

Midea Group Co., Ltd.
Interim Report for the First Quarter 2017



April 2017

Section I Important Reminders

1. The Board of Directors, the Supervisory Committee as well as all the directors, supervisors and senior management staff of Midea Group Co., Ltd. (hereinafter referred to as the “Company”) have warranted that this Report contains no false records, misleading statements or material omissions. And they shall be jointly and severally liable for the factuality, accuracy and completeness of the information given in this Report.
2. All the directors have attended the Q1 report review board meeting.
3. The financial statements contained in this Report have not been audited by a certified public auditors (CPAs) firm.
4. Mr. Fang Hongbo, Chairman of the Board and President of the Company, and Mr. Xiao Mingguang, responsible person for the Company’s financial affairs, have represented and warranted that the financial statements in this Report are factual, accurate and complete.
5. This Report has been prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

Section II Company Profile

1. Major Accounting Data and Financial Indicators

Does the Company adjust retrospectively or restate accounting data of previous years due to changes in accounting policy or correction of any accounting error?

Yes No

	Jan.-Mar. 2017	Jan.-Mar. 2016	YoY Change (%)
Sales revenues (RMB'000)	59,755,914	38,341,624	55.85%
Net profit attributable to shareholders of the Company (RMB'000)	4,352,587	3,907,252	11.40%
Net profit attributable to shareholders of the Company before non-recurring gains and losses (RMB'000)	4,263,125	3,745,392	13.82%
Net cash flows from operating activities (RMB'000)	7,008,571	6,595,024	6.27%
Basic EPS (RMB / share)	0.67	0.61	9.84%
Diluted EPS (RMB / share)	0.67	0.61	9.84%
Weighted average ROE (%)	6.87%	7.58%	-0.71%
	31 Mar. 2017	31 Dec. 2016	Change (%)
Total assets (RMB'000)	225,914,387	170,600,711	32.42%
Net assets attributable to shareholders of the Company (RMB'000)	65,533,771	61,126,923	7.21%

Note: KUKA Aktiengesellschaft (KUKA), Toshiba Lifestyle Products & Services Corporation (TLSC) and other acquired entities were included in the Company's consolidated financial statements for the first quarter of 2017. Upon the evaluation of these acquired assets by a professional international evaluation agency, the asset premium was amortized as per the accounting standards, and a amortized cost of RMB600,145,400 was recognized for the first quarter of 2017. Excluding the said amortized cost, the consolidated net profit for this quarter increased 22% compared with a year earlier. KUKA and TLSC both delivered an excellent performance for the first three months of 2017. To be specific, KUKA achieved sales revenue of RMB5,807,296,560, up 26% year on year, and net profit of RMB195,588,490, 27% higher than the same period of last year, indicating effective growth in business; while TLSC realized sales revenue of RMB3,777,047,000 and net profit of RMB-187,988,610, better than the first quarter of 2016.

Excluding the acquired entities, the consolidated sales revenue of the first quarter of 2017 grew 31% year on year and the

consolidated net profit went up 22%.

Non-recurring gains and losses

Applicable N/A

Unit: RMB'000

Item	Jan.-Mar. 2017	Note
Gains/losses from the disposal of non-current assets (including the offset part of asset impairment provisions)	-7,145	
Government grants recognized in the current period, other than those closely related to business of the Company and granted at a fixed amount or quantity in accordance with certain national standards	246,686	
Gains/losses arising from changes in fair value of financial assets and liabilities held for trading, (other than effective hedging instruments related to the Company's normal operations), as well as investment gains from disposal of financial assets and liabilities held for trading and financial assets available for sale	-260,859	
Other non-operating income and expenses except the above items	75,150	
Less: Income tax effects	-11,482	
Minority interests effects (after tax)	-24,148	
Total	89,462	-

Explain the reasons if the Company classifies an item as a non-recurring gain/loss according to the definition in the <Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-Recurring Gains and Losses>, or classifies any non-recurring gain/loss item mentioned in the said explanatory announcement as a recurring gain/loss item

Applicable N/A

No such cases in the Report Period.

