

CHONGQING MACHINERY & ELECTRIC CO., LTD.

CONSOLIDATED AND COMPANY BALANCE SHEETS AS AT 31 DECEMBER 2012

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	31 December 2012 Consolidated	31 December 2011 Consolidated	31 December 2012 Company	31 December 2011 Company
Current assets				
Cash at bank and on hand	2,769,740,311	2,777,144,418	1,142,783,766	1,521,430,376
Notes receivable	993,645,294	933,270,928	21,621,276	105,713,538
Accounts receivable	2,010,019,595	1,651,302,795	-	-
Advances to suppliers	408,244,379	197,760,631	-	-
Dividends receivable	60,737,455	236,201,079	60,837,918	255,314,683
Other receivables	145,595,320	136,446,223	194,632,781	254,471,121
Inventories	1,998,854,295	1,916,969,291	-	-
Current portion of non-current assets	-	-	-	40,000,000
Other current assets	11,904,046	8,276,152	-	-
Total current assets	8,398,740,695	7,857,371,517	1,419,875,741	2,176,929,718
Non-current assets				
Available-for-sale financial assets	3,653,224	3,528,851	-	-
Long-term receivables	-	-	581,000,000	363,958,387
Long-term equity investments	788,801,866	716,432,933	4,049,907,016	3,797,284,972
Investment properties	137,729,353	141,763,307	-	-
Fixed assets	1,639,133,484	1,677,994,752	3,489,931	1,820,665
Construction in progress	390,206,553	168,624,305	4,154,555	3,052,500
Construction materials	43,735	43,735	-	-
Intangible assets	574,108,212	399,438,480	-	-
Goodwill	143,018,489	143,018,489	-	-
Long-term prepaid expenses	76,435,701	56,208,843	-	-
Deferred tax assets	73,579,242	68,722,079	-	-
Other non-current assets	101,733,946	204,667,718	306,000,000	-
Total non-current assets	3,928,443,805	3,580,443,492	4,944,551,502	4,166,116,524
TOTAL ASSETS	12,327,184,500	11,437,815,009	6,364,427,243	6,343,046,242

CHONGQING MACHINERY & ELECTRIC CO., LTD.

CONSOLIDATED AND COMPANY BALANCE SHEETS AS AT 31 DECEMBER 2012
(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND OWNERS' EQUITY	2012年12月31日 合并	2011年12月31日 合并	2012年12月31日 公 司	2011年12月31日 公司
Current liabilities				
Short-term borrowings	1,254,559,744	952,899,695	-	-
Notes payable	641,920,669	250,343,759	-	-
Accounts payable	1,283,837,597	1,304,611,088	-	-
Advances from customers	847,745,067	739,685,346	-	-
Employee benefits payable	110,776,054	197,822,215	729,181	310,357
Taxes payable	164,698,909	145,906,093	64,453	26,879
Interest payable	24,795,440	24,740,000	24,740,000	24,740,000
Dividends payable	23,227,597	40,183,764	-	15,676,997
Other payables	379,602,744	320,352,610	108,255,983	85,517,243
Current portion of non-current liabilities	205,396,693	212,692,196	25,896,260	65,959,710
Total current liabilities	4,936,560,514	4,189,236,766	159,685,877	192,231,186
Non-current liabilities				
Long-term borrowings	166,739,232	445,087,711	51,739,232	191,825,703
Debentures payable	994,677,800	993,451,000	994,677,800	993,451,000
Long-term payables	51,664,332	96,605,841	-	-
Payables for specific projects	5,635,480	5,566,629	-	-
Other non-current liabilities	416,782,303	442,982,076	-	-
Deferred tax liabilities	24,526,179	32,120,377	-	-
Total non-current liabilities	1,660,025,326	2,015,813,634	1,046,417,032	1,185,276,703
Total liabilities	6,596,585,840	6,205,050,400	1,206,102,909	1,377,507,889
Owners' equity				
Paid-in capital	3,684,640,154	3,684,640,154	3,684,640,154	3,684,640,154
Capital surplus	53,598,736	53,273,019	135,268,070	135,268,070
Surplus reserve	211,698,698	170,312,259	207,534,415	166,147,976
Undistributed profits	1,440,735,780	1,282,060,081	1,130,881,695	979,482,153
Difference on translation of foreign currency financial statements	1,126,510	522,052	-	-
Total equity attributable to equity holders of the Company	5,391,799,878	5,190,807,565	5,158,324,334	4,965,538,353
Minority interest	338,798,782	41,957,044	-	-
Total owners' equity	5,730,598,660	5,232,764,609	5,158,324,334	4,965,538,353
TOTAL LIABILITIES AND OWNERS' EQUITY	12,327,184,500	11,437,815,009	6,364,427,243	6,343,046,242

CHONGQING MACHINERY & ELECTRIC CO., LTD.

