

Shandong Airlines Co., Ltd. Summary of Semi-Annual Report 2012

I. Important Notes

Board of Directors, Supervisory Committee, all directors, supervisors and senior executives of Shandong Airlines Co., Ltd. (hereinafter referred to as the Company) hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

All directors are attending the Meeting for deliberation and approval for the semi-annual report.

Financial report of this semi-annual report has not been audited by CPA.

Zhang Xingfu, person in charge of the Company, Xu Guojian, person in charge of accounting works, and Wang Wuping, person in charge of accounting institution (accounting officer) hereby confirm the truthfulness and completeness of the Financial Report in the Semi-annual Report 2012.

II. Company Profile

(I) Company profile

Short form for B-stock	Shanhang B	
Code for B-stock	200152	
Listing stock exchange	Shenzhen Stock Exchange	
	Secretary of the Board	Representative of security affairs
Name	Dong Qiantang	Fan Peng
Contact adds.	19/F, SDA Building, No. 5746, Er Huan East Road, Jinan, Shandong	19/F, SDA Building, No. 5746, Er Huan East Road, Jinan, Shandong
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(II) Major financial data and indexes

1. Major accounting data and financial indexes

Whether retroactive adjusted on previous financial report or not

☐ Yes ☒ No

	End of this report period	End of last period	Increase/decrease in this period-end over that of last year (%)
Total assets(RMB)	10,505,185,661.23	9,772,985,545.97	7.49%
Owners' equity attributable to shareholders of the listed company(RMB)	2,080,267,300.97	2,049,244,919.81	1.51%
Share capital(Share)	400,000,000.00	400,000,000.00	0.00%
Net assets per share attributable to shareholder of listed company (RMB/ Share)	5.2	5.12	1.56%
Asset-liability ratio (%)	80.2%	79.03%	1.17 percentages points up
	Reporting period (Jan. to June)	Same period of last year	Increase/decrease in this report period year-on-year (%)
Total business revenue(RMB)	5,072,407,702.98	4,322,532,092.31	17.35%
Business profit(RMB)	224,271,348.25	462,403,813.87	-51.50%

Total profit(RMB)	254,384,133.10	471,886,182.46	-46.09%
Net profit attributable to shareholders of the listed company (RMB)	191,022,381.16	354,185,295.46	-46.07%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	172,303,947.91	351,626,127.86	-51.00%
Basic earnings per share (RMB/Share)	0.48	0.89	-46.07%
Diluted earnings per share (RMB/Share)	0.48	0.89	-46.07%
Weighted average ROE (%)	9.13%	22.94%	13.81 percentages points down
Weighted average ROE after deducting non-recurring gains/losses (%)	8.24%	22.78%	14.54 percentages points down
Net cash flow arising from operating activities(RMB)	641,489,981.41	833,321,188.67	-23.02%
Net cash flow per share arising from operating activities (RMB/Share)	1.6	2.08	-23.08%

Explanation on former accounting data and financial index at period-end

Project	30 th , June, 2012	31 st , December, 2011	Increasing and decreasing changes %	Introductions to reasons of increasing and decreasing changes
Monetary capital	346,351,446.97	248,185,747.48	39.55%	Mainly due to receiving cashes from the end fund-raising
Payment in advance	65,692,293.46	41,348,446.65	58.87%	Mainly due to the increase in leasing aircraft and then the increase in advance deposit
Deferred income tax assets	306,289,060.23	230,402,218.41	32.94%	Mainly due to the increase in the overhaul costs of accrued aircraft assets and deferred income tax assets corresponding to affirming the reward points for frequent flyer
Transaction financial liabilities	6,383,500.14	2,145,521.10	197.53%	Mainly due to the fair value changes of interest rate swaps contract held by the company
Notes payable	—	129,547,193.34	-100.00%	Mainly due to the maturity of bill of exchange
Employee pay payable	171,987,247.15	263,739,110.65	-34.79%	Mainly due to the payment for 2011 annual bonus
	January to June, 2012	January to June, 2011		
Management fee	111,021,150.38	80,241,899.17	38.36%	Mainly due to the increase in labor costs at current period
Financial expenses	130,250,004.76	43,934,555.41	196.46%	Mainly due to the devaluation of RMB, the exchange earning becomes to exchange loss compared with the

				corresponding period of last year
Asset impairment loss	81,973.79	783,970.23	-89.54%	Mainly due to the calculation determined by accounting policies for bad debt reserves executed by the company
Gains arising from changes in fair value	-4,237,979.04	-2,006,791.66	111.18%	Mainly due to the fair value changes of interest rate swaps transaction held by the company
Income from investment	14,378,505.19	7,275,314.20	97.63%	Mainly due to increase in dividends from external investment at current period and loss reduction in actual delivery for the interest rate swap transaction held by the company
Non-operating income	39,354,859.38	17,819,973.11	120.85%	Mainly due to increase in subsidy for flight path
Income tax expenses	63,361,751.94	118,333,075.76	-46.45%	Mainly due to reduction in profits and relevant income tax expense
	January to June, 2012	January to June, 2011		
Cashes paid for others related to operating activities	62,953,082.50	26,736,517.36	135.46%	Mainly due to increase in current funds for paying import aviation materials margin at current period and increase in scale, relevant costs and expenses
Cashes paid for acquisition of fixed assets, intangible assets and other long-term assets	832,707,582.78	555,500,516.86	49.90%	Mainly due to purchase for two CRJ 700 flights whose operating lease is due at the current period
Cashes paid for investment	-	12,255,000.00	-100.00%	Mainly due to purchase for Qingdao logistics stock rights at the same period of last year
Cashes paid for others related to investing activities	916,894.81	2,914,720.42	-68.54%	Mainly due to decrease in actual delivery loss of interest rate swap transaction of the company compared to the same period of last year
Cashes received by issuing bonds	500,000,000.00			Mainly due to MTN issued by the company at the current period
Cashes received from others related to financial activities	7,500,000.00	66,740,000.00	-88.76%	Mainly due to decrease in banker's acceptance and margin financing of Huilida agreement withdrawn by the company at current period
Cashes paid for repayment of debt	281,339,544.44	484,958,885.00	-41.99%	Mainly due to decrease in refund at current period compared with the same period of last year

