



株洲南车时代电气股份有限公司

ZHUZHOU CSR TIMES ELECTRIC CO., LTD.

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 3898)



2012 *Interim Report*



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Note:

1. The financial data in this Interim Report is prepared under PRC Accounting Standards;
2. This Interim Report is prepared in Chinese and English. If there is any discrepancy between Chinese version and English version, the Chinese version shall prevail.





RESULTS IN BRIEF

The Board of the Company is pleased to announce the unaudited interim consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2012 which have been prepared in accordance with PRC Accounting Standards. This interim report is unaudited, but has been reviewed by the Audit Committee of the Company.

The revenue of the Group for the six months ended 30 June 2012 amounted to RMB3,199,737,292 (for the six months ended 30 June 2011: RMB4,280,388,420), representing a decrease of 25% over the same period of last year. Total profit amounted to RMB630,321,480 (for the six months ended 30 June 2011: RMB1,115,305,528), representing a decrease of 43% over the same period of last year. Net profit attributable to shareholders of the parent amounted to RMB546,099,224 (for the six months ended 30 June 2011: RMB937,224,955), representing a decrease of 42% over the same period of last year. Basic earnings per share amounted to RMB0.50 (for the six months ended 30 June 2011: RMB0.86).

This interim report set forth the unaudited interim consolidated financial statements of the Group and notes thereto.

CONSOLIDATED BALANCE SHEET

30 June 2012

Renminbi Yuan

ASSETS	<i>Note V</i>	30 June 2012 (Unaudited)	31 December 2011 (Audited)
CURRENT ASSETS			
Cash and bank balances	1	1,340,875,749	2,157,721,027
Bills receivable	2	1,048,414,145	1,051,609,300
Trade receivables	3	2,195,034,805	1,119,253,348
Prepayments	4	187,174,170	109,766,313
Other receivables	5	83,448,265	103,373,942
Inventories	6	1,593,506,558	1,668,583,237
Non-current assets due within one year		1,092,595	1,092,595
Other current assets	7	35,903,013	326,745,808
Total current assets		<u>6,485,449,300</u>	<u>6,538,145,570</u>
NON-CURRENT ASSETS			
Long-term receivables		1,772,676	1,772,676
Long-term equity investments	8	226,433,726	202,853,768
Fixed assets	9	1,350,234,618	1,367,692,631
Construction in progress		205,794,244	135,340,542
Intangible assets	10	191,678,407	200,313,770
Development expenditure		43,525,879	39,322,801
Goodwill		58,292,061	58,694,931
Deferred tax assets		59,242,172	59,717,549
Other non-current assets	11	57,644,359	50,325,133
Total non-current assets		<u>2,194,618,142</u>	<u>2,116,033,801</u>
TOTAL ASSETS		<u><u>8,680,067,442</u></u>	<u><u>8,654,179,371</u></u>

CONSOLIDATED BALANCE SHEET (continued)

30 June 2012

Renminbi Yuan

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	30 June 2012 (Unaudited)	31 December 2011 (Audited)
CURRENT LIABILITIES			
Short-term borrowings	12	3,770,363	139,000,000
Short-term bonds payable	13	—	500,000,000
Bills payable	14	289,160,320	448,604,661
Trade payables	15	1,219,466,555	906,553,647
Receipts in advance	16	280,569,869	351,164,281
Employee benefits payable		120,849,728	15,390,522
Taxes payable		123,997,952	286,584,166
Interests payable		—	12,468,969
Dividend payable		368,646,916	—
Other payables	17	182,706,842	134,599,283
Non-current liabilities due within one year	18	208,526,918	125,258,321
Total current liabilities		<u>2,797,695,463</u>	<u>2,919,623,850</u>
NON-CURRENT LIABILITIES			
Long-term borrowings	19	23,824,643	57,075,276
Deferred tax liabilities		16,725,611	15,725,481
Provisions		135,371,456	134,147,121
Other non-current liabilities		88,669,619	89,923,075
Total non-current liabilities		<u>264,591,329</u>	<u>296,870,953</u>
Total liabilities		<u>3,062,286,792</u>	<u>3,216,494,803</u>

CONSOLIDATED BALANCE SHEET (continued)

30 June 2012

Renminbi Yuan

LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Note V</i>	30 June 2012 (Unaudited)	31 December 2011 (Audited)
SHAREHOLDERS' EQUITY			
Share capital		1,084,255,637	1,084,255,637
Capital reserve		1,693,508,949	1,693,508,949
Surplus reserve		411,597,046	350,134,445
Retained earnings	20	2,334,512,850	2,218,523,143
Exchange fluctuation reserve		(29,338,060)	(29,761,317)
Total equity attributable to shareholders of the parent		<u>5,494,536,422</u>	<u>5,316,660,857</u>
Minority interests		<u>123,244,228</u>	<u>121,023,711</u>
Total shareholders' equity		<u>5,617,780,650</u>	<u>5,437,684,568</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>8,680,067,442</u></u>	<u><u>8,654,179,371</u></u>

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

Renminbi Yuan

	<i>Note V</i>	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Revenue	21	3,199,737,292	4,280,388,420
Less: Cost of sales	21	2,069,638,947	2,593,710,482
Business taxes and surcharges		26,117,226	24,309,908
Selling expenses		142,709,708	199,004,905
Administrative expenses		433,751,674	377,734,475
Finance costs/(income)	22	(908,536)	3,698,898
Asset impairment losses/(reversal of losses)	23	(12,020,950)	32,148,368
Add: Investment income	24	45,246,157	30,543,467
including: share of profits of an associate and a jointly controlled entity	24	23,579,958	29,264,500
Operating profit		585,695,380	1,080,324,851
Add: Non-operating income	25	44,839,869	36,281,517
Less: Non-operating expenses	26	213,769	1,300,840
including: loss on disposal of non-current assets	26	182,546	133,195
Total profit		630,321,480	1,115,305,528
Less: Income tax expense	27	92,250,388	180,689,741
Net profit		538,071,092	934,615,787
Net profit attributable to shareholders of the parent		546,099,224	937,224,955
Minority interests		(8,028,132)	(2,609,168)

CONSOLIDATED INCOME STATEMENT (continued)

For the six months ended 30 June 2012

Renminbi Yuan

	<i>Note V</i>	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Earnings per share (Yuan/Share)	28		
Basic		<u>0.50</u>	<u>0.86</u>
Diluted		<u>0.50</u>	<u>0.86</u>
Other comprehensive income	29	<u>671,906</u>	<u>1,567,955</u>
Total comprehensive income		<u>538,742,998</u>	<u>936,183,742</u>
Including:			
Total comprehensive income attributable to shareholders of the parent		<u>546,522,481</u>	<u>938,469,205</u>
Total comprehensive income attributable to minority interests		<u>(7,779,483)</u>	<u>(2,285,463)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

Renminbi Yuan

	Attributable to shareholders of the parent						Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Exchange fluctuation reserve	Sub-total		
I. As at 1 January 2012 (audited)	1,084,255,637	1,693,508,949	350,134,445	2,218,523,143	(29,761,317)	5,316,660,857	121,023,711	5,437,684,568
II. Movements during the period								
(i) Net profit (unaudited)	—	—	—	546,099,224	—	546,099,224	(8,028,132)	538,071,092
(ii) Other comprehensive income								
1. Exchange differences on translation of foreign operations (unaudited)	—	—	—	—	423,257	423,257	248,649	671,906
Total comprehensive income	—	—	—	546,099,224	423,257	546,522,481	(7,779,483)	538,742,998
(iii) Capital contribution and withdrawal by shareholders								
1. Capital contribution by minority shareholders (unaudited)	—	—	—	—	—	—	10,000,000	10,000,000
(iv) Profit appropriation								
1. Transfer to surplus reserve (unaudited)	—	—	61,462,601	(61,462,601)	—	—	—	—
2. Dividend paid (unaudited)	—	—	—	(368,646,916)	—	(368,646,916)	—	(368,646,916)
III. As at 30 June 2012 (unaudited)	<u>1,084,255,637</u>	<u>1,693,508,949</u>	<u>411,597,046</u>	<u>2,334,512,850</u>	<u>(29,338,060)</u>	<u>5,494,536,422</u>	<u>123,244,228</u>	<u>5,617,780,650</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2011

Renminbi Yuan

	Attributable to shareholders of the parent						Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Exchange fluctuation reserve	Sub-total		
I. As at 1 January 2011 (audited)	1,084,255,637	1,693,508,949	227,060,371	1,487,852,295	(19,730,237)	4,472,947,015	96,816,055	4,569,763,070
II. Movements during the period								
(i) Net profit (unaudited)	—	—	—	937,224,955	—	937,224,955	(2,609,168)	934,615,787
(ii) Other comprehensive income								
1. Exchange differences on translation of foreign operations (unaudited)	—	—	—	—	1,244,250	1,244,250	323,705	1,567,955
Total comprehensive income	—	—	—	937,224,955	1,244,250	938,469,205	(2,285,463)	936,183,742
(iii) Profit appropriation								
1. Transfer to surplus reserve (unaudited)	—	—	105,601,572	(105,601,572)	—	—	—	—
2. Dividend paid (unaudited)	—	—	—	(330,697,969)	—	(330,697,969)	—	(330,697,969)
III. As at 30 June 2011 (unaudited)	<u>1,084,255,637</u>	<u>1,693,508,949</u>	<u>332,661,943</u>	<u>1,988,777,709</u>	<u>(18,485,987)</u>	<u>5,080,718,251</u>	<u>94,530,592</u>	<u>5,175,248,843</u>

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2012

Renminbi Yuan

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	2,519,875,326	3,582,414,492
Refunds of taxes	41,382,042	29,385,826
Cash received relating to other operating activities	12,317,064	40,282,333
Sub-total of cash inflows from operating activities	2,573,574,432	3,652,082,651
Cash paid for goods and services	(1,781,771,559)	(3,255,910,776)
Cash paid to and on behalf of employees	(222,488,736)	(266,574,963)
Cash paid for all types of taxes	(529,676,584)	(322,849,529)
Cash paid relating to other operating activities	(308,738,677)	(414,442,385)
Sub-total of cash outflows from operating activities	(2,842,675,556)	(4,259,777,653)
Net cash flows used in operating activities	(269,101,124)	(607,695,002)
2. Cash flows from investing activities:		
Cash received from investments	310,000,000	—
Cash received from returns on investments	21,666,200	6,914,507
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	15,245,704	5,487,120
Cash received relating to other investing activities	—	111,979,962
Sub-total of cash inflows from investing activities	346,911,904	124,381,589
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(151,225,761)	(89,149,046)
Cash paid for acquisition of investments	(19,000,000)	—
Cash paid relating to other investing activities	—	(81,406,257)
Sub-total of cash outflows from investing activities	(170,225,761)	(170,555,303)
Net cash flows from/(used in) investing activities	176,686,143	(46,173,714)

CONSOLIDATED CASH FLOW STATEMENT (continued)

For the six months ended 30 June 2012

Renminbi Yuan

	<i>Note V</i>	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
3. Cash flows from financing activities:			
Cash received from capital contribution		10,000,000	—
including: cash received from minority shareholders of subsidiaries		10,000,000	—
Cash received from issuance of short-term bonds		—	500,000,000
Cash received from borrowings		3,894,028	14,963,481
Sub-total of cash inflows from financing activities		13,894,028	514,963,481
Cash repayment of short-term bonds		(500,000,000)	—
Cash repayment of borrowings		(139,505,129)	(396,645)
Cash paid for distribution of dividend or profits and for interest expenses		(29,012,598)	(156,986)
Sub-total of cash outflows from financing activities		(668,517,727)	(553,631)
Net cash flows (used in)/from financing activities		(654,623,699)	514,409,850
4. Net decrease in cash and cash equivalents		(747,038,680)	(139,458,868)
Add: cash and cash equivalents at beginning of period		2,053,718,390	1,569,479,328
5. Cash and cash equivalents at end of period	30	1,306,679,710	1,430,020,460

BALANCE SHEET

30 June 2012

Renminbi Yuan

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
ASSETS		
CURRENT ASSETS		
Cash and bank balances	1,083,583,757	1,796,772,759
Bills receivable	1,004,243,705	907,710,223
Trade receivables	2,001,303,776	954,599,711
Prepayments	138,457,616	95,270,853
Other receivables	368,890,765	343,291,085
Inventories	1,292,392,603	1,444,346,990
Non-current assets due within one year	1,092,595	1,092,595
Other current assets	1,329,137	300,000,000
Total current assets	<u>5,891,293,954</u>	<u>5,843,084,216</u>
NON-CURRENT ASSETS		
Long-term receivables	1,772,676	1,772,676
Long-term equity investments	952,719,036	904,227,042
Fixed assets	917,138,529	921,212,320
Construction in progress	144,667,755	103,100,459
Intangible assets	92,314,583	96,827,829
Development expenditure	26,594,184	26,594,184
Deferred tax assets	55,566,776	56,042,153
Other non-current assets	44,371,481	38,268,244
Total non-current assets	<u>2,235,145,020</u>	<u>2,148,044,907</u>
TOTAL ASSETS	<u>8,126,438,974</u>	<u>7,991,129,123</u>



BALANCE SHEET (continued)

