MIRENCO INC
Form 10-Q
August 18, 2006

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

FORM 10-QSB

(Mark One)

[**X**] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2006**

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _________________ to _________________

Commission file number **333-41092**

**Mirenco, Inc.**
(Exact name of small business issuer as specified in its charter)

| | |
|---|---|
| **Iowa** | **39-1878581** |
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |

**206 May Street, P.O. Box 343, Radcliffe, Iowa 50230**
(Address of principal executive offices)

**(515) 899-2164**
(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section l2, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes [ ] No [ ] **Not applicable**

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: **21,187,225 shares of no par value common stock as of August 14, 2006**.

**Transitional Small Business Disclosure Format (Check one): Yes [ ] No [X]**

**Cautionary Statement on Forward-Looking Statements.**

The discussion in this Report on Form 10-QSB, including the discussion in Item 2 of PART I, contains forward-looking statements that have been made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations, estimates and projections about the Company s business, based on management s current beliefs and assumptions made by management. Words such as expects , anticipates , intends , believes , plans , seeks , estimates , and similar expressions or variations of thes intended to identify such forward-looking statements. Additionally, statements that refer to the Company s estimated or anticipated future results, sales or marketing strategies, new product development or performance or other non-historical facts are forward-looking and reflect the Company s current perspective based on existing information. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results and outcomes may differ materially from what is expressed or forecasted in any such forward-looking statements. Such risks, and uncertainties include those set forth below in Item 1 as well as previous public filings with the Securities and Exchange Commission. The discussion of the Company s financial condition and results of operations included in Item 2 of PART I should also be read in conjunction with the financial statements and related notes included in Item 1 of PART I of this quarterly report. These quarterly financial statements do not include all disclosures provided in the annual financial statements and should be read in conjunction with the annual financial statements and notes thereto included in the Company's Form 10KSB for the year ended December 31, 2005 filed on May 10, 2006. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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## PART I Financial Information

### Item 1. Financial Statements

**MIRENCO, Inc.**
**BALANCE SHEET**
**(unaudited)**
**June 30, 2006**

| | | |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ | 44,401 |
| Accounts receivable | | 58,671 |
| Inventories | | 109,862 |
| Other | | 5,784 |
| Total current assets | | 218,718 |
| PROPERTY AND EQUIPMENT, net | | 515,919 |
| PATENTS AND TRADEMARKS, net | | 8,992 |
| | $ | 743,629 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Current portion of note payable | $ | 7,470 |
| Current portion of capital lease | | 3,202 |
| Accounts payable | | 143,403 |
| Accrued expenses | | 58,116 |
| Due to officers | | 181,328 |
| Other current liabilities | | 25,739 |
| Notes payable to related parties | | 55,008 |
| Total current liabilities | | 474,266 |
| LONG TERM LIABILITIES | | |
| Notes payable, less current portion | | 101,469 |
| Notes payable to related parties, less current portion | | 45,581 |
| Capital lease, less current portion | | 4,044 |
| Total long term liabilities | | 151,094 |

| | | |
|---|---|---|
| STOCKHOLDERS' EQUITY | | |
| Preferred stock, $.01 par value, 50,000,000 shares authorized | | - |
| no shares issued or outstanding | | |
| Common stock, no par value: 100,000,000 shares authorized, | | |
| 20,789,225 shares issued and outstanding | | 9,609,710 |
| Additional paid-in capital | | 1,714,954 |
| Deferred compensation | | (1,307) |
| Accumulated (deficit) | | (11,205,088) |
| | | 118,269 |
| | $ | 743,629 |

**See the accompanying notes to the financial statements**

**MIRENCO, Inc.**
**STATEMENTS OF OPERATIONS**
**(unaudited)**

| | Three Months Ended June 30, 2006 | Three Months Ended June 30, 2005 |
|---|---|---|
| Sales | $ 192,995 | $ 187,807 |
| Cost of sales | 119,582 | 67,454 |
| Gross profit | 73,413 | 120,353 |
| Salaries and wages | 151,067 | 242,676 |
| Other general and administrative expenses | 83,377 | 104,901 |
| | 234,444 | 347,577 |
| (Loss) from operations | (161,031) | (227,224) |
| Other income (expense) | | |
| Interest income | 1 | 1 |
| Interest expense | (5,471) | (4,416) |
| | (5,470) | (4,415) |
| NET (LOSS) | $ (166,501) | $ (231,639) |
| Net (loss) per share available for common shareholders - basic and diluted | $ (0.01) | $ (0.01) |

| | | |
|---|---|---|
| Weighted-average shares outstanding - basic and diluted | 20,393,779 | 16,582,495 |