2. Total number of shareholders and shareholdings of the top ten shareholders at the period-end

2.1 Total number of common shareholders and shareholdings of the top ten common shareholders at the period-end

Unit: share

Total number of common shareholders at the period-end	118,808	Total number of preference shareholders with resumed voting rights at the period-end (if any)	0			
Top ten shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of shares held	Number of restricted shares held	Pledged or frozen shares	
					Status of shares	Number of shares
Midea Holding Co., Ltd.	Domestic non-state-owned corporation	34.71	2,244,375,000		Pledged	854,955,000
China Securities Finance Co., Ltd.	State-owned corporation	2.18	140,695,026			
Hong Kong Exchanges and Clearing Limited	Foreign corporation	2.12	136,994,785			
Fang Hongbo	Domestic individual	2.12	136,990,492	102,742,869		
Hillhouse Capital Management Limited—HCM China Fund	Foreign corporation	1.76	113,891,138			
Huang Jian	Domestic individual	1.36	88,000,000		Pledged	22,999,900
Xiaomi Technology Co., Ltd	Domestic non-state-owned corporation	1.28	82,500,000	82,500,000		
Yuan Liqun	Domestic individual	1.24	79,915,900		Pledged	9,304,000
Central Huijin Asset Management Co., Ltd.	State-owned corporation	1.21	78,474,900			
He Xiangjian	Domestic individual	1.20	77,334,548			
Top ten non-restricted common shareholders						
Name of shareholder	Number of non-restricted common shares held at the period-end	Type of shares				
		Type	Number			
Midea Holding Co., Ltd.	2,244,375,000	RMB ordinary shares	2,244,375,000			

China Securities Finance Co., Ltd.	140,695,026	RMB ordinary shares	140,695,026
Hong Kong Exchanges and Clearing Limited	136,994,785	RMB ordinary shares	136,994,785
Hillhouse Capital Management Limited— HCM China Fund	113,891,138	RMB ordinary shares	113,891,138
Huang Jian	88,000,000	RMB ordinary shares	88,000,000
Yuan Liquan	79,915,900	RMB ordinary shares	79,915,900
Central Huijin Asset Management Co., Ltd.	78,474,900	RMB ordinary shares	78,474,900
He Xiangjian	77,334,548	RMB ordinary shares	77,334,548
Li Jianwei	73,977,047	RMB ordinary shares	73,977,047
Guotai Junan – Construction Bank - Shanghai HSBC	69,426,617	RMB ordinary shares	69,426,617
Explanation of connected relationship or/and acting-in-concert parties among the above-mentioned shareholders	The controlling shareholder of Midea Holding Co., Ltd is Mr. He Xiangjian, which makes them acting-in-concert parties.		
Top ten non-restricted common shareholders taking part in securities margin trading (if any)	N/A		

Did any of the top 10 common shareholders or the top 10 non-restricted common shareholders of the Company carry out any agreed buy-back in the Report Period?

Yes No

No such cases in the Report Period.

2.2 Total number of preference shareholders and shareholdings of the top ten preference shareholders at the period-end

Applicable N/A

Section III Significant Events

1. Major changes of main items in financial statements and financial indicators within the Report Period, as well as the reasons for the changes