30 June 2012

Renminbi Yuan

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term borrowings	—	139,000,000
Short-term bonds payable	—	500,000,000
Bills payable	227,866,000	397,588,080
Trade payables	1,158,550,934	744,516,462
Receipts in advance	216,689,515	325,908,032
Employee benefits payable	99,052,310	5,811,415
Taxes payable	109,053,051	267,470,874
Interests payable	—	12,468,969
Dividend payable	368,646,916	—
Other payables	173,131,006	119,155,961
Non-current liabilities due within one year	166,971,537	117,560,719
Total current liabilities	2,519,961,269	2,629,480,512
NON-CURRENT LIABILITIES		
Provisions	130,332,806	130,332,806
Other non-current liabilities	79,151,667	80,301,667
Total non-current liabilities	209,484,473	210,634,473
Total liabilities	2,729,445,742	2,840,114,985
SHAREHOLDERS' EQUITY		
Share capital	1,084,255,637	1,084,255,637
Capital reserve	1,693,282,738	1,693,282,738
Surplus reserve	411,597,046	350,134,445
Retained earnings	2,207,857,811	2,023,341,318
Total shareholders' equity	5,396,993,232	5,151,014,138
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,126,438,974	7,991,129,123

INCOME STATEMENT

For the six months ended 30 June 2012

Renminbi Yuan

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Revenue	2,842,742,800	3,934,579,477
Less: Cost of sales	1,921,240,066	2,430,331,904
Business taxes and surcharges	23,379,093	21,131,818
Selling expenses	117,892,719	174,680,030
Administrative expenses	316,023,400	303,998,319
Finance costs/(income)	(3,634,275)	4,632,000
Asset impairment losses/(reversal of losses)	(12,649,179)	21,275,541
Add: Investment income	179,257,897	210,543,467
including: share of profits of an associate and a jointly controlled entity	23,579,958	29,264,500
Operating profit	659,748,873	1,189,073,332
Add: Non-operating income	29,089,582	32,075,858
Less: Non-operating expenses	162,289	122,149
including: loss on disposal of non-current assets	162,289	122,149
Total profit	688,676,166	1,221,027,041
Less: Income tax expense	74,050,156	165,011,324
Net profit	614,626,010	1,056,015,717
Other comprehensive income	—	—
Total comprehensive income	614,626,010	1,056,015,717

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

Renminbi Yuan

	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. As at 1 January 2012 (audited)	1,084,255,637	1,693,282,738	350,134,445	2,023,341,318	5,151,014,138
II. Movements during the period					
(i) Net profit (unaudited)	—	—	—	614,626,010	614,626,010
(ii) Other comprehensive income (unaudited)	—	—	—	—	—
Total comprehensive income	—	—	—	614,626,010	614,626,010
(iii) Profit appropriation					
1. Transfer to surplus reserve (unaudited)	—	—	61,462,601	(61,462,601)	—
2. Dividend paid (unaudited)	—	—	—	(368,646,916)	(368,646,916)
III. As at 30 June 2012 (unaudited)	<u>1,084,255,637</u>	<u>1,693,282,738</u>	<u>411,597,046</u>	<u>2,207,857,811</u>	<u>5,396,993,232</u>

For the six months ended 30 June 2011

Renminbi Yuan

	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. As at 1 January 2011(audited)	1,084,255,637	1,693,282,738	227,060,371	1,246,372,629	4,250,971,375
II. Movements during the period					
(i) Net profit (unaudited)	—	—	—	1,056,015,717	1,056,015,717
(ii) Other comprehensive income (unaudited)	—	—	—	—	—
Total comprehensive income	—	—	—	1,056,015,717	1,056,015,717
(iii) Profit appropriation					
1. Transfer to surplus reserve (unaudited)	—	—	105,601,572	(105,601,572)	—
2. Dividend paid (unaudited)	—	—	—	(330,697,969)	(330,697,969)
III. As at 30 June 2011(unaudited)	<u>1,084,255,637</u>	<u>1,693,282,738</u>	<u>332,661,943</u>	<u>1,866,088,805</u>	<u>4,976,289,123</u>

CASH FLOW STATEMENT

For the six months ended 30 June 2012

Renminbi Yuan

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	2,014,551,515	3,224,138,476
Refunds of taxes	39,008,435	27,673,657
Cash received relating to other operating activities	6,496,164	37,002,454
Sub-total of cash inflows from operating activities	2,060,056,114	3,288,814,587
Cash paid for goods and services	(1,555,767,479)	(3,114,732,221)
Cash paid to and on behalf of employees	(121,155,858)	(157,338,290)
Cash paid for all types of taxes	(459,068,475)	(277,739,434)
Cash paid relating to other operating activities	(232,685,363)	(355,271,077)
Sub-total of cash outflows from operating activities	(2,368,677,175)	(3,905,081,022)
Net cash flows used in operating activities	(308,621,061)	(616,266,435)
2. Cash flows from investing activities:		
Cash received from investments	300,000,000	—
Cash received from returns on investments	155,677,939	76,914,507
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	6,235,959	3,376,894
Cash received relating to other investing activities	—	83,003,100
Sub-total of cash inflows from investing activities	461,913,898	163,294,501
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	(102,509,047)	(42,005,100)
Cash paid for acquisition of subsidiaries	(24,912,036)	—
Cash paid relating to other investing activities	—	(66,377,070)
Sub-total of cash outflows from investing activities	(127,421,083)	(108,382,170)
Net cash flows from investing activities	334,492,815	54,912,331

CASH FLOW STATEMENT (continued)

For the six months ended 30 June 2012

Renminbi Yuan

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
3. Cash flows from financing activities:		
Cash received from the issuance of short-term bonds	—	500,000,000
Sub-total of cash inflows from financing activities	—	500,000,000
Cash repayment of short-term bonds	(500,000,000)	—
Cash repayments of borrowings	(139,000,000)	—
Cash paid for distribution of dividends or profits and for interest expenses	(26,385,629)	—
Sub-total of cash outflows from financing activities	(665,385,629)	—
Net cash flows (used in)/from financing activities	(665,385,629)	500,000,000
4. Net decrease in cash and cash equivalents	(639,513,875)	(1,182,846,844)
Add: Cash and cash equivalents at beginning of period	1,706,793,567	1,244,200,948
5. Cash and cash equivalents at end of period	1,067,279,692	61,354,104



NOTES TO FINANCIAL STATEMENTS

30 June 2012

Renminbi Yuan

I. BASIC INFORMATION OF THE GROUP

Zhuzhou CSR Times Electric Co., Ltd. (the "Company") is a joint stock limited company registered in Hunan Province, the People's Republic of China (the "PRC"). It was jointly established by CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd. (南車株洲電力機車研究所有限公司) (formerly known as CSR Group Zhuzhou Electric Locomotive Research Institute (中國南車集團株洲電力機車研究所)), CSR Qishuyan Locomotive & Rolling Stock Works (中國南車集團戚墅堰機車車輛廠), CSR Zhuzhou Electric Locomotive Co., Ltd. (南車株洲電力機車有限公司) (formerly known as CSR Group Zhuzhou Electric Locomotive Co., Ltd. (中國南車集團株洲電力機車有限公司)), CSR Investment & Leasing Co., Ltd. (南車投資租賃有限公司) (formerly known as New Leap Transportation Equipment Investment & Leasing Co., Ltd. (新力博交通裝備投資租賃有限公司)) and China Railway Large Maintenance Machinery Co., Ltd. Kunming (昆明中鐵大型養路機械集團有限公司) at the date of 26 September 2005, upon approval by the State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC") of Guozi Reform [2005] 1095 Approval. The Company's registration was approved by the Administration for Industry and Commerce of Hunan Province, with the business license code 430000000009725. The H shares of the Company were listed on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The registered office of the Company is located at Times Road, Shifeng District, Zhuzhou City, Hunan Province, the PRC. The Company and its subsidiaries (together, the "Group") are principally engaged in the sales and manufacture of train-borne electrical systems and electrical components.

In December 2006, the Company issued 414,644,000 shares (including H shares issued via the exercise of the over-allotment option) with a nominal value of RMB1 each through the Hong Kong Stock Exchange. The issue price was HK\$5.3 per share. The total proceeds before deducting issuing expenses amounted to HK\$2,197,613,000 (equivalent to approximately RMB2,209,968,000). These H shares were listed and traded on the main board of the Hong Kong Stock Exchange in December 2006.

As at 30 June 2012, the Company had issued an aggregate of 1,084,255,637 shares as share capital.

The Group's parent and ultimate holding company are CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd. (南車株洲電力機車研究所有限公司) and CSR Group (中國南車集團公司) respectively, both established in the PRC.



NOTES TO FINANCIAL STATEMENTS (continued)

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II. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

1. Basis of preparation

The interim financial statements are prepared in accordance with the "Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting" issued by the Ministry of Finance, the PRC. The accounting policies and estimates adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011. The interim financial statements do not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2011.

The interim financial statements have been prepared on a going concern basis.

These interim financial statements are prepared under the historical cost convention, except for certain financial instruments, which are measured at fair value. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant rules.

2. Statement of compliance with Accounting Standards for Business Enterprises

The interim financial statements present fairly and completely, the financial position of the Group and the Company as at 30 June 2012 and the financial performance and the cash flows for the six months period then ended in accordance with Accounting Standards for Business Enterprises.

III. TAXES

1. Major categories of taxes and respective tax rates

Major categories of taxes and respective tax rates of the Company and its PRC subsidiaries in the current period are set out below:

Value-added tax ("VAT")	–	Output VAT is calculated by applying 17% to the taxable sales, less deductible input VAT of the current period.
Business tax	–	It is calculated by applying 5% to the taxable income.
City maintenance and construction surtax	–	It is levied at 7% on the turnover taxes paid.
Corporate income tax	–	It is levied at 25% on the taxable profit.



NOTES TO FINANCIAL STATEMENTS (continued)

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III. TAXES (continued)

2. Tax benefits and official approval

The Group's tax benefits and official approval are as follows:

Pursuant to the relevant document jointly issued by the Hunan Provincial Science and Technology Department, Department of Finance of Hunan Province, the State Taxation Bureau of Hunan Province and the Local Taxation Bureau of Hunan Province, the Company and its subsidiary, Zhuzhou Times Electronics Technology Co., Ltd. ("Times Electronics"), were accredited as high-tech enterprises and granted certificates of high-tech enterprise (No.: GF 201143000144 and GF201143000056, respectively) on 4 November 2011 for a validity period of three years. Pursuant to the document Yong Gao Qi Ren Ban [2011] No.10 (甬高企認辦[2011]10 號文) of Ningbo City, Zhejiang Province, Ningbo CSR Times Sensor Technology Co., Ltd. ("Ningbo Times"), a subsidiary of the Company, was accredited as a high-tech enterprise and granted a certificate of high-tech enterprise (No. GF201133100049) on 6 September 2011 for a validity period of three years. Pursuant to the document Xiang Ke Zi [2009] No. 134 (湘科字 [2009] 134號文) jointly issued by Hunan Provincial Science and Technology Department, Department of Finance of Hunan Province, the State Taxation Bureau of Hunan Province and the Local Taxation Bureau of Hunan Province, Zhuzhou Times Equipment Technology Co., Ltd. ("Times Equipment"), a subsidiary of the Company, was accredited as a high-tech enterprise and granted a certificate of high-tech enterprise (No. GR200943000073) on 15 July 2009 for a validity period of three years from 2009 to 2011. In 2012, the management of Times Equipment is of the view that Times Equipment still fulfilled the conditions of enjoyment of the preferential tax for high-tech enterprises, and had applied for the certificate of high-tech enterprise, therefore, the income tax is still calculated based on the preferential tax rate for high-tech enterprises in the current period. Pursuant to the Corporate Income Tax Law and its implementation rules, a high-tech enterprise strongly supported by the state shall be subject to income tax at the rate of 15%, and therefore, the Company, Times Electronics, Ningbo Times and Times Equipment were subject to income tax at the rate of 15% in the current period.



NOTES TO FINANCIAL STATEMENTS (continued)

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III. TAXES (continued)

2. Tax benefits and official approval (continued)

Pursuant to “The Notice Regarding the Tax Policies of the Strategy of Further Development of Western Region Issued by Ministry of Finance, General Administration of Customs and State Administration of Taxation” (Cai Shui No. [2011]58) 《財政部、海關總署、國家稅務總局關於深入實施西部大開發戰略有關稅收政策問題的通知》(財稅[2011]58號), the preferential tax policies of the development of Western Region can be adopted until 2020. The article 2 of such document regulated that “From 1 January 2011 to 31 December 2020, the enterprise of encourage industry which set up in the Western Region can enjoy a corporate income tax at the reduced rate of 15%. Such enterprise of encourage industry refers to the principal activities of the industry project provided in the “Category of Encourage Industry in Western Region” (《西部地區鼓勵類產業目錄》), and its revenue from principal activities represents more than 70% of total revenue of the enterprise. The “Category of Encourage Industry in Western Region” will be published separately”. The management of Baoji CSR Times Engineering Machinery Co., Ltd. (“Baoji Times”), a subsidiary of the Company, believes that the Company engaged in the principal activities which the industry projects provided in the “Category of encourage industry in Western Region” in past years, and fulfilled the conditions of enjoyment of the preferential tax of West Region, therefore, the income tax is still calculated based on the preferential tax rate of West Region in the current period.