2. Items of non-recurring gains/losses

√Applicable □Not applicable

Items of non-recurring gains/losses	Amount from year-begin to period-end (RMB)	Note
Gains and losses from disposal of non-current assets	-9,150,038.38	
Tax refund or exemption out of authorization, with absence of official approval document or accidentally		
Governmental subsidy calculated into current gains and losses(while closely related with the normal business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard)	6,358,400.06	Route government subsidy etc.
Fund occupation expenses received from non-financial enterprises that reckon into current gains/losses		
Income occurred when investment cost paid by enterprise for obtaining subsidiaries, associates and joint ventures are lower than its share in fair value of net realizable assets of invested units		
Gains and losses from exchange of non-monetary assets		
Gains and losses from entrusted investment or management assets		
Various asset impairment reserve provided for force majeure, such as natural disaster;		
Gains/losses from debt reorganization		
Reorganization expenses, such as expenditure for allocation of employees and integration fee		
Gains and losses from excess of transaction which are conducted on a non-fair-valued basis over its fair value		
Current net gains and losses of subsidiaries occurred from combination under the same control commencing from period-begin to combination date		
Gains and losses from contingent events which has no relation with normal business of the Company		
Gains and losses from change of fair values of held-for-transaction financial assets and financial liabilities except for the effective hedge business related to normal business of the Company, and investment income from disposal of transactional financial assets and liabilities and financial assets available for sale	-5,154,873.85	
Reversal of impairment reserve for account receivable with separate impairment testing		
gains/ losses from external entrustment loans		
Gains and losses arising from change of fair value of investment properties whose follow-up measurement are at fair value		
Affect upon current gains/losses arising from the		

one-off adjustment in subject to requirement of laws and rules in relation to taxation and accounting		
Income from entrusted custody operation		
Other non-operating income and expenditure except the abovementioned	32,904,423.17	Other non-operating expenditure
Other item that satisfied the definition of non-recurring gains and losses		
Influenced amount of minority shareholders' equity		
Impact on income tax	-6,239,477.75	
Total	18,718,433.25	--

3. Difference of net profit and net assets disclosed in financial report based on IAS and CAS

☐ Applicable ☒ not applicable

4. Difference of net profit and net assets disclosed in financial report based on foreign accounting standards and CAS

☐ Applicable ☒ not applicable

III. Changes in Share Capital and Particular about Shareholders

(I) Changes in share capital

☐ Applicable ☒ not applicable

(II) Statement of shares held by top ten shareholders and the top ten shareholders with unrestricted conditions/circulate shareholders

Statement of shares held by top 10 shareholders and top 10 shareholders with circulated shares held

Total shareholders			19,043			
Particulars about the shares held by the top ten shareholders						
Shareholders (full name)	Nature of shareholders	Proportion (%)	Total amount of shares held at period-end	Amount of non-circulated shares held	Shares pledged or frozen	
					Share status	Amount
SHANDONG AVIATION GROUP	State-owned legal person	42%	168,004,000	168,004,000		
AIR CHINA LIMITED	State-owned legal person	22.8%	91,200,000	91,200,000		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.86%	3,421,508	0		
Yao Ming	Domestic natural person	0.58%	2,300,300	0		
Chen Jingjian	Domestic natural person	0.34%	1,378,200	0		
Ou Yanping	Domestic natural person	0.24%	945,043	0		
WANXIANG INTERNATIONAL INVESTMENT CORPORATION	Foreign legal person	0.23%	925,000	0		
HUANG LIU LIA	Foreign natural person	0.23%	918,917	0		
Ye Qufa	Domestic	0.21%	824,600	0		

	natural person					
Bao Xiuzhen	Domestic natural person	0.2%	800,000	0		
Particulars about shares held by the top ten shareholders of circulation share						
Shareholders		Circulating shares held	Type/amount of shares			
			Type	Amount		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED		3,421,508	B-share	3,421,508		
Yao Ming		2,300,300	B-share	2,300,300		
Chen Jingjian		1,378,200	B-share	1,378,200		
Ou Yanping		945,043	B-share	945,043		
WANXIANG INTERNATIONAL INVESTMENT CORPORATION		925,000	B-share	925,000		
HUANG LIU LIA		918,917	B-share	918,917		
Ye Qufa		824,600	B-share	824,600		
Bao Xiuzhen		800,000	B-share	800,000		
JOHN POSS		748,300	B-share	748,300		
Wu Haoyuan		704,020	B-share	704,020		
Explanation on associated relationship among the top ten shareholders or (and) consistent action		Among the above the top ten shareholders, Air China is the first largest shareholder of the SDA, and there exists no associated relationship between SDA and Air China and the other shareholders, and they don't belong to the consistent actionist regulated by the Management Regulation of Information Disclosure on Change of Shareholding for Listed Companies with the other shareholders. The Company is not aware of their associated relationship among the other shareholders of circulation share, whether belongs to the consistent actionist regulated by the Management Regulation of Information Disclosure on Change of Shareholding for Listed Companies.				