√ Applicable □ N/A

Unit: RMB'000

Balance sheet items (consolidated)	31 March 2017	31 December 2016	Change (%)	Main reasons for the changes
Derivative financial assets	280,926	412,813	-31.95%	Mainly due to changes in the fair value of derivative financial assets
Accounts receivable	18,026,613	13,454,511	33.98%	Mainly due to the increased sales and the consolidation of KUKA and TLSC
Inventories	21,977,297	15,626,897	40.64%	Mainly due to the consolidation of KUKA
Available-for-sale financial assets	1,773,706	5,187,732	-65.81%	Mainly due to the consolidation of KUKA
Long-term accounts receivable	459,520	33,868	1,256.80%	Mainly due to the consolidation of KUKA
Construction in progress	809,709	580,729	39.43%	Mainly due to the increased inputs to construction
Intangible assets	16,655,839	6,868,538	142.49%	Mainly due to the consolidation of KUKA
Goodwill	27,314,731	5,730,995	376.61%	Mainly due to the consolidation of KUKA
Short-term borrowings	32,139,135	3,024,426	962.65%	Mainly due to the increased borrowings
Customer deposits and deposits from banks and other financial institutions	70,836	36,708	92.97%	Mainly due to the changes in the operation of Midea Group Finance
Derivative financial liabilities	156,403	89,838	74.09%	Mainly due to changes in the fair value of derivative financial assets
Taxes payable	3,571,091	2,364,446	51.03%	Mainly due to the increased profit, the increased income tax and the consolidation of KUKA
Interest payable	97,110	21,343	355.00%	Mainly due to the increased borrowings
Dividends payable	14,443	105,641	-86.33%	Mainly due to the payout of last year's dividends in the current year

Long-term borrowings	4,040,286	2,254,348	79.22%	Mainly due to the consolidation of KUKA
Long-term employee benefits payable	2,426,373	1,449,954	67.34%	Mainly due to the consolidation of KUKA
Deferred income tax liabilities	4,608,469	1,831,973	151.56%	Mainly due to the asset revaluation gains resulted from the consolidation of KUKA
Other comprehensive income	-177,571	13,125	-1,452.92%	Mainly due to the consolidation of KUKA
Income statement items (consolidated)	January-March 2017	January-March 2016	YoY Change (%)	Main reasons for the changes
Sales revenue	59,755,914	38,341,624	55.85%	Mainly due to the increased sales and the consolidation of KUKA and TLSC
Fee and commission income	1	2,805	-99.96%	Mainly due to the changes in the operation of Midea Group Finance
Cost of sales	44,782,859	26,906,188	66.44%	Mainly due to the increased sales and the consolidation of KUKA and TLSC
Interest expenses	93,334	132,167	-29.38%	Mainly due to the changes in the operation of Midea Group Finance
Taxes and surtaxes	361,767	276,519	30.83%	Mainly due to the reclassification of the stamp tax and the property tax
Selling and distribution expenses	6,820,223	4,977,071	37.03%	Mainly due to the increased sales and the consolidation of KUKA and TLSC
General and administrative expenses	3,178,001	1,662,776	91.13%	Mainly due to the increased sales and the consolidation of KUKA and TLSC
Finance cost	-183,364	-282,083	-35.00%	Mainly due to the increased interest expenses
Investment income	726,487	253,713	186.34%	Mainly due to the consolidation of KUKA and the increased gains on bank's wealth management products
Non-operating income	387,856	292,676	32.52%	Mainly due to the increased government subsidies
Non-operating expenses	63,474	21,506	195.15%	Mainly due to the increased donations
Cash flow statement items (consolidated)	January-March 2017	January-March 2016	YoY Change (%)	Main reasons for the changes
Net cash flows from investing activities	-26,909,489	-9,560,260	181.47%	Mainly due to the acquisition of KUKA

Net cash flows from financing activities	28,551,856	4,802,468	494.52%	Mainly due to the increased borrowings
--	------------	-----------	---------	--

2. Progress, influence and solutions of significant events

Applicable N/A

The acquisition of KUKA through tender offer has been formally completed on 6 January 2017 following the execution of all required decision-making and approval procedures. The 32,233,536 shares of KUKA have been all transferred to MECCA International (BVI) Limited (MECCA), for which MECCA has paid EUR3,706,856,640.

As such, Midea Group holds, via its wholly-owned foreign subsidiary MECCA, altogether 37,605,732 shares in KUKA, accounting for approximately 94.55% of KUKA's outstanding shares.

