



Incorporated in the Cayman Islands on 14 July 2005

Quarterly Financial Statement for the Third Quarter Ended 30 September 2014 (“3QFY2014”)

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 and Q3), HALF-YEAR AND FULL YEAR RESULTS.

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEP 2014**

	Group			Group		
	3 months ended		+ / (-)	9 months ended		+ / (-)
	1 July 2014-30 Sep 2014 RMB'000	1 July 2013-30 Sep 2013 RMB'000		1 Jan 2014-30 Sep 2014 RMB'000	1 Jan 2013-30 Sep 2013 RMB'000	
Revenue	62,705	43,328	45%	125,412	115,616	8%
Cost of sales	(37,694)	(25,615)	47%	(75,938)	(67,665)	12%
Gross profit	25,011	17,713	41%	49,474	47,951	3%
Other income	(20)	226	-109%	550	1,077	-49%
Selling and distribution expenses	(561)	(1,175)	-52%	(1,902)	(2,899)	-34%
Administrative expenses	(5,838)	(4,943)	18%	(12,419)	(15,209)	-18%
Other operating expenses	(20)	-	NM	(94)	-	NM
Profit before income tax	18,572	11,821	57%	35,609	30,920	15%
Income tax (charge)/credit	(4,732)	4,738	NM	(7,059)	(316)	NM
Net profit after tax	13,840	16,559	-16%	28,550	30,604	-7%
Other comprehensive income/(expenses):						
Currency translation gain/(losses)	(78)	123	NM	(106)	124	NM
Total comprehensive income attributable to equity shareholders of the Company	13,762	16,682	-18%	28,444	30,728	-7%

Note: Profit before income tax is determined after charging/(crediting) the following:



	Group					
	3 months ended		+/(-)	9 months ended		+/(-)
	1 July 2014-30 Sep 2014 RMB'000	1 July 2013-30 Sep 2013 RMB'000		1 Jan 2014-30 Sep 2014 RMB'000	1 Jan 2013-30 Sep 2013 RMB'000	
Depreciation expense	4,386	4,723	-7%	13,744	14,031	-2%
Amortisation of land use right	63	63	0%	188	188	0%
Interest Income	(48)	(69)	-30%	(160)	(159)	1%
Foreign exchange loss/ (gain)	11	238	NM	94	232	NM
(Gain)/ loss on disposal of property, plant and equipment	-	-	NM	68	(40)	NM

NM- Not meaningful



1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 Sep 2014 RMB'000	31 Dec 2013 RMB'000	30 Sep 2014 RMB'000	31 Dec 2013 RMB'000
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	55,409	55,409	55,409	55,409
Share premium	81,527	81,527	81,527	81,527
	136,936	136,936	136,936	136,936
Other Reserves				
Statutory reserve	24,052	24,052	-	-
Foreign exchange reserve	(3,629)	(3,523)	-	-
	20,423	20,529	-	-
Retained earnings	165,701	137,151	(839)	2,143
TOTAL EQUITY	323,060	294,616	136,097	139,079
ASSETS				
Non-current assets				
Property, plant and equipment	116,620	114,079	-	-
Subsidiaries	-	-	156,236	156,236
Land use right	10,352	10,540	-	-
	126,972	124,619	156,236	156,236
Current assets				
Inventories	33,726	22,384	-	-
Trade receivables	151,677	121,569	-	-
Other receivables, deposits and prepayment	3,974	1,319	291	5
Land use right	251	251	-	-
Cash and cash equivalents	75,416	85,817	50	50
	265,044	231,340	341	55
TOTAL ASSETS	392,016	355,959	156,577	156,291
LIABILITIES				
Current liabilities				
Trade payables	58,742	41,748	-	-
Other payables and accruals	5,607	16,436	1,127	1,242
Due to subsidiaries (non-trade)	-	-	19,353	15,970
Income tax payable	4,079	2,631	-	-
	68,428	60,815	20,480	17,212
Non-current liability				
Deferred tax liability	528	528	-	-
TOTAL LIABILITIES	68,956	61,343	20,480	17,212
NET ASSETS	323,060	294,616	136,097	139,079



1(b)(ii) Aggregate amount of Group's borrowings and debt securities

Amount repayable in 1 year or less, or on demand

Group		Group	
As at 30 Sep 2014		As at 31 Dec 2013	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
NIL	NIL	NIL	NIL