(III) Changes of controlling shareholders and actual controller

□Applicable √Not applicable

IV. Directors, Supervisors and Senior Executives**(I) Changes of shares held by directors, supervisors and senior executive**

Name	Title	Shares held at period-begin(Share)	Amount of shares increase in this period(Share)	Amount of shares decreased in this period(Share)	Shares held at period-end(Share)	Including: restricted shares held(Share)	Amount of stock option held at period-end(Share)	Reasons for changes
Zhang Xingfu	Chairman of the Board	0	0	0	0	0	0	
Ma Congxian	Deputy chairman	0	0	0	0	0	0	
Zeng Guoqiang	Director	0	0	0	0	0	0	
Yu Haitian	Director	0	0	0	0	0	0	

	GM							
Xu Guojian	Director, Deputy GM, Chief Accountant	0	0	0	0	0	0	
Wang Minyuan	Director	0	0	0	0	0	0	
Wang Jieming	Director	0	0	0	0	0	0	
Li Xiuqin	Director	0	0	0	0	0	0	
Wang Kaiyuan	Independent director	0	0	0	0	0	0	
Ping Xiaofeng	Independent director	0	0	0	0	0	0	
Li Chun	Independent director	0	0	0	0	0	0	
Qu Wenzhou	Independent director	0	0	0	0	0	0	
Wang Fuzhu	Chairman of supervisory committee	0	0	0	0	0	0	
Xue Ruitao	Supervisor	0	0	0	0	0	0	
Zhang Kai	Supervisor	0	0	0	0	0	0	
Dong Jianmin	Supervisor	0	0	0	0	0	0	
Zhou Qiaoyan	Supervisor	0	0	0	0	0	0	
Su Zhongmin	Standing Deputy GM	0	0	0	0	0	0	
Li Qing'en	Deputy GM	0	0	0	0	0	0	
Qiu Feng	Deputy GM	0	0	0	0	0	0	
Miao Liubin	Deputy GM	0	0	0	0	0	0	
Jiang Chengda	Deputy GM	0	0	0	0	0	0	
Zhang Qingshe	Chief pilot	0	0	0	0	0	0	
Xiong Jianbo	Chief engineer	0	0	0	0	0	0	
Wang	CSO	0	0	0	0	0	0	

Xianlin								
Dong Qiantang	Secretary of the Board	0	0	0	0	0	0	

V. Report of the Board of Directors

(I) Statement of main business classified according to industries and products

Unit: RMB

Main business classified according to industries						
According to industries	Operating revenue	Operating cost	Gross profit ratio (%)	Increase or decrease of operating revenue over the last same period of last year (%)	Increase or decrease of operating cost over the last same period of last year (%)	Increase or decrease of gross profit ratio over the last same period of last year (%)
Aviation transportation services	4,996,878,206.46	4,080,162,639.35	18.35%	17.55%	23.33%	-3.82%
Logistics transportation services	4,343,960.36	1,484,268.69	65.83%	13.57%	-1.98%	5.42%
Hotel and food services	7,811,810.36	6,829,054.69	12.58%	6.17%	6.79%	-0.51%
Training service	7,084,704.57	2,423,290.18	65.8%	-30.33%	-47.49%	11.19%

(II) Main business classified according to areas

Unit: RMB

Areas	Operating revenue	Increase/decrease in revenue from operations over the same period of last year (%)
Domestic	4,858,373,088.02	17.28%
International	63,311,876.07	0.84%
region	94,433,717.66	40.87%

(III) Explanation on reasons of material changes in main operations and its structure

☐ Applicable ☒ Not applicable

(IV) Explanation on reasons of material changes in profitability (gross profit ratio) of main operations compared with that of last year

☐ Applicable ☒ Not applicable

(V) Analysis on reasons of material changes in profit structure compared with the previous year

☐ Applicable ☒ Not applicable

(VI) Application of the raised proceeds

1. Statement of application of the raised proceeds

☐ Applicable ☒ Not applicable

2. Statement of changes on projects invested by raised funds

☐Applicable ☒Not applicable

(VII) The modification of Board to the business plan for the second half of the year

☐Applicable ☒Not applicable

(VIII) Prediction of business performance from January – September 2012

Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

☐Applicable ☒Not applicable

(IX) Explanation on “Qualified Opinion” from the Certified Public Accountants in the report period by the Board of Directors

☐Applicable ☒Not applicable

(X) Explanation of the Management on changes and disposal of the issues involved in “Qualified Opinion” from the Certified Public Accountants in the last year by the Board of Directors

☐Applicable ☒Not applicable

VI. Significant Event**(I) Assets acquisition, sales of assets and assets reorganization****1. Assets purchased or acquired**

☐Applicable ☒Not applicable

2. Assets sold

☐Applicable ☒Not applicable

3. Progress of the events and their influence on the Company’s operating results and financial status in the report period after the Report on Assets Restructure or Public Notice on Acquisition and Sales of Assets being published

☐Applicable ☒Not applicable

(II) Guarantee

☐Applicable ☒Not applicable

(III) Non-operating current related credits and liabilities

Whether have non-operating current related credits and liabilities or not

☐ Yes ☐ No

(IV) Material lawsuits and arbitrations

☐Applicable ☒Not applicable

(V) Other significant events and analysis of their influences and solution plan

☐Applicable ☒Not applicable

1. Security investment

☐Applicable ☒Not applicable

2. Equity of other listed company held by the Company

☐Applicable ☒Not applicable

3. Fund occupation and progress of paying off

☐Applicable ☒Not applicable

Till end of reporting period, accountability plan proposed by the Board for completed no non-operational fund occupation from listed company

