

WUHAN BOILER COMPANY LIMITED
(200770)



2011 Interim Report

Newspaper for Disclosure: *Securities Times* and *Ta Kung Pao*

Disclosure Date: August 30, 2011

Important Notes

- The Board of Directors, the Board of Supervisors as well as directors, supervisors and senior management of Wuhan Boiler Company Limited (hereinafter referred to as “the Company”) hereby confirm that there are no misstatements, misleading statements or material omissions in this Interim Report and will take individual and/or joint and several liabilities for the authenticity, accuracy and completeness of this Interim Report.
- No director, supervisor and senior management has disagreements to the authenticity, accuracy and completeness of this Interim Report.
- Mr. YEUNG Kwok Wei Richard, Chairman of the Board of Directors, Mr. CHIN Wee Hua, Finance Director, and Mr. SEOW Ven Sern in charge of accounting, hereby insure that the Financial Report enclosed in this Interim Report is true and complete.
- This report is written in both Chinese and English. In case of any understanding discrepancy between the two versions, the Chinese version shall prevail.
- The Interim Financial Report of the Company has not been audited.

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Section I Company Profile

I. Legal Name of the Company:

In Chinese: 武汉锅炉股份有限公司

In English: WUHAN BOILER COMPANY LIMITED

Abbr. in English: WBC

II. Legal Representative: YEUNG Kwok Wei Richard

III. Secretary of the Board of Directors: Kevin QIN

Contact Address: No.1, Liufangyuan Road, East Lake New Technology Development Zone,
Wuhan, Hubei

Tel: (027) 81994266

Fax: (027) 81994273

Email: kevin.qin@power.alstom.com

Securities Affairs Representative: XU Youlan

Tel: (027) 81993700

Fax: (027) 81993701

Email: youlan.xu@power.alstom.com

IV. Registered Address and Office Address: No.1, Liufangyuan Road, East Lake New Technology Development Zone, Wuhan, Hubei

Post Code: 430205

Internet Website: <http://www.wbcl.com.cn>

Email: cnwhu.wbc @ power.alstom.com

V. Newspapers for Disclosing the Information of the Company: *Securities Times* (Domestic), *Ta Kung Pao* (Overseas)

Internet Website Designated by CSRC for Publishing the Annual Report:
<http://www.cninfo.com.cn>

Place Where the Annual Report is Prepared and Placed: Securities Department of the Company

VI. Stock Exchange Listed with: Shenzhen Stock Exchange

Stock Abbreviation: *ST WUGUO-B

Stock Code: 200770

VII. Other information of the Company:

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Initial Registration Date: the Company was formally incorporated on April 8, 1998

Initial Registration Place: No. 586, Wuluo Road, Wuhan, Hubei

Registration Change Date: the Company changed its registration with Hubei Administration for Industry and Commerce as a stock company (Sino-foreign joint venture company and listed company) on Oct. 26, 2007.

The Changed Registration Place: No. 586, Wuluo Road, Wuhan, Hubei

The Latest Registration Date: the Company changed its registration with Hubei Administration for Industry and Commerce as a stock company (Sino-foreign joint venture company and listed company) on Oct. 30, 2009.

The Latest Registration Place: No.1, Liufangyuan Road, East Lake New Technology Development Zone, Wuhan, Hubei

Business License No.: 420000400000568

Tax Registration No.: 420106271756432

VIII. Key Accounting Data and Financial Indices (The following data are listed with amounts of consolidated statements)

Table 1

Unit: RMB

Financial indices	At the end of this report period	At the end of last year	Increase/decrease during the end of this report period compared with the beginning of this report period (%)
Current assets	1,034,376,513.45	839,238,498.50	23.25
Current liabilities	2,905,344,603.21	2,615,907,181.59	11.06
Total assets	1,968,271,022.96	1,786,542,557.71	10.17
Shareholders' equity (not including the minority equity)	-1,003,974,399.49	-885,425,672.84	-13.39
Net assets per share	-3.38	-2.98	-13.42

Table 2

Unit: RMB

Financial indices	This report period (Jan.-Jun.)	The same period last year	Increase/decrease from the same period last year (%)
Operating profit	-123,996,189.42	-72,751,262.49	-70.44

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Total profit	-123,936,456.89	-71,828,619.27	-72.54
Net profit attributable to the owners of the parent company	-118,548,726.65	-82,367,208.64	-43.93
Net profit after deducting non-recurring gains and losses	-118,608,459.18	-83,285,961.71	-42.41
Fully diluted earnings per share	-0.40	-0.28	-42.86
Diluted earnings per share	-0.40	-0.28	-42.86
Fully diluted return on net assets (%)	-----	----	
Weighted average return on net assets after deducting non-recurring gains and losses (%)	12.56%	----	
Net cash flow arising from operating activities	-132,879,861.93	945,809,843.67	-114.05
Net cash flow per share arising from operating activities	-0.45	3.18	-114.15

Note*: Items and amounts of non-recurring gains and losses deducted:

Unit: RMB

Items of non-recurring gains and losses	Amount
Gains and losses on disposal of non-current assets, including reversal of the impairment loss	-111,921.43
Government grant recognized in current period, except for those acquired in the ordinary course of business or granted continuously in certain standard quota according to relevant national laws and regulations	138,888.00
Other non-operating income and expense other than abovementioned	32,765.96
Total	59,732.53

IX. In accordance with *Information Disclosure Reporting Guidelines to Public Securities Companies No.9* promulgated by China Securities Regulatory Commission, the Company's return on net assets and earnings per share for this report period are calculated based on fully diluted method and weighted average method.

Note: There is no difference in the accounting standards within and outside China.

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● Return on Net Assets

Profit in this report period	In this report period		The same period last year	
	Fully diluted	Weighted average	Fully diluted	Weighted average
Net profit attributable to common shareholders of the Company	12.55%	12.55%	8.81%	8.81%
Net profit attributable to common shareholders after deducting non-recurring gains and losses	12.56%	12.56%	8.91%	8.91%

● Earnings Per Share

Unit: RMB

Profit in this report period	In this report period		The same period last year	
	Basic earnings per share	Diluted earnings per share	Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	-0.40	-0.40	-0.28	-0.28
Net profit attributable to common shareholders after deducting non-recurring gains and losses	-0.40	-0.40	-0.28	-0.28

Section II Changes in Share Capital and Shares Held by Principal Shareholders

I. In this report period, the Company's total shares and its structure didn't change.

Unit: Share

Items	Before the change		Increase/decrease (+, -)					After the change	
	Amount	Proportion	Issuance of new shares	Bonus shares	Capitalization of public reserve fund	Others	Subtotal	Amount	Proportion
I. Non-tradable shares	172,000,000	57.91%						172,000,000	57.91%
1. Sponsors' shares	172,000,000	57.91%						172,000,000	57.91%
Including: shares held by the State									
Shares held by domestic corporations	20,530,000	6.91%						20,530,000	6.91%
Shares held by foreign corporations	151,470,000	51.00%						151,470,000	51.00%

Others									
2. Raised corporate shares									
3. Employee shares									
4. Preference shares or others									
II. Tradable shares	125,000,000	42.09%						125,000,000	42.09%
1. RMB ordinary shares									
2. Domestically listed foreign shares	125,000,000	42.09%						125,000,000	42.09%
3. Overseas listed foreign shares									
4. Others									
III. Total shares	297,000,000	100.00%						297,000,000	100.00%

II. Introduction about shareholders

(1) As of June 30, 2011, the Company had 9,073 shareholders, including one domestic non-state-owned corporation shareholder, Alstom (China) Investment Co., Ltd, one state-owned corporation shareholder, Wuhan Boiler Group Co., Ltd, and 9,071 shareholders having domestically listed foreign shares.

(2) Shares held by the principal shareholders

As of June 30, 2011, the top ten shareholders and the top ten shareholders holding tradable shares of the Company are as follows:

Total number of shareholders	9,073				
Particulars about shares held by the top ten shareholders					
Name of shareholders	Nature of shareholders	Proportion of shares held	Total shares held	Number of non-tradable shares held	Shares pledged or frozen
ALSTOM (CHINA) INVESTMENT COMPANY LIMITED	Domestic non-state-owned corporation	51.00%	151,470,000	151,470,000	0
WUHAN BOILER GROUP CO., LTD.	State-owned corporation	6.91%	20,530,000	20,530,000	0
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	Foreign corporation	0.48%	1,411,694	0	0
CHEN Chuyun	Domestic natural person	0.46%	1,372,450	0	0
HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS A/C	Foreign corporation	0.42%	1,234,114	0	0

WU Zhenfa	Domestic natural person	0.38%	1,138,028	0	0
ZHUANG Changxiong	Domestic natural person	0.35%	1,035,000	0	0
TANG Juan	Domestic natural person	0.30%	887,236	0	0
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	0.29%	860,551	0	0
ZHUANG Yaohua	Domestic natural person	0.28%	821,150	0	0
Particulars about tradable shares held by the top ten shareholders					
Name of shareholders		Number of tradable shares held	Type of shares		
CHINA MERCHANTS SECURITIES (HK) CO., LTD.		1,411,694	Domestically listed foreign shares		
CHEN Chuyun		1,372,450	Domestically listed foreign shares		
HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS A/C		1,234,114	Domestically listed foreign shares		
WU Zhenfa		1,138,028	Domestically listed foreign shares		
ZHUANG Changxiong		1,035,000	Domestically listed foreign shares		
TANG Juan		887,236	Domestically listed foreign shares		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED		860,551	Domestically listed foreign shares		
ZHUANG Yaohua		821,150	Domestically listed foreign shares		
LI Shuhui		808,552	Domestically listed foreign shares		
ZHOU Yongyi		759,850	Domestically listed foreign shares		
Explanation on affiliated relationship among the top ten shareholders or persons acting in concert	Among the top ten shareholders of the Company, Alstom (China) Investment Co., Ltd. (the first principal shareholder of the Company) and Wuhan Boiler Group Co., Ltd. (the second principal shareholder of the Company) hold non-tradable shares of the Company; the other eight shareholders are public shareholders who hold tradable B shares. During the report period, the change of shares held by the other eight shareholders was resulted from trading on the secondary market. Among the top ten shareholders of the Company, no affiliated relationship exists between Alstom (China) Investment Co., Ltd. (the first principal shareholder of the Company), Wuhan Boiler Group Co., Ltd. (the second principal shareholder of the Company) and the other shareholders, and they are not persons acting in concert as defined in the <i>Administrative Rules on Information Disclosure about Changing of Shareholding Status</i> . The Company is not aware of whether there is any affiliated relationship among the top ten shareholders with tradable shares and whether there are persons acting in concert among them. The Company is not aware of whether there is any affiliated relationship among the top ten shareholders and the top ten shareholders with tradable share.				

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(3) The controlling shareholder of the Company

1. In this report period, the Company's controlling shareholder and its actual controller didn't change.
2. Besides the controlling shareholder, Wuhan Boiler Group Co., Ltd. holds more than 5% of the total shares of the Company.

Section III Particulars about Directors, Supervisors and Senior Management

I. In this report period, the Company's directors, supervisors and senior management did not hold and trade shares of the Company.

II. In this report period, no director, supervisor or senior management was newly appointed or dismissed.

Section IV Management Discussion and Analysis

I. Management Discussion and Analysis

1. Power industry development situation in this report period

According to statistics from the power industry, the national total electricity generation from January to June 2011 has reached 2,216.6 billion kwh, 13.5% increase comparing to the same period last year. To be specific, thermal power remained stable, with an increase of 1.3% over the previous six months; hydropower rose significantly by 30% over the previous six months.

2. Discussion and analysis about the Company's operation in this report period

In this report period, the management and all employees of the Company made concerted efforts to implement the following 6 Priorities of 2011. (1) On the basis of completion of the technology transfer for 600 MW class Supercritical pulverized coal boilers, 350 MW class Supercritical pulverized coal boiler technology development and design, and the improvement of the technology for the 300MW class pulverized coal boilers, the Company is actively bidding in domestic market. The Company shall complete the technology transfer for 1000MW class Ultra-Supercritical pulverized coal boiler in the second quarter of 2011; (2) With the supports from Alstom, the Company will get export orders for assemblies of boilers. Meanwhile, the Company will accumulate manufacturing experience about Supercritical and Ultra-Supercritical boilers and demonstrate production capacity of the new factory. Thus the Company can improve its domestic competition

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capacity and expand its domestic market share; (3) The Company will provide more training to employees to further master new technologies and adapt to new procedures so as to meet high quality requirements of export orders and accumulate export sales performance; (4) The Company shall actively get continuous financing supports from Alstom (China) Investment Co., Ltd so as to meet financing requirements of normal company operation; (5) With the supports from Alstom, the Company will try to get advantageous payment conditions for export orders in order to improve operating cash flow and reduce financial cost; (6) The Company will actively execute all management systems and working procedures, tighten cost control and cash flow management, try its best to finish more orders, deliver products and recognize project profits.

In this report period, the main business scope of the Company didn't change. The Company is mainly engaged in the development, production and sales of utility boilers, special boilers, desulfurization equipments, other pressure vessels and auxiliary equipments. During the report period, the operating revenue of the Company recorded RMB 248,332,052.00, increased 94.55% as compared to the same period last year; operating profit was RMB -123,996,189.42, decreased 70.44% over the same period last year; net profit attributable to owners of the parent company registered RMB -118,548,726.65, decreased 43.93% as compared to the same period last year.

During the report period, the operating loss incurred was mainly due to fierce competition and lower order intake compared to prior estimation in domestic market.

II. Brief analysis on operating results and financial status in this report period

Unit: RMB

Items	Jan.-Jun., 2011	Jan.-Jun., 2010	Increase/decrease compared with the same period last year (%)
Operating revenue	248,332,052.00	127,644,108.77	94.55
Operating profit	-123,996,189.42	-72,751,262.49	-70.44
Net profit attributable to owners of the parent company	-118,548,726.65	-82,367,208.64	-43.93
Net increase in cash and cash equivalents	-50,715.39	-11,001,639.23	99.54

Note:

1. The increase in operating revenue was mainly due to the increase in recognition of revenue from overseas projects during the report period;

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2. The decrease in operating profit was mainly due to the increase in impairment loss and unrealized foreign exchange loss from the hedge accounting for the unexpired forward contracts during the report period;
3. The decrease in net profit was mainly due to the decrease in operating profit and non-operating income during the report period;
4. The improvement in net increase in cash and cash equivalents was mainly due to decrease in fixed asset purchase and lesser repayment of borrowings during the report period.

Unit: RMB

Items	Jun. 30, 2011	Dec. 31, 2010	Increase/decrease (+, -) %
Total assets	1,968,271,022.96	1,786,542,557.71	10.17
Shareholders' equity (not including the minority equity)	-1,003,974,399.49	-885,425,672.84	-13.39

Note:

1. The decrease in shareholders' equity was due to the reduction in retained profits arising from the net profit loss incurred during the report period.

III. Main business in this report period

1. The Company's main business classified by industries and products

Unit: RMB Ten Thousand

Industries	Operating revenue	Operating cost	Gross profit rate (%)	Increase/decrease in operating revenue compared with the same period last year (%)	Increase/decrease in operating cost compared with the same period last year (%)	Increase/decrease in gross profit rate compared with the same period last year (%)
Machinery manufacturing	23,057.54	26,363.22	-14.34	80.64	76.66	2.57
Products	Operating revenue	Operating cost	Gross profit rate (%)	Increase/decrease in operating revenue compared with the same period last year (%)	Increase/decrease in operating cost compared with the same period last year (%)	Increase/decrease in gross profit rate compared with the same period last year (%)
Boilers	23,057.54	26,363.22	-14.34	80.64	76.66	2.57

Of which: the total amount of related transactions resulted from the Company's selling products to its controlling shareholder and subsidiaries was RMB 0.00 in this report period.

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2. The Company's main business classified by regions

Unit: RMB Ten Thousand

Region	Operating revenue	Increase/decrease in operating revenue compared with the same period last year (%)
Domestic	19,067.59	120.41
Overseas	5,765.62	40.17

3. Structure changes of main business

Products	Proportion in operating revenue (%)		Proportion in operating cost (%)	
	This report period	The same period last year	This report period	The same period last year
Boilers	92.85	96.40	94.99	99.01

4. In this report period, there is no other business having significant impact on the net profit.

5. The business and performance of the Company's holding subsidiaries during the report period

Unit: RMB Ten Thousand

Name of company	Business scope	Registered capital	Assets scale	Net profit
Wuhan Lanxiang Energy & Environmental Protection Technologies Inc.	R&D, design, consultation and technology services related to boilers, energy & environmental protection products, steel structures, thermal energy-related products and their auxiliary equipments; marketing of products developed; energy project (non-land construction projects) contracting and technical service (special-purpose projects subject to governmental approval).	2,000	3,632.98	-125.87
Wuhan Boiler Boyu Industrial Co., Ltd.	Product design, manufacturing and packaging of mechanical & electrical products; processing of metal structures; design and production of mould & model; production of various high- and medium-pressure valve roughcast, cast steel, cast iron and non-ferrous metal cast.	1,911.5	692.86	6.94

6. Main problems and risks in operating, as well as business plan, risks and solutions for the second half of this year

In the first half of 2011, the main problems the Company met in operation were fierce competition and lower order intake in domestic market.

In the second half year, the Company will continue to focus on the 6 Priorities decided at the beginning of 2011 and to solve operation problems. Besides, the Company will give priority to manufacturing of overseas orders and tendering of domestic orders. The Company will also strengthen internal management, strictly control the cost and strive to improve its profitability.

IV. Investment in this report period

1. In this report period, the Company had not raised fund through share offering or the application of fund from previous share offering.
2. In this report period, the Company did not make any other investment.

Section V Significant Events

I. Implementation of social responsibilities in this report period

The Company has a sound structure of corporate governance, has a complete internal control system, and has an efficient communication channel with investors, which ensure in terms of mechanism that all the shareholders can equally, openly and justly enjoy all the rights and interests as prescribed under relevant laws, regulations and rules.

II. Particulars about researches, visits and interviews in this report period

Time	Place	Way of reception	Visitor	Main discussion and materials provided by the Company
April 14, 2011	The Company	By telephone	3 shareholders with tradable shares	Why did the Company continue to suffer loss in the first quarter?
April 15, 2011	The Company	By telephone	1 shareholder with tradable shares	Why did the Company continue to suffer loss in the first quarter?
April 19, 2011	The Company	By telephone	2 shareholders with tradable shares	Why did the Company continue to suffer loss in the first quarter?
April 20, 2011	The Company	Field research	2 shareholders with tradable shares	How about the Company's business performance? How about the listing restoration progress? They also visited the factory.
May 9, 2011	The Company	By telephone	1 shareholder with tradable shares	How about the listing restoration progress?
May 10, 2011	The Company	By telephone	3 shareholders with tradable shares	How about the listing restoration progress?
May 11, 2011	The Company	By telephone	2 shareholders with tradable shares	How about the listing restoration progress?

May 12, 2011	The Company	By telephone	2 shareholders with tradable shares	How about the listing restoration progress?
May 20, 2011	The Company	By telephone	3 shareholders with tradable shares	How about the listing restoration progress? How about the joint venture of Shanghai Electric and Alstom?
May 31, 2011	The Company	Field research	2 shareholders with tradable shares	How about the Company's business performance? How about the listing restoration progress? They also visited the factory.
Jun. 7, 2011	The Company	By telephone	2 shareholders with tradable shares	How about the listing restoration progress?
Jun. 8, 2011	The Company	By telephone	2 shareholders with tradable shares	How about the listing restoration progress?
Jun. 21, 2011	The Company	By telephone	2 shareholders with tradable shares	How about the listing restoration progress?
Jun. 23, 2011	The Company	By telephone	1 shareholder with tradable shares	How about the listing restoration progress? How about the joint venture of Shanghai Electric and Alstom?

III. The Company implemented neither profit distribution nor capitalization of public reserves in this report period.

IV. Significant litigations and arbitrations occurred in this report period:

◆ *Announcement on Progress of Significant Litigations and Arbitrations of Wuhan Boiler Company Limited* disclosed on Jan. 18, 2011, Announcement No. 2011-001

On Apr. 26, 2000, Shanxi Zhenxing Group Co., Ltd. ("Zhenxing Company") signed the Contract of 2×200MW Pulverized Coal Boilers with the Company. During executing the Contract, the Company delivered Unit 1 boiler to Zhenxing Company according to the Contract, but Zhenxing Company defaulted on the payment of Unit 1 of RMB 47.97 million. Manufacture of Unit 2 boiler has been suspended due to Zhenxing Company's fault. The Company required Zhenxing Company to pay the debt and settle the pending issues of the Contract many times through various ways (including phone,

fax and EMS), but didn't get any reply. In Apr. 2010, the Company sued Zhenxing Company before Shanxi High Court, requesting judgment against Zhenxing Company for paying overdue RMB 47.97 million and undertaking liquidated damages and bank interests RMB 22.047 million in total. The Contract, meeting minutes, lawyer's letters and other relevant evidences were submitted to the Court. On Jul. 2, 2010, the first hearing of the case was held, during which the defendant Zhenxing Company raised the challenge of jurisdiction against Shanxi High Court. The court delivered a ruling on the jurisdiction and dismissal of the Company's complaint. After that, within the valid period, the Company filed an appeal to the Supreme Court against Shanxi High Court's ruling on the jurisdiction. The Supreme Court will, upon trial, deliver the final ruling to the Company a few days later.

◆ *Announcement on Significant Litigations and Arbitrations of Wuhan Boiler Company Limited*
disclosed on Apr. 13, 2011, Announcement No. 2011-006

On Jun. 26, 2007, the Company signed the Supply Contract No. 2007D012 of 4×1217T/H subcritical pulverized coal boilers with Shandong Weiqiao Aluminum & Electricity Co., Ltd. ("Weiqiao"). According to the Contract, Weiqiao should pay a total of RMB 51.60 million to the Company as deposit by the end of Aug. 2007. But it only paid RMB 10 million in March 2008 and hasn't paid up all the prescribed deposit until now. Considering Weiqiao defaulted on the deposit for over three years and breached the Contract seriously, the Company sued Weiqiao before Shandong High Court in Mar. 2011, requesting judgement that the Company should be entitled to forfeit the deposit of RMB 10 million paid by Weiqiao and Weiqiao should compensate the Company for its economic loss of RMB 67.40 million due to non-execution of the said Contract due to Weiqiao's fault.

◆ *Announcement on Significant Litigations and Arbitrations of Wuhan Boiler Company Limited*
disclosed on Jun. 30, 2011, Announcement No. 2011-023

Claimant: GSE China Limited ("GSE")

Respondent: Wuhan Boiler Company Limited ("the Company")

GSE claimed that:

On Oct. 18, 2007, as the general contractor, GSE signed two Contracts (No. WBC 2007 003A and No. WBC 2007 004A) with the Company for the construction of the Company's factory and office buildings. GSE commenced the Project and timely completed the Project according to the Contracts,

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but the Company defaulted to pay GSE the remaining payment of RMB 24,931,319.10 in total. GSE considered such behavior a violation to the Contracts and submitted an Application for Arbitration to China International Economic and Trade Arbitration Commission, requesting the Company to pay the remaining payment under the Contracts, the interest, attorney fees and other relevant fees of RMB 31,593,783.15 in total.

