

# DALIAN REFRIGERATION CO., LTD.

## QUARTERLY REPORT FOR THIRD QUARTER, 2012

### §1 Important Notes

1.1 The directors and the Board of Directors, the supervisors and the Supervisory Board, and Senior staff members of Dalian Refrigeration Co., Ltd. (hereinafter referred to as the Company) hereby confirm that there are no any important omissions, fictitious statements or serious misleading carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completeness of the whole contents.

1.2 The Company's quarterly financial report has not been audited.

1.3 Chairman of the Board of Directors of the Company Mr. Zhang He, Financial Majordomo and the head of Accounting Department Ms. Xu Junrao hereby confirm that the financial report of the quarterly report is true and complete.

1.4 This report is written respectively in Chinese and in English. In the event of any discrepancy between the two above-mentioned versions, the Chinese version shall prevail.

### §2 Company Profile

#### 2.1 Major accounting data and financial indexes

Is there any traceable adjustment to the financial statements for the previous report period?

Yes  No  N/A

	2012.9.30	2011.12.31	Increase/decrease over 2011.12.31(%)	
Total assets	2,946,604,767.10	3,053,660,921.27	-3.51%	
Shareholder's equity attributable to parent company	1,785,584,485.08	1,748,822,103.82	2.10%	
Share capital	350,014,975.00	350,014,975.00	0.00%	
Net assets per share attributable to parent company	5.10	5.00	2.00%	
	2012.7-9	Increase/decrease over 2011.7-9(%)	2012.1-9	Increase/decrease over 2011.1-9(%)
Total operating income	357,894,945.23	-26.46%	1,209,113,245.76	-15.71%
Net profit attributable to parent company	25,346,412.22	28.08%	91,738,839.66	-20.42%
Net cash generated from operating activities	-	-	-50,566,652.58	-156.83%
Net cash per share generated from operating activities	-	-	-0.14	-156.00%
Basic earnings per share	0.07	16.67%	0.26	-21.21%
Diluted earnings per share	0.07	16.67%	0.26	-21.21%
Return on equity	1.42%	Increase 0.30 percentage points	5.23%	Decrease 1.30 percentage points
ROE after deducting non-recurring gains/losses	1.42%	Increase 0.44 percentage points	5.05%	Increase 0.93 percentage points

Item of non-recurring gains and losses	Amount from beginning of year to the end of report period
Profit and loss from disposal of non-current assets	-312,194.94
Government subsidies which were included in the current profits and losses	10,500.00
Other non-operating incomes and expenses except the above mentioned	4,675,451.69
Minority equity interests effects	-245,372.69
Income tax effects	-1,031,650.94
Total	3,096,733.12

## 2.2 Total number and particulars of the shareholders by the end of the report period

Total shareholders at the end of report period	40,272	
Particulars about shares held by the top ten negotiable shareholders not subject to conditional sales		
Name of shareholder	EORP (shares)	Type
Dalian Bingshan Group Co., Ltd.	57,641,762	A
SANYO ELECTRIC CO LTD	35,001,500	B
Nuoan Value Growth Securities Investment Fund	11,638,614	A
Nuoan Growth Share Type Securities Investment Fund	7,762,048	A
Guangda Securities Co., Ltd.	2,508,261	A
Dalian Industrial Development Investment Company	1,622,250	A
Jiantou Zhongxin Assets Management Co., Ltd.	1,575,000	A
Jiangxi International Trust Co., Ltd. Fund Trust (Jinshi No. 93)	1,490,000	A
Jiang Youchang	1,311,320	A
Wang Zhi	1,105,232	B