NOTES TO FINANCIAL STATEMENTS (continued)

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IV. SCOPE OF CONSOLIDATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Particulars of subsidiaries

Particulars of subsidiaries of the Company are as follows:

Names of companies	Type of subsidiaries	Place of registration	Registered Capital	Nature of business	Scope of business	Proportion of shareholding		Proportion of votes	Consolidated or not
						direct	indirect		
Ningbo Times	Limited liability company	Ningbo Zhejiang	RMB 48,826,200	Manufacture industry	Manufacture and sale of sensors and vacuum sanitary units	100%	—	100%	Yes
Times Electronics	Limited liability company	Zhuzhou Hunan	RMB 80,000,000	Manufacture industry	Manufacture and sale of electrical control systems for large railway maintenance vehicles	100%	—	100%	Yes
Times Equipment	Limited liability company	Zhuzhou Hunan	RMB 36,000,000	Manufacture industry	Manufacture and sale of vibration absorbers and testing equipment	100%	—	100%	Yes
Beijing CSR Times Information Technology Co., Ltd. ("Times Information")	Limited liability company	Beijing	RMB 29,000,000	Manufacture industry	Manufacture and sale of train operation safety equipment	100%	—	100%	Yes
Shenyang CSR Times Transportation Equipment Co., Ltd. ("Shenyang Times")	Limited liability company	Shenyang Liaoning	RMB 3,000,000	Manufacture industry	Manufacture and sale of electrical components for rail transit vehicles	100%	—	100%	Yes
Baoji Times	Limited liability company	Baoji Shaanxi	RMB 200,000,000	Manufacture industry	Manufacture and sale of large railway and urban rail work machines and vehicles	80%	—	80%	Yes

NOTES TO FINANCIAL STATEMENTS (continued)

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IV. SCOPE OF CONSOLIDATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Particulars of subsidiaries (continued)

Particulars of subsidiaries of the Company are as follows (continued):

Names of companies	Type of subsidiaries	Place of registration	Registered Capital	Nature of business	Scope of business	Proportion of shareholding		Proportion of votes	Consolidated or not	Note
						direct	indirect			
Kunming CSR Electric Equipment Co., Ltd. ("Kunming Electrics")	Limited liability company	Kunming Yunnan	RMB3,000,000	Manufacture industry	Manufacture and sale of train-borne electrical systems	100%	—	100%	Yes	
Hangzhou CSR Electric Equipment Co., Ltd. ("Hangzhou Electrics")	Limited liability company	Hangzhou Zhejiang	RMB75,000,000	Manufacture industry	Manufacture and sale of train-borne electrical systems	60%	—	60%	Yes	Note 1
Guangzhou CSR Times Electric Technology Co., Ltd. ("Guangzhou Times")	Limited liability company	Guangzhou Guangdong	RMB30,000,000	Manufacture industry	Manufacture and sale of train-borne electrical systems	60%	—	60%	Yes	
CSR Times Electric (Hong Kong) Co., Ltd. ("HK Electric")	Limited liability company	Hong Kong	HKD10,000,000	Trading	Overseas trading and related business	100%	—	100%	Yes	Note 2
CSR Times Electric Australia Pty. Ltd. ("Times Australia")	Limited liability company	Australia	AUD290,000	Trading	Sale of related products for rail transportation	100%	—	100%	Yes	Note 3
Times Electric USA, LLC ("Times USA")	Limited liability company	USA	USD430,000	Trading	Sale of power semi-conductor and integrated circuit products	100%	—	100%	Yes	
Dynex Power Inc. ("Dynex")	Limited liability company	Canada	CAD37,096,192	Investment holding	Investment holding	75%	—	75%	Yes	
Dynex Semiconductor Limited ("Dynex Semiconductor")	Limited liability company	United Kingdom	GBP15,000,000	Manufacture industry	Manufacture and sale of power semi-conductor and integrated circuit products	—	75%	75%	Yes	

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

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IV. SCOPE OF CONSOLIDATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Particulars of subsidiaries (continued)

Note 1: In accordance with the minutes of the general meeting of Hangzhou Electrics held on 23 December 2011 and the provisions of its revised Articles of Association, Hangzhou Electrics increased the registered capital to RMB75,000,000. In accordance with the minutes of the general meeting of Hangzhou Electrics held on 11 May 2012, the Company and Zhejiang Economic Construction Investment Co., Ltd. (浙江省經濟建設投資有限公司) made an additional investment of RMB15,000,000 and RMB10,000,000 respectively in Hangzhou Electrics. Upon completion of the capital increment, the equity interest held by the Company in Hangzhou Electrics is remaining 60%. The paid-in capital of Hangzhou Electrics after the capital increment is amounted to RMB55,000,000, and the relevant procedure for change in industrial and commercial registration was completed on 21 June 2012.

Note 2: On 20 July 2011, the Company established HK Electric.

Note 3: On 20 March 2012, the Company established Times Australia.

2. Changes in scope of consolidation

Except for the subsidiaries newly established in the current period, the scope of the consolidated financial statements is as same as that of the previous year.

3. Entity newly consolidated in the current period

The subsidiaries newly consolidated in 2012 are as follows:

	Net assets as at 30 June 2012 (Unaudited)	Net losses from the incorporation date to 30 June 2012 (Unaudited)
HK Electric	<u>8,106,784</u>	<u>45,216</u>
Times Australia	<u>1,651,608</u>	<u>189,144</u>

NOTES TO FINANCIAL STATEMENTS (continued)

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Cash	17,670	17,594
Cash in bank	1,306,662,040	2,053,700,796
Other cash and bank balances	34,196,039	104,002,637
	<u>1,340,875,749</u>	<u>2,157,721,027</u>
	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Restricted cash and bank balances:		
Security deposits for acceptance bills	27,554,430	97,033,368
Security deposits for letters of guarantee	6,641,609	4,864,016
Security deposits for letters of credit	—	2,105,253
	<u>34,196,039</u>	<u>104,002,637</u>

Interest income earned on current deposits is calculated by using the current deposit interest rate. The deposit periods for short-term deposits vary from 60 days to 90 days depended on the cash requirements of the Group and earn interest at the respective deposit rates.

NOTES TO FINANCIAL STATEMENTS (continued)

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Bills receivable

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Bank acceptance bills	695,810,145	919,148,640
Commercial acceptance bills	352,604,000	132,460,660
	<u>1,048,414,145</u>	<u>1,051,609,300</u>

Details of the amounts due from related parties in the balance of the bills receivable are disclosed in Note VI. Related party relationships and transactions.

3. Trade receivables

The credit period of trade receivables is usually 6 months. The trade receivables bear no interest.

The aging analysis of the trade receivables is as follows:

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Within 6 months	1,955,104,583	902,907,803
6 months to 1 year	148,574,738	170,255,141
1 to 2 years	103,057,931	49,373,741
2 to 3 years	22,038,694	25,883,076
Over 3 years	11,593,032	9,208,557
	<u>2,240,368,978</u>	<u>1,157,628,318</u>
Less: provision for bad debts	45,334,173	38,374,970
	<u>2,195,034,805</u>	<u>1,119,253,348</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Trade receivables (continued)

The movements of provision for bad debts are as follows:

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Opening balance	38,374,970	34,242,379
Provision in the current period	8,997,555	7,595,807
Transfer in the current period	—	1,017,130
Reversal in the current period	(1,498,027)	(4,254,766)
Write-off in the current period	(544,562)	(168,890)
Exchange realignment	4,237	(56,690)
Closing balance	<u>45,334,173</u>	<u>38,374,970</u>

Details of the amounts due from related parties in the balance of trade receivables are disclosed in Note VI. Related party relationships and transactions.

4. Prepayments

The aging analysis of prepayments is as follows:

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Within 1 year	169,159,017	97,992,397
1 to 2 years	15,694,116	10,180,203
2 to 3 years	1,781,037	1,593,713
Over 3 years	540,000	—
	<u>187,174,170</u>	<u>109,766,313</u>

Details of the amounts due from related parties in the balance of prepayments are disclosed in Note VI. Related party relationships and transactions.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Other receivables

The aging analysis of other receivables is as follows:

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Within 1 year	81,298,205	101,030,454
1 to 2 years	1,532,964	2,917,976
2 to 3 years	1,790,420	654,670
Over 3 years	1,410,380	1,305,792
	86,031,969	105,908,892
Less: provision for bad debts	2,583,704	2,534,950
	83,448,265	103,373,942

The movements of provision for bad debts are as follows:

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Opening balance	2,534,950	2,985,776
Provision in the current period	48,754	—
Reversal in the current period	—	(450,826)
Closing balance	2,583,704	2,534,950

Details of the amounts due from related parties in the balance of other receivables are disclosed in Note VI. Related party relationships and transactions.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Inventories

	30 June 2012 (Unaudited)		
	Gross carrying amount	Impairment provision	Carrying amount
Raw materials	582,540,422	71,737,386	510,803,036
Work in progress	363,434,680	20,400,496	343,034,184
Finished goods	755,087,165	28,244,534	726,842,631
Turnover materials	13,844,493	1,017,786	12,826,707
	<u>1,714,906,760</u>	<u>121,400,202</u>	<u>1,593,506,558</u>
	31 December 2011 (Audited)		
	Gross carrying amount	Impairment provision	Carrying amount
Raw materials	689,993,102	89,218,919	600,774,183
Work in progress	404,565,010	21,234,863	383,330,147
Finished goods	708,950,559	30,743,227	678,207,332
Turnover materials	7,082,140	810,565	6,271,575
	<u>1,810,590,811</u>	<u>142,007,574</u>	<u>1,668,583,237</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Inventories (continued)

The movements of provision for inventories impairment are as follows:

For the six months ended 30 June 2012

	Opening balance (Audited)	Provision (Unaudited)	Decrease			Closing balance (Unaudited)
			Reversal (note 1) (Unaudited)	Write-off (note 2) (Unaudited)	Exchange realignment (Unaudited)	
Raw materials	89,218,919	3,618,015	(19,845,693)	(1,352,485)	98,630	71,737,386
Work in progress	21,234,863	2,445,029	(3,417,708)	—	138,312	20,400,496
Finished goods	30,743,227	3,732,326	(6,308,422)	—	77,403	28,244,534
Turnover materials	810,565	207,221	—	—	—	1,017,786
	<u>142,007,574</u>	<u>10,002,591</u>	<u>(29,571,823)</u>	<u>(1,352,485)</u>	<u>314,345</u>	<u>121,400,202</u>

Note 1: Mainly represents reversal of provision for impairment of inventories when the impaired value was recovered.

Note 2: Mainly represents write-off of provision for impairment of inventories when the related inventories were disposed of or consumed.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Inventories (continued)

For the year ended 31 December 2011

	Opening balance (Audited)	Provision (Audited)	Decrease			Closing balance (Audited)
			Reversal (note 1) (Audited)	Write-off (note 2) (Audited)	Exchange realignment (Audited)	
Raw materials	50,306,722	43,334,684	(4,065,631)	—	(356,856)	89,218,919
Work in progress	30,728,892	2,799,823	(11,971,566)	—	(322,286)	21,234,863
Finished goods	16,578,913	16,219,107	(1,758,517)	(224)	(296,052)	30,743,227
Turnover materials	147,163	751,247	(87,845)	—	—	810,565
	<u>97,761,690</u>	<u>63,104,861</u>	<u>(17,883,559)</u>	<u>(224)</u>	<u>(975,194)</u>	<u>142,007,574</u>

Note 1: Mainly represents reversal of provision for impairment of inventories when the impaired value was recovered.

Note 2: Mainly represents write-off of provision for impairment of inventories when the related inventories were disposed of or consumed.

As at 30 June 2012, no inventory of the Group was restricted (31 December 2011: Nil).



NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other current assets

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Prepaid taxes	16,848,361	16,745,808
Bank financial products (note)	19,000,000	310,000,000
Others	54,652	—
	<u>35,903,013</u>	<u>326,745,808</u>

Note: On 25 May 2012, the Group bought principal guaranteed and income yielding financial products amounting to RMB10,000,000 from China Construction Bank, with interests accrued from 25 May 2012 to 23 August 2012, and the expected yielding rate is 3.45%. On 8 June 2012 and 20 June 2012, the Group bought principal guaranteed and income yielding financial products from Bank of China amounting to RMB2,000,000 and RMB4,000,000, with interests accrued from 8 June 2012 to 9 July 2012 and from 20 June 2012 to 23 July 2012, and the expected yielding rate is 2.45% and 2.5% respectively. On 6 June 2012 and 14 June 2012, the Group bought principal guaranteed and income yielding Yield Plus financial products amounting to RMB2,000,000 and RMB1,000,000 from Shanghai Pudong Development Bank, with interests accrued from 6 June 2012 to 12 July 2012 and from 14 June 2012 to 19 July 2012 respectively, and the expected yielding rate is 4.5%.