**See the accompanying notes to the financial statements**

**MIRENCO, Inc.**
**STATEMENTS OF OPERATIONS**

| | Six Months Ended June 30, 2006 | Six Months Ended June 30, 2005 |
|---|---|---|
| Sales | $ 307,893 | $ 321,755 |
| Cost of sales | 212,404 | 134,150 |
| Gross profit | 95,489 | 187,605 |
| Salaries and wages | 269,763 | 453,812 |
| Other general and administrative expenses | 152,531 | 212,077 |
| | 422,294 | 665,889 |
| (Loss) from operations | (326,805) | (478,284) |
| Other income (expense) | | |
| Interest income | 2 | 1 |
| Interest expense | (10,989) | (9,302) |
| | (10,987) | (9,301) |
| NET (LOSS) | $ (337,792) | $ (487,585) |
| Net (loss) per share available for common shareholders - basic and diluted | $ (0.02) | $ (0.03) |

| | | |
|---|---|---|
| Weighted-average shares outstanding - basic and diluted | 19,282,854 | 16,582,495 |

**See the accompanying notes to the financial statements**

**MIRENCO, Inc.**
**STATEMENTS OF CASH FLOWS**
**(unaudited)**

| | Six Months Ended June 30, 2006 | Six Months Ended June 30, 2005 |
|---|---|---|
| Cash flows from operating activities | | |
| Net cash (used in) operating activities | $ (286,844) | $ (436,499) |
| Cash flows from investing activities | | |
| Net cash (used in) investing activities | (50) | (5,583) |
| Cash flows from financing activities | | |
| Proceeds from issuance of stock | 338,245 | 489,461 |
| Principal payments on long-term debt: | | |
| Banks and others | (9,554) | (4,400) |
| Related parties | (2,380) | (2,225) |
| Net cash provided by financing activities | 326,311 | 482,836 |
| Increase in cash and cash equivalents | 39,417 | 40,754 |
| Cash and cash equivalents, beginning of period | 4,984 | 33,127 |
| Cash and cash equivalents, end of period | $ 44,401 | $ 73,881 |

**See the accompanying notes to the financial statements**

**MIRENCO, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**(unaudited)**

June 30, 2006

## NOTE A BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for interim financial information and Item 310(b) of Regulation S-B. They do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included.

The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year. For further information, refer to the financial statements of the Company as of December 31, 2005, and for the two years then ended, including notes thereto included in the Company s Form 10-KSB.

## NOTE B INVENTORY

Inventories, consisting of purchased finished goods ready for sale, are stated at the lower of cost (as determined by the first-in, first-out method) or market.

## NOTE C - REALIZATION OF ASSETS

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. Net loss for the six months ended June 30, 2006 was ($337,792). The Company has incurred net losses aggregating $11,205,088 from inception, and may continue to incur net losses in the future. In addition, the Company had a working capital deficiency of ($255,548) as of June 30, 2006. If revenues do not increase substantially in the near future, additional sources of funds will be needed to maintain operations. These matters give rise to substantial doubt about the Company s ability to continue as a going concern.

Management and other personnel have been focused on product exposure and marketing. The Company s management team has diligently explored several market segments relative to the Company s product and service lines over the past 24 months. From that exploration, the Company has decided it is in its best interests to market other products that are related to the DriverMax® product line. In that respect, the Company has become an authorized reseller for Network Car, Inc. to market its Networkfleet product which is a vehicle tracking and diagnostic reporting product that focuses on productivity and fuel efficiency. Management also believes a large market exists for the Company s testing and evaluation services and the information resulting from those services. By concentrating the sales efforts within its own reasonable geographical area, management believes it can better provide a professional, consultative approach toward customers needs and prove the value of its products and services. Management will focus on the Company s efforts on the sales of products, services, and programs with sensible controls over expenses. Management believes these steps, if successful, will improve the Company s liquidity and operating results, allowing it to continue in existence.

The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

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**MIRENCO, Inc.**

**NOTES TO FINANCIAL STATEMENTS Continued**

**(unaudited)**

**June 30, 2006**

**NOTE D – STOCKHOLDERS EQUITY**

During the six months ended June 30, 2006, the Company issued 2,829,271 shares of common stock for cash of $338,243, which shares were issued at a discount to the fair market value of the shares.

