>68,657,068.07</b>

Category	Book balance		Beginning Balance		Book Value
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
Receivables that are provided for bad debts on credit risk portfolio basis	240,583,624.80	100.00	12,093,244.89	5.03	228,490,379.91
Individually insignificant but provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>240,583,624.80</b>	<b>/</b>	<b>12,093,244.89</b>	<b>/</b>	<b>228,490,379.91</b>

- 1) *Other receivables provided for bad debts by aging analysis within the portfolios:*

<b>Aging</b>	<b>Ending Balance</b>		<b>Percentage (%)</b>
	<b>Amount</b>	<b>Bad debts</b>	
Within 1 year	17,278,095.72	281,002.35	1.63
1-2 years	4,124,144.62	543,220.03	13.17
2-3 years	2,387,958.34	150,353.59	6.30
Over 3 years	10,785,552.08	10,785,552.08	100.00
<b>Total</b>	<b>34,575,750.76</b>	<b>11,760,128.05</b>	<b>–</b>

- 2) *Other receivables provided for bad debts by other methods on portfolio basis*

<b>Portfolio name</b>	<b>Ending Balance</b>		<b>Percentage (%)</b>
	<b>Amount</b>	<b>Bad debts</b>	
Guarantee deposit, petty cash	7,793,739.52	0.00	0.00
Other receivables classified by nature do not provided for bad debts	38,047,705.84	0.00	0.00
<b>Total</b>	<b>45,841,445.36</b>	<b>0.00</b>	<b>0.00</b>

- (2) *Other receivables provided for bad debts, received or reversed for the period*

Other receivables provided for bad debts for the period is RMB0.00 Yuan; other receivables provided for bad debts reversed for the period is RMB333,116.84 Yuan.

- (3) *There is no other receivables written off during the period.*

(4) *Other receivables classified by nature*

<b>Nature</b>	<b>Net ending book balance</b>	<b>Net beginning book balance</b>
Receivables and payables	<b>42,768,326.17</b>	209,922,919.15
Guarantee deposit, petty cash	<b>8,846,540.90</b>	4,801,363.19
Receivables from asset transfer	<b>3,751,919.08</b>	5,664,401.72
Social insurance withheld for further payment	<b>4,116,148.71</b>	2,604,086.50
Others	<b>9,174,133.21</b>	5,497,609.35
<b>Total</b>	<b><u>68,657,068.07</u></b>	<b><u>228,490,379.91</u></b>

(5) *Top five other receivables by customers*

<b>Company name</b>	<b>Nature&amp; content</b>	<b>Amount</b>	<b>Aging</b>	<b>Proportion in other receivables (%)</b>	<b>Ending balance of bad debts provision</b>
Luoyang Jianxi District National Tax Bureau	Tax refund on exports	11,000,485.39	Within 1 year	13.68	0.00
YTO (Luoyang) Zhongcheng Machinery Co., Ltd.	Receivables and payables	3,181,725.71	Within 1 year: RMB1,130,219.86; 1-2 years: RMB2,051,505.85	3.96	0.00
Haima Business Vehicle Co., Ltd	Goods payment	2,700,000.00	Within 1 year	3.36	0.00
Shanxi Heavy-Duty Truck Co., Ltd.	Deposit	2,001,000.00	Within 1 year	2.49	0.00
YTO Group	Receivables and payables	<u>1,405,651.86</u>	Within 1 year	<u>1.75</u>	<u>          </u>
<b>Total</b>	/	<b><u>20,288,862.96</u></b>	/	<b><u>25.24</u></b>	<b><u>0.00</u></b>

## 10. Financial assets purchased with agreement to re-sale

Items	Ending balance	Beginning balance
Securities	<b>538,953,084.12</b>	0.00
Inclu.: Bank and non-bank financial institutions securities	<b>538,953,084.12</b>	0.00

## 11. Inventories

### (1) Categories

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Raw materials	511,383,743.38	41,463,155.17	469,920,588.21	529,119,196.09	39,685,264.31	489,433,931.78
Work in progress	343,414,940.71	14,104,739.71	329,310,201.00	369,581,970.81	16,892,562.44	352,689,408.37
Finished goods	527,025,261.93	36,145,786.51	490,879,475.42	626,856,803.24	33,450,492.97	593,406,310.27
Turnover						
materials	12,704,103.40	836,667.50	11,867,435.90	12,599,084.39	733,421.05	11,865,663.34
Others	0	0	0	30,940.21	0.00	30,940.21
<b>Total</b>	<b><u>1,394,528,049.42</u></b>	<b><u>92,550,348.89</u></b>	<b><u>1,301,977,700.53</u></b>	<b><u>1,538,187,994.74</u></b>	<b><u>90,761,740.77</u></b>	<b><u>1,447,426,253.97</u></b>

### (2) Provision for the impairment of inventories

Items	Beginning balance	Increase in this year		Decrease in this year		Ending balance
		Accrued	Other	Reversal or write-off	Other	
Raw materials	39,685,264.31	4,131,939.19	0	587,368.23	1,766,680.10	41,463,155.17
Work in progress	16,892,562.44	129,384.18	0	2,917,206.91	0	14,104,739.71
Finished goods	33,450,492.97	4,870,421.99	0	2,072,695.98	102,432.47	36,145,786.51
Turnover						
materials	733,421.05	103,824.32	0	577.87	0	836,667.50
Others	0	0	0	0	0	0.00
<b>Total</b>	<b><u>90,761,740.77</u></b>	<b><u>9,235,569.68</u></b>	<b><u>0.00</u></b>	<b><u>5,577,848.99</u></b>	<b><u>1,869,112.57</u></b>	<b><u>92,550,348.89</u></b>

Note: Other transfer out of decrease for the year is the foreign currency translation influence.

(3) *Inventory impairment provision*

<b>Items</b>	<b>Basis for recognition of net realizable value</b>	<b>Reasons for reversal</b>
Raw materials	Closing market price minus expected costs incurred	Sold
Work in progress	Closing market price minus expected costs incurred	Sold
Finished goods	Closing market price minus expected costs incurred	Sold
Turnover materials	Closing market price minus expected costs incurred	Sold
Others	Closing market price minus expected costs incurred	No reversal and write-off in Current period
<b>Total</b>	–	–

**12. Loans issued and advances**

(1) *Distribution details of loans and receivables by individual and corporate*

<b>Items</b>	<b>Ending balance</b>	<b>Beginning balance</b>
Individuals loans and advances	<b>1,746,829.85</b>	5,198,656.49
– Credit cards	<b>0.00</b>	0.00
– Property mortgages	<b>160,696.71</b>	181,788.67
– Others	<b>1,586,133.14</b>	5,016,867.82
Corporate loans and advances	<b>1,682,604,592.90</b>	1,377,830,189.22
– Loans	<b>284,720,000.00</b>	410,680,000.00
– Discounting of notes	<b>1,397,884,592.90</b>	967,150,189.22
– Others	<b>0.00</b>	0.00
Total of loans and advances	<b><u>1,684,351,422.75</u></b>	<b><u>1,383,028,845.71</u></b>
Less: Provision for losses	<b>22,754,705.91</b>	20,667,398.16
Including: Provision made on individual basis	<b>0.00</b>	0.00
Provision made on portfolio basis	<b><u>22,754,705.91</u></b>	<b><u>20,667,398.16</u></b>
Total carrying value of loans and advances	<b><u>1,661,596,716.84</u></b>	<b><u>1,362,361,447.55</u></b>

(2) *Distribution details of loans and receivables by industry sectors*

Distribution of industry	Ending balance	Proportion (%)	Beginning balance	Proportion (%)
Machinery manufacturing	1,682,604,592.90	99.90	1,377,830,189.22	99.62
Individuals	1,746,829.85	0.10	5,198,656.49	0.38
Total loans and advances	<u>1,684,351,422.75</u>	<u>100.00</u>	<u>1,383,028,845.71</u>	<u>100.00</u>
Less: provision for losses	22,754,705.91	1.35	20,667,398.16	1.49
Including: Provision made on individual basis	0.00	0.00	0.00	0.00
Provision made on portfolio basis	22,754,705.91	1.35	20,667,398.16	1.49
Total carrying value of loans and advances	<u>1,661,596,716.84</u>	<u>98.65</u>	<u>1,362,361,447.55</u>	<u>98.51</u>

(3) *Distribution details of loans and receivables by geographic location*

Location	Ending balance	Proportion (%)	Beginning balance	Proportion (%)
Northeast China	0.00	0.00	10,000,000.00	0.72
Central China	1,684,351,422.75	100.00	1,373,028,845.71	99.28
Total loans and advances	<u>1,684,351,422.75</u>	<u>100.00</u>	<u>1,383,028,845.71</u>	<u>100.00</u>
Less: Provision for losses	22,754,705.91	1.35	20,667,398.16	1.49
Including: Provision made on individual basis	0.00	0.00	0.00	0.00
Provision made on portfolio basis	22,754,705.91	1.35	20,667,398.16	1.49
Total carrying value of loans and advances	<u>1,661,596,716.84</u>	<u>98.65</u>	<u>1,362,361,447.55</u>	<u>98.51</u>

(4) *Distribution details of loans and receivables by type of credit enhancements*

<b>Item</b>	<b>Ending balance</b>	Beginning balance
Credit loans	<b>237,070,000.00</b>	312,520,000.00
Guaranteed loans	<b>41,796,133.14</b>	83,360,000.00
Loans secured by collateral	<b>1,405,485,289.61</b>	987,148,845.71
Including: Mortgages	<b>160,696.71</b>	5,198,656.49
Pledged	<b>1,405,324,592.90</b>	981,950,189.22
<b>Total loans and advances</b>	<b><u>1,684,351,422.75</u></b>	<u>1,383,028,845.71</u>
<b>Less: Provision for losses</b>	<b>22,754,705.91</b>	20,667,398.16
Including: Provision made on individual basis	<b>0.00</b>	0.00
Provision made on portfolio basis	<b>22,754,705.91</b>	20,667,398.16
<b>Total carrying value of loans and advances</b>	<b><u>1,661,596,716.84</u></b>	<u>1,362,361,447.55</u>

(5) *Provision for losses on loans*

<b>Item</b>	<b>Current period</b>		<b>Last period</b>	
	<b>Individual</b>	<b>Portfolio</b>	Individual	Individual
Beginning balance	<b>0.00</b>	<b>20,667,398.16</b>	0.00	13,597,507.75
Current period provision	<b>0.00</b>	<b>2,087,307.75</b>	0.00	7,069,890.41
Ending balance	<b>0.00</b>	<b>22,754,705.91</b>	0.00	20,667,398.16

13. **Other current assets**

<b>Item</b>	<b>Ending balance</b>	Beginning balance
Prepaid expenses	<b>6,109,675.64</b>	101,018.59
Structured deposit	<b>0.00</b>	50,000,000.00
Financial products	<b>610,000,000.00</b>	0.00
Prepaid corporate income tax	<b>3,679,528.05</b>	6,282,542.64
<b>Total</b>	<b><u>619,789,203.69</u></b>	<u>56,383,561.23</u>



## 14. Available-for-sale financial assets

### (1) Available-for-sale financial assets

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Debt instruments	0.00	0.00	0.00	0.00	0.00	0.00
Equity instruments	114,212,800.00	0.00	114,212,800.00	97,806,400.00	0.00	97,806,400.00
Measured at fair value	114,212,800.00	0.00	114,212,800.00	97,806,400.00	0.00	97,806,400.00
Measured at cost	0.00	0.00	0.00	0.00	0.00	0.00
Others	198,829,450.21	10,700,108.80	188,129,341.41	198,830,843.41	10,701,502.00	188,129,341.41
<b>Total</b>	<b>313,042,250.21</b>	<b>10,700,108.80</b>	<b>302,342,141.41</b>	<b>296,637,243.41</b>	<b>10,701,502.00</b>	<b>285,935,741.41</b>

### (2) Available-for-sale assets measured by fair value at then end of the period

Categories	Equity instruments	Debt instruments	Others	Total
Cost of equity instruments	39,798,000.00	0.00	0.00	39,798,000.00
Fair value	114,212,800.00	0.00	0.00	114,212,800.00
Accumulated other comprehensive income from changes on fair value	74,414,800.00	0.00	0.00	74,414,800.00
Impairment amount accrued	0.00	0.00	0.00	0.00

**(3) Available-for-sale assets measured by cost**

Invested company	Book value			Provision for impairment			Ending balance	Proportion of shares (%)	Cash dividends in Current period	
	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase				Decrease
Beijing Zhongnongwang Technology Co., Ltd. (Note 1)	2,122,800.00	0.00	0.00	2,122,800.00	2,122,800.00	0.00	0.00	2,122,800.00	15.00	0.00
Nanyang Xiangrui Agricultural Equipment Co., Ltd. (Note 2)	1,400,000.00	0.00	0.00	1,400,000.00	1,400,000.00	0.00	0.00	1,400,000.00	7.00	0.00
YTO (Luoyang) Dongfanghong Tire Co. (Note 2)	800,000.00	0.00	0.00	800,000.00	800,000.00	0.00	0.00	800,000.00	3.11	0.00
Luoyin Financial Leasing Co., Ltd.	110,000,000.00	0.00	0.00	110,000,000.00	0.00	0.00	0.00	0.00	18.34	0.00
Bank of Luoyang	78,129,341.41	0.00	0.00	78,129,341.41	0.00	0.00	0.00	0.00	4.89	13,435,000.00
Marine Biotechnology Co., Ltd. (Note 1)	1,578,702.00	0.00	1,393.20	1,577,308.80	1,578,702.00	0.00	1,393.20	1,577,308.80	20.00	0.00
Luoyang Bofeng Bearing Co., Ltd. (Note 2)	4,800,000.00	0.00	0.00	4,800,000.00	4,800,000.00	0.00	0.00	4,800,000.00	16.00	0.00
<b>Total</b>	<b>198,830,843.41</b>	<b>0.00</b>	<b>1,393.20</b>	<b>198,829,450.21</b>	<b>10,701,502.00</b>	<b>0.00</b>	<b>1,393.20</b>	<b>10,700,108.80</b>	<b>/</b>	<b>13,435,000.00</b>

*Note 1:* Beijing Zhongnongwang Technology Co., Ltd. and Marine Biotechnology Co., Ltd. have been in the status of discontinued operations. The Group is no longer involved in the operation and liquidation of the above companies and drew assigned staff back. Full impairment has been provided for investments in above companies.

*Note 2:* Full impairment has been made on investments in Nanyang Xiangrui Agricultural Equipment Co., Ltd., YTO (Luoyang) Dongfanghong Tire Co., Ltd. and Luoyang Bofeng Bearing Co., Ltd., due to their poor management performance.

**(4) *Provision for impairment of available-for-sale financial assets during reporting period***

<b>Classification</b>	<b>Available- for-sale equity instruments</b>	<b>Available- for-sale debt instruments</b>	<b>Others</b>	<b>Total</b>
Beginning balance of				
provision for impairment	0.00	0.00	10,701,502.00	10,701,502.00
Increase	0.00	0.00	0.00	0.00
Including: transfer from other				
comprehensive income	0.00	0.00	0.00	0.00
Decrease	0.00	0.00	1,393.20	1,393.20
Including: reversal from the				
raise of fair value afterwards	0.00	0.00	/	0.00
Ending balance for impairment	<u>0.00</u>	<u>0.00</u>	<u>10,700,108.80</u>	<u>10,700,108.80</u>

## 15. Long-term equity investments

Unit: Yuan Currency: RMB

Invested company	Beginning balance	Changes during the year								Ending balance	Ending balance of provision for impairment	
		Additional investment	Investment being reduced	Investment profit/ loss recognition based on equity method	Adjustment of other comprehensive income	Other equity changes	Declared cash dividends/ profit	Provision for impairment	Other			
<b>1. Investments in subsidiaries</b>	16,200,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16,200,000.00	16,200,000.00
YTO (Shenyang) Co., Ltd. (Note 1)	16,200,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16,200,000.00	16,200,000.00
<b>2. Investments in associates</b>	72,853,686.49	81,514,886.92	0.00	2,338,701.01	0.00	0.00	0.00	0.00	0.00	0.00	156,707,274.42	7,004,515.65
ZF & YTO (Luoyang) Drive Axle Co., Ltd. (Note 2)	57,155,113.08	81,514,886.92	0.00	2,399,152.23	0.00	0.00	0.00	0.00	0.00	0.00	141,069,152.23	0.00
YTO Chuanlong Sichuan Agricultural Equipment Co., Ltd.	1,090,457.28	0.00	0.00	-68,551.55	0.00	0.00	0.00	0.00	0.00	0.00	1,021,905.73	0.00
Luoyang Fusaite Auto Ltd. (Note 1)	7,004,515.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,004,515.65	7,004,515.65
Luoyang I&C Technology Consulting Co., Ltd.	177,404.35	0.00	0.00	-102,722.04	0.00	0.00	0.00	0.00	0.00	0.00	74,682.31	0.00
Luoyang Yongwei Machinery Co., Ltd.	7,426,196.13	0.00	0.00	110,822.37	0.00	0.00	0.00	0.00	0.00	0.00	7,537,018.50	0.00
<b>Total</b>	<b>89,053,686.49</b>	<b>81,514,886.92</b>	<b>0.00</b>	<b>2,338,701.01</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>172,907,274.42</b>	<b>23,204,515.65</b>

Note 1: YTO (Shenyang) Co., Ltd and Luoyang First Auto-Body Co., Ltd. have been in the state of discontinued operations. The Group is no longer involved in the operation and liquidation of the above companies and drew assigned staff back. Full impairment has been provided for investments in above companies

## 16. Fixed assets

Items	Land	Building	Machinery	Transportation equipment	Electrical and Office equipment	Other equipment	Total
<b>&lt;1&gt; Original book balance</b>							
1. Beginning balance	7,701,634.80	1,914,201,761.16	3,321,445,514.77	56,524,147.08	124,460,537.95	12,201,128.19	5,436,534,723.95
2. Increase	0.00	27,213,952.85	121,454,448.29	1,112,841.62	1,125,054.09	373,978.64	151,280,275.49
(1) Purchase	0.00	388,675.33	4,954,173.50	205,982.79	406,928.11	101,749.92	6,057,509.65
(2) Transferred from construction in progress	0.00	26,825,277.52	116,500,274.79	906,858.83	718,125.98	272,228.72	145,222,765.84
(3) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Decrease	605,025.14	539,765.64	21,913,632.09	1,802,892.11	358,597.26	328,289.39	25,548,201.63
(1) Disposal	0.00	400,832.67	19,090,837.02	1,802,892.11	349,848.90	195,513.85	21,839,924.55
(2) Exchange rate fluctuation	605,025.14	138,932.97	2,822,795.07	0.00	8,748.36	132,775.54	3,708,277.08
4. Ending balance	7,096,609.66	1,940,875,948.37	3,420,986,330.97	55,834,096.59	125,226,994.78	12,246,817.44	5,562,266,797.81
<b>&lt;2&gt; Accumulated depreciation</b>							
1. Beginning balance	0.00	716,878,074.09	1,863,782,596.30	29,032,541.50	61,756,850.18	7,103,478.93	2,678,553,541.00
2. Increase	0.00	30,218,721.70	101,700,793.42	2,411,374.52	3,718,784.32	653,131.20	138,702,805.16
(1) Provision	0.00	30,218,721.70	101,700,793.42	2,411,374.52	3,718,784.32	653,131.20	138,702,805.16
3. Decrease	0.00	8,101,520.39	8,120,737.38	1,155,531.91	292,566.52	245,468.86	17,915,825.06
(1) Disposal	0.00	8,089,719.73	7,186,555.78	1,155,531.91	285,312.65	190,666.40	16,907,786.47
(2) Others	0.00	11,800.66	934,181.60	0.00	7,253.87	54,802.46	1,008,038.59
4. Ending balance	0.00	738,995,275.40	1,957,362,652.34	30,288,384.11	65,183,067.98	7,511,141.27	2,799,340,521.10
<b>&lt;3&gt; Impairment of assets</b>							
1. Beginning balance	0.00	1,500.00	18,829,333.73	11,663.13	14,618.31	207,849.68	19,064,964.85
2. Increase	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1) Provision	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Decrease	0.00	0.00	47,160.63	0.00	0.00	0.00	47,160.63
(1) Disposal	0.00	0.00	47,160.63	0.00	0.00	0.00	47,160.63
(2) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Ending balance	0.00	1,500.00	18,782,173.10	11,663.13	14,618.31	207,849.68	19,017,804.22
<b>&lt;4&gt; Book value</b>							
1. Ending balance	7,096,609.66	1,201,879,172.97	1,444,841,505.53	25,534,049.35	60,029,308.49	4,527,826.49	2,743,908,472.49
2. Beginning balance	7,701,634.80	1,197,322,187.07	1,438,833,584.74	27,479,942.45	62,689,069.46	4,889,799.58	2,738,916,218.10

Notes: The depreciation recognized as profit or loss for the period is RMB138,702,805.16 Yuan.

Addition on fixed assets includes RMB145,222,765.84 Yuan transferred from construction in progress.

The profit on sale of fixed asset in the Current period is RMB -77,349.43 Yuan.

The original cost of fixed assets that have been fully depreciated but still in use is RMB1,006,534,404.37 Yuan.

*(1) Fixed assets leased out under operating leases*

<b>Items</b>	<b>Ending balance</b>
Machinery	15,247,464.87
Building	<u><u>121,704,922.04</u></u>

(2) *Fixed assets with formalities of property rights transfer still in progress*

<b>Items</b>	<b>Book value</b>	<b>Reason</b>
YTO Industrial Park staff dining hall three-layer frame	5,920,869.30	In progress and expected to finalise in December 2015
Main Factory House and Office Building of subsidiary Fulaige Zhengzhou Branch	14,037,366.81	Land title was obtained in April 2012. Administration Committee of Economic Development Zone and Haima Company required the construction to commence before the application of relevant formalities to be started. The application of planning permit of construction project is in progress. Bidding file, construction permit, fire file, quality testing and project completion acceptance which shall all be applied after receiving the planning permit of construction project. And the property ownership certificate is expected to be obtained at the end.
Subsidiary transportation machinery plant and office building	16,706,912.96	The land was bought from Cijian Town People's Government Xin'an County in August 2004. According to the agreement signed by both parties, land transfer fee, certificate fee and relevant taxes should all be included in the total price. However during the application process for property ownership certificate, the developer refused to pay the taxes for deed and farmland occupation. With the unsuccessful negotiation with the developer, the entity audited cannot afford such a huge amount of taxes because of the consecutive business losses suffered in the recent years. Therefore, the property ownership certificate application is still in progress.