The Company considered that:

Concerning the two Contracts No. WBC 2007 003A and No. WBC 2007 004A, the conditions for making the remaining payment were not achieved, so the Company did not breach the Contracts. Meanwhile, GSE disregarded the Company's requirements of defects remedy, which should be considered as a violation to the Contracts.

The Company will prepare well for the arbitration case.

V. In this report period, the Company had no significant assets purchase, assets sales or assets disposal.

VI. Related transactions arising from routine production and operation in this report period:

(1) Related transactions on purchasing and selling goods and offering and receiving services:

Purchase and service received

Unit: RMB

Related parties	Details of transaction	Rule of price setting	June 30, 2011		June 30, 2010	
			Amount	Proportion %	Amount	Proportion %
ALSTOM Power Systems Gmbh	Raw material purchase	Market price			28,305,294.72	22.13
ALSTOM Power Systems S.A Etablissement Boilers	Raw material purchase	Market price	2,837,547.00	1.70	4,113,373.66	3.22
ALSTOM s.r.o	Raw material purchase	Market price	182,087.76	0.11	1,639,123.51	1.28
ALSTOM Technical Services (Shanghai) Co., Ltd.	Boiler parts purchase	Market price	24,600,000.00	14.77		
ALSTOM s.r.o	Fixed asset down payment	Market price	303,013.75	20.65		
Wuhan Special Boiler Complete Equipment Engineering Co.,Ltd	Technology service fees	Market price			2,649,300.00	62.18

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Related parties	Details of transaction	Rule of price setting	June 30, 2011		June 30, 2010	
			Amount	Proportion %	Amount	Proportion %
ALSTOM Power Service Gmbh	Technical service fees	Market price	4,695,444.56	49.25		
Wuhan Boiler (Group) Yuntong Co., Ltd	Transport service	Market price	4,985,600.00	64.51	7,073,356.62	98.74

Sales and service provided

Unit: RMB

Related parties	Details of transaction	Rule of price setting	June 30, 2011		June 30, 2010	
			Amount	proportion	Amount	proportion
ALSTOM Power Systems S.A Etablissement Boilers	Sales	Market price			20,826,000.00	16.32%
ALSTOM Power System Gmbh	Sales	Market price			6,580,775.58	5.16%

(2) Other related transactions:

Unit: RMB

Related parties	Transactions	Amount
ALSTOM (Switzerland) Ltd	Windsor lab relocation	425,275.63
ALSTOM (Switzerland) Ltd	IT service fees	1,839,330.35
ALSTOM Holdings	Training fees	32,156.66
ALSTOM Power Inc.	PMX support fees	1,243,445.58
ALSTOM Power Inc.	Foreign consultant fees	547,972.10
ALSTOM Power Systems Gmbh	Training fees	91,773.63
PT ALSTOM Power Energy Systems Indonesia	Material sales	989,588.57
ALSTOM (Wuhan) Engineering & Technology Co., Ltd.	Service fees	1,224,759.00
ALSTOM (Wuhan) Engineering & Technology Co., Ltd.	Leasing & service fees	1,753,437.44
ALSTOM (China) Investment Co., Ltd.	Training fees	152,333.00
ALSTOM (China) Investment Co., Ltd.	ITSSC service fees	6,971,438.02
ALSTOM Beizhong Power (Beijing) Co.,Ltd	EHS line verify fees	26,532.00
ALSTOM Beizhong Power (Beijing) Co.,Ltd	Technical service fees	1,205,737.60

(3) Alstom (China) Investment Co., Ltd., the controlling shareholder of the Company, entrusted China Construction Bank to provide a shareholder loan of RMB 1,325,000,000.00 to the Company at 10%

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discount off the benchmark interest rate. The Company paid RMB 32,103,844.25 loan interest in this report period.

VII. In this report period, the Company did not provide any significant guarantee.

VIII. In this report period, the Company did not sign or implement any significant contract.

IX. In this report period, the Company did not entrust any party for financial management.

X. Special explanations and independent opinions on the accumulated external guarantees and the current period external guarantees given by the independent directors of the Company

Independent directors Mr. Yang Xiongsheng, Mr. André Chieng and Mr. Shen Weixing concluded that: according to No.2003-56 Notice of CSRC and through our careful review, it was found that by the end of this report period, the Company didn't provide any guarantee for its controlling shareholder, any other related parties that the Company held less than 50% shares, any non-legal person entities or any individuals. And the Company had not been forced by its controlling shareholder or any other related parties to provide guarantees for other parties. The risks of external guarantees were strictly controlled by the Company.

XI. Capital occupied by the controlling shareholder and other related parties

Independent directors Mr. Yang Xiongsheng, Mr. André Chieng and Mr. Shen Weixing concluded that: in this report period, the cash circulation between the Company and its controlling shareholder and other related parties were regular cash flows for daily purchases and sales of goods. The Company neither advanced salary, employee welfare, insurance fees or other periodic expenses for its controlling shareholder and related parties, nor undertook costs and other expenses for its controlling shareholder or other related parties.

XII. Neither the Company nor any shareholder holding more than 5% (including 5%) shares of the Company had made any commitments in this report period or carried the commitments in previous periods to this report period that might bring a significant influence on the operating results and

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financial status of the Company.

XIII. The financial report of this report period has not been audited.

XIV. In this report period, the Company, the Board of Directors and all directors didn't receive any investigation, punishment or judicial enforcement measures from CSRC, other administrative organs, judicial organs etc.

XV. Other significant events, as well as analysis and explanations on their impact and solutions

◆ Due to 2007, 2008 and 2009 three years' consecutive losses, Shenzhen Stock Exchange decided to suspend listing of the stocks of the Company since April 9, 2010 according to Article 14.1.1 and Article 14.1.3 of *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange*. The relevant announcement was disclosed on *Securities Times* and *Ta Kung Pao* on Apr. 2, 2010, Announcement No. 2010-017.

As audited and confirmed by Zhonghuan Certified Public Accountants Co., Ltd., the Company achieved net profit attributable to its shareholders of RMB 8,535,924.33 for the year 2010 and was issued a standard Auditor's Report with unqualified opinion. On May 4, 2011, the Company submitted the *Application for Listing Restoration of Wuhan Boiler Company Limited* and relevant documents to Shenzhen Stock Exchange. And the *Announcement on Submitting the Application for Listing Restoration of Wuhan Boiler Company Limited to Shenzhen Stock Exchange* was disclosed on *Securities Times* and *Ta Kung Pao* on May 5, 2011, Announcement No. 2011-017.

On May 9, 2011, the Company received the *Decision on Acceptance of the Application for Listing Restoration of Wuhan Boiler Company Limited* issued by Shenzhen Stock Exchange, which requested the Company to provide more information. The *Announcement of Shenzhen Stock Exchange Accepting the Application for Listing Restoration of Wuhan Boiler Company Limited* was disclosed on *Securities Times* and *Ta Kung Pao* on May 11, 2011, Announcement No. 2011-020.

◆ Up to Aug. 30, 2011, the Company has not implemented any stock option incentive plan.

XVI. Index for other significant information

All the public announcements of the Company have been disclosed on *Securities Times* and *Ta Kung*

Pao, as well as the website <http://www.cninfo.com.cn>. For more detailed information, investors may visit the website and input the Company's stock code under the item of "Search for Information of Particular Stock".

1. On January 18, 2011, the Company disclosed the *Announcement on Progress of Significant Litigations and Arbitrations of Wuhan Boiler Company Limited*;
2. On January 25, 2011, the Company disclosed the *Announcement of Business Performance Forecast for Year 2010 of Wuhan Boiler Company Limited*;
3. On February 11, 2011, the Company disclosed the *Announcement on Progress of Listing Restoration of Wuhan Boiler Company Limited*;
4. On March 3, 2011, the Company disclosed the *Announcement on Progress of Listing Restoration of Wuhan Boiler Company Limited*;
5. On April 7, 2011, the Company disclosed the *Announcement on Progress of Listing Restoration of Wuhan Boiler Company Limited*;
6. On April 13, 2011, the Company disclosed the *Announcement on Significant Litigations and Arbitrations of Wuhan Boiler Company Limited*;
7. On April 14, 2011, the Company disclosed the *Brief Announcement of Business Performance Forecast for Year 2010 of Wuhan Boiler Company Limited* and the *Announcement of the Business Performance Forecast for the First Quarter of 2011 of Wuhan Boiler Company Limited*;
8. On April 22, 2011, the Company disclosed the *Suggestive Announcement of the Board of Directors of Wuhan Boiler Company Limited*;
9. On April 29, 2011, the Company disclosed *2010 Annual Report and its Summary Report*, the *Announcement of Resolutions of the 3rd Meeting of the 5th Board of Directors*, the *Announcement of Resolutions of the 3rd Meeting of the 5th Board of Supervisors*, the *Announcement on Daily Execution of 2010 Related Transactions and Estimation of 2011 Related Transactions*, the *Announcement of Changing Accounting Estimate*, and the *Notice for Convening 2010 Annual Shareholders' Meeting of Wuhan Boiler Company Limited*;
10. On April 30, 2011, the Company disclosed *2011 Quarterly One Report of Wuhan Boiler Company Limited*;
11. On May 5, 2011, the Company disclosed the *Announcement on Submitting the Application for Listing Restoration of Wuhan Boiler Company Limited to Shenzhen Stock Exchange*;

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12. On May 7, 2011, the Company disclosed the *Announcement on Change of Company Name and Office Address of the CPAs Firm* and the *Announcement on Progress of Listing Restoration of Wuhan Boiler Company Limited*;

13. On May 11, 2011, the Company disclosed the *Announcement of Shenzhen Stock Exchange Accepting the Application for Listing Restoration of Wuhan Boiler Company Limited*;

14. On June 1, 2011, the Company disclosed the *Announcement of Resolutions of 2010 Annual Shareholders' Meeting of Wuhan Boiler Company Limited*;

15. On June 2, 2011, the Company disclosed the *Announcement on Progress of Listing Restoration of Wuhan Boiler Company Limited*;

16. On June 30, 2011, the Company disclosed the *Announcement on Significant Litigations and Arbitrations of Wuhan Boiler Company Limited*;

Section VI Financial Report (Unaudited)

I. Financial Statements and Notes (Please see the attachments)

Section VII Documents for Reference

I. Original copy of 2011 Interim Report with the signature of Chairman of the Board;

II. Accounting statements with the signatures and seals of the Legal Representative, Finance Director and the person in charge of the accounting;

III. Original copies of all documents and announcements disclosed on newspapers and website designated by CSRC;

IV. Other relevant documents.

Wuhan Boiler Company Limited

Chairman of the Board of Directors: YEUNG Kwok Wei Richard

August 26, 2011

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WUHAN BOILER COMPANY LIMITED

INTERIM FINANCIAL REPORT 2011

(UN-AUDITED)

Consolidated Balance Sheet (Assets)

Wuhan Boiler Co., Ltd		Consol. No.1	
		Currency: RMB	
Assets	Notes	30/Jun/11	31/Dec/10
Current assets			
Cash and cash equivalents	5.1	13,923,639.28	13,974,304.97
Settlement fund			
Outgoing call loan			
Trading financial assets			
Notes receivable	5.2		43,164,000.00
Accounts receivable	5.3	471,470,877.60	364,514,763.75
Prepayment	5.5	183,955,427.35	111,894,344.81
Insurance receivables			
Reinsurance Receivable			
Provision of reinsurance contract reserve receivable			
Interests receivable			
Dividend receivable			
Other receivables	5.4	124,787,151.67	136,383,710.94
Financial assets purchased under agreement to resell			
Inventories	5.6	240,239,417.55	169,307,374.03
Non-current assets due within 1-year			
Other current assets			
Total current assets		1,034,376,513.45	839,238,498.50
Non-current assets:			
Loan and payment on other's behalf disbursed			
Available-for-sale financial assets			
Investment held to maturity			
Long-term receivables			
Long-term equity investment			
Investment property			
Fixed assets	5.7	763,878,682.65	776,284,766.29
Construction in progress	5.8	48,519,779.04	50,952,741.50
Engineering materials			
Disposal of fixed assets			
Production biological assets			
Oil-gas assets			
Intangible assets	5.9	53,842,628.90	57,323,977.87
R&D expenses			
Goodwill			
Long-term deferred expenses			
Deferred tax assets	5.10	67,653,418.92	62,321,677.84
Other non-current assets	5.12		420,895.71
Total non-current assets		933,894,509.51	947,304,059.21
Total assets		1,968,271,022.96	1,786,542,557.71

Legal Representative:

Chief Financial Official:

Chief Accountant:

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Consolidated Balance Sheet (Liabilities and Equity)

Consol. No.1

Wuhan Boiler Co., Ltd

Currency: RMB

Liabilities and shareholder's equity	Notes	30/Jun/11	31/Dec/10
Current liabilities:			
Short-term loans	5.13	1,325,000,000.00	1,152,000,000.00
Loans from central bank			
Deposits received and hold for others			
Call loan received			
Held-for-trading financial liabilities			
Notes payable	5.14	31,968,377.00	18,704,256.28
Accounts payable	5.15	397,935,537.80	315,446,635.93
Advance from customers	5.16	1,095,290,944.37	1,059,336,631.48
Financial assets sold under agreements to repurchase			
Fees and commissions payable			
Payroll payable	5.17	62,340,298.90	70,602,009.08
Taxes payable	5.18	-102,058,951.31	-88,432,481.81
Interests payable	5.19	2,003,697.50	2,003,046.13
Dividend payable	5.20	562,000.00	562,000.00
Other payables	5.21	92,302,698.95	85,685,084.50
Amount due to reinsurance			
Insurance contract provision			
Entrusted trading of securities			
Entrusted selling of securities			
Non-current liabilities due within 1-year			
Other current liabilities			
Total current liabilities:		2,905,344,603.21	2,615,907,181.59
Non-current liabilities:			
Long-term loans			
Bonds payable			
Long-term payables			
Specific payables			
Provision for liabilities	5.22	50,295,655.52	50,387,210.32
Deferred taxes liabilities			
Other non-current liabilities	5.23	14,279,004.46	3,291,690.22
Total non-current liabilities:		64,574,659.98	53,678,900.54
Total liabilities		2,969,919,263.19	2,669,586,082.13
Shareholders' Equity:			
Share capital	5.24	297,000,000.00	297,000,000.00
Capital surplus	5.25	174,659,407.46	174,659,407.46
Less: Treasury Stock			
Special reserve funds			
Surplus reserve	5.26	39,418,356.83	39,418,356.83
General risk provision			
Retained earnings	5.27	-1,515,052,163.78	-1,396,503,437.13
Foreign exchange difference			
Total shareholders' equity attributable to shareholders of the Company		-1,003,974,399.49	-885,425,672.84
Minority interest		2,326,159.26	2,382,148.42
Total shareholders' equity		-1,001,648,240.23	-883,043,524.42
Total liabilities & shareholders' equity		1,968,271,022.96	1,786,542,557.71

Legal Representative:

Chief Financial Official:

Chief Accountant:

Consolidated Income Statement

Consol. No.2

Wuhan Boiler Co., Ltd

Currency: RMB

Items	Notes	Jan to June 2011	Jan to June 2010
I. Total revenue		248,332,052.00	127,644,108.77
Including: revenue	5.28	248,332,052.00	127,644,108.77
Interest income			
Insurance fee income			
Fee and commission income			
II. Total cost of sales		360,781,143.47	199,623,917.21
Including: Cost of sales	5.28	277,531,191.13	149,229,413.16
Interest expenses			
Service charge and commission income			
Insurance discharge payment			
Claim expenses-net			
Provision for insurance contract reserve-net			
Insurance policy dividend paid			
Reinsurance expense			
Business taxes and surcharges	5.30	126,648.93	206,343.38
Sales expenses	5.31	5,269,724.87	8,913,496.00
Administration expenses	5.32	16,311,884.19	29,214,942.15
Financial costs	5.33	31,503,275.97	44,988,222.08
Impairment loss	5.34	30,038,418.38	-32,928,499.56
Plus: gain/loss on change in fair value ("-"for loss)	5.35	-11,547,097.95	-771,454.05
gain/loss on investment("-"for loss)			
Including: income from investment on associates and jointly ventures			
Gain or loss on foreign exchange difference ("-"for loss)			
III. Operating profit("-"for loss)		-123,996,189.42	-72,751,262.49
Plus: non-operating income	5.36	173,611.26	1,350,258.54
Less: non-operating expense	5.37	113,878.73	427,615.32
Including: loss from disposal of non-current asset		113,878.73	69,846.84
IV. Total profit("-"for loss)		-123,936,456.89	-71,828,619.27
Less: income tax expense	5.38	-5,331,741.08	10,796,697.11
V. Net profit("-"for loss)		-118,604,715.81	-82,625,316.38
including: net profit gained by combined company before combination			
Including: Attributable to equity holders of the parent company		-118,548,726.65	-82,367,208.64
Minority interest		-55,989.16	-258,107.74
VI. Earnings per share			
(I) basic earnings per share (¥/share)	5.39	-0.40	-0.28
(II) diluted earnings per share (¥/share)	5.39	-0.40	-0.28
VII Other Comprehensive Income			
VIII Total Comprehensive Income		-118,604,715.81	-82,625,316.38
including: parent company's total comprehensive Income		-118,548,726.65	-82,367,208.64
including: Minority's total comprehensive Income		-55,989.16	-258,107.74

Legal Representative:

Chief Financial Official:

Chief Accountant:

Consolidated Cashflow Statement

Wuhan Boiler Co., Ltd		Consol. No. 3	
		Currency: RMB	
Items	Notes	Jan to June 2011	Jan to June 2010
1. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		147,700,506.03	1,348,714,022.30
Net increase of deposits received and held for others			
Net increase of loans from central bank			
Net increase of inter-bank loans from other financial assets			
Cash received against original insurance contract			
Net Cash received from reinsurance			
Net increase of client deposit and investment			
Cash received from disposal of held-for-trading financial assets			
Cash received as Interests, fees and commissions received			
Net increase of inter-bank fund received			
Cash received under repurchasing, net			
Tax returned			7,413,566.82
Other cash received from operating activities	5.40	32,632.99	652,292.55
Sub-total of cash inflows from operating activities		147,733,139.02	1,356,779,881.67
Cash paid for goods and services		163,374,505.77	293,779,774.52
Net increase of loans and advances			
Net increase of deposit in central bank, banks and other financial institutions			
Cash paid for original contract claim			
Cash paid for interests, fees and commission			
Cash paid for policy dividend			
Cash paid to and for employees		76,022,293.85	75,127,219.55
Cash paid for all types of taxes		4,721,188.75	5,720,366.71
Other cash paid relating to operating activities	5.40	36,495,012.58	36,342,677.22
Sub-total of cash outflows from operating activities		280,613,000.95	410,970,038.00
Net cash flow from operating activities		-132,879,861.93	945,809,843.67
2. Cash Flows from Investing Activities			
Cash received from return on investments			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		5,660.00	1,873,243.00
Net cash received from disposal of subsidiaries and other operating units			
Other cash received relating to investing activities	5.40	950,669.73	10,426,483.13
Sub-total of cash inflows from investing activities		956,329.73	12,299,726.13
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		8,468,737.97	73,853,620.49
Cash paid for acquisition of investments			
Net increase of pledged loans			
Net cash paid for acquisition of subsidiaries and other operating units			
Other cash paid relating to investing activities	5.40	155,198.50	388,601.66
Sub-total of cash outflows from investing activities		8,623,936.47	74,242,222.15
Net cash flow from investing activities		-7,667,606.74	-61,942,496.02
3. Cash Flows from Financing Activities:			
Cash received from investment			
Including: Cash received from minority shareholders of subsidiaries			
Cash received from borrowings		340,000,000.00	790,000,000.00
Cash received from bonds issuing			
Cash received relating to financing activities			
Sub-total of cash inflows from financing activities		340,000,000.00	790,000,000.00
Cash paid for repayments of borrowings		167,000,000.00	1,636,000,000.00
Cash paid for dividends, profit distribution or interest		32,103,844.25	46,468,172.50
Including: dividends or profits paid to minority shareholders by subsidiaries			
Other cash paid relating to financing activities			
Sub-total of cash outflows from financing activities		199,103,844.25	1,682,468,172.50
Net cash flow from financing activities		140,896,155.75	-892,468,172.50
4. Effect of foreign exchange rate changes		-399,402.47	-2,400,814.38
5. Net increase in cash and cash equivalents		-50,715.39	-11,001,639.23
Add : Cash and cash equivalents at the beginning of the period	5.41	10,491,275.05	27,114,305.92
6. Cash and cash equivalents at the end of the period	5.41	10,440,559.66	16,112,666.69

Legal Representative:

Chief Financial Official:

Chief Accountant:

Consolidated Statement of Change in Equity

Wuhan Boiler Co., Ltd

Consol. No. 4
Currency: RMB

Items	2011 June 30								
	Shareholders' equity belonged to shareholders' of the Company								Total
	Share capital	Capital reserve	Less: Treasury stock	Special reserve fund	Surplus reserve	General Risk provision	Retained earnings	others	
I. Balance at 31 December, 2010	297,000,000.00	174,659,407.46			39,418,356.83		-1,396,503,437.13		-883,043,524.42
Change in accounting policies									
Correction of errors in previous period									
Others									
II. Balance at 1 January, 2011	297,000,000.00	174,659,407.46			39,418,356.83		-1,396,503,437.13		-883,043,524.42
III. Increase/ decrease during the financial year ("-"for loss)									
(I) Net profit							-118,548,726.65		-118,604,715.81
(II) Other comprehensive income							-118,548,726.65		-118,604,715.81
Subtotal of (I)and (II)							-118,548,726.65		-118,604,715.81
(III) Contributions and decrease of capital									
1. Contributions by shareholders									
2. Equity settled share-based payment									
3. Others									
(IV) Profit distribution									
1. Surplus reserve accrued									
2. General risk provision accrued									
3. Distribution to shareholders									
4. Others									
(V) Transfer within shareholders' equity									
1. Captial reserve transferred to capital (share capital)									
2. Surplus reserve transferred to capital (share capital)									
3. Surplus reserve offsetting losses									
4. Others									
(VI)special reserve fund									
1. Increase									
2. Decrease									
IV. Balance at 30 June, 2011	297,000,000.00	174,659,407.46			39,418,356.83		-1,515,052,163.78		-1,001,648,240.23

Legal Representative:

Chief Financial Official:

Chief Accountant:

Consolidated Statement of Change in Equity

Consol. No. 4

Wuhan Boiler Co., Ltd

Currency: RMB

Items	2010 December 31									
	Shareholders' equity belonged to shareholders' of the Company								Minority interest	Total
	Share capital	Capital reserve	Less: Treasury stock	Special reserve fund	Surplus reserve	General Risk provision	Retained earnings	others		
I. Balance at 31 December, 2009	297,000,000.00	174,659,407.46			39,418,356.83		-1,405,039,361.46		2,680,026.19	-891,281,570.98
Plus: Change in accounting policies										
Correction of errors in previous period										
Others										
II. Balance at 1 January, 2010	297,000,000.00	174,659,407.46			39,418,356.83		-1,405,039,361.46		2,680,026.19	-891,281,570.98
III. Increase/ decrease during the financial year ("-"for loss)							8,535,924.33		-297,877.77	8,238,046.56
(I) Net profit							8,535,924.33		-297,877.77	8,238,046.56
(II) Other comprehensive income										
Subtotal of (I)and (II)							8,535,924.33		-297,877.77	8,238,046.56
(III) Contributions and decrease of capital										
1. Contributions by shareholders										
2. Equity settled share-based payment										
3. Others										
(IV) Profit distribution										
1. Surplus reserve accrued										
2. General risk provision accrued										
3. Distribution to shareholders										
4. Others										
(V) Transfer within shareholders' equity										
1. Captial reserve transferred to capital (share capital)										
2. Surplus reserve transferred to capital (share capital)										
3. Surplus reserve offsetting losses										
4. Others										
(VI)special reserve fund										
1. Increase										
2. Decrease										
IV. Balance at 31 December, 2010	297,000,000.00	174,659,407.46			39,418,356.83		-1,396,503,437.13		2,382,148.42	-883,043,524.42

Legal Representative:

Chief Financial Official:

Chief Accountant:

Balance Sheet (Assets)

Company. No.1

Wuhan Boiler Co., Ltd

Currency: RMB

Assets	Notes	30/Jun/11	31/Dec/10
Current assets			
Cash and cash equivalents		12,500,335.40	13,310,174.46
Trading financial assets			
Notes receivable			42,164,000.00
Accounts receivable	11. 1	467,926,549.17	358,592,870.99
Prepayment		183,955,427.35	111,894,344.81
Interest receivables			
Dividend receivables			
Other receivables	11. 2	124,989,779.89	136,373,830.94
Inventories		240,239,417.55	169,307,374.03
Non-current assets due within 1-year			
Other current assets			
Total current assets		1,029,611,509.36	831,642,595.23
Non-current assets:			
Available-for-sale financial assets			
Investment held to maturity			
Long-term receivables			
Long-term equity investment	11. 3	39,234,287.13	39,234,287.13
Investment property			
Fixed assets		764,035,659.64	776,441,743.28
Construction in progress		48,519,779.04	50,952,741.50
Engineering materials			
Disposal of fixed assets			
Production biological assets			
Oil-gas assets			
Intangible assets		53,842,628.90	57,323,977.87
R&D expenses			
Goodwill			
Long-term deferred expenses			
Deferred tax		67,653,418.92	62,321,677.84
Other non-current assets			420,895.71
Total non-current assets		973,285,773.63	986,695,323.33
Total assets		2,002,897,282.99	1,818,337,918.56

Legal Representative:

Chief Financial Official:

Chief Accountant:

Balance Sheet (Liabilities and Equity)

Company. No.1

Wuhan Boiler Co., Ltd

Currency: RMB

Liabilities and shareholder's equity	Notes	30/Jun/11	31/Dec/10
Current liabilities:			
Short-term loan		1,325,000,000.00	1,152,000,000.00
Held-for-trading financial liabilities			
Notes payable		31,968,377.00	18,704,256.28
Accounts payable		402,881,201.57	320,392,299.70
Advance from customers		1,095,290,944.37	1,059,336,631.48
Payroll payable		62,139,659.36	70,401,369.54
Taxes payable		-102,058,951.31	-88,432,481.81
Interests payable		2,003,697.50	2,003,046.13
Dividend payables			
Other payables		129,346,225.73	119,817,611.28
Non-current liabilities due within 1-year			
Other current liabilities			
Total current liabilities:		2,946,571,154.22	2,654,222,732.60
Non-current liabilities:			
Long-term loans			
Bonds payable			
Long-term payables			
Specific payables			
Provision for liabilities		50,295,655.52	50,387,210.32
Deferred taxes liabilities			
Other non-current liabilities		14,279,004.46	3,291,690.22
Total non-current liabilities:		64,574,659.98	53,678,900.54
Total liabilities		3,011,145,814.20	2,707,901,633.14
Shareholders' Equity:			
Share capital		297,000,000.00	297,000,000.00
Capital surplus		174,854,304.12	174,854,304.12
Less: Treasury Stock			
special reserve fund			
Surplus reserve		39,418,356.83	39,418,356.83
Generic Risk Reserve			
Retained earning		-1,519,521,192.16	-1,400,836,375.53
Total shareholders' equity:		-1,008,248,531.21	-889,563,714.58
Total liabilities and shareholders' equity:		2,002,897,282.99	1,818,337,918.56

Legal Representative:

Chief Financial Official:

Chief Accountant:

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Income Statement

Company. No.2

Wuhan Boiler Co., Ltd

Currency: RMB

Items	Notes	Jan to June 2011	Jan to June 2010
I. Total revenue	11.4	248,332,052.00	127,644,108.77
Less: cost of sales	11.4	277,531,191.13	149,229,413.16
Business taxes and surcharges		126,648.93	188,145.67
Sales expenses		5,269,724.87	8,913,496.00
Administration expenses		16,311,271.39	28,092,723.70
Financial costs		31,503,921.68	44,988,653.92
Impairment loss		30,118,486.29	-33,736,098.25
Plus: gain/loss on change in fair value ("-"for loss)		-11,547,097.95	-771,454.05
gain/loss on investment("-"for loss)			
Including: income from investment on associates and jointly ventures			
II. Operating profit("-"for loss)		-124,076,290.24	-70,803,679.48
Plus: non-operating income		173,611.26	1,260,259.40
Less: non-operating expense		113,878.73	329,660.00
Including: loss from disposal of non-current asset			
III. Total profit("-"for loss)		-124,016,557.71	-69,873,080.08
Less: income tax expense		-5,331,741.08	10,796,697.11
IV. Net profit("-"for loss)		-118,684,816.63	-80,669,777.19
V. Earnings per share			
(I) basic earnings per share (¥/share)		-0.40	-0.27
(II) diluted earnings per share (¥/share)		-0.40	-0.27
Other comprehensive income			
Total comprehensive income		-118,684,816.63	-80,669,777.19

Legal Representative:

Chief Financial Official:

Chief Accountant:

Cashflow Statement

Company. No. 3

Wuhan Boiler Co., Ltd

Currency: RMB

Items	Notes	Jan to June 2011	Jan to June 2010
1. Cash flows from Operating activities			
Cash received from sales of goods or rendering of services		147,161,671.29	1,348,714,022.30
Tax returned		-	7,413,566.82
Other cash received from operating activities		443,632.99	601,863.30
Sub-total of cash inflows from operating activities		147,605,304.28	1,356,729,452.42
Cash paid for goods and services		162,962,652.97	294,958,236.92
Cash paid to and for employees		76,022,293.85	74,042,233.14
Cash paid for all types of taxes		4,721,188.75	5,389,519.06
Other cash paid relating to operating activities		37,537,318.30	36,234,188.60
Sub-total of cash outflows from operating activities		281,243,453.87	410,624,177.72
Net cash flow from operating activities		-133,638,149.59	946,105,274.70
2. Cash Flows from Investing Activities			
Cash received from return on investments			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		5,660.00	1,663,243.00
Net cash received from disposal of subsidiaries and other operating units			
Other cash received relating to investing activities		949,601.02	10,426,295.05
Sub-total of cash inflows from investing activities		955,261.02	12,089,538.05
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		8,468,737.97	74,019,785.49
Cash paid for acquisition of investments			
Net cash paid for acquisition of subsidiaries and other operating units			
Other cash paid relating to investing activities		155,015.50	387,905.16
Sub-total of cash outflows from investing activities		8,623,753.47	74,407,690.65
Net cash flow from investing activities		-7,668,492.45	-62,318,152.60
3. Cash Flows from Financing Activities:			
Cash received from investment			
Cash received from borrowings		340,000,000.00	790,000,000.00
Cash received relating to financing activities			
Sub-total of cash inflows from financing activities		340,000,000.00	790,000,000.00
Cash paid for repayments of borrowings		167,000,000.00	1,636,000,000.00
Cash paid for dividends, profit distribution or interest		32,103,844.25	46,468,172.50
Other cash payments relating to financing activities			
Sub-total of cash outflows from financing activities		199,103,844.25	1,682,468,172.50
Net cash flow from financing activities		140,896,155.75	-892,468,172.50
4. Effect of foreign exchange rate changes		-399,402.47	-2,400,814.38
5. Net increase in cash and cash equivalents	11.5	-809,888.76	-11,081,864.78
Add : Cash and cash equivalents at the beginning of the period	11.5	9,827,144.54	26,057,612.46
6. Cash and cash equivalents at the end of the period	11.5	9,017,255.78	14,975,747.68

Legal Representative:

Chief Financial Official:

Chief Accountant:

Statement of Change in Equity

Wuhan Boiler Co., Ltd

Company. No. 4

Currency: RMB

Items	2011 June 30							
	Share capital	Capital reserve	Less: Treasury stock	Special reserve fund	Surplus reserve	General Risk provision	Retained earnings	Total
I. Balance at 31 December, 2010	297,000,000.00	174,854,304.12			39,418,356.83		-1,400,836,375.53	-889,563,714.58
Change in accounting policies								
Correction of errors in previous period								
Others								
II. Balance at 1 January, 2011	297,000,000.00	174,854,304.12			39,418,356.83		-1,400,836,375.53	-889,563,714.58
III. Increase/ decrease during the financial year ("-"for loss)							-118,684,816.63	-118,684,816.63
(I) Net profit							-118,684,816.63	-118,684,816.63
(II) Other comprehensive income								
Subtotal of (I) and (II)							-118,684,816.63	-118,684,816.63
(III) Contributions and decrease of capital								
1. Contributions by shareholders								
2. Equity settled share-based payment								
3. Others								
(IV) Profit distribution								
1. Surplus reserve accrued								
2. General risk provision accrued								
3. Distribution to shareholders								
4. Others								
(V) Transfer within shareholders' equity								
1. Capital reserve transferred to capital (share capital)								
2. Surplus reserve transferred to capital (share capital)								
3. Surplus reserve offsetting losses								
4. Others								
(VI) special reserve fund								
1. Increase								
2. Decrease								
IV. Balance at 30 June, 2011	297,000,000.00	174,854,304.12			39,418,356.83		-1,519,521,192.16	-1,008,248,531.21

Legal Representative:

Chief Financial Officer:

Chief Accountant:

Statement of Change in Equity

Wuhan Boiler Co., Ltd

Company. No. 4

Currency: RMB

Items	2010 December 31							
	Share capital	Capital reserve	Less: Treasury stock	Special reserve fund	Surplus reserve	General Risk provision	Retained earnings	Total
I. Balance at 31 December, 2009	297,000,000.00	174,854,304.12			39,418,356.83		-1,411,643,073.43	-900,370,412.48
Plus: Change in accounting policies								
Correction of errors in previous period								
Others								
II. Balance at 1 January, 2010	297,000,000.00	174,854,304.12			39,418,356.83		-1,411,643,073.43	-900,370,412.48
III. Increase/ decrease during the financial year ("-"for loss)							10,806,697.90	10,806,697.90
(I) Net profit							10,806,697.90	10,806,697.90
(II) Other comprehensive income								
Subtotal of (I)and (II)							10,806,697.90	10,806,697.90
(III) Contributions and decrease of capital								
1. Contributions by shareholders								
2. Equity settled share-based payment								
3. Others								
(IV) Profit distribution								
1. Surplus reserve accrued								
2. General risk provision accrued								
3. Distribution to shareholders								
4. Others								
(V) Transfer within shareholders' equity								
1. Capital reserve transferred to capital (share capital)								
2. Surplus reserve transferred to capital (share capital)								
3. Surplus reserve offsetting losses								
4. Others								
(VI) special reserve fund								
1. Increase								
2. Decrease								
IV. Balance at 31 December, 2010	297,000,000.00	174,854,304.12			39,418,356.83		-1,400,836,375.53	-889,563,714.58

Legal Representative:

Chief Financial Official:

Chief Accountant:

NOTES TO THE FINANCIAL STATEMENTS

As of June 30, 2011

Important Notes:

This report has been prepared in Chinese version and English version respectively. In the event of difference in interpretation between the two versions, the Chinese report shall prevail.

Note 1 Description of business

Wuhan Boiler Co., Ltd (the “Company”) was established by Wuhan Boiler (Group) Co., Ltd (the “Group”) with the exclusive operating assets of boiler manufacturing in September 1997 and listed in B share market in April 1998. The share capital of the Company is 297,000,000 shares. The “Group” holds 172,000,000 shares accounting for 57.91% shareholding and the public shareholding (Domestically listed share in foreign currency) is 125,000,000 shares accounting for 42.09% shareholding. The Company's B-shares listed in the Shenzhen Stock Exchange. The Company obtained the corporate business license documented as Qi Gu Er Zong Fu Zi No.002591 on November 16, 1998. The Group transferred its 51% shareholding of Wuhan Boiler Co., Ltd to Alstom (China) Investment Co., Ltd in 2007 with approval of State-owned Assets Supervision and Administration Commission of the State Council. The share transfer procedures were completed in August 2007. Alstom (China) Investment Co., Ltd holds 151,470,000 shares accounting for 51% shareholding; Wuhan Boiler (Group) Co., Ltd holds 20,530,000 shares accounting for 6.91% shareholding and public tradable shares is 125,000,000 accounting for 42.09% shareholding as at June 30, 2011.

1. The register capital of the Company is 297,000,000.00.
2. LiuFangYuan Road Te No.1, Donghu New Technology Development Zone, Wuhan city, Hubei Province
3. Business scope of the Company is researching, designing, developing and manufacturing of types I, II, III pressure vessels, power station boilers, special boilers, auxiliary boilers, desulfurization equipments and so on. The Company is a big boiler manufacturing enterprise and the main operating activities are in China. The major customer markets of the Company are various power plants and power stations. Certain products are auxiliary equipments and pressure vessels target refineries and chemical enterprises. The Company produces three categories

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products: power station boilers, special boilers and other products. Power station boilers are used in power stations. Special boilers are designed and manufactured according to customers' profit and loss balance combustion technology or specific requirement of fuel, which is energy saving and environment friendly. The special boilers include alkali recovery boilers, circulating fluidized bed boilers, bagasse-fired boilers, the stand vertical-burning boilers, liquid slag-off boilers, waste heat boilers and so on.

4. Parent company of the Company is Alstom (China) Investment Co., Ltd. The parent company of Alstom (China) Investment Co., Ltd. is ALSTOM Holdings.

5. These financial statements were authorised for issue in accordance with the resolution of the 5th section of the 5th Meeting of Board of Director on August 26, 2011.

Note 2 Note 2 Main accounting policies and estimates

1. Basic of preparation of financial statements

The financial statements have been prepared on the basic assumption of going concern and on the accrual basis of accounting. The effects of events and other transactions actually occurred and they have been recorded and measured in accordance with the Chinese Accounting Standards (2006): Framework and other accounting standards.

2. Declaration of following the accounting standard

The financial statements prepared by the Company are truly and completely reflect the financial position, operation result and cash flow of the Company.

3. Fiscal year

The accounting period of the Group is from January 1 to December 31 of the Gregorian calendar.

4. Monetary unit

Renminbi (RMB) is used as the accounting standard currency.

5. Accounting method of business combination under the same control and not under the same

control

(1) The Company adopts equity method for business combination under same control. The assets and liabilities that the combining party obtained in a business combination shall be measured on their carrying amount in the combined party on the combining date. The difference between the carrying amount of net assets acquired by the combining party and the carrying amount of the consideration paid by it (or the total par value of the shares issued) shall be adjusted to capital surplus. If the capital surplus is not sufficient for adjustment, retained earning is adjusted respectively. The business combination costs that are directly attributable to the combination, such as audit fees, valuation fees, legal service fees and so on are recognized in profit or loss during the current period when they occurred. The bonds issued for a business combination or the handling fees, commissions and other expenses for bearing other liabilities shall be recorded in the amount of initial measurement of the bonds or other debts. The handling fees, commissions and other expenses for the issuance of equity securities for the business combination shall be credited against the surplus of equity securities; if the surplus is not sufficient, the retained earnings shall be offset. Where a relationship between a parent company and a subsidiary company is formed due to a business combination, the parent company shall, on the combining date, prepare consolidated financial statements according to the accounting policy of the Company.

(2) The Company adopts acquisition method for business combination not under same control. The acquirer shall recognize the initial cost of combination under the following principles:

- a) When business combination is achieved through a single exchange transaction, the cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree;
- b) For the business combination involved more than one exchange transactions, equity investment in acquiree held by acquirer before the acquisition date shall be disclosed differently in separate and consolidated financial statements:
 - i. On separate financial statements, both carrying amount of equity investment in acquiree held by acquirer before the acquisition date and the increase in the cost of equity investment on that date, shall be included in the initial investment costs; on disposal of the equity investment, any related other comprehensive income(e.g. available-for-sale financial assets at fair value

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through capital reserve), shall be transferred to investment income in the period, if equity investment in acquiree held by acquirer before the acquisition date involves other comprehensive income.

- ii. On consolidated financial statements, equity investment in acquiree held by acquirer before the acquisition date, shall be revalued at fair value on that date, and the difference shall be included in investment income in the period; any related other comprehensive income shall be transferred to investment income in the period on the acquisition date, if equity investment in acquiree held by acquirer before the acquisition date involves other comprehensive income. Moreover, the acquirer shall disclose the fair value of this equity investment on the acquisition date and related profit or loss recognized from the revaluation in the notes.

c) The business combination costs that are directly attributable to the combination, such as audit fees, valuation fees, legal service fees and other administration cost should be recognized in profit or loss during the current period when they occurred; commissions and other expenses for the issuance of equity or debt securities for the business combination, shall be recognized as the initial recognition amounts of equity or debt securities

d) Where a business combination contract or agreement provides for a future event which may adjust the cost of combination, the Company shall include the amount of the adjustment in the cost of the combination at the acquisition date if the future event leading to the adjustment is probable and the amount of the adjustment can be measured reliably.

The acquirer shall, on the acquisition date, measure the assets given and liabilities incurred or assumed by an enterprise for a business combination in light of their fair value, and shall record the balances between them and their carrying amounts into the profits and losses at the current period.

The acquirer shall distribute the combination costs on the acquisition date, and shall recognize all identifiable assets, liabilities and contingent liabilities it obtains from the acquiree. (1) the acquirer shall recognize the difference that the combination costs are over the fair value of the identifiable net assets obtained from acquiree as goodwill; (2) if the combination costs are less than the fair value of the identifiable net assets obtained from acquiree, the acquirer shall reexamine the

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measurement of the fair values of the identifiable assets, liabilities and contingent liabilities obtained from the acquiree as well as the combination costs; and then after the reexamination, the result is still the same, the difference shall be recorded in the profit and loss of the current period.

Where a relationship between a parent company and a subsidiary company is formed due to a business combination, the parent company shall prepare accounting books for future reference, which shall record the fair value of the identifiable assets, liabilities and contingent liabilities obtained from the subsidiary company on the acquisition date. When preparing consolidated financial statements, it shall adjust the financial statements of the subsidiary company on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities determined on the acquisition date according to the Company's accounting policy of "Consolidated financial statement".

6. Basis of consolidation

(1) Scope of consolidation

Consolidated financial statements are included all subsidiaries of the parent.

When the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of investee company, the investee company is regarding as subsidiary and included consolidated financial statements. If the parent owns half or less of the voting power of an entity when there is any following condition incurred, the investee company is regarding as subsidiary and included consolidated financial statements.

- A. power over more than half of the voting rights by virtue of an agreement with other investors;
- B. power to govern the financial and operating policies of the entity under a statute or an agreement;
- C. power to appoint or remove the majority of the members of the board of directors or equivalent governing body;
- D. power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

If there is evidence suggesting that no control of investee company exists, the investee company

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cannot be included in the consolidated financial statements.

(2) Principle of consolidation

The consolidated financial statements are based on the financial statements of individual subsidiaries which are included in the consolidation scope and prepared after adjustment of long-term equity investment under equity method and elimination effect of intragroup transaction.

(3) Minority interests

The portion of the equity of the subsidiaries that are not owned by the parent is presented as minority interest in the consolidated balance sheet.

The portion of the profit or loss of the subsidiaries that are not owned by the parent is presented as minority interest in the consolidated income statement.

(4) Excess losses

In the consolidated financial statement, when the proportion of minority's obligation for the current subsidiaries' losses exceeds the equity hold by these minority shareholder, the excess amount should still offset minority's interest.

(5) Increase or decrease of the subsidiaries

For any subsidiary acquired by the Company through business combination under the same control, when the consolidated balance sheet for the current period is being prepared, the beginning balances in the consolidated balance sheet are made corresponding modification. For addition business combination not under same control during the reporting period, the Company makes no adjustment for the beginning balances in the consolidated balance sheet. When disposing subsidiary during the reporting period, the Company makes no adjustment for the beginning balances in the consolidated balance sheet.

For any subsidiary acquired by the Company through business combination under the same control, when the consolidated income statement for the current period is being prepared, sales, expense and profit for the period from the beginning of the consolidated period to the year end of the reporting period are included in the consolidated income statement. For addition business

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combination not under same control during the reporting period, revenue, expense and profit for the period from acquisition date to the year end of the reporting period is included in the consolidated income statement. When disposing subsidiary during the reporting period, sales, expense and profit for the period from the beginning to the disposal date are included in the consolidated income statement.

For any subsidiary acquired by the Company through business combination under the same control, when the consolidated cash flow statement for the current period is being prepared, cashflow for the period from the beginning of the consolidated period to the year end of the reporting period is included in the consolidated cash flow statement. For addition business combination not under same control during the reporting period, cashflow for the period from acquisition date to the year end of the reporting period is included in the consolidated cash flow statement. When disposing subsidiary during the reporting period, cashflow for the period from the beginning to the disposal date is included in the consolidated cash flow statement.

7. Cash and cash equivalent

Cash equivalent is defined as the short-term (normally matured within three months after purchased date), highly-liquid investment which is easily transferred into cash and has low risk of change of value.

8. Foreign currency translations

Any transaction is converted into the accounting standard currency according to the approximate exchange rate of the sight rate on the occurrence date of the transaction.

(1) Foreign currency exchange difference

On balance sheet date, the Company accounts for monetary and non-monetary items denominated in foreign currencies as follows: a) monetary items denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses arising from the difference between the balance sheet date exchange rate and the exchange rate ruling at the time of initial recognition or the exchange rate ruling at the last balance

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sheet date are recognized in income statement; b) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the current exchange rates ruling at the transaction dates. Non-monetary items denominated in foreign currencies that are stated at fair value are translated using the current exchange rates ruling at the dates the fair value was determined, the difference between the amount of functional currency after translation and the original amount of functional currency is treated as part of change in fair value (including change in exchange rate) and recognized in income statement. During the capitalization period, exchange differences arising from foreign currency borrowings are capitalized as part of the cost of the capitalized assets.

(2) Translations of financial statements in foreign currencies

The Company translates the financial statements of its foreign operation in accordance with the following provisions: a) the asset and liability items in the balance sheets shall be translated at a spot exchange rate ruling at the balance sheet date. Among the owner's equity items, except the ones as "retained earnings", others shall be translated at the spot exchange rate ruling at the time when they occurred;. b) The income and expense items in the income statements shall be translated with approximate exchange rate of the sight rate on the transaction occurring date. The foreign exchange difference arisen from the translation of foreign currency financial statements shall be presented separately under the owner's equity in the balance sheet. The translation of comparative financial statements shall be subject to the aforesaid provisions.