During the six months ended June 30, 2006, the Company issued 5,000 options to directors to purchase common stock at $.1563 per share, 5,000 options at $.2750 per share and 5,000 option at $.3750 per share. The options are exercisable at those prices until January 31, 2014. In addition, 10,000 options to purchase common stock at $.3375 per share were issued to an employee, also exercisable through January 31, 2014. In addition, 135,000 options to purchase common stock at $.1525 per share were issued to employees, also exercisable through January 31, 2014.

The following summarizes the options outstanding at June 30, 2006:

| | Number of shares | | Weighted-average exercise price per share |
|---|---|---|---|
| | Outstanding | Exercisable | |
| Outstanding, December 31, 2005 | 2,109,210 | 2,109,210 | 1.23 |
| Granted | 160,000 | 160,000 | 0.17 |
| Exercised | - | - | - |
| Outstanding June 30, 2006 | 2,269,210 | 2,269,210 | $ 1.16 |

The following table summarizes information about options outstanding at June 30, 2006 under the Compensatory Stock Option Plan:

2006 Compensatory Stock Options and Warrants

| | Options outstanding | | | Options exercisable | |
|---|---|---|---|---|---|
| Range of exercise prices | Number outstanding | Weighted-average remaining contractual life | Weighted-average exercise price | Number exercisable | Weighted-average exercise price |
| $0.12-$5.00 | 2,269,210 | 6.35 | $ 1.16 | 2,269,210 | $ 1.16 |

SFAS 123 requires the Company to provide pro forma information regarding net income and earnings per share as if compensation cost for the Company's stock option plans had been determined in accordance with the fair value based method prescribed in SFAS 123. The fair value of the option grants is estimated on the date of grant utilizing the Black-Scholes option pricing model. Had the company charged the fair value of the options issued to operations during the period ended June 30, 2006, there would not be a material difference in the net loss as reported.

**NOTE E NOTES PAYABLE**

Notes payable consisted of the following at June 30, 2006:

| | Total | Current Portion | Long-term Portion |
|---|---|---|---|
| Note payable to bank in monthly installments of $1,621, including principal and variable interest, currently 10.50%, guaranteed by stockholder, guaranteed by Small Business Administration | $ 108,939 | $ 7,470 | $ 101,469 |
| Capital lease payable to leasing company in monthly installments of $376, including principal and interest of 20.625%, maturing in July, 2008 | 7,246 | 3,202 | 4,044 |
| | $ 116,185 | $ 10,672 | $ 105,513 |

**NOTE F NOTES PAYABLE TO RELATED PARTIES**

Notes payable to related parties consisted of the following at June 30, 2006:

| | Total | Current Portion | Long-term Portion |
|---|---|---|---|
| Notes payable to investors, 9% interest payable quarterly, principal due in March and April, 2007 | $ 30,000 | $ 30,000 | $ - |
| Note payable to stockholder, 9% interest payable quarterly, principal due in March, 2007 | 20,000 | 20,000 | - |
| Note payable to related Company in monthly installments of $689, including principal and | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| interest of 6.75% maturing May, 2009 | | 50,589 | | 5,008 | | 45,581 |
| | $ | 100,589 | $ | 55,008 | $ | 45,581 |

**NOTE G MAJOR CUSTOMER**

In the first six months of 2006 two major customers accounted for 53% of total sales.

**NOTE H SUBSEQUENT EVENT**

During July and August, 2006, 398,000 shares of stock were issued for cash of $49,450.

**Item 2.**

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF

## FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### General and Background

We have incurred annual losses since inception while developing and introducing our original products and focusing management and other resources on capitalizing the Company to support future growth. Relatively high management, personnel, consulting and marketing expenditures were incurred in prior years in preparation for the commercialization of our products. We expect distribution and selling expenses to increase directly with sales increases, however, as a percentage of sales, these expenses should decline. It is anticipated that general and administrative expenses should remain stable and decline significantly as a percentage of sales.

### Liquidity and Capital Resources

Cash and equivalents and accounts receivable are currently the Company s substantial source of liquidity. The changes in Cash and Equivalents for the six months ended June 30, 2006 and 2005 can be reviewed in the Statements of Cash Flows in PART I Item 1 above.