### §3 Important Matters

#### 3.1 Major changes in main financial items and indexes, and description of the cause

Applicable      Inapplicable

<p>1. Notes receivable are conspicuously less than that at the beginning of year mainly due to increase in payment with notes within the report period.</p> <p>2. Prepayment is conspicuously more than that at the beginning of year mainly due to increase in prepayment for transformation and relocation of Casting Business Department.</p> <p>3. Dividends receivable are conspicuously more than that at the beginning of year mainly due to increase in unmatured dividends receivable.</p> <p>4. Other receivables are conspicuously more than that at the beginning of year mainly due to increase in sales reserve.</p> <p>5. Construction under progress is conspicuously more than that at the beginning of year mainly due to increase in expenditures from transformation and relocation of Casting Business Dept.</p> <p>6. Notes payable are conspicuously less than that at the beginning of year mainly due to decrease in purchase amount.</p> <p>7. Dividends payable are conspicuously less than that at the beginning of year mainly due to payment of matured dividends by the subsidiaries of the company.</p> <p>8. Financial expenses are conspicuously less than that in the same period last year mainly due to increase in term deposits within the report period with more interest income.</p> <p>9. The incomes from investment in consolidated and joint ventures are conspicuously more than that in the same period last year mainly due to increase in profits of consolidated and joint ventures.</p> <p>10. Income tax expenses are conspicuously less than that in the same period last year mainly due to a great income from selling a consolidated company in 2011 and increase in taxable income amount.</p> <p>11. The net amount of cash flow from business activities is conspicuously less than that in the same period last year mainly due to decrease in advances on sales from customers.</p>
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#### 3.2 Analytic description of major matters, their influence and solutions

Applicable      Inapplicable

3.3 Undertaking matters for trial sales of state shares and implementation

Applicable    Inapplicable

Except the immature condition of being implementation for management share incentive scheme, Dalian Bingshan Group strictly perform the commitment in share reform.

3.4 Precautions on forecasting that by the beginning of year till the end of the next report period, the accumulated net profit may be turned into loss or change greatly compared with that in the same period of the last year, and description of the cause

Applicable    Inapplicable

3.5 Other important events

3.5.1 Securities investment

Applicable    Inapplicable

3.5.2 Derivatives investment

Applicable    Inapplicable

3.5.3 Table of investigation, communication, interview received

Date of reception	Place of reception	Way of reception	Guest received	Main content of discussion
July 12, 2012	Company's office	By telephone	Research fellow of Zhongxin Securities, researcher of Noan Fund	Information about the fundamentals of the Company that have been disclosed in public
Aug. 22, 2012	Company's office	By telephone	Research fellow of Taikang Life Insurance	
Aug. 24, 2012	Company's office	By telephone	Research fellow of Zhongxin Securities	
Aug. 30, 2012	Company's office	By telephone	Research fellow of Anxin Securities	
Sep. 11, 2012	Company's office	Field investigation	Research fellow of Guangfa Securities	
Sep. 14, 2012	Company's office	By telephone	Research fellow of Haitong Securities	
Sep. 24, 2012	Company's office	By telephone	Research fellow of Zhongjin	

**§4 Financial Report** (attached)

Not audited.

Board of Directors of Dalian Refrigeration Co., Ltd.  
October 22, 2012

## BALANCE SHEET

Prepared by Dalian Refrigeration Co., Ltd.                      September 30, 2012                      Unit: RMB

Assets	September 30, 2012		Dec.31, 2011	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	521,764,545.43	456,799,045.71	690,377,489.30	594,857,597.61
Transaction finance asset				
Notes receivable	38,906,132.62	23,936,971.12	61,349,222.44	51,237,973.23
Accounts receivable	414,529,184.84	208,725,385.30	352,272,297.80	185,606,613.36
Accounts in advance	68,416,077.24	33,221,060.36	45,740,166.61	16,322,595.52
Dividend receivable	7,825,000.00	8,436,887.50	27,875.00	2,550,000.00
Other receivables	19,983,536.92	7,490,731.95	15,337,832.91	5,484,699.04
Inventories	316,401,681.30	128,557,613.35	424,394,356.21	203,119,832.06
Non-current asset due within one year				
Other current assets				
Total current assets	1,387,826,158.35	867,167,695.29	1,589,499,240.27	1,059,179,310.82
Non-current assets:				
Finance asset held available for sales				
Held-to-maturity securities				
Long-term account receivable				
Long-term equity investment	977,368,097.27	1,106,945,326.19	897,199,251.97	1,026,776,480.89
Investment property				
Fixed assets	333,762,502.51	168,103,343.64	345,637,807.19	174,783,093.86
Construction in progress	60,835,300.89	44,461,419.11	34,202,656.33	26,480,045.35
Engineering material				
Disposal of fixed asset				
Productive biological asset				
Oil and gas asset				
Intangible assets	165,854,165.87	98,230,578.66	168,752,848.07	100,108,883.04
Expense on Research and Development				
Goodwill				
Long-term expenses to be apportioned	3,016,138.20	2,640,689.84	3,119,996.94	2,731,400.57
Deferred income tax asset	17,942,404.01	11,770,307.94	15,249,120.50	9,879,538.78
Other non-current asset				
Total non-current asset	1,558,778,608.75	1,432,151,665.38	1,464,161,681.00	1,340,759,442.49
Total assets	2,946,604,767.10	2,299,319,360.67	3,053,660,921.27	2,399,938,753.31