9. Recognition and measurement of financial instrument

(1) Recognition of financial instrument

The Company recognises a financial asset or financial liability on its balance sheet when, and only when, the Company becomes a contractual party of financial instrument

(2) Classification and measurement of financial assets

① The Company classifies the financial assets into the following four categories: a) financial assets at fair value through profit or loss; b) held-to-maturity investments; c) loans and receivables; and d) available-for-sale financial assets.

② The financial assets are initially recognised at fair value. Gains or losses arising from a

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change in the fair value of a financial asset at fair value through profit or loss is recognised in profit or loss when it incurred and relevant transaction costs are recognised as expense when it incurred. For other financial assets, the transaction costs are recognised as costs of the financial assets.

③ Measurement of financial assets

A. A financial asset at fair value through profit or loss includes financial assets held for trading and financial assets designated by the Company as at fair value through profit or loss. The Company subsequently measures the financial asset at fair value through profit or loss at fair value and recognises the gain or loss arising from a change in the fair value of a financial asset at fair value through profit or loss as profit or loss in the current period.

B. Held-to-maturity investments are measured at amortised cost using the effective interest method. A gain or loss is recognised in profit or loss during the current period when the financial asset is derecognized or impaired and through the amortisation process.

C. Loans and receivables are measured at amortised cost using the effective interest method. A gain or loss is recognised in profit or loss during the current period when the financial asset is derecognized or impaired and through the amortisation process.

D. Available-for-sale financial assets are measured at fair value and the gain or loss arising from a change in the fair value of available-for-sale financial assets is recognised as capital reserve which is transferred into profit or loss when it is impaired or derecognised. Interests or cash dividends during the holding period are recognised in profit or loss for the current period.

④ Impairment of financial assets

A. The Company assesses the carrying amount of the financial assets except the financial asset at fair value through profit or loss at each balance sheet date, if there is any objective evidence that a financial asset or group of financial assets is impaired, the Company shall recognize impairment loss.

B. The objective evidences that the Company uses to determine the impairment are as follows:

- a) significant financial difficulty of the issuer or obligor;
- b) a breach of contract, such as a default or delinquency in interest or principal payments;
- c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting

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to the borrower a concession that the lender would not otherwise consider;

- d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- e) the disappearance of an active market for that financial asset because of financial difficulties;
- f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including: (i) Adverse changes in the payment status of borrowers in the group or (ii) an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, or adverse changes in industry conditions that affect the borrowers.
- g) significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the borrower operates, and indicates that the cost of the investment in the equity instrument may not be recovered;
- h) a significant or non-temporary decrease in fair value of equity investment instruments;
- i) other objective evidences showing the impairment of the financial assets.

C. Measurement of impairment loss of financial assets

a) held-to-maturity investments, loans and receivables

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognised in profit or loss of the current period.

The Company assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss of financial asset measured at amortised cost is be reversed. The amount of the reversal is recognised in profit or loss of the current period.

b) Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss even though the financial asset has not been derecognised.

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are recognised in the profit or loss of the current period.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss of the current period.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss. For impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the impairment loss is not reversed through profit or loss.

(3) Classification and measurement of financial liabilities

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①The Company's financial liabilities are classified as financial liabilities at fair value through profit or loss, and other financial liabilities.

②Financial liabilities are initially measured at fair value. For the financial liability at fair value through profit or loss at its fair value, relevant transaction costs are recognised as expense when it incurred. For the other financial liabilities, relevant transaction costs are recognised as costs.

③Subsequent measurement of financial liabilities

A. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial assets designated by the Company as at fair value through profit or loss. The Company recognises a financial liability at fair value through profit or loss at its fair value. A gain or loss of change in fair value is recognised in the profit or loss of the current period.

B. Other financial liabilities are measured by amortised cost using effective interest rate.

(4) Recognition of fair value of financial instrument

If there is an active market for the financial instrument, the fair value is quoted prices in the active market.

If the market for a financial instrument is not active, the Company establishes fair value by using a valuation technique.

(5) Recognition and measurement of financial assets transfer

The Company derecognises financial assets when the Company transfers substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset in its entirety, the difference between the follows is recognised in profit or loss of the current period.

①the carrying amount of transferring financial assets;

②the sum of the consideration received and any cumulative gain or loss that had been recognised directly in equity (including financial assets transferred to available for sale category).

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts on the date of the transfer. The difference between the follows is recognised in profit or loss of the current period.

①the carrying amount allocated to the part derecognised;

②the sum of the consideration received for the part derecognised and any cumulative gain or loss

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allocated to it that had been recognised directly in equity (including financial assets transferred to available for sale category).

A cumulative gain or loss that had been recognised in equity is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts.

If a transfer does not qualify for derecognition, the Company continues to recognise the transferred asset in its entirety and shall recognize a financial liability for the consideration received.

When the Company continues to recognise a financial asset to the extent of its continuing involvement, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

10. Recognition and measurement of bad debt provision for accounts receivables

(1) Recognition and measurement of bad debt provision for the individually significant receivables

Judgement basis or monetary standards of provision for bad debts of the individually significant receivables	Top 5 of account receivables at year end.
Method of provision for bad debts of the individually significant receivables	<p>The impairment test is carried on individually for each individually significant receivable.</p> <p>A. If there are substantive evidences shown that a receivable has been impaired, it should make a provision for bad debts.</p> <p>B. If a receivable is found not to be individually impaired, it should be included in a group of similar credit risk characteristics receivables and make a collective assessment of impairment.</p>

(2) Recognition and measurement of bad debt provision for groups of receivables

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Recognition of groups of receivables

Names of group	Basis of recognition
Group A	Besides the receivables which are individually impaired, the Company determines measurement of bad debt provision for groups of receivables on the basis of analyzing actual situation, and assessing the same or similar actual impairment rate of groups of receivables with similar credit risk characteristics, which divided by aging analysis in previous periods.
Group B	Receivables with confirmed letter credit or guarantee from the bank and provision for sales tax which is to be paid as stipulated in contract are not classified as provision for bad debts.

Measurement of bad debt provision for groups of receivables

Names of group	Measurement
Group A	Aging analysis method
Group B	No bad debt provision

The aging analysis method for groups of receivables

Aging of receivables	Proportion of Accounts receivables (%)	Proportion of Other receivables (%)
Within 1 year (including 1 year)	3	3
1-2 years	3	3
2-3 years	6	6
3-4 years	20	20
4-5 years	20	20
Over 5 years	100	100

(3) Receivables which are not significant, but still need individually recognition of bad debt provision.

Reason	If there are substantive evidences shown there is a special impairment of insignificant receivables, then they need individually impairment tests.
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Method	Measurement of the percentage of bad debts provision is based on current situation.
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11. Inventory

(1) Inventories are asset items held for sale in the ordinary course of business or goods that will be used or consumed in the production of goods to be sold. They are divided into the following categories: goods purchased raw materials, finished goods, work-in-progress, and goods for processing on consignment.

(2) Recognition of inventory : The Company recognizes inventories when the following conditions are satisfied:

①It is probable that future economic benefits associated with the inventories will flow to the Company entity;

②The cost of the inventories can be measured reliably.

(3) The method of measuring inventories: Raw materials and circulating materials are measured at actual cost method, and it shall employ the moving weighted average method when sending out these materials. Finished goods and work-in-progress are measured at actual cost which is allocated according to the job reference.

(4) Amortisation method of low-value consumption goods and packages: Low-value consumption goods and packages are fully amortised when they are required and delivered.

(5) Inventories shall be measured at the lower of cost and net realisable value at the balance sheet date. Where the net realizable value is lower than the cost, the difference shall be recognized as provision for impairment of inventories and charged to profit or loss.

①Estimation of net realizable value

Estimates of net realisable value are based on the most reliable evidence available. These estimates take into consideration the purpose for which the inventory is held and the influence the events after balance sheet date.

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Materials and other supplies held for use in the production are measured at cost if the net realizable value of the finished goods in which they will be incorporated is higher than their cost. However, when a decline in the price of materials indicates that the cost of the finished products will exceed their net realisable value, the materials are measured at net realisable value.

The net realisable value of inventories held to satisfy sales or service contracts is generally based on the contract price.

If the quantity specified in sales contracts is less than the inventory quantities held by the Company, the net realisable value of the excess shall be based on general selling prices.

②The Company generally provides provision for impairment of inventory individually. For large quantity and low value items of inventories, cost and net realisable value are determined based on categories of inventories.

Where certain items of inventory have similar purposes or end uses and relate to the same product line produced and marketed in the same geographical area, and therefore cannot be practicably evaluated separately from other items in that product line, costs and net realisable values of those items may be determined on an aggregate basis.

(6)The Company adopts perpetual inventory system for its inventory taking.

12. Measurement of construction contracts

Construction contracts are measured at the actual cost, including the direct and indirect costs incurred and attributable to a contract for the period from the date the contract is signed to the final completion of the contract. The construction contract in progress should be presented in the balance sheet at the net amount of payment amount after deducting the sum of the accumulated costs occurred and the accumulated margin profit (loss) recognized. The excess of the sum of the accumulated costs occurred and the accumulated margin profit (loss) recognized over the payment amount should be presented as inventory. The excess of the payment amount over the sum of the accumulated costs occurred and the accumulated margin profit (loss) should be presented as advanced from customers.

Costs such as travelling expenses and tender charges incurred relating to the signing of the contract should be included as contract costs when the contract is acquired, where the costs could

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be recognized individually and measured reliably and the contract is probably signed; otherwise it should be charged into the profit and loss for the period.

13. Long-term equity investment

(1) Initial measurement

The Company initially measures long-term equity investments under two conditions:

① For long-term equity investment arising from business combination, the initial cost is recognized under the following principles.

A. If the business combination is under the same control and the acquirer obtains long-term equity investment in the consideration of cash, non-monetary asset exchange or bearing acquiree's liabilities, the initial cost is the carrying amount of the proportion of the acquiree's owner's equity at the acquisition date. The difference between cash paid, the carrying amount of the non-monetary asset exchanged and the acquiree's liabilities beard and the initial cost of the long-term equity investment should be adjusted to capital surplus. If the capital surplus is not sufficient for adjustment, retained earning is adjusted respectively. The business combination costs that are directly attributable to the combination, such as audit fees, valuation fees, legal service fees and so on are recognized in profit or loss during the current period when they occurred.

If the acquirer issuing equity securities as consideration, the initial cost is the carrying amount of the proportion of the acquiree's owner's equity at the acquisition date. Amount of share capital equal to the par value of the shares issued. The difference between initial cost of the long-term equity investment and the par value of shares issued is adjusted to capital surplus. If the capital surplus is not sufficient for adjustment, retained earning is adjusted respectively. The costs of issuing equity securities occurred in business combination such as charges of security issuing and commissions are deducted from the premium of equity securities. If the premium is not sufficient for deducting, retained earning is adjusted respectively.

B. If the business combination is not under the same control, the acquirer recognizes the initial cost of combination under the following principles.

a) When business combination is achieved through a single exchange transaction, the cost of a

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business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree;

b) For the business combination involved more than one exchange transaction, the cost of the combination is the aggregate cost of the individual transactions;

c) The business combination costs that are directly attributable to the combination, such as audit fees, valuation fees, legal service fees and so on are recognized in profit or loss during the current period when they occurred; commissions and other expenses for the issuance of equity or debt securities for the business combination, shall be recognized as the initial recognition amounts of equity or debt securities.

d) Where a business combination contract or agreement provides for a future event which may adjust the cost of combination, the Company shall include the amount of the adjustment in the cost of the combination at the acquisition date if the future event leading to the adjustment is probable and the amount of the adjustment can be measured reliably.

②For long-term equity investment obtained in any method other than business combination, the initial cost is recognized under the following principles.

A. If the long-term equity investment is acquired in cash consideration, the initial cost is the actual payment which includes direct expenses paid to acquire the long-term equity investment, taxes and other necessary expense.

B. If the long-term equity investment is acquired by issuing equity securities, the initial cost is the fair value of the equity securities issued. However, cash dividends or profits that are declared but unpaid shall not be included in the initial cost. Direct costs attributed to issue equity securities such as handling charges and commissions paid to securities underwriting agencies are deducted from premium of equity securities. If the premium is not sufficient for deduction, reserved fund and retained earnings is adjusted respectively.

C. For the long-term equity investment invested by investors, the initial cost is the agreed value prescribed in the investment contract or agreement unless the agreed value is not fair.

D. For the long-term equity investment acquired through non-monetary asset exchange, the initial cost is recognized according to “Accounting Standards for Business Enterprises No.

7-Non-monetary transactions”.

E. For the long-term equity investment acquired through debt restructuring, the initial cost is recognized according to “Accounting Standards for Business Enterprises No. 12-Debt restructuring”.

③If there are cash dividends or profits that are declared but unpaid included in the consideration paid, the cash dividends or profits declared but unpaid shall be recognized as receivables separately rather than as part of initial cost of long-term equity instruments no matter through which method the long-term equity investment is acquired.

(2) Subsequent measurement

The Company adopts either cost method or equity method for the long-term equity investment according to the extent of influence, existence of active market and availability of fair value. The equity method is used when the Company has joint control or significant influence over the investee enterprise. The cost method is used when the Company has control or does not have joint control or significant influence over the investee enterprise and there is no quoted price in active market or there is no reliable fair value.

① For the long-term equity investment under cost method, and except from cash dividends or profits distributed are declared but unpaid included in the consideration paid, the other declared cash dividends or profits are normally recognized as investment income for the current period when it incurred. The net profits are no longer divided into the pre-investment profits and after-investment profits.

The Company recognizes the receivable cash dividends or profits according to above regulations, and the impairment test is needed to be concerned. To indicate the evidence of impairments, it should be concerned about whether the carrying amount of the long-term equity investments is greater than the book value of net assets that have been acquired (including the related goodwill) or other similar situations. When these situations occur, the impairment test of long-term equity investments should be performed according to “Chinese Accounting Standard No.8 - Impairment of assets”, Where the carrying amount of long-term equity investment exceeds the recoverable amount, the difference shall be recognized as impairment loss, and a provision for impairment loss

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should be made.

② For long-term equity investment under equity method, the Company adjusts carrying amount of the long-term equity investment and recognises investment income according to the proportion of net profit or loss after acquisition. The Company reduces carrying amount of the long-term investment regarding to declared cash dividend or profit distribution.

For long-term equity investment under equity method, the Company recognises net losses incurred by the investee enterprise to the extent that the carrying amount and the substantial net investment of the long-term equity investment is reduced to zero except there is further obligation of the excess losses. If the investee enterprise realises net profits in subsequent periods, the Company increase the carrying amount of the investment above zero at the amount at which its share of profits exceeds its share of previously unrecognized losses.

③ The Company adopts the same manner of financial instrument for the impairment of long-term equity investment which is measured under cost method and there is no quoted price in active market or there is no reliable fair value. Impairment of long-term equity investments other than above refers to accounting policy “Impairment of assets” of the Company.

④ On disposal of an equity investment, the difference between the carrying amount of the investment and the sale proceeds actually received is recognised as an investment gain or loss for the current period. When the equity method is adopted, change in equity of the investee other than profit or loss is recorded in equity. On disposal of the equity investment, amount of change which is recorded in equity previously is transferred to profit or loss for the current period regarding to the proportion of disposal.

(3) Recognition of common control and significant influence:

If the investment satisfies the following conditions, the company has common control to the investee: (1) None part of the joint venture can control the joint business activities individually; (2) Any decision of the joint venture business must be approved by all parts of the joint venture. (3) One part of the joint venture can be offered to manage daily business activities by using contract or agreement. However, the right is restricted by financial and management policies allowed by all

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parties of the joint venture.

If the investment satisfies the following conditions, the company has significant influence to the investee: (1) there is commissary in the directorate or similar right organization of investee. (2) Participate decision-making process, including the process of dividend distribution. (3) There is significant transaction between investor and investee. (4) Appoint manager to investee. (5) Supply key technology materials to investee. Investor holds more than 20% but less than 50% shares of investee directly or indirectly.

(4) Impairment test and method of provision for impairment loss

The Company adopts the same manner of financial instrument for the impairment of long-term equity investment which is measured under cost method and there is no quoted price in active market or there is no reliable fair value. Impairment of long-term equity investments other than above refers to accounting policy “Impairment of assets” of the Company.

14. Recognition and measurement of fixed assets

Fixed assets are tangible assets that: 1) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and 2) have useful life more than one year.

(1) A fixed asset shall be initially recognized at cost when the following condition are satisfied:

- ① It is probable that future economic benefits associated with the assets will flow to the Company;
- ② The cost of the assets can be measured reliably.

(2) Depreciation

Subsequent expenditure relating to a fixed asset shall be added to the carrying amount of the asset when the expenditure qualifies for capitalization. Subsequent expenditure that does not qualify for capitalization shall be recognized as an expense for the current period.

The depreciation method adopted by the Company is straight-line method.

The estimated useful lives, residual value and annual depreciation rate of fixed assets are shown as follows:

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The categories	Estimated Useful Lives (years)	Residual value (%)	Annual Depreciation Rate (%)
Property and buildings	40	0	2.50
Machineries	7-20	0	14.29-5.00
Vehicles	6	0	16.67
Electronic equipment	3-18	0	33.33-5.56

The Company reviews the useful life, estimated residual value and depreciation method of a fixed asset at the end of each financial year. If expectations are significantly different from previous estimates, the useful life shall be revised accordingly. If expectations are significantly different from previous estimates, the estimated residual value also shall be revised accordingly. If there has been a significant change in the expected realization pattern of economic benefits from those assets, the depreciation method shall be changed accordingly. The changes in useful life, estimated residual value and depreciation method shall be treated as change in accounting estimates.

(3) Fixed assets acquired under finance lease

The Company identifies a lease of asset as finance lease when substantially all the risks and rewards incidental to legal ownership of the asset are transferred.

A fixed asset acquired under finance lease shall be valued at the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of lease.

The depreciation method of fixed assets acquired under finance lease is consistent with that for depreciable assets owned by the Company. If the Company can reasonably confirm that it will obtain the ownership of leased asset at the end of lease term, the leased asset shall be depreciated during the useful life of the leased asset. If the Company cannot reasonably confirm that it will obtain the ownership of leased asset at the end of lease term, the leased asset shall be depreciated during shorter of the useful life of the leased asset and the lease term.

(4) Impairment of fixed asset refers to accounting policy “Impairment of assets” of the Company.

15. Construction in progress

(1) Construction in progress of the Company includes constructing property, building installation, equipments installation, prepaid expenses, as well as individual projects.

(2) Construction in progress is recorded at actual costs incurred. It also includes borrowing costs eligible for capitalization and gain or loss of exchange difference.

(3) The Company transfers construction in progress to fixed assets when the project is completed or the project is available for use. For the construction in progress which is capable of operating in the manner intended by management without the final account for completed project, an estimated value is recognised as its cost and the depreciation amount is based on the estimated value. When the final account for completed project is obtained, cost of the asset should be adjusted to the actual cost. However, there is no need to adjust depreciation of the asset in prior period.

(4) Impairment of construction in progress refers to accounting policy “Impairment of assets” of the Company.

16. Recognition and measurement of borrowing cost

(1) Capitalization and capitalization period of borrowing costs

The costs of borrowings designated for acquisition or construction of qualifying assets should be capitalized as part of the cost of the assets. Capitalisation of borrowing costs starts when

- ① The capital expenditures have incurred;
- ② The borrowing costs have incurred;
- ③ The acquisition and construction activities that are necessary to bring the asset to its expected usable condition have commenced.

Other borrowing costs that do not qualify for capitalization should be expensed off during current period.

Capitalization of borrowing costs should be suspended during periods in which the acquisition or construction is interrupted abnormally, and the interruption period is three months or longer. These borrowing costs should be recognized directly in profit or loss during the current period. However, capitalization of borrowing costs during the suspended periods should continue when the interruption is a necessary part of the process of bringing the asset to working condition for its intended use.

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Capitalization of borrowing costs ceases when the qualifying asset being acquired or constructed is substantially ready for its intended use. Subsequent borrowing costs should be expensed off during the period in which they are incurred.

(2) Calculation method of capitalization for borrowing costs

To the extent that funds are borrowed specifically for the purpose of acquiring or constructing a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset is determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of the borrowing.

To the extent that funds are borrowed generally and used for the purpose of acquiring or constructing a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the weighted average of excess of accumulated expenditures on qualifying asset over that on specific purpose borrowing. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of acquiring or constructing a qualifying asset.

17. Recognition and measurement of intangible assets

Intangible assets are identifiable non-monetary asset that are owned or controlled by the Company and are without physical substance.

(1) Recognition of intangible assets

The Company recognizes an intangible asset when that intangible asset fulfills both of the following conditions:

- ① It is probable that the economic benefits associated with that asset will flow to the Company and,
- ② The cost of that asset can be measured reliably.

Expenditures incurred during the research phase of an internal project shall be recognized as expenses in the period in which they are incurred. Expenditures incurred during the development phase of an internal project shall be recognized as an intangible asset if, and only if, the Company

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can demonstrate all of the following:

- ①The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- ②Its intention to complete the intangible asset and use or sell it;
- ③The method that the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- ④The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- ⑤Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

(2) Measurement of intangible assets

- ①An intangible asset is measured initially at its cost.
- ②Subsequent measurement of intangible assets

A. For an intangible asset with finite useful life, the Company estimates its useful life at the time of acquisition and amortizes it during its useful life in a reasonable and systematic way. The amount of amortization is allocated to relevant costs and expenses according to the nature of beneficial items. The Company does not amortize intangible asset with infinite useful life.

B. Impairment of intangible assets refers to accounting policy “Impairment of assets” of the Company.

18. Recognition and measurement of contingent liabilities

(1) Recognition of contingent liabilities

The company should recognize the related obligation as a provision for liability when the obligation meets the following conditions:

- ①That obligation is a present obligation of the enterprise;
- ②It is probable that an outflow of economic benefits from the enterprise will be required to settle the obligation;

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③A reliable estimate can be made of the amount of the obligation.

(2) Measurement of contingent liabilities

To fulfill the present obligations, which initially measured by the best estimate of the expenditure required to settle the liability. Where there is a continuous range of possible amounts of the expenditure required to settle the liability, as all kinds of possibilities are at same level, the best estimate should be determined according to the average of the lower and upper limit of the range. In other cases, the best estimate should be determined in accordance with the following methods:

①Where the contingency involves a single item, the best estimate involves a single item, the best estimate should be determined according to the most likely outcome;

②Where the contingency involves several items, the best estimate should be determined by weighting all possible outcomes by their associated probabilities of occurrence.

To determine the best estimate, it should be considered with factors such as: related contingency risks, uncertain matters and time value of currency. If time value of currency has a significant impact, the best estimate should be measured at its converted present value through the relevant future cash outflows.

Where some or all of the expenditures are expected to be reimbursed by a third party, the reimbursement should be separately recognized as an asset only when it is virtually received. The amount of the reimbursement should not exceed the carrying amount of the liability recognized.