## 17. Construction in progress

### (1) Breakdown

Project name	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Core capacity upgrading project on new wheeled tractor	205,358,829.13	0.00	205,358,829.13	206,457,303.05	0.00	206,457,303.05
Agricultural high-power diesel engine project	155,951,069.89	0.00	155,951,069.89	60,810,592.40	0.00	60,810,592.40
New giant parts workshop of No. 3 Assembling Factory	66,433,355.47	0.00	66,433,355.47	52,511,937.03	0.00	52,511,937.03
Enhancement of R&D capabilities for technology center	34,313,883.48	0.00	34,313,883.48	34,026,886.18	0.00	34,026,886.18
Cylinder old line reconstruction project	12,734,855.70	0.00	12,734,855.70	33,989,624.98	0.00	33,989,624.98
Xinjiang large wheeled tractor infrastructure project II	24,104,490.79	0.00	24,104,490.79	22,969,269.43	0.00	22,969,269.43
100 thousand new diesel engine project	2,473,008.17	0.00	2,473,008.17	20,647,095.59	0.00	20,647,095.59
EPC project	15,041,213.76	0.00	15,041,213.76	15,041,213.76	0.00	15,041,213.76
Forged crankshaft machining line project	11,847,358.78	0.00	11,847,358.78	13,540,080.94	0.00	13,540,080.94
Capacity expansion and reconstruction project for gear type line of Diesel Corporations	17,480,363.36	0.00	17,480,363.36	11,774,699.74	0.00	11,774,699.74
Construction in progress in France	10,336,375.07	0.00	10,336,375.07	10,943,799.83	0.00	10,943,799.83
Others	183,445,568.38	8,533,977.20	174,911,591.18	168,634,690.14	8,533,977.20	160,100,712.94
<b>Total</b>	<b>739,520,371.98</b>	<b>8,533,977.20</b>	<b>730,986,394.78</b>	<b>651,347,193.07</b>	<b>8,533,977.20</b>	<b>642,813,215.87</b>



(2) *Changes of significant construction in progress projects in the period*

Project name	Beginning balance	Increase	Transferred to fixed assets	Other decrease	Ending balance
Core capacity upgrading project on new wheeled tractor	206,457,303.05	310,557.65	1,409,031.57	0.00	205,358,829.13
Agricultural high-power diesel engine project	60,810,592.40	95,140,477.49	0.00	0.00	155,951,069.89
New giant parts workshop of No. 3 Assembling Factory	52,511,937.03	13,921,418.44	0.00	0.00	66,433,355.47
Enhancement of R&D capabilities for technology center	34,026,886.18	5,527,533.14	5,240,535.84	0.00	34,313,883.48
Cylinder old line reconstruction project	33,989,624.98	432,905.98	21,687,675.26	0.00	12,734,855.70
Xinjiang large wheeled tractor infrastructure project II	22,969,269.43	1,135,221.36	0.00	0.00	24,104,490.79
100 thousand new diesel engine project	20,647,095.59	200,389.00	18,374,476.42	0.00	2,473,008.17
EPC project	15,041,213.76	0.00	0.00	0.00	15,041,213.76
Forged crankshaft machining line project	13,540,080.94	4,298,971.05	5,991,693.21	0.00	11,847,358.78
Capacity expansion and reconstruction project for gear type line of Diesel Corporations	11,774,699.74	6,873,184.98	1,167,521.36	0.00	17,480,363.36
Construction in progress in France	10,943,799.83	5,512,546.39	3,332,091.53	2,787,879.62	10,336,375.07
Others	<u>168,634,690.14</u>	<u>102,952,230.67</u>	<u>88,019,740.65</u>	<u>121,611.78</u>	<u>183,445,568.38</u>
Total	<u><u>651,347,193.07</u></u>	<u><u>236,305,436.15</u></u>	<u><u>145,222,765.84</u></u>	<u><u>2,909,491.40</u></u>	<u><u>739,520,371.98</u></u>

Note: Reasons for other decrease for the period:

- 1) Decrease in construction in progress of France is mainly caused by TRACTEUR X904, YT904, and YT90E Power Shuttle project expensing of RMB1,928,152.15 Yuan, and the remaining 859,727.47 Yuan is caused by foreign exchange rate fluctuation.
- 2) Due to internal audit of Auto parts industrial park project, 54,892.47 Yuan was reclassified into accounts payable.
- 3) “Others” transferred 43,468.37 Yuan into low value consumption goods, and transferred 23,250.94 Yuan into intangible assets.

Project name	Budget	Percentage of actual project investment to budget (%)	Rate of progress (%)	Accumulated capitalization of interest	Including: capitalization of interest in this year	Interest capitalization rate in this year (%)	Sources of funds
Core capacity upgrading project on new wheeled tractor	562,100,000.00	63.57	90.00	0.00	0.00	0.00	Fund-raising
Agricultural high-power diesel engine project	171,691,100.00	97.48	80.00	12,829,031.02	0.00	4.404-6.9	Fund-raising
New giant parts workshop of No. 3 Assembling Factor	97,000,000.00	81.16	90.00	0.00	0.00	0.00	Fund-raising
Enhancement of R&D capabilities for technology center	296,000,000.00	99.00	99.00	0.00	0.00	0.00	Self-raised
Xinjiang large wheeled tractor infrastructure project II	149,020,000.00	98.00	98.00	0.00	0.00	0.00	Self-raised
100 thousand new diesel engine project	52,200,000.00	78.00	78.00	0.00	0.00	0.00	Fund-raising
EPC project	390,000,000.00	24.00	24.00	0.00	0.00	0.00	Self-raised
Forged crankshaft machining line project	29,773,300.00	50.52	90.00	0.00	0.00	0.00	Self-raised
Capacity expansion and reconstruction project for gear type line of Diesel Corporations	149,020,000.00	80.86	90.00	819,901.92	0.00	4.404-6.9	Self-raised
Xinjiang large wheeled tractor infrastructure project II	43,709,000.00	64.00	64.00	0.00	0.00	0.00	Self-raised
Construction in progress in France	11,000,000.00	99.00	99.00	0.00	0.00	0.00	Self-raised
Others	494,096,067.34	--	--	2,535,622.02	0.00	4.404-6.9	Self-raised
<b>Total</b>	<b>2,445,609,467.34</b>	<b>/</b>	<b>/</b>	<b>16,184,554.96</b>	<b>0.00</b>	<b>/</b>	

**(3) There is no increase on provision for impairment on construction in progress**

Item	Beginning balance	Increase	Decrease	Ending balance
Provision for impairment on construction in progress	8,533,977.20	0.00	0.00	8,533,977.20

## 18. Intangible assets

### (1) Intangible assets

Items	Land use rights	Patents	Trademarks	Software	Others	Total
<b>&lt;1&gt; Original cost</b>						
1. Beginning balance	929,588,539.95	3,235,906.54	59,526,000.00	49,400,857.44	8,414,404.30	1,050,165,708.23
2. Increase	0.00	0.00	0.00	343,029.23	0.00	343,029.23
(1) Purchase	0.00	0.00	0.00	319,778.29	0.00	319,778.29
(2) Transferred from construction in progress	0.00	0.00	0.00	23,250.94	0.00	23,250.94
3. Decrease	0.00	0.00	0.00	30,000.00	750,216.69	780,216.69
(1) Disposal	0.00	0.00	0.00	30,000.00	0.00	30,000.00
(2) Exchange rate fluctuation	0.00	0.00	0.00	0.00	750,216.69	750,216.69
4. Ending balance	929,588,539.95	3,235,906.54	59,526,000.00	49,713,886.67	7,664,187.61	1,049,728,520.77
<b>&lt;2&gt; Accumulated amortization</b>						
1. Beginning balance	72,925,452.34	3,102,445.33	0.00	25,973,815.58	1,010,260.63	103,011,973.88
2. Increase	12,025,073.56	13,344.47	0.00	3,906,266.81	658,031.73	16,602,716.57
(1) Provision	12,025,073.56	13,344.47	0.00	3,906,266.81	658,031.73	16,602,716.57
3. Decrease	0.00	0.00	0.00	30,000.00	278,148.93	308,148.93
(1) Disposal	0.00	0.00	0.00	30,000.00	0.00	30,000.00
(2) Exchange rate fluctuation	0.00	0.00	0.00	0.00	278,148.93	278,148.93
4. Ending Balance	84,950,525.90	3,115,789.80	0.00	29,850,082.39	1,390,143.43	119,306,541.52
<b>&lt;3&gt; Provision for impairment</b>						
1. Beginning balance	0.00	0.00	0.00	0.00	0.00	0.00
2. Increase	0.00	0.00	0.00	0.00	0.00	0.00
(1) Provision	0.00	0.00	0.00	0.00	0.00	0.00
3. Decrease	0.00	0.00	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00	0.00	0.00
(2) Others	0.00	0.00	0.00	0.00	0.00	0.00
4. Ending Balance	0.00	0.00	0.00	0.00	0.00	0.00
<b>&lt;4&gt; Carrying amount</b>						
1. Ending balance	844,638,014.05	120,116.74	59,526,000.00	19,863,804.28	6,274,044.18	930,421,979.25
2. Beginning balance	<u>856,663,087.61</u>	<u>133,461.21</u>	<u>59,526,000.00</u>	<u>23,427,041.86</u>	<u>7,404,143.67</u>	<u>947,153,734.35</u>

(2) *Land use right which has not yet obtained the property license*

<b>Items</b>	<b>Book value</b>	<b>Reason for not obtaining property license</b>
East side of Jing Wu Road, Jiang Yan City	<u>522,101.31</u>	Procedures not completed

**19. Goodwill**

(1) *Original cost*

Name of investee or matters forming goodwill	Beginning balance	Increase		Decrease		Ending balance
		Business combination	Others	Disposal	Others	
Chang Tuo Agricultural Machinery Equipment Group Co., Ltd	<u>14,297,893.81</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>14,297,893.81</u>

(2) *Provision for impairment*

Name of investee or matters forming goodwill	Beginning balance	Increase		Decrease		Ending balance
		Business combination	Others	Disposal	Others	
Chang Tuo Agricultural Machinery Equipment Group Co., Ltd	<u>14,297,893.81</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>14,297,893.81</u>

## 20. Long-term prepayments

Items	Beginning balance	Increase	Amortization	Other decrease	Ending balance
Die amortization	15,782,056.99	7,574,842.03	4,711,126.86	249,572.65	18,396,199.51
Maintenance cost	6,321,084.77	755,764.19	1,121,862.30	0.00	5,954,986.66
Equipment relocation expenses	445,666.11	0.00	140,736.60	0.00	304,929.51
Working table	283,262.13	0.00	169,957.26	0.00	113,304.87
Patent right of use	103,276.34	0.00	10,683.76	0.00	92,592.58
Others	443,207.53	370,000.00	189,349.49	0.00	623,858.04
<b>Total</b>	<b>23,378,553.87</b>	<b>8,700,606.22</b>	<b>6,343,716.27</b>	<b>249,572.65</b>	<b>25,485,871.17</b>

Note: Other decrease due to external sale.

## 21. Deferred tax assets and deferred tax liabilities

### (1) Deferred tax assets recognized

Items	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for asset impairment	0.00	0.00	46,359,917.11	9,275,547.72
Provision for inventory impairment	45,529,043.59	9,122,681.88	0.00	0.00
Deductible tax losses	192,357,200.00	64,119,066.64	208,756,800.00	69,585,600.00
Change in the fair value of financial assets	0.00	0.00	0.00	0.00
Termination welfare	21,022,185.67	3,249,684.87	23,559,099.03	3,721,872.39
Wages payable and accrued expense	134,698,131.11	24,061,811.37	39,501,780.90	9,558,113.75
Deferred revenue	0.00	0.00	0.00	0.00
<b>Total</b>	<b>393,606,560.37</b>	<b>100,553,244.76</b>	<b>318,177,597.04</b>	<b>92,141,133.86</b>

(2) *Deferred tax liabilities recognized*

Items	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Assets appreciation for business combination not under the common control	140,738,433.96	33,780,684.53	139,153,832.61	34,788,458.15
Fair value change of available-for-sale financial assets	74,414,800.00	12,920,500.00	58,008,400.00	10,086,100.00
Valuation of financial instruments held for trading and derivatives	2,454,500.00	613,625.00	1,849,700.00	462,425.00
<b>Total</b>	<b>217,607,733.96</b>	<b>47,314,809.53</b>	<b>199,011,932.61</b>	<b>45,336,983.15</b>

(3) *Deductible temporary difference that are not recognized as deferred tax assets*

Items	Ending balance	Beginning balance
Provision for bad debts	541,327,322.41	406,932,012.01
Impairment on inventories	47,021,305.30	44,401,823.66
Impairment on long-term equity investments	23,204,515.65	23,204,515.65
Impairment on available-for-sale financial assets	10,700,108.80	10,701,502.00
Impairment on goodwill	14,297,893.81	14,297,893.81
Impairment on fixed assets	19,017,804.22	19,064,964.85
Impairment on construction in progress	8,533,977.20	8,533,977.20
Impairment on loans and advances	22,754,705.91	20,667,398.16
Deductible tax losses	437,386,285.55	380,487,943.23
Interest adjustments on discounted assets	24,206,404.42	
<b>Total</b>	<b>1,148,450,323.27</b>	<b>928,292,030.57</b>

(4) *Deductible losses unrecognized as deferred tax assets due which will due in the following years*

Items	Ending balance	Beginning balance	Remark
2015	<b>47,301,365.05</b>	47,301,365.05	
2016	<b>50,116,122.21</b>	50,116,122.21	
2017	<b>71,474,794.66</b>	55,095,535.10	
2018	<b>115,449,808.25</b>	131,778,225.02	
2019	<b>96,145,853.06</b>	96,196,695.85	
2020	<b>56,898,342.32</b>	0.00	
<b>Total</b>	<b><u>437,386,285.55</u></b>	<b><u>380,487,943.23</u></b>	/

**22. Short-term loans**

(1) *Categories of short-term borrowings*

Categories	Ending balance	Beginning balance
Pledged loans	<b>183,550,078.30</b>	300,502,792.48
Mortgaged loans	<b>70,000,000.00</b>	70,000,000.00
Guaranteed loans	<b>82,438,800.00</b>	59,808,410.91
Credit loans	<b><u>1,315,787,808.50</u></b>	<u>1,214,221,442.76</u>
<b>Total</b>	<b><u>1,651,776,686.80</u></b>	<b><u>1,644,532,646.15</u></b>

Notes to short-term loans category:

Pledged loans: As at 30 June 2015, the subsidiary of the Group, YTO Group Financing Co., Ltd has obtained RMB183,550,078.30 Yuan of short-term loan from the People's bank of China Zhong Zhou branch, with the pledged bank acceptance and commercial acceptance bill as collateral.

Mortgage loans: As at 30 June 2015, the subsidiary of the Group, Changtuo Agriculture Equipment Co., Ltd. has obtained short-term loan of RMB70,000,000 from Jilin Bank Dong Sheng Branch, which had building and land use right at carrying amount RMB78,984,162.91 and RMB18,239,231.12 respectively as mortgage.

Guaranteed loans: As at 30 June 2015, the subsidiary of the Group, YTO (France) Agriculture Co., Ltd. has obtained short-term loan of RMB82,438,800.00 from the Industrial and Commercial Bank of China (Pair Branch), for which the First Tractor Company Limited was the guarantor.

(2) *There is no short-term loan overdue in the end of this year.*

### 23. Deposits absorbed and deposits in other financial institutes

Items	Ending balance	Beginning balance
Savings	<b>169,135,039.14</b>	271,361,543.62
Include: Corporate	<b>168,280,317.56</b>	269,440,896.09
Individual	<b>854,721.58</b>	1,920,647.53
Time deposits(including notice deposits)	<b>747,674,594.18</b>	304,884,797.66
Include: Corporate	<b>747,674,594.18</b>	304,884,797.66
Individual	<b>0.00</b>	0.00
Other deposits(including outward remittance, remittance payable etc)	<b>0.00</b>	0.00
<b>Total</b>	<b><u>916,809,633.32</u></b>	<b><u>576,246,341.28</u></b>

### 24. Borrowed funds

Items	Ending balance	Beginning balance
Borrowings from banks	<b>100,000,000.00</b>	350,000,000.00
Borrowings from other financial institutions	<b>0.00</b>	0.00
<b>Total</b>	<b><u>100,000,000.00</u></b>	<b><u>350,000,000.00</u></b>



## 25. Notes payable

<b>Categories</b>	<b>Ending balance</b>	Beginning balance
Bank acceptance notes	<b>82,166,690.46</b>	325,841,829.29
Commercial acceptance notes	<b>761,989,282.13</b>	590,532,840.88
<b>Total</b>	<b><u>844,155,972.59</u></b>	<b><u>916,374,670.17</u></b>

## 26. Accounts payable

### (1) Breakdown

<b>Items</b>	<b>Ending balance</b>	Beginning balance
Purchase payable	<b>2,008,362,476.95</b>	1,178,243,379.75
Construction materials payable	<b>104,432,824.86</b>	83,787,541.39
Service fee payable	<b>4,260,162.16</b>	40,921,388.89
Others	<b>61,371,010.27</b>	47,630,175.00
<b>Total</b>	<b><u>2,178,426,474.24</u></b>	<b><u>1,350,582,485.03</u></b>

### (2) Aging analysis

<b>Aging</b>	<b>Ending balance</b>	Beginning balance
Within 1 year	<b>2,052,594,696.66</b>	1,227,246,014.76
1 to 2 years	<b>57,150,099.78</b>	53,754,824.26
2-3 years	<b>18,489,882.17</b>	17,044,284.99
Over 3 years	<b>50,191,795.63</b>	52,537,361.02
<b>Total</b>	<b><u>2,178,426,474.24</u></b>	<b><u>1,350,582,485.03</u></b>

(3) *Accounts payable with significant amount aged over 1 year*

<b>Creditor</b>	<b>Amount due</b>	<b>Reasons</b>
SCIVIC Engineering Corporation	8,186,420.00	Unsettled
Chernet Dana Sana	6,941,748.08	Unsettled
Zhangjiagang Bonded Area Yetai International trade Co., Ltd	5,915,437.00	Unsettled
Acompte Subvention	2,871,618.20	Unsettled
Bengang Steel Plates Co., Ltd	1,789,968.08	Quality dispute
Shandong Pengxiang Automobile Co., Ltd	1,439,428.18	Unsettled
Zhengzhou Wutai Trade Co., Ltd	<u>1,194,568.50</u>	Unsettled
<b>Total</b>	<u><u>28,339,188.04</u></u>	–

27. **Advance from customers**

(1) *Breakdown*

<b>Items</b>	<b>Ending balance</b>	<b>Beginning balance</b>
Within 1 year	<b>91,086,968.13</b>	235,328,765.97
Over 1 year	<u><b>28,833,986.87</b></u>	<u>31,568,412.86</u>
<b>Total</b>	<u><u><b>119,920,955.00</b></u></u>	<u><u>266,897,178.83</u></u>

(2) *Significant amounts aged over 1 year*

<b>Creditor</b>	<b>Amount due</b>	<b>Reasons for unsettled</b>
Ningxia Boxinhengtong Machinery Co., Ltd	3,560,000.00	Transaction incompleteness
Poly Technologies Inc.	2,529,069.50	Transaction incompleteness
SINOMACH-HI (Luoyang) Co., Ltd	2,456,708.96	Transaction incompleteness
Shaanxi Linfeng Construction Machinery Co., Ltd	2,383,299.70	Transaction incompleteness
Shanxi Feiyuda Machinery Engineering Co., Ltd	1,052,142.87	Transaction incompleteness
<b>Total</b>	<b><u>11,981,221.03</u></b>	<b>–</b>

**28. Employee benefit payable**

(1) *Categories*

<b>Items</b>	<b>Beginning balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Ending balance</b>
Short-term remuneration	50,915,094.48	525,897,050.93	517,394,531.31	59,417,614.10
Post-employment welfare – Defined Contribution Plan	603,858.93	78,186,114.72	78,145,207.53	644,766.12
Termination benefits	49,190,753.10	12,007,217.03	19,006,330.71	42,191,639.42
<b>Total</b>	<b><u>100,709,706.51</u></b>	<b><u>616,090,382.68</u></b>	<b><u>614,546,069.55</u></b>	<b><u>102,254,019.64</u></b>

(2) *Short-term remuneration*

Items	Beginning balance	Increase	Decrease	Ending balance
1. Wages or salaries, bonuses, allowances and subsidies	37,209,632.57	338,183,617.89	339,237,725.63	36,155,524.83
2. Staff welfare	4,675,421.97	47,629,065.06	43,886,762.53	8,417,724.50
3. Social securities	161,236.15	29,097,287.07	29,038,004.60	220,518.62
Include: – Medical insurance	161,236.15	24,124,879.71	24,076,217.06	209,898.80
– Work-related injury insurance	0.00	2,523,998.57	2,517,752.22	6,246.35
– Maternity insurance	0.00	2,448,408.79	2,444,035.32	4,373.47
4. Housing funds	203,543.70	30,223,058.00	30,064,311.98	362,289.72
5. Union & education funds	8,281,163.95	11,325,251.04	5,593,885.63	14,012,529.36
6. Short-term paid absences	0.00	0.00	0.00	0.00
7. Short-term profit sharing plan	0.00	0.00	0.00	0.00
8. Others	384,096.14	69,438,771.87	69,573,840.94	249,027.07
<b>Total</b>	<b>50,915,094.48</b>	<b>525,897,050.93</b>	<b>517,394,531.31</b>	<b>59,417,614.10</b>

(3) *Defined contribution plan*

Items	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension	0.00	60,857,773.10	60,795,378.88	62,394.22
2. Annuity	603,858.93	12,512,826.27	12,540,282.87	576,402.33
3. Unemployment insurance	0.00	4,815,515.35	4,809,545.78	5,969.57
<b>Total</b>	<b>603,858.93</b>	<b>78,186,114.72</b>	<b>78,145,207.53</b>	<b>644,766.12</b>

## 29. Taxes payable

<b>Items</b>	<b>Ending balance</b>	<b>Beginning balance</b>
Value-Added Tax (VAT)	<b>-314,518,324.59</b>	-363,700,448.06
Business Tax	<b>2,092,787.30</b>	1,293,380.39
Corporate Income Tax	<b>36,369,112.26</b>	25,873,741.93
Individual Income Tax	<b>935,170.96</b>	1,214,050.48
Urban Maintenance and Construction Tax	<b>1,056,136.71</b>	369,530.87
Property Tax	<b>3,486,643.19</b>	5,320,788.80
Land Use Tax	<b>2,534,456.29</b>	2,007,565.34
Education Surcharge	<b>753,640.37</b>	263,940.65
Others	<b>592,565.54</b>	655,052.29
<b>Total</b>	<b><u>-266,697,811.97</u></b>	<b><u>-326,702,397.31</u></b>

## 30. Interests payable

<b>Items</b>	<b>Ending balance</b>	<b>Beginning balance</b>
Interest payable on corporate bonds	<b>15,143,465.78</b>	50,334,301.01
Interest payable on short loans	<b>6,538,571.65</b>	6,390,000.00
Interest payable on deposits	<b>21,706,012.26</b>	792,119.07
Interest payable on loans from banks	<b>40,972.22</b>	0.00
<b>Total</b>	<b><u>43,429,021.91</u></b>	<b><u>57,516,420.08</u></b>

### 31. Dividend payable

Items	Ending balance	Beginning balance
Ordinary shares dividends	<u>52,911,893.28</u>	<u>0.00</u>
<b>Total</b>	<b><u>52,911,893.28</u></b>	<b><u>0.00</u></b>

### 32. Other paybles

#### (1) *Categorized by nature*

Nature	Ending balance	Beginning balance
Receivables and payables	<b>116,071,942.31</b>	107,079,064.05
Security deposit	<b>66,115,123.10</b>	88,303,473.58
Expenses payable	<b>9,152,596.60</b>	20,381,548.34
Third party payment	<b>33,409,261.08</b>	15,306,592.51
Others	<b>40,481,347.63</b>	25,805,840.48
<b>Total</b>	<b><u>265,230,270.72</u></b>	<b><u>256,876,518.96</u></b>

#### (2) *Significant amount aged over 1 year*

Creditors	Amount due	Reasons for unsettled
YTO Group Corporation	49,340,612.33	Transaction incomplection
Career incentives payable	3,510,608.78	Transaction incomplection
Provision: Risks and charges	3,885,620.32	Transaction incomplection
Building construction and maintenance fund	1,179,899.01	Transaction incomplection
Subsidies for injury	<u>1,541,210.31</u>	Transaction incomplection
<b>Total</b>	<b><u>59,457,950.75</u></b>	

*Note:* Provision: Risks and charges belong to the risks and expenses accrued by the subsidiary of the Group, YTO FRANCE SAS.