According to the terms of our purchase agreement with American Technologies to acquire the patents and trademarks, we have incurred a 3% royalty of annual gross sales for a period of 20 years, which began November 1, 1999.

### Results of Operations

Gross sales of $307,893, including $100,813 in product sales and $207,080 in sales of services, were realized for the six months ended June 30, 2006 and were $13,862 less than sales for the same period one year ago. Cost of sales for the six months ended June 30, 2006 was $212,404 resulting in a net decrease of $92,117 in gross profit margin. In the six months ended June 30, 2006, $172,313 of employment costs were included in Cost of Sales compared to $94,575 in the corresponding period in the prior year.

A total of 17 full-time individuals, were employed with the Company at June 30, 2006 compared to a total of 19 at June 30, 2005.

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A comparative breakdown of Other general and administrative expenses per the Statements of Operations included in PART I Item 1 above is as follows:

| | Six Months Ended June 30, 2006 | Six Months Ended June 30, 2005 |
|---|---|---|
| Royalty | $ 9,195 | $ 9,656 |
| Advertising | 4,383 | 10,572 |
| Depreciation and amortization | 21,706 | 25,034 |
| Insurance | 30,912 | 38,429 |
| Professional fees | 22,717 | 31,939 |
| Office expenses | 23,519 | 24,608 |
| Research and development | - | 9,067 |
| Travel | 17,431 | 34,994 |
| Utilities | 22,668 | 27,778 |
| Total general and administrative expenses | $ 152,531 | $ 212,077 |

1.

Royalty expense is proportional to sales and is based on sales of products, services and rights related to patents according to the contractual agreement.

2.

Advertising expense for the six months ended June, 2006 decreased $6,189 over the same period in the prior year because of decreased recruiting activities.

3.

Depreciation and amortization expense decreased $3,328 from the corresponding period in the prior year because of computer and other equipment becoming fully depreciated in the prior period.

4.

Insurance expense for the six months ended June 30, 2006 decreased $7,517 from the corresponding period in the prior year because of a thorough examination of current coverage and obtaining a more competitive bid.

5.

Professional fees expense decreased $9,222 because of the discontinuance of the services of several outside consultants employed in 2005.

6.

Office expense for the six months ended June 30, 2006  was comparable to the corresponding period in the prior year.

7.

Research and development expenses  were none for the six months ended June 30, 2006 compared to $9,067 for the same period in 2005 because of the Company  s emphasis of selling existing products as opposed to the development of new products.

8.

Travel expense for the first six months of 2006 was $17,563 less than for the first six months of 2005 due to reduced sales activity.

9.

Utilities expense for the first six months of 2006 was comparable to the expense for the first six months of 2005.

Interest expense for the six months ended June 30, 2006 and 2005 is a result of obtaining investor loans and bank loans  in 2005 and 2004.

The Company uses estimates in the preparation of its financial statements.  The estimates used relate to valuation of receivables and the useful lives of its equipment and patents. Since the Company  s receivables consist of larger individual accounts, the Company elects to use the direct write off method for those accounts that are deemed to be uncollectible.  The Company believes there is no material difference in this method from the allowance method.  There have been no accounts written off in 2006. If it is determined that potential losses of a material amount in receivables, the allowance for doubtful accounts method will be adopted. No such allowance is considered to be required at this time. If it were determined that the depreciated cost of its equipment and the amortized cost of its patents exceeded their fair market value, there would be a negative impact on the results of operations to the extent the depreciated and amortized cost of these assets exceeded their fair market value. In connection with this, the value of certain real property was reduced in a prior year to conform with an appraisal of the property at that time. No such additional reduction is considered necessary at this time.

The carrying value of long-lived assets is reviewed on a regular basis for the existence of facts and circumstances that suggest impairment. During the first six months of 2006, no material impairment has been indicated. Should there be an impairment in the future, the Company will measure the amount of the impairment based on the amount that the carrying value of the impaired assets exceed the undiscounted cash flows expected to result from the use and eventual disposal of the impaired assets.

The Company accounts for equity instruments issued to employees for services based on the fair value of the equity instruments issued and accounts for equity instruments issued to other than employees based on the fair value of the consideration received or the fair value of the equity instruments whichever is more reliably measurable.