At balance sheet date, the Company should review book value of provision for liabilities. If there is strong evidence that the book value does not truly indicate the current best estimate, it should be adjusted in accordance with the current best estimate.

19. Revenue

(1) Construction contract revenue

a) When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract is recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The outcome of a construction contract can be estimated reliably when all the following conditions are satisfied: 1) Total contract revenue can be measured reliably; 2) It is probable that

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the economic benefits associated with the contract will flow to the entity; 3) Both the contract costs to complete the contract and the stage of contract completion at the balance sheet date can be measured reliably; and 4) The contract costs attributable to the contract can be clearly identified and measured reliably.

b) When the outcome of a construction contract cannot be estimated reliably and contract costs are expected to be recoverable, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as an expense in the period in which they are incurred. Contract costs that are not probable of being recovered are recognised as an expense immediately and no revenue is recognised.

c) If the construction contract is interrupted, the Company does not recognise any revenue and gross profit for the current period. If the contract does not recommence in 3 years, gross profit recognized is written off and the 50% of the contract costs is recognized in the third and the other 50% of the contract costs is recognized in the fourth year evenly.

d) If the accumulative estimated contract costs exceed the contract revenue, an estimated loss should be recognized as an expense during the current financial period.

(2) Sale of goods

The Company recognises revenue from sale of goods when all the following conditions have been satisfied:

- a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The relevant amount of revenue and costs can be measured reliably; and
- d) The economic benefits associated with the transaction will flow to the Company

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(3) Rendering of services:

① Revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The service revenue is recognised at the balance sheet date according to the percentage of completion of the services when (i) the total revenue and total cost can be reliably measured, (ii) the economic benefit pertaining to the service will flow to the Company; (iii) the percentage of completion can be determined reliably.

② When the outcome of the transaction involving the rendering of services cannot be estimated reliably at the balance sheet date, revenue is recognised according to the following:

A. When it is probable that the Company will recover the transaction costs incurred, revenue is recognised only to the extent of the expenses recognised that are recoverable. and the costs incurred are recognised as an expense.

B. When it is not probable that the costs incurred will be recovered, revenue is not recognised and the costs incurred are recognised as an expense.

(4) Revenue arising from the use by others of the Company's assets

Revenue arising from the use by others of the Company's assets includes interest revenue and royalty revenue. The Company recognised revenue arising from the use by others of the Company's assets when (a) it is probable that the economic benefits associated with the transaction will flow to the Company and (b) the amount of the revenue can be measured reliably.

20. Accrued costs

The Company accrues the warranty cost at 0.5% of total actual revenue of completed projects, and is allocated over the first 12 months warranty period evenly. If warranty period exceeds 12 months as stipulated in contract, warranty cost is accrued at 0.25% of total actual revenue from 13th month onwards and is allocated over 12 months evenly. The warranty cost is charged to cost of goods sold in the current accounting period.

21. Government Subsidies

(1) Recognition of Government subsidies

No government subsidy may be recognized unless the following conditions are met

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simultaneously as follows:

- ① The enterprise can meet the conditions for the government subsidies; and
- ② The enterprise can obtain the government subsidies.

(2) Measurement of Government subsidies

- ① If a government subsidy is a monetary asset, it shall be measured in the light of the received or receivable amount; if a government subsidy is a non-monetary asset, it shall be measured at its fair value. If its fair value cannot be obtained in a reliable way, it shall be measured at its nominal amount.
- ② The government subsidies pertinent to assets shall be recognized as deferred income, equally distributed within the useful lives of the relevant assets, and included in the current profits and losses. If the relevant assets are sold, transferred, obsolete or destroyed before useful lives end, undistributed deferred income shall be recognized as the current profits and losses of disposal of assets.

The government subsidies pertinent to incomes shall be treated respectively in accordance with the circumstances as follows:

- A. Those subsidies used for compensating the related future expenses or losses of the enterprise shall be recognized as deferred income and shall included in the current profits and losses during the period when the relevant expenses are recognized; or
- B. Those subsidies used for compensating the related expenses or losses incurred to the enterprise shall be directly included in the current profits and losses.
- ③ If it is necessary to refund any government subsidy which has been recognized, it shall be treated respectively in accordance with the circumstances as follows:
 - A. If there is the deferred income concerned, the book balance of the deferred income shall be offset against, but the excessive part shall be included in the current profits and losses; and
 - B. If there is no deferred income concerned to the government subsidy, it shall be directly included in the current profits and losses.

22. Income tax

The Company adopts the balance sheet liability method for corporate income taxes.

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(1) Deferred tax asset

① Where there are deductible temporary differences between the carrying amount of assets or liabilities in the balance sheet and their tax bases, a deferred tax asset shall be recognised for all those deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets should be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

② At the balance sheet date, where there is strong evidence showing that sufficient taxable profit will be available against which the deductible temporary difference can be utilized, the deferred tax asset unrecognized in prior period shall be recognized.

③ The Company assesses the carrying amount of deferred tax asset at the balance sheet date. If it's probable that sufficient taxable profit will not be available against which the deductible temporary difference can be utilized, the Company shall write down the carrying amount of deferred tax asset, or reverse the amount written down later when it's probable that sufficient taxable profit will be available.

(2) Deferred tax liability

A deferred tax liability shall be recognized for all taxable temporary differences, which are differences between the carrying amount of an asset or liability in the balance sheet and its tax base, and measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

23. Operating lease and financial lease

(1) Operating leases

Lessee in an operating lease shall treat the lease payment under an operating lease as a relevant asset cost or the current profit or loss on a straight-line basis over the lease term. The initial direct costs incurred shall be recognized as the current profit or loss; Contingent rents shall be charged as expenses in the periods in which they are incurred. .

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Lessors in an operating lease shall present the assets subject to operating leases in the relevant items of their balance sheet according to the nature of the asset. Lease income from operating leases shall be recognized as the current profit or loss on a straight-line basis over the lease term; Initial direct costs incurred by lessors shall be recognized as the current profit or loss; Lessors shall apply the depreciation policy for the similar assets to depreciate the fixed assets in the operating lease; For other assets in the operating lease, lessors shall adopt a reasonable systematical method to amortize; Contingent rents shall be charged as expenses in the periods in which they are incurred.

(2) Finance lease

For the lessee, a fixed asset acquired under finance lease shall be valued at the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of lease. The minimum lease payments as the entering value in long-term account payable, the difference as unrecognized financing charges; The initial direct costs identified as directly attributable to activities performed by the lessee during the negotiation and signing of the finance lease such as handling fees, legal fees, travel expenses, stamp tax shall be counted as lease asset value; the unrecognized financing charges shall be apportioned at each period during the lease term and adopt the effective interest rate method to calculate and confirm the current financing charge; Contingent rents shall be charged as expenses in the periods in which they are incurred.

When the lessee calculates the present value of the minimum lease payments, for that lessee who can obtain the interest rate implicit in the lease, the discount rate shall be the interest rate implicit in the lease; otherwise the discount rate shall adopt the interest rate specified in the lease agreement. If the lessee can not get the interest rate implicit in the lease and there is no specified interest rate in the lease agreement, the discount rate shall adopt the current bank loan interest rate.

Lessees shall depreciate the leased assets with the depreciation policy which is consistent with the normal depreciation policy for similar assets. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the depreciation shall be allocated to the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be depreciated over the shorter of the lease term and its useful life.

On the initial date of financial lease, lessee of the financial lease shall record the sum of the

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minimum lease payments and initial direct costs as the financing lease accounts receivable, and also record the unguaranteed residual value; recognize the difference between the total minimum lease payments , initial direct costs ,unguaranteed residual value and sum of the present value as the unrealized financing income; the unrealized financing income shall be distributed to each period over the lease term; adopt the actual interest rate to calculate the current financial income; Contingent rents shall be charged as expenses in the periods in which they are incurred.

24. Assets held for sales:

(1) Recognition criteria of the assets held for sale

The Non-Current Assets which meet the following conditions will be classified as assets held for sales by the company:

- ①The entity has made the resolution in disposing the non-current assets.
- ②The entity has signed the irrevocable transfer agreement with the assignee.
- ③The sale transaction is highly probable to be completed within one year.

(2) Accounting treatments of assets held for sales

For the fixed assets held for sales, the entity shall adjust the predicted net residual value of this fixed asset to make the predicted net residual value of this fixed asset to reflect the amount of its fair value less costs to sell, but it shall not exceed the original book value of fixed assets at the time when it meets the conditions of held for sales. The difference between the original book value and the adjusted predicted net residual value shall be treated as loss in assets and presented in profit or loss of current period. The fixed assets held for sales shall not count the depreciation but shall be measured at the lower of its carrying amount and the fair value less costs to sell.

The other non-current assets such as impairment assets which meet the conditions of held for sales shall be treated in accordance to the above principles.

25. Hedging:

The company uses fair value hedging for its hedging.

- (1) For derivative instruments as the hedging instrument, the profit or loss resulted from the changes of fair value is included in the profit/loss of the current period; for non-derivative instruments as the hedging instrument, the profit or loss resulted from the change of book

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value due to foreign exchange rate is included in the profit/loss of the current period.

- (2) The profit or loss resulted from the hedged risk of the hedged items is included in the profit/loss of the current period. The book value of the hedged items is adjusted at the same time.
- (3) In a fair value hedging of a firm commitment of a purchased asset or assumed liability, the accumulated amount in the change of fair value (profit or loss being confirmed) caused by the hedging risk of this firm commitment should be used to adjust the initial confirmed amount of the purchased assets of assumed liability of the firm commitment.
- (4) When the following conditions are satisfied, the company stop using the fair value hedging:
 - A. Hedging instruments expired, sold, contract terminated or executed.
 - B. The hedge can no longer satisfy the conditions in using the method of hedging accounting.
 - C. Cancellation of the designation of the hedging.

26. Changes in accounting policies and estimates:

(1) Changes in accounting estimate

In accordance with the resolution of the 3rd meeting of the 5th Session of Board of Director on April 27, 2011, the accounting estimate on the method and rate used in calculation of warranty provision was authorized for change.

Previous accounting estimate: The Company accrued warranty cost at 2.5% of actual total production costs for its finished product and charged it into cost of sales for the period.

Current accounting estimate: The Company accrues warranty cost at 0.5% of total contract revenue pro-rate for the first 12-month warranty period and additional 0.25% pro-rate for each subsequent 12-month period and charges it into cost of sales for the period.

(2) Impact of changes in accounting estimate

- ◆ Impact to net income of the periodic reports shall be less than 50%;
- ◆ Impact to owners' equity of the periodic reports shall be less than 50%;
- ◆ Impact to the periodic reports shall not change the Company's profitability status.

27. Correction of the accounting errors from previous term

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There is no correction of the accounting error from previous term in this report period.

28. Impairment of assets

It suggests that an asset may be impaired if there is any of the following indication:

- (1) during the period, an asset's market value has declined significantly more than it would be expected as a result of the passage of time or normal use during the current period;
- (2) significant changes with an adverse effect on the Company have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Company operates or in the market to which an asset is dedicated;
- (3) market interest rates or other market rates of return on investments have increases during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially;
- (4) evidence is available of obsolescence or physical damage of an asset;
- (5) the asset becomes idle, or the Company plans to discontinue or to dispose of an asset before the previously expected date;
- (6) evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected, for example, the net cash flow generated from assets or the operating profit (or loss) realized by assets is lower (higher) than the excepted amount, etc.; and
- (7) Other evidence indicates that assets may be impaired.

The Company assesses long-term equity investment, fixed assets, construction materials, constructions in progress and intangible assets (except for those with uncertain useful life) that apply Accounting Standard for Business Enterprises No. 8 - Impairment of assets at the balance sheet date. If there is any indication that an asset may be impaired, the Company should assess the asset for impairment and estimate the recoverable amount of the impaired asset.

Recoverable amount is measured as the higher of an asset's fair value less costs to sell and the present value of estimated future cash flows from continuing use of the asset. If carrying amount of an asset is higher than its recoverable amount, the carrying amount of this asset should be written down to its recoverable amount with the difference recognized as impairment loss and charged to profit or loss accordingly. Simultaneously a provision for impairment loss should be

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made.

There is any indication that an asset may be impaired, the Company usually estimates its recoverable amount on an individual item basis. However if it's not possible to estimate recoverable amount of the individual asset, the Company should determine the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Identification of cash-generating unit is based on whether the cash inflows generated by the cash-generating unit are largely independent of the cash inflows from other assets or groups of assets.

The Company assesses goodwill acquired in a business combination and intangible assets with uncertain useful life for impairment each year no matter whether indication that an asset may be impaired exists or not. Impairment assessment of goodwill is carried together with the impairment assessment of related cash-generating unit or group of cash-generating units.

Once impairment loss is recognized, it cannot be reversed in subsequent financial period.

29. Notes of corporation pension plan changes

There is still no corporation pension plan in this fiscal year.

Note 3 Taxation

1. The value-added output tax rates are 17% and paid by deducting value added input tax.
2. The business tax rate is 5% of revenue.
3. Urban maintenance and construction tax is 7% of turnover tax payable.
4. Education surtax is 3% of turnover tax payable.
5. Local education surtax is 2% of turnover tax payable.
6. Levee fee 1% of turnover tax payable.
7. Corporate income tax: the corporate income tax rate of the Company is 25%.

Note 4 Business combination and consolidated financial statements

1. Subsidiaries

- (1) The subsidiaries obtained through the establishment of or investment subsidiary

Subsidiaries	Categories	Registered address	Business nature	Registered capital	Business scope
Wuhan Lan Xiang Power Environmental Protection Technology Company Limited	Limited liability Company	586 Wuluo Rd., Wuhan	Manufacturing	20,000,000.00	Boiler, energy environmental protection products, Steel structures, technology research of heat energy products and its accessorial equipment, design, technical Consultancy, technical service, sales of developed products, energy project (non-construction project) Gas-steam Combined Cycle Heat Recovery Boiler, Circulating fluidized bed Boiler, Production and sale of the boiler's components and the energy saving

Subsidiaries	Investment (RMB)	Other essential investment	Shareholding%	Voting right%	Consolidated
Wuhan Lan Xiang Power Environmental Protection Technology Company Limited	24,984,500.00		95	95	Yes

Subsidiaries	Minority interest	Amount of minority interest in income statement deducted from minority interest
Wuhan Lan Xiang Power Environmental Protection Technology Company Limited	1,758,818.56	

(2) Obtained by business combination under same control

Subsidiaries	Categories	Registered address	Business nature	Registered capital	Business scope
Wuhan Boiler BoYu Industrial Co., Ltd	Limited liability Company	586 Wuluo Rd., Wuhan	Manufacturing	19,115,250.00	Packaging, design, and manufacturing of Mechanical and Electrical products; processing of metal components; design and manufacturing of model and mold; Manufacturing of valve rough casting, steel casting, iron casting, nonferrous metal casting.

Subsidiaries	Investment (RMB)	Other essential investment	Shareholding %	Voting right%	Consolidated
Wuhan Boiler BoYu Industrial Co., Ltd	14,249,787.13		90	90	Yes

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Subsidiaries	Minority interest	Amount of minority interest in income statement deducted from minority interest
Wuhan Boiler BoYu Industrial Co., Ltd	567,340.70	

2. The changes of consolidated scope

(1) No new issue included in the scope of consolidated subsidiaries

(2) The current scope of non-consolidated subsidiaries not included in

Note5 Notes to the consolidated financial statements

(Except for especially indicated, the closing balance and the opening balance refer to the balance at Jun 30, 2011 and Dec 31, 2010 respectively; all amounts are presented in RMB).

1. Cash and cash equivalent

Item	Closing balance	Opening balance
Cash		
Bank deposit	10,311,214.66	10,361,930.05
Other cash and cash equivalent	3,612,424.62	3,612,374.92
Total	13,923,639.28	13,974,304.97

Item	Closing balance			
	Currency	Original currency	Exchange rate	RMB
Cash	RMB			
	EUR			
	Subtotal	—	—	
Bank deposit	RMB	4,749,044.91	1	4,749,044.91
	USD	45.19	6.4716	292.45
	EUR	594,141.48	9.3612	5,561,877.22
	JPY	1	0.08	0.08
	Subtotal	—	—	10,311,214.66
Other cash and cash equivalents	RMB	3,612,424.62	1.00	3,612,424.62
	Subtotal	—	—	3,612,424.62
Total				13,923,639.28

Item	Opening balance			
	Currency	Original currency	Exchange rate	RMB
Cash	RMB			
	EUR			
	Subtotal	_____	_____	_____
Bank deposit	RMB	10,028,948.53	1.0000	10,028,948.53
	USD	67.30	6.6227	445.71
	EUR	37,760.27	8.8065	332,535.81
	JPY			
	Subtotal	_____	_____	10,361,930.05
Other cash and cash equivalents	RMB	3,612,374.92	1.0000	3,612,374.92
	Subtotal	_____	_____	3,612,374.92
Total				13,974,304.97

Note: The closing balance of the cash and cash equivalent decreased 0.36% as compared to the opening balance.

2. Notes receivable

(1) Category of Notes receivable:

Category	Closing balance	Opening balance
Bank acceptance	-	43,164,000.00
Total	-	43,164,000.00

(2) The top five receivable endorsed but not matured as of Jun 30, 2011

Company	Issued date	Expiration date	Amount	Notes
Yujiaguan Jujing Mining Industry Co.,Ltd	2011/01/26	2011/07/25	3,200,000.00	
Henan Lianchuang Chemical Industry Co.,Ltd	2011/01/18	2011/07/18	2,000,000.00	
Inner Mongolia Huishilong Steel Co.,Ltd	2011/06/14	2011/12/02	2,000,000.00	
Inner Mongolia Huishilong Steel Co.,Ltd	2011/06/14	2011/12/02	2,000,000.00	
Inner Mongolia Huishilong Steel Co.,Ltd	2011/06/14	2011/12/02	2,000,000.00	

(3)The Notes receivable decreased 100% as compared to the opening balance due to endorsement to settle vendor payments.

3. Accounts receivable

(1) Accounts receivable by categories are as follows:

Category	Closing balance			
	Balance		Provision for doubtful debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant receivables				
Group A (using aging analysis)	539,873,551.22	81.96	108,228,179.55	20.05
Group B (No bad debt provision for account receivables)	15,554,705.93	2.36		-
Other insignificant receivables but still are impaired individually	103,273,124.83	15.68	79,002,324.83	76.50
Total	658,701,381.98	100.00	187,230,504.38	28.42

Category	Opening balance			
	Balance		Provision for doubtful debt	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant receivables				
Group A (using aging analysis)	400,417,419.70	76.97	90,042,423.27	22.49
Group B (No bad debt provision for account receivables)	15,549,187.32	2.99		
Other insignificant receivables but still are impaired individually	104,273,124.83	20.04	65,682,544.83	62.99
Total	520,239,731.85	100.00	155,724,968.10	29.93

Notes for Group A (Recognition provision for doubtful debt of groups of receivables is based on aging analysis):

Aging of receivables	Closing balance		
	Balance		Provision for doubtful debts
	Amount	Proportion (%)	
Within 1 year (including 1 year)	208,681,466.19	38.66	6,260,443.99
1-2 years(including 2 year)	2,703,289.00	0.50	81,098.67
2-3 years(including 3 year)	167,978,396.38	31.11	10,078,703.78
3-4 years(including 4 year)	49,303,491.97	9.13	9,860,698.41
4-5 years(including 5 year)	36,574,591.22	6.78	7,314,918.24
Over 5 years	74,632,316.46	13.82	74,632,316.46
Total	539,873,551.22	100.00	108,228,179.55

Aging of receivables	Opening balance		
	Balance		Provision for doubtful debts
	Amount	Proportion (%)	
Within 1 year (including 1 year)	41,301,700.11	10.31	1,239,051.00
1-2 years(including 2 year)	134,391,314.04	33.57	4,031,739.43
2-3 years(including 3 year)	77,837,009.86	19.44	4,670,220.59
3-4 years(including 4 year)	30,967,385.66	7.73	6,193,477.13
4-5 years(including 5 year)	52,515,093.64	13.12	10,503,018.73
Over 5 years	63,404,916.39	15.83	63,404,916.39
Total	400,417,419.70	100.00	90,042,423.27

Notes for Other insignificant receivables (Receivables which are not significant, but still need individually recognition of bad debt provision) :

Item	Closing balance	Bad debt provision	Note
Product payment and retention	103,273,124.83	79,002,324.83	Details are tabulated below

Details:

Company	Reason for provision
Datang Shuangyashan Thermal Power Co., Ltd.	The Company is required to bear part of the subsequent costs and thus the receivable amount is not expected to be fully recoverable
Dongfang Xiwang Baotou Xitu Aluminium	The Company is required to bear part of the subsequent costs and thus the receivable amount is not expected to be fully recoverable
Shanxi Hongdong HuaShi Thermoelectric Co., Ltd.	Age more than 3 years and deemed irrecoverable
Xuzhou Cha City Electric Co., Ltd.	Age more than 3 years and deemed irrecoverable
Hubei Shuanghuan Technology Co., Ltd.	The company have sent many dunning letters but to no avail
China Power Engineering Consulting Group, Zhongnan Power Design Institute	The customer has disputes over the contract settlement and the receivable amount is not expected to be fully recoverable
SINOPEC Hubei Chemical Fertilizer Plant	Dispute on retention settlement, deemed irrecoverable
Ningxia Western PVC Co., Ltd.	Equipment rework charges
Shanxi Zhengxin Group Co., Ltd.	Customers did not receive special funding and the receivable amount not expected to be fully recoverable
PT INDAH KIAT PULP&PAPER, TBK	The portion covered by letter of credit received was not subjected to general provision for doubtful debt

(2) As of June 30, 2011, receivables with age more than 5 years amounting RMB 5,474,831.69 was recovered during the period, representing 8.63% recovery from total opening balance of

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accounts receivable with age more than 5 years.

(3) There was no write-off of accounts receivable during the period.

(4) There was no accounts receivable that was due from shareholders with more than 5% (including 5%) of the voting shares of the Company during the period.

(5) Information of top 5 receivables:

Company	The relationship with the Company	Amount	Age	Proportion (%)
Shandong Weiqiao Aluminum and Electricity Co., Ltd.	Non-affiliated	135,002,999.99	1-4 years	20.50
Shandong Nuneng Material Group Co., Ltd.	Non-affiliated	78,580,000.00	Within 1 year	11.93
Shanxi Zhengxin Group Co., Ltd	Non-affiliated	47,970,000.00	Over 5 years	7.28
Guodian Xian Thermoelectric Project Preparatory Office	Non-affiliated	30,854,300.00	Within 1 year	4.68
Guizhou Chitianhua Paper Co., Ltd	Non-affiliated	28,028,000.00	4-5 years	4.26
Total		320,435,299.99		48.65

(6) The amounts due from related parties

Company	The relationship with the Company	Amount	Proportion (%)
ALSTOM Power System GmbH	A subsidiary of the ultimate holding company	138,169.81	0.02
ALSTOM Sizhou Electric Power Equipment (Qingdao) Co. Ltd	A subsidiary of the ultimate holding company	40,000.00	0.01
Wuhan Boiler (Group) Special Boiler Engineering Co., Ltd.	A subsidiary of the second largest shareholder	9,954,995.28	1.52
Total		10,133,165.09	1.55

(7) The accounts receivable increased 26.61% mainly due to new billings raised during the period on projects under execution.