### 33. Non-current liabilities due within one year

Items	Ending balance	Beginning balance
Long-term loans due within 1 year	17,174,750.00	18,639,000.00
Deferred revenues due within 1 year	11,401,937.79	11,416,745.54
<b>Total</b>	<b>28,576,687.79</b>	<b>30,055,745.54</b>

### 34. Other current liabilities

Items	Ending balance	Beginning balance
Discounts and allowances given	1,696,640.95	29,488,722.16
Sales and warranty service	93,159,438.12	20,011,890.59
Agent fees	1,420,000.00	1,920,000.00
Others	38,993,308.36	1,822,903.00
<b>Total</b>	<b>135,269,387.43</b>	<b>53,243,515.75</b>

### 35. Long-term loans

#### (1) Categories

Categories	Ending balance	Beginning balance
Pledged loans	0.00	0.00
Mortgaged loans	0.00	0.00
Guaranteed loans	0.00	0.00
Credit loans	51,524,250.00	65,236,500.00
Less: due within 1 year	17,174,750.00	18,639,000.00
<b>Total</b>	<b>34,349,500.00</b>	<b>46,597,500.00</b>

*Note:* The interest rate of long-term loans is 6-month libor rate plus 3.5%.

(2) *Long-term loans due date analysis*

<b>Items</b>	<b>Ending balance</b>	<b>Beginning balance</b>
1-2 years	<b>0.00</b>	0.00
2-5 years	<b>34,349,500.00</b>	46,597,500.00
Over 5 years	<b>0.00</b>	0.00
<b>Total</b>	<b><u>34,349,500.00</u></b>	<b><u>46,597,500.00</u></b>

**36. Long-term payables**

(1) *Classification by nature*

<b>Items</b>	<b>Ending balance</b>	<b>Beginning balance</b>
<b>Total</b>	<b>235,318.88</b>	0.00
Including: Finance leasing	<b><u>235,318.88</u></b>	<b><u>0.00</u></b>

Note:

<b>Creditor</b>	<b>Term</b>	<b>Beginning balance</b>	<b>Interest rate (%)</b>	<b>unrecognized finance fees</b>	<b>Ending balance</b>
Hutong Company	2015.1.1 -2017.12.31	278,169.12	18.86	34,770.62	235,318.88



### 37. Bond payables

#### (1) Categories

Items	Ending balance	Beginning balance
12 YTO 01 Coporate bond	<b>796,923,808.99</b>	796,393,416.63
12 YTO 02 Coporate bond	<b>696,175,352.34</b>	695,578,322.56
<b>Total</b>	<b><u>1,493,099,161.33</u></b>	<b><u>1,491,971,739.19</u></b>

#### (2) Changes of bond payables

Items	Face value	Issue date	Term	Issued amount	Beginning balance	Amount issued for the year	Interest accrued based on the face amount	Amortisation on discount or premium	Interest paid for the year	Ending balance
12 YTO 01 Coporate bond	800,000,000.00	2013-3-4	5 years	794,550,000.00	796,393,416.63	0.00	89,319,452.05	2,373,808.99	38,400,000.00	796,923,808.99
12 YTO 02 Coporate bond	700,000,000.00	2013-5-30	5 years	693,734,150.95	695,578,322.56	0.00	65,675,342.47	2,441,201.39	31,500,000.00	696,175,352.34
<b>Total</b>	<b><u>/</u></b>	<b><u>/</u></b>	<b><u>/</u></b>	<b><u>1,488,284,150.95</u></b>	<b><u>1,491,971,739.19</u></b>	<b><u>0.00</u></b>	<b><u>154,994,794.52</u></b>	<b><u>4,815,010.38</u></b>	<b><u>69,900,000.00</u></b>	<b><u>1,493,099,161.33</u></b>

### 38. Deferred income

Items	Beginning balance	Increase	Decrease (%)	Ending balance	Reason of formation
Government grants	<b><u>174,628,692.16</u></b>	<b><u>16,840,000.00</u></b>	<b><u>7,772,932.65</u></b>	<b><u>183,695,759.51</u></b>	Government grants

Government grants projects:

Unit: Yuan Currency: RMB

Items	Beginning balance	Increase	The amount recorded into non-operating income	Other changes	Ending balance	Related to assets/ Related to earnings
The upgrade of core ability in new type of wheeled tractors	53,200,000.00	0.00	0.00	0.00	53,200,000.00	Related to assets
High-power non-road diesel engines	49,000,000.00	0.00	0.00	0.00	49,000,000.00	Related to assets
Promote independent research and development ability	17,237,629.75	0.00	0.00	648,932.65	16,588,697.10	Related to assets
Diesel engine crankshaft forging line	6,780,000.00	0.00	0.00	1,695,000.00	5,085,000.00	Related to assets
Technical innovation of wheeled tractors	6,920,000.00	0.00	0.00	1,384,000.00	5,536,000.00	Related to assets
Xinjiang agricultural construction projects	6,574,700.00	0.00	0.00	0.00	6,574,700.00	Related to assets
C series of government project aid	4,296,000.00	0.00	0.00	358,000.00	3,938,000.00	Related to assets
800,000 diesel engine technical renovation project domestic equipment subsidies	1,018,000.00	0.00	0.00	509,000.00	509,000.00	Related to assets
Annual output of 1000 big horsepower shift heavy wheeled tractors	2,750,000.00	0.00	0.00	0.00	2,750,000.00	Related to assets
Energy-saving diesel engine crankshaft machining production line project	2,700,000.00	0.00	0.00	0.00	2,700,000.00	Related to assets
Non-road high-power diesel engines	6,000,000.00	2,000,000.00	2,080,000.00	0.00	5,920,000.00	Related to assets
Special funds for large wheeled tractor gearbox flexible production line technology integration and demonstration	419,960.00	0.00	0.00	0.00	419,960.00	Related to assets
The revitalization of industry and technology	17,600,000.00	0.00	0.00	1,098,000.00	16,502,000.00	Related to assets
Others	132,402.41	0.00	0.00	0.00	132,402.41	
Technical R&D service award	0.00	500,000.00	0.00	0.00	500,000.00	Related to earnings
LF seriespower shiftingtractors R&D and industrialization	0.00	3,000,000.00	0.00	0.00	3,000,000.00	Related to earnings
Special funds for city and town indemnificatory housing project	0.00	8,640,000.00	0.00	0.00	8,640,000.00	Related to earnings
Techonology service platform for small and medium agricultural machinery enterprises	0.00	2,000,000.00	0.00	0.00	2,000,000.00	Related to earnings
Pollution administering fund	0.00	700,000.00	0.00	0.00	700,000.00	Related to earnings
<b>Total</b>	<b>174,628,692.16</b>	<b>16,840,000.00</b>	<b>2,080,000.00</b>	<b>5,692,932.65</b>	<b>183,695,759.51</b>	/

Note: The other changes are the deferred income which has been transferred to non-current liabilities due within one year.

### 39. Share capital

Items	Beginning balance	Changes in Current period				Sub-total	Ending balance
		Issue new shares	Complimentary shares	Accumulation funds to equity	Others		
Total shares	995,900,000.00	0.00	0.00	0.00	0.00	0.00	995,900,000.00

### 40. Capital reserves

*Unit: Yuan Currency: RMB*

Items	Beginning balance	Increase	Decrease	Ending balance
Share premium	1,876,462,052.15	0.00	0.00	1,876,462,052.15
Other capital reserves	247,784,237.55	0.00	0.00	247,784,237.55
Including.: others	247,784,237.55	0.00	0.00	247,784,237.55
<b>Total</b>	<b>2,124,246,289.70</b>	<b>0.00</b>	<b>0.00</b>	<b>2,124,246,289.70</b>

## 41. Other comprehensive income

Items	Beginning balance	Amount before income tax	Changes in Current period				Ending balance
			Less: income previously recognised and transferred to profit/loss in current period	Less: income tax expenses	Amount attributable to the parent company after income tax	Amount attributable to minority shareholders after income tax	
1. Other comprehensive income that will not be reclassified into profit or loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Other comprehensive income that will be reclassified into profit or loss	16,295,741.20	16,710,213.65	0.00	2,834,400.00	13,780,623.96	95,189.69	30,076,365.16
Gains and losses from changes in fair value of available-for-sale financial assets	47,173,416.79	16,406,400.00	0.00	2,834,400.00	13,370,052.83	201,947.17	60,543,469.62
Foreign currencies translation differences	-30,877,675.59	303,813.65	0.00	0.00	410,571.13	-106,757.48	-30,467,104.46
<b>Total</b>	<u>16,295,741.20</u>	<u>16,710,213.65</u>	<u>0.00</u>	<u>2,834,400.00</u>	<u>13,780,623.96</u>	<u>95,189.69</u>	<u>30,076,365.16</u>

#### 42. Special reserves

Item	Beginning balance	Increase	Decrease	Ending balance
Safety production costs	0.00	11,986,060.95	11,986,060.95	0.00

#### 43. Surplus reserves

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	368,201,417.56	0.00	0.00	368,201,417.56
Discretionary surplus reserves	771,431.00	0.00	0.00	771,431.00
<b>Total</b>	<b>368,972,848.56</b>	<b>0.00</b>	<b>0.00</b>	<b>368,972,848.56</b>

#### 44. General risk reserves

Items	Ending balance	Beginning balance	Provision percentage
General risk reserves	<b>7,683,706.66</b>	7,683,706.66	Reserved on 1% of Current period net profits of the Group's subsidiary – YTO Froup Finance Co., Ltd.

#### 45. Retained earnings

Items	Current period	Last period
Last period ending balance before adjustments	1,080,369,447.42	1,015,236,952.27
Total adjustment of beginning balance (increase+,decrease-)	0.00	0.00
Current period beginning balance after adjustments	1,080,369,447.42	1,015,236,952.27
Add: Net profit for the year attributable to owners of the parent company	148,644,010.04	167,698,247.35
Less: Statutory surplus reserve	0.00	42,225,509.09
Discretionary surplus reserve	0.00	0.00
General risk reserves	0.00	586,243.11
Dividends payable on ordinary shares	50,790,900.00	59,754,000.00
Ordinary shares dividends transferred to share capital	0.00	0.00
	<u>1,178,222,557.46</u>	<u>1,080,369,447.42</u>
Current period ending balance	<u>1,178,222,557.46</u>	<u>1,080,369,447.42</u>

#### 46. Operating revenue and operating cost

Items	Current period		Last period	
	Revenue	Cost	Revenue	Cost
Primary business	5,511,072,552.27	4,516,781,104.45	5,407,196,911.89	4,502,766,604.06
Other business	42,711,967.90	14,749,133.26	29,103,843.97	16,863,735.33
	<u>5,553,784,520.17</u>	<u>4,531,530,237.71</u>	<u>5,436,300,755.86</u>	<u>4,519,630,339.39</u>
<b>Total</b>	<u>5,553,784,520.17</u>	<u>4,531,530,237.71</u>	<u>5,436,300,755.86</u>	<u>4,519,630,339.39</u>

#### 47. Net interest income

Items	Accumulated amount in this year	Accumulated amount in last period
Interest income	<b>154,161,050.67</b>	36,662,112.29
– From deposits in other banks	<b>4,437,958.81</b>	4,974,250.58
– From deposits in central bank	<b>2,935,453.96</b>	2,282,823.53
– Loans to banks and other financial institutions	<b>6,112,430.54</b>	1,007,495.83
– Loans and advances	<b>133,407,798.88</b>	26,438,697.61
Including.: Personal Loans and advances	<b>130,659.55</b>	445,385.26
Corporate Loans and advances	<b>7,454,215.56</b>	8,124,360.91
Notes discounts	<b>125,822,923.77</b>	17,868,951.44
– Redemptory financial assets acquired	<b>7,267,408.48</b>	1,958,844.74
– Others	<b>0.00</b>	0.00
Including: Interest income from impaired financial assets	<b>0.00</b>	0.00
Interest expenses	<b>124,120,897.30</b>	16,936,701.40
– From loans from other banks	<b>0.00</b>	0.00
– From loans from central bank	<b>0.00</b>	0.00
– Loans from other banks	<b>1,678,747.18</b>	360,699.74
– Deposits adsorption	<b>26,758,667.06</b>	13,404,399.00
– Sale of the buyback financial assets	<b>3,739.73</b>	0.00
– Others	<b>95,679,743.33</b>	3,171,602.66
Net Interest income	<b><u>30,040,153.37</u></b>	<b><u>19,725,410.89</u></b>

#### 48. Fees and net commission income

Items	Current period	Last period
Fees and commission income	245,943.67	613,264.28
– Clearing and settlement fees	42,688.50	73,362.22
– Agent fees	52,000.00	124,000.00
– Credit commitment fees and commissions	101,393.12	315,125.90
– Others	49,862.05	100,776.16
Fees and commission expense	255,445.09	234,244.63
– Service fee expense	255,445.09	234,244.63
– Commission expense	0.00	0.00
Fees and net commission income	<u>-9,501.42</u>	<u>379,019.65</u>

#### 49. Business taxes and surcharges

Unit: Yuan Currency: RMB

Items	Current period	Last period
Business taxes	5,218,256.29	4,126,264.21
Urban maintenance and construction taxes	4,575,122.47	5,290,613.22
Educational surcharges	3,279,692.47	3,798,347.42
Others	1,565,190.66	1,936,813.28
Total	<u>14,638,261.89</u>	<u>15,152,038.13</u>

#### 50. Selling and distribution expenses

Items	Current period	Last period
Packing expenses	9,085,975.73	9,484,328.83
Transportation expenses	100,086,491.36	91,898,705.57
Advertising expenses	3,080,409.55	4,418,832.43
Sales and service fees	104,173,707.22	65,787,470.20
Employee compensation	47,846,786.31	49,243,275.59
Inc.:salaries and wages	32,753,172.28	34,178,065.48
Welfare benefits	1,700,469.53	2,066,503.26
Others	24,539,104.35	24,499,290.53
Total	<u>288,812,474.52</u>	<u>245,331,903.15</u>



## 51. Administrative expenses

Items	Current period	Last period
Employee remunerations	85,246,711.11	97,862,470.45
Depreciation expenses	18,366,928.91	19,508,427.73
Repair and maintenance	21,920,328.81	29,340,637.06
Amortization of intangible assets	14,217,503.59	14,200,049.11
Entertainment	2,402,886.48	3,619,457.49
Travelling expenses	1,896,077.41	3,278,616.75
Office expenses	2,485,504.42	2,883,539.64
Research and development expenses	185,186,939.65	204,872,348.54
Taxes	16,029,155.09	14,822,492.55
Rental expenses	3,147,816.99	4,599,391.99
Others	76,538,129.05	85,588,927.17
<b>Total</b>	<b>427,437,981.51</b>	<b>480,576,358.48</b>

## 52. Finance expenses

Items	Current period	Last period
Interest expenses	57,562,633.27	57,045,907.00
Less: Interest income	9,656,060.41	2,126,080.59
Add: Exchange losses	-4,147,753.91	-857,330.52
Add: Others	-1,551,181.34	-4,695,240.60
<b>Total</b>	<b>42,207,637.61</b>	<b>49,367,255.29</b>

### (1) Details of interest expenses

Items	Current period	Last period
Bank loans, overdraft interests	21,796,387.51	19,637,452.10
Interest on bonds and discount notes	35,766,245.76	37,408,454.90
Subtotal	57,562,633.27	57,045,907.00
Less: capitalized interests	0.00	0.00
<b>Total</b>	<b>57,562,633.27</b>	<b>57,045,907.00</b>

(2) *Details of interest income*

Items	Current period	Last period
Interest income from bank deposits	<u>9,656,060.41</u>	<u>2,126,080.59</u>

**53. Loss on impairment of assets**

Items	Current period	Last period
1. Loss on bad debt	<b>134,800,323.28</b>	71,424,408.23
2. Impairment loss on inventories	<b>3,657,720.69</b>	-9,344,861.33
3. Impairment loss on available-for-sale financial assets	<b>0.00</b>	0.00
4. Impairment loss on held-to-maturity investment	<b>0.00</b>	0.00
5. Impairment loss on long-term equity investments	<b>0.00</b>	0.00
6. Impairment loss on investment properties	<b>0.00</b>	0.00
7. Impairment loss on fixed assets	<b>0.00</b>	0.00
8. Impairment loss on construction materials	<b>0.00</b>	0.00
9. Impairment loss on construction in process	<b>0.00</b>	0.00
10. Impairment loss on productive biological asset	<b>0.00</b>	0.00
11. Impairment loss on oil and gas assets	<b>0.00</b>	0.00
12. Impairment loss on intangible assets	<b>0.00</b>	0.00
13. Impairment loss on goodwill	<b>0.00</b>	0.00
14. Impairment loss on loans	<b>2,087,307.75</b>	4,448,517.98
<b>Total</b>	<b><u>140,545,351.72</u></b>	<b><u>66,528,064.88</u></b>

**54. Gain from changes in fair value**

Source of gain from changes in fair value	Current period	Last period
Trading financial assets	<u>4,991,993.93</u>	<u>2,910,247.35</u>

## 55. Investment income

Items	Current period	Last period
Long-term equity investments by cost method	0.00	21,496,000.00
Long-term equity investments by equity method	2,033,301.43	211,174.89
Disposal of long-term equity investments	0.00	
Investment income on financial assets measured at fair value and the changes are recorded into profit and loss in the holding period	23,977,951.54	1,861,129.76
Investment income on disposal of financial assets measured at fair value and the changes are recorded into profit and loss in the current period	6,667,471.18	10,132,655.23
Investment returns on held-to-maturity investment during the holding period	878,585.08	3,916,782.96
Investment returns on disposal of held-to-maturity investment during the holding period	1,073,159.30	960,824.55
Investment returns on available-for-sale financial assets during the holding period	17,258,080.00	
Investment returns on disposal of available-for-sale financial assets	0.00	-117,028.44
After the loss of control, gains from remeasuring the remaining equity at fair value	0.00	0.00
Others	96,000.00	-22,063.90
<b>Total</b>	<b>51,984,548.53</b>	<b>38,439,475.05</b>

## 56. Non-operating income

Items	Current period	Last period	Extraordinary gains and losses for the year
Gain on disposal of non-current assets	<b>599,056.39</b>	1,086,659.78	599,056.39
Including: gain on disposal of fixed assets	<b>599,056.39</b>	1,086,659.78	599,056.39
Gain on disposal of intangible assets	<b>0.00</b>	0.00	0.00
Gain on debt restructuring	<b>216,240.00</b>	0.00	216,240.00
Gain on non-monetary assets exchange	<b>0.00</b>	0.00	0.00
Donations	<b>0.00</b>	0.00	0.00
Government grants	<b>8,805,040.40</b>	11,711,192.01	8,805,040.40
Others	<b>2,125,202.57</b>	2,576,863.62	2,125,202.57
<b>Total</b>	<b><u>11,745,539.36</u></b>	<b><u>15,374,715.41</u></b>	<b><u>11,745,539.36</u></b>

Details of government grants:

Items	Current period	Last period	Note
Diesel engine crankshaft forging line	1,695,000.00	1,695,000.00	Office of Industrial Development and Reform Commission [2005] No. 1392
Technical innovation of wheeled tractor	1,384,000.00	1,384,000.00	Office of Industrial Development and Reform Commission [2005] No. 279
C series of government project aid	358,000.00	0.00	Luo Fa Industrial Development and Reform Commission [2009] No. 53
Troubled enterprises applied for subsidy of stable employment	0.00	755,909.36	Luoyang Social Security Office subsidy for troubled enterprise stable employment
Subsidy for maintaining stability of troubled enterprises	0.00	1,472,882.00	Luo Ren She [2013] 169
Government rewards	0.00	1,208,700.00	Jiang Zheng Fa [2012] No. 178
Subsidy for stabilization of employment	0.00	111,856.00	Yu Gong Xin [2012] 587
Self R&D improvement	647,584.20	944,171.46	Fa Gai Investment [2012] 2719
Heavy tractor verification system research	0.00	1,000,000.00	National Machinery Division [2012] No. 542
Non-road high-power diesel engine	2,080,000.00	0.00	Luo Cai Yu [2012] 542
CVT tractor heavy machine key technology research and development project	0.00	1,783,693.25	NSC fortune [2012] No. 48
Henan Province scientific and technologic small and medium enterprises technology innovation rewards in 2014	830,000.00	0.00	Luo Cai Yu [2015] 23
80,000 technological upgrading projects domestically made equipment subsidies	509,000.00	509,000.00	Notice of 2006 National debt special funds budget(Yu Cai Ban Jian [2006] 31)
Industrial revitalization and transformation	1,098,000.00	0.00	Industry Development and Reform Office [2013] No. 543
Others	203,456.20	845,979.94	Other government subsidies
<b>Total</b>	<b>8,805,040.40</b>	<b>11,711,192.01</b>	–

## 57. Non-operating expense

Items	Current period	Last period	Extraordinary gains and losses for the year
Loss from disposal of non-current assets	1,508,949.56	1,081,107.00	1,508,949.56
Include: loss from disposal of fixed assets	1,508,949.56	1,081,107.00	1,508,949.56
Loss from disposal of intangible assets	0.00	0.00	0.00
Losses from debt restructuring	11,040.00	0.00	11,040.00
Loss on non-monetary assets exchange	0.00	0.00	0.00
Donations	0.00	0.00	0.00
Others	803,141.38	420,147.29	803,141.38
<b>Total</b>	<b>2,323,130.94</b>	<b>1,501,254.29</b>	<b>2,323,130.94</b>

## 58. Income tax expenses

Items	Current period	Last period
Current income tax expenses	64,620,077.21	33,204,741.71
Deferred income tax expense	-14,328,955.90	-9,339,777.11
<b>Total</b>	<b>50,291,121.31</b>	<b>23,864,964.60</b>

## 59. Other comprehensive income

See Note VII. 41

## 60. Cash flow information

### (1) *Cash receipts and payments related to other operating/investing/financing activities*

<b>Items</b>	<b>Current period</b>	<b>Last period</b>
Cash receipts from interest income of bank deposits	<b>9,656,060.41</b>	2,130,396.89
Cash receipts from other receivables	<b>58,702,676.61</b>	66,421,209.50
<b>Total</b>	<b><u>68,358,737.02</u></b>	<b><u>68,551,606.39</u></b>

### (2) *Cash payments to other operating activities*

<b>Items</b>	<b>Current period</b>	<b>Last period</b>
Payment of selling and administrative expenses	<b>326,432,131.02</b>	438,191,296.91
Payment of other payables	<b>131,202,772.19</b>	117,639,565.89
<b>Total</b>	<b><u>457,634,903.21</u></b>	<b><u>555,830,862.80</u></b>

### (3) *Cash receipts from other investing activities*

<b>Items</b>	<b>Current period</b>	<b>Last period</b>
Cash received from assets-related government grants	<b>2,000,000.00</b>	900,000.00

## 61. Supplementary information for consolidated cash flow statement

### (1) Supplementary information for consolidated cash flow statement

Items	Current period	Last period or same period last year
<b>1. Reconciliation of net profit to cash flows from operating activities:</b>		
Net profit	154,751,056.73	111,177,446.00
Add: Provision on the impairment of assets	140,545,351.72	66,528,064.88
Depreciation of fixed asset	138,702,805.16	132,715,942.59
Amortization of intangible asset	16,602,716.57	15,576,859.84
Amortization of long-term deferred expenses	6,343,716.27	3,768,778.29
Loss on disposal of fixed assets, intangible assets and other long-term assets (Gain listed as "-")	909,893.17	-5,552.78
Loss on disposal of fixed assets (Gain listed as "-")	0.00	0.00
Gain or loss from changes in fair value (Gain listed as "-")	-4,991,993.93	-2,910,247.35
Financial expenses (Gain listed as "-")	38,813,122.68	56,617,618.83
Loss on investments (Gain listed as "-")	-51,984,548.53	-26,452,401.62
Decrease in Central Bank required deposit reserve	5,626,900.66	-32,853,778.70
Decrease in deferred tax assets (Increase listed as "-")	-8,412,110.90	-8,935,022.17
Increase in deferred tax liabilities (Decrease listed as "-")	-856,573.62	-791,785.32
Decrease in inventories (Increase listed as "-")	143,659,945.32	216,894,293.40
Decrease in operating receivables (Increase listed as "-")	-1,047,986,508.78	-1,039,705,822.57
Increase in operating payables (Decrease listed as "-")	724,636,300.43	143,036,286.24
Others	0.00	0.00
Net cash flow generated from operating activities	256,360,072.95	-365,339,320.44
<b>2. Significant non-cash investing and financing activities:</b>		
Conversion of debts into capital	0.00	0.00
Convertible bonds repayable within 1 year	0.00	0.00
Fixed assets acquired under finance lease arrangement	0.00	0.00
<b>3. Changes in cash and cash equivalents:</b>		
Closing balance of cash	1,366,028,959.19	976,321,684.91
Less: opening balance of cash	1,749,902,168.21	1,618,450,134.70
Add: closing balance of cash equivalents	0.00	0.00
Less: opening balance of cash equivalents	0.00	0.00
Net increase in cash and cash equivalents	<u>-383,873,209.02</u>	<u>-642,128,449.79</u>



(2) *Cash and cash equivalents*

<b>Items</b>	<b>Ending balance</b>	Ending balance of same period last year
<b>1. Cash</b>	<b>1,366,028,959.19</b>	976,321,684.91
Including: Cash in hand	<b>1,242,872.44</b>	896,194.66
Bank deposits available for use on demand	<b>1,288,712,422.58</b>	845,031,428.64
Other monetary funds for use on demand	<b>76,073,664.17</b>	130,394,061.61
Central Bank deposits for use on demand	<b>0.00</b>	0.00
Deposits in other banks	<b>0.00</b>	0.00
Loans in other banks	<b>0.00</b>	0.00
<b>2. Cash equivalents</b>	<b>0.00</b>	0.00
Including: Bonds investment matured within three months	<b>0.00</b>	0.00
<b>3. Cash and cash equivalents at end of year</b>	<b>1,366,028,959.19</b>	976,321,684.91
Including: Cash and cash equivalents of the parent or subsidiaries of the Group with limited right of use	<b>0.00</b>	0.00

**62. The statement of changes in equity**

There are no changes of ‘others’ in the statement of changes in equity this year.