Amount repayable after 1 year

Group		Group	
As at 30 Sep 2014		As at 31 Dec 2013	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
NIL	NIL	NIL	NIL



1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	Group			
	3 months ended		9 months ended	
	30 Sep 2014 RMB'000	30 Sep 2013 RMB'000	30 Sep 2014 RMB'000	30 Sep 2013 RMB'000
OPERATING ACTIVITIES				
Profit before taxation	18,572	11,821	35,609	30,920
Adjustments for:				
Depreciation expense	4,386	4,771	13,744	14,172
Amortisation expense	63	63	188	188
Interest Income	(48)	(69)	(160)	(154)
(Gain)/ loss on disposal of property, plant & equipment	-	-	68	(40)
Operating profit before working capital changes	22,973	16,586	49,449	45,086
Inventories	11,666	95	(11,342)	(2,309)
Trade & other Receivables	(18,353)	(17,387)	(30,843)	(45,389)
Trade & other Payables	(5,881)	(1,757)	6,165	(3,624)
Cash generated / (used) in operations	10,405	(2,463)	13,429	(6,236)
Interest received	48	69	160	154
Income tax (charge)/ credit	(2,332)	4,450	(5,611)	(481)
Net Cash generated / (used) in operating activities	8,121	2,056	7,978	(6,563)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(3,197)	(2,097)	(18,278)	(6,754)
Proceeds from disposal of property, plant and equipment	-	-	5	64
Net cash used in investing activities	(3,197)	(2,097)	(18,273)	(6,690)
FINANCING ACTIVITIES				
Pledged deposits	(661)	13,038	(4,701)	6,763
Dividend paid	-	-	-	(6,867)
Net cash used in financing activities	(661)	13,038	(4,701)	(104)
Net decrease in cash and cash equivalents	4,263	12,997	(14,996)	(13,357)
Cash and cash equivalents at beginning of period	60,082	36,063	79,369	62,417
Effects of exchange rate changes in cash and cash equivalent	(78)	124	(106)	124
Cash and cash equivalents at end of period	64,267	49,184	64,267	49,184

Effects of exchange rate changes in cash and cash equivalent

Cash and bank balances comprise the following:

	Group			
	3 months ended		9 months ended	
	30 Sep 2014 RMB'000	30 Sep 2013 RMB'000	30 Sep 2014 RMB'000	30 Sep 2013 RMB'000
Cash and cash equivalent	64,267	49,184	64,267	49,184
Pledged cash placed with bank	11,149	6,547	11,149	6,547
	75,416	55,731	75,416	55,731



1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group

Group	Share Capital RMB'000	Share Premium RMB'000	Statutory Reserve RMB'000	Translation Reserve RMB'000	Proposed final dividend RMB'000	Retained Earnings RMB'000	Total RMB'000
Balance as at 1 Jan 2013	55,409	81,527	19,764	(3,424)	-	104,485	257,761
Total comprehensive income/ (expenses) for the period	-	-	-	124	-	30,604	30,728
Statutory reserves	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	(6,867)	(6,867)
Balance as at 30 Sep 2013	55,409	81,527	19,764	(3,300)	-	128,222	281,622

Group	Share Capital RMB'000	Share Premium RMB'000	Statutory Reserve RMB'000	Translation Reserve RMB'000	Proposed final dividend RMB'000	Retained Earnings RMB'000	Total RMB'000
Balance as at 1 Jan 2014	55,409	81,527	24,052	(3,523)	(6,867)	144,018	294,616
Total comprehensive income/ (expenses) for the period	-	-	-	(106)	-	28,550	28,444
Statutory reserves	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-
Balance as at 30 Sep 2014	55,409	81,527	24,052	(3,629)	(6,867)	172,568	323,060

Company

Company	Share Capital RMB'000	Share Premium RMB'000	Statutory Reserve RMB'000	Translation Reserve RMB'000	Proposed final dividend RMB'000	Retained Earnings RMB'000	Total RMB'000
Balance as at 1 Jan 2013	55,409	81,527	-	-	-	2,350	139,286
Total comprehensive income/ (expenses) for the period	-	-	-	-	-	6,920	6,920
Dividend	-	-	-	-	-	(6,867)	(6,867)
Balance as at 30 Sep 2013	55,409	81,527	-	-	-	2,403	139,339