4. Other receivables

(1) Other receivables disclosed by type:

Categories	Closing balance			
	Balance		Provision for doubtful debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant receivables	5,538,447.44	3.56	5,538,447.44	100
Group A (using aging analysis)	77,062,436.09	49.54	3,228,552.62	4.19
Group B (No bad debt provision for account receivables)	50,953,268.20	32.76		

Categories	Closing balance			
	Balance		Provision for doubtful debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Other insignificant receivables but still are impaired individually	21,991,604.78	14.14	21,991,604.78	100
Total	155,545,756.51	100.00	30,758,604.84	19.77

Categories	Opening balance			
	Balance		Provision for doubtful debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant receivables	5,538,447.44	3.29	5,538,447.44	100.00
Group A (using aging analysis)	76,977,864.46	45.65	3,101,768.66	4.03
Group B (No bad debt provision for account receivables)	62,507,615.14	37.07		
Other insignificant receivables but still are impaired individually	23,596,656.07	13.99	23,596,656.07	100.00
Total	168,620,583.11	100.00	32,236,872.17	19.12

Notes for Group A (Recognition provision for doubtful debt of groups of receivables is based on aging analysis):

Aging of receivables	Closing balance		
	Balance		Provision for doubtful debts
	Amount	Proportion (%)	
Within 1 year (including 1 year)	5,879,740.18	7.63	182,767.45
1-2 years(including 2 year)	54,295,360.38	70.46	1,628,860.81
2-3 years(including 3 year)	16,342,560.53	21.21	880,149.36
3-4 years(including 4 year)	10,000.00	0.01	2,000.00
Over 5 years	534,775.00	0.69	534,775.00
Total	77,062,436.09	100.00	3,228,552.62

Aging of receivables	Opening balance		
	Balance		Provision for doubtful debts
	Amount	Proportion (%)	
Within 1 year (including 1 year)	6,610,079.55	8.59	198,302.39
1-2 years(including 2 year)	60,756,310.82	78.93	1,822,689.32
2-3 years(including 3 year)	9,066,699.09	11.78	544,001.95
3-4 years(including 4 year)	10,000.00	0.01	2,000.00
Over 5 years	534,775.00	0.69	534,775.00
Total	76,977,864.46	100.00	3,101,768.66

Notes for individually significant receivables or insignificant receivables requiring impairment test, and providing provision for doubtful debt:

Item	Balance	Bad debt provision	Accrual percentage	Reason
3RC Company Limited	336,604.05	336,604.05	100.00%	Bankruptcy
Value Added Tax paid for suspended projects	27,193,448.17	27,193,448.17	100.00%	Projects were suspended and the amount is not expected to be recoverable
Total	27,530,052.22	27,530,052.22		

(2) Accounts receivable was due from shareholders with more than 5% (including 5%) of the voting shares of the Company.

Name of company	Closing balance		Opening balance	
	Amount	provision for bad debt	Amount	Provision for doubtful debts
ALSTOM (China) Investment Co., Ltd.	3,521,197.20	105,635.92	3,159,900.37	94,797.01
Wuhan Boiler Group Co., Ltd.	64,030,488.11	1,912,128.05	64,030,488.11	1,796,641.13
Total	67,551,685.31	2,017,763.97	67,190,388.48	1,891,438.14

Note: Account receivable of RMB 64,030,488.11 from the second largest shareholder, Wuhan Boiler Group Co., Ltd., was the compensation for the relocation of the old factory.

(3) Details of top 5 other receivables:

Company	The relationship with the Company	Amount	Aging	Proportion of the total (%)
Wuhan Boiler Group Co., Ltd.	The company's second-largest shareholder	64,030,488.11	2-3 years	41.17

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Company	The relationship with the Company	Amount	Aging	Proportion of the total (%)
Donghu Development Zone Committee	Non-affiliated	10,774,265.00	2-3 years	6.93
Shandong Weiqiao Aluminum and Electricity Co., Ltd.	Non-affiliated	7,644,548.38	2-3 years	4.91
Shandong Nuneng Material Group Co., Ltd	Non-affiliated	5,708,803.42	Within 1 year	3.67
Shanxi Zhengxin Group Co., Ltd	Non-affiliated	5,538,447.44	2-3 years	3.56
Total		93,696,552.35		60.24

(4) The amounts due from related parties

Name of company	The relationship with the Company	Amount	Proportion of the total (%)
ALSTOM (Switzerland) Ltd	A subsidiary of the ultimate holding company	474,189.96	0.31
ALSTOM Power Systems GmbH	A subsidiary of the ultimate holding company	35,836.70	0.02
Wuhan Boiler Group YunTong Co., Ltd.	Subsidiary of Second largest shareholder	25,499.73	0.02
Wuhan Boiler Group Valve Co., Ltd	Subsidiary of Second largest shareholder	240,571.49	0.15
Total	--	776,097.88	0.50

5. Prepayment

(1) Aging analysis:

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Less than 1 year (including 1 year)	149,305,631.89	81.16	94,391,475.66	84.36
1 year to 2 years (including 2 years)	26,434,966.37	14.37	17,498,669.15	15.64
2 years to 3 years (including 3 years)	8,214,829.09	4.47	4,200.00	0.004
Total	183,955,427.35	100.00	111,894,344.81	100.00

Note: Prepayment increased by 64.04% mainly due to increase in the volume of materials purchase for export projects.

(2) Details of top 5 prepayments:

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Name of company	The relationship with the Company	Amount	Year	Reasons
ALSTOM Power System Gmbh	A subsidiary of the ultimate holding company	74,800,403.17	2010	Project has not yet completed
Sumitomo Deutschland Gmbh	Non-affiliated	39,074,856.28	2011	Project has not yet completed
V&M Deutschland Gmbh	Non-affiliated	37,402,922.51	2011	Project has not yet completed
Igawara Industrial Service and Trading Co.,Ltd	Non-affiliated	7,722,841.06	2011	Project has not yet completed
Howden Hua Engineering Co., Ltd.	Non-affiliated	7,400,000.00	2009	Project has not yet completed
Total		166,401,023.02		--

(3)There was no amount due from shareholders with more than 5% (including 5%) of the voting shares of the Company in prepayment during the period.

(4)The prepayment aged more than 1 year was for the contract purchase which had yet to settle.

6. Inventory

(1) Categories:

Categories	Closing balance			Opening balance		
	Book balance	Provision for impairment of inventories	Book value	Book balance	Provision for impairment of inventories	Book value
Raw materials	215,474,050.11	41,970,305.27	173,503,744.84	185,535,520.38	100,609,111.64	84,926,408.74
Construction contract assets	156,462,893.76	89,727,221.05	66,735,672.71	174,998,729.88	90,877,317.30	84,121,412.58
Finished products				259,552.71		259,552.71
Total	371,936,943.87	131,697,526.32	240,239,417.55	360,793,802.97	191,486,428.94	169,307,374.03

Note 1: 1.Raw material inventory increased 16.09% mainly due to the commencement of new projects production which resulted in the increase in the volume of raw materials purchased.

Note 2: Construction contract assets decreased 10.55% mainly due to new progress billings raised during the period on projects under execution.

(2) Provision for impairment of inventories

Categories	Opening balance	Increase	Decrease		Closing balance
			Reversal	Written off	
Raw materials	100,609,111.64			58,638,806.37	41,970,305.27

Categories	Opening balance	Increase	Decrease		Closing balance
			Reversal	Written off	
Construction contract assets	90,877,317.30	11,149.43		1,161,245.68	89,727,221.05
Total	191,486,428.94	11,149.43		59,800,052.05	131,697,526.32

Note 1: The impairment of the raw materials was written off because of the disposal of obsolete raw materials and realization of project costs.

Note 2: Write-off of the provision for asset impairment from Construction contract was according to the Accounting Standard on [Construction Contract] to release the loss provision based on completion progress.

(3) Details of provision for impairment of inventories

Item	The bases of provision for impairment of inventories	Reasons for reversal	Proportion of reversal of provision for impairment of inventories to closing balance
1.Raw materials	According to the net realizable value		
2.Construction contract assets	Expected loss from contract loss		

7. Fixed assets

(1) Fixed assets details:

Item	Opening balance	Increase	Decrease	Closing balance
Cost	909,335,865.37	7,608,166.37	510,413.29	916,433,618.45
Including: Property and buildings	518,751,485.23			518,751,485.23
Machineries	361,440,070.80	5,596,707.20		367,036,778.00
Vehicles	1,421,315.64			1,421,315.64
Electronic equipments and office equipment	27,722,993.70	2,011,459.17	510,413.29	29,224,039.58
2.Accumulated depreciation	130,577,821.04	19,936,384.19	427,353.95	150,086,851.28
Including: Property and buildings	15,676,163.33	6,491,258.16		22,167,421.49
Machineries	104,515,837.73	9,730,827.36		114,246,665.09
Vehicles	635,659.99	79,007.78		714,667.77
Electronic equipments and office equipment	9,750,159.99	3,635,290.89	427,353.95	12,958,096.93
3.The net book value of fixed assets	778,758,044.33	-12,328,217.82	83,059.34	766,346,767.17
Including: Property and buildings	503,075,321.90	-6,491,258.16		496,584,063.74
Machineries	256,924,233.07	-4,134,120.16		252,790,112.91

Item	Opening balance	Increase	Decrease	Closing balance
Vehicles	785,655.65	-79,007.78		706,647.87
Electronic equipments and office equipment	17,972,833.71	-1,623,831.72	83,059.34	16,265,942.65
4. Provision for impairment loss	2,473,278.04		5,193.52	2,468,084.52
Including: Property and buildings				-
Machineries	2,313,136.08		5,193.52	2,307,942.56
Vehicles	102,424.14			102,424.14
Electronic equipments and office equipment	57,717.82			57,717.82
5. Carrying amount	776,284,766.29	-12,328,217.82	77,865.82	763,878,682.65
Including: Property and buildings	503,075,321.90	-6,491,258.16		496,584,063.74
Machineries	254,611,096.99	-4,134,120.16	-5,193.52	250,482,170.35
Vehicles	683,231.51	-79,007.78		604,223.73
Electronic equipments and office equipment	17,915,115.89	-1,623,831.72	83,059.34	16,208,224.83

Note 1: Amount of depreciation charge for current period was RMB 19,936,384.19.

Note 2: The original cost of construction in progress capitalized as fixed assets during the period was RMB 4,366,744.02.

(2) Fixed assets without certification

Item	The reasons	Expected time
New plant and office building	Applying for certificate	2011

8. Construction in progress

(1) Details

Item	Closing balance			Opening balance		
	Closing balance	Impairment	Net book value	Book balance	Impairment	Net book value
1. Newly established base of the company	8,046,194.55		8,046,194.55	8,683,448.40		8,683,448.40
2. Equipment for New base of the Company	13,584,634.89		13,584,634.89	15,380,343.50		15,380,343.50
3. Purchased technology	26,888,949.60		26,888,949.60	26,888,949.60		26,888,949.60
Total	48,519,779.04		48,519,779.04	50,952,741.50		50,952,741.50

(2) Significant changes in construction in progress, a

Project	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance	Capitalised interest rate (%)
1. Newly established base of the company: Including: Capitalized amount of borrowing costs	8,683,448.40	296,840.17	934,094.02		8,046,194.55	
2. Equipment for New base of the Company Including: Capitalized	15,380,343.50	1,654,933.71	3,432,650.00	17,992.32	13,584,634.89	
	410,108.37				410,108.37	

Project	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance	Capitalised interest rate (%)
amount of borrowing costs						
3.Purchased technology	26,888,949.60				26,888,949.60	
Total	50,952,741.50	1,951,773.88	4,366,744.02	17,992.32	48,519,779.04	
Including:	410,108.37				410,108.37	
Capitalized amount of borrowing costs						

Significant changes in construction in progress b

Unit: Ten thousand RMB

Project	Budget	Financial source	% of budget	Accumulated amount of interest capitalized	Including: Interest capitalized this year
1.Newly established base of the company:	50,070.00	Self-financing, loan	100%	19,649,371.90	
2.Equipment for new base of the company	40,000.00	Self-financing, loan	72%	8,999,350.34	
Total	90,070.00			28,648,722.24	

Note 1: The construction in progress decreased 4.77% due to capitalization into fixed assets upon acceptance and handing over of the assets.

Note 2: As of June 30, 2011, the construction in progress did not have indication of impairment, so no provision for impairment in construction in progress.

(3) Major construction in progress

Project	Progress	Notes
New base construction	Primary structure is completed and in use	Ancillary facilities under construction
Equipment purchased for new base	Primary equipment is in use	Several equipment under testing and commissioning

9. Intangibles assets

(1) Details of intangible assets are as following:

Category	Opening balance	Increase	Decrease	Closing balance
Cost	114,050,055.97	3,560.01		114,053,615.98
1.Land use right	41,666,503.00			41,666,503.00
2.Proprietary technology	56,900,206.41			56,900,206.41
3.Software	15,483,346.56	3,560.01		15,486,906.57
Accumulated amortization	56,726,078.10	3,484,908.98		60,210,987.08
1.Land use right	2,222,213.46	416,665.03		2,638,878.49
2.Proprietary technology	44,899,280.82	1,145,088.43		46,044,369.25

Category	Opening balance	Increase	Decrease	Closing balance
3.Software	9,604,583.82	1,923,155.52		11,527,739.34
Carrying amount of intangible assets	57,323,977.87	-3,481,348.97		53,842,628.90
1.Land	39,444,289.54	-416,665.03		39,027,624.51
2.Proprietary technology	12,000,925.59	-1,145,088.43		10,855,837.16
3.Software	5,878,762.74	-1,919,595.51		3,959,167.23
Accumulative impairment of intangible assets				
1.Land use right				
2.Proprietary technology				
3.Software				
Total book value of intangible assets	57,323,977.87	-3,481,348.97		53,842,628.90
1.Land use right	39,444,289.54	-416,665.03		39,027,624.51
2.Proprietary technology	12,000,925.59	-1,145,088.43		10,855,837.16
3.Software	5,878,762.74	-1,919,595.51		3,959,167.23

Note: The amortization of the intangible assets during the period was RMB3,484,908.98 during the period.

10. Deferred tax assets and liabilities

(A) Deferred tax assets and liabilities are not listed as the net value after offset.

(1) Recognized deferred tax assets

Item	Closing balance	Opening balance
Item		
Deferred tax assets:		
Provision for asset impairment	67,653,418.92	62,321,677.84
Total	67,653,418.92	62,321,677.84

(2) Unrecognized deferred income tax assets

Item	Closing balance	Opening balance
Deductible temporary differences	188,622,101.37	241,267,862.35

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Item	Closing balance	Opening balance
Tax losses	1,179,067,415.52	1,125,392,951.71
Total	1,367,689,516.89	1,366,660,814.06

(3) The unrecognized deferred income tax assets deductible losses due in the following years respectively:

Year	Closing balance	Opening balance	Notes
2012	322,036,470.99	322,036,470.99	
2013	300,367,116.96	300,367,116.96	
2014	364,372,073.45	364,372,073.45	
2015	192,291,754.12	138,617,290.31	
Total	1,179,067,415.52	1,125,392,951.71	

(4) Temporary difference

Item	Temporary difference	
	Closing balance	Opening balance
1. Deductible temporary difference		
① Provision for bad debt	178,418,370.06	155,936,116.01
② Provision for loss of inventories impairment	89,727,221.05	90,877,317.30
③ Provision for loss of fixed assets impairment	2,468,084.52	2,473,278.04
Total	270,613,675.63	249,286,711.35

11. Provision for impairment of assets

Categories	Opening balance	Increase	Decrease		Closing balance
			Reversal	Written off	
1.Provision for bad debt	187,961,840.27	30,027,268.95			217,989,109.22
Including: ① Provision for bad debt of accounts receivable	155,724,968.10	31,505,536.28			187,230,504.38
② Provision for bad debt of other receivables	32,236,872.17	-1,478,267.33			30,758,604.84
2.Provision for loss of inventories impairment	191,486,428.94	11,149.43		59,800,052.05	131,697,526.32
3.Provision for loss of fixed assets impairment	2,473,278.04			5,193.52	2,468,084.52
Total	381,921,547.25	30,038,418.38		59,805,245.57	352,154,720.06

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Note 1: Write-off of provision for inventories impairment refers to Note 5.6 (2).

Note 2: Write-off of the provision for impairment of fixed assets was caused by the disposal of the previously impaired fixed assets.

12. Other non-current assets

Item	Closing balance	Opening balance
Hedge		420,895.71
Total		420,895.71

Note: The hedge decreased 100% as compared to the opening balance mainly due to the settlement of the forward contracts during the period.

13. Short-term loan

Category	Closing balance	Opening balance
Credit borrowings		
Entrust borrowings	1,325,000,000.00	1,152,000,000.00
Total	1,325,000,000.00	1,152,000,000.00

Note 1: The entrust borrowings are supplied by Alstom (China) Investment Co., Ltd, and the maximum amount is RMB 1,800,000,000.00,

Note 2: The closing balance of short-term loan increased 15.02% as compared to the opening balance mainly due to the decrease in the cash received from operating activities during the period.

14. Notes payable

Category	Closing balance	Opening balance	Amount due in next accounting period
Bank Acceptance	31,968,377.00	18,704,256.28	31,968,377.00
Total	31,968,377.00	18,704,256.28	31,968,377.00

Note 1: The notes payable increased 70.91% mainly due to increase in issuance of banker acceptance notes to settle vendors' payments.

Note 2: There was no notes payable due from shareholders with more than 5% (including 5%) of the voting shares of the Company.

15. Accounts Payable

Item	Closing balance	Opening balance
Amount	397,935,537.80	315,446,635.93

The accounts payable to shareholders with more than 5% (including 5%) of the voting shares of the Company or related parties:

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Company	Closing balance	Opening balance
ALSTOM Power Service Gmbh	4,695,444.56	
ALSTOM Technical Services (Shanghai) Co., Ltd	4,767,000.00	2,307,000.00
ALSTOM Power INC	1,036,759.24	488,787.14
ALSTOM Power System Gmbh	680,865.02	16,577,651.22
ALSTOM Power Systems S.A Etablissement Boilers	2,262,100.63	2,857,805.54
ALSTOM (Switzerland) Ltd	87,702.72	
ALSTOM s.r.o	11,759.71	412,125.94
Wuhan Boiler (Group) Special Boiler Engineering Co., Ltd.	15,903,704.17	24,225,755.73
Wuhan Boiler (Group) Valve Co., Ltd	1,351,613.60	1,690,329.14
Wuhan Boiler Group Yuntong Co. Ltd.	17,440.01	3,123,121.06
Total	30,814,389.66	51,682,575.77

Note 1: The accounts payable increased 26.15% mainly due to the commencement of production for new projects resulted in increase in the volume of raw materials purchased.

Note 2: The accounts payable aged more than 1 year is mainly for retrofit processing fees. As the projects have yet to complete, it can't be settled until the warranty period of the boiler is expired.

16. Advance from customers

Item	Closing balance	Opening balance
Amount	1,095,290,944.37	1,059,336,631.48

Advanced from customers from shareholders with more than 5% (including 5%) of the voting shares of the Company or related parties:

company	Closing balance	Opening balance
ALSTOM Power System Gmbh	916,079,268.72	976,283,726.72

Note1: Advanced from customers, including amount of RMB 720,401,138.99 with age over 1 year being unsettled contract payments of projects under execution. According to the Company's accounting method on construction contract in progress, the account shall be carried forward before the settlement of contract payments on construction contract in progress.

Note 2: The advanced from the customers at the end of the period increased 3.39%.

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17. Payroll payable:

(1)Details:

Item	Opening balance	Increase	Decrease	Closing balance
1.Salary,bonus, allowance, subsidy	9,395,562.87	59,596,889.26	65,962,277.61	3,030,174.52
2. Employee welfare	31,043.56	111,541.00	111,541.00	31,043.56
3.Social insurance		11,849,632.10	11,849,632.10	
including: ①Medical insurance		2,960,833.52	2,960,833.52	
②Retirement pension		7,278,831.09	7,278,831.09	
③Unemployment insurance		1,099,553.09	1,099,553.09	
④injury insurance premium		257,455.42	257,455.42	
⑤Pregnancy insurance		252,958.98	252,958.98	
4. Housing fund		2,823,123.00	2,823,123.00	
5. Labour union fee and employee education fee	2,929,586.47	2,929,203.65	2,620,881.76	3,237,908.36
6.Redemption for terminations of labor contract				
7.Other	58,245,816.18		2,204,643.72	56,041,172.46
including: Share payment in cash				
Total	70,602,009.08	77,310,389.01	85,572,099.19	62,340,298.90

(2)The balance of salary, bonus, allowances & subsidy decreased 67.75% mainly due to the payment of annual bonus which was previously accrued.

(3)The decrease in balance of the payroll payable-other mainly due to payment for the employees' retirement benefits made during the period.

18. Taxes payable

Taxes	Closing balance	Opening balance
1.Value-added tax:	-103,168,819.01	-89,309,204.79
2.Business tax		175,178.17
3.Levee fee		1,751.78
4.Personal income tax	396,694.21	75,537.63

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Taxes	Closing balance	Opening balance
5.Education surtax		5,255.35
6.Local education development fee		521.81
7.Urban maintenance and construction tax		12,262.47
8.Property Tax	400,093.03	
9.Non staple food price restraining fund		
10.stamp duty	19,746.44	312,881.76
11.Land Use Tax	293,334.02	293,334.01
Total	-102,058,951.31	-88,432,481.81

19. Interest payable

Item	Closing balance	Opening balance
Interest payable on short-term borrowings	2,003,697.50	2,003,046.13
Total	2,003,697.50	2,003,046.13

20. Dividends payable

Main investor	Opening balance	Closing balance	Reason of failure payment more than 1 year
HIT East Power Electric Co., Ltd.	108,000.00	108,000.00	The company is in liquidation
West Jiaotong University Star Source Dynamics	166,000.00	166,000.00	The company is in liquidation
Shanghai Power Equipment Research Institute	144,000.00	144,000.00	The company is in liquidation
Wuhan Urban Environmental Engineering Company	144,000.00	144,000.00	The company is in liquidation
Total	562,000.00	562,000.00	

Note: dividends payable is due to unpaid dividend by Wuhan Lan Xiang Energy Environmental Protection Technology Co., Ltd.

21. Other payables

Item	Closing balance	Opening balance
Amount	92,302,698.95	85,685,084.50

Note 1: Other payables from shareholders with more than 5% (including 5%) of the voting shares of the Company or related parties:

Company	Closing balance	Opening balance
ALSTOM Technology Ltd (Switzerland)	26,837,424.60	26,623,254.00
ALSTOM (Switzerland) Ltd.	1,940,039.69	192,289.93
ALSTOM Power INC	228,849.19	838,869.33
ALSTOM (Wuhan) Engineering & Technology Co., Ltd.		219,718.00
ALSTOM (China) Investment Co., Ltd.	7,218,845.84	3,489,547.49
ALSTOM Beizhong Power (Beijing) Co.,Ltd.	1,205,737.60	26,532.30
Wuhan Boiler Group Co.,Ltd.	974,056.13	974,056.13
Total	38,404,953.05	32,364,267.18

Note 2: The other large amount accounts payable aged more than 1 year is mainly the amount collected from employees on behalf to purchase ALSTOM stocks.