☐Applicable ☒Non-applicable

4. Implementation of commitments

Commitments made by the Company and its directors, supervisors, senior executives, shareholders holding above 5% shares of the Company and actual controller in reporting period or extending to reporting period

☒Applicable ☐Not applicable

Commitments	Acceptor	Contents	Implementation
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Commitments for Share Merger Reform			
Commitments in report of acquisition or equity change			
Commitments in assets replacement			
Commitments made in issuing			
Other commitments for medium and small shareholders	Shandong Aviation Group	The compensation commitment for profit estimation was made by first largest shareholder SDA, based on "Appraisal Report" while 100 percent equity of Qingdao Feisheng was bided by the Company. The above commitments are: calculated by income approach, net profit generated from Qingdao Feisheng in next 3 years predicted to 4.8049 million yuan, 5.3614 million yuan and 5.7784 million yuan respectively. If Qingdao Feisheng does not accomplish the estimative profit in operation performance on the continual appraisal basis, which causes the Company's profit loss, SDA Group committed for the cash compensation for the above difference.	Qingdao Feisheng gains a profit target in 3 rd year commitment period, no cash compensation required from SDA

5. Profit distribution of Board of Directors this time or preplan of capital reserve capitalizing

☐Applicable ☒Not applicable

6. Items of other consolidated income

Unit: RMB

Items	Amount occurred in the report period	Amount occurred in same period of last period
1. Gains(losses) from financial assets available for sales		
Less: Income tax influences from financial assets available for sales		
Net amount reckoned into other consolidated income in previous period but transferred into gains/losses in current period		
Subtotal		
2. Shares in the other consolidated income of the investee calculated based on equity method		
Less: Income tax influences of shares in the other consolidated income of the investee calculated based on equity method		
Net amount reckoned into other consolidated income in previous period but transferred into gains/losses in current period		
Subtotal		
3. Gains(losses) from cash flow hedge instrument		
Less: Income tax influences from cash flow hedge		
Net amount reckoned into other consolidated income in previous period but transferred into gains/losses in current period		
Adjusted amount transferred to initial confirmed amount of the arbitrated items		

Subtotal		
4. Differences from translating foreign currency financial statements		
Less: Net amount of disposing overseas business transferred to current gains/losses		
Subtotal		
5. Others		
Less: Income tax influences by others reckoned into other consolidated income		
Net amount reckoned into other consolidated income in previous period but transferred into gains/losses in current period		
Subtotal	0	0
Total	0	0

(VI)Registration form of receiving research, communication and interview in the report period

Date	Place	Way	Type	Object	Content discussed and documents provided
Jan.-June 2012	Jinan	Telephone communication	Individual	Individual investor	General operation of the Company; no files provided
2012-04-26	Jinan	Field research	Other	News media, Corporate shareholders and Individual investor	General operation of the Company, provided annual report of the Company
2012-06-28	Jinan	Field research	Other	News media, Corporate shareholders and Individual investor	General operation of the Company; no files provided

VII. Financial Report

(I) Auditing opinion

Audited the semi-annual report or not

☐ Yes ☒ No

(II) Financial statement

Whether consolidated statement or not:

☒ Yes ☐ No

1. Consolidated Balance Sheet

Prepared by Shandong Airlines co., ltd

Unit: RMB

Items	Note	Balance at period-end	Balance at period-begin
Current assets:			
Monetary funds		346,351,446.97	248,185,747.48
Settlement provisions			

Capital lent			
Transaction finance asset		0.00	0.00
Notes receivable		0.00	0.00
Accounts receivable		235,552,092.74	185,700,185.84
Accounts paid in advance		65,692,293.46	41,348,446.65
Insurance receivable			
Reinsurance receivables			
Contract reserve of reinsurance receivable			
Interest receivable		0.00	0.00
Dividend receivable		15,295,400.00	0.00
Other receivables		199,424,636.65	189,156,268.92
Purchase restituted finance asset			
Inventories		99,228,981.05	116,270,780.19
Non-current asset due within one year		0.00	0.00
Other current assets		0.00	0.00
Total current assets		961,544,850.87	780,661,429.08
Non-current assets:			
Granted loans and advances			
Finance asset available for sales		0.00	0.00
Held-to-maturity investment		0.00	0.00
Long-term account receivable		0.00	0.00
Long-term equity investment		88,352,100.00	88,352,100.00
Investment real estate		0.00	0.00
Fixed assets		7,413,018,015.12	6,683,456,551.61
Construction in progress		1,377,127,745.67	1,644,924,919.38
Engineering material		0.00	0.00
Disposal of fixed asset		0.00	0.00
Productive biological asset		0.00	0.00
Oil and gas asset		0.00	0.00
Intangible assets		79,528,406.79	79,187,122.04
Expense on Research and Development		0.00	0.00
Goodwill		10,220,816.22	10,220,816.22
Long-term expenses to be apportioned		269,104,666.33	255,780,389.23
Deferred income tax asset		306,289,060.23	230,402,218.41