On 31 December 2011, the Group bought principal guaranteed and income yielding Sunshine financial products amounting to RMB300,000,000 from China Everbright Bank, with interests accrued from 31 December 2011 to 4 January 2012, and the expected yielding rate is 4.8%. On 29 December 2011, the Group bought principal guaranteed and income yielding Yield Plus financial products amounting to RMB10,000,000 from Shanghai Pudong Development Bank, with interests accrued from 29 December 2011 to 12 January 2012, and the expected yielding rate is 4.4%.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Long-term equity investments

For the six months ended 30 June 2012

	Opening balance (Audited)	Increase (Unaudited)	Closing balance (Unaudited)	Impairment provision (Unaudited)	Closing balance (Unaudited)	Cash dividend received (Unaudited)
Non-listed investments:						
Equity method:						
Jointly controlled entity						
Zhuzhou Shiling Transportation Equipment Company, Ltd. ("Shiling")						
	<u>154,535,591</u>	<u>14,735,958</u>	<u>169,271,549</u>	<u>—</u>	<u>169,271,549</u>	<u>—</u>
Associate						
Siemens Traction Equipment Ltd., Zhuzhou ("Zhuzhou Siemens")						
	<u>47,918,177</u>	<u>8,844,000</u>	<u>56,762,177</u>	<u>—</u>	<u>56,762,177</u>	<u>—</u>
Cost method:						
Changchun Railway Vehicles Technology Development Co., Ltd.						
	<u>400,000</u>	<u>—</u>	<u>400,000</u>	<u>—</u>	<u>400,000</u>	<u>—</u>
	<u>202,853,768</u>	<u>23,579,958</u>	<u>226,433,726</u>	<u>—</u>	<u>226,433,726</u>	<u>—</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Long-term equity investments (continued)

For the year ended 31 December 2011

	Opening balance (Audited)	Increase (Audited)	Closing balance (Audited)	Impairment provision (Audited)	Closing balance (Audited)	Cash dividend received (Audited)
Non-listed investments:						
Equity method:						
Jointly controlled entity						
Shiling	<u>122,691,802</u>	<u>31,843,789</u>	<u>154,535,591</u>	<u>—</u>	<u>154,535,591</u>	<u>11,000,000</u>
Associate						
Zhuzhou Siemens	<u>45,012,136</u>	<u>2,906,041</u>	<u>47,918,177</u>	<u>—</u>	<u>47,918,177</u>	<u>4,061,710</u>
Cost method:						
Changchun Railway Vehicles Technology Development Co., Ltd.						
	<u>400,000</u>	<u>—</u>	<u>400,000</u>	<u>—</u>	<u>400,000</u>	<u>—</u>
	<u>168,103,938</u>	<u>34,749,830</u>	<u>202,853,768</u>	<u>—</u>	<u>202,853,768</u>	<u>15,061,710</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Fixed assets

For the six months ended 30 June 2012

	Opening balance (Audited)	Increase (Unaudited)	Decrease (Unaudited)	Exchange realignment (Unaudited)	Closing balance (Unaudited)
Cost:					
Buildings	876,582,715	14,242,391	(19,029,094)	178,345	871,974,357
Machinery	839,782,029	42,927,792	(3,754,010)	689,912	879,645,723
Vehicles	29,266,477	3,639,970	(197,377)	—	32,709,070
Office facilities and others	133,438,724	12,491,015	(1,361,679)	—	144,568,060
	<u>1,879,069,945</u>	<u>73,301,168</u>	<u>(24,342,160)</u>	<u>868,257</u>	<u>1,928,897,210</u>
Accumulated depreciation:					
Buildings	110,193,399	14,551,406	(667,102)	1,798	124,079,501
Machinery	271,330,678	46,337,740	(3,579,717)	82,780	314,171,481
Vehicles	13,189,162	2,298,733	(187,508)	—	15,300,387
Office facilities and others	69,970,580	9,415,408	(968,260)	—	78,417,728
	<u>464,683,819</u>	<u>72,603,287</u>	<u>(5,402,587)</u>	<u>84,578</u>	<u>531,969,097</u>
Carrying amount:					
Buildings	766,389,316	(309,015)	(18,361,992)	176,547	747,894,856
Machinery	568,451,351	(3,409,948)	(174,293)	607,132	565,474,242
Vehicles	16,077,315	1,341,237	(9,869)	—	17,408,683
Office facilities and others	63,468,144	3,075,607	(393,419)	—	66,150,332
	<u>1,414,386,126</u>	<u>697,881</u>	<u>(18,939,573)</u>	<u>783,679</u>	<u>1,396,928,113</u>

NOTES TO FINANCIAL STATEMENTS (continued)

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Fixed assets (continued)

For the six months ended 30 June 2012 (continued)

	Opening balance (Audited)	Increase (Unaudited)	Decrease (Unaudited)	Exchange realignment (Unaudited)	Closing balance (Unaudited)
Impairment provision:					
Buildings	9,411,739	—	—	—	9,411,739
Machinery	36,396,528	—	—	—	36,396,528
Vehicles	—	—	—	—	—
Office facilities and others	885,228	—	—	—	885,228
	<u>46,693,495</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>46,693,495</u>
Net carrying amount:					
Buildings	756,977,577	(309,015)	(18,361,992)	176,547	738,483,117
Machinery	532,054,823	(3,409,948)	(174,293)	607,132	529,077,714
Vehicles	16,077,315	1,341,237	(9,869)	—	17,408,683
Office facilities and others	62,582,916	3,075,607	(393,419)	—	65,265,104
	<u>1,367,692,631</u>	<u>697,881</u>	<u>(18,939,573)</u>	<u>783,679</u>	<u>1,350,234,618</u>

NOTES TO FINANCIAL STATEMENTS (continued)

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Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Fixed assets (continued)

For the year ended 31 December 2011

	Opening balance (Audited)	Increase (Audited)	Decrease (Audited)	Exchange realignment (Audited)	Closing balance (Audited)
Cost:					
Buildings	769,438,786	108,620,861	—	(1,476,932)	876,582,715
Machinery	674,983,476	197,473,959	(22,594,390)	(10,081,016)	839,782,029
Vehicles	22,376,452	7,377,299	(477,446)	(9,828)	29,266,477
Office facilities and others	114,110,407	23,479,699	(4,147,321)	(4,061)	133,438,724
	<u>1,580,909,121</u>	<u>336,951,818</u>	<u>(27,219,157)</u>	<u>(11,571,837)</u>	<u>1,879,069,945</u>
Accumulated depreciation:					
Buildings	85,694,665	24,519,686	—	(20,952)	110,193,399
Machinery	202,957,413	72,634,108	(1,260,377)	(3,000,466)	271,330,678
Vehicles	9,838,909	3,806,329	(453,574)	(2,502)	13,189,162
Office facilities and others	56,110,884	17,211,178	(3,350,185)	(1,297)	69,970,580
	<u>354,601,871</u>	<u>118,171,301</u>	<u>(5,064,136)</u>	<u>(3,025,217)</u>	<u>464,683,819</u>
Carrying amount:					
Buildings	683,744,121	84,101,175	—	(1,455,980)	766,389,316
Machinery	472,026,063	124,839,851	(21,334,013)	(7,080,550)	568,451,351
Vehicles	12,537,543	3,570,970	(23,872)	(7,326)	16,077,315
Office facilities and others	57,999,523	6,268,521	(797,136)	(2,764)	63,468,144
	<u>1,226,307,250</u>	<u>218,780,517</u>	<u>(22,155,021)</u>	<u>(8,546,620)</u>	<u>1,414,386,126</u>

NOTES TO FINANCIAL STATEMENTS (continued)

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Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Fixed assets (continued)

For the year ended 31 December 2011 (continued)

	Opening balance (Audited)	Increase (Audited)	Decrease (Audited)	Exchange realignment (Audited)	Closing balance (Audited)
Impairment provision:					
Buildings	9,411,739	—	—	—	9,411,739
Machinery	15,713,295	20,736,118	(52,885)	—	36,396,528
Vehicles	—	—	—	—	—
Office facilities and others	903,488	—	(18,260)	—	885,228
	<u>26,028,522</u>	<u>20,736,118</u>	<u>(71,145)</u>	<u>—</u>	<u>46,693,495</u>
Net carrying amount:					
Buildings	674,332,382	84,101,175	—	(1,455,980)	756,977,577
Machinery	456,312,768	104,103,733	(21,281,128)	(7,080,550)	532,054,823
Vehicles	12,537,543	3,570,970	(23,872)	(7,326)	16,077,315
Office facilities and others	57,096,035	6,268,521	(778,876)	(2,764)	62,582,916
	<u>1,200,278,728</u>	<u>198,044,399</u>	<u>(22,083,876)</u>	<u>(8,546,620)</u>	<u>1,367,692,631</u>

The amount of depreciation provided for the six months ended 30 June 2012 was RMB72,603,287 (unaudited) (six months ended 30 June 2011: RMB56,815,305 (unaudited)). For the six months ended 30 June 2012, the cost of fixed assets transferred from constructions in progress was RMB12,498,646 (unaudited) (six months ended 30 June 2011: RMB52,117,315 (unaudited)).

NOTES TO FINANCIAL STATEMENTS (continued)

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Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Intangible assets

The amount of amortisation for the six months ended 30 June 2012 was RMB9,048,008 (unaudited) (six months ended 30 June 2011: RMB8,274,875 (unaudited)).

11. Other non-current assets

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Prepayments for acquisition of land use right	44,371,481	38,268,244
Prepayments for construction in progress	12,181,008	8,595,484
Prepayments for purchase of machinery and equipment	1,091,870	3,461,405
	<u>57,644,359</u>	<u>50,325,133</u>

12. Short-term borrowings

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Credit loans	<u>3,770,363</u>	<u>139,000,000</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Short-term bonds payable

For the six months ended 30 June 2012

	Opening balance (Audited)	Increase (Unaudited)	Decrease (Unaudited)	Closing balance (Unaudited)
Short-term bonds	<u>500,000,000</u>	—	<u>500,000,000</u>	—

For the year ended 31 December 2011

	Opening balance (Audited)	Increase (Audited)	Decrease (Audited)	Closing balance (Audited)
Short-term bonds	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>

On 16 June 2011, the Company issued short-term bonds amounting to RMB500 million with a term of one year and an interest rate of 4.77% per annum in the open market. The Company repaid in full the RMB500 million short-term bonds on 16 June 2012.

14. Bills payable

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Bank acceptance bills	<u>289,160,320</u>	<u>448,604,661</u>

Details of the amount due to related parties in the balance of bills payable are disclosed in Note VI. Related party relationships and transactions.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Trade payables

The trade payables are non-interest-bearing and generally have an average payment term of 3 months.

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Within 3 months	904,259,749	606,436,051
3 months to 1 year	190,496,277	173,605,093
1 to 2 years	101,026,203	116,837,628
2 to 3 years	16,379,727	7,201,945
Over 3 years	7,304,599	2,472,930
	<u>1,219,466,555</u>	<u>906,553,647</u>

Details of the amount due to related parties in the balance of trade payables are disclosed in Note VI. Related party relationships and transactions.

16. Receipts in advance

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Within 1 year	266,584,585	340,997,056
1 to 2 years	11,886,684	7,298,839
2 to 3 years	194,354	1,251,553
Over 3 years	1,904,246	1,616,833
	<u>280,569,869</u>	<u>351,164,281</u>

Details of the amount due to related parties in the balance of receipts in advance are disclosed in Note VI. Related party relationships and transactions.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Other payables

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Within 1 year	156,732,873	113,951,595
1 to 2 years	21,115,006	16,824,580
2 to 3 years	3,327,038	1,578,478
Over 3 years	1,531,925	2,244,630
	<u>182,706,842</u>	<u>134,599,283</u>

Details of the amount due to related parties in the balance of other payables are disclosed in Note VI. Related party relationships and transactions.

18. Non-current liabilities due within one year

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Long-term borrowings due within one year	36,273,348	3,175,968
Provisions due within one year	98,362,342	69,481,125
Deferred income due within one year	73,891,228	52,601,228
	<u>208,526,918</u>	<u>125,258,321</u>

Long-term borrowings due within one year are set out as follows:

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Mortgaged loans	6,833,050	3,175,968
Other loans	29,440,298	—
	<u>36,273,348</u>	<u>3,175,968</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Long-term borrowings

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Mortgaged loans	30,657,693	30,922,613
Other loans	29,440,298	29,328,631
	60,097,991	60,251,244
Less: Long-term borrowings due within one year	36,273,348	3,175,968
	23,824,643	57,075,276

20. Retained earnings

	For the six months ended 30 June 2012 (Unaudited)	For the year ended 31 December 2011 (Audited)
Retained earnings at the end of last period/year	2,218,523,143	1,487,852,295
Add: Net profit attributable to shareholders of the parent	546,099,224	1,184,442,891
Less: Appropriation to statutory surplus reserve	61,462,601	123,074,074
Cash dividends paid	368,646,916	330,697,969
Retained earnings at the end of the period/year	2,334,512,850	2,218,523,143

The 2011 scheme of profit distribution of the Company has been reviewed and approved in the 2011 Annual General Meeting held on 8 June 2012, pursuant to which a final dividend of RMB0.340 (including tax) was paid on each of the 1,084,255,637 shares in issue, amounting to a total cash dividend of RMB368,646,916.

The board of directors do not recommend the payment of an interim dividend (six months ended 30 June 2011: nil).