## BALANCE SHEET (CONTINUED)

Liabilities and shareholders' equity	September 30, 2012		Dec.31, 2011	
	Consolidation	Parent Company	Consolidation	Parent Company
Current liabilities:				
Short-term loans	10,000,000.00		13,000,000.00	
Transaction financial liabilities				
Notes payable	79,940,641.15	43,987,793.80	140,955,686.44	114,926,347.95
Accounts payable	493,285,439.90	305,825,823.81	484,167,682.03	319,035,202.48
Accounts received in advance	298,575,560.20	162,553,184.22	357,134,809.60	176,699,547.11
Wage payable	43,683,969.59	12,886,623.07	53,629,466.31	22,616,177.81
Taxes payable	13,401,958.53	6,118,071.57	19,008,551.29	14,406,741.42
Dividend payable	795,393.50	533,156.00	3,783,156.00	533,156.00
Other accounts payable	40,071,928.65	33,323,225.31	49,336,938.85	48,687,496.38
Non-current liabilities due within one year				
Other current liabilities	424,775.25	146,275.25	1,699,101.00	585,101.00
Total current liabilities	980,179,666.77	565,374,153.03	1,122,715,391.52	697,489,770.15
Non-current liabilities:				
Long-term loans				
Bonds payable				
Long-term account payable				
Special accounts payable				
Projected liabilities				
Deferred income tax liabilities				
Other non-current liabilities	82,757,664.39	33,741,661.39	84,713,255.75	35,697,252.75
Total non-current liabilities	82,757,664.39	33,741,661.39	84,713,255.75	35,697,252.75
Total liabilities	1,062,937,331.16	599,115,814.42	1,207,428,647.27	733,187,022.90
Shareholders' equity				
Share capital	350,014,975.00	350,014,975.00	350,014,975.00	350,014,975.00
Capital public reserve	586,837,221.82	585,608,294.20	586,837,221.82	585,608,294.20
Surplus public reserve	458,998,713.57	458,998,713.57	445,492,052.28	445,492,052.28
Retained profit	389,733,574.69	305,581,563.48	366,477,854.72	285,636,408.93
Total owner's equity attributable to parent company	1,785,584,485.08	1,700,203,546.25	1,748,822,103.82	1,666,751,730.41
Minority interests	98,082,950.86		97,410,170.18	
Total owner's equity	1,883,667,435.94	1,700,203,546.25	1,846,232,274.00	1,666,751,730.41
Total liabilities and shareholder's equity	2,946,604,767.10	2,299,319,360.67	3,053,660,921.27	2,399,938,753.31