Other non-current asset		0.00	0.00
Total non-current asset		9,543,640,810.36	8,992,324,116.89
Total assets		10,505,185,661.23	9,772,985,545.97
Current liabilities:			
Short-term loans		694,765,886.10	767,636,239.20
Loan from central bank			
Absorbing deposit and interbank deposit			
Capital borrowed			
Transaction financial liabilities		6,383,500.14	2,145,521.10
Notes payable		0.00	129,547,193.34
Accounts payable		1,685,423,513.59	1,373,857,875.23
Accounts received in advance		228,150,513.65	292,846,652.42
Selling financial asset of repurchase			
Commission charge and commission payable			
Wage payable		171,987,247.15	263,739,110.65
Taxes payable		192,394,510.56	168,132,279.57
Interest payable		8,136,638.93	8,048,176.38
Dividend payable		11,940.00	11,940.00
Other accounts payable		195,746,041.59	161,746,628.41
Reinsurance payables			
Insurance contract reserve			
Security trading of agency			
Security sales of agency			
Non-current liabilities due within 1 year		415,717,634.98	384,557,360.39
Other current liabilities		0.00	0.00
Total current liabilities		3,598,717,426.69	3,552,268,976.69
Non-current liabilities:			
Long-term loans		3,197,480,771.07	3,007,009,638.54
Bonds payable		501,012,916.00	0.00
Long-term account payable		939,125,064.76	1,004,200,349.34
Special accounts payable		0.00	0.00
Projected liabilities		0.00	0.00
Deferred income tax liabilities		0.00	0.00
Other non-current liabilities		188,582,181.74	160,261,661.59
Total non-current liabilities		4,826,200,933.57	4,171,471,649.47

Total liabilities		8,424,918,360.26	7,723,740,626.16
Owner's equity (or shareholders' equity):			
Paid-up capital (or share capital)		400,000,000.00	400,000,000.00
Capital public reserve		75,410,363.70	75,410,363.70
Less: Inventory shares			
Reasonable reserve			
Surplus public reserve		199,414,021.75	199,414,021.75
Provision of general risk			
Retained profit		1,405,442,915.52	1,374,420,534.36
Balance difference of foreign currency translation			
Total owner's equity attributable to parent company		2,080,267,300.97	2,049,244,919.81
Minority interests			
Total owner's equity(or shareholders' equity)		2,080,267,300.97	2,049,244,919.81
Total liabilities and owner's equity(or shareholders' equity)		10,505,185,661.23	9,772,985,545.97

Legal representative: Zhang Xingfu

Person in charge of accounting works: Xu Guojian

Person in charge of accounting institution: Wang Wuping

2. Balance Sheet of parent company

Unit: RMB

Items	Note	Balance at period-end	Balance at period-begin
Current assets:			
Monetary funds		339,395,692.45	243,921,301.34
Transaction finance asset			
Notes receivable			
Accounts receivable		228,507,076.91	179,188,885.98
Accounts paid in advance		64,600,828.41	40,940,314.17
Interest receivable			
Dividend receivable		15,295,400.00	
Other receivables		221,209,764.28	203,763,094.81
Inventories		99,228,981.05	116,270,780.19
Non-current asset due within one year			
Other current assets			
Total current assets		968,237,743.10	784,084,376.49
Non-current assets:			
Finance asset available for sales			
Held-to-maturity			

investment			
Long-term account receivable			
Long-term equity investment		194,352,785.43	194,352,785.43
Investment real estate			
Fixed assets		7,355,828,640.34	6,623,652,373.64
Construction in progress		1,342,796,309.47	1,621,968,762.03
Engineering material			
Disposal of fixed asset			
Productive biological asset			
Oil and gas asset			
Intangible assets		64,733,535.57	64,374,922.89
Expense on Research and Development			
Goodwill			
Long-term expenses to be apportioned		268,955,792.53	255,600,868.72
Deferred income tax asset		306,165,683.01	230,083,720.58
Other non-current asset			
Total non-current asset		9,532,832,746.35	8,990,033,433.29
Total assets		10,501,070,489.45	9,774,117,809.78
Current liabilities:			
Short-term loans		694,765,886.10	767,636,239.20
Transaction financial liabilities		6,383,500.14	2,145,521.10
Notes payable			129,547,193.34
Accounts payable		1,686,066,181.24	1,372,067,599.53
Accounts received in advance		225,656,167.16	291,086,272.00
Wage payable		171,946,867.74	263,558,230.63
Taxes payable		192,125,505.70	166,980,287.94
Interest payable		8,136,638.93	8,048,176.38
Dividend payable		11,940.00	11,940.00
Other accounts payable		197,249,901.77	168,068,512.20
Non-current liabilities due within 1 year		415,717,634.98	384,557,360.39
Other current liabilities			
Total current liabilities		3,598,060,223.76	3,553,707,332.71
Non-current liabilities:			
Long-term loans		3,197,480,771.07	3,007,009,638.54
Bonds payable		501,012,916.00	
Long-term account		939,125,064.76	1,004,200,349.34

payable			
Special accounts payable			
Projected liabilities			
Deferred income tax liabilities			
Other non-current liabilities		188,582,181.74	160,261,661.59
Total non-current liabilities		4,826,200,933.57	4,171,471,649.47
Total liabilities		8,424,261,157.33	7,725,178,982.18
Owner's equity (or shareholders' equity):			
Paid-up capital (or share capital)		400,000,000.00	400,000,000.00
Capital public reserve		86,911,168.71	86,911,168.71
Less: Inventory shares			
Reasonable reserve			
Surplus public reserve		198,753,317.22	198,753,317.22
Provision of general risk			
Retained profit		1,391,144,846.19	1,363,274,341.67
Balance difference of foreign currency translation			
Total owner's equity(or shareholders' equity)		2,076,809,332.12	2,048,938,827.60
Total liabilities and owner's equity(or shareholders' equity)		10,501,070,489.45	9,774,117,809.78