Note 3: The significant amount of other payables details:

Item	Amount	The nature or content
ALSTOM Technology Ltd (Switzerland)	26,837,424.60	TOT technology transfer fee
ALSTOM (China) Investment Co., Ltd.	7,218,845.84	ITSSC service fee
Stock deductions	6,092,636.21	Collected and remit on behalf of employee
China Ping An Property & Casualty Insurance Co., Ltd. Shenzhen Branch	2,757,391.59	Property insurance
ALSTOM (Switzerland) Ltd.	1,940,039.69	PMX user license fee
Total	44,846,337.93	

Note 4: The other accounts payable increased 7.72% mainly due to ITSSC service fee of RMB 7,218,845.84.

22. Provision for contingent liabilities

Item	Opening balance	Increase	Decrease	Closing balance
Product quality guarantee	50,387,210.32		91,554.80	50,295,655.52
Total	50,387,210.32		91,554.80	50,295,655.52

Note: The Company delivered an alkaline recovery boiler to a customer in 2008. The boiler was put into operation. Due to various reasons, the boiler was unable to continue operating at full load and required some technical modification. The modification work is expected to continue in year 2011. The Company provided RMB 50,295,655.52 in the Book for this modification costs.

23. Other non-current liabilities

Item	Closing balance	Opening balance
1. Deferred income	13,009,176.00	13,148,064.00
2. Hedged items	825,589.60	281,951.85

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Item	Closing balance	Opening balance
3. Hedge items	10,482,332.30	
4. Unrecognized finance cost	-10,038,093.44	-10,138,325.63
Total	14,279,004.46	3,291,690.22

Note1: The unrecognized finance cost is the discount fees of employee retirement benefits in accordance with the regulations stipulated in “Employee Benefits” Accounting Standards.

Note 2: The closing balance of hedged item showed credit balance mainly due to the unrealized foreign currency exchange loss resulted from hedge accounting for the unexpired forward contracts during the period.

24. Paid-in capital

Changes in Paid-in capital information sheet

10,000 shares

Item	Opening balance		Increase/Decrease (+/-)					Closing balance	
	Amount	%	Issu in g new shares	Bon us shar es	Reserves transferr ed to shares	othe rs	subtota l	Amoun t	%
1. limited shares	17,200	57.91						17,200	57.91
①National holdings									
②state-owned corporation Holdings									
③other non state-owned corporation Holdings	2,053	6.91						2,053	6.91
Including:									
i. Domestic corporation holdings	2,053	6.91						2,053	6.91
ii. Domestic									

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Item	Opening balance		Increase/Decrease (+/-)					Closing balance	
	Amount	%	Issuance of new shares	Bonus shares	Reserves transferred to shares	Others	Subtotal	Amount	%
natural person holdings									
④International holdings	15,147	51.00						15,147	51.00
Including:									
i. International corporation holdings	15,147	51.00						15,147	51.00
ii. International natural person holdings									
2. Unlimited shares	12,500	42.09						12,500	42.09
①stock A									
②stock B	12,500	42.09						12,500	42.09
③stock H									
④others									
3.Total shares	29,700	100.00						29,700	100.00

25. Capital surplus

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	144,909,718.58			144,909,718.58
Other capital surplus	29,749,688.88			29,749,688.88
Including: Transfer from items under previous accounting standard	29,749,688.88			29,749,688.88

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Item	Opening balance	Increase	Decrease	Closing balance
Total	174,659,407.46			174,659,407.46

26. Surplus reserve

item	Opening balance	Increase	Decrease	Closing Balance
Legal surplus	39,418,356.83			39,418,356.83
Total	39,418,356.83			39,418,356.83

27. Retained earnings

Item	Amount	Extraction or allocation proportion
Opening balance of retained earnings before adjustments	-1,396,503,437.13	
Add: Adjustments on opening balance of retained earning		
Opening balance of retained earnings after adjustments	-1,396,503,437.13	
Plus: net profit for the year	-118,548,726.65	
Retained earnings at the end of the year	-1,515,052,163.78	

28. Revenue and Cost of Sales

(1)Revenue

Item	Jun 30, 2011	Jun 30, 2010
Sales	230,575,383.58	123,049,870.19
Other operating income	17,756,668.42	4,594,238.58
Cost of sales	263,632,226.95	147,754,669.23
Other operating expenses	13,898,964.18	1,474,743.93

Note 1: Sales increased 87.38% mainly due to the increase in recognition of revenue from overseas projects during the period.

Note 2: Other operating income increased 286.50% mainly due to income from shot peening process support and increase in disposal of obsolete materials.

(2)Listed by the categories of production or business

Categories	Jun 30, 2011		Jun 30, 2010	
	Revenue	Cost of sales	Revenue	Cost of sales
Boilers and associated product sales	230,575,383.58	263,632,226.95	123,049,870.19	147,754,669.23
Technical Services				

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Categories	Jun 30, 2011		Jun 30, 2010	
	Revenue	Cost of sales	Revenue	Cost of sales
Total	230,575,383.58	263,632,226.95	123,049,870.19	147,754,669.23

(3)Top five customers

company	Revenue	Proportion of total revenue (%)
Chiping Source Aluminum Co., Ltd.	85,075,348.41	36.90
Shangdong Luneng Material Group Co., Ltd.	60,164,974.61	26.09
ALSTOM Power Sysems Gmbh	51,784,486.83	22.46
Guodian Xian Thermoelectric Project Praparatory Office	26,635,038.36	11.55
PT INDAH KIAT PULP &PAPER ,TBK	3,357,163.39	1.46
Total	227,017,011.60	98.46

29. Revenue from the construction contracts

Project	Total amount	Accumulated Construction costs incurred to date	Recognised profits to date (recognised losses as negative figure)	Progress billings
Fixed price construction contract including:	3,626,082,369.79	1,750,479,886.98	-105,104,411.21	1,488,912,582.01
Alstom Power System Gmbh	826,945,208.73	98,982,715.20	31,493,394.74	
Chiping Source Aluminum Co., Ltd.	239,965,811.97	220,973,795.03	3,563,514.82	209,970,085.48
Guodian Xian Thermoelectric Project Praparatory Office	267,418,803.42	27,742,272.90	897,767.69	39,556,795.00
Shangdong Luneng Material Group Co., Ltd.	335,811,965.81	237,964,658.18	65,384,551.78	302,230,770.08

Note: The current period impairment loss of the construction contracts is estimated to be RMB

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11,149.53 mainly due to the change in estimates for raw material cost and labour cost for onerous contracts.

30. Business tax and surcharges

Item	Jun 30, 2011	Jun 30, 2010	Base of payment
Business tax	112,009.76	149,127.05	Note 3
Urban maintenance and construction tax	1,197.98		
Education surtax	3,360.30	516.11	
Levee fee	7,840.69	3,704.22	
Non staple food price restraining fund			
Local education surtax	2,240.20	52,996.00	
Total	126,648.93	206,343.38	

Note: The business tax and tax surcharges decreased 38.62% mainly due to decrease in relevant tax added income resulted in the reduction in the corresponding tax charges.

31. Selling expenses

Selling expenses for the period was RMB 5,269,724.87, decreased RMB 3,643,771.13 or 40.88% as compared to the same period last year mainly due to the reduction in headcount for sales function and accordingly the payroll and benefits.

32. Administration expenses

Administration expense for the period was RMB 16,311,884.19, decreased 44.17% as compared to the same period last year mainly due to: 1. decrease in leasing expenses; 2. changes in accounting estimate where the residual rate of fixed assets was changed from 3% of cost to 0%, the depreciation of fixed asset was adjusted according to the new accounting estimate, resulted in more depreciation charged to administration expenses in the same period last year.

33. Financial expenses

Financial expenses for the period were RMB 31,503,275.97, decreased 29.97% as compared to the same period last year mainly due to less amount of loans outstanding which reduced the interest expenses for the period.

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34. Impairment losses

Item	Jun 30, 2011	Jun 30, 2010
1. Provision for Impairment loss of bad debts	30,027,268.95	-32,351,949.91
2. Impairment loss of inventories	11,149.43	-576,549.65
3. Impairment loss of fixed assets		
Total	30,038,418.38	-32,928,499.56

Note: Impairment loss increased RMB191.22% as compared to the same period last year mainly due to: 1. increase in the accounts receivable age in current period; 2.huge collection in the same period last year contributed to reversal of impairment for that period.

35. Fair value changes

Item	Jun 30, 2011	Jun 30, 2010
Hedging-trade	-11,547,097.95	-771,454.05
total	-11,547,097.95	-771,454.05

Notes: Hedging loss increased 1396.08% as compared to the same period last year mainly due to unrealized loss incurred by hedge accounting for the unexpired forward contracts during the period.

36. Non-operating gains

Item	Jun 30, 2011	Jun 30, 2010
1. Gain on disposal of non-current assets	1,957.30	877,104.96
including: Gain on disposal of fixed assets	1,957.30	877,104.96
2. The government subsidies	138,888.00	138,888.00
3. Penalty claimed		
4. Indemnity or fine claimed	26,632.99	282,216.00
5.Others	6,132.97	52,049.58
Total	173,611.26	1,350,258.54

Note 1: The government grant is allocation of deferred revenue relating to the land-use right of new factory.

Note 2: Non-operating income decreases 87.14% as compared to same period last year mainly due to reduction in disposal of fixed asset and default penalty received.

37. Non-operating losses

Item	Jun 30, 2011	Jun 30, 2010
1.Loss on disposal of non-current assets	113,878.73	69,846.84
Including: Loss on disposal of fixed assets	113,878.73	69,846.84
2. Default penalty		
3. Breach Penalty		329,660.00
4.Loss on theft and relocation		
5.Project deduction of subsidiary		
6. Others		28,108.48
Total	113,878.73	427,615.32

Note: The non-operating expenses decreased 73.37% as compared to same period last year mainly due to decrease in breach penalty.

38. Income tax expense

Item	Jun 30, 2011	Jun 30, 2010
Current income tax expense		
Add: Deferred income tax	-5,331,741.08	10,796,697.11
Income tax expense	-5,331,741.08	10,796,697.11

39. Earnings per share

Item	Jun 30, 2011	Jun 30, 2010
Basic earning per share	-0.40	-0.28
Diluted earning per share	-0.40	-0.28

Notes: Basic earnings per share and diluted earnings per share calculation process:

(A) Basic earnings per share = $P \div S = 118,548,726.65 \div 297,000,000.00 = 0.40$

$$S = S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k$$

In the equation above, **P** represents the net profit or profit after deducting extraordinary gain or loss attributable to ordinary share holders. **S** represents the weighted average number of ordinary shares during the period. **S₀** represents the number of ordinary shares at the beginning of the period. **S₁** represents the number of additional ordinary shares issued on capital surplus transfer or share dividends appropriation; **S_i** represents the number of ordinary shares issued in exchange for

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cash or issued as a result of the conversion of a debt instrument to ordinary shares during the period. S_j represents reduced number of ordinary shares such as shares buy back. S_k represents the number of a reverse share split. M_o represents the months during the period. M_i represents the months from the following month after issuing incremental shares to the end of the period. M_j represents the months from the following month after reducing shares to the end of the period.

(B) Diluted Earnings Per Share = $[P + (\text{Diluted potential common stock dividends} - \text{convert cost})] / (S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k + \text{The weighted average number of incremental ordinary shares on warrants, options, convertible debt and so on})$

In the equation above, P represents the net profit or profit after deducting extraordinary gain or loss attributable to ordinary share holders. When calculating the diluted Earnings per Share, company considered in sequence from dilutive potential ordinary shares to get the lowest earnings per share.

For business combination under the same control during the reporting period and the combining party issue new shares as consideration, when calculating the EPS at the end of reporting period, company should treat these shares as they are normal outstanding shares at the beginning of combining date (Weighting coefficient is 1). When calculation the EPS during the comparing period, should treat these shares as they are normal outstanding shares at the beginning of comparing period. When calculation the EPS after deducting extraordinary gain or loss at the end of reporting period, should treat these new shares as they are issued one month after the combining date. When calculation the EPS after deducting extraordinary gain or loss during the comparing period should ignore these new shares (Weighting coefficient is 0).

For business combination under the same control at the accounting period and the combining party issue new shares as consideration, when calculating the EPS at the accounting period or the comparing period, company should use the basic EPS method to treat these new shares.

Unlisted company purchase listed company by issue share to become a listed company indirectly, when calculating the EPR during the reporting period:

Weighted average number of ordinary shares during the period = (Weighted average number of shares from the beginning of reporting period to the end of the month which combination happened) + (Weighted average number of shares from the next month of the combination to the

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end of the reporting period)

Weighted average number of shares from the beginning of reporting period to the end of the month which combination happened = Weighted average number of share of the acquirer (subsidiary in law) × Share exchange rate in the acquisition agreement × number of months from the beginning to the month which acquisition happens ÷ number of months during the period.

Weighted average number of shares from the next month of the combination to the end of the reporting period = Weighted average number of share of the acquiree (parent in law) × number of months from the next month to the end of period ÷ number of months during the period.

Unlisted company purchase listed company by issue share to become a listed company indirectly, when calculating the EPR during the comparing period:

Weighted average number of ordinary shares during the period = Weighted average number of share of the acquirer (subsidiary in law) × Share exchange rate in the acquisition agreement.

41. Relevant information about cash flow statement

(1) Other cash received from operating activities

Item	Amount
Other cash received from operating activities	32,632.99
including: 2010 Small & Median Size Enterprises Growing Project Money Award from Statistic Bureau	6,000.00
Insurance indemnity	26,632.99

(2) Other cash paid from operating activities

Item	Amount
Other cash paid relating to operating activities	36,495,012.58
Including: Staff training	
Maintenance expenses	3,006,136.21
Food expenses	2,704,261.90
Utility expenses	6,430,476.40
Audit expenses	750,000.00

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Item	Amount
Travel expenses	3,225,019.32
Business entertainment expenses	977,760.22
Training expenses	1,412,399.14
Security expenses	781,286.41
Cleaning expenses	723,764.18
Consultancy expenses	3,750,352.48
Business Management expenses	2,199,846.72
Leasing expenses	2,167,143.91
Vehicle leasing expenses	3,272,859.42
Listing disclosure	800,000.00
Office expenses	2,358,076.32

(3) Other cash received from investing activities

Item	Amount
Cash received relating to financing activities	950,669.73
Including: Interest received	950,669.73

(4) Other cash paid from financing activities

Item	Amount
Other cash payments relating to financing activities	155,198.50
Including: bank charges	155,198.50

42. Supplementary information of cash flow statement

Supplementary information	Jun 30, 2011	Jun 30, 2010
1. Reconciliation of net profit to net cash flows generated from operations:		
Net profit	-118,604,715.81	-82,625,316.38

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Supplementary information	Jun 30, 2011	Jun 30, 2010
Provision for impairments of assets.	29,761,633.67	-82,577,820.93
Depreciation of fixed assets, oil-gas assets and productive biological assets	19,936,384.19	18,320,154.06
Amortization of intangible assets	3,484,908.98	3,763,587.56
Amortization of long-term deferred expense		
Losses/gains on disposal of property, plant and equipment, intangible asset and other long-term assets (gains: negative)	111,921.43	-807,258.12
Losses/gains on scrapped of fixed assets (gains: negative)		
Losses/gains from variation of fair value (gains: negative)	11,547,097.95	771,454.05
Finance cost (income: negative)	31,503,275.97	44,988,222.08
Investment loss (gains: negative)		
Decrease in deferred tax assets (increase: negative)	-5,331,741.08	10,796,697.11
Increase in deferred tax liabilities (decrease: negative)		
Decrease in inventory (increase: negative)	-70,932,043.52	24,839,071.01
Decrease in accounts receivable from operating activities (increase: negative)	-116,266,476.06	351,193,739.47
Increase in payables from operating activities (decrease: negative)	81,909,892.35	657,147,313.76
Others		
Net cash flows generated from operating activities	-132,879,861.93	945,809,843.67
2. Significant investing and financing activities without involvement of cash receipts and payments		
Debt converted to capital		
Finance leased fixed assets		
3. Movement of Cash and cash equivalent:		
Closing balance of Cash	10,440,559.66	16,112,666.69
Less: opening balance of cash	10,491,275.05	27,114,305.92
Plus: closing balance of cash equivalent		
Less: opening balance of cash equivalents		
The net increase in cash and cash equivalents	-50,715.39	-11,001,639.23

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(2) Cash and cash equivalents:

Item	Jun 30, 2011	Jun 30, 2010
1. Cash		
Including: Cash on hand		5,037.38
Bank deposit on demand	10,311,214.66	15,676,479.31
Other cash and cash equivalent on demand	129,345	431,150.00
Central Bank deposit on demand		
Due from banks		
Call loan to banks		
2. Cash equivalent		
Including: bond investments due in three months		
3. Closing balance of cash and cash equivalents	10,440,559.66	16,112,666.69

Note6.Related Party Relationships and Transactions

1. The company's related party identification criteria:

The company's corporate accounting standards and in accordance with the relevant provisions of China Securities Regulatory Commission to determine the identification criteria related parties as follows: one control, joint control the other party or exercise significant influence on the other side, as well as two or more than two parties are of the same party to control, joint control or significant influence, and constitute a related party.

2. The parent company of the relevant information:

Parent company	Relationship	Business Type	Registration	Legal Representative	Nature of the business	Registered Capital
Alstom (China) Investment Co., Ltd.	Shareholder	Foreign-owned enterprises	Fifth floor. QianKun building ,No. 6 , West No 6 street, Sanlitun, chaoyang district, Beijing	Dominique Pouliquen	Lawfully investing in fields in which foreign investment is permitted by the State	USD60,964,400.00

Parent company	The parent company's shareholding (%)	The parent company's voting right (%)	The ultimate controlling party of the Company	Organization Code
Alstom (China) Investment Co., Ltd.	51	51	ALSTOM Holdings	71092378-2

3.Subsidiary of the Company relating to information disclosure:

Subsidiary	Registered address	Type	Nature	Principal activities	Legal representative	Registered capital(RMB)	Percentage of Shareholding %	Percentage of voting right %	Organization Code
Wuhan Boiler Bo Yu Industrial Co., Ltd.	Control shareholder	Control shareholder	586 Wuluo Rd., Wuhan	Chong Bao qian	Packaging, design, and manufacturing of Mechanical and Electrical products; processing of metal components; design and manufacturing of model and mold ; Manufacturing of valve rough casting, steel casting, iron casting, nonferrous metal casting.	19,115,250.00	90%	90%	71456410-7
Wuhan Lan Xiang Power Environmental Protection Technology Company Limited	Control shareholder	Control shareholder	586 Wuluo Rd., Wuhan	Guowei Yang	Boiler, energy environmental protection products, Steel structures, technology research of heat energy products and its accessory equipment, design, technical Consultancy, technical service, sales of developed products, energy project (non-construction project)	20,000,000.00	95%	95%	73753132-4

4.Other related parties

Company	Relationship	Organization Code
ALSTOM Power INC.	A subsidiary of ultimate holding	

Company	Relationship	Organization Code
ALSTOM Projects India Limited	company A subsidiary of ultimate holding company	70649461-2
ALSTOM Power Systems S.A Etablissement Boilers	A subsidiary of ultimate holding company	
ALSTOM Power System Gmbh	A subsidiary of ultimate holding company	
ALSTOM Technology Ltd (Switzerland)	A subsidiary of ultimate holding company	
ALSTOM s.r.o	A subsidiary of ultimate holding company	
ALSTOM Holdings	Ultimate holding company	
ALSTOM (Switzerland) Ltd	A subsidiary of ultimate holding company	
ALSTOM Sizhou Electric Power Equipment (Qingdao) Co. Ltd	A subsidiary of ultimate holding company	
ALSTOM Beizhong Power(beijing)Co.,Ltd	A subsidiary of ultimate holding company	
ALSTOM (Wuhan) Engineering & Technology Co., Ltd.	A subsidiary of ultimate holding company	
ALSTOM (China) Investment Co., Ltd.	The company's largest shareholder	
ALSTOM Technical Services (Shanghai) Co., Ltd.	A subsidiary of ultimate holding company	
Wuhan Boiler Group Co., Ltd.	The second largest shareholder	
Wuhan Boiler Group Valve Co., Ltd.	Subsidiary of the second largest shareholder	
Wuhan Boiler (Group) Special Boiler Engineering Co., Ltd.	Subsidiary of the second largest shareholder	
Wuhan Boiler (Group) Yuntong Co., Ltd	Subsidiary of the second largest shareholder	30024726-7

5. Related party transactions

(1) Purchase and service received

Related parties	Details of transaction	Rule of price setting	June 30, 2011		June 30, 2010	
			Amount	Proportion %	Amount	Proportion %
ALSTOM Power Systems Gmbh	Raw material purchase	Market price			28,305,294.72	22.13
ALSTOM Power Systems S.A Etablissement Boilers	Raw material purchase	Market price	2,837,547.00	1.70	4,113,373.66	3.22
ALSTOM s.r.o	Raw material purchase	Market price	182,087.76	0.11	1,639,123.51	1.28
ALSTOM Technical Services (Shanghai) Co., Ltd.	Boiler parts purchase	Market price	24,600,000.00	14.77		
ALSTOM s.r.o	Fixed asset	Market	303,013.75	20.65		

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Related parties	Details of transaction	Rule of price setting	June 30, 2011		June 30, 2010	
			Amount	Proportion %	Amount	Proportion %
Wuhan Special Boiler Complete Equipment Engineering Co.,Ltd	downpayment Technology service fees	price Market price			2,649,300.00	62.18
ALSTOM Power Service Gmbh	Technical service fees	Market price	4,695,444.56	49.25		
Wuhan Boiler (Group) Yuntong Co., Ltd	Transport service	Market price	4,985,600.00	64.51	7,073,356.62	98.74

Sales and service provided

Related parties	Details of transaction	Rule of price setting	June 30, 2011		June 30, 2010	
			Amount	proportion	Amount	proportion
ALSTOM Power Systems S.A Etablissement Boilers	Sales	Market price			20,826,000.00	16.32%
ALSTOM Power System Gmbh	Sales	Market price			6,580,775.58	5.16%

(2) Other related party transactions:

Related parties	Transactions	Amount
ALSTOM (Switzerland) Ltd	Windsor lab relocation	425,275.63
ALSTOM (Switzerland) Ltd	IT service fees	1,839,330.35
ALSTOM Holdings	Training fees	32,156.66
ALSTOM Power Inc.	PMX support fees	1,243,445.58
ALSTOM Power Inc.	Foreign consultant fees	547,972.10
ALSTOM Power Systems Gmbh	Training fees	91,773.63
PT ALSTOM Power Energy Systems Indonesia	Material sales	989,588.57
ALSTOM (Wuhan) Engineering & Technology Co., Ltd.	Service fees	1,224,759.00
ALSTOM (Wuhan) Engineering & Technology Co., Ltd.	Leasing & service fees	1,753,437.44
ALSTOM (China) Investment Co., Ltd.	Training fees	152,333.00
ALSTOM (China) Investment Co., Ltd.	ITSSC service fees	6,971,438.02
ALSTOM Beizhong Power(Beijing)Co.,Ltd	EHS line verify fees	26,532.00
ALSTOM Beizhong Power(Beijing)Co.,Ltd	Technical service fees	1,205,737.60

(3) ALSTOM (China) Investment Co., Ltd entrust China Construction Bank to provide a shareholder's entrusted loan to Wuhan Boiler Co., Ltd. The amount was RMB 1,325,000,000.00 with a floating downward 10% of PBOC benchmark interest rate. The cumulative interest expense paid during the period was RMB 32,103,844.25.