## INCOME STATEMENT

Prepared by Dalian Refrigeration Co., Ltd. July-September, 2012 Unit: RMB

Items	July-September, 2012		July-September, 2011	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total sales	357,894,945.23	203,979,829.30	486,651,183.78	302,190,778.57
Including: Operating income	357,894,945.23	203,979,829.30	486,651,183.78	302,190,778.57
II. Total operating cost	362,230,494.24	216,962,312.83	473,962,391.22	300,895,392.45
Including: Operating cost	287,117,546.89	175,666,417.65	402,043,914.76	260,902,009.99
Taxes and associate charges	1,939,990.77	820,907.38	1,240,717.64	646,957.74
Selling and distribution expenses	26,761,108.01	14,604,142.06	27,360,825.31	13,815,210.80
Administrative expenses	45,332,154.24	26,127,353.88	43,331,503.73	25,803,752.88
Financial expense	-13,390.99	-256,508.14	431,302.99	-272,538.96
Impairment loss	1,093,085.32		-445,873.21	
Add: gain from change in fair value				
Gain/(loss) from investment	36,243,585.93	36,243,585.93	10,424,147.40	10,424,147.40
Including: income form investment on affiliated enterprise and jointly enterprise	36,243,585.93	36,243,585.93	10,124,147.40	10,124,147.40
Foreign exchange difference				
III. Operating profit	31,908,036.92	23,261,102.40	23,112,939.96	11,719,533.52
Add: non-business income	851,405.31	472,556.31	3,826,297.82	3,511,561.80
Less: non-business expense	144,504.68	103,465.15	170,046.19	19,805.28
Including: loss from non-current asset disposal	133,608.39	103,465.15	92,505.28	19,805.28
IV. Total profit	32,614,937.55	23,630,193.56	26,769,191.59	15,211,290.04
Less: Income tax	3,767,578.65	2,776,684.59	3,007,842.74	576,060.69
V. Net profit	28,847,358.90	20,853,508.97	23,761,348.85	14,635,229.35
Net profit attributable to parent company	25,346,412.22	20,853,508.97	19,789,144.41	14,635,229.35
Minority shareholders' gains and losses	3,500,946.68		3,972,204.44	
VI. Earnings per share				
(I) basic earnings per share	0.07		0.06	
(II) diluted earnings per share	0.07		0.06	
. Other comprehensive income			-7,843,725.00	-7,843,725.00
. Total comprehensive income	28,847,358.90	20,853,508.97	15,917,623.85	6,791,504.35
Total comprehensive income attributable to parent company	25,346,412.22	20,853,508.97	11,945,419.41	6,791,504.35
Total comprehensive income attributable to minority shareholders	3,500,946.68		3,972,204.44	

## INCOME STATEMENT

Prepared by Dalian Refrigeration Co., Ltd.      January-September, 2012      Unit: RMB

Items	January-September, 2012		January-September, 2011	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total sales	1,209,113,245.76	709,035,747.07	1,434,545,806.06	940,852,161.23
Including: Operating income	1,209,113,245.76	709,035,747.07	1,434,545,806.06	940,852,161.23
II. Total operating cost	1,192,268,174.06	711,657,511.97	1,396,558,843.68	928,238,409.85
Including: Operating cost	963,602,691.90	586,391,382.21	1,171,843,807.72	799,280,681.31
Taxes and associate charges	8,745,504.77	4,313,340.57	7,427,091.28	4,804,698.40
Selling and distribution expenses	73,956,008.24	38,249,943.73	73,129,025.99	37,014,557.54
Administrative expenses	133,457,517.58	78,479,482.27	131,114,923.39	76,341,053.61
Financial expense	-2,530,420.62	-3,339,713.45	1,819,618.86	408,479.76
Impairment loss	15,036,872.19	7,563,076.64	11,224,376.44	10,388,939.23
Add: gain from change in fair value				
Gain/(loss) from investment	81,213,814.63	87,751,034.68	98,544,869.84	106,399,107.06
Including: income form investment on affiliated enterprise and jointly enterprise	81,187,812.64	81,187,812.64	45,466,738.34	45,466,738.34
Foreign exchange difference				
III. Operating profit	98,058,886.33	85,129,269.78	136,531,832.22	119,012,858.44
Add: non-business income	7,417,235.79	5,715,272.56	9,194,078.55	7,413,125.52
Less: non-business expense	404,694.57	103,786.42	445,990.57	240,694.26
Including: loss from non-current asset disposal	335,694.94	103,786.42	121,739.95	36,657.70
IV. Total profit	105,071,427.55	90,740,755.92	145,279,920.20	126,185,289.70
Less: Income tax	7,399,993.84	4,786,693.83	20,144,686.15	14,950,315.39
V. Net profit	97,671,433.71	85,954,062.09	125,135,234.05	111,234,974.31
Net profit attributable to parent company	91,738,839.66	85,954,062.09	115,277,536.97	111,234,974.31
Minority shareholders' gains and losses	5,932,594.05		9,857,697.08	
VI. Earnings per share				
(I) basic earnings per share	0.26		0.33	
(II) diluted earnings per share	0.26		0.33	
. Other comprehensive income			20,260,200.00	20,260,200.00
. Total comprehensive income	97,671,433.71	85,954,062.09	145,395,434.05	131,495,174.31
Total comprehensive income attributable to parent company	91,738,839.66	85,954,062.09	135,537,736.97	131,495,174.31
Total comprehensive income attributable to minority shareholders	5,932,594.05		9,857,697.08	

## CASH FLOW STATEMENT

Prepared by Dalian Refrigeration Co., Ltd.