3. Consolidated Profit Statement

Unit: RMB

Items	Note	Amount in this period	Amount in last period
I. Total operating income		5,072,407,702.98	4,322,532,092.31
Including: Operating income		5,072,407,702.98	4,322,532,092.31
Interest income			
Insurance gained			
Commission charge and commission income			
II. Total operating cost		4,858,276,880.88	3,865,396,800.98
Including: Operating cost		4,094,937,039.01	3,324,900,493.51
Interest expense			
Commission charge and commission expense			
Cash surrender value			
Net amount of expense of compensation			
Net amount of withdrawal of insurance contract reserve			
Bonus expense of guarantee slip			
Reinsurance expense			

Operating tax and extras		168,513,764.34	143,039,334.76
Sales expenses		353,472,948.60	272,496,547.90
Administration expenses		111,021,150.38	80,241,899.17
Financial expenses		130,250,004.76	43,934,555.41
Losses of devaluation of asset		81,973.79	783,970.23
Add: Changing income of fair value(Loss is listed with “-”)		-4,237,979.04	-2,006,791.66
Investment income (Loss is listed with “-”)		14,378,505.19	7,275,314.20
Including: Investment income on affiliated company and joint venture		0.00	0.00
Exchange income (Loss is listed with “-”)			
III. Operating profit (Loss is listed with “-”)		224,271,348.25	462,403,813.87
Add: Non-operating income		39,354,859.38	17,819,973.11
Less: Non-operating expense		9,242,074.53	8,337,604.52
Including: Disposal loss of non-current asset		9,188,914.83	7,667,031.42
IV. Total Profit (Loss is listed with “-”)		254,384,133.10	471,886,182.46
Less: Income tax expense		63,361,751.94	118,333,075.76
V. Net profit (Net loss is listed with “-”)		191,022,381.16	353,553,106.70
Including: net profit realized before consolidation by merged party			
Net profit attributable to owner's of parent company		191,022,381.16	354,185,295.46
Minority shareholders' gains and losses		0.00	-632,188.76
VI. Earnings per share		--	--
i. Basic earnings per share		0.48	0.89
ii. Diluted earnings per share		0.48	0.89
VII. Other consolidated income			
VIII. Total comprehensive income		191,022,381.16	353,553,106.70
Total consolidated income attributable to owners of parent company		191,022,381.16	354,185,295.46
Total consolidated income attributable to minority shareholders			-632,188.76

Legal representative: Zhang Xingfu

Person in charge of accounting works: Xu Guojian

Person in charge of accounting institution: Wang Wuping

4. Profit Statement of parent company

Unit: RMB

Items	Note	Amount in this period	Amount in last period
I. Operating income		5,063,634,065.62	4,311,491,445.33

Less: operating cost		4,092,363,922.98	3,320,114,273.92
Operating tax and extras		168,057,847.51	142,582,912.25
Sales expenses		353,472,948.60	272,496,547.90
Administration expenses		108,914,492.24	76,626,822.73
Financial expenses		130,258,347.24	43,123,703.92
Losses of devaluation of asset		431,688.81	790,630.51
Add: Changing income of fair value (Loss is listed with "-")		-4,237,979.04	-2,006,791.66
Investment income (Loss is listed with "-")		14,378,505.19	7,275,314.20
Including: Investment income on affiliated company and joint venture			
II. Operating profit (Loss is listed with "-")		220,275,344.39	461,025,076.64
Add: Non-operating income		39,354,859.38	17,819,973.11
Less: Non-operating expense		9,234,739.82	7,868,539.08
Including: Disposal loss of non-current asset		9,188,914.83	7,667,031.42
III. Total Profit (Loss is listed with "-")		250,395,463.95	470,976,510.67
Less: Income tax expense		62,524,959.43	117,744,127.66
IV. Net profit (Net loss is listed with "-")		187,870,504.52	353,232,383.01
V. Earnings per share		--	--
i. Basic earnings per share			
ii. Diluted earnings per share			
VI. Other consolidated income			
VII. Total comprehensive income		187,870,504.52	353,232,383.01

5. Consolidated Cash Flow Statement

Unit: RMB

Item	Amount in this period	Amount in last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	5,013,983,191.91	4,311,495,703.81
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Net increase of disposal of		

transaction financial asset		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received		
Other cash received concerning operating activities	73,675,623.65	64,896,819.96
Subtotal of cash inflow arising from operating activities	5,087,658,815.56	4,376,392,523.77
Cash paid for purchasing commodities and receiving labor service	3,296,356,585.51	2,561,325,472.28
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	599,918,898.91	501,914,224.17
Taxes paid	486,940,267.23	453,095,121.29
Other cash paid concerning operating activities	62,953,082.50	26,736,517.36
Subtotal of cash outflow arising from operating activities	4,446,168,834.15	3,543,071,335.10
Net cash flows arising from operating activities	641,489,981.41	833,321,188.67
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets	38,876.45	167,143.06
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	0.00	0.00
Subtotal of cash inflow from investing activities	38,876.45	167,143.06
Cash paid for purchasing fixed, intangible and other long-term assets	832,707,582.78	555,500,516.86
Cash paid for investment		12,255,000.00