Overview of the significant event	Date of disclosure	Website for disclosure
Announcement on Consummation of Acquisition of KUKA Aktiengesellschaft through Tender Offer	7 January 2017	www.cninfo.com.cn
Report of Midea Group Co., Ltd. on Acquisition of KUKA Aktiengesellschaft through Tender Offer	12 January 2017	www.cninfo.com.cn

3. Overdue commitments of the Company's actual controller, shareholders, related parties and acquirer, as well as the Company and other commitment makers in the Report Period or ongoing at the period-end

Applicable N/A

4. Operating result forecast for January-June 2017

Warning of possible loss or considerable YoY change of the accumulated net profit made during the period-start until the end of the next Report Period according to predictions as well as any explanations for these reasons:

Applicable N/A

5. Securities investment

Applicable N/A

No such cases in the Report Period.

No such cases in the Report Period.

6. Investments in financial derivatives

√ Applicable □ N/A

Unit: RMB'0,000

Operator	Relationship	Related-party transaction or not	Type of derivative	Initial investment amount	Start date	End date	Opening investment amount	Purchased in Report Period	Sold in Report Period	Impairment provision	Closing investment amount	Proportion of the closing investment amount in the Company's closing net assets	Actual gain/loss in Report Period
Futures company	N/A	No	Futures contracts	-11.50	1 January 2017	31 December 2017	-11.50	-	-	-	723.76	0.01%	1,240.31
Bank	N/A	No	Forward exchange contracts	32,817.60	1 January 2017	31 December 2017	32,817.60	-	-	-	22,329.65	0.34%	-10,604.61
Total				32,806.10	--	--	32,806.10	-	-	-	23,053.41	0.35%	-9,364.30
Capital source for derivative investment				All the Company's own funds									
Lawsuits involved (if applicable)				N/A									
Disclosure date of the board announcement approving the derivative investment (if any)				31 March 2017									
Disclosure date of the general meeting				22 April 2017									

announcement approving the derivative investment (if any)	
Analysis of risks and control measures of derivative products held in the Report Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>In order to reduce the price risk of the Company's bulk purchases of raw materials as a result of significant fluctuations in raw material prices, the Company not only carried out futures business for some of the materials, but also made use of bank financial instruments and promoted forex funds business, with the purpose of reducing the risks associated with exchange and interest rate fluctuations, realizing the preservation and appreciation of forex assets, reducing forex liabilities, and achieving locked-in costs. The Company has undertaken extensive evaluation and risk control with regard to derivative investment positions, details of which are as follows:</p> <p>1. Legal risk: The Company's futures business and forex funds businesses are conducted in compliance with laws and regulations, with clearly defined responsibilities and obligations between the Company and agencies.</p> <p>Control measures: The Company has designated relevant departments with the responsibility for enhancing expertise in laws, regulations and market rules, conducting strict examination and verification of contracts, defining responsibility and obligations, and strengthening compliance checks, so as to ensure that the Company's derivatives investment and position operations meet the requirements of the laws and regulations and internal management system of the Company.</p> <p>2. Operational risk: Risks caused by imperfect internal processes, staff, systems and external issues may cause the Company to incur losses during the course of its futures business and forex funds business.</p> <p>Control measures: The Company has not only developed relevant management systems that clearly define the assignment of responsibility and approval process for the futures business and forex funds businesses, but has also established a well-developed monitoring mechanism, aimed at effectively reducing operational risk by strengthening its risk control over the business, decision-making and trading processes.</p> <p>3. Market risk: Uncertainties caused by changes in the prices of bulk commodities and exchange rate fluctuations in foreign exchange markets could lead to greater market risk in the futures business and forex funds business. Meanwhile, the inability to raise sufficient funds in a timely manner in order to establish and maintain hedging positions in futures operations, or forex funds required for performance in forex funds operations that are unable to be credited into account could also result in loss and default risks.</p> <p>Control measures: The futures business and forex funds business of the Company are always conducted by adhering to prudent operation principles. For futures business, futures transaction volumes and applications have been strictly determined according to the requirements for production and operations, and a stop-loss mechanism has been implemented. Furthermore, to determine the prepared margin amount which may be required to be supplemented, a futures risk measuring system has been established to measure and calculate the margin amount already in use, floating gains and losses, margin amount available and margin amount required for intended positions. As for forex funds business, a hierarchical management mechanism has been implemented, whereby the operating unit which has</p>