January -September , 2012

Unit: RMB

Items	January -September, 2012		January -September, 2011	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	950,425,594.15	573,133,771.78	1,286,459,044.04	838,491,012.02
Write-back of tax received				
Other cash received concerning operating activities	35,107,845.59	25,173,372.80	47,911,778.96	39,071,650.30
Subtotal of cash inflow arising from operating activities	985,533,439.74	598,307,144.58	1,334,370,823.00	877,562,662.32
Cash paid for purchasing commodities and receiving labor service	658,065,727.01	434,717,129.02	865,163,841.23	546,115,899.90
Cash paid to/for staff and workers	184,845,223.95	112,074,358.61	164,434,927.81	95,191,446.25
Taxes paid	100,322,278.01	60,855,674.64	109,553,977.55	79,979,065.77
Other cash paid concerning operating activities	92,866,863.35	40,956,338.74	106,234,808.36	57,634,023.80
Subtotal of cash outflow arising from operating activities	1,036,100,092.32	648,603,501.01	1,245,387,554.95	778,920,435.72
Net cash flows arising from operating activities	-50,566,652.58	-50,296,356.43	88,983,268.05	98,642,226.60
II. Cash flows arising from investing activities:				
Cash received from recovering investment	579,183.60	579,183.60	6,313,174.25	6,313,174.25
Cash received from investment income	37,526,793.58	42,894,251.13	109,061,664.60	112,633,223.73
Net cash received from disposal of fixed, intangible and other long-term assets	47,186.00		2,887,884.09	2,479,744.22
Net cash received from disposal of subsidiaries and other units				
Other cash received concerning investing activities				
Subtotal of cash inflow from investing activities	38,153,163.18	43,473,434.73	118,262,722.94	121,426,142.20
Cash paid for purchasing fixed, intangible and other long-term assets	36,765,639.08	24,623,234.76	22,453,815.52	11,594,774.62
Cash paid for investment	44,810,220.00	44,810,220.00	7,897,000.00	7,897,000.00
Other cash paid concerning investing activities				
Subtotal of cash outflow from investing activities	81,575,859.08	69,433,454.76	30,350,815.52	19,491,774.62
Net cash flows arising from investing activities	-43,422,695.90	-25,960,020.03	87,911,907.42	101,934,367.58
III. Cash flows arising from financing activities				
Cash received from absorbing investment				
Cash received from loans	4,000,000.00		3,960,000.00	
Other cash received concerning financing activities				
Subtotal of cash inflow from financing activities	4,000,000.00		3,960,000.00	
Cash paid for settling debts	7,500,000.00		53,960,000.00	50,000,000.00
Cash paid for dividend and profit distributing or interest paying	61,742,138.78	52,502,246.25	55,427,907.48	52,446,328.06
Other cash paid concerning financing activities	85,757.44		176,174.70	
Subtotal of cash outflow from financing activities	69,327,896.22	52,502,246.25	109,564,082.18	102,446,328.06
Net cash flows arising from financing activities	-65,327,896.22	-52,502,246.25	-105,604,082.18	-102,446,328.06
IV. Influence on cash due to fluctuation in exchange rate	4,300.83	70.81	-93,691.55	-476.84
V. Net increase of cash and cash equivalents	-159,312,943.87	-128,758,551.90	71,197,401.74	98,129,789.28
Add: Balance of cash and cash equivalents at the period -begin	681,077,489.30	585,557,597.61	491,775,575.71	373,620,785.42
VI. Balance of cash and cash equivalents at the period-end	521,764,545.43	456,799,045.71	562,972,977.45	471,750,574.70