### 63. Assets with restricted ownership or use rights

Items	Net ending book value	Reasons for the limitation
Cash and cash equivalents	241,876,723.24	Guarantee deposits and central bank reserve requirements
Notes receivables	176,379,808.00	Pledged
Fixed assets	78,984,162.91	Mortgaged
Intangible assets	<u>18,239,231.12</u>	Mortgaged
<b>Total</b>	<b><u>515,479,925.27</u></b>	/

*Note:* Cash and cash equivalents with restricted ownership include bank acceptances deposits of RMB155,426,863.80 Yuan, central bank statutory deposit of RMB77,928,818.83 Yuan and other deposits of 8,521,040.61 Yuan.

Notes receivables with restricted ownership are the amount of note receivables pledged in the bank in the current period.

The land and properties with restricted ownership (original value is RMB18,239,231.12 Yuan and the net value of 78,984,162.91 Yuan respectively) are used as the mortgages to obtain the short-term borrowings of RMB70 million in Bank of Jilin, Dongsheng branch in the current period.

## 64. Foreign currency monetary items

### (1) Foreign currency monetary items

Items	Ending balance foreign currency	Exchange rate	Ending balance RMB
Cash and cash equivalents	–	–	122,122,754.35
Inc.: USD	<b>9,659,094.23</b>	6.1136	59,051,838.48
EUR	<b>2,400,081.90</b>	6.8699	16,488,322.64
HKD	<b>39,519,403.97</b>	0.78861	31,165,397.16
YEN	<b>91,596,616.00</b>	0.050052	4,584,593.82
AUD	<b>682,906.82</b>	4.6993	3,209,184.02
XOF	<b>453,488,918.00</b>	0.01047	4,748,028.97
ZAR	<b>5,782,001.30</b>	0.49730	2,875,389.25
Accounts receivable	–	–	149,505,708.26
Inc.: USD	<b>18,901,534.49</b>	6.1136	115,556,421.26
EUR	<b>2,250,240.44</b>	6.8699	15,458,926.80
AUD	<b>452,575.80</b>	4.6993	2,126,789.46
XOF	<b>221,305,940.22</b>	0.01047	2,317,073.19
ZAR	<b>28,245,520.92</b>	0.49730	14,046,497.55
Other receivables	–	–	13,917,256.06
XOF	<b>9,681,679.50</b>	0.01047	101,367.18
EUR	<b>2,011,075.69</b>	6.8699	13,815,888.88
Accounts payable	–	–	29,196,075.29
Inc.: XOF	<b>367,563,796.77</b>	0.01047	3,848,392.95
EUR	<b>3,689,672.68</b>	6.8699	25,347,682.34
Other payable	–	–	733,084.25
Inc.: XOF	<b>70,017,597.98</b>	0.01047	733,084.25
Short-term loans	–	–	1,398,226,608.50
Inc.: USD	<b>196,800,000.00</b>	6.1136	1,203,156,480.00
EUR	<b>27,100,000.00</b>	6.8699	185,859,620.00
XOF	<b>879,704,728.23</b>	0.01047	9,210,508.50
Non-current liabilities due within one year	–	–	17,174,750.00
Inc.: EUR	<b>2,500,000.00</b>	6.8699	17,174,750.00
Long-term loans	–	–	34,349,500.00
Inc.: EUR	<b>5,000,000.00</b>	6.8699	34,349,500.00

**(2) *Explanation on the overseas business entities, including disclosures of significant overseas business entities about the main business plances, recording currency and the basis for the selection, and reasons for changes of the recording currency when changes happened.***

<b>Name of organization</b>	<b>Overseas main premises</b>	<b>Recording currency</b>	<b>The basis for recording currency selection</b>
Brilliance China Machinery Holdings Co., Ltd.	Hong Kong	USD	Business environment and the main settlement currency
YITWO Agro-Industrial	Côte d'Ivoire	XOF	Business environment and the main settlement currency
CAD FUND MACHINERY (SA)(PTY) LTD	South Africa	ZAR	Business environment and the main settlement currency
YTO FRANCE SAS	France	EUR	Business environment and the main settlement currency

## VIII. CHANGES IN SCOPE OF CONSOLIDATION

### 1. BUSINESS COMBINATION NOT UNDER THE COMMON CONTROL

None

### 2. Business combination under common control

None

## IX. INTERESTS IN OTHER ENTITIES

### 1. Interests in subsidiaries

#### (1) *The composition of the Group*

Name of the subsidiary	Main business premises	Registration place	Type of business	Percentage of shareholding (%)		Acquisition method
				Direct	Indirect	
YTO France SAS	France	France	Tractor manufacturing	100.00	0.00	1
Luoyang Changhong Trading Co., Ltd.	China	China	Agricultural machinery sales	100.00	0.00	1
YTO (Luoyang) Shentong Construction Machinery Co., Ltd.	China	China	Tractor manufacturing	100.00	0.00	1
YTO (Xinjiang) Machinery Co., Ltd.	China	China	Tractor manufacturing	100.00	0.00	1
YTO Heilongjiang Agricultural Machinery Co., Ltd.	China	China	Tractor manufacturing	100.00	0.00	1
Luoyang Changxing Agricultural Machinery Co., Ltd.	China	China	Agricultural machinery sales	70.00	30.00	1
YTO (Luoyang) Transportation Machinery Co., Ltd.	China	China	Tractor manufacturing	93.39	0.00	1
Brilliance China Machinery Holdings Limited	China	Bermuda	Investment holding	90.10	0.00	1
YTO Finance Company Limited	China	China	Finance	88.60	4.80	1
China-Africa Machinery Investment Corp.	China	China	Agricultural machinery sales	55.00	0.00	1
Luoyang Tractors Research Institute Co., Ltd.	China	China	Other	51.00	0.00	2
YTO (Luoyang) Forklift Truck Company Limited	China	China	Tractor manufacturing	100.00	0.00	2
YTO (Luoyang) Diesel Engine Co., Ltd.	China	China	Power machinery manufacturing	67.94	19.45	2
YTO (Luoyang) Drive Axle Company Limited	China	China	Tractor manufacturing	100.00	0.00	2
YTO (Luoyang) Flag Auto-Body Company Limited	China	China	Tractor manufacturing	100.00	0.00	2

Name of the subsidiary	Main business premises	Registration place	Type of business	Percentage of shareholding (%)		Acquisition method
				Direct	Indirect	
YTO (Luoyang) Fuel Injection Pump Co., Ltd.	China	China	Power machinery manufacturing	66.60	22.83	2
YTO (Luoyang) Foundry Company Limited	China	China	Tractor manufacturing	100.00	0.00	2
YTO International Economic and Trade Co., Ltd.	China	China	Agricultural machinery sales	100.00	0.00	2
Changtuo Agricultural Machinery Equipment Group Company Limited	China	China	Tractor manufacturing	33.33	0.00	3
YTO Shunxing (Luoyang) Spare Parts Co., Ltd.	China	China	Tractor manufacturing	100.00	0.00	3
YTO Shenyang Tractor Company Limited	China	China	Tractor manufacturing	60.00	0.00	1

*Note:* According to the decision of the first meeting of the sixth board of directors in 2012, the Company raised capital with RMB94, 250, 000. 00 based on the valuation of net assets of Changtuo Agricultural Machinery Equipment Group Company Limited (referred to as “Changtuo Company”) on 31 March 2012. The Company holds 33.33% equity of Changtuo Company after raising capital. In accordance with the agreement between the Company and China National Machinery Industry Corporation (referred to as “SinoMach”), SinoMach authorized its voting right and supervision and management right which are corresponded to the 33.33% equity to the Company to independently exercise these rights. The authorization will end when SinoMach transfer the equity to unrelated third parties. During the authorization period, SinoMach p cannot unilaterally withdraw its authorization. SinoMach has to obtain the written consent from the Company if SinoMach p needs to transfer its equity to a third party. However, the Company has the priority purchase right. At this point, the Company obtained 66.66% voting right and actual control right of Changtuo Company.

Acquisition method: 1. establishment or investment; 2. business combination under the common control; 3. business combination not under the common control.

(2) *Significant partially-owned subsidiaries*

Name of the subsidiary	Minority holding percentage	Profit and loss attributable to minorities	Dividends declared to minorities	Ending balance of minority interests
Brilliance China Machinery Holdings Limited	9.90%	1,135,175.54	0.00	14,519,504.27
YTO (Luoyang) Transportation Machinery Co., Ltd.	6.61%	-263,532.15	0.00	614,555.36
YTO Finance Company Limited	6.60%	2,941,332.46	1,650,000.00	52,654,475.76
China-Africa Machinery Investment Corp.	45.00%	-332,526.12	0.00	41,260,994.38
Luoyang Tractors Research Institute Co., Ltd.	49.00%	3,336,925.12	0.00	304,966,956.44
YTO (Luoyang) Diesel Engine Co., Ltd.	12.61%	10,780,718.58	4,252,789.00	124,494,204.85
YTO (Luoyang) Fuel Injection Pump Co., Ltd.	13.887%	1,606,613.58	0.00	33,488,693.48
Changtuo Agricultural Machinery Equipment Group Company Limited	66.67%	-14,964,799.11	0.00	99,797,700.93

**(3) Main financial information of significant partially-owned subsidiaries**

Items	Current period							
	YTO (Luoyang) Transportation Machinery Co., Ltd.	Brilliance China Machinery Holdings Limited	YTO Finance Company Limited	China-Africa Machinery Investment Corp.	Luoyang Tractors Research Institute Co., Ltd.	YTO (Luoyang) Diesel Engine Co., Ltd.	YTO (Luoyang) Fuel Injection Pump Co., Ltd.	Changtuo Agricultural Machinery Equipment Group Company Limited
Current assets	35,376,335.75	140,612,638.15	2,186,197,583.98	124,734,873.08	224,095,898.73	1,254,660,059.92	194,176,330.21	61,714,835.24
Non-current assets	27,855,934.53	9,170,400.00	2,119,912,729.61	3,272,266.52	473,758,003.15	814,005,055.18	137,488,553.20	216,960,520.67
Total assets	63,232,270.28	149,783,038.15	4,306,110,313.59	128,007,139.60	697,853,901.88	2,068,665,115.10	331,664,883.41	278,675,355.91
Current liabilities	53,552,340.56	3,121,389.63	3,574,736,655.33	35,307,457.72	38,103,183.45	1,035,378,301.25	90,943,474.29	120,200,448.88
Non-current liabilities	0.00	0.00	5,009,325.00	0.00	37,297,629.75	25,511,344.80	0.00	8,778,339.73
Total liabilities	53,552,340.56	3,121,389.63	3,579,745,980.33	35,307,457.72	75,400,813.20	1,060,889,646.05	90,943,474.29	128,978,788.61
Operating revenue	22,636,494.11	0.00	169,864,006.79	37,099,683.91	94,516,615.65	1,265,513,538.72	123,730,341.42	26,285,109.81
Net profits	-3,604,298.80	11,466,419.64	40,793,482.41	-631,914.67	6,881,596.17	79,672,993.26	11,569,191.21	-22,447,198.66



Items	Last period							
	YTO (Luoyang) Transportation Machinery Co., Ltd.	Brilliance China Machinery Holdings Limited	YTO Finance Company Limited	China-Africa Machinery Investment Corp.	Luoyang Tractors Research Institute Co., Ltd.	YTO (Luoyang) Diesel Engine Co., Ltd.	YTO (Luoyang) Fuel Injection Pump Co., Ltd.	Changtuo Agricultural Machinery Equipment Group Company Limited
Current assets	41,763,593.97	128,383,932.95	1,780,819,452.23	125,893,693.52	210,563,428.17	1,060,474,739.51	216,421,092.89	75,478,043.12
Non-current assets	28,710,237.03	9,178,500.00	2,008,726,018.62	3,585,122.45	463,225,326.19	837,199,724.88	106,758,341.60	221,393,368.02
Total assets	70,473,831.00	137,562,432.95	3,789,545,470.85	129,478,815.97	673,788,754.36	1,897,674,464.39	323,179,434.49	296,871,411.14
Current liabilities	57,189,602.48	3,124,146.68	3,077,850,895.00	35,743,432.50	34,979,632.10	909,021,754.48	94,027,216.58	115,733,317.15
Non-current liabilities	0.00	0.00	3,924,525.00	0.00	23,237,629.75	26,812,130.12	0.00	8,994,328.03
Total liabilities	57,189,602.48	3,124,146.68	3,081,775,420.00	35,743,432.50	58,217,261.85	935,833,884.60	94,027,216.58	124,727,645.18
Operating revenue	39,365,541.77	0.00	57,423,306.75	41,891,752.19	90,262,703.24	1,151,168,844.51	114,406,127.37	36,554,874.70
Net profits	-2,156,756.73	971,012.11	31,396,416.58	-2,636,326.31	5,183,190.08	55,477,536.34	4,521,997.90	-19,399,925.37

## 2. Remain control over subsidiaries with changes in owner's equity

None

## 3. Interests in joint ventures or associates

### (1) Significant joint ventures or associates

Name of joint ventures or associates	Main business premises	Registration place	Type of business	Percentage of shareholding (%)		Accounting method of investments in joint ventures or associates
				Direct	Indirect	
ZF YTO (Luoyang) Drive Axle Company Limited	China	China	Tractor manufacturing	49.00	0.00	Equity method
YTO Chuanlong (Sichuan) Agricultural Equipment Co., Ltd.	China	China	Tractor manufacturing	20.00	0.00	Equity method
Luoyang First Motors Co., Ltd.	China	China	Tractor manufacturing	29.50	0.00	Equity method
Luoyang I&C Technology Consulting Co., Ltd.	China	China	Professional technical service	30.00	0.00	Equity method
Luoyang Yongwei Machinery Co., Ltd.	China	China	Other special equipment manufacturing	48.60	0.00	Equity method

(2) *Main financial information of important associates*

Items	Ending balance/Current period			Beginning balance/Last period		
	Luoyang Yongwei Machinery Co., Ltd.	YTO Chuanlong (Sichuan) Agricultural Equipment Co. Ltd.	ZF YTO (Luoyang) Drive Axle Company Limited	Luoyang Yongwei Machinery Co., Ltd.	YTO Chuanlong (Sichuan) Agricultural Equipment Co., Ltd.	ZF YTO (Luoyang) Drive Axle Company Limited
Current assets	12,759,832.95	4,020,895.16	159,639,968.09	12,823,734.66	5,404,815.50	17,651,041.08
Including: Cash and cash equivalents	1,877,739.97	3,446,121.88	48,222,939.24	4,252,591.54	4,754,660.19	0.00
Non-current assets	7,407,072.23	1,210,254.28	194,325,131.42	6,796,931.27	248,720.04	204,624,724.00
Total assets	20,166,905.18	5,231,149.44	353,965,099.51	19,620,665.93	5,653,535.54	222,275,765.08
Current liabilities	4,658,636.66	121,620.80	65,800,208.78	4,387,407.64	201,249.13	165,120,652.00
Non-current liabilities	0	0.00	0.00	0.00	0.00	0.00
Total liabilities	4,658,636.66	121,620.80	65,800,208.78	4,387,407.64	201,249.13	165,120,652.00
Non-controlling interest	0	0.00	0.00	0.00	0.00	0.00
Equity attributable to the parent company shareholders	15,508,268.52	5,109,528.64	288,164,890.73	15,233,258.29	5,452,286.41	57,155,113.08
Share of net assets calculated by shareholding ratio	7,537,018.50	1,021,905.73	141,200,796.46	7,403,363.53	1,090,457.28	57,155,113.08
Adjusting events	0.00	0.00	-131,644.23	0.00	0.00	0.00
– Goodwill	0.00	0.00	0	0.00	0.00	0.00
– Unrealized profits from insider trading	0.00	0.00	-131,644.23	0.00	0.00	0.00
– Others	0.00	0.00	0	0.00	0.00	0.00
Book value of equity investments in associates	7,537,018.50	1,021,905.73	141,069,152.23	7,426,196.13	1,090,457.28	57,155,113.08
Fair value of equity investments in joint ventures with public offer		0.00	0.00	0.00	0.00	0.00
Operating revenue	54,191,370.40	287,698.05	149,128,405.77	0.00	0.00	0.00
Financial expenses	60,873.99	-5,243.69	-204,899.84	0.00	-11,525.36	0.00

Items	Ending balance/Current period			Beginning balance/Last period		
	Luoyang Yongwei Machinery Co., Ltd.	YTO Chuanlong (Sichuan) Agricultural Equipment Co. Ltd.	ZF YTO (Luoyang) Drive Axle Company Limited	Luoyang Yongwei Machinery Co., Ltd.	YTO Chuanlong (Sichuan) Agricultural Equipment Co., Ltd.	ZF YTO (Luoyang) Drive Axle Company Limited
Income tax expenses	92,281.90	0.00	1,721,630.25	0.00	0.00	0.00
Net profits	211,757.53	-342,757.77	5,164,890.73	0.00	-357,176.14	0.00
Net profits of discontinuing operation	0.00	0.00	0.00	0.00	0.00	0.00
Other comprehensive income	0.00	0.00	0.00	0.00	0.00	0.00
Total comprehensive income	<u>211,757.53</u>	<u>-342,757.77</u>	<u>5,164,890.73</u>	<u>0.00</u>	<u>-357,176.14</u>	<u>0.00</u>
Dividends from joint ventures for current period	0.00	0.00	0.00	0.00	0.00	0.00

**(3) Summary financial information of insignificant joint ventures and associates**

Items	Ending balance/ Current period	Beginning balance/ Last period
Associates:		
Total book value of investments	<b>74,682.31</b>	177,404.35
Total amount of the following items calculated by shareholding ratio		
– Net profits	<b>-102,722.04</b>	-18,093.75
– Other comprehensive income		
– Total comprehensive income	<b>-102,722.04</b>	-18,093.75

**(4) Significant restrictions of the ability to transfer funds from associates to the Company**

None

**(5) Excess loss occurred in joint ventures**

None

**(6) *Unconfirmed commitments related to investments in joint ventures***

None

**(7) *Contingent liabilities related to investments in joint ventures or associates***

None

**4. Significant joint operation**

None

**5. Equity in the structured body not included in the scope of consolidated financial statements**

None

**X. RISKS RELATED TO FINANCIAL INSTRUMENTS**

Major financial instruments of the Group include: loans, receivables, payables, financial assets at fair value through profit or loss, available-for-sale financial assets, loan and advances, accounts payable, borrowings from financial institutes, bonds payable etc. For the specific details of each financial instrument, please refer to Note VI. Risks related to these financial instruments and the Group's risk management policies for risk mitigation are stated as following. The management and supervision on the risk exposure is to ensure that these risks mentioned above are controlled within a reasonable range.

**1. Risk management objectives and policies**

The risk management objectives of the Group are to obtain an appropriate balance between risk and return, to reduce negative effects caused by operating results to a lowest level, and to maximize interest of shareholders and other equity investors. Based on these objectives, the basic strategies are to confirm and analyze all potential risks related to the Group, to set appropriate risk limitations, to manage and monitor all risks timely and effectively, and to control the risks within a limited scope.

## (1) Market risk

### 1) Exchange rate risk

Most of the Group's business is in China. As a result, most transactions are settled in RMB, which means the Group does not need to face a high exchange rate risk. The Group's foreign exchange exposure is mainly related to U.S. Dollar, H.K. Dollar, Euro, Yen, West African francs and rand. As at 30 June 2015, the ending balances of assets and liabilities held by the Group are all in RMB, except for the ending balances in foreign currencies stated in the following form. The exchange rate risk rose from ending balances in foreign currencies of assets and liabilities may have effects on the Group's operation performance.

Item	Ending balance		Beginning balance	
	Original currency	Converted to RMB	Original currency	Converted to RMB
<b>Cash and cash equivalents</b>	–	<b>122,122,754.34</b>	–	117,703,764.62
U.S. Dollar	<b>9,659,094.23</b>	<b>59,051,838.48</b>	6,183,230.17	37,835,185.36
Euro	<b>2,400,081.90</b>	<b>16,488,322.64</b>	3,887,470.62	28,983,425.95
H.K. Dollar	<b>39,519,403.97</b>	<b>31,165,397.16</b>	35,279,020.98	27,831,619.65
Yen	<b>91,596,616.00</b>	<b>4,584,593.82</b>	85,788,300.97	4,409,518.67
Australia Dollar	<b>682,906.82</b>	<b>3,209,184.02</b>	545,072.91	2,734,848.80
West African Francs	<b>453,488,918.00</b>	<b>4,748,028.97</b>	433,401,620.00	4,927,776.42
South African Rand	<b>5,782,001.30</b>	<b>2,875,389.25</b>	20,739,168.59	10,981,389.77
<b>Accounts receivable</b>	–	<b>149,505,708.26</b>	–	69,246,598.08
U.S. Dollar	<b>18,901,534.49</b>	<b>115,556,421.26</b>	6,197,748.78	37,924,024.79
Euro	<b>2,250,240.44</b>	<b>15,458,926.80</b>	1,396,701.23	10,413,245.75
Yen	<b>0.00</b>	<b>0.00</b>	14,028,271.00	721,053.13
Australia dollar	<b>452,575.80</b>	<b>2,126,789.46</b>	381,696.80	1,915,125.52
West African francs	<b>221,305,940.22</b>	<b>2,317,073.19</b>	586,311,908.47	6,666,366.40
South African rand	<b>28,245,520.92</b>	<b>14,046,497.55</b>	21,920,269.11	11,606,782.49
Other receivables	–	<b>13,917,256.06</b>	–	163,460.24
West African Francs	<b>9,681,679.50</b>	<b>101,367.18</b>	12,181,679.50	138,505.70
Euro	<b>2,011,075.69</b>	<b>13,815,888.88</b>	0.00	0.00
South African Rand	<b>0.00</b>	<b>0.00</b>	47,128.50	24,954.54
<b>Accounts payable</b>	–	<b>29,196,075.29</b>	–	41,311,784.52
West African Francs	<b>367,563,796.77</b>	<b>3,848,392.95</b>	599,973,813.54	6,821,702.26
Euro	<b>3,689,672.68</b>	<b>25,347,682.34</b>	0.00	0.00
South African Rand	<b>0.00</b>	<b>0.00</b>	65,137,076.98	34,490,082.26

Item	Ending balance		Beginning balance	
	Original currency	Converted to RMB	Original currency	Converted to RMB
<b>Other payables</b>	-	<b>733,084.25</b>	-	19,430,234.98
West African Francs	<b>70,017,597.98</b>	<b>733,084.25</b>	72,349,390.50	822,612.57
South African Rand	<b>0.00</b>	<b>0.00</b>	35,141,874.24	18,607,622.41
Short-term loan	-	<b>1,398,226,608.50</b>	-	1,274,029,853.67
U.S. Dollar	<b>196,800,000.00</b>	<b>1,203,156,480.00</b>	196,800,000.00	1,204,219,200.00
Euro	<b>27,100,000.00</b>	<b>185,859,620.00</b>	8,021,944.70	59,808,410.91
West African Francs	<b>879,704,728.23</b>	<b>9,210,508.50</b>	879,704,728.23	10,002,242.76
<b>Non-current liabilities</b>				
<b>due within one year</b>	—	<b>17,174,750.00</b>	—	18,639,000.00
Euro	<b>2,500,000.00</b>	<b>17,174,750.00</b>	2,500,000.00	18,639,000.00
Long-term loan	-	<b>34,349,500.00</b>	-	46,597,500.00
Euro	<b>5,000,000.00</b>	<b>34,349,500.00</b>	6,250,000.00	46,597,500.00

The Group pays close attention to the impact of fluctuations in exchange rate. The Group does not use derivative financial instruments to hedge foreign currency risks.