The Company accounts for stock based compensation in accordance with SFAS 123, Accounting for Stock-Based Compensation . The provisions of SFAS 123 allow companies to either expense the estimated fair value of stock options or to continue to follow the intrinsic value method set forth in APB Opinion 25, Accounting for Stock Issued to Employees (APB Opinion 25) but disclose the proforma effects on net income (loss) had the fair value of the options been expensed. The Company has elected to continue to apply APB Opinion 25 in accounting for its stock option incentive plans.

SFAS 123 requires the Company to provide pro forma information regarding net income and earnings per share as if compensation cost for the Company's stock option plans had been determined in accordance with the fair value based method prescribed in SFAS 123. The fair value of the option grants is estimated on the date of grant utilizing the Black-Scholes option pricing model. Had the company charged the fair value of the options issued to operations during the period ended June 30, 2006, there would not be a material difference in the net loss as reported.

In December 2004, the FASB issued SFAS 123(R), Share-Based Payment. SFAS 123(R) amends SFAS 123, Accounting for Stock-Based Compensation, and APB Opinion 25, Accounting for Stock Issued to Employees. SFAS 123(R) requires that the cost of share-based payment transactions (including those with employees and non-employees) be recognized in the financial statements. SFAS 123(R) applies to all share-based payment transactions in which an entity acquires goods or services by issuing (or offering to issue) its shares, share options, or other equity instruments (except for those held by an ESOP) or by incurring liabilities (1) in amounts based (even in part) on the price of the entity s shares or other equity instruments, or (2) that require (or may require) settlement by the issuance of an entity s shares or other equity instruments. This statement is effective (1) for public companies qualifying as SEC small business issuers, as of the first interim period or fiscal year beginning after December 15, 2005, or (2) for all other public companies, as of the first interim period or fiscal year beginning after June 15, 2005, or (3) for all nonpublic entities, as of the first fiscal year beginning after December 15, 2005. Management is currently assessing the effect of SFAS No. 123(R) on the Company s financial statements.

The Company outsources the production of its DriverMax® products to ICE Corporation of Manhattan, Kansas. If, for some reason the relationship between the Company and ICE Corporation should be interrupted or discontinued, the operations of the Company could be adversely affected until such time an alternative supply source could be located, contracted and begin producing our technology. Such an event could materially effect the results of operations of the Company. The Company continues to review its relationship with this single source and believes there is no need for an alternative source at this time. As sales of product grow the Company will continue to review alternative sources.

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**Item 3.**

## CONTROLS AND PROCEDURES

An evaluation of the Company s disclosure controls and procedures and internal controls and procedures was performed on April 26, 2006. Based on that review, management concludes that the Company s disclosure controls and procedures adequately ensure that information required to be disclosed by the Company in the reports that it files or submits under the Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission s rules and forms. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the evaluation date. There have been no corrective actions with regard to significant deficiencies and material weaknesses since the evaluation date.

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# PART II. OTHER INFORMATION

**Item 1.**

**Legal Proceedings**

None

**Item 2.**

**Changes in Securities**

During the six months ended June 30, 2006, common stock of 2,829,271shares were issued. Changes in shares outstanding during the first six months are summarized as follows:

| | Shares Issued | | Amount |
|---|---|---|---|
| Shares outstanding January 1, 2006 | 17,959,954 | $ | 9,271,465 |
| New shares issued for cash | 2,829,271 | | 338,245 |
| Shares outstanding June, 30, 2006 | 20,789,225 | $ | 9,609,710 |

**Item 3.**

**Defaults upon Senior Securities**

None

**ITEM 6. Exhibits and Reports on Form 8-K**

(a) Exhibits

The following are the exhibits to this report.

3.2(a)

Articles of Amendment to Articles of Incorporation (Incorporated by reference to the Company s 10QSB for the quarter ended June 30, 2004 filed on August 10, 2004).

3.2(b)

Templeton Investment Counsel, LLC:
6,174,000

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [ ].

Item 6. Ownership of More than Five Percent on Behalf of Another Person

The clients of the Investment Management Subsidiaries, including investment companies registered under the Investment Company Act of 1940 and other managed accounts, have the right to receive or power to direct the receipt of dividends from, and the proceeds from the sale of, the securities reported herein.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company

See Attached Exhibit C

Item 8. Identification and Classification of Members of the Group

Not Applicable

Item 9. Notice of Dissolution of Group

Not Applicable

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Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Exhibits

Exhibit A Joint Filing Agreement

Exhibit B Limited Powers of Attorney for Section 13 Reporting Obligations

Exhibit C – Item 7 Identification and Classification of Subsidiaries

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that

the information set forth in this statement is true, complete and correct.