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Revenue and cost of sales

Revenue, also the Group's turnover, represents the net invoiced value of goods sold after deducting returns and trade discounts, the value of services rendered and the rental income received.

Revenue is stated as follows:

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Revenue from principal operations	3,163,569,724	4,258,229,532
Other operating income	36,167,568	22,158,888
	<u>3,199,737,292</u>	<u>4,280,388,420</u>

Cost of sales is stated as follows:

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Cost of sales from principal operations	2,056,529,040	2,581,146,024
Other operating costs	13,109,907	12,564,458
	<u>2,069,638,947</u>	<u>2,593,710,482</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Revenue and cost of sales (continued)

Details of revenue are listed as follows:

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Sale of goods	3,190,115,935	4,272,370,057
Rental income	4,088,533	3,124,389
Others	5,532,824	4,893,974
	<u>3,199,737,292</u>	<u>4,280,388,420</u>

22. Finance costs/(income)

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Interest expenses:		
– Interest on bank loans due for full repayment within five years	4,944,449	156,986
– Interest on short-term bonds	11,599,180	8,207,167
	16,543,629	8,364,153
Less: Interest income	6,285,532	3,991,260
Exchange gains	(13,559,039)	(3,408,591)
Others	2,392,406	2,734,596
	<u>(908,536)</u>	<u>3,698,898</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Asset impairment losses/(reversal of losses)

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Bad debt loss	7,548,282	423,282
Impairment losses/(reversal of losses) of inventories	(19,569,232)	31,725,086
	<u>(12,020,950)</u>	<u>32,148,368</u>

24. Investment income

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Income from non-listed investments:		
Long-term equity investments income under the equity method		
– associate (note)	8,844,000	3,869,395
– jointly controlled entity	14,735,958	25,395,105
Gain on bank financial products	21,666,199	1,278,967
	<u>45,246,157</u>	<u>30,543,467</u>

As at 30 June 2012, the repatriation of the Group's investment income was not subject to significant restriction.

Note: As of the date of these interim financial statements, the Company had not obtained the financial statements for the six months period ended 30 June 2012 from Zhuzhou Siemens, the above investment income under equity method of an associate was the estimated figures.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Non-operating income

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Gain on disposal of non-current assets	121,286	1,823,373
Refunds of value added tax	39,100,535	25,727,906
Government grants	2,808,283	6,902,000
Unsettled payment	1,037,243	8,541
Penalty income and default compensation income	348,529	63,967
Others	1,423,993	1,755,730
	<u>44,839,869</u>	<u>36,281,517</u>

Government grants recognised in the income statement of the current period are as follows:

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Technology projects funding	2,610,000	6,690,000
Others	198,283	212,000
	<u>2,808,283</u>	<u>6,902,000</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Non-operating expenses

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Loss on disposal of non-current assets	182,546	133,195
Donation	—	1,000
Loss on penalties and compensation	25,000	22,022
Others	6,223	1,144,623
	<u>213,769</u>	<u>1,300,840</u>

27. Income tax expense

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Current income tax expense		
– Mainland China	90,160,383	188,483,394
– Other countries and regions	312,506	—
	<u>90,472,889</u>	<u>188,483,394</u>
Deferred tax expense	1,777,499	(7,793,653)
	<u>92,250,388</u>	<u>180,689,741</u>

The Group did not generate any assessable profits in Hong Kong and hence no provision was made for Hong Kong profits tax.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. Earnings per share

The calculation of the basic earnings per share is based on the net profit for the period attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue.

The calculation of basic earnings per share is as follows:

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company	<u>546,099,224</u>	<u>937,224,955</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	<u>1,084,255,637</u>	<u>1,084,255,637</u>
Basic earnings per share (Yuan/share)	<u>0.50</u>	<u>0.86</u>
Diluted earnings per share (Yuan/share)	<u>0.50</u>	<u>0.86</u>

The Company did not have potentially dilutive ordinary shares as at the approval date of these interim financial statements.

29. Other comprehensive income

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Exchange differences on translation of foreign operations	<u>671,906</u>	<u>1,567,955</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Supplementary information to cash flow statement

(1) Supplementary information to cash flow statement

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Adjustment of net profit to cash flows from operating activities:		
Net profit	538,071,092	934,615,787
Add: Asset impairment losses/(reversal of losses)	(12,020,950)	32,148,368
Depreciation of fixed assets	72,603,287	56,815,305
Amortisation of intangible assets	9,048,008	8,274,875
Losses/(Gains) from disposal of fixed assets, intangible assets and other long-term assets	61,260	(1,690,178)
Finance costs	16,543,629	8,364,153
Investment income	(45,246,157)	(30,543,467)
Decrease/(Increase) in deferred tax assets	475,377	(8,939,208)
Increase in deferred tax liabilities	1,000,130	330,629
Decrease/(Increase) in inventories	94,331,566	(227,797,048)
Increase in operating receivables	(1,067,965,168)	(1,829,820,740)
Increase in operating payables	123,996,802	450,546,522
Net cash flows used in operating activities	<u>(269,101,124)</u>	<u>(607,695,002)</u>



NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Supplementary information to cash flow statement (continued)

(2) Cash and cash equivalents

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Cash		
Including: cash on hand	17,670	17,594
Bank deposits on demand	<u>1,306,662,040</u>	<u>2,053,700,796</u>
Closing balance of cash and cash equivalents	<u>1,306,679,710</u>	<u>2,053,718,390</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent company

Name of the parent company	Place of registration	Nature of business	Registered capital	Proportion of shareholding (%)	Proportion of votes (%)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	Zhuzhou, Hunan	Manufacturing	2,436,710,000	54.38	54.38

The parent company of CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd. (南車株洲電力機車研究所有限公司) is CSR Corporation Limited.

The ultimate holding party of the Company is CSR Group, which is an enterprise directly under the central government directly administered by the State-owned Assets Supervision and Administration Commission of the State Council.

2. Subsidiaries

For details on the subsidiaries of the Company, please refer to Note IV. Scope of consolidation of the consolidated financial statements.

3. A jointly controlled entity and an associate

	Type of enterprises	Place of registration	Nature of business	Registered capital	Proportion of shareholding and votes	
					Direct	Indirect
Jointly controlled entity						
Shiling	Limited liability company	Zhuzhou	Manufacturing	USD14,000,000	50%	—
Associate						
Zhuzhou Siemens	Limited liability company	Zhuzhou	Manufacturing	RMB128,989,000	30%	—



NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

4. Other related parties (continued)

Name of the companies	Related party relationships
CSR Zhuzhou Electric Co., Ltd.	Corporation controlled by the ultimate holding party
Zhuzhou Electromechanical Technology Co., Ltd. (established on 31 March 2012)	Corporation controlled by the parent company
Beijing CSR Times Locomotive & Rolling Stock Co., Ltd.	Corporation controlled by the parent company
Hunan CSR Times Electric Vehicle Co., Ltd.	Corporation controlled by the parent company
Zhuzhou Times Electric Insulation Co., Ltd.	Corporation controlled by the parent company
Xiangyang CSR Electric Machinery Co., Ltd.	Corporation controlled by the parent company
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd. (formerly known as Zhuzhou Times Thermal Technologies Co., Ltd.)	Corporation controlled by the parent company
Zhuzhou Times New Material Technology Co., Ltd.	Corporation controlled by the parent company
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	Corporation controlled by the parent company
Bombardier Sifang (Qingdao) Transportation Ltd.	Jointly controlled entity of the ultimate holding party
Changzhou Ruiyang Transmission Technology Co., Ltd.	Jointly controlled entity of the ultimate holding party
Shiling	Jointly controlled entity of the Company
Zhuzhou Siemens	Associate of the Company

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Major transactions between the Group and its related parties

(1) Sales of goods to related parties

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	998,834,560	1,617,981,754
CSR Zhuzhou Electric Locomotive Co., Ltd.	263,245,648	1,063,886,833
CSR Qishuyan Locomotive Co., Ltd.	89,284,701	234,607,858
CSR Ziyang Locomotive Co., Ltd.	31,516,727	—
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	13,245,959	6,694,907
CSR Nanjing Puzhen Rolling Stock Co., Ltd.	40,854,667	91,573
Hunan CSR Times Electric Vehicle Co., Ltd.	5,415,947	3,341,571
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	13,810,819	849,915
Shijiazhuang King Transportation Equipment Co., Ltd.	5,828,718	3,807,692
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	1,941,709	4,280,465
Beijing North Gofront Science Business Co., Ltd.	3,671,714	1,080,318
Guangzhou Rapid Transit Vehicles Equipment Co., Ltd.	—	3,292,759
CSR Zhuzhou Electric Co., Ltd.	537,140	32,479
Ningbo Jiangbei Gofront Herong Electric Co., Ltd.	—	6,000
Beijing CSR Times Locomotive & Rolling Stock Co., Ltd.	—	102,564
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	168,681	503,115
Qingdao Sifang Coach Repair Co., Ltd.	232,812	122,060
CSR Sifang Rolling Stock Co., Ltd.	627,690	13,333
Zhuzhou Siemens	2,442,627	—
Kunming CSR Urban Rail Vehicle Co., Ltd.	2,677	—
CSR Luoyang Locomotive Co., Ltd.	2,437,607	—
Zhuzhou Electromechanical Technology Co., Ltd.	879,188	—
Changzhou Ruitai Engineering Machinery Co., Ltd.	284,359	—
Shiling	117,391,120	5,471
	<u>1,592,655,070</u>	<u>2,940,700,667</u>

NOTES TO FINANCIAL STATEMENTS (continued)

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Major transactions between the Group and its related parties (continued)

(2) Purchases of goods from related parties

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Shiling	205,809,719	138,834,004
CSR Qishuyan Locomotive Co., Ltd.	61,569,600	192,307,692
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	20,582,700	45,927,238
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	17,338,212	47,451,240
CSR Zhuzhou Electric Co., Ltd.	46,297,435	40,611,303
CSR Zhuzhou Electric Locomotive Co., Ltd.	12,430,169	3,733,332
Changzhou Ruiyang Transmission Technology Co., Ltd.	35,474,871	—
Ningbo Jiangbei Goufang Herong Electric Co., Ltd.	24,436,419	10,933,231
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	537,380	8,866,667
Zhuzhou Times New Material Technology Co., Ltd.	529,751	8,670,161
Hunan CSR Times Electric Vehicle Co., Ltd.	220,942	246,648
Zhuzhou Times Electric Insulation Co., Ltd.	367,166	989,372
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	—	259,829
CSR Luoyang Locomotive Co., Ltd.	2,163,419	—
Beijing North Gofront Science Business Co., Ltd.	—	4,188
Shijiazhuang King Transportation Equipment Co., Ltd.	359,829	—
Zhuzhou Electromechanical Technology Co., Ltd.	32,398,028	—
Zhuzhou Jiufang Braking Equipment Co., Ltd.	312,051	—
	<u>460,827,691</u>	<u>498,834,905</u>

NOTES TO FINANCIAL STATEMENTS (continued)

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Major transactions between the Group and its related parties (continued)

(3) Sales of electricity to related parties

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	58,267	122,054
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	447,506	379,606
Zhuzhou Siemens	392,985	470,234
	<u>898,758</u>	<u>971,894</u>

(4) Sales of fixed assets to related parties

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Shiling	13,562	—

(5) Software license fee paid to related parties

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	430,560	—

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Major transactions between the Group and its related parties (continued)

(6) Income from assets leased to related parties

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	695,761	688,302
Zhuzhou Siemens	2,049,642	1,921,539
	<u>2,745,403</u>	<u>2,609,841</u>

(7) Expenses incurred from assets leased by related parties

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	326,063	—
CSR Zhuzhou Electric Locomotive Works	235,932	—
	<u>561,995</u>	<u>—</u>

NOTES TO FINANCIAL STATEMENTS (continued)

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Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Major transactions between the Group and its related parties (continued)

(8) Technical service income from related parties

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	—	108,100
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	—	152,200
Hunan CSR Times Electric Vehicle Co., Ltd.	—	29,800
CSR Zhuzhou Electric Co., Ltd.	—	146,900
	<u>—</u>	<u>437,000</u>

(9) Technical service fee paid to related parties

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<u>12,530,890</u>	<u>—</u>

(10) Remuneration of key management

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Remuneration of key management	<u>987,599</u>	<u>1,215,093</u>

Note: The terms of the above sales, purchase and service provision transactions with related parties were agreed by both parties.