	submitted applications for funds business should conduct a risk analysis on the conditions and environment that could affect the operating profit and loss, evaluate the possible greatest revenue and loss, and report the greatest acceptable margin ratio or total margin amount, so that the Company can update the operating status of the funds business on a timely basis thus ensuring the arrangement of proper funds before expiry dates.
Changes in market prices or fair values of the invested derivatives during the Report Period. Analysis of the derivative's fair value should include the specific methods of use and the relevant assumptions and parameters.	<ol style="list-style-type: none"> 1. Profit/loss from futures hedging contracts incurred during the Report Period was RMB12.4031 million; 2. Profit/loss from forward forex contracts incurred during the Report Period was RMB-106.0461 million; 3. Public quotations in futures market or forward forex quotations announced by Bank of China are used in the analysis of the derivatives fair value.
Whether significant changes occurred to the Company's accounting policy and specific accounting principles of derivatives in the Report Period compared to the previous Report Period	No change
Specific opinion from independent directors on the Company's derivatives investment and risk control	The Company's independent directors are of the view that: the futures hedging business is an effective instrument for the Company to eliminate price volatility and implement risk prevention measures through enhanced internal controls, thereby improving the operation and management of the Company; the Company's foreign exchange risk management capability can be further improved through the forex funds business, so as to maintain and increase the value of foreign exchange assets; the abovementioned investment in derivatives can help the Company to fully realize its competitive advantages. Therefore, it is practical for the Company to carry out derivatives investment business when the risks are controllable.

7. Visits received during the Report Period

Applicable N/A

Date	Type of visit	Type of visitor	Discussions
4-21 January 2017	Field research	Institution	Please refer to <i>Investor Relations Activities from 4 January 2017 to 21 January 2017</i> on the website of www.cninfo.com.cn
20 February 2017	Field research	Institution	Please refer to <i>Investor Relations Activities on 20 February 2017</i> on the website of www.cninfo.com.cn

22-24 February 2017	Field research	Institution	Please refer to <i>Investor Relations Activities from 22 February 2017 to 24 February 2017</i> on the website of www.cninfo.com.cn
31 March 2017	Field research	Institution	Please refer to <i>Investor Relations Activities on 31 March 2017</i> on the website of www.cninfo.com.cn

8. Irregular provision of guarantees

Applicable N/A

No such cases in the Report Period.

9. Occupation of the Company's funds by the controlling shareholder or its related parties for non-operating purposes

Applicable N/A

No such cases in the Report Period.

Section IV Financial Statements

1. Financial statements

Balance Sheet

Prepared by Midea Group Co., Ltd.

Unit:RMB'000

Assets	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
	Consolidated	Consolidated	The Company	The Company
Current assets				
Cash at bank and on hand	35,292,098	27,169,118	21,079,937	17,135,480
Derivative financial assets	280,926	412,813	-	-
Notes receivable	8,747,847	7,427,488	-	-
Accounts receivable	18,026,613	13,454,511	-	-
Advances to suppliers	2,037,448	1,587,366	26,202	8,252
Loans and advances	10,599,809	10,273,397	-	-
Dividends receivable	-	-	-	285,916
Other receivables	1,392,703	1,140,133	14,907,159	12,644,592
Inventories	21,977,297	15,626,897	-	-
Other current assets	47,683,258	43,529,597	26,884,842	24,165,141
Total current assets	146,037,999	120,621,320	62,898,140	54,239,381
Non-current assets				
Available-for-sale financial assets	1,773,706	5,187,732	36,868	28,931
Long-term accounts receivable	459,520	33,868	-	-
Long-term equity investments	2,266,419	2,211,732	23,572,452	23,058,980
Investment	487,468	494,122	597,821	604,881

properties				
Fixed assets	22,904,995	21,056,791	946,198	984,666
Construction in progress	809,709	580,729	501,679	467,053
Intangible assets	16,655,839	6,868,538	235,968	236,083
Goodwill	27,314,731	5,730,995	-	-
Long-term prepaid expenses	640,024	625,971	39,579	46,090
Deferred income tax assets	3,639,034	3,030,383	54,655	62,711
Other non-current assets	2,924,943	4,158,530	2,477,000	3,342,000
Total non-current assets	79,876,388	49,979,391	28,462,220	28,831,395
TOTAL ASSETS	225,914,387	170,600,711	91,360,360	83,070,776

Legal representative: Fang Hongbo
Head of the accounting division: Chen Lihong

Accounting head for this Report: Xiao Mingguang

Balance Sheet (Continued)

Prepared by Midea Group Co., Ltd.

Unit:RMB'000

Liabilities and Shareholders' Equity	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
	Consolidated	Consolidated	The Company	The Company
Current liabilities				
Short-term borrowings	32,139,135	3,024,426	1,600,000	-
Customer deposits and deposits from banks and other financial institutions	70,836	36,708	-	-
Derivative financial liabilities	156,403	89,838	-	-
Notes payable	20,284,017	18,484,939	-	-
Accounts payable	32,390,349	25,356,960	-	-
Advances from customers	11,831,751	10,252,375	-	-
Employee benefits payable	3,351,787	3,154,387	189,115	199,842
Taxes payable	3,571,091	2,364,446	129,327	103,848
Interest payable	97,110	21,343	106,940	76,776
Dividends payable	14,443	105,641	-	-
Other payables	1,965,146	1,571,422	60,589,822	54,461,578
Current portion of non-current liabilities	162,893	158,545	-	-
Other current liabilities	27,379,037	24,562,970	48,210	140,264
Total current liabilities	133,413,998	89,184,000	62,663,414	54,982,308
Non-current liabilities				
Long-term borrowings	4,040,286	2,254,348	-	-
Debentures payable	4,796,167	4,818,769	-	-
Long-term payables	468,993	366,881	-	-
Payables for specific projects	2,500	2,405	-	-
Provisions	341,296	325,217	-	-

Deferred revenue	500,877	502,316	-	-
Long-term employee benefits payable	2,426,373	1,449,954	-	-
Deferred income tax liabilities	4,608,469	1,831,973	-	-
Other non-current liabilities	885,168	888,152	-	-
Total non-current liabilities	18,070,129	12,440,015	-	-
Total liabilities	151,484,127	101,624,015	62,663,414	54,982,308
Shareholders' equity				
Share capital	6,465,677	6,458,767	6,465,677	6,458,767
Capital surplus	13,834,616	13,596,569	5,688,522	5,455,268
Less: treasury stock	-	-	-	-
Other comprehensive income	(177,571)	13,125	(22,054)	(9,069)
Surplus reserve	2,804,469	2,804,469	2,804,469	2,804,469
General reserve	148,602	148,602	-	-
Undistributed profits	42,457,978	38,105,391	13,760,332	13,379,033
Total equity attributable to shareholders of the parent company	65,533,771	61,126,923	28,696,946	28,088,468
Minority interests	8,896,489	7,849,773	-	-
Total shareholders' equity	74,430,260	68,976,696	28,696,946	28,088,468
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	225,914,387	170,600,711	91,360,360	83,070,776

Legal representative: Fang Hongbo
Head of the accounting division: Chen Lihong

Accounting head for this Report: Xiao Mingguang

Income Statement

Prepared by Midea Group Co., Ltd.