## 2) *Interest rate risk*

The group's interest rate risk arises from bank loans and bonds payable and other interest-bearing debts. Financial liabilities with floating interest rates push the Group to face the cash flow interest rate risk. Financial liabilities with fixed interest rates push the Group to face the fair value interest rate risk. The Group needs to decide a relative proportion between contracts with floating interest rates and contracts with fixed interest rates according to the market environment.

The risk of changes in market interest rates the Group exposed is mainly related to loans and advances as well as deposits and borrowings.

The group maintains a proper fixed and floating rate instruments combination, and regularly reviews and monitors the combination to make a proper arrangement to reduce the risk. The Group does not use derivative financial instruments to hedge interest rate risks.

On 30 June 2015, interest-bearing debts of the Group are mainly borrowing contracts in U.S. dollar and in Euro with floating interest rates and contracts in RMB with fixed interest rates. The total amount of borrowing contracts with floating interest rates is RMB710,349,830.00 Yuan (RMB667,188,310.91 Yuan on 31 December 2014). The total amount of contracts with fixed interest rates is RMB2,492,951,106.80 (RMB2,542,580,835.24 on 31 December 2014).

The Group does not use derivative financial instruments to hedge interest rate risks.

### 3) *Price risk*

The Group sells products on the market price. Therefore the Group is influenced by the fluctuation of the market price.

## (2) *Credit risk*

On 30 June 2015, the Group's potential maximum exposure to credit risk is mainly because of the counterparties' failure to perform their obligations leading to losses of financial assets related to the Group, including accounts receivable of the Group and loan transactions in YTO Finance Company Limited, a subsidiary of the Group.

The Group's policy is to make all customers with credit term transactions to go through credit audit procedures. In addition, the Group will continue to monitor balances of accounts receivable. The board of directors believes that the uncollected accounts receivable in the financial statement has an adequate allowance. The board of directors believes that the credit risk has been significantly reduced.

The total amount of the top five accounts receivable is RMB305,037,292.77 (RMB271,528,106.00 on 31 December 2014). The Group's risk exposure is distributed across multiple clients. At the end of the year, 16.94% of the Group's accounts receivable (21.37% for last period) comes from the top five customers. Therefore, the Group has no significant credit concentration risk.

YTO Finance Company Limited, a subsidiary of the Group, has built up a series of strict credit standards and loan approval systems to control and manage the credit risk. The loan approval commitment is responsible for making policies and confirming credit limitations to make a collective review of each credit loan business according to conservative and prudent policies. The audit department of YTO Finance Company Limited is responsible for monitoring the policies and inspecting implementations of the systems.



Bank deposits and pledged bank deposits are in state-owned banks or other reputable financial institution. Therefore, the credit risk of bank deposits is limited.

Accounts receivable is guaranteed by state-owned banks or other reputable financial institution. Therefore, the credit risk of accounts receivable is limited.

The carrying amount of financial assets in the consolidated balance sheet; for financial instruments measured at fair value, the book value reflects its risk exposure but not the maximum risk exposure. The maximum risk exposure will change along with the change of fair value in the future.

### **(3) *Liquidity risk***

Liquidity risk is the risk that the Group is unable to fulfil its financial obligations at maturity date.

Cash flow forecast is performed by the operation entity of the Group and calculated by the Group financing. The Group financing monitors the rolling forecast of liquidity requirements to ensure that there has adequate funds to meet operation needs. It also maintains adequate undrawn commitments loan limitations to protect the Group from breaking any loan limitations or terms (if any). Such prediction considers the Group's debt financing plan, compliance of terms, ratio target of internal financial position statement, and external regulation or legislation (if applicable) like currency restriction.

The difference between the remaining cash held by the operation entity and the amount needed for working capital management is transferred to the group treasurer. The group treasurer invests the remaining funds into the fixed deposits, money market deposits and securities which have proper maturity dates or adequate liquidity to provide adequate space for the above forecast.

At the end of year, cash and cash equivalents held by the Group is RMB1,366,028,959.19 (RMB1,749,902,168.21 on 31 December 2014) (Note VII 61). Accounts receivable and notes receivable is RMB2,373,587,158.18 (RMB2,211,631,632.05 on 31 December 2014) (Note VII 4, 5). Cash flow is expected to real-timely generate to manage the liquidity risk. Besides, listed transaction equity securities held by the Group is RMB17,448,309.50 (RMB14,360,150.44 on 31 December 2014)(Note VII 3). These securities can real-timely liquidate to cash when there is a need.

Analysis of the maturity of financial assets and financial liabilities based on undiscounted remaining contractual obligations is stated as following:

Amount at 30 June 2015:

Item	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
<b>Financial assets</b>					
Cash	1,607,906,111.14				1,607,906,111.14
Financial assets held for trading	167,448,309.50	220,000,000.00			387,448,309.50
Notes receivable	598,838,189.57				598,838,189.57
Accounts receivable	1,760,148,968.61				1,760,148,968.61
Prepayments	147,289,406.48				147,289,406.48
Interests receivable	335,833.33				335,833.33
Other receivables	80,417,196.12				80,417,196.12
Available-for-sale					
financial assets – stock	114,212,800.00				114,212,800.00
Loans and advances	1,661,434,263.45		160,696.71		1,661,594,960.16
<b>Financial liabilities</b>					
Short-term loans	1,651,776,686.80				1,651,776,686.80
Deposits and interbank deposits	916,809,633.32				916,809,633.32
Loans from banks	100,000,000.00				100,000,000.00
Notes payable	844,155,972.59				844,155,972.59
Accounts payable	2,178,426,474.24				2,178,426,474.24
Other payables	265,230,270.72				265,230,270.72
Interests payable	43,429,021.91				43,429,021.91
Employee benefits payables	60,295,214.75		41,958,804.89		102,254,019.64
Non-current liabilities due					
within one year – loan	17,174,750.00				17,174,750.00
Long-term loans		17,174,750.00	17,174,750.00		34,349,500.00
Bonds payable			1,493,099,161.33		1,493,099,161.33

## 2. Sensitivity analysis

The group uses the sensitivity analysis technology to analyze the rationality and changes of risk variables which may effect on the profits and losses in the current period or the owner's equity. The risk variable rarely changes individually and the influence of correlation between variables is significant. Therefore, the content below is on the assumption that the change in each variable is independent.

### (1) *Sensitivity analysis of foreign currency risk*

Hypothesis of sensitivity analysis of foreign currency risk: all net investment hedging in overseas operations and cash flow hedging are highly effective.

Based on the above hypothesis, when other variables are constant, the after-tax effect of reasonable exchange rate fluctuations to profit or loss in the current period and equity in the current period is stated as following:

Item	Fluctuations in exchange rate	January to June, 2015 Effect on profits before income tax	January to June, 2014 Effect on profits before income tax
All foreign currency	The appreciation of exchange rate of foreign currency against RMB is 5%	<b>-60,338,667.29</b>	-18,131,375.02
All foreign currency	The depreciation of exchange rate of foreign currency against RMB is 5%	<b>60,338,667.29</b>	18,131,375.02

(2) *Sensitivity analysis of interest rate risk*

Hypothesis of sensitivity analysis of foreign currency risk:

The change of market interest rate will affect interest income or expenses of financial instruments with variable interest rates;

For financial instruments with fixed interest rates and measured at fair value, the change of market interest rate will only affect interest income or expenses;

The change of fair value of derivative financial instruments and other financial assets and liabilities is calculated by the discounted cash flow method with the market interest rate on the balance sheet date.

Based on the above hypothesis, when other variables are constant, the after-tax effect of reasonable interest rate fluctuations to profit or loss in the current period and equity in the current period is stated as following:

Item	Fluctuations in exchange rate	January to June, 2015		January to June, 2014	
		Effect on net profits	Effect on shareholders' equity	Effect on net profits	Effect on shareholders' equity
Floating rate borrowings	Increase by 1%	-2,513,202.63	-2,513,202.63	-351,883.23	-351,883.23
Floating rate borrowings	Decrease by 1%	2,513,202.63	2,513,202.63	351,883.23	351,883.23

## XI. DISCLOSURES OF FAIR VALUE

### 1. Ending balance of assets and liabilities measured at fair value and hierarchy of fair value measurement

Items	Fair value at the end of year			Total
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	
<b>I. Continuous fair value measurement</b>	501,661,109.50	0.00	188,129,341.41	689,790,450.91
1. Financial assets at fair value through profit or loss	387,448,309.50	0.00	0.00	387,448,309.50
(1) Financial assets held for trading	17,448,309.50	0.00	0.00	17,448,309.50
1) Investment in debt instruments	0.00	0.00	0.00	0.00
2) Investment in equity instruments	17,448,309.50	0.00	0.00	17,448,309.50
3) Derivative financial assets	0.00	0.00	0.00	0.00
(2) Designated financial assets at fair value through profit or loss	370,000,000.00	0.00	0.00	370,000,000.00
1) Investment in debt instruments	0.00	0.00	0.00	0.00
2) Investment in equity instruments	0.00	0.00	0.00	0.00
3) Trust products	370,000,000.00	0.00	0.00	370,000,000.00
2. Available-for-sale financial assets	114,212,800.00	0.00	188,129,341.41	302,342,141.41
(1) Investment in debt instruments	0.00	0.00	0.00	0.00
(2) Investment in equity instruments	114,212,800.00	0.00	0.00	114,212,800.00
(3) Others	0.00	0.00	188,129,341.41	188,129,341.41
3. Investment real estates	0.00	0.00	0.00	0.00
4. Biological assets	0.00	0.00	0.00	0.00
<b>Total assets continuously measured at fair value</b>	<b>501,661,109.50</b>	<b>0.00</b>	<b>188,129,341.41</b>	<b>689,790,450.91</b>

## **2. Determination of the market price of the first level of continuous and non-continuous fair value measurement**

The fair value of financial instruments traded in the active market is accounted for the market price on the financial statement date. The market is regarded active when the offer can be real-time and regularly acquired from the stock exchange, traders, brokers, insiders, pricing services, or regulatory agencies and the offer represents actual and regular market transactions with an even bargain reference. The market price of financial assets held by the Group is the bid price at that time. These financial instruments are in the first level. Instruments in the first level include equity investments of the Hengsheng index, the composite index of Shanghai stock exchange and component index of Shenzhen stock exchange (classified as financial assets at fair value through profit or loss or available-for-sale financial assets).

## **3. Valuation techniques and qualitative and quantitative information on important parameters adopted for the second level of continuous and non-continuous fair value measurement**

Valuation techniques can be used to determine the fair value of financial instruments not traded in the active market (such as OTC derivatives). Valuation techniques should use observable market data (if any) as much as possible and use specific estimations as less as possible. If all significant inputs are observable data when calculate the fair value of a financial instrument, the financial instrument is in the second level.

## **4. Valuation techniques and qualitative and quantitative information on important parameters adopted for the third level of continuous and non-continuous fair value measurement**

If one or more of the significant inputs is not based on observable market data, the financial instrument is in the third level.

Specific methods of valuating financial instruments:

- (1) Market price or industry price of similar financial instruments.
- (2) The fair value of interest rate swap is calculated based on discounted value of estimated future cash flows by observable yield curve.
- (3) Present value discounted from fair value of foreign exchange forward contracts calculated by the exchange rate on the settlement date
- (4) Other methods like discounted value of cash flow analysis which is used to calculate the fair value of the rest other financial instruments.

**5. No conversion of financial assets between the first level and the second level happened in Current period.**

**6. No changes in valuation techniques happened in Current period.**

## **XII. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS**

### **1. Parent company of the Group**

Controlling shareholder	Registration		Registered capital	Percentage of share holding (%)	Percentage of voting right (%)
	place	Nature			
YTO Group Corporation	Henan	Production and sales of large, medium and small tractors, construction machinery, diesel engines, etc	3,174,949,000.00	44.57	44.57

The ultimate controlling party of the Group is China National Machinery Corporation, registered in Beijing, whose business are domestic and foreign contracting of large equipment and projects, organization of the industry's major technology and equipment research, development and research production and sales of motor vehicles, cars and auto parts; contracted overseas projects and domestic international bidding; import and export businesses; held economic and trade exhibitions overseas and organization of domestic enterprises to participate or hold exhibitions overseas. The registered capital is RMB13,000,000,000.00.

### **2. Subsidiaries**

Please refer to Note IX 1 for detailed information of subsidiaries

### **3. Joint ventures and associates**

Please refer to Note IX 3 for significant joint ventures and associates.

#### 4. Other related parties

Name of the other related parties	Relationship of the other related parties to the Company
Dongfanghong(Luoyang) Culture Communication Centre	Under common control
Luoyang Duoan Advertising Co., Ltd	Under common control
YTO (Luoyang) Kintra Equipment Science & Technology Co., Ltd	Under common control
Luoyang Tianhui Energy Engineering Co., Ltd	Under common control
YTO Group Corporation (Luoyang) Vehicles Co., Ltd	Under common control
YTO (Luoyang) Special Purpose Vehicle Co., Ltd	Under common control
YTO Luoyang Motor Vehicle Driver Training Schools Co., Ltd	Under common control
YTO (Luoyang) Logistics Co., Ltd	Under common control
YTO (Luoyang) Lubricants Co., Ltd	Under common control
YTO (Luoyang) Tianze Gas Co., Ltd	Under common control
YTO (Luoyang) Huide Tooling Co., Ltd	Under common control
YTO (Luoyang) Dongchen Mold Technology Co., Ltd	Under common control
YTO (Heilongjiang) Dongfanghong Industrial Park Co., Ltd	Under common control
YTO (Luoyang) Xinnuo Materials Trading Co., Ltd	Under common control
YTO (Luoyang) Zhongcheng Machinery Co., Ltd	Under common control
China YTO Group Linhai Vehicles Co., Ltd	Same ultimate control
YTO (Luoyang) Xindongfang Automobile Co., Ltd.	Same ultimate control
YTO (Luoyang) Standard Parts Co., Ltd.	Same ultimate control
YTO (Luoyang) Like Automobile Co., Ltd.	Same ultimate control
YTO (Luoyang) Light Automobile Co., Ltd.	Same ultimate control
Luoyang Business Daily Co., Ltd.	Same ultimate control
China Machine Heavy Industry Group Co., Ltd.	Same ultimate control
Changlin Company Ltd	Same ultimate control
China Erzhong Group (Deyang) Heavy Industry Co., Ltd	Same ultimate control
SINOMACH-HI (Luoyang) Building Machinery Co., Ltd	Same ultimate control
SINOMACH-HI (Luoyang) Co., Ltd	Same ultimate control
The Fourth Design Institute of the Ministry of Machinery Industry	Same ultimate control
The Sixth Design Institute of the Ministry of Machinery Industry	Same ultimate control
The Fifth Design Institute of the Ministry of Machinery Industry	Same ultimate control
Luoyang Oriental Printing Industry Co., Ltd.	Same ultimate control
Luoyang Zhongshou Machinery & Equipment Co., Ltd	Same ultimate control
Luoyang Bearing Science & Technology Co., Ltd	Same ultimate control
Luoyang Bearing Science & Industry Co., Ltd	Same ultimate control
Tianjin Daye Logistics Co., Ltd	Same ultimate control



Name of the other related parties	Relationship of the other related parties to the Company
YTO (Luoyang) Construction Machinery Co., Ltd	Same ultimate control
YTO (Luoyang) Engineering Machinery Co., Ltd	Same ultimate control
YTO (Luoyang) Building Machinery Co., Ltd	Same ultimate control
YTO Shenyang Tractor Co., Ltd.	Same ultimate control
Changsha Gas-electric Auto Parts Co., Ltd	Same ultimate control
China CAMC Engineering Co., Ltd	Same ultimate control
China Engineering and Agriculture Machinery Import and Export Co., Ltd	Same ultimate control
China Machine Tool Sales and Technical Services Company	Same ultimate control
The Fourth Construction of China Machinery Industry Co., Ltd.	Same ultimate control
China Machinery Industry Construction Group Inc.	Same ultimate control
China Academy of Agricultural Mechanization Services	Same ultimate control
China National Automotive Industry International Corporation	Same ultimate control
SINOMAC Machine Components Completed Sets Co., Ltd	Same ultimate control
CAAMS Menoble Technology Co., Ltd	Same ultimate control
China Machinery TDI International Engineering Co., Ltd Luo Yang Branch	Same ultimate control
China Automotive Industry International Corporation	Same ultimate control
AIE Zhida (Luoyang) Construction Supervision Company	Same ultimate control

## 5. Related party transactions

### (1) Significant transactions conducted by the Group with SINOMACH and its subsidiaries

Items	Current period	Last period
Sales of raw materials and components	<b>17,993,820.26</b>	14,405,692.10
Purchase of raw materials and components	<b>17,218,508.05</b>	33,256,165.69
Interest income	<b>3,951,927.80</b>	3,963,766.24
Clients' deposit interest paid	<b>38,518.48</b>	407,133.82

(2) *Significant transactions conducted by the Group with China YTO and its subsidiaries*

Items	Current period	Last period
Sales of raw materials and components	<b>59,895,490.36</b>	58,963,828.58
Purchase of raw materials and components	<b>143,155,276.67</b>	127,628,731.12
Payment and payable of power	<b>90,434,034.52</b>	102,983,616.73
Payment and payable of service and transportation	<b>119,704,920.40</b>	130,303,750.00
Payment and payable of land rental expenses	<b>12,959,608.00</b>	10,372,742.10
Payment and payable of buildings rental expenses	<b>6,918,250.70</b>	5,788,178.70
Payment and payable of equipment rental expenses	<b>48,635.90</b>	1,224,629.32
Rental income of leasing buildings and equipment	<b>1,946,077.88</b>	206,177.60
Purchase of plant and equipment	<b>7,516,806.74</b>	12,177,288.11
Interest income	<b>10,213,735.28</b>	11,831,540.89
Payment of customer's interest	<b>4,737,176.45</b>	3,335,667.08
Received research and development expense	<b>264,010.98</b>	1,376,299.92

(3) *Related party transactions conducted by the Group with joint ventures and associates (including joint ventures and associates of SINOMACH and YTO Group Corporation)*

Item	Current period	Last period
Sales of raw materials and components	<b>133,742,837.64</b>	47,081,141.60
Purchase of raw materials and components	<b>282,197,658.95</b>	60,270,467.01

## 6. Remuneration of key management personnel

*Unit: RMB0000' Yuan*

<b>Item</b>	<b>Current period</b>	<b>Last period</b>
Director's fees	<b>9.70</b>	9.70
Salaries and other benefits	<b>159.99</b>	163.15
Retirement benefits scheme contribution	<b>13.31</b>	12.65
<b>Total</b>	<b>183.00</b>	185.50

Breakdown of key management personnel remuneration (Unit: RMB0000' Yuan):

<b>Personel and positions</b>	<b>Director's fees</b>	<b>Current period</b>		<b>Total</b>
		<b>Salaries and other benefits</b>	<b>Retirement benefits scheme contribution</b>	
<b>Executive directors</b>				
Zhao Yanshui				
Wu Yong		<b>18.04</b>	<b>1.21</b>	<b>19.25</b>
<b>Non-executive directors</b>				
Wang Erlong				
Yan Linjiao				
Wu Zongyan				
Wang Kejun				
Guo Zhiqiang				
Liu Jiguo				

Personel and positions	Director's fees	Current period		Total
		Salaries and other benefits	Retirement benefits scheme contribution	
<b>Independent non-executive directors</b>				
Hong Xianguo	1.70			1.70
Xing Min	1.70			1.70
Wu Delong	1.70			1.70
Yu Zengbiao	1.70			1.70
<b>Supervisors</b>				
Li Pingan				
Xu Weilin				
Wang Jianjun		10.22	1.21	11.43
Zhao Guozhong		8.17	1.21	9.38
Wang Yong	1.45			1.45
Huang Ping	1.45			1.45
<b>Key management personnel</b>				
Lian Guoqing ( <i>Vice General Manager</i> )		18.04	1.21	19.25
Liu Yao ( <i>Vice General Manager</i> )		14.88	1.21	16.09
Hou Zhiping ( <i>Vice General Manager</i> )		15.04	1.21	16.25
Zhu Weijiang ( <i>Vice General Manager</i> )		15.04	1.21	16.25
Su Wensheng ( <i>Vice General Manager</i> )		15.04	1.21	16.25
Song Yuping ( <i>Vice General Manager</i> )		15.04	1.21	16.25
<b>Other key management personnel</b>				
Yao Weidong ( <i>The Chief Accountant</i> )		15.04	1.21	16.25
Yu Lina ( <i>The Secretary of the Board of Directors</i> )		15.44	1.21	16.65
<b>Total</b>	<b>9.70</b>	<b>159.99</b>	<b>13.31</b>	<b>183.00</b>

Personel and positions	Director's fees	Last period		Total
		Salaries and other benefits	Retirement benefits scheme contribution	
<b>Executive directors</b>				
Zhao Yanshui				
Wu Yong		18.04	1.15	19.19
Non-executive directors				
Wang Erlong				
Yan Linjiao				
Wu Zongyan				
Wang Kejun				
Guo Zhiqiang				
Liu Jiguo				
<b>Independent non-executive directors</b>				
Hong Xianguo	1.70			1.70
Xing Min	1.70			1.70
Wu Delong	1.70			1.70
Yu Zengbiao	1.70			1.70
<b>Supervisors</b>				
Li Pingan				
Xu Weilin				
Wang Jianjun		10.60	1.15	11.75
Zhao Guozhong		11.35	1.15	12.50
Wang Yong	1.45			1.45
Huang Ping	1.45			1.45
<b>Key management personnel</b>				
Lian Guoqing ( <i>Vice General Manager</i> )		18.04	1.15	19.19
Liu Yao ( <i>Vice General Manager</i> )		14.88	1.15	16.03
Hou Zhiping ( <i>Vice General Manager</i> )		15.04	1.15	16.19
Zhu Weijiang ( <i>Vice General Manager</i> )		15.04	1.15	16.19
Su Wensheng ( <i>Vice General Manager</i> )		15.04	1.15	16.19
Song Yuping ( <i>Vice General Manager</i> )		15.04	1.15	16.19
Other key management personnel				
Yao Weidong ( <i>The Chief Accountant</i> )		15.04	1.15	16.19
Yu Lina ( <i>The Secretary of the Board of Directors</i> )		15.04	1.15	16.19
<b>Total</b>	<b>9.70</b>	<b>163.15</b>	<b>12.65</b>	<b>185.50</b>