NOTES TO FINANCIAL STATEMENTS (continued)

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

6. Commitments between the Group and its related parties

(1) Sales of goods to related parties

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	1,043,501,927	2,211,118,124
CSR Zhuzhou Electric Locomotive Co., Ltd.	236,919,740	144,826,780
CSR Qishuyan Locomotive Co., Ltd.	—	103,290,000
CSR Nanjing Puzhen Rolling Stock Co., Ltd.	123,730,999	39,600,000
CSR Ziyang Locomotive Co., Ltd.	1,621,400	10,388,949
Shijiazhuang King Transportation Equipment Co., Ltd.	—	5,060,000
Hunan CSR Times Electric Vehicle Co., Ltd.	—	1,700,000
	<u>1,405,774,066</u>	<u>2,515,983,853</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

6. Commitments between the Group and its related parties (continued)

(2) Purchases of goods from related parties

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Ningbo Jiangbei Gofront Herong Electric Co., Ltd.	11,616,540	10,247,968
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	87,557,634	27,339,070
CSR Zhuzhou Electric Co., Ltd.	10,717,076	2,360,125
CSR Zhuzhou Electric Locomotive Co., Ltd.	1,244,444	—
Hunan CSR Times Electric Vehicle Co., Ltd.	—	8,352
CSR Qishuyan Locomotive Co., Ltd.	44,944,210	25,317,374
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	802,757	529,060
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	25,790,272	6,806,216
Zhuzhou Times New Material Technology Co., Ltd.	30,705	4,391
Changzhou Ruiyang Transmission Technology Co., Ltd.	29,901,709	38,221,709
CSR Luoyang Locomotive Co., Ltd.	—	1,630,000
Zhuzhou Jiufang Braking Equipment Co., Ltd.	878,023	—
Zhuzhou Electromechanical Technology Co., Ltd.	111,436,456	—
Shiling	244,390,558	—
	<u>569,310,384</u>	<u>112,464,265</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

7. Amounts due from and due to related parties

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Trade receivables:		
CSR Zhuzhou Electric Locomotive Co., Ltd.	66,602,947	27,231,380
Beijing North Gofront Science Business Co., Ltd.	1,860,849	1,116,884
CSR Zhuzhou Electric Co., Ltd.	474,614	498,614
Kunming CSR Urban Rail Vehicle Co., Ltd.	3,132	—
CSR Ziyang Locomotive Co., Ltd.	27,854,489	17,061,819
CSR Qishuyan Locomotive Co., Ltd.	11,437,845	14,434,745
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	714,102,308	334,993,249
CSR Sifang Rolling Stock Co., Ltd.	300,310	197,904
CSR Nanjing Puzhen Rolling Stock Co., Ltd.	56,402,424	11,059,375
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	1,691,617	1,443,750
CSR Luoyang Locomotive Co., Ltd.	360,723	418,508
Shijiazhuang King Transportation Equipment Co., Ltd.	7,542,818	2,958,585
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	—	15,813,310
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	7,115	—
Changzhou Ruitai Engineering Machinery Co., Ltd.	332,700	—
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	5,840,322	148,000
Qingdao Sifang Coach Repair Co., Ltd.	318,975	47,710
Bombardier Sifang (Qingdao) Transportation Ltd.	—	60,000
CSR Luoyang Locomotive Works	—	16,557
Hunan CSR Times Electric Vehicle Co., Ltd.	983,592	115,743
Guangzhou Rapid Transit Vehicles Equipment Co., Ltd.	551,855	1,374,500
Shiling	26,015,620	—
Zhuzhou Electromechanical Technology Co., Ltd.	945,150	—
	<u>923,629,405</u>	<u>428,990,633</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

7. Amounts due from and due to related parties (continued)

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Bills receivable:		
CSR Zhuzhou Electric Locomotive Co., Ltd.	200,000,000	205,000,000
CSR Shijiazhuang Rolling Stock Co., Ltd.	350,000	—
CSR Ziyang Locomotive Co., Ltd.	20,200,000	4,550,000
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	544,870,000	380,000,000
CSR Nanjing Puzhen Rolling Stock Co., Ltd.	—	1,300,000
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	700,000	2,760,000
CSR Luoyang Locomotive Co., Ltd.	900,000	1,750,000
Hunan CSR Times Electric Vehicle Co., Ltd.	2,500,000	600,000
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	1,349,950	342,373
Beijing CSR Times Locomotive & Rolling Co., Ltd.	400,000	400,000
Shijiazhuang King Transportation Equipment Co., Ltd.	1,500,000	4,000,000
Nanjing CSR Puzhen Rapid Transit Vehicles Co., Ltd.	—	2,500,000
	<u>772,769,950</u>	<u>603,202,373</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

7. Amounts due from and due to related parties (continued)

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Prepayments:		
CSR Corporation Limited	118,100	118,100
CSR Zhuzhou Electric Locomotive Co., Ltd.	43,098	—
CSR Qishuyan Locomotive Co., Ltd.	12,000	12,000
Beijing CSR Electric Sales Co., Ltd.	94,000	—
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	20,000	—
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	497,500	100,000
	<u>784,698</u>	<u>230,100</u>
	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Other receivables:		
CSR Qishuyan Locomotive Co., Ltd.	50,000	50,000
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	1,628,224	3,191,424
CSR Zhuzhou Electric Locomotive Works	1,500	1,500
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	—	80,087
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	17,000	40,000
Xiangyang CSR Electric Machinery Co., Ltd.	3,746	—
CSR Zhuzhou Electric Locomotive Co., Ltd.	—	1,120
Zhuzhou Siemens	99,713	25,349
	<u>1,800,183</u>	<u>3,389,480</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

7. Amounts due from and due to related parties (continued)

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Trade payables:		
Ningbo Jiangbei Gofront Herong Electric Co., Ltd.	6,811,450	633,459
CSR Zhuzhou Electric Co., Ltd.	44,991,629	7,365,497
Shijiazhuang King Transportation Equipment Co., Ltd.	723,000	391,188
CSR Zhuzhou Electric Locomotive Co., Ltd.	—	10,000
CSR Luoyang Locomotive Co., Ltd.	2,516,000	184,800
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	—	729,009
CSR Sifang Rolling Stock Co., Ltd.	769,231	1,212,231
Zhuzhou Times New Material Technology Co., Ltd.	307,161	—
Zhuzhou Times Electric Insulation Co., Ltd.	—	114,672
Zhuzhou Jiufang Braking Equipment Co., Ltd.	377,167	—
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	22,309,378	11,655,442
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	6,670,963	4,340,630
Zhuzhou Electromechanical Technology Co., Ltd.	41,809,504	—
Hunan CSR Times Electric Vehicle Co., Ltd.	49,127	—
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	1,396,552	798,000
Beijing CSR Electric Sales Co., Ltd.	1,104,000	1,104,000
Changzhou Ruiyang Transmission Technology Co., Ltd.	21,008,203	2,803,350
Shiling	141,491,812	18,214,573
	292,335,177	49,556,851

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

7. Amounts due from and due to related parties (continued)

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Bills payable:		
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	—	4,257,700
Zhuzhou Times New Material Technology Co., Ltd.	1,100,000	2,700,000
CSR Sifang Rolling Stock Co., Ltd.	461,000	200,000
Zhuzhou Times Electric Insulation Co., Ltd.	450,000	—
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	6,480,000	7,022,300
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	7,610,000	—
Zhuzhou Jiufang Braking Equipment Co., Ltd.	15,000	—
CSR Luoyang Locomotive Co., Ltd.	200,000	—
Shiling	20,000,000	58,900,000
	<u>36,316,000</u>	<u>73,080,000</u>

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Receipts in advance:		
Nanjing CSR Haida Railway Service Co., Ltd.	900,000	—
CSR Shijiazhuang Rolling Stock Co., Ltd.	29,195,370	—
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	35,000	—
CSR Zhuzhou Electric Co., Ltd.	—	145,200
Beijing North Gofront Science Business Co., Ltd.	—	85,706
	<u>30,130,370</u>	<u>230,906</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

7. Amounts due from and due to related parties (continued)

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Other payables:		
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	5,773,571	4,850,000
Zhuzhou Times New Material Technology Co., Ltd.	400,000	—
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	30,000	—
	<u>6,203,571</u>	<u>4,850,000</u>

The Group's bills receivable and bills payable to related parties are non-interest-bearing, unsecured and have fixed terms of repayment. Other amounts due from and due to related parties are non-interest bearing and unsecured, in particular, the repayment period of trading amounts is subject to the provisions of the trading terms. Non-trading amounts have no fixed repayment periods.

The above related party transactions between the Group and companies controlled by the parent company, companies controlled by the ultimate holding party and jointly controlled entities of the ultimate holding party also constituted connected transactions or continuing connected transactions under the provisions of Chapter 14A of the Hong Kong Stock Exchange Listing Rules.

VII. CONTINGENCIES

As of the balance sheet date, the Group had no contingencies which should be disclosed.



NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

VIII. COMMITMENTS

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Capital commitments:		
Contracted, but not provided for	108,665,148	152,075,786
Authorised but not contracted for	653,140,034	831,914,703
	<u>761,805,182</u>	<u>983,990,489</u>
Investment commitments:		
Contracted, but not fulfilled	<u>32,930,000</u>	<u>49,934,800</u>

IX. POST BALANCE SHEET EVENTS

As of the date of these interim financial statements, the Group had no post balance sheet events which should be disclosed.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

X. OTHER SIGNIFICANT EVENTS

1. Segment reporting

Operating segments

For management purposes, the Group's operating activities are attributable to a single operating segment, focusing on provision of rolling stock and its extension products and services in the market. Therefore, no other operating segment is presented.

Group information

Products and services information

Revenue from external customers

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Rolling stock and its extension products and services	<u>3,199,737,292</u>	<u>4,280,388,420</u>

Geographical information

Revenue from external customers

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Mainland China	<u>3,023,725,155</u>	4,131,519,771
Other countries and regions	<u>176,012,137</u>	<u>148,868,649</u>
	<u>3,199,737,292</u>	<u>4,280,388,420</u>

Revenue from external customers is analysed by geographic locations where the customers are located.



NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

X. OTHER SIGNIFICANT EVENTS (continued)

1. Segment reporting (continued)

Group information (continued)

Geographical information (continued)

Total non-current assets

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Mainland China	1,873,025,226	1,801,653,602
Other countries and regions	260,578,068	252,889,974
	<u>2,133,603,294</u>	<u>2,054,543,576</u>

Non-current assets are analysed by geographic locations where the assets are located, excluding financial assets and deferred tax assets.

Information of major customers

For the six months ended 30 June 2012, the Group's operating revenue (which accounted for more than 10% of the Group's total revenue) of RMB1,474,022,857 (unaudited) was derived from sales to a single customer (including sales to a group of entities which are known to be under the control of the customer) (six months ended 30 June 2011: RMB2,942,322,158 (unaudited) from a single customer).

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

X. OTHER SIGNIFICANT EVENTS (continued)

2. Fair value

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. The following methods and assumptions were used to estimate the fair values.

The fair value of cash and bank balances, bills receivable, trade receivables, other receivables, other current assets (principal protected wealth management banking products), bills payable, trade payables, interests payable, dividend payable, other payables approximate to their carrying amounts due to their short maturity terms.

The fair value of non-current assets due within one year, long-term receivables, long-term borrowings, short-term borrowings, short-term bonds payable are determined by discounted future cash flows using the market yield rates of other financial instruments with substantively similar contract terms and features as their discounting rates.

The fair value of listed financial instruments are determined based on the quoted market prices.

Financial Assets

	Carrying amount		Fair value	
	30 June 2012 (Unaudited)	31 December 2011 (Audited)	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Cash and bank balances	1,340,875,749	2,157,721,027	1,340,875,749	2,157,721,027
Bills receivable	1,048,414,145	1,051,609,300	1,048,414,145	1,051,609,300
Trade receivables	2,195,034,805	1,119,253,348	2,195,034,805	1,119,253,348
Other receivables	83,448,265	103,373,942	83,448,265	103,373,942
Non-current assets				
due within one year	1,092,595	1,092,595	1,092,595	1,092,595
Other current assets	19,000,000	310,000,000	19,000,000	310,000,000
Long-term receivables	1,772,676	1,772,676	1,772,676	1,772,676
	4,689,638,235	4,744,822,888	4,689,638,235	4,744,822,888

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2012

Renminbi Yuan

X. OTHER SIGNIFICANT EVENTS (continued)

2. Fair value (continued)

Financial Liabilities

	Carrying amount		Fair value	
	30 June 2012 (Unaudited)	31 December 2011 (Audited)	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Short-term borrowings	3,770,363	139,000,000	3,770,363	139,000,000
Short-term bonds payable	—	500,000,000	—	497,812,000
Bills payable	289,160,320	448,604,661	289,160,320	448,604,661
Trade payables	1,219,466,555	906,553,647	1,219,466,555	906,553,647
Interests payable	—	12,468,969	—	12,468,969
Dividend payable	368,646,916	—	368,646,916	—
Other payables	182,706,842	134,599,283	182,706,842	134,599,283
Long-term borrowings (inclusive of long-term borrowings due within one year)	60,097,991	60,251,244	60,097,991	60,251,244
	2,123,848,987	2,201,477,804	2,123,848,987	2,199,289,804

3. Other financial information

	30 June 2012 (Unaudited)		31 December 2011 (Audited)	
	Group	Company	Group	Company
Net current assets	3,687,753,837	3,371,332,685	3,618,521,720	3,213,603,704
Total assets less current liabilities	5,882,371,979	5,606,477,705	5,734,555,521	5,361,648,611

XI. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were unaudited.

The interim financial statements were reviewed by the audit committee of the Company, and approved by the board of directors on 9 August 2012.



MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the unaudited interim consolidated financial statements of the Group and the notes related thereon set out in the interim report.