Net increase of mortgaged loans		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities	916,894.81	2,914,720.42
Subtotal of cash outflow from investing activities	833,624,477.59	570,670,237.28
Net cash flows arising from investing activities	-833,585,601.14	-570,503,094.22
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	414,290,000.00	417,738,410.49
Cash received from issuing bonds	500,000,000.00	
Other cash received concerning financing activities	7,500,000.00	66,740,000.00
Subtotal of cash inflow from financing activities	921,790,000.00	484,478,410.49
Cash paid for settling debts	281,339,544.44	484,958,885.00
Cash paid for dividend and profit distributing or interest paying	239,464,255.88	189,987,656.41
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	104,326,674.86	83,410,798.44
Subtotal of cash outflow from financing activities	625,130,475.18	758,357,339.85
Net cash flows arising from financing activities	296,659,524.82	-273,878,929.36
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	1,101,794.40	-78,954.73
V. Net increase of cash and cash equivalents	105,665,699.49	-11,139,789.64
Add: Balance of cash and cash equivalents at the period -begin	240,185,747.48	148,606,284.51
VI. Balance of cash and cash equivalents at the period -end	345,851,446.97	137,466,494.87

6. Cash Flow Statement of parent company

Unit: RMB

Item	Amount in this period	Amount in last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	5,004,954,866.01	4,301,263,995.38
Write-back of tax received		
Other cash received	68,845,352.66	64,884,259.15

concerning operating activities		
Subtotal of cash inflow arising from operating activities	5,073,800,218.67	4,366,148,254.53
Cash paid for purchasing commodities and receiving labor service	3,294,108,050.48	2,561,230,007.91
Cash paid to/for staff and workers	597,587,653.06	499,680,602.95
Taxes paid	484,651,323.16	450,288,640.47
Other cash paid concerning operating activities	70,269,944.30	34,349,045.94
Subtotal of cash outflow arising from operating activities	4,446,616,971.00	3,545,548,297.27
Net cash flows arising from operating activities	627,183,247.67	820,599,957.26
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets	38,876.45	167,143.06
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	38,876.45	167,143.06
Cash paid for purchasing fixed, intangible and other long-term assets	821,092,157.42	546,245,829.36
Cash paid for investment		12,255,000.00
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities	916,894.81	2,914,720.42
Subtotal of cash outflow from investing activities	822,009,052.23	561,415,549.78
Net cash flows arising from investing activities	-821,970,175.78	-561,248,406.72
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	414,290,000.00	417,738,410.49

Cash received from issuing bonds	500,000,000.00	
Other cash received concerning financing activities	7,500,000.00	66,740,000.00
Subtotal of cash inflow from financing activities	921,790,000.00	484,478,410.49
Cash paid for settling debts	281,339,544.44	484,958,885.00
Cash paid for dividend and profit distributing or interest paying	239,464,255.88	189,167,656.41
Other cash paid concerning financing activities	104,326,674.86	83,410,798.44
Subtotal of cash outflow from financing activities	625,130,475.18	757,537,339.85
Net cash flows arising from financing activities	296,659,524.82	-273,058,929.36
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	1,101,794.40	-78,954.73
V. Net increase of cash and cash equivalents	102,974,391.11	-13,786,333.55
Add: Balance of cash and cash equivalents at the period -begin	235,921,301.34	143,930,783.00
VI. Balance of cash and cash equivalents at the period -end	338,895,692.45	130,144,449.45

7. Consolidated Statement on Changes of Owners' Equity

Amount in this period

Unit: RMB

Items	Amount in this period									
	Owners' equity attributable to the parent company								Minority's equity	Total owners' equity
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk provision	Retained profit	Others		
I. Balance at the end of last year	400,000,000.00	75,410,363.70			199,414,021.75		1,374,420,534.36			2,049,244,919.81
Add: Changes of accounting policy										
Error correction of the last period										
Others										
II. Balance at the beginning of this year	400,000,000.00	75,410,363.70			199,414,021.75		1,374,420,534.36			2,049,244,919.81
III. Increase/ Decrease in this year (Decrease is listed with "-")							31,022,381.16			31,022,381.16
(i) Net profit							191,022,381.16			191,022,381.16
(ii) Other consolidated income										
Subtotal of (i) and (ii)							191,022,381.16			191,022,381.16

(III) Owners' devoted and decreased capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Owners' devoted capital										
2. Amount calculated into owners' equity paid in shares										
3. Others										
(IV) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	-160,000,000.00	0.00	0.00	-160,000,000.00
1. Withdrawal of surplus reserves										
2. Withdrawal of general risk provisions										
3. Distribution for owners (shareholders)							-160,000,000.00			-160,000,000.00
4. Others										
(V) Carrying forward internal owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Capital reserves converted to capital (share capital)										
2. Surplus reserves converted to capital (share capital)										
3. Remedying loss with surplus reserve										
4. Others										
(VI) Reasonable reserve										
1. Withdrawal in this period										
2. Usage in this period										
(VII) Other										
IV. Balance at the end of the report period	400,000,000.00	75,410,363.70			199,414,021.75		1,405,442,915.52			2,080,267,300.97

Amount in last period

Unit: RMB

Items	Amount in last period									
	Owners' equity attributable to the parent company								Minority's equity	Total owners' equity
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk provision	Retained profit	Others		
I. Balance at the end of last year	400,000,000.00	84,050,162.84			122,944,754.89		799,664,252.17		13,462,271.78	1,420,121,441.68
Add: retroactive adjustment arising from enterprise consolidation under the same control										
Add: Changes of accounting policy										
Error correction of the last period										
Others										
II. Balance at the beginning of this year	400,000,000.00	84,050,162.84			122,944,754.89		799,664,252.17		13,462,271.78	1,420,121,441.68
III. Increase/ Decrease in this year (Decrease is listed with "-")		-8,639,799.14			76,469,266.86		574,756,282.19		-13,462,271.78	629,123,478.13
(i) Net profit							771,225,549.05		-453,076.79	770,772,472.26
(ii) Other consolidated income										
Subtotal of (i) and (ii)							771,225,549.05		-453,076.79	770,772,472.26