Dated: February 4, 2014

Franklin Resources, Inc.

By: /c/LORI ANN WEBER

Lori Ann Weber

Assistant Secretary of Franklin Resources, Inc.

Charles B. Johnson

Rupert H. Johnson, Jr.

By: /s/ROBERT C. ROSSELOT

Robert C. Rosselot

Attorney in Fact for Charles B. Johnson pursuant to Power of Attorney

attached to this Schedule 13G

Attorney in Fact for Rupert H. Johnson, Jr. pursuant to Power of Attorney

attached to this Schedule 13G

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EXHIBIT A

JOINT FILING AGREEMENT

In accordance with Rule 13d 1(k) under the Securities Exchange Act of 1934, as amended,

the undersigned hereby agree to the joint filing with each other of the attached

statement on Schedule 13G and to all amendments to such statement and that such

statement and all amendments to such statement are made on behalf of each of them.

IN WITNESS WHEREOF, the undersigned have executed this agreement on February 4, 2014.

Franklin Resources, Inc.

By: /s/LORI ANN WEBER

Lori Ann Weber

Assistant Secretary of Franklin Resources, Inc.

Charles B. Johnson

Rupert H. Johnson, Jr.

By: /s/ROBERT C. ROSSELOT

Robert C. Rosselot

Attorney in Fact for Charles B. Johnson pursuant to Power of Attorney attached to this Schedule 13G

Attorney in Fact for Rupert H. Johnson, Jr. pursuant to Power of Attorney attached to this Schedule 13G

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EXHIBIT B

LIMITED POWER OF ATTORNEY

FOR

SECTION 13 REPORTING OBLIGATIONS

Know all by these presents, that the undersigned hereby makes, constitutes and appoints each of Robert Rosselot and Maria Gray, each acting individually, as the undersigned's true and lawful attorney in fact, with full power and authority as hereinafter described on behalf of and in the name, place and stead of the undersigned to:

(1) prepare, execute, acknowledge, deliver and file Schedules 13D and 13G (including any amendments thereto or any related documentation) with the United States Securities and Exchange Commission, any national securities exchanges and Franklin Resources, Inc., a Delaware corporation (the "Reporting Entity"), as considered necessary or advisable under Section 13 of the Securities Exchange Act of 1934 and the

rules and regulations promulgated thereunder, as amended from time to time (the "Exchange Act"); and

(2) perform any and all other acts which in the discretion of such attorney in fact are necessary or desirable for and on behalf of the undersigned in connection with the foregoing.

The undersigned acknowledges that:

(1) this Limited Power of Attorney authorizes, but does not require, each such attorney in fact to act in their discretion on information provided to such attorney in fact without independent verification of such information;

(2) any documents prepared and/or executed by either such attorney in fact on behalf of the undersigned pursuant to this Limited Power of Attorney will be in such form and will contain such information and disclosure as such attorney in fact, in his or her discretion, deems necessary or desirable;

(3) neither the Reporting Entity nor either of such attorneys in fact assumes (i) any liability for the undersigned's responsibility to comply with the requirements of the Exchange Act or (ii) any liability of the undersigned for any failure to comply with such requirements; and

(4) this Limited Power of Attorney does not relieve the undersigned from

responsibility for compliance with the undersigned's obligations under the Exchange Act, including without limitation the reporting requirements under Section 13 of the Exchange Act.

The undersigned hereby gives and grants each of the foregoing attorneys in fact full power and authority to do and perform all and every act and thing whatsoever requisite, necessary or appropriate to be done in and about the foregoing matters as fully to all intents and purposes as the undersigned might or could do if present, hereby ratifying all that each such attorney in fact of, for and on behalf of the undersigned, shall lawfully do or cause to be done by virtue of this Limited Power of Attorney.

This Limited Power of Attorney shall remain in full force and effect until revoked by the undersigned in a signed writing delivered to each such attorney in fact.