BUSINESS REVIEW AND OUTLOOK

Upon entering 2012, China's railway industry continued to face various challenges and more uncertainties. In the first half of the year, the focus of the Company's main line business was to deliver EMUs under the existing orders and only very limited sales achieved in relation to locomotive business's orders got in the second quarter. However, the electrical systems for urban metro business achieved outstanding progress by winning a majority of all the urban metro project tenders in China in the first half. It also achieved a milestone of becoming the supplier of the three key systems, i.e. traction, signalling and braking system at the same time.

Tremendous development potential in China's railway industry still remains. Central government investments will mainly focus on passenger dedicated lines and heavy-haul freight networks while local governments will be encouraged for the development of intercity railway transportation and metro networks. As per the requirements of the relevant government departments, the Company will move forward the preparatory work of the relevant projects and stock up for the projects to better prepare for the challenges ahead in the face of mounting macroeconomic changes. In the second half of the year, our new series of products such as the electrical systems of eight-axle 9,600kW freight locomotives, six-axle 7,200kW passenger locomotives, plateau freight locomotives and 4,400hp diesel locomotives will complete stringent tests and will be ready for bulk production. We are also hopeful that breakthroughs might be made in respect of our overseas business.

REVENUE

	For the six months ended 30 June 2012 (RMB million)	For the six months ended 30 June 2011 (RMB million)
Train power converters, auxiliary power supply equipment and control systems	1,938.7	3,354.9
Including:		
Locomotives	352.2	1,480.7
Electric Multiple Units	1,104.2	1,628.1
Metropolitan rail transportation equipment	482.3	246.1
Train operation safety equipment	411.2	188.1
Railway maintenance vehicles related products	347.7	266.0
Train-borne electrical systems	2,697.6	3,809.0
Power semiconductor components	257.0	222.8
Sensors and related products	43.2	61.7
Other products	201.9	186.9
Electric components	502.1	471.4
Total revenue	3,199.7	4,280.4

The Group's revenue decreased by RMB1,080.7 million from RMB4,280.4 million for the six months ended 30 June 2011 to RMB3,199.7 million for the six months ended 30 June 2012.

The decrease in Group's revenue for the first half of 2012 was mainly due to the decrease in revenue from locomotives by RMB1,128.5 million from RMB1,480.7 million for the six months ended 30 June 2011 to RMB352.2 million for the six months ended 30 June 2012.

COST OF SALES

The Group's cost of sales decreased by RMB524.1 million from RMB2,593.7 million for the six months ended 30 June 2011 to RMB2,069.6 million for the six months ended 30 June 2012. The decrease in the cost of sales was mainly due to the combined effects of the decrease in the Group's revenue and the change of sales mix.

GROSS PROFIT

Due to above factors, the Group's gross profit decreased by RMB556.6 million from RMB1,686.7 million for the six months ended 30 June 2011 to RMB1,130.1 million for the six months ended 30 June 2012. The Group's gross profit margin decreased from 39.4% for the six months ended 30 June 2011 to 35.3% for the six months ended 30 June 2012. The change in gross profit margin was mainly due to the change of sales mix.



SELLING EXPENSES

The Group's selling expenses decreased by RMB56.3 million from RMB199.0 million for the six months ended 30 June 2011 to RMB142.7 million for the six months ended 30 June 2012. The selling expenses decreased with the decrease in business operations.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses increased by RMB56.1 million from RMB377.7 million for the six months ended 30 June 2011 to RMB433.8 million for the six months ended 30 June 2012. The increase in administrative expenses was mainly due to the increase in research and development costs of the Group.

FINANCE COSTS/(INCOME)

The Group's finance costs decreased by RMB4.6 million from RMB3.7 million for the six months ended 30 June 2011 to negative RMB0.9 million for the six months ended 30 June 2012. The decrease in finance costs was mainly due to exchange fluctuation.

ASSET IMPAIRMENT LOSSES/(REVERSAL OF LOSSES)

The Group's asset impairment losses decreased by RMB44.1 million from RMB32.1 million for the six months ended 30 June 2011 to negative RMB12.0 million for the six months ended 30 June 2012. The decrease in asset impairment losses of the Group was due to the impairment provisions of RMB45.2 million made by the Group in 2011 in respect of the inventories with signs of impairment, which was partially offset in the current reporting period due to the rebounded value of some inventories.

NON-OPERATING INCOME

The Group's non-operating income increased by RMB8.5 million from RMB36.3 million for the six months ended 30 June 2011 to RMB44.8 million for the six months ended 30 June 2012. The increase in non-operating income was mainly due to an increase in the one-off government subsidy during the current reporting period as compared to the same period of last year.

NON-OPERATING EXPENSES

The Group's non-operating expenses decreased by RMB1.1 million from RMB1.3 million for the six months ended 30 June 2011 to RMB0.2 million for the six months ended 30 June 2012. The decrease in non-operating expenses was due to the decrease in loss on disposal of assets in the current reporting period as compared to the same period of last year.

TOTAL PROFIT

The Group's total profit decreased by RMB485.0 million from RMB1,115.3 million for the six months ended 30 June 2011 to RMB630.3 million for the six months ended 30 June 2012. The decrease in total profit was mainly due to the decrease in revenue. The Group's sales profit margins for the six months ended 30 June 2011 and 2012 were 26.1% and 19.7% respectively.



INCOME TAX EXPENSE

The Group's income tax expense decreased by RMB88.4 million from RMB180.7 million for the six months ended 30 June 2011 to RMB92.3 million for the six months ended 30 June 2012.

In 2008, the Company, Ningbo Times and Times Electronics were accredited as high and new technology enterprises and received approval from the relevant government authority that they were subject to the preferential corporate income tax rate of 15% effective from 1 January 2008.

Times Information and Shenyang Times were subject to the corporate income tax rate of 25%.

Baoji Times benefited from the preferential taxation policy under the Western Development initiative of the PRC and was subject to a corporate income tax rate of 15%.

The effective income tax rates of the Group for the six months ended 30 June 2011 and 30 June 2012 were 16.2% and 14.6% respectively.

NET PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT

Net profit attributable to the shareholders of the parent decreased by RMB391.1 million from RMB937.2 million for the six months ended 30 June 2011 to RMB546.1 million for the six months ended 30 June 2012. The Group's sales net profit margins for the six months ended 30 June 2011 and 2012 were 21.9% and 17.1% respectively.

MINORITY INTERESTS

Minority interests decreased by RMB5.4 million from negative RMB2.6 million for the six months ended 30 June 2011 to negative RMB8.0 million for the six months ended 30 June 2012. The decrease in minority interests was mainly due to the increase in losses incurred by the Group's non-wholly owned subsidiaries as compared to the same period of last year.

EARNINGS PER SHARE

Earnings per share decreased by RMB0.36 from RMB0.86 for the six months ended 30 June 2011 to RMB0.50 for the six months ended 30 June 2012.

LIQUIDITY AND SOURCE OF CAPITAL

CASH FLOWS AND WORKING CAPITAL

The Group's needs for working capital were mainly satisfied by cash generated from operations. The net decrease in cash and cash equivalents was RMB747.0 million for the six months ended 30 June 2012, which was mainly due to the increase in net cash outflows from financing activities of the Group in 2012.

NET CASH FLOWS USED IN OPERATING ACTIVITIES

The Group's net cash flows used in operating activities decreased by RMB338.6 million from RMB607.7 million for the six months ended 30 June 2011 to RMB269.1 million for the six months ended 30 June 2012, which was mainly due to the strengthened management of cash payments by the Group for purchases.

NET CASH FLOWS FROM INVESTING ACTIVITIES

For the six months ended 30 June 2012, the Group's net cash flows from investing activities was approximately RMB176.7 million. Cash inflow items in investing activities mainly represented the recovery of cash RMB310.0 million received from investment.

NET CASH FLOWS USED IN FINANCING ACTIVITIES

For the six months ended 30 June 2012, the Group's net cash flows used in financing activities amounted to approximately RMB654.6 million. Cash outflow items in financing activities mainly represented the cash payments for the repayment of short-term bonds and debts of RMB500.0 million and RMB139.5 million respectively.

LIQUIDITY

The Board agrees that the Group has sufficient liquidity to meet the Group's present requirements for liquid funds.

CAPITAL COMMITMENTS

The Group's capital commitments as at the dates indicated are set out as follows:

	30 June 2012 (RMB million)	31 December 2011 (RMB million)
Contracted but not provided:		
Purchase of fixed assets	71.5	142.0
Purchase of intangible assets	37.2	10.1
Investment commitments	32.9	49.9
Sub-total	141.6	202.0
Approved but not contracted:		
Purchase of fixed assets	584.9	820.8
Purchase of intangible assets	68.2	11.1
Sub-total	653.1	831.9
Total	794.7	1,033.9

INDEBTEDNESS

The Group's indebtedness as at the dates indicated are set out as follows:

	30 June 2012 (RMB million)	31 December 2011 (RMB million)
Short-term borrowings	3.8	139.0
Short-term bonds	—	500.0
Long-term borrowings	60.1	60.3
Total	63.9	699.3

GEARING RATIO

The Group monitors capital management by using the gearing ratio, which is net debt divided by equity attributable to shareholders of the parent plus net debt. Net debt includes short-term borrowings, short-term bonds payable, bills payable, trade payables, receipts in advance, employee benefits payable, taxes payable (excluding income tax payable), interests payable, dividend payable, other payables and long-term borrowings, less cash and cash equivalents. The Group's gearing ratio was 10.4% as at 31 December 2011 and 18.8% as at 30 June 2012.

CONTINGENT LIABILITIES

The Group is not involved in any material litigation, and to the best of the Group's knowledge, there is no pending or potential material litigation in which the Group will be involved.

MARKET RISKS

The Group is subject to various market risks, including foreign exchange risk and inflation risk in the ordinary course of business.

POLICY RISK

The Group is subject to risks arising from the change in policies in respect of railway market construction by the Chinese government.



OTHER INFORMATION

I. CORPORATE GOVERNANCE

1. Corporate Governance

The Company is committed to maintain a high level of superiority, stability and reasonability on corporate governance. On 1 April 2012, the Code on Corporate Governance Practices ("Previous CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") was amended and renamed as Corporate Governance Code and Corporate Governance Report ("New CG Code"). The Company has adopted all code provisions of the New CG Code as the Company's corporate governance code to replace the Previous CG Code with effect from 1 April 2012.

During the reporting period ended 30 June 2012, the Company has complied with all the code provisions of the Previous CG Code and the New CG Code.

2. Securities transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct for Directors' securities transactions. Having made specific inquiries to all the Directors of the Company, all the Directors confirmed that they have complied with the relevant standards for securities transactions by Directors as set out in the Model Code during the reporting period.

3. Board of Directors

The Board currently consists of nine directors, among whom Mr. Ding Rongjun is the Chairman of the Board and an executive director, Mr. Deng Huijin is the Vice Chairman and a non-executive director; Mr. Li Donglin is an executive director; Messrs. Yan Wu and Ma Yunkun are the other two non-executive directors; and Messrs. Gao Yucai, Chan Kam Wing, Clement, Pao Ping Wing and Ms. Liu Chunru are the four independent non-executive directors.

The number of members of the Board is one less than the number required by the Articles for the time being, the Company hopes to search for a suitable candidate to fill the vacancy as soon as possible.

The Directors have strictly complied with their undertakings, and have been honest, trust-worthy and diligent in the performance of their duties. The number of Directors and the composition of the Board complied with the requirements of relevant laws and regulations. There was no non-working relationship between the members of the Board (especially between the Chairman and the General Manager), including financial, business, family or any other material relevant relationship.

4. Supervisory Committee

The Supervisory Committee currently consists of four supervisors, among whom Mr. He Wencheng is the chairman of the Supervisory Committee, Messrs. Pang Yiming and Zhou Guifa are staff supervisors, and Mr. Geng Jianxin is an external independent supervisor.

The number of members of the Supervisory Committee of the Company is one less than the number required by the Articles for the time being, the Company hopes to search for a suitable candidate to fill the vacancy as soon as possible.



5. Audit committee

The Company's Audit Committee was established in October 2005. It currently consists of five directors, four of whom are independent non-executive directors. The members of the Audit Committee are Messrs. Chan Kam Wing, Clement, Pao Ping Wing and Gao Yucai, Ms. Liu Chunru and Mr. Ma Yunkun. Mr. Chan Kam Wing, Clement is the chairman of the Audit Committee.

The main responsibilities of the Audit Committee are to review and regulate the implementation of the financial reporting processes and internal control procedures of the Company, to guide and supervise internal audits, and to make suggestions about the appointment or change of external audit firm.

The Company's Audit Committee discussed the accounting principles adopted by the Group with the Company's management, and has reviewed the Group's unaudited financial report for the six months ended 30 June 2012 prepared based on the PRC Accounting Standards and was satisfied that the unaudited results complied with applicable accounting standards, the relevant regulatory and legal requirements and that adequate disclosure had been made.

II. INTERNAL CONTROL

The Company has a sound organization system of internal control. The Board is responsible for maintaining a reliable and effective internal control system. Guided by the Audit Committee and the Risk Management Committee of the Board, the audit and risk control division carry out inspection, supervision and evaluation for internal controls of the Company and its subsidiaries in respect of important control functions such as financial control, operational control, compliance control and risk management, supervise the timely rectification of internal control deficiencies and control risks.