CONSOLIDATED AND COMPANY INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012
(All amounts in RMB Yuan unless otherwise stated)

Items	2012 Consolidated	2011 Consolidated	2012 Company	2011 Company
Revenue	8,908,031,883	8,647,617,595	-	-
Less: Cost of sales	(7,812,244,139)	(7,258,500,898)	-	-
Taxes and surcharges	(26,542,292)	(27,574,792)	-	-
Selling and distribution expenses	(310,223,657)	(338,571,134)	-	-
General and administrative expenses	(691,262,720)	(668,067,931)	(50,007,122)	(35,572,137)
Financial expenses – net	(137,986,455)	(116,095,714)	(24,099,935)	(8,871,509)
Asset impairment losses	(13,876,504)	(9,651,555)	-	-
Add: Investment income	404,908,337	464,478,075	487,943,249	502,571,000
Including: Share of profit of associates and joint ventures	375,053,484	441,506,955	369,112,515	461,368,351
Operating profit	320,804,453	693,633,646	413,836,192	458,127,354
Add: Non-operating income	148,917,947	126,223,809	60,663	21,098,000
Less: Non-operating expenses	(3,990,355)	(9,966,396)	(32,463)	(1,300,000)
Including: Losses on disposal of non-current assets	(885,734)	(1,133,839)	-	-
Total profit	465,732,045	809,891,059	413,864,392	477,925,354
Less: Income tax expenses	(29,687,584)	(79,165,005)	-	-
Net profit	436,044,461	730,726,054	413,864,392	477,925,354
Attributable to equity holders of the Company	421,140,549	722,808,258	413,864,392	477,925,354
Minority interest	14,903,912	7,917,796	-	-
Earnings per share				
Basic earnings per share	0.12	0.20	—	—
Diluted earnings per share	0.12	0.20	—	—
Other comprehensive income	710,175	257,267	-	-
Total comprehensive income	436,754,636	730,983,321	413,864,392	477,925,354
Attributable to equity holders of the Company	421,850,724	723,065,525	413,864,392	477,925,354
Minority interest	14,903,912	7,917,796	-	-

CHONGQING MACHINERY & ELECTRIC CO., LTD.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

(All amounts in RMB Yuan unless otherwise stated)

Items	2012 Consolidated	2011 Consolidated	2012 Company	2011 Company
Cash flows from operating activities				
Cash received from sales of goods or rendering of services	8,591,815,153	9,414,255,216	-	-
Cash received relating to other operating activities	129,458,757	227,661,202	927,882	1,029,000
Sub-total of cash inflows	8,721,273,910	9,641,916,418	927,882	1,029,000
Cash paid for goods and services	(6,747,536,389)	(7,804,833,667)	-	-
Cash paid to and on behalf of employees	(1,038,507,141)	(989,535,121)	(14,354,210)	(14,580,030)
Payments of taxes and surcharges	(301,448,357)	(344,677,872)	(8,319,578)	(8,051,758)
Cash paid relating to other operating activities	(627,870,203)	(605,973,160)	(30,882,754)	(19,799,817)
Sub-total of cash outflows	(8,715,362,090)	(9,745,019,820)	(53,556,542)	(42,431,605)
Net cash flows from operating activities	5,911,820	(103,103,402)	(52,628,660)	(41,402,605)
Cash flows from investing activities				
Cash received from disposal of investments	5,095,081,951	5,392,971,120	5,095,081,951	5,393,171,232
Cash received from returns on investments	478,921,076	547,540,012	400,716,020	595,435,059
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	48,364,227	25,582,965	80,970	-
Cash received relating to other investing activities	68,581,573	104,683,483	233,728,944	25,200,000
Sub-total of cash inflows	5,690,948,827	6,070,777,580	5,729,607,885	6,013,806,291
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(465,709,329)	(406,591,283)	(3,432,322)	(958,030)
Cash paid to acquire investments	(5,066,000,000)	(5,370,000,000)	(5,066,000,000)	(5,397,500,000)
Net cash paid to acquire subsidiaries and other business units	-	(65,855,328)	(306,000,000)	-
Cash paid relating to other investing activities	-	-	(217,041,613)	(555,325,004)
Sub-total of cash outflows	(5,531,709,329)	(5,842,446,611)	(5,592,473,935)	(5,953,783,034)
Net cash flows from investing activities	159,239,498	228,330,969	137,133,950	60,023,257
Cash flows from financing activities				
Cash received from capital contributions	294,000,000	20,000,000	-	-
Including: Cash received from capital contributions by minority shareholders of subsidiaries	294,000,000	20,000,000	-	-
Cash received from borrowings	1,561,989,515	2,178,600,791	-	993,000,000
Cash received relating to other financing activities	2,800,000	59,000,000	20,613,846	42,114,451
Sub-total of cash inflows	1,858,789,515	2,257,600,791	20,613,846	1,035,114,451
Cash repayments of borrowings	(1,564,237,204)	(1,074,940,063)	(180,149,921)	(57,586,060)
Cash payments for interest expenses and distribution of dividends or profits	(417,218,655)	(392,593,451)	(303,570,902)	(276,866,794)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	(13,341,345)	(14,641,942)	-	-
Cash payments relating to other financing activities	(1,384,686)	(106,340,118)	-	(62,612,451)
Sub-total of cash outflows	(1,982,840,545)	(1,573,873,632)	(483,720,823)	(397,065,305)
Net cash flows from financing activities	(124,051,030)	683,727,159	(463,106,977)	638,049,146
Effect of foreign exchange rate changes on cash and cash equivalents				
	2,209,770	(5,753,686)	843,959	-145,398
Net increase in cash and cash equivalents	43,310,058	803,201,040	(377,757,728)	656,524,400
Add: Cash and cash equivalents at beginning of year	2,482,570,858	1,679,369,818	1,515,485,804	858,961,404
Cash and cash equivalent at end of year	2,525,880,916	2,482,570,858	1,137,728,076	1,515,485,804