Company	Share Capital RMB'000	Share Premium RMB'000	Statutory Reserve RMB'000	Translation Reserve RMB'000	Proposed final dividend RMB'000	Retained Earnings RMB'000	Total RMB'000
Balance as at 1 Jan 2014	55,409	81,527	-	-	(6,867)	9,010	139,079
Total comprehensive income/ (expenses) for the period	-	-	-	-	-	(2,982)	(2,982)
Dividend	-	-	-	-	-	-	-
Balance as at 30 Sep 2014	55,409	81,527	-	-	(6,867)	6,028	136,097



1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	Issued share capital USD	Issued share capital RMB
Issued and paid Share Capital as at 31 December 2013 and 30 Sep 2014	274,684,760	6,867,119	55,409,257

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Number of shares	
	30 September 2014	31 December 2013
Issued and paid Share Capital	274,684,760	274,684,760

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

There are certain new International Financial Reporting Standards ("IFRSs") that are published and mandatory for accounting periods beginning on or after 1 January 2014. Where applicable, the adoption of these IFRSs does not have any material impact on the financial statements for the 9 months ending 30 Sep 2014. Apart from this, the same accounting policies and methods of computation have been consistently applied.



5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share for the period based on net profit attributable to shareholders	Group			
	3 months ended		9 months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
Basic earnings per share (RMB cents)	5.04	6.03	10.39	11.14
On a fully diluted basis (RMB cents)	5.04	6.03	10.39	11.14
Weighted average number of ordinary shares in issue for basic earnings per share	274,684,760	274,684,760	274,684,760	274,684,760

There were no potentially dilutive ordinary shares in existence during the current period reported on and the corresponding period of the immediately preceding financial year. Accordingly, there is no difference in basic and diluted earnings per share.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Net asset value per ordinary share based on the issued capital at the end of the financial year (RMB cents)	117.61	107.26	49.55	50.63
Number of shares in calculating net asset value	274,684,760	274,684,760	274,684,760	274,684,760

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and



(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Group's Performance

Statement of Comprehensive Income

On a quarter-on-quarter basis, revenue increased 45% from RMB 43.3 million in 3QFY2013 to RMB 62.7 million in 3QFY2014 primarily due to completion of local orders that were delayed due to rescheduling of production orders in 2QFY2014 and to a smaller extent, overseas orders. For the 9 months ended 30 September 2014, revenue of RMB 125.4 million was only 8% higher than that in the previous year. Gross profit margin remains steady at 40% in 3QFY2013 and 3QFY2014. For the 9 months ended 30 September 2014, gross profit of RMB 49.5 million was 3% higher than that for the previous year.

Selling and distribution expenses reduced from RMB 1.2 million in 3QFY2013 to RMB 561,000 in 3QFY2014. RMB 1.2 million accrued for 3QFY2013 relates to sales commission for a major domestic customer was reversed in 4QFY2013 upon termination of the agreement. In-addition, entertainment, transportation & postage expenses in total amounting to RMB 618,000 were re-classified from Administrative expenses to Selling and distribution expenses in 4QFY2013.

Administrative expenses increased from 4.9 million in 3QFY2013 to 5.8 million in 3QFY2014 primarily due to higher staffing cost, staff welfare and higher mandatory social security contributions at the Changzhou plant, as well as accruals made for professional fees for year-end audit (RMB 668,000).

Its subsidiary, Changzhou 3D Technological Complete Set Equipment Co., Ltd, was granted a concessionary corporate income tax rate of 15% for 3 years in mid- 2013, applied retrospectively from Jan 2012. This preferential status led to a tax refund of RMB 6.4 million in 3QFY2013, resulting in a tax credit of RMB 4.7 million recorded for the quarter. This compares to a tax charge of RMB 4.7 million in 3QFY2014 which comprises a withholding tax of RMB 993,000 paid on dividends distributed from Changzhou plant to the Holding company, the rest being corporate income tax paid from Changzhou plant based on the 15% preferential rate stated above.

As a result, net profit after tax for the period decreased 16% from RMB 16.6 million in 3QFY2013 to RMB 13.8 million in 3QFY2014.

Currency translation losses amounted to RMB 78,000 in 3QFY2014 compared to a gain of RMB 123,000 in 3QFY2013.

Overall, the total comprehensive income attributable to equity shareholders of the company decreased by 18% from RMB 16.7 million in 3QFY2013 to RMB 13.7 million in 3QFY2014.