During the reporting period, the Company's internal control system was proved to be stable and reliable and the Company continued to deepen its risk management. The activities conducted by the Company mainly included the following: conducting internal control weakness rectification and rectification inspection and continuing to improve internal control; enhancing risk management work, establishing risk precaution differentiation management, formulating risk tasks appraisal rules and developing a long-term risk mechanism through continuous efforts. Such activities enabled the Company to respond to changes in business and external environment from financial, operational and risk management perspectives in order to protect the Company's asset safety and interests of shareholders.

III. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND SUPERVISORS IN THE SHARES OF THE COMPANY

As at 30 June 2012, none of the Directors, supervisors, the general manager of the Company or their respective associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the SFO, or any interests or short positions in the shares required to be recorded in a register kept pursuant to section 352 of the SFO, or any personal, family, corporate or other interests or short positions required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

IV. STRUCTURE OF SHARE CAPITAL

The Company’s share capital structure as at 30 June 2012 was as follows:

Shareholder	Type	Number of shares	% of issued share capital as at 30 June 2012
CSR ZELRI	Domestic shares	589,585,699	54.38%
Qishuyan Works	Domestic shares	9,380,769	0.87%
CSR Investment & Leasing	Domestic shares	9,380,769	0.87%
CSR Zhuzhou	Domestic shares	10,000,000	0.92%
Kunming China Railway	Domestic shares	9,800,000	0.90%
Shares in public circulation	H shares	<u>456,108,400</u>	<u>42.06%</u>
Total		<u><u>1,084,255,637</u></u>	<u><u>100%</u></u>

V. SUBSTANTIAL SHAREHOLDERS

Interests or short positions owned in the shares or underlying shares of the Company required to be disclosed pursuant to the requirements under Divisions 2 and 3 of Part XV of the SFO as at 30 June 2012 were as follows:

Name of substantial shareholder	Number of shares held	Capacity	% of Domestic Share share capital	% of H Share share capital	% of issued share capital
CSR ZELRI	589,585,699 (L)	Beneficial owner	93.86%	—	54.38%
CSR (note 1)	608,966,468 (L)	Interest in controlled entity	96.95%	—	56.16%
CSRG (note 2)	618,347,237 (L)	Interest in controlled entity	98.44%	—	57.03%
JPMorgan Chase & Co.	922,000 (L)	Beneficial owner	—	0.20%	0.09%
	14,009,000 (L)	Investment manager	—	3.07%	1.29%
	26,062,127 (lending pool shares)	Custodian/ Approved lending agent	—	5.71%	2.40%
FIL Limited	36,297,000 (L)	Investment manager	—	7.96%	3.35%
BlackRock, Inc.	33,113,564 (L)	Interest in controlled entity	—	7.26%	3.05%
	1,814,417 (S)	Interest in controlled entity	—	0.40%	0.17%
Allianz SE	27,594,700 (L)	Interest in controlled entity	—	6.05%	2.55%
Deutsche Bank Aktiengesellschaft	2,511,415 (L)	Beneficial owner	—	0.55%	0.23%
	1,779,974 (S)	Beneficial owner	—	0.39%	0.16%
	8,620,000 (L)	Investment manager	—	1.89%	0.80%
	15,657,600 (L)	persons having a security interest in shares	—	3.43%	1.44%
	15,206,600 (S)	persons having a security interest in shares	—	3.33%	1.40%
	645,000 (lending pool shares)	Custodian/ Approved lending agent	—	0.14%	0.06%

Name of substantial shareholder	Number of shares held	Capacity	% of Domestic Share share capital	% of H Share share capital	% of issued share capital
Morgan Stanley	25,233,268 (L)	Interest in controlled entity	—	5.53%	2.33%
	25,221,402 (S)	Interest in controlled entity	—	5.53%	2.33%
Fortis Investment Management SA	23,544,000 (L)	Investment manager	—	5.16%	2.17%

Notes:

(L) = Long position, (S) = Short position

- (1) CSR is interested in 100% of the registered capital of CSR ZELRI, CSR Investment & Leasing and CSR Zhuzhou. Accordingly, CSR is deemed under the SFO to be interested in the shares held by each of CSR ZELRI, CSR Investment & Leasing and CSR Zhuzhou.
- (2) CSRG is directly and indirectly interested in 57.10% of the shares of CSR, and is directly interested in 100% of the registered capital of Qishuyan Works. Accordingly, CSRG is deemed under the SFO to be interested in the interests held by each of CSR and Qishuyan Works.

VI. PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

During the reporting period, there was no purchase, redemption or sale of any listed securities of the Company by the Company or any of its subsidiaries.

VII. DISTRIBUTION OF DIVIDENDS

1. Distribution plan and implementation of 2011 final dividends

Having been considered and approved by shareholders of the Company at the 2011 annual general meeting, the Company has distributed a cash dividend of RMB0.340 per share (applicable taxes inclusive) as final dividend for 2011 to all shareholders based on the Company's total share capital of 1,084,255,637 shares as at the end of 2011, with a total amount of approximately RMB368.6 million. Implementation of the dividend distribution plan has been completed before ended of July 2012.

2. 2012 interim profit distribution plan

The Board did not recommend the distribution of interim dividend for the six months ended 30 June 2012.



VIII. CONNECTED TRANSACTIONS

During the reporting period, the Company has strictly complied with the relevant requirements in respect of connected transactions under Chapter 14A of the Listing Rules, and has established a set of mechanism to protect non-controlling shareholder's interests. The auditor of the Company has provided quarterly reports to independent non-executive Directors on transactions conducted between the Group and the CSRG Group. In addition, the independent non-executive Directors have conducted quarterly reviews on the terms of supply and purchase contracts entered into between the Group and the CSRG Group, and the opinions regarding such transactions were disclosed to shareholders by way of announcements.

IX. EMPLOYEES AND TRAINING

As at 30 June 2012, the Company had 4,936 employees. The Group's remuneration policy for its employees takes into account the individuals' position, work performance, qualifications and competence. The Group offers salary increments and bonuses to employees with outstanding performance. The bonus scheme is discretionary and is determined by the Directors with reference to the performance of the staff and the Group's operation results. The Company has established channels for career development of employees. Employees have opportunities of promotion and development according to the orders of different positions within the Company. The Company is actively formulating a share appreciation right plan aiming at motivating core talents, so as to attract and retain key talents to work for the Company.

The Company has put much emphasis on competency development and training of staff, prepared and optimized supporting documents in relation to training management system based on GB/T19025-2001 idt ISO10015:1999 Quality Management Training Guidance and in combination with current status in respect of staff competency and training. To develop internal training resources to a greater extent, the Company has optimized its internal training system, established eight key classes of internal training course systems as well as a tiered and classified team of 262 internal trainers. The Company provides a wide variety of trainings to its employees through different training channels.



BASIC CORPORATE INFORMATION

- | | | |
|---|--|--|
| 1 | Official name in Chinese | 株州南車時代電氣股份有限公司 |
| | Official name in English | Zhuzhou CSR Times Electric Co., Ltd. |
| 2 | Authorised representatives | Ding Rongjun
Tang Tuong Hock, Gabriel |
| 3 | Company secretary | Tang Tuong Hock, Gabriel |
| | Secretary of the Board | Yan Wu |
| | Registered office | Times Road, Shifeng District, Zhuzhou,
Hunan Province, PRC, 412001 |
| | Telephone | +86 731 2849 8028 |
| | Facsimile | +86 731 2849 3447 |
| | Website | http://www.timeselectric.cn |
| | Principal place of business in Hong Kong | Unit 1106, 11th Floor, Jubilee Centre, 18 Fenwick Street, Wanchai, Hong Kong |
| 4 | Listing information | H Share
The Stock Exchange of Hong Kong Limited
Stock Code : 3898
Stock Name: CSR Times Electric |
| 5 | H share registrar | Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong |
| 6 | Legal advisers | Minter Ellison
Grandall Law Firm |
| 7 | Auditor | Ernst & Young Hua Ming |



GLOSSARY

“Articles”	The Articles of Association of the Company
“Baoji Times”	寶雞南車時代工程機械有限公司(Baoji CSR Times Engineering Machinery Co. Ltd.), a 80% owned subsidiary of the Company
“Board” or “Board of Directors”	the Board of Directors of the Company
“Company”	株洲南車時代電氣股份有限公司 (Zhuzhou CSR Times Electric Co., Ltd.)
“CSR”	China South Locomotive & Rolling Stock Corporation Limited (中國南車股份有限公司), a joint stock limited liability company incorporated in the PRC whose A shares and H shares are listed on Shanghai Stock Exchange and the Main Board of Stock Exchange, respectively. CSR is directly and indirectly owned as to 57.10% by CSRG and holds the entire equity interest in the parent company
“CSRG”	中國南車集團公司 (The CSR Group), a PRC State-owned enterprise and the ultimate controlling shareholder of the Company
“CSRG Group”	CSRG and its subsidiaries (excluding the Group)
“CSR Investment & Leasing”	南車投資租賃有限公司 (CSR Investment & Leasing Co., Ltd.), a wholly-owned subsidiary of CSR and one of the Promoters of the Company
“CSR Zhuzhou”	南車株洲電力機車有限公司 (CSR Zhuzhou Electric Locomotive Co., Ltd.), a wholly-owned subsidiary of CSR, one of the Promoters of the Company
“Director(s)”	the director(s) of the Company
“Dynex”	Dynex Power Inc., a joint stock company listed on the TSX Venture Exchange, Toronto, Canada (stock code: DNX) whose 75% equity interest was acquired by the Company in October 2008. Dynex Semiconductor Limited is its only operating subsidiary and its headquarters is located in Lincoln, England
“Group”	the Company and its subsidiaries
“Guangzhou Times”	廣州南車時代電氣技術有限公司 (Guangzhou CSR Times Electric Technology Co., Ltd.), a 60% owned subsidiary of the Company
“Hangzhou Electrics”	杭州南車電氣設備有限公司 (Hangzhou CSR Electric Equipment Co., Ltd.), a 60% owned subsidiary of the Company
“HK Electric”	南車時代電氣（香港）有限公司(CSR Times Electric (Hong Kong) Co., Ltd.), a wholly-owned subsidiary of the Company
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited



“Kunming China Railway”	昆明中鐵大型養路機械集團有限公司 (China Railway Large Maintenance Machinery Co., Ltd. Kunming), one of the Promoters of the Company, a subsidiary wholly owned by 中國鐵建股份有限公司 (China Railway Construction Corporation Limited), whose A shares and H shares are listed on the Main Board of Shanghai Stock Exchange and the Hong Kong Stock Exchange, respectively
“Kunming Electrics”	昆明南車電氣設備有限公司(Kunming CSR Electric Equipment Co., Ltd.), a wholly-owned subsidiary of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“Ningbo Times”	寧波南車時代傳感技術有限公司(Ningbo CSR Times Sensor Technology Co., Ltd.), a wholly-owned subsidiary of the Company
“parent company” or “CSR ZELRI”	南車株洲電力機車研究所有限公司(CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.), a wholly-owned subsidiary of CSR, one of the Promoters and also the controlling shareholder of the Company
“PRC”	The People’s Republic of China
“PRC Accounting Standards”	Accounting Standards for Business Enterprises and relevant regulations issued by the PRC Ministry of Finance
“Promoters”	Promoters of the Company, being CSR ZELRI, CSR Zhuzhou, CSR Investment & Leasing, Qishuyan Works and Kunming China Railway
“Qishuyan Works”	中國南車集團戚墅堰機車車輛廠(CSR Qishuyuan Locomotive & Rolling Stock Works), a wholly-owned subsidiary of CSRG and one of the Promoters
“SASAC”	The State-owned Assets Supervision and Administration Commission of the State Council
“SFO”	Securities and Futures Ordinance
“Shenyang Times”	瀋陽南車時代交通設備有限公司(Shenyang CSR Times Transportation Equipment Co., Ltd.), a wholly-owned subsidiary of the Company
“Shiling”	株洲時菱交通設備有限公司(Zhuzhou Shiling Transportation Equipment Company, Ltd.), held as to 50% by the Company, as to 40% by Mitsubishi Electric Corporation and as to 10% by Mitsubishi Electric (China) Ltd.
“the reporting period”	The six-month period ended 30 June 2012
“Times Australia”	CSR Times Electric Australia Pty. Ltd., a wholly-owned subsidiary of the Company
“Times Electronics”	株洲時代電子技術有限公司(Zhuzhou Times Electronics Technology Co., Ltd.), a wholly-owned subsidiary of the Company



“Times Equipment”	株洲時代裝備技術有限責任公司 (Zhuzhou Times Equipment Technology Co., Ltd.), a wholly-owned subsidiary of the Company
“Times Information”	北京南車時代信息技術有限公司 (Beijing CSR Times Information Technology Co., Ltd.), a wholly-owned subsidiary of the Company
“Times USA”	Times Electric USA, LLC, a wholly-owned subsidiary of the Company
“Zhuzhou Siemens”	株洲西門子牽引設備有限公司(Siemens Traction Equipment Ltd, Zhuzhou), held as to 30% by the Company, as to 20% by CSR Zhuzhou and as to 50% by Siemens Ltd., China