## 7. Balance of receivables and payables of related party transactions

### (1) *Receivables and payables between the Group and SINOMACH and its subsidiaries (excluding YTO Group and its subsidiaries)*

Items	Current period	Last period
Accounts receivable	<b>15,008,795.44</b>	1,604,414.12
Other receivables	<b>83,893.00</b>	780,207.00
Prepayments	<b>576,726.00</b>	80,000.00
Accounts payable	<b>14,910,706.84</b>	12,623,074.26
Other payables	<b>0.00</b>	0.00
Advances from customers	<b>4,970,463.60</b>	6,849,103.03

### (2) *Receivables and payables between the Group and YTO Group and its subsidiaries*

Items	Current period	Last period
Accounts receivable	<b>33,356,364.53</b>	23,375,375.44
Other receivables	<b>3,495,632.20</b>	3,406,760.59
Prepayments	<b>33,150,290.86</b>	2,366,990.76
Accounts payable	<b>87,206,006.73</b>	30,220,169.96
Other payables	<b>52,677,108.40</b>	52,129,712.33
Advances from customers	<b>180,035.00</b>	81,600.00

**(3) *Receivables and payables between the Group and other related parties***

<b>Items</b>	<b>Current period</b>	<b>Last period</b>
Accounts receivable	<b>16,564,615.74</b>	1,647,965.02
Other receivables	<b>0.00</b>	165,120,652.00
Prepayments	<b>367,706.10</b>	0.00
Accounts payable	<b>4,779,854.44</b>	5,319.00
Other payables	<b>84,880.16</b>	0.00
Advances from customers	<b>66,055.95</b>	0.00

**(4) *Borrowing from and lending to related parties***

<b>Items</b>	<b>Current period</b>	<b>Last period</b>
Granting of loans (including discount on notes)	<b>495,759,447.23</b>	493,688,662.65
Deposits absorption and deposits in other banks	<b>883,263,201.47</b>	518,541,980.94

**8. Related party commitment**

None

**9. Others**

None

### XIII. CONTINGENCIES AND COMMITMENTS

#### 1. Significant commitments

##### (1) Capital expenditure commitments as at 30 June 2015

Capital expenditure commitments signed but not yet recognized in the financial statements

Items	Ending balance	Beginning balance
Acquisition of fixed assets	0.00	0.00
External investment	0.00	81,514,886.92
<b>Total</b>	<b>0.00</b>	<b>81,514,886.92</b>

##### (2) Outsourcing contract with significant amount that was signed and performing or commencing to perform

None

##### (3) Leased agreement that was signed and performing or commencing to perform and its financial impact

1) On 30 June 2015, the minimum future payments of irrevocable operating lease on rental, assumed by the Group as the lessee, for buildings, machineries, and equipments are as follows:

Period	Ending balance	Beginning balance
Within 1 year	20,641,122.68	1,031,187.29
1 to 2 years	9,283,248.78	701,820.00
2 to 3 years	852,000.00	647,360.83
After 3 years	3,412,000.00	1,749,000.00
<b>Total</b>	<b>34,188,371.46</b>	<b>4,129,368.12</b>



- 2) *On 30 June 2015, the minimum future receipts of irrevocable operating lease on rental, assumed by the Group as the lessee, for buildings, machineries, and equipments are as the following:*

<b>Period</b>	<b>Ending balance</b>	<b>Beginning balance</b>
Within 1 year	<b>13,044,923.55</b>	10,569,921.69
1 to 2 years	<b>9,889,322.42</b>	8,270,776.71
2 to 3 years	<b>3,874,638.35</b>	7,818,110.04
After 3 years	<b>0.00</b>	0.00
<b>Total</b>	<b><u>26,808,884.32</u></b>	<b><u>26,658,808.44</u></b>

*Note:* In 2013, the Company signed a lease agreement with Luoyang Jiangyang Hardware Co., Ltd. to lease out the land use right of location No. 1 Anfa Rd. Luoxin Industrial Center Luoyang, for industrial operation and offices. The leased area is 20,000 square meters, with annual rental fee of RMB530,000.00 and lease term of 3 years. The agreement was effective on 10 August 2013 and will be expired on 9 August 2016. Leasing charges is paid annually.

*Note:* On 21 July 2014, the Company signed a lease agreement with ZF YTO (Luoyang) Drive Axle Co., Ltd. to lease out the location of No. 16 Hangong West Road West Industrial District Luoyang, for offices use. The leased area is 68,649 square meters, with annual rental fee of RMB7,744,610.04 and lease term of 3 years. The agreement was effective on 1 January 2015 and will be expired on 31 December 2017. Leasing charges is paid annually on each 31 March by Notes on demand.

- 3) *On 30 June 2015, the minimum future payments of irrevocable finance lease on rental, assumed by the Group as the lessee, for equipment in the process of installation are as the following:*

<b>Period</b>	<b>Ending balance</b>	<b>Beginning balance</b>
Within 1 year	<b>101,859.73</b>	0.00
1 to 2 years	<b>101,859.73</b>	0.00
2 to 3 years	<b>31,599.42</b>	0.00
Over 3 years	<b>0.00</b>	0.00
<b>Total</b>	<b><u>235,318.88</u></b>	<b><u>0.00</u></b>

- (4) *Except for the above, the Group has no other significant commitment as at 30 June 2015.*

## 2. Contingencies

### (1) Contingencies resulted from external guarantees provided

As at 30 June 2015, other parties' guarantees provided by the Group are as the followings:

During the reporting period, the Group, Bank of Communication and YTO Finance Company Limited entered into a Trade Finance Agreement. According to the agreement, the two banking facilities consent to provide a limit on trade financing of RMB176.54 million Yuan. The above limit is specifically used for the bank acceptance through the two banking facilities, of the Group's or the distributors and clients recommended under the Group's authority. The bank acceptance is used for the purchasing of agricultural machineries from the Group or the entities under the Group's authority. The Group and its authorized entities provided guarantee through the form of confirmation on commitment or agreement.

As at 30 June 2015, the amount of trade financing guarantee actually assumed by the Group was RMB67.5 million Yuan and the guarantee of bank loans provided to other affiliates was RMB166.4388 million Yuan:

Guaranteed parties	Type of guarantee	Guarantee amount
<b>1. Within the Group</b>		
YTO (Luoyang) Transportation Machinery Co., Ltd	Joint liability assurance	5,000,000.00
YTO (Luoyang) Transportation Machinery Co., Ltd	Joint liability assurance	4,000,000.00
YTO (Luoyang) Transportation Machinery Co., Ltd	Joint liability assurance	1,500,000.00
YTO (Luoyang) Transportation Machinery Co., Ltd	Joint liability assurance	1,500,000.00
YTO (Luoyang) Transportation Machinery Co., Ltd	Joint liability assurance	2,000,000.00
YTO (Jiangyan) Power Machinery Company Limited	Joint liability assurance	10,000,000.00
YTO (Jiangyan) Power Machinery Company Limited	Joint liability assurance	10,000,000.00
YTO (Luoyang) Forklift Truck Company Limited	Joint liability assurance	1,500,000.00
YTO (Luoyang) Forklift Truck Company Limited	Joint liability assurance	1,500,000.00
YTO (Luoyang) Forklift Truck Company Limited	Joint liability assurance	2,000,000.00
YTO (Luoyang) Shentong Construction Machinery Co., Ltd.	Joint liability assurance	45,000,000.00
YTO (France) Agricultural Machinery Co., Ltd.	General assurance	13,739,800.00
YTO (France) Agricultural Machinery Co., Ltd.	General assurance	20,609,700.00
YTO (France) Agricultural Machinery Co., Ltd.	General assurance	13,739,800.00
YTO (France) Agricultural Machinery Co., Ltd.	General assurance	13,739,800.00
YTO (France) Agricultural Machinery Co., Ltd.	General assurance	20,609,700.00
Sub-total of guarantees within the Group	-	<u>166,438,800.00</u>

Guaranteed parties	Type of guarantee	Guarantee amount
<b>2. Not within the Group</b>		
Distributors of Quanchengtong Business	Joint liability assurance	19,100,000.00
Distributors of Nongjiwang Business	Joint liability assurance	14,000,000.00
Distributors of Dianpiaotong Business	Joint liability assurance	33,230,000.00
Client of credit business for the buyers' of mine trucks	Joint liability assurance	110,000.00
Client of credit business for the buyers' of agricultural machineries	Joint liability assurance	<u>1,060,000.00</u>
Sub-total of guarantees outside the Group	–	<u>67,500,000.00</u>
<b>Total</b>	–	<u><u>233,938,800.00</u></u>

*Note:* During the reporting period, the Group has a joint liability assurance to Dianpiaotong Business of RMB12 million Yuan, but has no actual loss. Part of the customers of YTO (Luoyang) Shentong Construction Machinery Co., Ltd., the Group's subsidiary referred to as Shentong Company, purchased mine trucks through applying buyers' credit and financing lease from banking facilities. Instalments were paid by the customers to banking facilities after receipts of trucks. Shentong Company paid the amount due on the customers' behalf when they were incapable to reimburse the instalments to the banking facilities. As at 30 June 2015, the actual amount of Shentong's payments on customers' behalf was RMB189.56 million. After the actual payments, the Group's remaining joint liability assurance balance is RMB0.11 million Yuan.

**(2) Except for the above, the Group has no other significant contingency as at 30 June 2015.**

#### **XIV. SUBSEQUENT EVENTS POST BALANCE SHEET DATE**

##### **1. Significant non-adjusting events**

##### **2. Dividends distribution**

##### **3. Sales return**

None

##### **4. Notes to other subsequent events post balance sheet date**

None

## **XV. OTHER SIGNIFICANT MATTERS**

### **1. Debt restructuring**

None

### **2. Exchange of assets**

None

#### *(1) Exchange of monetary assets*

None

#### *(2) Exchange of non-monetary assets*

None

### **3. Annuity**

The annuity of the Group is contributed by the Group and individuals. The payment base of annuity of employees and company is the same which is based on employee's actual income last year, where if the income is 3 times higher than Luoyang average employee's income, then it should be paid at 3 times higher; if the income is lower than Luoyang average employee's income by 60%, then it should be paid at 60%. The percentage of company paid is 5%, while employee pays 2% which is deducted by the Group from employee's income.

### **4. Discounted operation**

None

## 5. Segment information

### *Segment report January to June, 2015*

*(Unit: in thousand Yuan)*

Item	Agriculture machinery	Power machinery	Other machinery	Finance	Elimination	Total
Operating income	4,968,831	1,281,045	33,561	169,864	-745,109	5,708,192
Including: External transaction revenue	4,690,579	841,870	21,297	154,445	0	5,708,191
Revenue between segments	<u>278,252</u>	<u>439,175</u>	<u>12,264</u>	<u>15,419</u>	<u>-745,109</u>	<u>1</u>
Total profit for Segment	<u>143,161</u>	<u>86,657</u>	<u>-58,621</u>	<u>53,447</u>	<u>0</u>	<u>224,644</u>
Total assets	7,195,196	2,048,630	245,251	3,894,043	0	13,383,120
Including: Significant impairment loss on individual assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>5,590,384</u>	<u>849,880</u>	<u>248,221</u>	<u>1,242,273</u>	<u>0</u>	<u>7,930,758</u>
Supplementary information	0	0	0	0	0	0
Capitalized expenditure	14,528	47,502	0	87	0	62,117
Including: Amortization of goodwill	0	0	0	0	0	0
Depreciation and amortization expense	121,959	37,434	1,875	380	0	161,648
Non-cash expenses other than impairment loss, depreciation and amortization	<u>51,388</u>	<u>29,966</u>	<u>970</u>	<u>20,007</u>	<u>0</u>	<u>102,331</u>

**Segment report January to June, 2014**

(Unit: in thousand Yuan)

Item	Agriculture machinery	Power machinery	Other machinery	Finance	Elimination	Total
Operating income	4,854,266	1,174,172	98,271	57,293	-710,426	5,473,576
Including: External transaction revenue	4,554,397	818,127	63,777	37,275		5,473,576
Revenue between segments	299,869	356,045	34,494	20,018	-710,426	0
Total profits	75,252	63,880	-48,142	42,206	-12,026	121,170
Total assets	10,284,967	2,437,444	379,314	3,312,085	-4,126,292	12,287,518
Including: Significant impairment loss on individual assets	0	0	0	0	0	0
Total liabilities	5,783,733	1,189,075	468,906	2,649,752	-3,067,507	7,023,959
Supplementary information						
Capitalized expenditure	306,864	22,210	670	1,239	0	330,983
Including: Amortization of goodwill	0	0	0	0	0	0
Depreciation and amortization expense	113,951	36,230	1,672	363	0	152,216
Non-cash expenses other than impairment loss, depreciation and amortization	44,469	2,299	19,760	0	0	66,528

## XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY

### 1. Monetary fund

Items	Ending balance	Beginning balance
Cash on hand	504,490.93	166,073.30
Cash at bank	1,556,813,980.65	1,398,675,037.00
Other monetary fund	209,784,012.26	147,157,265.80
<b>Total</b>	<b>1,767,102,483.84</b>	<b>1,545,998,376.10</b>
Including: total overseas deposit	0.00	0.00

*Note:* The restricted cash of the Company is the security bond on the acceptance notes of RMB209,783,593.53 Yuan as of 30 June 2015 (last period: RMB147,157,221.06 Yuan).

### 2. Notes receivable

#### (1). Categories of notes receivables

Items	Ending balance	Beginning balance
Bank acceptance notes	235,515,349.34	308,251,230.37
Commercial acceptance notes	3,733,000.00	12,613,000.00
<b>Total</b>	<b>239,248,349.34</b>	<b>320,864,230.37</b>

#### (2). Notes receivable pledged at the end of the year

Items	Pledged amount at the end of the year
Bank acceptance notes	110,033,484.84
Commercial acceptance notes	0.00
<b>Total</b>	<b>110,033,484.84</b>

(3). *Notes receivable endorsed but not due at the balance sheet date*

<b>Items</b>	<b>Confirmation amount terminated</b>	<b>Confirmation amount not terminated</b>
Bank acceptance notes	262,626,942.12	0.00
Commercial acceptance notes	262,000.00	0.00
<b>Total</b>	<b>262,888,942.12</b>	<b>0.00</b>

(4). *There are no notes transferred to other receivables due to drawer's default by the end of the period.*

**3. Accounts receivable**

(1) *Categories of accounts receivables*

Categories	Book balance		Ending balance		Book value
	Amount	Percentage %	Amount	Percentage %	
Individually significant and provided for bad debts on individual basis	15,000,250.60	1.14	0.00	0.00	15,000,250.60
Receivables that are provided for bad debts on credit risk portfolio basis	1,296,244,917.34	98.86	144,730,412.80	11.17	1,151,514,504.54
Individually insignificant but provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>1,311,245,167.94</b>	<b>/</b>	<b>144,730,412.80</b>	<b>/</b>	<b>1,166,514,755.14</b>

Categories	Book value		Beginning balance		Book value
	Amount	Percentage %	Amount	Percentage %	
Individually significant and provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
Receivables that are provided for bad debts on credit risk portfolio basis	983,294,307.07	100.00	118,385,801.89	12.04	864,908,505.18
Individually insignificant but provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>983,294,307.07</b>	<b>100.00</b>	<b>118,385,801.89</b>	<b>12.04</b>	<b>864,908,505.18</b>



1) *Accounts receivable that are individually significant and provided for bad debts on individual basis*

Company name	Accounts receivable	Ending balance		Note
		Bad debts provision	Accrued provision proportion (%)	
YTO (Luoyang) Zhongcheng Machinery Co., Ltd.	15,000,250.60	0.00	0.00	
<b>Total</b>	<b>15,000,250.60</b>	<b>0.00</b>	<b>/ /</b>	

2) *Accounts receivable that are provided for bad debts by aging analysis*

Aging	Accounts receivable	Ending balance	
		Provision for bad debts	Provision proportion (%)
Within 1 year	1,137,530,122.50	29,281,433.30	2.57%
1-2 years	54,685,942.61	27,342,971.30	50.00%
2-3 years	4,786,588.10	4,786,588.10	100.00%
Over 3 years	99,242,264.13	83,319,420.10	83.96%
<b>Total</b>	<b>1,296,244,917.34</b>	<b>144,730,412.80</b>	<b>/</b>

(2) *Accounts receivable provided for bad debts, received or reversed for the period.*

Accounts receivable provided for bad debts for the period has increased by RMB26,344,610.91 Yuan; Accounts receivable provided for bad debts received or reversed for the period is RMB0.00 Yuan.

(3) *There is no accounts receivable written off during the period*

**(4) Top five closing balance of accounts receivable**

Company name	Relationship	Ending balance	Age	Proportion in closing balance (%)
Luoyang Changxing Agriculture Machinery Co., Ltd.	Related party within YTO Co.,Ltd	750,519,704.69	Within 1 year 750,513,661.55; Over 3 years 6,043.14.	57.24
YTO (Luoyang) Harvesting Machinery Co., Ltd.	Related party within YTO Co.,Ltd	89,327,719.68	Over 3 years	6.81
Luoyang Changhong Trading Co., Ltd.	Related party within YTO Co.,Ltd	45,882,288.09	Within 1 year	3.50
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	Related party within YTO Co.,Ltd	45,522,366.45	Within 1 year: 25,738,012.18; 1-2 years: 19,784,354.27	3.47
Xuzhou Xulun Tyres Co., Ltd	Non-related party	<u>37,563,303.95</u>	Within 1 year	2.86
Total	-	<u><u>968,815,382.86</u></u>	-	73.88

**4. Advances to suppliers**

**(1) Aging analysis**

Aging	Ending balance		Beginning balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	<b>106,609,030.28</b>	<b>87.86</b>	284,419,063.23	98.78
1-2 years	<b>13,116,576.71</b>	<b>10.81</b>	1,008,216.48	0.35
2-3 years	<b>480,974.63</b>	<b>0.40</b>	1,213,159.79	0.42
Over 3 years	<b>1,127,874.73</b>	<b>0.93</b>	1,293,493.14	0.45
Total	<u><u>121,334,456.35</u></u>	<u><u>100.00</u></u>	<u><u>287,933,932.64</u></u>	<u><u>100.00</u></u>

Notes to unsettled reason of significant advances to suppliers over 1 year:

Advanced payment of RMB10,229,100.00 Yuan to YTO (Luoyang) Kintra Equipment Science & Technology Co., Ltd aged more than 1 year. Due to incompleteness of transaction, the prepayment has not been settled yet.

(2) *Top five balance to suppliers*

<b>Company name</b>	<b>Ending Balance</b>	<b>Age</b>	<b>Proportion in closing balance (%)</b>
YTO International Economic & Trade Co., Ltd	64,450,384.07	Within 1 year	53.12
YTO (Luoyang) Forklift Truck Company Limited	22,800,000.00	Within 1 year	18.79
YTO (Luoyang) Kintra Equipment Science & Technology Co., Ltd	10,229,100.00	1-2 years	8.43
Angang Steel Company Limited	3,598,876.03	Within 1 year	2.97
Zhejiang Xinchai Co., Ltd	2,394,222.22	Within 1 year	1.97
<b>Total</b>	<b>103,472,582.32</b>	–	85.28

5. **Interests receivable**

(1) *Categories*

*Unit: Yuan Currency: RMB*

<b>Item</b>	<b>Ending balance</b>	<b>Beginning balance</b>
Term deposits	<b>4,246,068.04</b>	<b>5,279,014.53</b>

(2) *There is no significant overdue interest of the Company at the end of the period*

6. **Dividends receivable**

<b>Itmes (or invested company)</b>	<b>Ending balance</b>	<b>Beginning balance</b>
YTO (Luoyang) Diesel Engine Co., Ltd.	<b>22,922,343.00</b>	0.00
YTO (Luoyang) Flag Auto-Body Co., Ltd.	<b>20,694,898.90</b>	20,694,898.90
<b>Total</b>	<b>43,617,241.90</b>	<b>20,694,898.90</b>

## 7. Other receivables

### (1) Categories

Item	Book balance		Ending balance		Book value
	Amount	Percentage	Amount	Percentage	
		(%)		(%)	
Individually significant and provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
Receivables that are provided for bad debts on credit risk portfolio basis	50,075,953.22	98.84	10,190,568.82	19.99	39,885,384.40
Individually insignificant but provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>50,075,953.22</b>	<b>/</b>	<b>10,190,568.82</b>	<b>/</b>	<b>39,885,384.40</b>

Item	Book balance		Beginning Balance		Book Value
	Amount	Proportion	Amount	Proportion	
		%		%	
Individually significant and provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
Receivables that are provided for bad debts on credit risk portfolio basis	211,258,467.36	100.00	10,211,195.93	9.52	201,047,271.43
Individually insignificant but provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>211,258,467.36</b>	<b>/</b>	<b>10,211,195.93</b>	<b>/</b>	<b>201,047,271.43</b>

#### 1) Provided for bad debts by aging analysis

Aging	Other receivables	Ending Balance Bad debts provision	Percentage (%)
Within 1 year	158,051.19	5,926.98	3.75%
1-2 years	498,963.00	249,481.50	50.00%
2-3 years	46,209.40	46,209.40	100.00%
Over 3 years	9,888,950.94	9,888,950.94	100.00%
<b>Total</b>	<b>10,592,174.53</b>	<b>10,190,568.82</b>	<b>96.21%</b>

2) *Provided for bad debts by other methods on portfolio basis*

Portfolio name	Other receivables	Ending Balance Bad debts provision	Percentage (%)
Guarantee deposit, petty cash	2,255,705.23	0.00	0.00
Related party	29,371,723.39	0.00	0.00
Other receivables classified by nature do not provided for bad debts	7,856,350.07	0.00	0.00
<b>Total</b>	<b>39,483,778.69</b>	<b>0.00</b>	<b>0.00</b>

(2) *Other receivables provided for bad debts, received or reversed for the period.*

Other receivables provided for bad debts for the period is RMB0.00 Yuan; other receivable provided for bad debts reversed for the period is RMB20,627.11 Yuan.