6. Amounts due from/to related parties

Amount due from related parties					
Item	Related parties	Closing balance		Opening balance	
		Balance	Provision for doubtful debts	Balance	Provision for doubtful debts
Accounts Receivable	ALSTOM Power Systems Gmbh	138,169.81	4,145.09	135,170.61	4,055.12
	ALSTOM Sizhou Electric Power Equipment (Qingdao) Co. Ltd	40,000.00	1,200.00	680,000.00	20,400.00
	Wuhan Boiler (Group) Special Boiler Engineering Co., Ltd.	9,954,995.28	597,299.72	9,954,995.28	597,299.72
Prepayment	ALSTOM Technical Services (Shanghai) Co., Ltd.			9,840,000.00	
	ALSTOM Power Systems S.A Etablissement Boilers			2,711,519.75	
	ALSTOM Power System Gmbh	74,800,403.17		74,800,403.17	
Other Receivables	ALSTOM s.r.o	303,013.75			
	ALSTOM Power Systems Gmbh	35,836.70	1,075.10	863.87	25.92
	ALSTOM (Switzerland) Ltd	474,189.96	14,225.70		
	ALSTOM (China) Investment Co.,Ltd.	3,521,197.20	105,635.92	3,159,900.37	94,797.01
	Wuhan Boiler Group Co., Ltd.	64,030,488.11	1,912,128.05	64,030,488.11	1,796,641.13
	Wuhan Boiler Group Valve Co., Ltd.	240,571.49	9,583.81	240,571.49	7,217.14
	Wuhan Boiler (Group) Yuntong Co., Ltd	25,499.73	764.99	25,499.73	764.99

Amount due to related parties			
Item	Related parties	Closing balance	Opening balance
Accounts Payable	ALSTOM Power Service Gmbh	4,695,444.56	
	ALSTOM Technical Services (Shanghai) Co., Ltd.	4,767,000.00	2,307,000.00

Item	Related parties	Closing balance	Opening balance
	ALSTOM Power System Gmbh	680,865.05	16,577,651.22
	ALSTOM Power Systems S.A Etablissement Boilers	2,262,100.63	2,857,805.54
	ALSTOM Power INC	1,036,759.24	488,787.14
	ALSTOM s.r.o	11,759.71	412,125.94
	ALSTOM (Switzerland) Ltd	87,702.72	
	Wuhan Boiler (Group) Yuntong Co., Ltd	17,440.01	3,123,121.06
	Wuhan Boiler Group Valve Co., Ltd.	1,351,613.60	1,690,329.14
	Wuhan Boiler (Group) Special Boiler Engineering Co., Ltd.	15,903,704.17	24,225,755.73
Advance from Customers	ALSTOM Power System Gmbh	916,079,268.72	976,283,726.72
Other Payables	ALSTOM (China) Investment Co., Ltd.	7,218,845.84	3,489,547.49
	ALSTOM (Wuhan) Engineering & Technology Co., Ltd.		219,718.00
	ALSTOM Power INC	228,849.19	838,869.33
	ALSTOM Beizhong Power(Beijing)Co.,Ltd	1,205,737.60	26,532.30
	ALSTOM (Switzerland) Ltd	1,940,039.69	192,289.93
	ALSTOM Technology Ltd (Switzerland)	26,837,424.60	26,623,254.00
	Wuhan Boiler Group Co., Ltd.	974,056.13	974,056.13

Note7.Contingency

Besides the note5.22 statement, there is no other event to disclose during this report period.

Note.8 Commitments

1. Significant commitments

(1)Capital commitments

Up to 30 June 2011, the commitment related to purchases of long-term assets which the contract were signed but not reflected in the financial statements amounted to RMB36,078,329.45, USD462,387.50, EUR100,571.00.

(2)Other commitments

Up to 30 June 2011, the performance bond, tender bond and warranty bond issued by the Company remain unexpired amounted to RMB109,568,360.00 and USD3,126,923.00.

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2. The executions of previous commitments and new commitment issued

(1)The executions of previous year's capital commitments: the amount of prior year's capital commitments fulfilled during the period was RMB9,124,728.25, EUR32,500.00. The new capital commitments issued were RMB2,072,379.69 and USD34,421.50 during the period.

(2)The performance of previous year's other commitments: The amount of bond expired during the period were: performance bond RMB 13,500,000.00, tender bond RMB 1,600,000.00. The performance bond newly issued during the period was RMB15,150,000.00.

Note9.Events after the Balance Sheet Date

There was no significant event after the balance sheet date that the Company needs to disclose.

Note10.Other significant events

Former parent company, Wuhan Boiler (Group) Co., Ltd, entered into a share transfer agreement with Alstom (China) Investment Co., Ltd on 14 April, 2006. The transaction was completed on 24 August , 2007 after approval from relevant authorities. At present Alstom (China) Investment Co., Ltd is the parent company of the Company with 51% shareholdings.

The transaction includes the following key elements according to the Share Transfer Agreement (hereinafter as the “SPA”) signed on 14 April, 2006:

- (1)License, Technical Transfer and Assistance Agreement between Alstom Technology Ltd and the Company about Steam Generator;
- (2)Relocation and Relocation Team Agreement, Relocation Compensation Agreement;
- (3)Statements and guarantee about related assets and liabilities, and further compensation guarantee, with the Company as the beneficiary under SPA.

To the extent applicable, the value of the elements described above has been included in the preparation of 2011 interim financial statements. The full execution of above Agreement is critical to the future financial viability of the Company.

Note11.Notes of financial statements of parent company

1. Accounts receivable

- (1)Accounts receivable by categories are as follows:

Category	Closing balance			
	Balance		Provision for doubtful debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant receivables				
Group A (using aging analysis)	534,585,517.22	81.81	106,484,473.98	19.92
Group B (No bad debt provision for account receivables)	15,554,705.93	2.38		
Other insignificant receivables but still are impaired individually	103,273,124.83	15.81	79,002,324.83	76.50
Total	653,413,347.98	100.00	185,486,798.81	28.39

Category	Opening balance			
	Balance		Provision for doubtful debt	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant receivables				
Group A (using aging analysis)	392,671,753.45	76.62	88,218,649.78	22.47
Group B (No bad debt provision for account receivables)	15,549,187.32	3.03		
Other insignificant receivables but still are impaired individually	104,273,124.83	20.35	65,682,544.83	62.99
Total	512,494,065.60	100.00	153,901,194.61	30.03

Notes for Group A (Recognition provision for doubtful debt of groups of receivables is based on aging analysis):

Aging of receivables	Closing balance		
	Balance		Provision for doubtful debts
	Amount	Proportion (%)	
Within 1 year (including 1 year)	208,681,466.19	39.04	6,260,443.99
1-2 years(including 2 year)	2,703,289.00	0.51	81,098.67
2-3 years(including 3 year)	166,038,396.38	31.05	9,962,303.78
3-4 years(including 4 year)	47,492,384.64	8.88	9,498,476.93

Aging of receivables	Closing balance		
	Balance		Provision for doubtful debts
	Amount	Proportion (%)	
4-5 years(including 5 year)	36,234,788.00	6.78	7,246,957.60
Over 5 years	73,435,193.01	13.74	73,435,193.01
Total	534,585,517.22	100.00	106,484,473.98

Aging of receivables	Opening balance		
	Balance		Provision for doubtful debts
	Amount	Proportion (%)	
Within 1 year (including 1 year)	41,301,700.11	10.52	1,239,051.00
1-2 years(including 2 year)	132,931,314.04	33.85	3,987,939.42
2-3 years(including 3 year)	75,145,590.28	19.14	4,508,735.42
3-4 years(including 4 year)	29,200,124.33	7.44	5,840,024.87
4-5 years(including 5 year)	51,812,657.02	13.19	10,362,531.40
Over 5 years	62,280,367.67	15.86	62,280,367.67
Total	392,671,753.45	100.00	88,218,649.78

Notes for Other insignificant receivables (Receivables which are not significant, but still need individually recognition of bad debt provision) :

Item	Closing balance	Bad debt provision	Note
Product payment and retention	103,273,124.83	79,002,324.83	Details are tabulated below

Details:

Company	Reason for provision
Datang Shuangyashan Thermal Power Co., Ltd.	The Company is required to bear part of the subsequent costs and thus the receivable amount is not expected to be fully recoverable
Dongfang Xiwang Baotou Xitu Aluminium	The Company is required to bear part of the subsequent costs and thus the receivable amount is not expected to be fully recoverable
Shanxi Hongdong HuaShi Thermoelectric Co., Ltd.	Age more than 3 years and deemed irrecoverable
Xuzhou Cha City Electric Co., Ltd.	Age more than 3 years and deemed irrecoverable
Hubei Shuanghuan Technology Co., Ltd.	The company have sent many dunning letters but to no avail
China Power Engineering Consulting Group, Zhongnan Power Design Institute	The customer has disputes over the contract settlement and the receivable amount is not expected to be fully recoverable
SINOPEC Hubei Chemical Fertilizer Plant	Retention money difficult to recover

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Company	Reason for provision
Ningxia Western PVC Co., Ltd.	Equipment rework charges
Shanxi Zhengxin Group Co., Ltd.	Customers did not receive special funding and the receivable amount not expected to be fully recoverable
PT INDAH KIAT PULP&PAPER, TBK	The portion covered by letter of credit received was not subjected to general provision for doubtful debt

(2) As of June 30, 2011, receivables with age more than 5 years amounting RMB 5,474,831.69 was recovered during the period, representing 8.79% recovery from total opening balance of accounts receivable with age more than 5 years.

(3) There was no write-off of accounts receivable during the period.

(4) There was no accounts receivable that is due from shareholders with more than 5% (including 5%) of the voting shares of the Company during the period.

(5) Information of top 5 receivables:

Company	The relationship with the Company	Amount	Age	Proportion
Shandong Weiqiao Aluminum and Electricity Co., Ltd.	Non-affiliated	135,002,999.99	1-4 years	20.66
Shandong Nuneng Material Group Co., Ltd.	Non-affiliated	78,580,000.00	Within 1 year	12.03
Shanxi Zhengxin Group Co., Ltd	Non-affiliated	47,970,000.00	Over 5 years	7.34
Guodian Xian Thermoelectric Project Preparatory Office	Non-affiliated	30,854,300.00	Within 1 year	4.72
Guizhou Chitianhua Paper Co., Ltd	Non-affiliated	28,028,000.00	4-5 years	4.29
Total		320,435,299.99		49.04

(6)The amounts due from related parties

Company	The relationship with the Company	Amount	Proportion
Wuhan Boiler (Group) Special Boiler Engineering Co., Ltd.	A subsidiary of the second largest shareholder	9,954,995.28	1.52
ALSTOM Power System GmbH	A subsidiary of the ultimate holding company	138,169.81	0.02
ALSTOM Sizhou Electric Power Equipment (Qingdao) Co. Ltd	A subsidiary of the ultimate holding company	40,000.00	0.01
Total		10,133,165.09	1.55

(7) The accounts receivable increased 27.50% mainly due to new billings raised during the period on projects under execution.

2. Other receivables

(1)Other receivables disclosed by type:

Categories	Closing balance			
	Balance		Provision for doubtful debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant receivables	5,538,447.44	3.57	5,538,447.44	100
Group A (using aging analysis)	76,728,169.31	49.43	2,691,657.62	3.51
Group B (No bad debt provision for account receivables)	50,953,268.20	32.83		
Other insignificant receivables but still are impaired individually	21,991,604.78	14.17	21,991,604.78	100
Total	155,211,489.73	100.00	30,221,709.84	19.47

Categories	Opening balance			
	Balance		Provision for doubtful debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant receivables	5,538,447.44	3.30	5,538,447.44	100
Group A (using aging analysis)	76,431,089.46	45.47	2,564,873.66	3.36
Group B (No bad debt provision for account receivables)	62,507,615.14	37.19		
Other insignificant receivables but still are impaired individually	23,596,656.07	14.04	23,596,656.07	100
Total	168,073,808.11	100.00	31,699,977.17	18.86

Notes for Group A (Recognition provision for doubtful debt of groups of receivables is based on aging analysis):

Aging of receivables	Closing balance		
	Balance		Provision for doubtful debts
	Amount	Proportion (%)	
Within 1 year (including 1 year)	6,092,248.40	7.94	182,767.45
1-2 years(including 2 year)	54,295,360.38	70.76	1,628,860.81

Aging of receivables	Closing balance		
	Balance		Provision for doubtful debts
	Amount	Proportion (%)	
2-3 years(including 3 year)	16,340,560.53	21.30	880,029.36
Total	76,728,169.31	100.00	2,691,657.62

Aging of receivables	Opening balance		
	Balance		Provision for doubtful debts
	Amount	Proportion (%)	
Within 1 year (including 1 year)	6,610,079.55	8.65	198,302.39
1-2 years(including 2 year)	60,756,310.82	79.49	1,822,689.32
2-3 years(including 3 year)	9,064,699.09	11.86	543,881.95
Total	76,431,089.46	100.00	2,564,873.66

(2)Individually significant receivables or insignificant receivables requiring impairment test, and providing provision for doubtful debt:

Item	Balance	Bad debt provision	Accrual percentage	Reason
3RC Company Limited	336,604.05	336,604.05	100.00%	Bankruptcy
Value Added Tax paid for suspended projects	27,193,448.17	27,193,448.17	100.00%	Projects were suspended and the amount is not expected to be recoverable
Total	27,530,052.22	27,530,052.22		

(2)Accounts receivable is due from shareholders with more than 5% (including 5%) of the voting shares of the Company.

Name of company	Closing balance		Opening balance	
	Amount	provision for bad debt	Amount	Provision for doubtful debts
Wuhan Boiler Group Co., Ltd.	64,030,488.11	1,912,128.05	64,030,488.11	1,796,641.13
ALSTOM (China) Investment Co., Ltd.	3,521,197.20	105,635.92	3,159,900.37	94,797.01
Total	67,551,685.31	2,017,763.97	67,190,388.48	1,891,438.14

Note: Account receivable of RMB 64,030,488.11 from the second largest shareholder, Wuhan

Boiler Group Co., Ltd., was the compensation for the relocation of the old factory

(3)Details of top 5 other receivables:

Company	The relationship with the Company	Amount	Aging	Proportion of the total (%)
Wuhan Boiler Group Co., Ltd.	The company's second-largest shareholder	64,030,488.11	2-3 years	41.25
Donghu Development Zone Committee	Non-affiliated	10,774,265.00	2-3 years	6.94
Shandong Weiqiao Aluminum and Electricity Co., Ltd.	Non-affiliated	7,644,548.38	2-3 years	4.93
Shandong Nuneng Material Group Co., Ltd	Non-affiliated	5,708,803.42	Within 1 year	3.68
Shanxi Zhengxin Group Co., Ltd	Non-affiliated	5,538,447.44	2-3 years	3.57
Total		93,696,552.35		60.37

(4)The amounts due from related parties

Name of company	The relationship with the Company	Amount	Proportion of the total (%)
ALSTOM (Switzerland) Ltd	A subsidiary of the ultimate holding company	474,189.96	0.31
ALSTOM Power Systems GmbH	A subsidiary of the ultimate holding company	35,836.70	0.02
Wuhan Boiler Group YunTong Co., Ltd.	Subsidiary of Second largest shareholder	25,499.73	0.02
Wuhan Boiler Group Valve Co., Ltd	Subsidiary of Second largest shareholder	240,571.49	0.15
Total	--	776,097.88	0.50

3.Long-term equity investments

Company	Original investment amount	Opening balance	Increase/decrease	Closing balance	Shareholding Proportion	Voting right Proportion
Long-term equity investment under cost method						
Wuhan Lan Xiang Energy Environmental Protection Technology Co., Ltd.	14,000,000.00	24,984,500.00		24,984,500.00	95%	95%

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Company	Original investment amount	Opening balance	Increase/ decrease	Closing balance	Shareholding Proportion	Voting right Proportion
Wuhan Boiler Bo Yu Industrial Co., Ltd.	14,249,787.13	14,249,787.13		14,249,787.13	90%	90%
Total	28,249,787.13	39,234,287.13		39,234,287.13		

Note: The above two subsidiaries companies are under liquidation as of June 30, 2011 , there are no other business activities, but liquidation is still in progress.

4. Revenue and Cost of Sales

(1)Revenue

Item	June 30, 2011	June 30, 2010
Sales	230,575,383.58	123,049,870.19
Other operating income	17,756,668.42	4,594,238.58
Cost of sales	263,632,226.95	147,754,669.23
Other operating expenses	13,898,964.18	1,474,743.93

Sales increased 87.38% mainly due to the increase in recognition of revenue from overseas projects during the period.

Note 2: Other operating income increased 286.50% mainly due to income from shot peening process support and increase in disposal of obsolete materials.

(2)Listed by the categories of production or business

Categories	June 30, 2011		June 30, 2010	
	Revenue	Cost of sales	Revenue	Cost of sales
Boilers and associated product sales	230,575,383.58	263,632,226.95	123,049,870.19	147,754,669.23
Total	230,575,383.58	263,632,226.95	123,049,870.19	147,754,669.23

(3)Top five customers

company	Revenue	Proportion of total revenue (%)
Chiping Source Aluminum Co., Ltd.	85,075,348.41	36.90
Shangdong Luneng Material Group Co., Ltd.	60,164,974.61	26.09
ALSTOM Power Sysems GmbH	51,784,486.83	22.46
Guodian Xian Thermoelectric Project Preparatory Office	26,635,038.36	11.55

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company	Revenue	Proportion of total revenue (%)
PT INDAH KIAT PULP & PAPER ,TBK	3,357,163.39	1.46
Total	227,017,011.60	98.46

5. Supplementary Cash Flow Information

Supplementary information	June 30, 2011	June 30, 2010
1. Reconciliation of net profit to net cash flows generated from operations:		
Net profit	-118,684,816.63	-80,669,777.19
Provision for impairments of assets.	29,841,701.58	-33,736,098.25
Depreciation of fixed assets, oil-gas assets and productive biological assets	19,936,384.19	18,320,154.06
Amortization of intangible assets	3,484,908.98	3,763,587.56
Amortization of long-term deferred expense		
Losses/gains on disposal of property, plant and equipment, intangible asset and other long-term assets (gains: negative)	111,921.43	-807,258.12
Losses/gains on scrapped of fixed assets (gains: negative)		
Losses/gains from variation of fair value (gains: negative)	11,547,097.95	-771,454.05
Finance cost (income: negative)	31,503,921.68	44,988,222.08
Investment loss (gains: negative)		
Decrease in deferred tax assets (increase: negative)	-5,331,741.08	10,796,697.11
Increase in deferred tax liabilities (decrease: negative)		
Decrease in inventory (increase: negative)	-70,932,043.52	-47,217,525.47
Decrease in accounts receivable from operating activities (increase: negative)	-120,908,433.07	314,313,040.50
Increase in payables from operating activities (decrease: negative)	85,792,948.90	717,125,686.47
Other		
Net cash flows generated from operating activities	-133,638,149.59	946,105,274.70
2. Significant investing and financing activities without involvement of cash receipts and payments		

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Supplementary information	June 30, 2011	June 30, 2010
Debt converted to capital		
Convertible corporate bonds within one year		
Finance leased fixed assets		
3. Movement of Cash and cash equivalent:		
Closing balance of Cash	9,017,255.78	14,975,747.68
Less: opening balance of cash	9,827,144.54	26,057,612.46
Plus: closing balance of cash equivalent		
Less: opening balance of cash equivalents		
The net increase in cash and cash equivalents	-809,888.76	-11,081,864.78

Note 12. Supplementary information

1. Extraordinary gains or losses

(1) According to the China Securities Regulatory Commission Announcement [2008] No. 43, extraordinary gains or losses are calculated and disclosed according to "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares No. 1."

(Positive figure represents gain/negative figure represents loss)

Item	June 30, 2011
Gains on disposal of non-current assets including reversal of the impairment loss	-111,921.43
Unauthorised approval, with or without formal approval documents, or occasional tax return, relief	
Government grant recognized in current year, except for those acquired in the ordinary course of business or granted continuously in certain standard quota according to relevant national laws and regulations	138,888.00
Included in current profit and loss against the non-financial enterprises occupation fee funds collected	
The investment cost of subsidiaries obtained by the enterprise, joint ventures and partnership enterprise is less than the revenues generated from the fair value of identifiable net assets of the unvested units.	
Exchange gains and losses of non-monetary assets	
Gains and loss through entrust others to invest or manage assets,	
Gains and loss for the provision of impairment of assets due to force majeure factors, such as victims of natural disaster	
Debt restructuring gains and losses	

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Item	June 30, 2011
Company restructuring expenses such as employee placement and integration costs	
Significant loss of fair trading price over the fair value of transactions generated part of the profit and loss	
Current net profit or loss from the beginning to the date of merge for the subsidiary resulted from the merge of the enterprise under the control of the same company.	
Profit or loss generated from the matters which is not related to the company's normal operation or contingency.	
In addition to the normal operations associated with the company effective hedging business, holders of tradable financial assets, trading financial liabilities resulting from changes in fair value gains and losses, as well as the disposal of trading financial assets, trading financial liabilities and financial assets available for sale achieved an investment return	
Separately tested for impairment of receivables impairment reversal	
Entrusted to the profit and loss made foreign loans	
Fair value model with subsequent measurement of investment real estate gains and losses arising from changes in fair value	
According to tax, accounting and other laws and regulations require a one-time adjustment of current profit and loss impact on the current profit and loss	
Entrusting fee incomes from entrust operation.	
Other non-operating income and expense other than abovementioned	32,665.96
Other non-recurring gains and losses in line with the definition of profit and loss items	
subtotal	59,732.53
Less: non-recurring income tax effect of gains and losses	
Minority interest share of non-recurring gains and losses	
Total	59,732.53

2. According to China Securities Regulatory Commission, "the public issuance of securities of companies prepare an Information Disclosure Rule 9 - return on equity and earnings per share calculation and disclosure" (2010 Amendment) the requirements of the calculation of net capital gains rate, earnings per share:

June 30,2011	The weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's common stock shareholders of net profit	12.55	-0.40	-0.40
Net profit after deducting non-recurring gains and losses attributable to shareholders of the Company's common stock	12.56	-0.40	-0.40

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June 30,2010	The weighted average ROE(%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's common stock shareholders of net profit	8.81	-0.28	-0.28
Net profit after deducting non-recurring gains and losses attributable to shareholders of the Company's common stock	8.91	-0.28	-0.28

Legal Representative:

Chief Financial Official:

Chief Accountant: