



Beida New Energy Limited

ABN 67 618 066 970

INTERIM FINANCIAL REPORT

30 June 2018

Corporate directory**Current Directors**

Mr Hong Zeng	<i>Executive Director and Chief Executive Officer</i>
Mr Haohui Zhang	<i>Executive Director</i>
Ms Ying Chen	<i>Executive Director</i>
Ms Wenqi (Vivian) Fan	<i>Non-executive Director</i>
Ms Jueming Sang	<i>Non-executive Director</i>

Company Secretary

Ms Jueming Sang

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Share Registry

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Securities Exchange

National Stock Exchange of Australia
Level 41 Bligh Street
Sydney NSW 2000, Australia

Telephone: +61 2 8378 6400

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Auditors

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Nominated Adviser and Australia Legal Adviser

Baker McKenzie
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Directors' report

Your directors present their report on the consolidated entity, consisting of Beida New Energy Limited (**Beida** or **the Company**) and its controlled entities (collectively **the Group**), for the financial half-year ended 30 June 2018.

Beida is listed on the National Stock Exchange of Australia.

1. Directors

The names of Directors in office at any time during or since the end of the year are:

■ Mr Hong Zeng	Executive Director and Chief Executive Officer
■ Mr Haohui Zhang	Executive Director
■ Ms Ying Chen	Executive Director
■ Ms Wenqi (Vivian) Fan	Non-executive Director
■ Ms Jueming Sang	Non-executive Director (<i>Appointed 12 March 2018</i>)
■ Ms Chao (Ashley) Liu	Non-executive Director (<i>Resigned 12 March 2018</i>)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. Operating and financial review

2.1. Nature of Operations Principal Activities

The main operating entity of the Group, is engaged in the business of the research, development, production and sales of monocrystalline and polycrystalline silicon photovoltaic (**PV**) and solar energy modules.

2.2. Operations Review

a. Main Business

Based on the R&D and production of high-performance solar photovoltaic modules, the Group is committed to global energy development, investment and photovoltaic energy supply. The main business covers the R&D, production and sale of solar photovoltaic modules.

2.3. Financial Review

a. Operating results

For the half-year ended 30 June 2018 the Group delivered a loss before tax of RMB 4,093,766 (30 June 2017: RMB 1,425,040 profit).

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. Details of the Company's assessment in this regard can be found in Note 1a.ii Statement of significant accounting policies: Going Concern on page 8.

b. Financial position

The net assets of the Group have decreased from 31 December 2017 by RMB 4,106,242 to RMB 18,436,382 at 30 June 2018 (31 December 2017: RMB 22,542,624).

As at 30 June 2018, the Group's cash and cash equivalents decreased from 31 December 2017 by RMB 255,085 to RMB 283,815 (31 December 2017: RMB 538,900) and had working capital of RMB 9,728,810 (31 December 2017: RMB 12,586,050 working capital).

2.4. Events Subsequent to Reporting Date

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 17 Events subsequent to reporting date on page 12.

2.5. Future Developments, Prospects and Business Strategies

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

Directors' report

3. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 30 June 2018 has been received and can be found on page 3 of the interim financial report.

Signed in accordance with a resolution of directors made pursuant to s306(3) of the *Corporations Act 2001* (Cth).

MR HONG ZONG

Chief Executive Officer

Dated this Thursday, 13 September 2018



HALL CHADWICK AUDITOR'S INDEPENDENCE DECLARATION
BEIDA NEW ENERGY LIMITED

As audit partner for the review of Beida New Energy Limited for the half year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Nikki Shen
Director

Dated 13 September 2018

Consolidated statement of profit or loss and other comprehensive income

for the half-year ended 30 June 2018

	Note	30 June 2018 RMB	30 June 2017 RMB
<i>Continuing operations</i>			
Revenue	4	9,411,540	18,145,733
Other income	4	300,588	676
		9,712,128	18,146,409
Cost of materials		(6,303,171)	(14,127,157)
Depreciation and amortisation	5a	(1,319,344)	(1,140,032)
Prepaid inventory written off		1,211,746	-
Employment costs	5b	(3,091,230)	(1,043,839)
Finance costs		(670)	-
Legal and consulting		(1,795,305)	-
Compliance costs		(13,304)	-
Motor vehicle and transportation expenses		-	(47,409)
Other expenses		(71,124)	(362,932)
Profit / (loss) before tax		(4,093,766)	1,425,040
Income tax benefit / (expense)		-	-
Net profit / (loss) for the period		(4,093,766)	1,425,040
<i>Other comprehensive income, net of income tax</i>			
■ Items that will not be reclassified subsequently to profit or loss		-	-
■ Items that may be reclassified subsequently to profit or loss:			
□ Foreign currency movement		(39,544)	-
Other comprehensive income for the half-year, net of tax		(39,544)	-
Total comprehensive income attributable to members of the parent entity		(4,133,310)	1,425,040
<i>Earnings per share:</i>			
Basic profit/(loss) loss per share (cents per share)	6	¢ (0.04)	¢ 0.01

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 30 June 2018

	Note	30 June 2018 RMB	31 December 2017 RMB
<i>Current assets</i>			
Cash and cash equivalents	7	283,815	538,900
Trade and other receivables	8	22,813,214	39,874,568
Inventories	9	9,606,051	2,898,945
Other current assets	10	684,600	4,151,673
Total current assets		33,387,680	47,464,086
<i>Non-current assets</i>			
Trade and other receivables	8	5,808,060	5,808,060
Property, plant, and equipment	11	8,404,779	9,150,423
Intangible assets	12	6,521,473	7,024,831
Total non-current assets		20,734,312	21,983,314
Total assets		54,121,992	69,447,400
<i>Current liabilities</i>			
Trade and other payables	13	8,412,664	8,800,983
Borrowings	14	15,232,053	26,062,053
Short-term provisions		14,153	15,000
Total current liabilities		23,658,870	34,878,036
<i>Non-current liabilities</i>			
Borrowings	14	12,026,740	12,026,740
Total non-current liabilities		12,026,740	12,026,740
Total liabilities		35,685,610	46,904,776
Net assets		18,436,382	22,542,624
<i>Equity</i>			
Issued capital		26,552,980	26,605,000
Reserves		27,720,546	27,681,002
Accumulated losses		(35,837,144)	(31,743,378)
Total equity		18,436,382	22,542,624

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

as at 30 June 2018

	Issued Capital RMB	Accumulated Losses RMB	Capital Reserve RMB	Foreign Exchange Translation Reserve RMB	Total RMB
Balance at 1 January 2017	10,000,000	(35,090,666)	27,000,000	-	1,909,334
Profit for the half-year attributable to owners	-	1,425,040	-	-	1,425,040
Other comprehensive income for the half year	-	(43,759)	-	-	(43,759)
Total comprehensive income for the half year	-	1,381,281	-	-	1,381,281
Transaction with owners, directly in equity					
Shares issued during the half year	3,000,000	-	-	-	3,000,000
Balance at 30 June 2017	13,000,000	(33,709,385)	27,000,000	-	6,290,615
Balance at 1 January 2018	26,605,000	(31,743,378)	27,664,504	16,498	22,542,624
Profit for the half year	-	(4,093,766)	-	-	(4,093,766)
Other comprehensive income for the half year	-	-	-	39,544	39,544
Total comprehensive income for the half year	-	(4,093,766)	-	39,544	(4,054,222)
Transaction with owners, directly in equity					
Transaction costs relating to prior share issues	(52,020)	-	-	-	(52,020)
Transfer from reserves	-	-	-	-	-
Deemed contributions of equity	-	-	-	-	-
Balance at 30 June 2018	26,552,980	(35,837,144)	27,664,504	56,042	18,436,382

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
for the half-year ended 30 June 2018

Note	30 June 2018 RMB	30 June 2017 RMB
<i>Cash flows from operating activities</i>		
Receipts from customers	28,701,146	11,695,645
Payments to suppliers and employees	(18,003,199)	(9,301,489)
Interest and borrowing costs	(670)	-
Net cash generated from operating activities	10,697,277	2,394,156
<i>Cash flows from investing activities</i>		
Payments for fixed assets, intangible assets and others	(70,342)	(2,383,861)
Payments to acquire investments	-	(2,823,700)
Cash received from disposal of fixed assets, intangible assets and other long-term assets	-	5,160
Net cash used in investing activities	(70,342)	(5,202,401)
<i>Cash flows from financing activities</i>		
Proceeds from issue of shares	-	3,000,000
Cost of issue of shares	(52,020)	-
Repayment of borrowings	(10,830,000)	-
Net cash provided by/ (used in) financing activities	(10,882,020)	3,000,000
Net increase / (decrease) in cash held	(255,085)	191,755
Cash and cash equivalents at the beginning of the half-year	538,900	47,266
Change in foreign currency held	-	(1,502)
Cash and cash equivalents at the end of the half-year	283,815	237,519

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

for the half-year ended 30 June 2018

Note 1 Statement of significant accounting policies

These are the consolidated financial statements and notes of Beida New Energy Limited (**Beida or the Company**) and controlled entities (collectively **the Group**). Beida is a company limited by shares, domiciled and incorporated in Australia.

The financial statements were authorised for issue on 13 September 2018 by the directors of the Company.

a. Basis of preparation

This interim financial report is intended to provide users with an update on the latest annual financial statements of Beida and controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Group for the year ended 31 December 2017, together with any public announcements made during the half-year.

i. Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

ii. Going Concern

The Group incurred a loss for the year of RMB4,093,766 (30 June 2017: RMB1,425,040 profit) and a net operating cash inflow of RMB10,697,277 (30 June 2017: RMB2,394,156 in-flow). The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Directors believe this to be appropriate for the following reasons:

- The Group has on 27 March 2018, signed a debt repayment agreement with its significant customer – Zhejiang XinRi Lianhe Energy Co., Ltd in relation to its 31 December 2017 trade receivable balance of RMB38,468,091 whereby an agreed monthly payment of RMB2,500,000 will be made with immediate effect. RMB26,260,000 has been repaid during the year with further repayments made subsequent to 30 June 2018. It was further agreed that the other receivable balance of RMB5,460,000 will only be repaid when Zhejiang XinRi Lianhe Energy Co., Ltd has installed a certain quota of solar power. This latter amount is not expected to be repaid within the next 2 years.
- Mr Hong Zeng, the shareholder and director of the Group has confirmed and agreed to provide continuous financial support to the Group as and when required so as to enable the Group to pay its debts as and when they fall due for the next twelve months from the date of this financial statement. Mr Hong Zeng further confirms that he has the financial capacity to do so and that he will not demand the payment of the loan of RMB27,258,000 which has been advanced to the Group through his other Company – Ningbo Beida Hose Manufacturing Co. Ltd, until such time the Group is able to make the repayments.
- Based on the above, the Directors have prepared cash flow forecasts that indicate the Group will be cash flow positive for the next twelve months from the date of these financial statements.

At the date of this report and having considered the above factors, the Directors are confident that the Group and the Company will be able to continue operations into the foreseeable future. These financial statements do not include adjustments relating to the recoverability and classification of the recorded assets and liabilities amounts that might be necessary should the Group and the Company not continue as going concerns.

b. Accounting Policies

The Group has consistently applied the same accounting policies and methods of computation have been followed in this interim report as were applied in the most recent annual financial statement.

c. Changes in accounting policies, standards and Interpretations

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017. All applicable new standards and interpretations issued since 1 January 2018 have been adopted. There was no significant impact on the Group.

Notes to the consolidated financial statements

for the half-year ended 30 June 2018

Note 4 Revenue and other income**a. Revenue**

Sale of goods

b. Other Income

Interest income

Government subsidy

30 June 2018 RMB	30 June 2017 RMB
9,411,540	18,145,733
9,411,540	18,145,733
588	372
300,000	304
300,588	676

Note 5 Profit / (loss) before income tax

The following significant revenue and expense items are relevant in explaining the financial performance:

a. Depreciation and amortisation:

- Depreciation and amortisation of plant and equipment
- Amortisation of intangibles
- Amortisation of land use rights

b. Employment costs:

- Directors fees
- Superannuation
- Wages and salaries
- Personnel costs

30 June 2018 RMB	30 June 2017 RMB
815,986	764,254
184,174	225,630
319,184	150,148
1,319,344	1,140,032
2,841,533	-
21,666	278,570
228,031	-
-	765,269
3,091,230	1,043,839

Note 6 Earnings per share (EPS)**a. Reconciliation of earnings to profit or loss**

(Loss) / profit for the year

Less: loss attributable to non-controlling equity interest

(Loss) / profit used in the calculation of basic and diluted EPS

30 June 2018 RMB	30 June 2017 RMB
(4,093,766)	1,425,040
-	-
(4,093,766)	1,425,040

b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS

2017 No.	2016 No.
100,000,000	100,000,000

c. Earnings per share

Basic EPS (cents per share)

2017 RMB	2016 RMB
(0.04)	0.01

INTERIM FINANCIAL REPORT

30 June 2018

BEIDA NEW ENERGY LIMITED

AND CONTROLLED ENTITIES

ABN 67 618 066 970

Notes to the consolidated financial statements

for the half-year ended 30 June 2018

Note 7 Cash and cash equivalents

a. Current

Cash at bank

Cash on deposit

30 June 2018 RMB	31 December 2017 RMB
96,051	538,900
187,764	-
283,815	538,900

Note 8 Trade and other receivables

a. Current

Trade receivables

Other receivables

b. Non-current

Trade receivables

Note	30 June 2018 RMB	31 December 2017 RMB
	22,683,068	39,864,079
	130,146	10,489
	22,813,214	39,874,568
	5,808,060	5,808,060
	5,808,060	5,808,060

Note 9 Inventories

Current

Raw materials - at cost

Finished goods - at cost

Work in progress

30 June 2018 RMB	31 December 2017 RMB
1,018,320	1,291,059
5,320,318	1,344,319
3,267,413	263,567
9,606,051	2,898,945

Note 10 Other assets

Current

Prepayments

30 June 2018 RMB	31 December 2017 RMB
684,600	4,151,673
684,600	4,151,673

Notes to the consolidated financial statements

for the half-year ended 30 June 2018

Note 11 Property, plant, and equipment

Freehold land and buildings

Accumulated depreciation and impairment

Machinery

Accumulated depreciation

Transportation equipment

Accumulated depreciation

Office and electronic equipment

Accumulated depreciation

Total plant and equipment

30 June 2018 RMB	31 December 2017 RMB
429,250	429,250
(144,655)	(134,460)
284,595	294,790
16,841,656	16,771,314
(8,822,382)	(8,026,759)
8,019,274	8,744,555
1,029,894	1,029,894
(978,399)	(978,399)
51,495	51,495
287,750	287,750
(238,335)	(228,167)
49,415	59,583
8,404,779	9,150,423

Note 12 Intangible assets

Patents and licences

Accumulated amortisation and impairment

Land use right assets

Accumulated amortisation and impairment

30 June 2018 RMB	31 December 2017 RMB
6,896,671	6,896,671
(1,306,160)	(986,976)
5,590,511	5,909,695
1,931,740	1,931,740
(1,000,778)	(816,604)
930,962	1,115,136
6,521,473	7,024,831

Note 13 Trade and other payables**Current***Unsecured*

Trade payables

Wages payable

Other payables

Accruals

30 June 2018 RMB	31 December 2017 RMB
3,395,674	5,179,013
1,074,219	1,039,009
3,869,439	2,455,856
73,332	127,105
8,412,664	8,800,983

Notes to the consolidated financial statements

for the half-year ended 30 June 2018

Note 14 Interest-bearing loans and borrowings**a. Current**

Loan from related parties

Note	30 June 2018 RMB	31 December 2017 RMB
14c	15,232,053	26,062,053
	15,232,053	26,062,053

b. Non-current

Loan from related parties

14c	12,026,740	12,026,740
	12,026,740	12,026,740

c. Related Party Loans

In the current period, Ningbo Beida New Energy Science & Technology Co., Ltd. entered into a loan agreement with Ningbo Beida Hose Manufacturing Co., Ltd (**Hose Co**) a company owned and controlled by Hong Zeng, for an amount RMB 27,258,793 (Dec 2017: RMB 38,088,793) from Hose Co, at zero interest rate without any fixed repayment terms. As this is a non-interest bearing loan, the carrying amount has been discounted to approximate its fair value.

Note 15 Issued capital**Note**

	30 June 2018 No.	31 December 2017 No.	30 June 2018 RMB	31 December 2017 RMB
Fully paid ordinary shares at no par value	100,000,000	100,000,000	26,552,980	26,605,000

Note 16 Operating segments**a. Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a regular basis and in determining the allocation of resources. Management continually assesses the Group's segments and has identified the operating segments based on the one principal business operation located in the People's Republic of China. The Company operates solely in the manufacturing and processing of solar cell modules.

The Group currently operates materially in one business segment as described above. Accordingly, the financial information presented in the statement of profit or loss and other comprehensive income and statement of financial position is the same as that presented to the chief operating decision maker.

Note 17 Events subsequent to reporting date

As at the date of this report, there have been no material events subsequent to report date.

Directors' declaration

The Directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 4 to 12, are in accordance with the *Corporations Act 2001 (Cth)* and:
 - (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001 (Cth)*; and
 - (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the half-year ended on that date of the Group.
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

MR HONG ZONG

Chief Executive Officer

Dated this Thursday, 13 September 2018





INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BEIDA NEW ENERGY LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Beida New Energy Limited ("the Company") and its controlled entities ("the Group") comprising the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended, notes comprising a summary of significant accounting policies and the director's declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Beida New Energy Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to note 1(a)(ii) to the half-year financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.





As the auditor of Beida New Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682

Nikki Shen
Director

Dated 13 September 2018



Beida New Energy Limited