Statement of Financial Position as at 30 Sep 2014

Property, plant and equipment increased to RMB 116.6 million from RMB 114.1 million, caused by new acquisitions of machines offsetting the effect of depreciation. Cost of new



machines and equipment acquired during the period was RMB 18.3 million, main bulk of it was on 6 new computer numerically controlled (CNC) machines at a cost of RMB 12.3 million delivered in Sep 2014 and 2 measuring instruments at a cost of RMB 1.9 million which will be delivered in 4Q FY2014.

Inventories increased to RMB 33.7 million, from RMB 22.4 million due to the build up in work in progress as well as finished goods. However, on a quarter-to-quarter basis, this represents a reduction from the RMB 45.4 million reported at 2Q FY2014. This was due to completion of orders for a customer whose requirements were for all the finished goods on a contract to be delivered together.

Trade receivables increased to RMB 151.7 million from RMB 121.6 million at the end of September 2014, caused by slower collection from a state-owned-enterprise (SOE) customer. In general, customers continue to experience very tight credit in the Chinese market. These trade receivables included bills receivables amounting to RMB 27.6 million (31 Dec 2013: RMB 22.3 million) received from customers for the settlement of outstanding balances. Of the RMB 27.6 million bills receivable, 27.2% are bank-guaranteed bills (31 Dec 2013 63.6%) with remaining notes from an SOE customer. The company sales team will continue to visit the SOE customer to press for faster settlement.

Other receivables, deposits and prepayments increased from RMB 1.3 million to RMB 4.0 million, mainly due to 1.9 million payments in advance for the measuring instruments mentioned earlier.

Details of trade receivables aging as at 30 Sep 2014 are tabled as follows:

RMB'000	Balance	1-30 days	31-60 days	61-90 days	91-180 days	181-360 days	>1 year
Account Receivable	129,008	46,549	9,612	24,262	37,027	6,754	4,804
Provision for Doubtful Debts	(4,893)	-	-	-	-	(89)	(4,804)
Net Account Receivable	124,115	46,549	9,612	24,262	37,027	6,665	-
Bills Receivable	27,562	500	1,688	2,300	23,074	-	-
Total Trade Receivables @ Sep'14	151,677	47,049	11,300	26,562	60,101	6,665	-
	100%	31%	7%	18%	40%	4%	0%

Trade payables increased to RMB 58.7 million, from RMB 41.7 million. This also included bill payables of RMB 20.5 million (31 Dec 2013: RMB 12.7 million) issued to suppliers for the settlement of outstanding balances. Cash amounting to RMB 11.1 million was pledged with the bank for this facility.

Other payables and accruals decreased to RMB 5.6 million, from RMB 16.4 million, mainly due to settlement of such payables and reclassification to trade payables.



Statement of Cash Flows

Net cash generated in operating activities was RMB 10.4 million in 3QFY2014, compared to net cash used of RMB 2.5 million in 3QFY2013.

Net cash used in investing activities in 3QFY2014 was RMB 3.2 million, reflecting the purchase of new machines and equipment, compared to RMB 2.1 million in 3QFY2013.

Net cash used in financing activities was RMB 661,000 in 3QFY2014 compared to net cash generated of RMB 13.0 million in 3QFY2013 due to the release of cash pledge in 3QFY2013.

As a result of the above, there was a net increase in cash and cash equivalents of about RMB 4.3 million in 3QFY2014.

- 9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

- 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

With the Chinese government giving its priority to reforming the Chinese economy rather than maintaining the levels of economic growth, the industry business outlook remains somewhat challenging, with apparent recent reluctance by PBoC to loosen monetary policy. Management will need to resolve cash management issues posed largely by high trade receivables to meet its need for top-line growth in difficult changing market conditions. The Group will also continue to review its operating capabilities, including the need for replacement of older machinery to maintain if not upgrade operational efficiency to meet increasing customer demand but importantly balancing it with cash availability.

- 11. Dividend**

(a) Current Financial Period Reported On

Any dividend declared/recommended for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.



(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared or recommended.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

14. Confirmation of Interim Financial Statements (Second Quarter) for the period ended 30 Sep 2014 ("3QFY2014")

Pursuant to SGX-ST Listing Rule 705(5), the directors of Shanghai Turbo Enterprises Limited do hereby confirm that to the best of their knowledge, nothing has come to the attention of the board of directors which may render the 3QFY2014 interim financial results to be materially false or misleading. This confirmation has been made without an audit of these financial statements.

BY ORDER OF THE BOARD

Liu Ming
Chairman and CEO

11 November 2014