							549.05		79	2.26
(III) Owners' devoted and decreased capital	0.00	-8,639,799.14	0.00	0.00	0.00	0.00	0.00	0.00	-13,009,194.99	-21,648,994.13
1. Owners' devoted capital										
2. Amount calculated into owners' equity paid in shares										
3. Others		-8,639,799.14							-13,009,194.99	-21,648,994.13
(IV) Profit distribution	0.00	0.00	0.00	0.00	76,469,266.86	0.00	-196,469,266.86	0.00	0.00	-120,000,000.00
1. Withdrawal of surplus reserves					76,469,266.86		-76,469,266.86			
2. Withdrawal of general risk provisions										
3. Distribution for owners (shareholders)							-120,000,000.00			-120,000,000.00
4. Others										
(V) Carrying forward internal owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Capital reserves converted to capital (share capital)										
2. Surplus reserves converted to capital (share capital)										
3. Remedying loss with surplus reserve										
4. Others										
(VI) Reasonable reserve										
1. Withdrawal in this period										
2. Usage in this period										
(VII) Other										
IV. Balance at the end of the report period	400,000,000.00	75,410,363.70			199,414,021.75		1,374,420,534.36			2,049,244,919.81

8. Statement on Changes of Owners' Equity of Parent Company

Amount in this period

Unit: RMB

Item	Amount in this year							
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of last year	400,000,000.00	86,911,168.71			198,753,317.22		1,363,274,341.67	2,048,938,827.60
Add: Changes of accounting policy								
Error correction of the last period								
Others								
II. Balance at the beginning of this year	400,000,000.00	86,911,168.71			198,753,317.22		1,363,274,341.67	2,048,938,827.60
III. Increase/ Decrease in this year (Decrease is listed with "-")							27,870,504.52	27,870,504.52
(i) Net profit							187,870,504.52	187,870,504.52
(ii) Other consolidated income								
Subtotal of (i) and (ii)							187,870,504.52	187,870,504.52

(III) Owners' devoted and decreased capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Owners' devoted capital								
2. Amount calculated into owners' equity paid in shares								
3. Others								
(IV) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	-160,000,000.00	-160,000,000.00
1. Withdrawal of surplus reserves								
2. Withdrawal of general risk reserve								
3. Distribution for owners (shareholders)							-160,000,000.00	-160,000,000.00
4. Others								
(V) Carrying forward internal owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Capital reserves converted to capital (share capital)								
2. Surplus reserves converted to capital (share capital)								
3. Remedying loss with surplus reserves								
4. Others								
(VI) Reasonable reserve								
1. Withdrawal in this period								
2. Usage in this period								
(VII) Other								
IV. Balance at the end of the report period	400,000,000.00	86,911,168.71			198,753,317.22		1,391,144,846.19	2,076,809,332.12

Amount in last period

Unit: RMB

Item	Amount in last year							
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of last year	400,000,000.00	84,050,162.84			122,284,050.36		795,050,939.95	1,401,385,153.15
Add: Changes of accounting policy								
Error correction of the last period								
Others								
II. Balance at the beginning of this year	400,000,000.00	84,050,162.84			122,284,050.36		795,050,939.95	1,401,385,153.15
III. Increase/ Decrease in this year (Decrease is listed with "-")		2,861,005.87			76,469,266.86		568,223,401.72	647,553,674.45
(i) Net profit							764,692,668.58	764,692,668.58
(ii) Other consolidated income								
Subtotal of (i) and (ii)							764,692,668.58	764,692,668.58
(III) Owners' devoted and decreased capital	0.00	2,861,005.87	0.00	0.00	0.00	0.00	0.00	2,861,005.87
1. Owners' devoted capital								
2. Amount calculated into owners' equity paid in shares								

3. Others		2,861,005. 87						2,861,005. 87
(IV) Profit distribution	0.00	0.00	0.00	0.00	76,469,266 .86	0.00	-196,469,2 66.86	-120,000,0 00.00
1. Withdrawal of surplus reserves					76,469,266 .86		-76,469,26 6.86	
3. Withdrawal of general risk reserve								
3. Distribution for owners (shareholders)							-120,000,0 00.00	-120,000,0 00.00
4. Others								
(V) Carrying forward internal owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Capital reserves converted to capital (share capital)								
2. Surplus reserves converted to capital (share capital)								
3. Remedying loss with surplus reserves								
4. Others								
(VI) Reasonable reserve								
1. Withdrawal in this period								
2. Usage in this period								
(VII) Other								
IV. Balance at the end of the report period	400,000,00 0.00	86,911,168 .71			198,753,31 7.22		1,363,274, 341.67	2,048,938, 827.60

(III) Notes to financial statement

1. Changes of main accounting policy and accounting estimation as well as accounting errors modification and figures

(1) Changes of accounting policy

Is there any change on accounting policy in reporting period?

☐ Yes ☒ No

(2) Changes of accounting estimation

Is there any change on main accounting estimation in reporting period?

☐ Yes ☒ No

(3) Accounting errors modification

Is there has previous accounting errors modified in reporting period?

☐ Yes ☒ No

2. Reasons of consolidation range changed in aspect of consolidation statement

Consolidation range has the same as last period

3. If Non-standard Unqualified Opinion is supplied, list the related notes to the matters involved.

Board of Directors of
Shandong Airlines Company Limited
August 27, 2012