IN WITNESS WHEREOF, the undersigned has caused this Limited Power of Attorney to be executed as of this 30th day of April, 2007

/s/Charles B. Johnson

Signature

Charles B. Johnson

Print Name

CUSIP NO. 169426103 13G
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LIMITED POWER OF ATTORNEY

FOR

SECTION 13 REPORTING OBLIGATIONS

Know all by these presents, that the undersigned hereby makes,

constitutes and appoints each of Robert Rosselot and Maria Gray, each acting

individually, as the undersigned's true and lawful attorney in fact, with full power

and authority as hereinafter described on behalf of and in the name, place and stead

of the undersigned to:

(1) prepare, execute, acknowledge, deliver and file Schedules 13D and 13G

(including any amendments thereto or any related documentation) with the United

States Securities and Exchange Commission, any national securities exchanges and

Franklin Resources, Inc., a Delaware corporation (the "Reporting Entity"), as

considered necessary or advisable under Section 13 of the Securities Exchange Act of

1934 and the rules and regulations promulgated thereunder, as amended from time to time (the “Exchange Act”); and

(2) perform any and all other acts which in the discretion of such attorney in fact are necessary or desirable for and on behalf of the undersigned in connection with the foregoing.

The undersigned acknowledges that:

(1) this Limited Power of Attorney authorizes, but does not require, each such attorney in fact to act in their discretion on information provided to such attorney in fact without independent verification of such information;

(2) any documents prepared and/or executed by either such attorney in fact on behalf of the undersigned pursuant to this Limited Power of Attorney will be in such form and will contain such information and disclosure as such attorney in fact, in his or her discretion, deems necessary or desirable;

(3) neither the Reporting Entity nor either of such attorneys in fact assumes (i) any liability for the undersigned’s responsibility to comply with the requirements of the Exchange Act or (ii) any liability of the undersigned for any failure to comply with such requirements; and

(4) this Limited Power of Attorney does not relieve the undersigned from

responsibility for compliance with the undersigned's obligations under the Exchange

Act, including without limitation the reporting requirements under Section 13 of the

Exchange Act.

The undersigned hereby gives and grants each of the foregoing

attorneys in fact full power and authority to do and perform all and every act and

thing whatsoever requisite, necessary or appropriate to be done in and about the

foregoing matters as fully to all intents and purposes as the undersigned might or

could do if present, hereby ratifying all that each such attorney in fact of, for and

on behalf of the undersigned, shall lawfully do or cause to be done by virtue of this

Limited Power of Attorney.

This Limited Power of Attorney shall remain in full force and effect

until revoked by the undersigned in a signed writing delivered to each such

attorney in fact.

IN WITNESS WHEREOF, the undersigned has caused this Limited Power of Attorney to be

executed as of this 25th day of April, 2007

/s/ Rupert H. Johnson, Jr.

Signature

Rupert H. Johnson, Jr.

Print Name

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EXHIBIT C

Franklin Advisers, Inc. Item 3
Classification: 3(e)

Franklin Templeton Investment Management Limited Item 3
Classification: 3(e)

Franklin Templeton Investments (Asia) Ltd. Item 3
Classification: 3(e)

Franklin Templeton Investments Corp. Item 3
Classification: 3(e)

Franklin Templeton Portfolio Advisors, Inc. Item 3
Classification: 3(e)

Templeton Asset Management Ltd. Item 3
Classification: 3(e)

Templeton Global Advisors Limited Item 3
Classification: 3(e)

Templeton Investment Counsel, LLC Item 3
Classification: 3(e)

Franklin Templeton Investments Australia Limited Item 3
Classification: 3(j)

Footnotes to Schedule 13G

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[1] The title of the securities underlying the American Depository Shares is H Shares, par

value RMB 1.00 per share. The securities covered by this Schedule 13G may include H

Shares and American Depository Shares. The CUSIP reported is the CUSIP for the American

Depository Shares.

[2] Franklin Templeton Portfolio Advisors, Inc. ("FTPA") may beneficially own these

Securities pursuant to various separately managed account investment management

arrangements. Under these arrangements, underlying clients may, from time to time,

delegate to FTPA the power to vote such securities, in which case FTPA has sole voting

power. To the extent that the underlying client retains voting power over any

securities, FTPA disclaims any power to vote or direct the vote of such securities.

[3] One or more of the investment management contracts that relates to these securities

Provides that the applicable FRI affiliate share investment power over the securities

held in the client's account covered by such contract with another unaffiliated entity.

The issuer's securities held in all such accounts are less than 5% of the outstanding

shares of the class. In addition, FRI does not believe that any such contract causes

such client or any such unaffiliated entity to be part of a group with FRI or any FRI

affiliate within the meaning of Rule 13d 5 under the Act.