Unit: RMB'000

Item	January-March 2017	January-March 2016	January-March 2017	January-March 2016
	Consolidated	Consolidated	The Company	The Company
1. Total revenue	59,988,619	38,599,501	334,192	295,466
Including: Sales revenue	59,755,914	38,341,624	334,192	295,466
Interest income	232,704	255,072	-	-
Fee and commission income	1	2,805	-	-
2. Total Cost	(55,281,140)	(33,884,840)	(161,996)	(131,125)
Including: Cost of sales	(44,782,859)	(26,906,188)	(9,683)	(4,792)
Interest expenses	(93,334)	(132,167)	-	-
Fee and commission expenses	(756)	(666)	-	-
Taxes and surtaxes	(361,767)	(276,519)	(1,854)	(956)
Selling and distribution expenses	(6,820,223)	(4,977,071)	-	-
General and administrative expenses	(3,178,001)	(1,662,776)	(79,016)	(87,582)
Financial expenses – net	183,364	282,083	(70,893)	(37,770)
Asset impairment (loss)/reversal	(227,564)	(211,536)	(550)	(25)
Add: Gains/(losses) on changes in fair value	(168,515)	(239,146)	-	22,673
Investment income	726,487	253,713	289,640	134,422
Including: Share of profit of associates and a joint venture	87,936	81,800	42,380	55,455
3. Operating profit	5,265,451	4,729,228	461,836	321,436
Add: Non-operating income	387,856	292,676	337	695
Including: Gains on disposal of non-current assets	8,743	1,423	-	-
Less: Non-operating expenses	(63,474)	(21,506)	(1,008)	(2,076)
Including: Losses on disposal of non-current assets	(15,889)	(12,537)	(88)	-
4. Total profit	5,589,833	5,000,398	461,165	320,055

Less: Income tax expenses	(903,968)	(833,631)	(79,866)	(66,511)
5. Net profit	4,685,865	4,166,767	381,299	253,544
Including: Net profit achieved by consolidated entities before consolidation	-	-	-	-
Attributable to shareholders of the parent company	4,352,587	3,907,252	381,299	253,544
Minority interests	333,278	259,515	-	-
6. Other comprehensive income net of tax	(179,644)	648,965	(12,985)	(100)
Attributable to shareholders of the parent company	(190,696)	630,038	(12,985)	(100)
(1) Other comprehensive income items which will not be reclassified subsequently to profit or loss	6,365	-	-	-
1) Changes in net liabilities or assets with a defined benefit plan upon re-measurement	6,365	-	-	-
2) Shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method	-	-	-	-
(2) Other comprehensive income items which will be reclassified subsequently to profit or loss	(197,061)	630,038	(12,985)	(100)
1) Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss	(18,790)	(52,591)	(12,985)	(100)
2) Changes in fair value of available-for-sale financial assets	(309,321)	549,616	-	-
3) Effective portion of cash flow hedging gains or losses	-	-	-	-
4) Translation of foreign currency financial statements	97,869	147,624	-	-
5) Foreign-currency financial statement translation difference	33,181	(14,611)	-	-
Attributable to minority shareholders	11,052	18,927		

			-	-
7. Total comprehensive income	4,506,221	4,815,732	368,314	253,444
Attributable to shareholders of the parent company	4,161,891	4,537,290	368,314	253,444
Attributable to minority shareholders	344,330	278,442	-	-
8. Earnings per share		(Restated)		
Basic earnings per share (RMB Yuan)	0.67	0.61	N/A	N/A
Diluted earnings per share (RMB Yuan)	0.67	0.61	N/A	N/A

Legal representative: Fang Hongbo

Accounting head for this Report: Xiao Mingguang

Head of the accounting division: Chen Lihong

Cash Flow Statement

Prepared by Midea Group Co., Ltd.