(3) *There is no other receivables written off during the period*

(4) *Other receivables classified by nature*

Nature	Ending balance	Beginning balance
Receivables and payables	33,602,690.40	197,110,342.67
Guarantee deposit, petty cash	2,481,396.88	1,804,988.41
Employment remuneration	2,026,507.57	1,336,084.11
Others	1,774,789.55	795,856.24
<b>Total</b>	<b>39,885,384.40</b>	<b>201,047,271.43</b>

(5) *Top five other receivables by customers*

Company name	Nature of the fund	Amount	Aging	Proportion in other receivables (%)	Ending balance of bad debts provision (%)
YTO (Luoyang) Shentong Construction Machinery Co., Ltd.	Receivables and payables	25,068,220.29	Within 1 year 641,602.66 Yuan; 2-3 years 24,426,617.63 Yuan.	50.06	0.00
YTO (Luoyang) Zhongcheng Machinery Co., Ltd.	Receivables and payables	3,181,725.71	Within 1 year 1,130,219.86 Yuan; 2-3 years 2,051,505.85 Yuan	6.35	0.00
YTO Group	Receivables and payables	1,405,651.86	Within 1 year: 345,777.12 Yuan; 1-2 years 1,059,874.74 Yuan.	2.81	0.00
Luoyang Jianxi District National Tax Bureau	Tax refund on exports	1,053,871.59	Within 1 year	2.1	0.00
Luoyang jiangyang metal construction Co.,Ltd	Non-related party	530,000.00	Within 1 year	1.06	0.00
<b>Total</b>	/	<b><u>31,239,469.45</u></b>	/	62.38	0.00

**8. Inventories**

(1) *Categories*

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Raw materials	227,685,484.91	10,015,913.94	217,669,570.97	231,532,457.91	10,025,915.46	221,506,542.45
Work in progress	200,163,890.97	4,007,665.44	196,156,225.53	187,629,503.68	3,661,225.30	183,968,278.38
Finished goods	127,957,810.22	3,214,115.00	124,743,695.22	169,507,175.81	4,086,948.86	165,420,226.95
Turnover materials	11,691,337.62	836,667.50	10,854,670.12	11,557,425.11	732,843.18	10,824,581.93
Others	0.00	0.00	0.00	30,940.20	0.00	30,940.20
<b>Total</b>	<b><u>567,498,523.72</u></b>	<b><u>18,074,361.88</u></b>	<b><u>549,424,161.84</u></b>	<b><u>600,257,502.71</u></b>	<b><u>18,506,932.80</u></b>	<b><u>581,750,569.91</u></b>

(2) *Provision for the impairment of inventories*

Items	Beginning balance	Increase in this year		Decrease in this year		Ending balance
		Provision accrued	Other	Reversal or write-off	Others	
Raw materials	10,025,915.46	0.00	0.00	10,001.52	0.00	10,015,913.94
Work in progress	3,661,225.30	346,440.14	0.00	0.00	0.00	4,007,665.44
Finished goods	4,086,948.86	0.00	0.00	872,833.86	0.00	3,214,115.00
Turnover materials	732,843.18	103,824.32	0.00	0.00	0.00	836,667.50
Others	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>18,506,932.80</b>	<b>450,264.46</b>	<b>0.00</b>	<b>882,835.38</b>	<b>0.00</b>	<b>18,074,361.88</b>

(3) *Inventory impairment provision*

Items	Basis for recognition of net realizable value	Reasons for reversal
Raw materials	Closing market price minus expected costs incurred	Value appreciation or sold
Work in progress	Closing market price minus expected costs incurred	Value appreciation or sold
Finished goods	Closing market price minus expected costs incurred	Value appreciation or sold
Turnover materials	Closing market price minus expected costs incurred	Value appreciation or sold
Others	Closing market price minus expected costs incurred	Value appreciation or sold
<b>Total</b>	<b>-</b>	<b>-</b>

9. **Other current assets**

Item	Ending balance	Beginning balance
Prepaid expenses	<b>15,190,939.12</b>	37,351.92
Structured deposit	<b>0.00</b>	50,000,000.00
Financial products	<b>610,000,000.00</b>	0.00
Entrusted loans	<b>132,000,000.00</b>	132,000,000.00
<b>Total</b>	<b>757,190,939.12</b>	<b>182,037,351.92</b>

## 10. Available-for-sale financial assets

### (1) Available-for-sale financial assets

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Debt instruments available-for-sale						
Equity instruments available-for-sale	72,512,000.00	0.00	72,512,000.00	59,840,000.00	0.00	59,840,000.00
Measured at fair value	72,512,000.00	0.00	72,512,000.00	59,840,000.00	0.00	59,840,000.00
Measured at cost	0.00	0.00	0.00	0.00	0.00	0.00
Others	114,322,800.00	4,322,800.00	110,000,000.00	114,322,800.00	4,322,800.00	110,000,000.00
<b>Total</b>	<b>186,834,800.00</b>	<b>4,322,800.00</b>	<b>182,512,000.00</b>	<b>174,162,800.00</b>	<b>4,322,800.00</b>	<b>169,840,000.00</b>

### (2) Available-for-sale assets measured by fair value at the end of the period

Category	Equity instruments available-for-sale	Debt instruments available-for-sale	Others	Total
Cost of equity instruments/amortised cost of debt instruments	15,680,000.00	0.00	0.00	15,680,000.00
Fair value	72,512,000.00	0.00	0.00	72,512,000.00
Accumulated other comprehensive income from changes on fair value	56,832,000.00	0.00	0.00	56,832,000.00
Impairment amount accrued	0.00	0.00	0.00	0.00



**(3) Available-for-sale financial assets measured by cost**

Invested company	Beginning balance	Book balance			Beginning balance	Provision for impairment			Proportion of shares in the investee (%)	Cash dividends in Current period
		Increase	Decrease	Ending balance		Increase	Decrease	Ending balance		
Beijing Zhongnongwang Technology Co., Ltd.	2,122,800.00	0.00	0.00	<b>2,122,800.00</b>	2,122,800.00	0.00	0.00	<b>2,122,800.00</b>	15.00	0.00
Nanyang Xiangrui Agricultural Equipment Co., Ltd.	1,400,000.00	0.00	0.00	<b>1,400,000.00</b>	1,400,000.00	0.00	0.00	<b>1,400,000.00</b>	7.00	0.00
YTO (Luoyang) Dongfanghong Tire Co.	800,000.00	0.00	0.00	<b>800,000.00</b>	800,000.00	0.00	0.00	<b>800,000.00</b>	3.11	0.00
Luoyin Financial Leasing Co., Ltd.	110,000,000.00	0.00	0.00	<b>110,000,000.00</b>	0.00	0.00	0.00	<b>0.00</b>	18.34	0.00
<b>Total</b>	<b>114,322,800.00</b>	<b>0.00</b>	<b>0.00</b>	<b>114,322,800.00</b>	<b>4,322,800.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,322,800.00</b>	<b>/</b>	<b>0.00</b>

**(4) Povision for impairment of available-for-sale financial assets during reporting period**

Classification	Available-for-sale equity instruments	Available-for-sale debt instruments	Others	Total
Beginning balance of provision for impairment	0.00	0.00	4,322,800.00	4,322,800.00
Increase	0.00	0.00	0.00	0.00
Including: transfer from other comprehensive income	0.00	0.00	0.00	0.00
Decrease	0.00	0.00	0.00	0.00
Including: reversal from the raise of fair value	/	0.00	0.00	0.00
Ending balance for impairment	0.00	0.00	4,322,800.00	4,322,800.00

## 11. Long-term equity investments

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	2,971,819,799.86	18,950,000.00	2,952,869,799.86	2,931,819,799.86	18,950,000.00	2,912,869,799.86
Investments in joint ventures and associates	148,658,529.80	7,004,515.65	141,654,014.15	65,250,086.01	7,004,515.65	58,245,570.36
<b>Total</b>	<b>3,120,478,329.66</b>	<b>25,954,515.65</b>	<b>3,094,523,814.01</b>	<b>2,997,069,885.87</b>	<b>25,954,515.65</b>	<b>2,971,115,370.22</b>

### (1) Investment in subsidiaries

Invested company	Beginning balance	Increase	Decrease	Ending balance	Provision for impairment	Ending balance of provision for impairment
YTO France SAS	300,737,040.00	0.00	0.00	300,737,040.00	0.00	0.00
Luoyang Changhong Trading Co., Ltd.	2,750,001.00	0.00	0.00	2,750,001.00	0.00	2,750,000.00
YTO (Luoyang) Shentong Construction Machinery Co., Ltd.	46,500,046.00	0.00	0.00	46,500,046.00	0.00	0.00
YTO (Xinjiang) Machinery Co., Ltd.	145,000,000.00	0.00	0.00	145,000,000.00	0.00	0.00
YTO Heilongjiang Agricultural Machinery Co., Ltd.	100,000,000.00	0.00	0.00	100,000,000.00	0.00	0.00
Luoyang Changxing Agricultural Machinery Co., Ltd.	2,100,000.00	0.00	0.00	2,100,000.00	0.00	0.00
YTO (Jiangyan) Power Machinery Co., Ltd.	76,000,000.00	0.00	0.00	76,000,000.00	0.00	0.00
YTO (Luoyang) Transportation Machinery Co., Ltd.	52,018,586.00	0.00	0.00	52,018,586.00	0.00	0.00
Brilliance China Machinery Holdings Limited	27,869,301.63	0.00	0.00	27,869,301.63	0.00	0.00
YTO Finance Co., Ltd.	443,802,290.00	0.00	0.00	443,802,290.00	0.00	0.00
China-Africa Machinery Corp.	55,022,000.00	0.00	0.00	55,022,000.00	0.00	0.00
Luoyang Tractors Research Institute Co., Ltd.	281,414,966.36	0.00	0.00	281,414,966.36	0.00	0.00
YTO (Luoyang) Forklift Truck Co., Ltd.	14,022,957.36	0.00	0.00	14,022,957.36	0.00	0.00

Invested company	Beginning balance	Increase	Decrease	Ending balance	Provision for impairment	Ending balance
						of provision for impairment
YTO (Luoyang) Diesel Engine Co., Ltd.	392,257,881.14	0.00	0.00	392,257,881.14	0.00	0.00
YTO (Luoyang) Drive Axle Co., Ltd.	224,961,387.38	0.00	0.00	224,961,387.38	0.00	0.00
YTO (Luoyang) Flag Auto-Body Co., Ltd.	234,192,767.62	0.00	0.00	234,192,767.62	0.00	0.00
YTO (Luoyang) Fuel Injection Pump Co., Ltd.	152,989,481.32	0.00	0.00	152,989,481.32	0.00	0.00
YTO (Luoyang) Foundry Co., Ltd.	160,391,996.60	40,000,000.00	0.00	200,391,996.60	0.00	0.00
YTO International Economic and Trade Ltd.	75,668,335.13	0.00	0.00	75,668,335.13	0.00	0.00
Shanghai Dragon (Group Co., Ltd.)	94,250,000.00	0.00	0.00	94,250,000.00	0.00	0.00
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	33,670,762.32	0.00	0.00	33,670,762.32	0.00	0.00
YTO Shunxing (Luoyang) Spare Parts Co., Ltd.	16,200,000.00	0.00	0.00	16,200,000.00	0.00	16,200,000.00
<b>Total</b>	<b>2,931,819,799.86</b>	<b>40,000,000.00</b>	<b>0.00</b>	<b>2,971,819,799.86</b>	<b>0.00</b>	<b>18,950,000.00</b>

## (2) Investments in joint ventures and associates

Invested company	Beginning balance	Increase	Decrease	Movements				Provision of impairment	Others	Ending balance	Balance of impairment provision at the end of the period
				Invested income under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash dividend or profit declared				
<b>Associates</b>											
ZF YTO (Luoyang) Drive Axle Co., Ltd.	57,155,113.08	81,514,886.92	0.00	1,962,108.42	0.00	0.00	0.00	0.00	0.00	140,632,108.42	0.00
YTO Chuanlong Sichuan Agricultural Equipment Co., Ltd.	1,090,457.28	0.00	0.00	-68,551.55	0.00	0.00	0.00	0.00	0.00	1,021,905.73	0.00
Luoyang Fusaito Motors Co., Ltd.	7,004,515.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,004,515.65	7,004,515.65
<b>Total</b>	<b>65,250,086.01</b>	<b>81,514,886.92</b>	<b>0.00</b>	<b>1,893,556.87</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>148,658,529.80</b>	<b>7,004,515.65</b>

## 12. Fixed assets

Item	Land	Building	Machinery equipment	Transportation facilities	Electronic and office equipment	Others	Total
<b>I. Original cost</b>							
1. Beginning balance	0.00	988,696,668.70	2,061,219,604.61	29,377,853.39	67,179,754.38	6,046,626.03	3,152,520,507.11
2. Increase	0.00	833,195.23	33,971,284.69	369,413.25	698,602.97	15,249.92	35,887,746.06
(1). Purchase	0.00	209,835.84	4,485,831.38	0.00	202,081.70	15,249.92	4,912,998.84
(2). Transferred from construction in progress	0.00	623,359.39	29,485,453.31	369,413.25	496,521.27	0.00	30,974,747.22
(3). Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Decrease	0.00	393,380.67	9,610,604.18	648,085.19	127,589.96	72,233.85	10,851,893.85
(1). Disposal or scrapping	0.00	393,380.67	9,610,604.18	648,085.19	127,589.96	72,233.85	10,851,893.85
(2). Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Ending balance	0.00	989,136,483.26	2,085,580,285.12	29,099,181.45	67,750,767.39	5,989,642.10	3,177,556,359.32
<b>II. Accumulated depreciation</b>							
1. Beginning balance	0.00	474,431,585.92	1,173,078,764.15	14,905,675.46	36,252,022.14	3,324,068.76	1,701,992,116.43
2. Increase	0.00	13,693,193.08	59,312,323.79	1,295,341.02	1,827,560.72	304,849.73	76,433,268.34
(1). Accrual	0.00	13,693,193.08	59,312,323.79	1,295,341.02	1,827,560.72	304,849.73	76,433,268.34
3. Decrease	0.00	279,216.22	6,791,520.20	216,624.03	122,475.46	70,187.70	7,480,023.61
(1). Disposal or scrapping	0.00	279,216.22	6,791,520.20	216,624.03	122,475.46	70,187.70	7,480,023.61
(2). Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Ending balance	0.00	487,845,562.78	1,225,599,567.74	15,984,392.45	37,957,107.40	3,558,730.79	1,770,945,361.16
<b>III. Provision for impairment</b>			-				
1. Beginning balance	0.00	1,500.00	4,861,726.67	0.00	14,618.31	207,849.68	5,085,694.66
2. Increase	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1). Accrual	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Decrease	0.00	0.00	47,160.63	0.00	0.00	0.00	47,160.63
(1). Disposal or scrapping	0.00	0.00	47,160.63	0.00	0.00	0.00	47,160.63
(2). Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Ending balance	0.00	1,500.00	4,814,566.04	0.00	14,618.31	207,849.68	5,038,534.03
<b>IV. Carrying amount</b>							
1. Ending balance	0.00	501,289,420.48	855,166,151.34	13,114,789.00	29,779,041.68	2,223,061.63	1,401,572,464.13
2. Beginning balance	0.00	514,263,582.78	883,279,113.79	14,472,177.93	30,913,113.93	2,514,707.59	1,445,442,696.02

*Notes:* The depreciation recognized as profit or loss for the period is RMB76,433,268.34 Yuan.

Addition on fixed assets for the period includes RMB30,974,747.22 Yuan transferred from construction in progress.

The profit on sale of fixed asset in the Current period is RMB -176,105.95 Yuan.

The original cost of fixed assets that has been fully depreciated but still in use is RMB743,765,409.16 Yuan.

(1) *Fixed assets leased out by operating leases*

Items	Ending balance
Machinery	15,247,464.87
Building	<u>120,283,877.96</u>

(2) *Fixed assets with formalities of property rights transfer are still in progress*

Items	Book value	Reason
YTO Industrial Park staff dining hall three-layer frame	5,920,869.30	In progress and expected to be finalised in December 2015

**13. Construction in progress**

(1) *Breakdown*

Project name	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Core capacity upgrading project on new wheeled tractor	205,358,829.13	0.00	205,358,829.13	206,457,303.05	0.00	206,457,303.05
Agricultural high-power diesel engine project	155,951,069.89	0.00	155,951,069.89	60,810,592.40	0.00	60,810,592.40
New giant parts workshop of No. 3 Assembling Factory	66,433,355.47	0.00	66,433,355.47	52,511,937.03	0.00	52,511,937.03
EPC project	15,041,213.76	0.00	15,041,213.76	15,041,213.76	0.00	15,041,213.76
Forged crankshaft machining line project	11,847,358.78	0.00	11,847,358.78	13,540,080.94	0.00	13,540,080.94
Enhancement of the heat treatment 400and LF904 fender welding automatic production line	6,250,342.66	0.00	6,250,342.66	6,207,418.13	0.00	6,207,418.13
Industrial park large wheel tractor project	3,217,948.72	0.00	3,217,948.72	3,217,948.72	0.00	3,217,948.72
Others	1,729,692.00	0.00	1,729,692.00	1,729,692.00	0.00	1,729,692.00
	<u>82,332,439.74</u>	<u>8,533,977.20</u>	<u>73,798,462.54</u>	<u>96,016,341.78</u>	<u>8,533,977.20</u>	<u>87,482,364.58</u>
<b>Total</b>	<u>548,162,250.15</u>	<u>8,533,977.20</u>	<u>539,628,272.95</u>	<u>455,532,527.81</u>	<u>8,533,977.20</u>	<u>446,998,550.61</u>

(2) *Changes of significant construction in progress projects in the period*

Project name	Beginning balance	Increase	Transferred to fixed assets	Other decrease	Ending balance
Core capacity upgrading project on new wheeled tractor	206,457,303.05	310,557.65	1,409,031.57	0.00	205,358,829.13
Agricultural high-power diesel engine project	60,810,592.40	95,140,477.49	0.00	0.00	155,951,069.89
New giant parts workshop of No. 3 Assembling Factory	52,511,937.03	13,921,418.44	0.00	0.00	66,433,355.47
EPC project	15,041,213.76	0.00	0.00	0.00	15,041,213.76
Forged crankshaft machining line project	13,540,080.94	4,298,971.05	5,991,693.21	0.00	11,847,358.78
Enhancement of the heat treatment 400and LF904 fender welding automatic production line	6,207,418.13	42,924.53	0.00	0.00	6,250,342.66
Industrial park large wheel tractor project	3,217,948.72	0.00	0.00	0.00	3,217,948.72
Others	1,729,692.00	0.00	0.00	0.00	1,729,692.00
	<u>96,016,341.78</u>	<u>17,460,207.23</u>	<u>23,574,022.44</u>	<u>7,570,086.83</u>	<u>82,332,439.74</u>
<b>Total</b>	<b><u>455,532,527.81</u></b>	<b><u>131,174,556.39</u></b>	<b><u>30,974,747.22</u></b>	<b><u>7,570,086.83</u></b>	<b><u>548,162,250.15</u></b>

*Note:* Decrease in others for the period is transferred 43,468.37 Yuan into low value consumption goods, and 23,250.94 Yuan into intangible assets, and transferred 7,503,367.52 Yuan from foundry factory to YTO (Luoyang) Foundry Co., Ltd..

Project name	Budget	Percentage of	Rate of	Accumulated	Including:	Interest	Sources of funds
		actual project			capitalization	capitalization	
		investment to	progress (%)	capitalization	of interest in	rate (%)	
		budget (%)		of interest	this year	in this year	
Core capacity upgrading project on new wheeled tractor	562,100,000.00	63.57	90.00	0.00	0.00		Fund-raising
Agricultural high-power diesel engine project	171,691,100.00	97.48	80.00	12,829,031.02	0.00	4.404-6.9	Fund-raising
New giant parts workshop of No. 3 Assembling Factor	97,000,000.00	81.16	90.00	0.00	0.00		Fund-raising
EPC project	29,773,300.00	50.52	90.00	0.00	0.00		Self-raised
Forged crankshaft machining line project	149,020,000.00	80.86	90.00	819,901.92	0.00	4.404-6.9	Self-raised
Enhancement of the heat treatment 400and LF904 fender welding automatic production line	14,800,000.00	84.80	90.00	0.00	0.00		Self-raised
Industrial park large wheel tractor project	6,275,000.00	51.28	40.00	0.00	0.00		Self-raised
Others	1,050,000.00	99.00	99.00	0.00	0.00		Self-raised
	139,492,000.00	-	-	2,535,622.02	0.00	4.404-6.9	Self-raised
<b>Total</b>	<b>1,171,201,400.00</b>	<b>/</b>	<b>/</b>	<b>16,184,554.96</b>	<b>0.00</b>	<b>/ /</b>	

**(3) *There is no increase on provision for impairment on construction in progress***

Items	Beginning balance	Increase	Decrease	Ending balance
Provision for impairment on construction in progress	8,533,977.20	0.00	0.00	8,533,977.20

## 14. Intangible assets

### (1) Breakdown

Items	Land use right	Patent	Trademarks	Software	Building use right	Others	Total
<b>I. Original cost</b>							
1. Beginning balance	554,719,439.40	1,477,553.68	59,501,000.00	27,804,865.87	0.00	0.00	643,502,858.95
2. Increase	0.00	0.00	0.00	72,230.94	0.00	0.00	72,230.94
(1) Purchase	0.00	0.00	0.00	48,980.00	0.00	0.00	48,980.00
(2) Transferred from construction in progress	0.00	0.00	0.00	23,250.94	0.00	0.00	23,250.94
3. Decrease	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(2) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Ending balance	554,719,439.40	1,477,553.68	59,501,000.00	27,877,096.81	0.00	0.00	643,575,089.89
<b>II. Accumulated amortization</b>							
1. Beginning balance	43,024,379.48	133,423.02	0.00	15,909,922.01	0.00	0.00	59,067,724.51
2. Increase	6,933,934.47	90,350.69	0.00	2,437,663.82	0.00	0.00	9,461,948.98
(1) Accrual	6,933,934.47	90,350.69	0.00	2,437,663.82	0.00	0.00	9,461,948.98
3. Decrease	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(3) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Ending Balance	49,958,313.95	223,773.71	0.00	18,347,585.83	0.00	0.00	68,529,673.49
<b>III. Provision for impairment</b>							
1. Beginning balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Increase	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1) Accrual	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Decrease	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(2) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Ending Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>IV. Carrying amount</b>							
1. Ending balance	504,761,125.45	1,253,779.97	59,501,000.00	9,529,510.98	0.00	0.00	575,045,416.40
2. Beginning balance	511,695,059.92	1,344,130.66	59,501,000.00	11,894,943.86	0.00	0.00	584,435,134.44

### (2) Land use rights not yet obtained property license:

None.



## 15. Long-term deferred expenses

Items	Beginning balance	Increase	Amortization	Other deductions	Ending balance
Amortization on moulding machine	13,986,186.10	7,574,842.03	2,915,255.97	249,572.65	18,396,199.51
Maintenance fee	3,929,531.42	755,764.19	843,651.06	0.00	3,841,644.55
Equipment relocation fee	445,666.11	0.00	140,736.60	0.00	304,929.51
Table board	283,262.13	0.00	169,957.26	0.00	113,304.87
Others	270,940.17	0.00	81,282.06	0.00	189,658.11
<b>Total</b>	<b>18,915,585.93</b>	<b>8,330,606.22</b>	<b>4,150,882.95</b>	<b>249,572.65</b>	<b>22,845,736.55</b>

*Note:* Other decrease is due to external sale.