Unit: RMB'000

Item	January-March 2017	January-March 2016	January-March 2017	January-March 2016
	Consolidated	Consolidated	The Company	The Company
1. Cash flows from operating activities				
Cash received from sales of goods or rendering of services	47,125,873	32,056,847	-	-
Net increase in customer deposits and deposits from banks and other financial institutions	34,128	-	-	-
Net decrease in deposits with central bank	-	270,547	-	-
Cash received from interest, fee and commission	246,210	257,877	-	-
Refund of taxes and surtaxes	1,384,056	1,588,785	-	-
Cash received relating to other operating activities	1,160,334	1,564,570	6,368,959	9,967,594
Sub-total of cash inflows	49,950,601	35,738,626	6,368,959	9,967,594
Cash paid for goods and services	(26,421,269)	(17,512,729)	-	-
Net decrease in customer deposits and deposits from banks and other financial institutions	-	(19,252)	-	-
Net increase in loans and advances	(349,405)	(1,779,265)	-	-
Net increase in deposits with central bank	(317,043)	-	-	-
Cash paid for interest, fee and commission	(94,090)	(132,833)	-	-
Cash paid to and on behalf of employees	(6,338,017)	(3,254,369)	(12,672)	(17,997)
Payments of taxes and surtaxes	(2,729,906)	(2,003,485)	(35,399)	(26,836)
Cash paid relating to other operating activities	(6,692,300)	(4,441,669)	(2,466,800)	(3,830,862)
Sub-total of cash outflows	(42,942,030)	(29,143,602)	(2,514,871)	(3,875,695)

Net cash flows from operating activities	7,008,571	6,595,024	3,854,088	6,091,899
2. Cash flows from investing activities				
Cash received from withdrawal of investments	26,720,523	16,846,496	17,024,406	9,282,040
Cash received from returns on investments	490,466	406,105	654,204	556,038
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	13,902	2,987	12,049	-
Net cash received from disposal of subsidiaries and other business units	-	-	-	-
Cash received relating to other investing activities	-	-	-	-
Sub-total of cash inflows	27,224,891	17,255,588	17,690,659	9,838,078
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(510,405)	(484,331)	(36,702)	(148,301)
Cash paid to acquire investments	(28,410,748)	(26,331,517)	(22,291,936)	(14,046,586)
Net cash paid to acquire subsidiaries and other business units	(25,213,227)	-	-	-
Cash paid to other investment activities	-	-	-	-
Sub-total of cash outflows	(54,134,380)	(26,815,848)	(22,328,638)	(14,194,887)
Net cash flows from investing activities	(26,909,489)	(9,560,260)	(4,637,979)	(4,356,809)
3. Cash flows from financing activities				
Cash received from capital contributions	161,107	19,234	161,107	19,234
Including: Cash received from capital contributions by minority shareholders of subsidiaries	-	-	-	-
Cash received from borrowings	29,829,202	7,773,335	1,600,000	500,000
Cash received from commercial paper issued	-	-	-	-
Cash received relating to other				

financing activities	-	-	-	-
Sub-total of cash inflows	29,990,309	7,792,569	1,761,107	519,234
Cash repayments of borrowings	(1,153,671)	(2,847,658)	-	(1,290,000)
Cash repayments of commercial paper	-	-	-	-
Cash payments for interest expenses and distribution of dividends or profits	(189,407)	(142,443)	(125,351)	(261,178)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	(91,200)	(106,543)	-	-
Cash payments to other financing activities	(95,375)	-	-	-
Sub-total of cash outflows	(1,438,453)	(2,990,101)	(125,351)	(1,551,178)
Net cash flows from financing activities	28,551,856	4,802,468	1,635,756	(1,031,944)
4. Effect of foreign exchange rate changes on cash and cash equivalents	48,314	(2,347)	-	-
5. Net decrease in cash and cash equivalents	8,699,252	1,834,885	851,865	703,146
Add: Opening cash and cash equivalents	12,513,730	5,187,317	8,174,915	6,245,008
6. Closing cash and cash equivalents	21,212,982	7,022,202	9,026,780	6,948,154

Legal representative: Fang Hongbo
Head of the accounting division: Chen Lihong

Accounting head for this Report: Xiao Mingguang

2. Auditor's report

Is this Report audited by a CPAs firm?

Yes No

This Report is un-audited by a CPAs firm.

Midea Group Co., Ltd.
Legal Representative: Fang Hongbo
29 April 2017