## 16. Deferred tax assets/deferred tax liabilities

### (1) *Recognized deferred tax assets*

Items	Ending balance		Beginning balance	
	Deferred tax assets	Deductible temporary difference	Deferred tax assets	Deductible temporary difference
Provision for inventory impairment	18,074,361.88	2,711,154.28	18,506,932.80	2,776,039.92
Termination welfare	18,192,932.08	2,728,939.81	20,372,633.09	3,055,894.96
Wages payable and accrued expense	76,927,214.03	11,539,082.11	8,460,272.00	1,269,040.80
<b>Total</b>	<b>113,194,507.99</b>	<b>16,979,176.20</b>	<b>47,339,837.89</b>	<b>7,100,975.68</b>

(2) *Deferred tax liabilities regonized*

Items	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Fair value change of available-for-sale financial assets	<u>56,832,000.00</u>	<u>8,524,800.00</u>	<u>44,160,000.00</u>	<u>6,624,000.00</u>
<b>Total</b>	<b><u>56,832,000.00</u></b>	<b><u>8,524,800.00</u></b>	<b><u>44,160,000.00</u></b>	<b><u>6,624,000.00</u></b>

(3) *Deductible temporary difference that are not recognized as deferred tax assets*

Item	Ending balance	Beginning balance
Provision for bad debts	<b>157,562,195.14</b>	131,238,211.34
Impairment on long-term equity investments	<b>25,954,515.65</b>	25,954,515.65
Impairment on available-for-sale financial assets	<b>4,322,800.00</b>	4,322,800.00
Impairment on fixed assets	<b>5,038,534.03</b>	5,085,694.66
Impairment on construction in progress	<b>8,533,977.20</b>	8,533,977.20
<b>Total</b>	<b><u>201,412,022.02</u></b>	<b><u>175,135,198.85</u></b>

## 17. Short-term loans

### (1) Categories

Category	Ending balance	Beginning balance
Credit loans	<u>1,595,855,480.00</u>	<u>1,528,219,200.00</u>
<b>Total</b>	<b><u>1,595,855,480.00</u></b>	<b><u>1,528,219,200.00</u></b>

(2) *There is no short-term loan overdue in the end of the period.*

## 18. Notes payable

Category	Ending balance	Beginning balance
Bank acceptance notes	606,364,318.10	483,664,811.06
Commercial acceptance notes	<u>65,456,190.46</u>	<u>340,670,979.21</u>
<b>Total</b>	<b><u>671,820,508.56</u></b>	<b><u>824,335,790.27</u></b>

## 19. Accounts payable

### (1) Breakdown

Items	Ending balance	Beginning balance
Purchase payable	1,487,298,434.92	793,568,366.17
Construction materials payable	75,906,070.30	64,101,792.59
Service fee payable	10,961.00	2,251,949.76
Others	<u>29,342,172.00</u>	<u>47,506,070.00</u>
<b>Total</b>	<b><u>1,592,557,638.22</u></b>	<b><u>907,428,178.52</u></b>

(2) *Aging analysis*

<b>Item</b>	<b>Ending balance</b>	<b>Beginning balance</b>
Within 1 year	<b>1,539,561,730.47</b>	851,704,511.14
1 to 2 years	<b>19,466,406.15</b>	16,011,848.27
2-3 years	<b>6,170,247.18</b>	5,687,925.31
Over 3 years	<b>27,359,254.42</b>	34,023,893.80
<b>Total</b>	<b><u>1,592,557,638.22</u></b>	<b><u>907,428,178.52</u></b>

(3) *Accounts payable with significant amount aged over 1 year*

<b>Item</b>	<b>Amount due</b>	<b>Reasons</b>
Zhangjiagang Bonded Area Yetai International trade Co., Ltd	<b>5,915,437.00</b>	Transaction incompletion
Bengang Steel Plates Co., Ltd	<b>1,789,968.08</b>	Quality dispute
Zhengzhou Wutai Trade Co., Ltd	<b>1,194,568.50</b>	Transaction incompletion
<b>Total</b>	<b><u>8,899,973.58</u></b>	/

**20. Advance from customers**

(1). *Breakdown*

<b>Items</b>	<b>Ending balance</b>	<b>Beginning balance</b>
Within 1 year (including 1 year)	<b>93,528,504.34</b>	134,548,831.26
Over 1 year	<b>3,798,917.97</b>	4,041,845.38
<b>Total</b>	<b><u>97,327,422.31</u></b>	<b><u>138,590,676.64</u></b>

(2). *Significant amounts aged over 1 year:*

None.

## 21. Employee benefit payable

### (1) Categories

Items	Beginning balance	Increase	Decrease	Ending balance
1. Short-term remuneration	10,404,803.92	271,129,585.13	266,428,916.56	15,105,472.49
2. Post-employment welfare – Defined Contribution Plan	44,804.97	44,289,162.55	44,316,619.15	17,348.37
3. Termination benefits	20,372,633.09	2,433,226.63	4,612,927.64	18,192,932.08
<b>Total</b>	<b>30,822,241.98</b>	<b>317,851,974.31</b>	<b>315,358,463.35</b>	<b>33,315,752.94</b>

### (2) Short-term remuneration

Items	Beginning balance	Increase	Decrease	Ending balance
1. Wages or salaries, bonuses, allowances and subsidies	8,460,272.00	172,740,922.79	173,305,674.87	7,895,519.92
2. Staff welfare	0.00	17,380,386.92	16,331,595.89	1,048,791.03
3. Social securities	0.00	15,796,804.39	15,783,512.54	13,291.85
Inc.: – Medical insurance	0.00	13,070,045.08	13,056,753.23	13,291.85
– Work-related injury insurance	0.00	1,363,346.17	1,363,346.17	0.00
– Maternity insurance	0.00	1,363,413.14	1,363,413.14	0.00
4. Housing funds	0.00	16,982,969.25	16,982,969.25	0.00
5. Union & education funds	1,708,157.24	5,923,894.35	1,720,203.58	5,911,848.01
6. Short-term paid absences	0.00	0.00	0.00	0.00
7. Short-term profit sharing plan	0.00	0.00	0.00	0.00
8. Others	236,374.68	42,304,607.43	42,304,960.43	236,021.68
<b>Total</b>	<b>10,404,803.92</b>	<b>271,129,585.13</b>	<b>266,428,916.56</b>	<b>15,105,472.49</b>

### (3) *Defined contribution plan*

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension	0.00	34,061,456.46	34,061,456.46	0.00
2. Annuity	44,804.97	7,543,400.09	7,570,856.69	17,348.37
3. Unemployment insurance	0.00	2,684,306.00	2,684,306.00	0.00
<b>Total</b>	<b>44,804.97</b>	<b>44,289,162.55</b>	<b>44,316,619.15</b>	<b>17,348.37</b>

### 22. Taxes payable

Items	Ending balance	Beginning balance
Value-Added Tax (VAT)	<b>-273,132,966.37</b>	-306,472,721.67
Business Tax	<b>28,693.79</b>	98,225.20
Corporate Income Tax	<b>25,215,567.51</b>	11,566,520.54
Individual Income Tax	<b>586,747.77</b>	547,368.23
Urban Maintenance and Construction Tax	<b>2,008.56</b>	6,902.95
Property Tax	<b>2,112,960.09</b>	3,606,960.54
Land use Tax	<b>901,313.19</b>	970,986.47
Education Surcharge	<b>1,434.70</b>	4,930.68
Others	<b>183,265.30</b>	207,658.20
<b>Total</b>	<b>-244,100,975.46</b>	<b>-289,463,168.86</b>

### 23. Interests payable

Item	Ending balance	Beginning balance
Interest payable on corporate bonds	<b>15,143,465.78</b>	50,334,301.01
Interest payable on short loans	<b>6,380,000.00</b>	6,390,000.00
<b>Total</b>	<b>21,523,465.78</b>	<b>56,724,301.01</b>

## 24. Dividend payable

Item	Ending balance	Beginning balance
Ordinary shares dividend	<u>48,659,104.28</u>	<u>0.00</u>

## 25. Other payables

### (1). Categorized by nature

Item	Ending balance	Beginning balance
Receivables and payables	92,911,699.20	95,753,140.19
Security deposit	52,962,842.21	60,142,212.34
Expenses payable	5,000,762.68	4,030,435.04
Agent collection and payment	4,901,808.96	4,824,683.75
Others	<u>14,783,397.26</u>	<u>10,363,414.09</u>
<b>Total</b>	<b><u>170,560,510.31</u></b>	<b><u>175,113,885.41</u></b>

### (2). Significant amount aged over 1 year

Creditor	Amount due	Reasons for unsettled
YTO (Luoyang) Harvesting Machinery Co., Ltd	4,031,683.97	Not settled yet
YTO Group Corporation	49,340,612.33	Payment to be paid
YTO Flag Auto-body Company Limited	<u>3,300,000.00</u>	Payment to be paid
<b>Total</b>	<b><u>56,672,296.30</u></b>	–

## 26. Non-current liabilities due within one year

Items	Ending balance	Beginning balance
Long-term loans due within 1 year	17,174,750.00	18,639,000.00
Deferred revenues due within 1 year	6,874,000.00	6,874,000.00
<b>Total</b>	<b>24,048,750.00</b>	<b>25,513,000.00</b>

## 27. Other current liabilities

Items	Ending balance	Beginning balance
Discounts given	0.00	175,947.00
Sales and warranty service	41,300,000.00	6,130,000.00
Agent fees	1,420,000.00	1,920,000.00
Others	26,311,694.11	54,813.00
<b>Total</b>	<b>69,031,694.11</b>	<b>8,280,760.00</b>

## 28. Long-term loans

### (1) Categories

Categories	Ending balance	Beginning balance
Credit loans	51,524,250.00	65,236,500.00
Less: due within 1 year	17,174,750.00	18,639,000.00
<b>Total</b>	<b>34,349,500.00</b>	<b>46,597,500.00</b>



## 29. Bonds payable

### (1) Categories

Item	Ending balance	Beginning balance
12 YTO 01 Coporate bond	<b>796,923,808.99</b>	796,393,416.63
12 YTO 02 Coporate bond	<b>696,175,352.34</b>	695,578,322.56
<b>Total</b>	<b><u>1,493,099,161.33</u></b>	<b><u>1,491,971,739.19</u></b>

### (2) Changes of bond payables

Item	Face value	Issue date	Term	Issued amount	Beginning balance	Amount issued for the period	Interest accrued	Amortisation	Interest paid for the period	Ending balance
							based on the face value	on discount or premium		
12 YTO 01 Coporate bond	800,000,000.00	2013-3-4	5 years	794,550,000.00	796,393,416.63	0.00	89,319,452.05	2,373,808.99	38,400,000.00	796,923,808.99
12 YTO 02 Coporate bond	700,000,000.00	2013-5-30	5 years	693,734,150.95	695,578,322.56	0.00	65,675,342.47	2,441,201.39	31,500,000.00	696,175,352.34
<b>Total</b>	<b><u>/</u></b>	<b><u>/</u></b>	<b><u>/</u></b>	<b><u>1,488,284,150.95</u></b>	<b><u>1,491,971,739.19</u></b>	<b><u>0.00</u></b>	<b><u>154,994,794.52</u></b>	<b><u>4,815,010.38</u></b>	<b><u>69,900,000.00</u></b>	<b><u>1,493,099,161.33</u></b>

## 30. Deferred income

Items	Beginning balance	Increase	Decrease	Ending balance	Reason of formation
Government grants	<b><u>126,198,362.41</u></b>	<b><u>0.00</u></b>	<b><u>3,437,000.00</u></b>	<b><u>122,761,362.41</u></b>	Government grants

## Government grants projects:

Unit: Yuan Currency: RMB

Items	Beginning balance	Increase	The amount recorded into non-operating income	Other changes	Ending balance	Related to assets/ Related to earnings
The upgrade of core ability in new type of wheeled tractors	53,200,000.00	0.00	0.00	0.00	53,200,000.00	Related to assets
High-power non-road diesel engines	49,000,000.00	0.00	0.00	0.00	49,000,000.00	Related to assets
Diesel engine crankshaft forging line	6,780,000.00	0.00	0.00	1,695,000.00	5,085,000.00	Related to assets
Technical innovation of wheeled tractors	6,920,000.00	0.00	0.00	1,384,000.00	5,536,000.00	Related to assets
C series of government project aid	4,296,000.00	0.00	0.00	358,000.00	3,938,000.00	Related to assets
Annual output of 1000 big horsepower shift heavy wheeled tractors	2,750,000.00	0.00	0.00	0.00	2,750,000.00	Related to assets
Energy-saving diesel engine crankshaft machining production line project	2,700,000.00	0.00	0.00	0.00	2,700,000.00	Related to assets
Special funds for large wheeled tractor gearbox flexible production line technology integration and demonstration	419,960.00	0.00	0.00	0.00	419,960.00	Related to assets
Others	132,402.41	0.00	0.00	0.00	132,402.41	Related to assets
<b>Total</b>	<b>126,198,362.41</b>	<b>0.00</b>	<b>0.00</b>	<b>3,437,000.00</b>	<b>122,761,362.41</b>	/

Note: The other changes are the deferred income which has been transferred to non-current liabilities due within one year.

## 31. Share capital

Item	Beginning balance	Changes in Current period				Others	Sub-total	Ending balance
		Issue new shares	Complimentary shares	Accumulation funds to equity				
Total shares	995,900,000.00	0.00	0.00	0.00	0.00	0.00	995,900,000.00	

### 32. Capital reserves

Unit: Yuan Currency: RMB

Items	Beginning balance	Increase	Decrease	Ending balance
Share premium	1,953,153,395.43	0.00	0.00	1,953,153,395.43
Other capital reserves	64,872,267.48	0.00	0.00	64,872,267.48
Inc.: others	64,872,267.48	0.00	0.00	64,872,267.48
<b>Total</b>	<b>2,018,025,662.91</b>	<b>0.00</b>	<b>0.00</b>	<b>2,018,025,662.91</b>

### 33. Other comprehensive income

Items	Beginning balance	Amount before income tax	Changes in Current period				Ending balance
			Less: income previously recognised and transferred to profit/loss in current period	Less: income tax expenses	Amount attributable to the parent company after income tax	Amount attributable to minority shareholders after income tax	
1. Other comprehensive income that will not be reclassified into profit or loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Other comprehensive income that will be reclassified into profit or loss	37,536,000.00	12,672,000.00	0.00	1,900,800.00	10,771,200.00	0.00	48,307,200.00
Gains and losses from changes in fair value of available-for-sale financial assets	37,536,000.00	12,672,000.00	0.00	1,900,800.00	10,771,200.00	0.00	48,307,200.00
Foreign currencies translation differences	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>37,536,000.00</b>	<b>12,672,000.00</b>	<b>0.00</b>	<b>1,900,800.00</b>	<b>10,771,200.00</b>	<b>0.00</b>	<b>48,307,200.00</b>

### 34. Special reserves

Item	Beginning balance	Increase	Decrease	Ending balance
Safety production costs	0.00	4,240,187.75	4,240,187.75	0.00

### 35. Surplus reserves

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	294,479,564.73	0.00	0.00	294,479,564.73
Discretionary surplus reserves	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total</b>	<b><u>294,479,564.73</u></b>	<b><u>0.00</u></b>	<b><u>0.00</u></b>	<b><u>294,479,564.73</u></b>

### 36. Retained earnings

Items	Current period	Last period
Last period ending balance before adjustments	<b>1,231,464,769.67</b>	911,189,187.88
Total adjustment of beginning balance (increase+,decrease-)	<b>0.00</b>	0.00
Current period beginning balance after adjustments	<b>1,231,464,769.67</b>	911,189,187.88
Add: Net profit for the year attributable to owners of the parent company	<b>244,950,248.11</b>	422,255,090.88
Less: Statutory surplus reserve	<b>0.00</b>	42,225,509.09
Discretionary surplus reserve	<b>0.00</b>	0.00
General risk reserves	<b>0.00</b>	0.00
Dividends payable on ordinary shares	<b>50,790,900.00</b>	59,754,000.00
Ordinary shares dividends transferred to share capital	<b>0.00</b>	0.00
Current period ending balance	<b><u>1,425,624,117.78</u></b>	<b><u>1,231,464,769.67</u></b>

### 37. Operating revenue and operating cost

Items	Current period		Last period	
	Revenue	Cost	Revenue	Cost
Primary business	4,085,010,080.24	3,514,782,870.80	4,061,905,417.90	3,594,524,262.35
Other business	<u>51,086,925.82</u>	<u>31,466,143.77</u>	<u>24,430,424.24</u>	<u>2,925,410.51</u>
<b>Total</b>	<b><u>4,136,097,006.06</u></b>	<b><u>3,546,249,014.57</u></b>	<b><u>4,086,335,842.14</u></b>	<b><u>3,597,449,672.86</u></b>

### 38. Investment income

Items	Current period	Last period
Long-term equity investments by cost method	<b>45,072,343.00</b>	65,404,500.00
Long-term equity investments by equity method	<b>1,893,556.87</b>	-71,435.22
Disposal of long-term equity investments	<b>0.00</b>	0.00
Investment income on financial assets measured at fair value and the changes are recorded into profit and loss in the holding period	<b>0.00</b>	0.00
Investment income on disposal of financial assets measured at fair value and the changes are recorded into profit and loss in the current period	<b>0.00</b>	0.00
Investment returns on held-to-maturity investment during the holding period	<b>0.00</b>	0.00
Investment returns on available-for-sale financial assets during the holding period	<b>2,376,000.00</b>	0.00
Investment returns on disposal of available-for-sale financial assets	<b>0.00</b>	0.00
After the loss of control, gains from remeasuring the remaining equity at fair value	<b>0.00</b>	0.00
Others	<b><u>96,000.00</u></b>	<u>-22,063.90</u>
<b>Total</b>	<b><u>49,437,899.87</u></b>	<b><u>65,311,000.88</u></b>

## XVII.SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

### 1. Gain or loss from extraordinary items

Item	Current period	Note
Gain or loss on disposal of non-current assets	-909,893.17	
Unauthorized or informal approval documents or one-off tax returns and exemptions on tax	0.00	
Government subsidy recognized in current profit or loss	8,805,040.40	
Payment for using state funds for non-finance institutes in current profit or loss	0.00	
Income from the difference between the cost of investment on subsidiaries, associates and joint ventures and the fair value of identifiable net assets of invested entities	0.00	
Gain or loss from transferring of non-monetary assets	0.00	
Gain or loss from investments under entrust by others or assets under management by others	0.00	
Provisions of impairment of assets due to force majeure such as nature disasters	0.00	
Gain or loss on debt restructuring	205,200.00	
Gain or loss on corporation restructuring	0.00	
Gain or loss arising from the difference between the not-arm-length of a transaction which has a unfair trading price and the fair value of the price	0.00	
Current net profit and loss of the subsidiary under the common control from the beginning date to the consolidated date	0.00	
Gain or loss from non-related business operations or contingencies	0.00	
Profit or loss from changes of the fair value of tradable financial assets and liabilities held and investment income from disposal of tradable financial assets and liabilities and available for sale financial assets, except for hedging related to companies' daily operations	11,755,465.11	
Reversal of impairment of receivables on individually impairment test	0.00	
Gain or loss from entrusted loans	0.00	

Item	Current period	Note
Gain or loss from changes in the fair value of investment properties using the fair value model as a subsequent measurement	0.00	
Impact on gain or loss from one-off adjustments on current gain or loss in accordance with the requirement of tax, accounting and other laws and regulations	0.00	
Custody income earned from entrusted operation	0.00	
Profit or loss from assignment of long-term equity investment	0.00	
Other non-operating income and expenses except for mentioned above	1,322,061.19	
Gain or loss from other extraordinary items	0.00	
Effects on income tax	-2,613,612.21	
Effects on non-controlling interests (after tax)	-3,166,971.95	
<b>Total</b>	<b><u><u>15,397,289.37</u></u></b>	

## 2. Return on net assets and earnings per share (EPS)

Profit in reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of the common shares of the Company	3.21	0.1493	0.1493
Net profit attributable to shareholders of the common shares of the Company after non-operating profit or loss	<u>2.88</u>	<u>0.1338</u>	<u>0.1338</u>

## 3. Reconciliation on shareholders' equity and profit from HKFRS to Chinese ASBEs

Unapplicable

## **VI. REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor its subsidiaries repurchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

## **VII. CORPORATE GOVERNANCE CODE**

During the Reporting Period, the Company has complied with the principles and most of the code provisions under the "Corporate Governance Code and Corporate Governance Report" as set out in Appendix 14 to the Listing Rules of the Stock Exchange, except for the deviation from code provision A.2.1 which sets out that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the Board believes that this structure will not affect the balance of powers between the Board and the management.

On 14 August 2015, the Board of the Company has considered and approved the election of Mr. Wu Yong as the general manager of the Company. Current governance structure of the Company is in compliance with the corporate governance policy as set out in Appendix 14 to the Listing Rules of the Stock Exchange.

## **VIII. AUDIT COMMITTEE**

The Audit Committee of the Company consists of 3 Directors, with majority members being independent non-executive Directors and Mr. Wu Tak Lung, an independent non-executive Director of the Company serves as the chairman of the Audit Committee. The composition of the Audit Committee under the Board is in compliance with the provisions under Rule 3.21 of the Listing Rules of the Stock Exchange.

During the Reporting Period, four meetings of the Audit Committee under the Board were held, at which the committee reviewed 11 resolutions, including the resolutions in relation to the annual report and financial statement preparation plan for the year 2014, the annual report, the internal control self-appraisal report, the implementation of connected transactions and the ordinary connected transaction between the Company and ZF YTO Axle Co., Ltd., the appointment of financial auditor and internal control auditor of the Company for the year 2015 and the 2015 first quarterly report, etc.. It also earnestly reviewed the annual audit, quarterly financial statements and the implementation of the ordinary connected transactions and other significant events of the Company, earnestly fulfilling its responsibility as the Audit Committee under the Board.



The Audit Committee under the Board has reviewed the Group's 2015 Interim Report and agreed with the financial accounting principles, standards and methods adopted for the preparation of the Group's unaudited interim financial statements for the six months ended 30 June 2015.

## DEFINITIONS

Unless the context otherwise requires, the following terms should have the following meanings in this announcement:

A Share	means	ordinary shares as approved by the CSRC which are issued to domestic investors and qualified foreign investors, traded on domestic stock exchange, denominated, subscribed for and traded in RMB
agricultural machinery	means	various machinery used in the crop farming and animal husbandry, and the primary processing of agricultural and animal products
auditor	means	the financial report auditor appointed by the Company, ShineWing Certified Public Accountants LLP, as the Company's auditor for the year of 2015
BOL Financial Leasing	means	BOL Financial Leasing Co., Ltd. (洛銀金融租賃股份有限公司), an equity participating company of the Company
Company	means	First Tractor Company Limited (第一拖拉機股份有限公司)
controlled subsidiary	means	a company held as to more than 50% shares or equity interest by the Company, or a company actually controlled by the Company through agreement and arrangement
CSRC	means	China Securities Regulatory Commission
diesel engine	means	internal combustion engine that uses diesel as fuel
Group	means	the Company and its controlled subsidiaries

H Share	means	ordinary shares as approved by the CSRC which are issued to foreign investors, and listed with the approval of the Stock Exchange, denominated in RMB, subscribed for and traded in Hong Kong dollars
hi-powered wheeled tractor	means	wheeled tractor with a power of 70 (inclusive) horsepower or above
Jiangyan Power	means	YTO (Jiangyan) Power Machinery Co., Ltd. (一拖(姜堰)動力機械有限公司), a controlled subsidiary of the Company
Listing Rules of the Stock Exchange	means	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
mid-powered wheeled tractor	means	wheeled tractor with a power of 25 (inclusive) to 70 horsepower
mining truck	means	non-road vehicle, mainly used to transport the earth-rock and ores, etc. relating to mine engineering
power machinery	means	diesel engine and fuel injection pump products, etc.
Shanghai Stock Exchange	means	the Shanghai Stock Exchange
Stock Exchange	means	The Stock Exchange of Hong Kong Limited
subsidiary	means	a subsidiary as defined under the Listing Rules of the Stock Exchange
Tractors Research Company	means	Luoyang Tractors Research Institute Co., Ltd. (洛陽拖拉機研究所有限公司), a controlled subsidiary of the Company
YTO	means	YTO Group Corporation (中國一拖集團有限公司), the controlling shareholder of the Company

YTO Axle	means	YTO (Luoyang) Drive Axle Company Limited (一拖(洛陽)車橋有限公司), a wholly owned subsidiary of the Company
YTO Diesel	means	YTO (Luoyang) Diesel Engine Co., Ltd. (一拖(洛陽)柴油機有限公司), a controlled subsidiary of the Company
YTO Finance	means	China YTO Group Finance Company Limited (中國一拖集團財務有限責任公司), a controlled subsidiary of the Company
ZF YTO Axle	means	ZF YTO (Luoyang) Axle Co., Ltd. (采埃孚一拖(洛陽)車橋有限公司), an equity participating company of the Company

By Order of the Board  
**FIRST TRACTOR COMPANY LIMITED\***  
**Yu Lina**  
*Company Secretary*

Luoyang, the PRC  
25 August 2015

*As at the date of this announcement, Mr. Zhao Yanshui is the Chairman of the Company and Mr. Wang Erlong is the vice Chairman of the Company. Other members of the Board are six Directors, namely, Mr. Yan Linjiao, Mr. Wu Zongyan, Mr. Wang Kejun, Mr. Guo Zhiqiang, Mr. Liu Jiguo and Mr. Wu Yong; and four independent non-executive Directors, namely, Mr. Hong Xianguo, Mr. Xing Min, Mr. Wu Tak Lung and Mr. Yu Zengbiao.*

*\* for identification purposes only*